



Agricultural Policy Monitoring and Evaluation 2011

OECD COUNTRIES AND EMERGING ECONOMIES



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Foreword

This report *Agricultural Policies: Monitoring and Evaluation 2011 – OECD Countries and Emerging Economies* monitors and evaluates agricultural policy developments in OECD member countries and five emerging economies: Brazil, China, Russia, South Africa and Ukraine.* The report includes Chile and Israel which became OECD members in 2010. Estonia and Slovenia also became members in 2010 and are, as are other members of the European Union, included in the EU country chapter.

The OECD uses a comprehensive system for measuring and classifying support to agriculture - the Producer and Consumer Support Estimates (PSEs and CSEs) and related indicators. They provide insight into the increasingly complex nature of agricultural policy and serve as a basis for OECD's agricultural policy monitoring and evaluation.

The Executive Summary synthesises the key findings of the report. Part I provides an overview of developments in agricultural policies and related support in OECD countries and emerging economies. Chapter 1 in Part I highlights structural differences among the economies included in this report and the evolving role of emerging economies in the world agricultural landscape. It aims to provide context for the current evaluation of policy developments in OECD countries and emerging economies. Chapter 2 in Part I provides an overview of developments in agricultural policies and related support measures across OECD countries and emerging economies. Part II summarises the developments in agricultural policies in each individual OECD country (with the European Union considered as a whole) and in each emerging economy. Part III contains detailed background tables with indicators of agricultural support covering both OECD countries and emerging economies.

The Executive Summary and Part I were declassified on the responsibility of OECD Committee for Agriculture. The remainder of the report was declassified on the responsibility of the Secretary-General of the OECD.

* The agricultural policies of these countries were previously addressed in the report *Agricultural Policies in Emerging Economies: Monitoring and Evaluation*. A pre-requisite for policy monitoring and evaluation is that an OECD Review of national agricultural policies has been undertaken.

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Agriculture: Feeding the World

In 2011 the OECD celebrates its 50th anniversary. To mark the occasion we'll look briefly at how agriculture has evolved since the 1960s, how the OECD contributed to this evolution, and the issues facing the sector in the 21st century.

Agriculture was one of the first Committees to be formed when the OECD was created in 1961. Food rationing had ended only a few years previously in Europe, and the main challenge was to encourage agricultural productivity. Farmers more than met this challenge. The rate of progress in agricultural output over the past few decades has been phenomenal, even for long-established crops. Take wheat for instance. Historical records show that yields in England increased from around half a tonne per hectare before the year 1000 to 2 tonnes a thousand years later. The subsequent increase to today's 6 tonnes took only 40 years. The global area under crops expanded by about 12% between 1960 and 2000, but cereal production increased by over 100%, oil crop production by over 300% and fruit and vegetables by over 200%. Meat production shows a similar pattern. Permanent pastureland increased by 10% over this forty-year period, but bovine meat production grew by 90% and that of pigmeat by 240%. The increase in poultry production was even more spectacular, at over 650% in the same period.

It would have been impossible to achieve this with the old ways of doing things, where to increase production you have to increase the area under cultivation and pasture, either by expanding onto second-choice land or by conquering new territories. The answer was intensification – producing much more from a given area or number of animals.

Codes and standards

Increased production was made possible by scientific advances in the “inputs” used by farmers – seeds, fertilisers, pesticides, etc. and by new ways of breeding and rearing animals, and organising production, storage and distribution of agricultural produce. Early work at the OECD contributed to this thanks to programmes initiated by its predecessor, the Organisation for European Economic Co-operation (OEEC), established in 1947 to run the US-financed Marshall Plan. The political and economic success of the Plan was due in part to its pragmatism and the practical help it offered. In 1945, there were only 25 000 farm tractors in France for instance. The Marshall Plan helped to increase this to 200 000 in four years. But a tractor that works perfectly well in the vast flat plains of the US Midwest may be unsuitable for a small hill farm in Europe. Worse, it may be dangerous for the driver and anyone working near it if it tips over. The OECD Standard Codes for the Official Testing of Agriculture and Forestry Tractors have now been used to assess thousands of models operating all over the world, and not just in OECD countries – China, India and the Russian Federation are members of the scheme as well.

Fruit and vegetable standards are another essential contribution of the OECD to the agriculture and food industry. The OECD Scheme for the Application of International Standards for Fruit and Vegetables provides an internationally agreed baseline for classifying over 40 products, helping to simplify import and export procedures, and increase transparency when opening markets. Farmers and exporters can aim for particular standards, and importers will know what they are paying for. Millions of

consumers around the world also benefit. When the OECD Forest Seed and Plant Scheme is included, 63 countries now participate in OECD Codes and Schemes.

Support to farmers and decoupling policy from production

By the 1970s and 1980s, the problem confronting OECD farming policy wasn't boosting production. On the contrary, agriculture was often discussed in terms of a nightmare landscape where butter mountains slowly went rancid, wine lakes turned into vinegar, and unsellable beef, grain and milk drained the public purse and kept grocery bills unnecessarily high. In 1987 and 1992, ministers meeting at the OECD made a commitment to policy reform that would "allow for a greater influence of market signals". In other words, try to move away from a situation in which farmers were being subsidised to produce even if there was no market for their produce.

The basis for reform was further developed in 1998, when ministers agreed that policies should be transparent, having easily identifiable objectives, costs, benefits and beneficiaries; tailored, to provide support only as necessary to achieve identified outcomes; flexible and equitable; and targeted to specific outcomes and as far as possible "decoupled". For policy makers, particularly those involved in agricultural trade negotiations, a policy is decoupled if it has no or only very small effects on production and trade. The 1998 meeting guided policy for over a decade, but new questions were emerging, and in 2010 agriculture ministers met again at the OECD to discuss the challenges facing 21st century policy and the trends shaping the agriculture sector, including climate change, "green growth", food prices, shifting social norms regarding how food is produced and consumed, risk management, and the role of trade and innovation in the sector.

The OECD helped to shift attitudes away from viewing policy as a means to determine what and how much should be produced, by providing objective data on the costs of government support and by clarifying terminology. For a start, it provided the objective data policy makers need on how much government support really costs. Words such as "support", "subsidy", "assistance" and "aid to producers" are often used interchangeably. Standard definitions like these OECD ones make it easier to compare levels of policy effort across countries, and are also useful in trade negotiations if one country accuses another of giving its farmers an unfair advantage. They also provide a basis for assessing effectiveness of policies and measuring their impacts. The OECD uses the term "support" quite precisely to describe the monetary value of resource transfers to farmers which result from agricultural policies. The transfers could come from policies that raise farm revenues or reduce costs. They might be funded by governments or consumers, and are included in OECD estimates regardless of the intended objective of the policy.

The main indicator is the Producer Support Estimate (PSE) which measures the value of support to farmers arising from all the policy measures applied by governments. The impact of the PSE is illustrated by the difference between actual farm receipts and prices, and what they would be without support measures. The PSE is often expressed as a percentage of receipts of farmers and was 18% in 2010 for the OECD area, indicating that support comprised about a fifth of receipts compared with almost 40% in 1987. However, levels vary widely from one country to another, ranging from around 1% to over 60%.

The PSEs were first developed in the run-up to the Uruguay Round of trade talks, launched in 1986. Exemptions in the multilateral system overseen by GATT, the WTO's predecessor, were being heavily exploited, and efforts at liberalising agricultural trade had met with little success. The PSEs were not directly built into the disciplines on agriculture, but they did provide an objective basis for defining and designing the disciplines, and helped to finally integrate agriculture into the multilateral trading system. The first attempts by the OECD to model the effects of multilateral trade liberalisation were influential too, showing that reducing protection in agriculture could be highly beneficial and that doing so multilaterally increased the gains and made sure that they were more widely distributed.

The Uruguay Round was scheduled to last for four years, but in fact took twice as long. That probably came as no surprise to anyone with experience of agriculture negotiations, and the long, detailed discussions needed to reach agreements. As the PSE showed in this case, the OECD's reputation for trustworthy, comparable data and objective analyses can prove vital to success, by allowing the countries around the table to better understand the problems and challenges they each face. This enables policy questions to be debated on clear, analytical and factual grounds.

One of the most valuable works in this regard [agricultural policy] was the OECD's development of the concept and measurement of producer subsidy equivalents (PSE)... As a result a more accurate and, importantly, comparative accounting of the real costs of agricultural support in member states and the EEC could be provided... In effect it changed the terms of the debate about agricultural subsidies by making it clear that many previously defined agricultural policies were, in fact, trade-distorting subsidies.

Peter Carroll and Aynsley Kellow, *The OECD: A Study of Organisational Adaptation*, Edward Elgar Publishing, 2011

The last twenty years have seen a significant change in the way governments think about agricultural policies and this has been reflected in levels of support and in the delivery mechanisms. The 1992 reform of the Common Agricultural Policy of the European Union initiated a reduction of price support and the introduction of direct income payments to farmers. This movement has been pursued consistently, and today more than 90% of direct payments are provided to farmers without the requirement to produce. The United States has also started reducing the level of support as well as decoupling some of its support mechanisms, and has been focusing strongly on agri-environmental problems in its policies. Other countries too have gradually begun to reduce border protection, bringing benefits to their consumers. OECD analysis has encouraged and enabled these reforms. The "Positive Reform Agenda" published in 2002 paved the way for a different approach that aimed to correct market failures, enhance competitiveness and environmental performance and pushed policy to be much more targeted and explicit in its aims.

Identifying emerging issues and reacting to new situations

The PSEs are an important contribution to policy making, but there are other examples, such as the work done over the years on the incomes of farm households; the development of an analytical basis for the discussion of "multifunctionality" (the many services and benefits such as environmental protection, landscape preservation, or rural employment to which agriculture contributes); and work on agricultural trade issues such

as export competition, preferences, state trading and non-tariff barriers. Recent research has delved into controversial issues such as biofuels, and the causes and consequences of high prices and volatility in agricultural commodity markets (discussed below). The OECD was among the first international institutions to draw attention to water issues and to begin to emphasise the need to get the incentives right if the competing demands for water from growing population, urbanisation, industrialisation and agriculture are to be met.

The OECD's Agriculture Committee also has a good track record in reacting quickly to geopolitical and other changes that have a major impact on the sector. The collapse of the Soviet Union and the opening up of the countries of Central and Eastern Europe were hugely significant in historical and geo-political terms. The OECD's agricultural community was uniquely well-placed at that time to reach out to these countries. An existing East/West network, whose work had been mainly technical and agronomic, was quickly redefined and scaled up to become the Ad Hoc Group on Economic Relations in Agriculture. In the years that followed, every one of the countries of the Central and Eastern European region was subject to an in-depth study of their agricultural situation, and detailed policy advice developed to help these countries cope with the new world they found themselves in. This work was influential in helping these countries become in turn members of the OECD and some became members of the European Union.

The OECD also moved quickly following the crisis in the Doha trade negotiations at Cancun in 2003, when a coalition of developing countries blocked an agreement they felt was largely ignoring their interests. In-depth policy reviews of some of the key non-OECD protagonists in the debate helped to create a much firmer evidence base around the discussions on agriculture (PSEs were developed for Brazil, China and South Africa). Relations between these countries and the OECD members were able to be strengthened in a forum that was several steps removed from the tension of the negotiations themselves.

Food security and price volatility

It is remarkable that some of the main protagonists in these negotiations were countries previously associated with food-related humanitarian disasters. Their performance is only one part of the picture though and hunger has persisted elsewhere. The past few decades have seen a number of terrible famines. In Bangladesh, hunger killed over 1 million people in 1974 according to some estimates and a decade later Ethiopia would suffer the same fate, again with a million deaths according to the UN. Since then, there have been repeated, less murderous episodes (although some scholars think there may have been over 3 million victims during the North Korean famine of 1996). Food insecurity hasn't gone away however, and in 2008, a surge in food prices was followed by rioting in many places. Even more recently, in the summer of 2011, the international community mobilised to deal with famine affecting several countries in the Horn of Africa.

It is often claimed that food price volatility can be explained by speculators leaving less profitable markets after the financial crisis and turning their attention to agricultural commodities. One of the OECD's strengths, in agriculture as in other domains, is that it starts from the data before drawing policy conclusions from analyses. The data do not support the argument that price volatility can be explained solely by speculation, although it may play a role in augmenting short-term price swings. In reality, no single factor can explain food price volatility. Growing demand; conversion of land used to grow food crops for biofuel crop production; currency fluctuations, notably as the US dollar rises and falls;

extreme weather events like droughts and floods; rising oil prices (meaning petroleum-based inputs such as fuel and fertiliser are costlier; and government policy, including trade restrictions) all play a role. There is also the fact that only a relatively small share of global food supplies is traded, so increases and decreases of food commodities available for export can have a big impact on the markets.

Such a complex set of factors means that the policy responses have to be sophisticated. In the short term it is essential to help poor consumers and nations via a combination of social safety nets, humanitarian aid, risk management tools, financial instruments to cope with currency fluctuations, and means to improve the capacity of poorer countries to produce food or buy it. The poor suffer most from volatility and are the most vulnerable to food insecurity. In fact, hunger is not so much a problem of global food supply, as one of poverty. The obesity epidemic and mountains of food waste are two indications that there is more than enough for everybody. The problem is the poor can't afford to buy enough food.

There are more hungry people now that food prices have risen, but the majority of the undernourished were also hungry when prices were low. The answer has to come from economic growth and an economy-wide improvement in living standards. OECD analyses of the link between agriculture and development show that every country that has made the transition to a modern economy has seen agriculture's share of GDP and employment shrink. This is not because agriculture has become poorer. On the contrary, farmers are now much better off and agriculture plays a major role in poverty reduction. It's because other sectors offer far greater prospects. So commitments to change policies and strategies, however well-meaning, won't help to put food on the table if they're not followed by action to bring about improvements across a broad range of areas linked to agriculture, including education and training, infrastructures, and management and marketing skills. In other words, the agriculture sector is important, but is highly unlikely to eradicate poverty, and thus hunger, on its own.

The objective should be to ensure that people, and countries, can buy enough to eat, not necessarily that they become self-sufficient. Some developing countries will not have the physical conditions needed to produce enough food, but that is the case for developed countries as well. Japan for instance is a major food importer, but it can easily afford this thanks to its exports of other goods.

Avoiding the perfect storm

The development of medium-term projections for agricultural markets – production, consumption, trade and prices – has been a core work of the OECD's Committee for Agriculture. From the early focus on OECD countries and a relatively short projection period, it has developed, in partnership with the FAO, to have global reach and the projection period is now a full decade. These developments are important with most of the expected growth in agricultural production and consumption expected to occur outside the OECD area in the years to come. Increasingly the Outlook has provided a framework that allows important policy and other questions to be answered. What would happen if oil prices were to reach a certain level? What would be the consequences of a change in biofuels policies in key OECD countries? This type of analysis enables governments to have a better understanding of the macroeconomic and other factors that impact on the sector as well as the possible impacts of decisions they make concerning agricultural policy.

The most recent projections in the OECD-FAO Outlook for agriculture give grounds for hope that the “perfect storm” some predict for food security will not materialise. World population is expected to increase to 9 billion around 2050, and almost all of the extra people will be born in today’s developing countries. Food availability in developing countries will thus need to increase by almost 60% by 2030 and double by 2050, equivalent to a 42% and 70% growth in global food production at these dates, respectively.

According to the pessimists, if we can’t feed the current population, we will have little chance of feeding half as many again, especially if they occupy more land and use more water. A significant number of them will also be richer than today, and their diets will shift towards resource-intensive Western-style foods. Climate change will likely complicate matters further, with the worst impacts likely to be on the regions the least well-equipped to deal with them. Moreover, food production could find itself in competition with biofuels and other non-food uses of land.

This argument is not new. Ever since Malthus published his essays on demography at the end of the 18th and start of the 19th centuries, there have been predictions that the world will face mass starvation due to population growth. It hasn’t happened. Agricultural production has expanded at a greater rate than population, and will continue to do so, from a far stronger starting point.

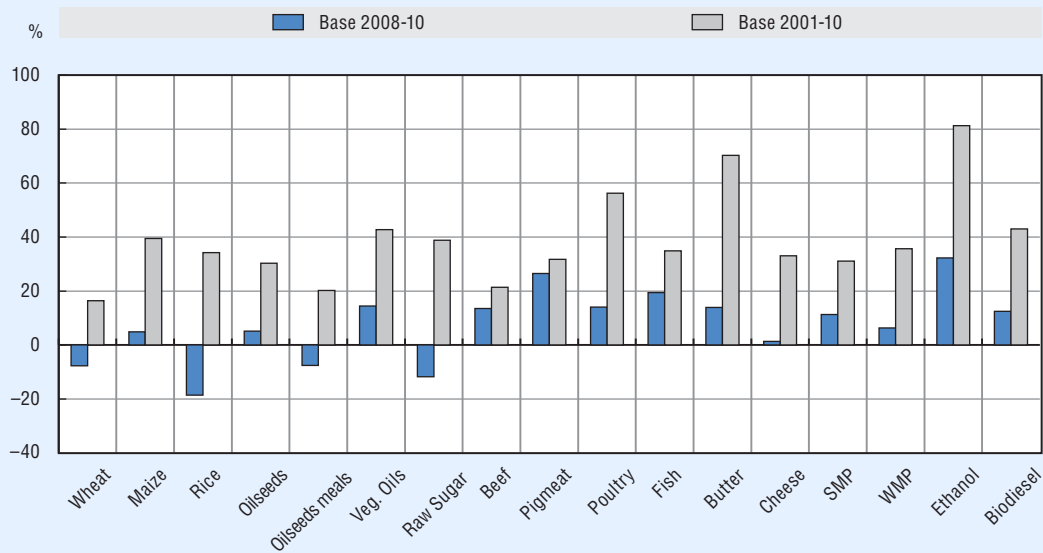
The food industry is efficient, innovative and globalised. Many socioeconomic issues and choices we hear about daily are visible in shops and restaurants – changing social behaviour, new forms of employment, sophisticated advertising and marketing, environmental impacts, ethical concerns, and so on. There are however limits to how closely you can compare food and agriculture to other sectors. Even the basics are uncertain: despite all the progress, farmers can never be sure of how well their crops will grow. And in addition to traditional uncertainties due to the weather, food production could be affected by climate change and other environmental factors.

The OECD has been working on the environmental impact of agriculture for several years already and is looking at how policy can best underpin farmers’ risk management strategies. Increasingly the analysis is extended to policy issues that affect emerging and developing countries. Collaboration with other international organisations active in food, agriculture and development is strengthening. For example, in a report to the 2011 meeting of G20 agriculture ministers which the OECD co-ordinated with the FAO, ten international organisations make a number of recommendations to deal with the consequences of high and volatile food prices on the most vulnerable. The role of research and innovation in providing solutions to the challenges, including those related to water and to productivity growth is also being emphasised.

As we said in the introduction, when OECD was formed in 1961 the memory of food rationing was still vivid in many people’s minds. Agricultural policy was focused almost entirely on ensuring that more was produced. Within a relatively short period the problem was no longer one of shortages, rather of abundance. In the developing world despite rapid population growth, the absolute numbers of under-nourished people and percentage of the population undernourished was falling, although significant hunger persisted in some parts of the world. That trend began to reverse in recent years with increases in both the absolute numbers and in the proportion of the population who are poorly nourished. With population growth set to continue, and growing affluence leading

to increased demand for animal proteins, climate change related problems looming and worries about the adequacy of water and land resources, attention is once again firmly fixed on the fear of shortages. It could be said that the world has come full circle, but it is a richer, more knowledgeable world with the human, financial and technological means necessary to feed its population.

All agricultural commodity prices to average higher in 2011-20 relative to the previous decade



<http://dx.doi.org/10.1787/888932426011> (WMP in this means whole milk powder)

Source: OECD and FAO Secretariats.

Table of Contents

List of acronyms and abbreviations	13
Executive Summary	17

Part I

AGRICULTURAL DEVELOPMENTS IN OECD COUNTRIES AND EMERGING ECONOMIES

Chapter 1. Diversity Among New OECD Member Countries and Emerging Economies	23
Introduction	24
Economic development and agricultural structures in new OECD member countries and emerging economies	24
Agricultural trade	29
Common policy interests	33
Notes	34
Chapter 2. Developments in Agricultural Policy and Support	35
Key economic and market developments	36
Main changes in agricultural policies	38
Developments in agricultural support	48
Assessment of reform progress	66
Implications for future policy actions	69
Notes	71
References	71
Annex I.A1. 2010 OECD Agriculture Ministerial Meeting	73
Annex I.A2. Definition of oecd indicators of agricultural support	75

Part II

COUNTRY CHAPTERS

Chapter 3. Australia	83
Chapter 4. Canada	91
Chapter 5. Chile	99
Chapter 6. European Union	107
Chapter 7. Iceland	121
Chapter 8. Israel	129
Chapter 9. Japan	137
Chapter 10. Korea	147
Chapter 11. Mexico	155
Chapter 12. New Zealand	163
Chapter 13. Norway	173

Chapter 14. Switzerland	181
Chapter 15. Turkey	191
Chapter 16. United States	201
Chapter 17. Brazil	211
Chapter 18. China	221
Chapter 19. Russia	233
Chapter 20. South Africa	249
Chapter 21. Ukraine	261
Annex II.A1. Sources and definitions of contextual indicators	274

Part III

SUMMARY TABLES OF ESTIMATES OF SUPPORT FOR OECD COUNTRIES

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Tables

Part I.

1.1. Incomes, poverty and inequality in new OECD Members and Emerging Economies	25
1.2. Food consumption in new OECD Members and Emerging Economies	26
1.3. Bilateral shares of agricultural trade between OECD and BRIICS countries	31
2.1. OECD: Estimates of support to agriculture	50
2.2. OECD: Estimates of support to agriculture	51
2.3. Contribution to the change in the Producer Support Estimate by Country, 2009 to 2010	53

Part II.

3.1. Australia: Contextual indicators, 1995, 2009	85
3.2. Australia: Estimates of support to agriculture	87
4.1. Canada: Contextual indicators, 1995, 2009	93
4.2. Canada: Estimates of support to agriculture	95
5.1. Chile: Contextual indicators, 1995, 2009	101
5.2. Chile: Estimates of support to agriculture	103
6.1. European Union: Contextual indicators, 1995, 2009	109
6.2. European Union: Estimates of support to agriculture	111
7.1. Iceland: Contextual indicators, 1995, 2009	123
7.2. Iceland: Estimates of support to agriculture	125
8.1. Israel: Contextual indicators, 1995, 2009	131
8.2. Israel: Estimates of support to agriculture	133
9.1. Japan: Contextual indicators, 1995, 2009	139
9.2. Japan: Estimates of support to agriculture	141
10.1. Korea: Contextual indicators, 1995, 2009	149
10.2. Korea: Estimates of support to agriculture	151
11.1. Mexico: Contextual indicators, 1995, 2009	157

11.2. Mexico: Estimates of support to agriculture	159
12.1. New Zealand: Contextual indicators, 1995, 2009	165
12.2. New Zealand: Estimates of Support to Agriculture	167
13.1. Norway: Contextual indicators, 1995, 2009	175
13.2. Norway: Estimates of support to agriculture	177
14.1. Switzerland: Contextual indicators, 1995, 2009	183
14.2. Switzerland: Estimates of support to agriculture	185
14.3. Switzerland: Outlays on direct payments, 2008-10	187
15.1. Turkey: Contextual indicators, 1995, 2009	193
15.2. Turkey: Estimates of support to agriculture	195
15.3. Turkey: Purchasing prices for cereals, sugar and tobacco	197
15.4. Turkey: Export subsidy rates, 2010	199
16.1. United States: Contextual indicators, 1995, 2009	203
16.2. United States: Estimates of support to agriculture	205
17.1. Brazil: Contextual indicators, 1995, 2009	213
17.2. Brazil: Estimates of support to agriculture	215
18.1. China: Contextual indicators, 1995, 2009	223
18.2. China: Estimates of support to agriculture	225
18.3. China: Minimum purchase prices for rice and wheat, per tonne, 2007-10	227
19.1. Russia: Contextual indicators, 1995, 2009	235
19.2. Russia: Estimates of support to agriculture	237
19.3. Russia's meat import quotas in 2005-11	244
20.1. South Africa: Contextual indicators, 1995, 2009	251
20.2. South Africa: Estimates of support to agriculture	253
20.3. South Africa: SACU tariff schedule (February 2011)	257
21.1. Ukraine: Contextual indicators, 1995, 2009	263
21.2. Ukraine: Estimates of Support to Agriculture	265
 <i>Part III.</i>	
III.1a. OECD: Producer Support Estimate by country	278
III.1b. Emerging Economies: Producer Support Estimate by country	280
III.2a. OECD: Consumer Support Estimate by country	281
III.2b. Emerging Economies: Consumer Support Estimate by country	283
III.3a. OECD: General Services Support Estimate by country	284
III.3b. Emerging Economies: General Services Support Estimate by country	285
III.4a. OECD: Total Support Estimate by country	286
III.4b. Emerging Economies: Total Support Estimate by country	287
III.5a. OECD: Composition of Producer Support Estimate by country	288
III.5b. Emerging Economies: Composition of Producer Support Estimate by country	291
III.6a. OECD: Characteristics of policy support by country	292
III.6b. Emerging Economies: Characteristics of policy support by country	294
III.7a. OECD: Composition of General Services Support Estimate	295
III.7b. Emerging Economies: Composition of General Services Support Estimate	297
III.8. OECD: Producer Single Commodity Transfers (USD)	298
III.9. OECD: Producer Single Commodity Transfers (EUR)	299
III.10. Australia: Producer Single Commodity Transfers	300
III.11. Canada: Producer Single Commodity Transfers	301

III.12. Chile: Producer Single Commodity Transfers	302
III.13. European Union: Producer Single Commodity Transfers (EU27)	303
III.14. Iceland: Producer Single Commodity Transfers	304
III.15. Israel: Producer Single Commodity Transfers	305
III.16. Japan: Producer Single Commodity Transfers	306
III.17. Korea: Producer Single Commodity Transfers	307
III.18. Mexico: Producer Single Commodity Transfers	308
III.19. New Zealand: Producer Single Commodity Transfers	309
III.20. Norway: Producer Single Commodity Transfers	310
III.21. Switzerland: Producer Single Commodity Transfers	311
III.22. Turkey: Producer Single Commodity Transfers	312
III.23. United States: Producer Single Commodity Transfers	313
III.24. Brazil: Producer Single Commodity Transfers	314
III.25. China: Producer Single Commodity Transfers	315
III.26. Russia: Producer Single Commodity Transfers	316
III.27. South Africa: Producer Single Commodity Transfers	317
III.28. Ukraine: Producer Single Commodity Transfers	318
III.29. OECD: Consumer Single Commodity Transfers (USD)	319
III.30. OECD: Consumer Single Commodity Transfers (EUR)	320
III.31. Australia: Consumer Single Commodity Transfers	321
III.32. Canada: Consumer Single Commodity Transfers	322
III.33. Chile: Consumer Single Commodity Transfers	323
III.34. European Union: Consumer Single Commodity Transfers (EU27)	324
III.35. Iceland: Consumer Single Commodity Transfers	325
III.36. Israel: Consumer Single Commodity Transfers	326
III.37. Japan: Consumer Single Commodity Transfers	327
III.38. Korea: Consumer Single Commodity Transfers	328
III.39. Mexico: Consumer Single Commodity Transfers	329
III.40. New Zealand: Consumer Single Commodity Transfers	330
III.41. Norway: Consumer Single Commodity Transfers	331
III.42. Switzerland: Consumer Single Commodity Transfers	332
III.43. Turkey: Consumer Single Commodity Transfers	333
III.44. United States: Consumer Single Commodity Transfers	334
III.45. Brazil: Consumer Single Commodity Transfers	335
III.46. China: Consumer Single Commodity Transfers	336
III.47. Russia: Consumer Single Commodity Transfers	337
III.48. South Africa: Consumer Single Commodity Transfers	338
III.49. Ukraine: Consumer Single Commodity Transfers	339
III.50. Australia : Payments made on the basis of area, animal numbers, receipts or income	340
III.51. Canada : Payments made on the basis of area, animal numbers, receipts or income	340
III.52. Chile : Payments made on the basis of area, animal numbers, receipts or income	341
III.53. European Union : Payments made on the basis of area, animal numbers, receipts or income (EU27)	341

III.54. Iceland : Payments made on the basis of area, animal numbers, receipts or income	342
III.55. Israel : Payments made on the basis of area, animal numbers, receipts or income	342
III.56. Japan : Payments made on the basis of area, animal numbers, receipts or income	343
III.57. Korea : Payments made on the basis of area, animal numbers, receipts or income	343
III.58. Mexico : Payments made on the basis of area, animal numbers, receipts or income	344
III.59. New Zealand : Payments made on the basis of area, animal numbers, receipts or income	344
III.60. Norway : Payments made on the basis of area, animal numbers, receipts or income	345
III.61. Switzerland : Payments made on the basis of area, animal numbers, receipts or income	345
III.62. Turkey : Payments made on the basis of area, animal numbers, receipts or income	346
III.63. United States : Payments made on the basis of area, animal numbers, receipts or income	346
III.64. Brazil : Payments made on the basis of area, animal numbers, receipts or income	347
III.65. China : Payments made on the basis of area, animal numbers, receipts or income	347
III.66. Russia : Payments made on the basis of area, animal numbers, receipts or income	348
III.67. South Africa : Payments made on the basis of area, animal numbers, receipts or income	348
III.68. Ukraine : Payments made on the basis of area, animal numbers, receipts or income	348
III.69. Contribution of Market Price Support to change in Producer Support Estimate, by country, 2009 to 2010	349
III.70. Contribution to change in Border Price by country, 2009 to 2010	350

Figures

Part I.

1.1. Evolution of agriculture's share of GDP and share of employment, 1990-2008 . .	26
1.2. Fertiliser consumption, nitrogen, phosphate and potash fertilisers, kg/ha of arable land	28
1.3. Evolution of producer support, OECD and emerging economies, 1995-2010 . .	29
1.4. Agricultural trade	30
1.5. Production shares of major commodities, by country grouping	32
1.6. Changes in consumption of crop and livestock products (%)	33
2.1. Evolution of commodity price index, 2001-10	38
2.2. Evolution of OECD support indicators, 1986-2008	49
2.3. OECD and Emerging Economies: Producer Support Estimate by country, 1995-97 and 2008-10	55

2.4.	OCDE and Emerging Economies: Consumer Support Estimate by country, 1995-97 and 2008-10	56
2.5.	OECD: Composition of Producer Support Estimate, 1986-2008	57
2.6.	Composition of Producer Support Estimate by country, 2008-10	58
2.7.	Producer Nominal Protection Coefficient by country, 1995-97 and 2008-10	59
2.8.	OECD: Single Commodity Transfers, 1995-97 and 2008-10	60
2.9.	Support based on output by commodity, by country, 2008-10	61
2.10.	Payments based on input use by country, 2008-10	63
2.11.	Composition of General Services Support Estimate by country, 2008-10	64
2.12.	Total Support Estimate by country, 1995-97 and 2008-10	65
2.13.	OECD: Changes in level and composition of producer support	67
2.14.	Changes in level and composition of producer support in OECD countries, 1995-97 and 2008-10	68
2.15.	Changes in level and composition of producer support in emerging economies, 1995-97 and 2008-10	68
 <i>Part II.</i>		
3.1.	Australia: PSE level and composition by support categories, 1986-2010	84
3.2.	Australia: Main macroeconomic indicators, 1995-2010	85
3.3.	Australia: Agro-food trade, 1995-2009	85
4.1.	Canada: PSE level and composition by support categories, 1986-2010	92
4.2.	Canada: Main macroeconomic indicators, 1995-2010	93
4.3.	Canada: Agro-food trade, 1995-2009	93
5.1.	Chile: PSE level and composition by support categories, 1995-2010	100
5.2.	Chile: Main macroeconomic indicators, 1995-2010	101
5.3.	Chile: Agro-food trade, 1995-2009	101
6.1.	European Union: PSE level and composition by support categories, 1986-2010	108
6.2.	European Union: Main macroeconomic indicators, 1995-2010	109
6.3.	European Union: Agro-food trade, 1995-2009	109
7.1.	Iceland: PSE level and composition by support categories, 1986-2010	122
7.2.	Iceland: Main macroeconomic indicators, 1995-2010	123
7.3.	Iceland: Agro-food trade, 1995-2009	123
8.1.	Israel: PSE level and composition by support categories, 1995-2010	130
8.2.	Israel: Main macroeconomic indicators, 1995-2010	131
8.3.	Israel: Agro-food trade, 1995-2009	131
9.1.	Japan: PSE level and composition by support categories, 1986-2010	138
9.2.	Japan: Main macroeconomic indicators, 1995-2010	139
9.3.	Japan: Agro-food trade, 1995-2009	139
10.1.	Korea: PSE level and composition by support categories, 1986-2010	148
10.2.	Korea: Main macroeconomic indicators, 1995-2010	149
10.3.	Korea: Agro-food trade, 1995-2009	149
11.1.	Mexico: PSE level and composition by support categories, 1991-2010	156
11.2.	Mexico: Main macroeconomic indicators, 1995-2010	157
11.3.	Mexico: Agro-food trade, 1995-2009	157
12.1.	New Zealand: PSE level and composition by support categories, 1986-2010	164
12.2.	New Zealand: Main macroeconomic indicators, 1995-2010	165
12.3.	New Zealand: Agro-food trade, 1995-2009	165

13.1. Norway: PSE level and composition by support categories, 1986-2010	174
13.2. Norway: Main macroeconomic indicators, 1995-2010	175
13.3. Norway: Agro-food trade, 1995-2009	175
14.1. Switzerland: PSE level and composition by support categories, 1986-2010	182
14.2. Switzerland: Main macroeconomic indicators, 1995-2010	183
14.3. Switzerland: Agro-food trade, 1995-2009	183
15.1. Turkey: PSE level and composition by support categories, 1986-2010	192
15.2. Turkey: Main macroeconomic indicators, 1995-2010	193
15.3. Turkey: Agro-food trade, 1995-2009	193
16.1. United States: PSE level and composition by support categories, 1986-2010	202
16.2. United States: Main macroeconomic indicators, 1995-2010	203
16.3. United States: Agro-food trade, 1995-2009	203
17.1. Brazil: PSE level and composition by support categories, 1995-2010	212
17.2. Brazil: Main macroeconomic indicators, 1995-2010	213
17.3. Brazil: Agro-food trade, 1995-2009	213
18.1. China: PSE level and composition by support categories, 1995-2010	222
18.2. China: Main macroeconomic indicators, 1995-2010	223
18.3. China: Agro-food trade, 1995-2009	223
19.1. Russia: PSE level and composition by support categories, 1995-2010	234
19.2. Russia: Main macroeconomic indicators, 1995-2010	235
19.3. Russia: Agro-food trade, 1995-2009	235
19.4. Russia: Concessional credit allocations in 2002-10	240
19.5. Russia: Financing of the State Programme for Development of Agriculture for 2008-12	243
20.1. South Africa: PSE level and composition by support categories, 1995-2010	250
20.2. South Africa: Main macroeconomic indicators, 1995-2010	251
20.3. South Africa: Agro-food trade, 1995-2009	251
21.1. Ukraine: PSE level and composition by support categories, 1996-2010	262
21.2. Ukraine: Main macroeconomic indicators, 1995-2010	263
21.3. Ukraine: Agro-food trade, 1995-2009	263
21.4. Ukraine's import tariff rates on key agricultural products before and after WTO accession	270

List of acronyms and abbreviations

AANZFTA	Australia-New Zealand Free Trade Agreement
ACFTA	ASEAN-China Free Trade Agreement
ACP	African, Caribbean, Pacific Group of States
ACRE	Average Crop Revenue Election (United States)
AGOA	African Growth and Opportunity Act (United States – sub-Saharan African countries)
AgriBEE	Black Economic Empowerment Framework for Agriculture
AMS	Aggregate Measurement of Support
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of South East Asian Nations
BAF	Financial Coordination Subsidy (Bono de Articulación Financiera; Chile)
BMP	Beneficial Management Practices (Canada)
BNDES	National Bank for Economic and Social Development (Brazil)
BRIICS	Brazil, Russia, India, Indonesia, China and South Africa
BRM	Business Risk Management
CAFTA	China-ASEAN Free Trade Area
CAIS	Canadian Agricultural Income Stabilisation program
CAP	Common Agricultural Policy (of the European Union)
CASP	Common Agricultural Support Programme (South Africa)
CCP	Counter-Cyclical Payments
CBR	Central Bank of Russia
CETA	Comprehensive Economic and Trade Agreement (Canada – EU)
CIF	Community Irrigation Fund (New Zealand)
CIS	Commonwealth of Independent States
CMO	Common Market Organisation
CNDP	Complementary National Direct Payments
CNR	National Irrigation Commission (Comisión Nacional de Riego; Chile)
COFCO	China National Cereals, Oils and Foodstuffs Corporation
COMSA	Agricultural Insurance Programme (Comité de Seguro Agrícola; Chile)
CONADI	National Service for Indigenous Development (Corporación Nacional de Desarrollo Indígena) – MIDEPLAN, Chile
CORFO	Economic Development Agency (Corporación de Fomento a la Producción; Chile)
COOL	Country of Origin Labelling
CPI	Consumer Price Index
CWB	Canadian Wheat Board
DP	Direct Payments
EAFRD	European Agricultural Fund for Rural Development

EAGF	European Agricultural Guarantee Fund
EC	European Council
EFP	Environmental Farm Planning
EFTA	European Free Trade Association
EPA	Economic Partnership Agreements
EQIP	Environmental Quality Incentives Program
ESA	Environmentally Vulnerable Zones
ETS	Emissions trading scheme (New Zealand)
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FMD	Foot and Mouth Disease
FTA	Free Trade Agreement
FTP	Joint Federal, Provincial and Territorial agreements (Canada)
GAO	Gross Agricultural Output
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEIS	General Export Incentive Scheme (South Africa)
GIs	Geographical Indications
GMO	Genetically Modified Organism
GSP	Generalised System of Preferences
IMF	International Monetary Fund
INDAP	National Institute for Agricultural Development (Instituto Nacional de Desarrollo Agropecuario; Chile)
IPARD	Instrument for Pre-Accession Assistance for Rural Development
LDC	Least Developed Countries
LARP	Land and Agrarian Reform Programme (South Africa)
LEADER	Links Between Actions for the Development of the Rural Economy
LFA	Less Favoured Areas
LRAD	Land Redistribution and Agricultural Development (South Africa)
MAFISA	Micro-Agricultural Financial Institutions of South Africa
MAPA	Ministry of Agriculture, Livestock and Food Supply (Brazil)
MDA	Ministry of Agrarian Development (Brazil)
MERCOSUR	Southern Common Market
MERT	Ministry of Economic Development and Trade (Russia)
MFN	Most Favoured Nation
MIDEPLAN	Chilean Ministry of Planning and Cooperation
MILC	Milk Income Loss Contract Program
MINAGRI	Chilean Ministry of Agriculture
MOP	Chilean Ministry of Public Works
NAFTA	North American Free Trade Agreement
NAMC	National Agricultural Marketing Council (South Africa)
NRA	Nominal Rate of Assistance
NYBOT	New York Board of Trade
ODA	Overseas Development Assistance (Australia)
OECD	Organisation for Economic Co-operation and Development
PACER Plus	Pacific Islands Forum trade and economic agreement

PEC	Overall rural development programme (Programme Especial Concurrente; Mexico)
PBS	Price Band System (Chile)
PGPM	Guaranteed minimum price programme (Brazil)
PLAS	Pro-Active Land Acquisition Strategy (South Africa)
PO	Producer Organisations
PPP	Purchasing Power Parity
PROCAMPO	Programme providing payments based on historical areas (Mexico)
PROCHILE	DIRECON's Department, to promote Chilean exports
PROGAN	Programme providing payments based on livestock numbers (Mexico)
Programa ABC	Low carbon agriculture programme (Brazil)
PRONAF	National Programme for the Strengthening of Family Agriculture (Brazil)
R&D	Research and Development
RDP	Rural Development Plan
RDR	Rural Development Regulation
RMA	Resource Management Act 1991 (New Zealand)
RRA	Relative Rate of Assistance
SACU	South African Customs Union
SADC	Southern African Development Community
SAFTA	South Asian Free Trade Area
SAG	Agriculture and Livestock Service (Servicio Agrícola Ganadero; Chile)
SAPARD	Special Accession Programme for Agriculture and Rural Development
SAPS	Single Area Payment Scheme
SARB	South African Reserve Bank
SASA	South African Sugar Association
SAT	Single Agricultural Tax (Russia)
SFF	Sustainable Farming Fund (New Zealand)
SMP	Skimmed milk powder
SINOGRAIN	China Grain Reserves Corporation
SNAP	Supplemental Nutrition Assistance Program
SNCR	National System of Rural Credit (Brazil)
SPS	Single Payment Scheme
SPS	Sanitary and Phytosanitary
SSG	Special Safeguard
STE	State Trading Enterprise
TBT	Technical Barriers to Trade
TDCA	Trade, Development and Cooperation Agreement (South Africa)
TEFAP	The Emergency Food Assistance Program
TPP	Trans-Pacific Partnership Agreement
TRQ	Tariff Rate Quota
UN	United Nations
URAA	Uruguay Round Agreement on Agriculture
USA	United States of America
VAT	Value Added Tax
WB	World Bank
WTO	World Trade Organization

OECD indicators of support

CSE	Consumer Support Estimate
GSSE	General Services Support Estimate
MPS	Market Price Support
NAC	Nominal Assistance Coefficient
NPC	Nominal Protection Coefficient
PSE	Producer Support Estimate
SCT	Single Commodity Transfers
TSE	Total Support Estimate

Currencies

AUD	Australian dollar
BRL	Brazilian real
CAD	Canadian dollar
CLP	Chilean peso
CHF	Swiss frank
CNY	Chinese yuan renminbi
EUR	Euro
ILS	Israeli shekel
ISK	Icelandic krona
JPY	Japanese yen
KRW	Korean wong
MXN	Mexican peso
NOK	Norwegian krone
NZD	New Zealand dollar
RUR	Russian rouble
TRY	New Turkish lira
UAH	Ukrainian hryvnia
USD	United States dollar
ZAR	South African rand

Executive Summary

Expanded country coverage

This report monitors and evaluates agricultural policy developments in OECD member countries, including Chile, Estonia, Israel and Slovenia which became OECD members in 2010, as well as in five emerging economies that are major players in food and agriculture markets: Brazil, China, Russia, South Africa and Ukraine.

Structural differences across countries, but common policy interests

The 45 economies examined in this report are diverse in their levels of development, the characteristics of their agricultural sectors, and their choice of policy instruments and levels of policy support: but their policy interests have a great deal in common. These include ensuring a reliable supply of safe, nutritious and affordable food, reasonable incomes for farms and farm households, a productive and competitive food and agriculture sector, and sustainable use of natural resources.

Fiscal transfers to the farm sector remain stable...

The increased burden on public finances in OECD countries in the wake of the financial and economic crisis has not led to a significant reduction or increase in budgetary expenditures on the agriculture sector. Where budget payments have been reduced it typically resulted from countercyclical payments declining as a consequence of high world prices or from shrinking disaster payments. Such expenditure reductions follow built-in mechanisms and do not reflect a re-orientation of policies. In the emerging economies, budget transfers are relatively low but in some cases are increasing. Direct payments to farmers play a less prominent role than in OECD countries, while investments in general services, such as infrastructure, account for a relatively larger share of budget transfers.

...while market price support is declining

High world market prices during 2010 led to a smaller gap between supported domestic prices and world reference prices. This was accentuated or attenuated by exchange rate movements in some countries. As is the case for fiscal transfers, this reduction in estimated support is due to built-in countercyclical mechanisms, rather than a re-orientation of policies.

Producer support in the OECD area reached a record low in 2010

In 2010 support to producers across the OECD area amounted to USD 227 billion or EUR 172 billion as measured by the Producer Support Estimate (PSE). This represents 18% of aggregated gross farm receipts, down from 22% in 2009 and 20% in 2008. This is the lowest level observed since the mid-1980s and confirms a long-term declining trend.

Support in the emerging economies is generally well below the OECD average, but varies over time and across countries

The level of support (%PSE) differs across emerging economies: Farm support in Brazil has remained flat in most recent years, around 5% of aggregate gross farm receipts; support in China has been increasing and at 17% in 2010, is approaching the OECD average; in Russia the level of support reached 22% in recent years and was above the OECD average; support in South Africa is declining and is now below 5%; in Ukraine support varied around 7% in recent years. In Ukraine, Russia and to some extent China, these averages need to be interpreted carefully as some commodities are taxed while others are supported.

Support varies greatly across OECD countries

Since 1995-97 the level of support has declined in all OECD countries except Turkey. In 2008-10 New Zealand (1%) and Australia (3%) have had the lowest levels, while Chile (4%) now joins this group. The United States (9%) is currently closer to the countries with the lowest level of support. Israel and Mexico (12%) and Canada (16%) are also below the OECD average. The European Union (22%) has reduced its level of support but remains above the OECD average. Support in Turkey has moved from below to above that average (27%). Despite some reduction, support remains relatively high in Korea (47%), Iceland (48%), Japan (49%), Switzerland (56%) and Norway (60%).

Agricultural support as a share of GDP generally declines as economies grow

Total support to the agricultural sector across the OECD area – an indicator that combines producer support (PSE), support for general services to agriculture such as research, infrastructure, inspection, marketing and promotion, as well as subsidies to consumers – stood at USD 374 billion (EUR 269 billion) in 2008-10. This is equivalent to 0.9% of OECD GDP, down from 2.2% in 1986-88 and 1.4% in 1995-97. In emerging economies, agriculture support as a share of GDP is below the OECD average, except in China (2.3%). The share increased in Brazil to 0.6% in 2008-10 from 0.2% in 1995-97, while in Russia it declined from 2.6% in 1995-97 to 1.6% in 2008-10, and in South Africa from 1% to 0.3% over the same period. These reductions reflect overall economic growth rather than reductions in total support to agriculture.

The trend towards more decoupling of support from production decisions continues in OECD countries...

The importance of the potentially most production- and trade-distorting forms of support has been falling over time as countries have shifted towards more decoupled payments to farmers. Most distorting support, based on market prices, output, and unconstrained variable input use continues to make up 51% of total producer support, but this is down from 82% in 1986-88 and 70% in 1995-97. Payments not linked to current production, have grown in recent years to 23% of total transfers in 2008-10.

... while emerging countries rely more on market price support and budget transfers mostly finance general services

In the emerging economies most of the support is based on commodity output (mainly market price support) and input use, sometimes targeted to small holders or subsistence farming. A relatively large part of budgetary spending finances the provision of general services to agriculture, mainly financing the development of infrastructure, training and education.

Growing global demand, higher prices, volatile markets and resource pressures, argue for new policy directions

High prices today effectively remunerate producers and undermine the stated rationale for traditional price and output support policies, even though high output prices do not necessarily translate into higher farm incomes in all sub-sectors if input prices increase as well, especially for energy and animal feed, and if these costs cannot be passed on to consumers. Alternative policy directions warrant attention, including reorienting price and output linked support in favour of measures to increase public, private, and public-private investments in a wide range of activities to improve farm productivity, sustainability, and long-term competitiveness. At the same time, border measures and other policies that support domestic prices contribute to agricultural price volatility on world markets. Export restrictions exacerbate global price volatility and price rises and they discourage farmers from increasing production in countries applying those measures. Consideration needs to be given to developing comprehensive risk management policies that provide producers with a menu of instruments from which they can choose to address their specific needs. Government policies should focus on catastrophic risks but should not crowd out farmers own management of normal business risk and market-based risk management tools.

Much of the current policy set is not targeted to addressing volatility, food security and resource use issues. While higher output prices are good news for producers, they contribute to increasing hunger amongst vulnerable consumers in many parts of the world. This too argues for moving beyond “status quo” policy approaches in order to effectively address the fundamental cause of hunger – poverty. Improved policy coherence between agriculture, trade, development, and governance systems is essential. Ongoing discussions in the G20 and other international fora are addressing these issues.

PART I

Agricultural Developments in OECD Countries and Emerging Economies

PART I
Chapter 1

Diversity Among New OECD Member Countries and Emerging Economies

Diversity among new OECD member countries and emerging economies highlights the structural diversity of countries included in the Monitoring and Evaluation report and the evolving role of emerging economies in the world agricultural landscape. This chapter focuses on the two new OECD member countries, Chile and Israel, and on the five emerging economies included in the report: Brazil, China, Russia, South Africa and Ukraine. The chapter first focuses on the economic development and agricultural structure, and on issues such as the dualistic structure in the farming sector, poverty and malnutrition. It then focuses on agro-food trade and the increasing role of emerging economies.

Introduction

The economies of OECD countries are diverse, with wide variations in income levels and in the structural composition of economic activity. Their agricultural sectors reflect, and partly determine, this diversity. The growth in membership of the OECD, and the expansion of this report to include emerging economies outside the OECD area, adds more heterogeneity in terms of the types of agricultural sectors that are present and the corresponding range of policies that are being monitored. This chapter highlights some of the main aspects of that heterogeneity and describes the evolving role of emerging economies in the world agricultural landscape.

The importance of agriculture to the overall economy is partly explained by income levels, with poorer countries tending to have a greater share of productive resources (especially labour) engaged in agriculture. Another determinant of agriculture's role in the economy is factor endowments, with some countries having a relative abundance of key factors, notably land and water, and others struggling with a relative scarcity. Some countries, typically those with lower incomes, also have relatively large supplies of agricultural labour. Income levels and factor endowments affect the amount of agricultural activity that is undertaken, the types of commodities that are produced, and the way in which farm operations are structured (including farm sizes). These differences in turn have implications for the nature of countries' agricultural policy objectives and their relative importance.

Governments seek agricultural policies that will address national objectives, while responding to shared global concerns. The latter include the need to meet a growing world demand for food and feed a world population that is expected to reach 9 billion by 2050, together with the parallel need to reduce poverty and hunger in developing countries (reflected in the near term target of the first Millennium Development Goal). Meeting these challenges will require large increases in productivity, production and trade, which need to be reconciled with commitments to reduce greenhouse gas emissions and otherwise ensure the sustainable use of resources. The policies needed to achieve these aims will be context specific, depending on the level of economic development and a range of structural factors.

Economic development and agricultural structures in new OECD member countries and emerging economies

The new OECD members and emerging economies included in this report all have lower per capita incomes than the OECD average. According to the World's Bank's classification, Brazil, Chile, Russia and South Africa qualify as upper middle income countries. The OECD countries that fall into this grouping are Mexico, Turkey and some newer members of the European Union. Israel is categorised as High Income (as are most OECD countries). China and Ukraine are both classified as Lower Middle Income countries, a category into which no OECD members fall. In the new member and emerging economies, real GDP has grown at least twice as fast as the average in the OECD area, although there are wide differences in the pace at which real per capita incomes are catching up (Table 1.1).


Table 1.1. **Incomes, poverty and inequality in new OECD Members and Emerging Economies**

	GDP per capita 2009, constant 2000 USD	GDP annual average growth rate 1999-2009, constant 2000 USD	Poverty headcount ratio (PPP) 2005		Gini ¹
			At USD 1.25 per day	At USD2 per day	
<i>New OECD members</i>					
Chile	6 083	3.7	2.0	2.4	0.52
Israel	21 806	3.6	Less than 1%	Less than 1%	0.39
<i>Emerging economies</i>					
Brazil	4 399	3.3	7.8	18.3	0.55
China	2 206	10.3	15.9	36.3	0.42
South Africa	3 689	3.6	26.2	42.9	0.58
Russia	2 805	5.4	2.0	2.0	0.44
Ukraine	987	4.4	2.0	2.0	0.28
OECD average	24 187	1.6	Less than 1%	Less than 1%	..

..: Not available.

1. Latest year available.

Source: World Development Indicators.

StatLink  <http://dx.doi.org/10.1787/888932451927>

The economies of Brazil, Chile and South Africa have among the most unequal income distributions in the world, reflected in Gini coefficients of more than 0.5, while inequality in China and Russia is also acute. Absolute poverty, as captured by the World Bank's USD 1.25 and USD 2 a day thresholds, is a serious problem in South Africa and China, and remains a significant issue in Brazil. There have been marked improvements in Brazil and China. Indeed, progress in China has been such that the country's share of the world's USD 1.25 a day poor fell from 40% in 1990 to 20% in 2008. South Africa, however, has a serious structural problem, with relatively high average incomes per capita, yet more than 40% of the population still lives on less than USD 2 per day, and little progress has been made over the past 20 years. Undernourishment remains a concern in Brazil, China and South Africa, but in each case is confined to less than 10% of the population. Poor nutrition, on the other hand, is a wider problem that is pervasive across OECD countries and emerging economies.

With the exception of Israel, the new members and emerging economies included in this report all consume fewer calories than the OECD average (Table 1.2). However, all countries consume more than the recommended daily per capita allowances of calories and proteins (estimated, respectively at 2 880 calories for a moderately active male, and 2 200 for a moderately active female, with a recommended 55g of protein for men and 45g of protein for women).

Consumers in emerging economies typically spend a larger share of their budgets on food. Whereas consumers in OECD countries spend on average about 22% of their incomes on food, the shares are considerably higher in China (40%), Russia (33%) and Ukraine (54%), where incomes are lower than the OECD average. The shares are at or below the OECD average in Brazil and Chile (where food prices are close to international levels) and Israel (where incomes are high), and slightly higher in South Africa. The price that consumers pay for their food tends to be an important concern in countries where food purchases are a large element of expenditures. In many OECD countries, that share is relatively low and concerns over real farm incomes weigh more heavily.


Table 1.2. **Food consumption in new OECD Members and Emerging Economies**

	Share of budget spent on food ¹	Food consumption		
		Calories per day (2007)	Protein (g/day)	% Under-nourished
<i>New OECD members</i>				
Chile	22.5	2 920.4	87.1	Less than 1%
Israel	17.2	3 527.5	125.6	Less than 1%
<i>Emerging economies</i>				
Brazil	20.8	3 112.5	85.5	6.4
China	39.8	2 980.5	88.9	9.8
South Africa	25.0	2 998.5	80.9	Less than 5%
Russia	32.9	3 375.9	100.0	Less than 1%
Ukraine	53.5	3 223.7	88.3	Less than 1%
OECD average	22.3	3 408.7	104.3	Less than 1%

...: Not available.

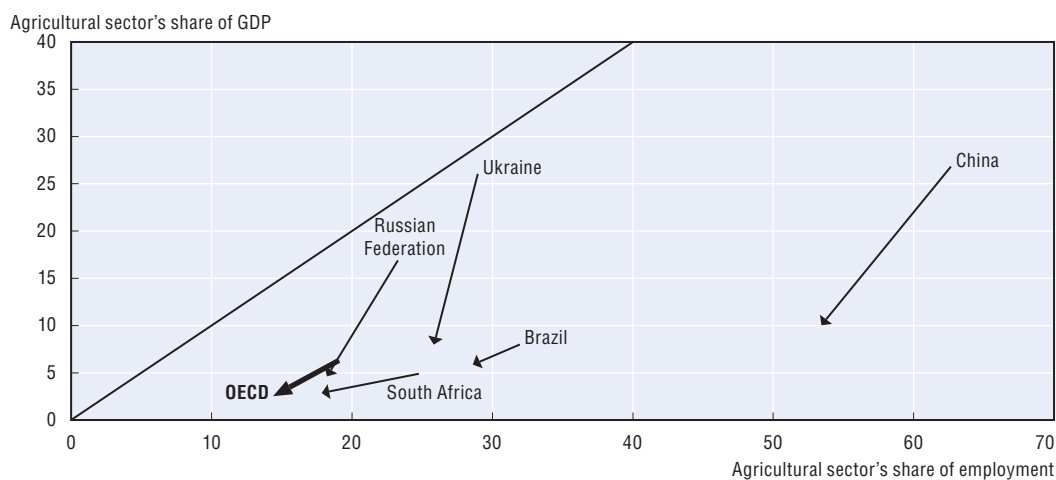
1. Latest year available.

Source: FAOSTAT.

StatLink  <http://dx.doi.org/10.1787/888932451946>


At the same time, agriculture tends to be economically more important in emerging economies than in high income countries, with the sector accounting for a higher share of GDP, and a larger share of employment. For all seven new countries included in this report, both shares have fallen over the past 20 years, with agriculture's share of employment falling more rapidly than the sector's share of GDP in Brazil and South Africa, but more slowly in China, Russia and Ukraine (Figure 1.1). The former case is a consequence of labour productivity rising more rapidly in agriculture than in other sectors, both as a result of direct improvements in the productivity of farm labour, and indirect gains as a result of

Figure 1.1. **Evolution of agriculture's share of GDP and share of employment, 1990-2008**



Note: The 45-degree line corresponds to the case where agriculture's share of GDP is the same as its share of employment. All countries lie below this line, reflecting a varying combination of relatively low labour productivity in agriculture (most significant in emerging countries) and the significance of off-farm incomes (the main explanation in higher income OECD countries). Russia and Ukraine were in an unusual situation in 1990, with labour in agriculture more productive than labour in other sectors, following the collapse of industry at this time.

Source: World Bank, World Development Indicators.

StatLink  <http://dx.doi.org/10.1787/888932450350>

less productive labour leaving the sector. It implies a narrowing of the gap between the incomes of farmers and the incomes of other groups in society. For high income OECD countries, the incomes of farmers do not tend to be systemically lower than those of other households once off-farm income and policy transfers are taken into account.

A further characteristic of agriculture in the emerging economies included in this report is a dualism of agricultural structures, with commercial farm operations co-existing alongside smaller farm structures, variously described as “family”, “smallholder”, “semi-subsistence” or “peasant” farms. These differences in farm structures reflect historical and institutional factors, as well as variations in factor endowments. As with OECD countries, there are wide variations in population pressure on the land, with China having less than half a hectare of agricultural land per capita and Brazil, Russia and South Africa having more than one hectare. The labour-intensity of agricultural production is indicated by the agricultural population per hectare of permanent and arable cropland, with the intensive farming systems in Chile and China contrasting with relatively extensive systems in Brazil, Russia and Ukraine.

These variations are associated with substantial differences in the average farm size (Box 1.1). Brazil, Russia and Ukraine tend to have larger farms (as do Australia, Canada and

Box 1.1. Dualism and farm sizes in Emerging Economy Agriculture

The emerging economies included in this report all exhibit dualistic farm structures. Direct comparisons between countries are difficult, because definitions and classification systems vary. However, some general patterns stand out:

In **Brazil**, 84% of holding are categories as “family” farms, yet these operations occupy just 24% of total agricultural area, the remainder being taken up by “commercial” farms. The average size of a family farm is 18 ha, compared with an average of over 300 ha for commercial farms. A similar dualism is apparent in **Chile**, where 95% of farms are operated by “individuals”, as opposed to corporations, the public sector or communities. However, these farms occupy just 29% of agricultural area (15 million ha), and have an average size of 52 ha. Within this group, “small farms” of less than 12 ha receive specific support. Corporate farms are responsible for a slightly smaller area than individual farms (13 million ha), and have an average size in excess of 1 000 ha.

In **South Africa**, about 80% of agricultural land is occupied by commercial farms, with the remaining 20% farmed by smallholders (a similar breakdown to that in Brazil). However, half the commercial farms earn less than ZAR 300 000 (USD 36 800) per annum, suggesting that most of South Africa’s commercial farms are relatively small economic units in international terms. There are about 240 000 small-scale farmers who provide a livelihood to more than 1 million of their family members and occasional employment to another half million. There are approximately another 3 million people in communal farming households that primarily produce for subsistence needs.

In **China**, farm sizes are much smaller. In China, 93% of farms are of less than one ha, while 98% of farms are of less than 2 ha. These small farms account for the vast majority of agricultural area.

In **Russia**, there are vast numbers of households involved in agricultural production, with operations which have an average size of just 0.4 ha and occupy 5% of agricultural land. Family and peasant holdings occupy 15% of agricultural land and have an average size of 85 ha, while corporate farms occupy 79% of agricultural land and have an average size of over 3 800 ha for “medium and large” operations and 1 164 for “small” ones.

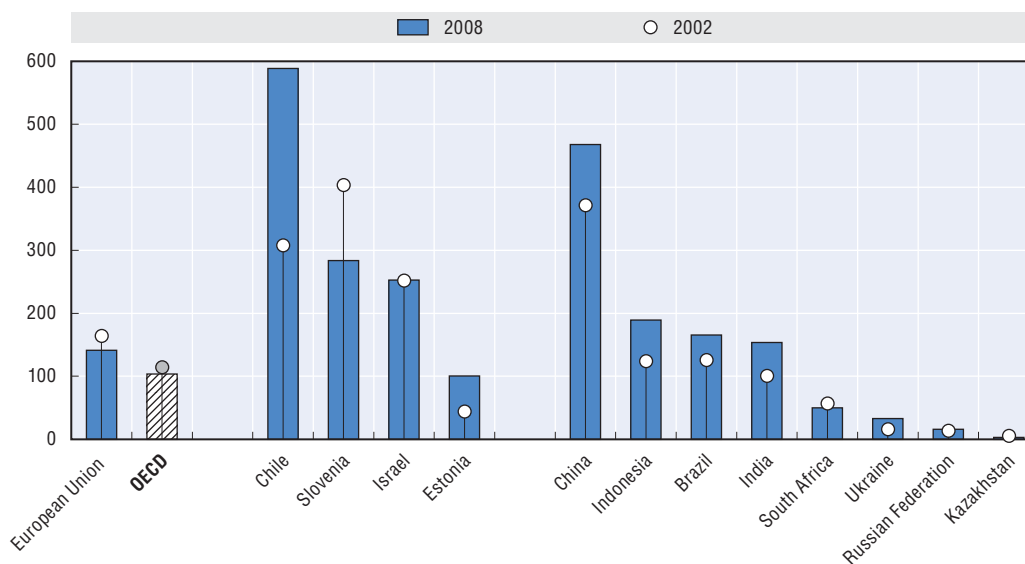
In **Ukraine**, around 70% of total agricultural land and 90% of arable land is owned by individuals. Much of this land is rented out to corporate farms, which have an average size in excess of 2000 ha. In both Russia and Ukraine, smallholders account for about a half of agricultural output, with the other half produced by large-scale operations.

the United States). China has the world’s largest population and there is considerable pressure on the land, with the consequence that most farms are small (less than one hectare) – as is the case in other Asian countries, including Japan and Korea. Chile and South Africa both have a small share of surface area that is suitable for agricultural production, but that limited area is fertile and suitable for high value crops, such as viticulture and horticulture, with farms that are small, but not as small as those in countries with severe population pressure.


Other things equal, larger farms tend to employ more hired labour, while smaller farms rely on predominantly family labour. In the case of Chile, many of the larger operations are engaged in producing high-value crops, with the result that two-thirds of all households which depend on agriculture for their livelihoods receive their incomes from salaried agricultural work.

Differences in farms sizes are also correlated with variations in the intensity of production, and the environmental issues that countries face. The intensiveness of production across these different systems is partially captured by fertiliser use, which is extremely high in Chile and China, above the OECD average in Israel and Brazil, but low (less than half the OECD average) in Russia, South Africa and Ukraine (Figure 1.2).

Figure 1.2. **Fertiliser consumption, nitrogen, phosphate and potash fertilisers, kg/ha of arable land**



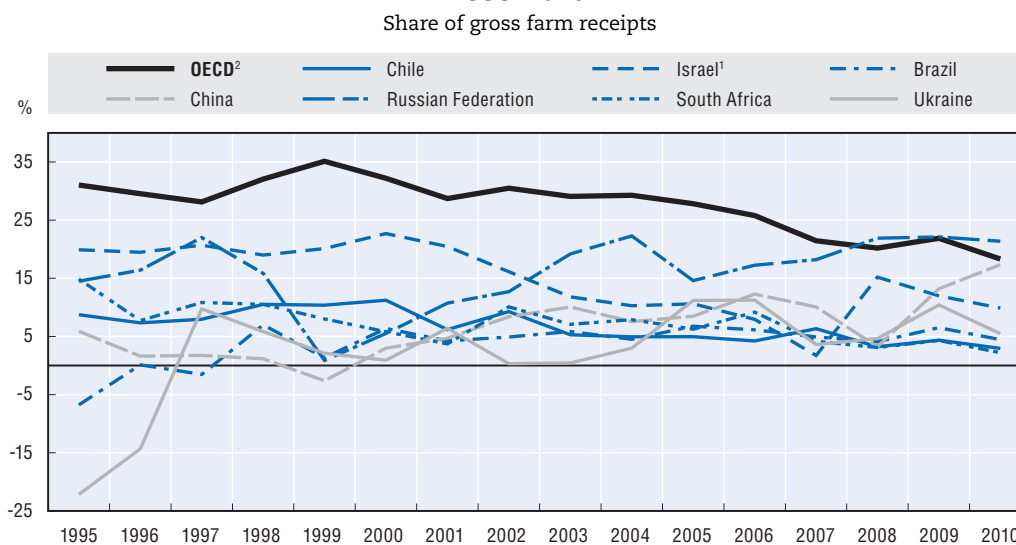
Source: FAOSTAT.

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The broad lines of agricultural policy are correlated with levels of economic development, and the pattern of comparative advantage. Developing country governments have often taxed their agricultural sectors by maintaining low food prices, as concerns for the welfare of urban consumers have weighed more heavily than considerations over farm incomes. However, as incomes have grown, this tendency has diminished and many middle income developing countries now support prices to farmers, implicitly taxing consumers. As they become wealthier, these countries also have more financial resources with which to support their agricultural sectors and address other objectives (such as those

related to environmental sustainability). The new OECD members included in this report, and the five emerging economies, all provide positive support to their farmers, although the degree of support is in most cases much lower than the average in OECD countries (Figure 1.3). The net exporters typically provide modest support (as in Brazil and Chile), while support levels are relatively higher among net importers. For net exporters, the rate of support has declined over recent years whereas for some net importers, notably China and Russia, it has risen. New OECD members and the five emerging economies rely relatively heavily on farm support delivered through market price support and payments based on inputs. More decoupled forms of support, such as direct payments to farmers, are less important than in OECD countries. The next chapter discusses in more detail the level and composition of support.

Figure 1.3. **Evolution of producer support, OECD and emerging economies, 1995-2010**



1. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
2. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU from 2004. Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.

Source: OECD, PSE/CSE database, 2011.

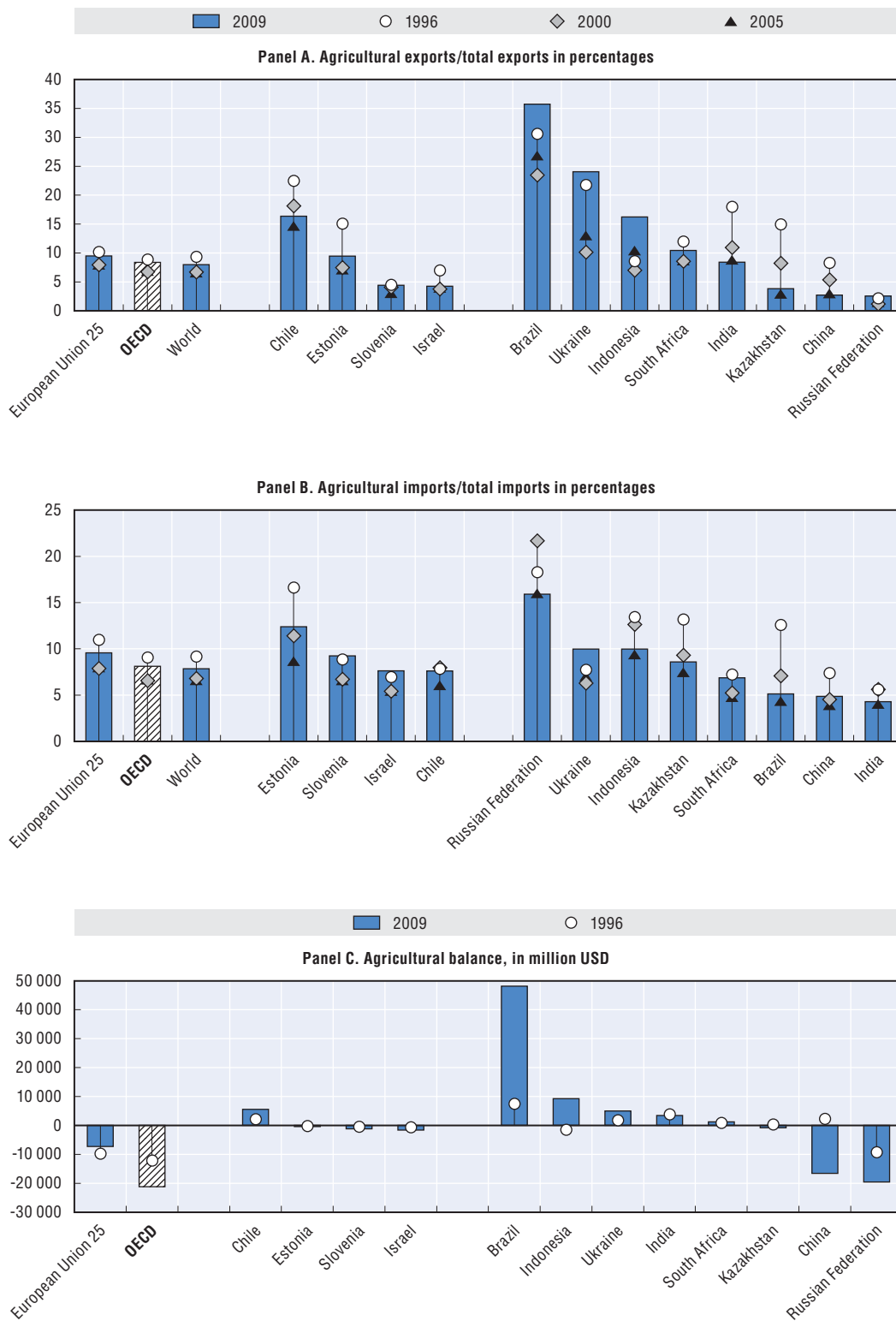
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Agricultural trade

This section expands the number of countries considered to include other emerging economies that are significant in international agricultural trade, namely India, Indonesia and Kazakhstan.¹ The emerging economies covered in this section are therefore the “BRIICS”,² plus Kazakhstan and Ukraine, where comparable data are available.

Structural differences among countries, as discussed in the previous section, have implications for the volume and composition of agricultural production and consumption, the balance being reflected in net trade (Figure 1.4). Brazil, Chile and Ukraine are all net agricultural exporters, with agricultural products accounting for at least 15% of total

Figure 1.4. **Agricultural trade**



Note: Countries are ranked according to 2009 values.

The trade data reported here correspond to the WTO definition of agricultural trade.

Source: OECD, *International Trade by Commodity Statistics (ITCS)* and UN ComTrade database.

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exports and between 5% and 10% of imports, a difference which results in the sector making a major contribution to the overall balance of trade. Indonesia has become a significant net exporter in recent years, while South Africa has a modest surplus. India remains a net agricultural exporter, but since 1996 the surplus has diminished as a proportion of the country's overall trade balance. China, Kazakhstan and Russia are net importers of agricultural products. In the case of Russia, agricultural imports account for more than 15% of its total import bill.

As both exporters and importers, the BRIICS are becoming more important to world agricultural trade (Table 1.3). Whereas trade between OECD countries accounted for 58% of world agricultural trade in 1999, by 2009 that share had fallen to less than half. The BRIICS' share of world agricultural exports increased from 8.9% in 1999 to 14% in 2009, while that of other non-OECD developing countries increased more slowly, from 18.3% to 21.2%. Over the same period, the BRIICS' share of world agricultural imports increased from 6.3% to 10.9%, while the corresponding share of other non-OECD countries increased from 21.2% to 25.9%. Most of the increase in the BRIICS' share of world agricultural exports has come from exports to other BRIICS countries (notably exports from Brazil to China), with the share increasing from 0.9% to 2.6%, and from exports to other non-OECD developing countries, with the share rising from 2.8% to 5.9% of global agricultural exports. In the case of other non-OECD developing countries, there has been a significant increase in imports coming from the BRIICS and in the share of trade that occurs with other non-BRIICS developing countries. Adding across the two groups, the share of South-South trade (defined here as trade not involving OECD countries) in world agricultural trade increased from 12.8% in 1999 to 21.1% in 2009. This pattern is fairly similar to the one observed for total trade, where the share of trade taking place between countries outside the OECD area increased from 10.9% to 20.9%.

Table 1.3. **Bilateral shares of agricultural trade between OECD and BRIICS countries**

		1999				2009					
		<i>Imports</i>				<i>Imports</i>					
		OECD	BRIICS	Other	Total	OECD	BRIICS	Other	Total		
<i>Exports</i>	OECD	57.6	2.7	12.4	72.8	<i>Exports</i>	OECD	49.2	4.6	11.1	64.9
	BRIICS	5.2	0.9	2.8	8.9		BRIICS	5.5	2.6	5.9	13.9
	Other	9.2	3.1	6.0	18.3		Other	8.6	3.7	8.9	21.2
	Total	72.1	6.7	21.2	100.0		Total	63.3	10.8	25.9	100.0

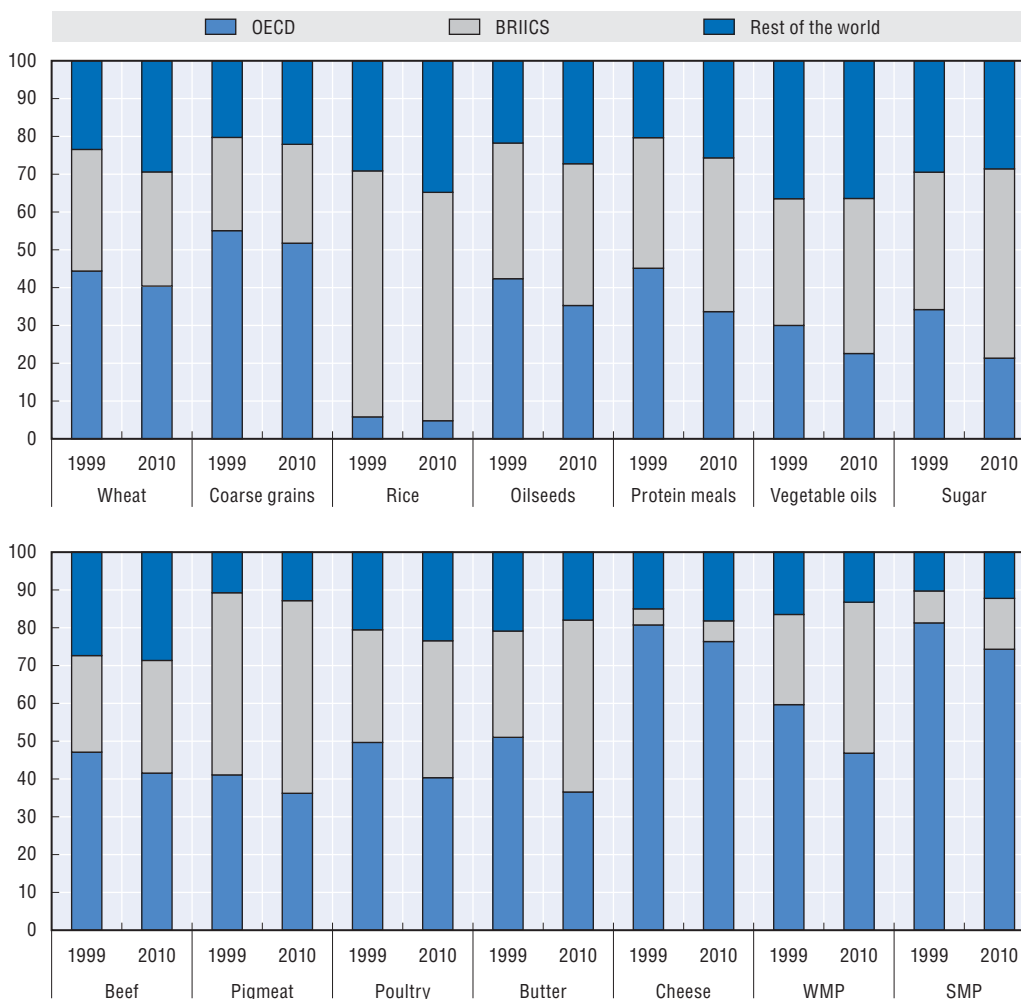
Source: UN ComTrade database.

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These trends reflect changes in production and consumption shares across different commodities. The OECD/FAO AGLINK database shows how, across all major product categories, the share of world production accounted for by OECD countries has diminished. For some products that fall in share has been picked up by the BRIICS (*e.g.* vegetable oils, sugar, meat and poultry and dairy products); for others (*e.g.* wheat and coarse grains), other developing countries have become collectively more important (Figure 1.5).

Non-OECD countries have also dominated consumption growth, which has been more rapid in the BRIICS than in other non-OECD developing countries for dairy products and

Figure 1.5. **Production shares of major commodities, by country grouping**



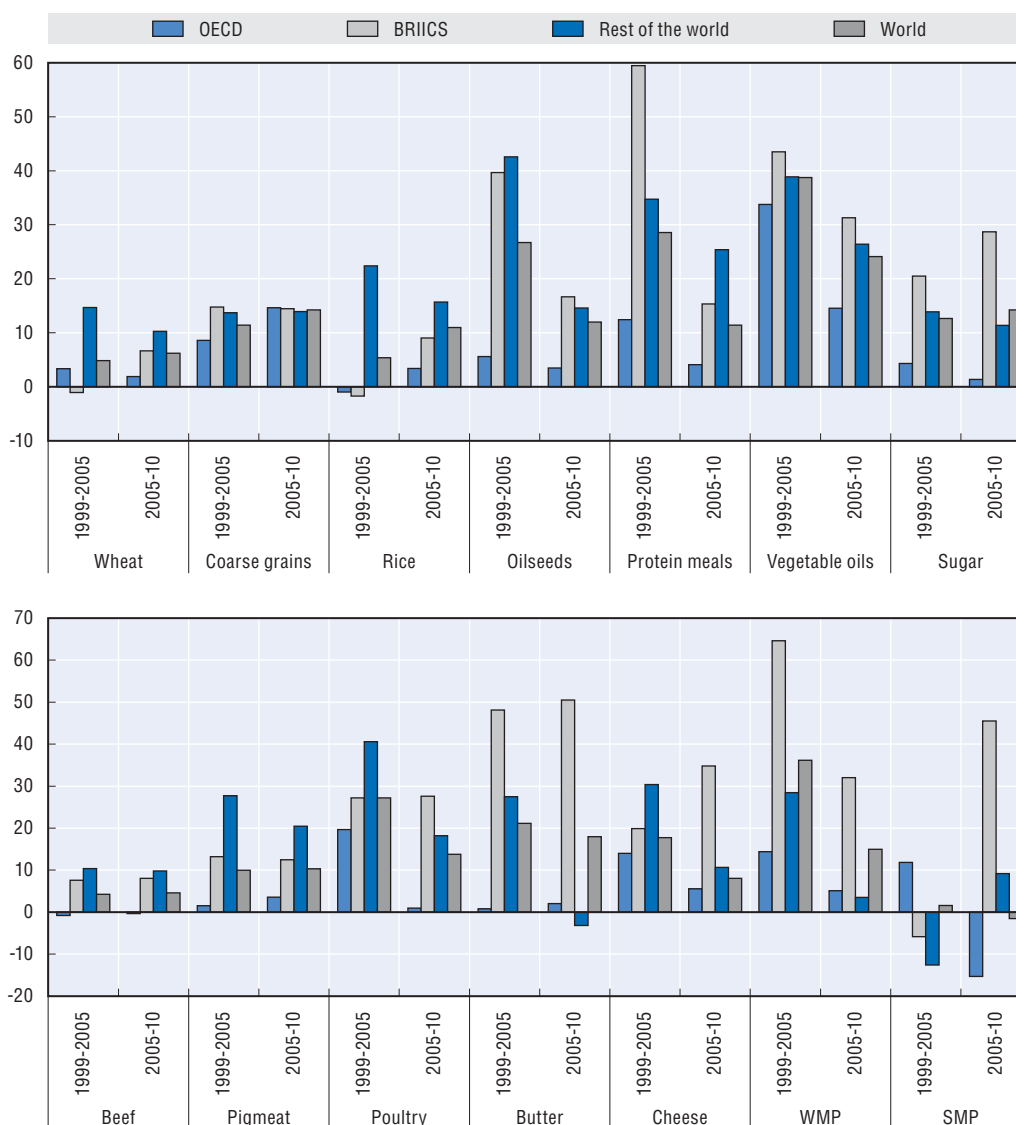
Source: OECD, Aglink database.

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sugar, but slower for livestock products (Figure 1.6). China and India have a large impact on these numbers, collectively representing more than one-third of the world’s population. China is increasing its consumption of meat rapidly, while India is consuming more dairy products.

The dynamics of production, consumption and trade are apparent at the country level. Brazil is the third largest agricultural exporter in the world, after the European Union and the United States, with more than USD 50 billion of agricultural exports per year. China is simultaneously the fourth largest exporter and the fourth largest importer (with a net deficit), exporting labour intensive products and importing land intensive products in line with its comparative advantage. Indonesia is among the top ten exporters, while India is in the top ten importers (despite being a net exporter). In some cases, particular bilateral relationships are becoming very important. For example, in 2009, 14% of Brazil’s total agricultural exports went to China (accounting for 15% of China’s agricultural imports), with more than half (55%) of Brazil’s oilseed exports destined for China (corresponding to 34% of China’s imports of oilseeds).

Figure 1.6. Changes in consumption of crop and livestock products (%)



Source: OECD, Aglink database.

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Common policy interests

The economies covered in this report are diverse in terms of their levels of development and the importance and structural characteristics of their agricultural sectors. Some of the differences are systemic, stemming from basic factors such as income levels. Others are country-specific, for example those related to the size of the country and its factor endowments.

The major emerging economies are increasingly important in agricultural trade and are already central to international consideration of important global issues. Their policy decisions on agriculture are obviously important domestically, but they also matter in the global context. Other economies, such as Chile and Israel, account for a small share of global aggregates, but their experiences provide important insights into approaches to

common policy problems, such as how to address the issue of lagging incomes in the “non-commercial” agricultural sector (Chile), or approaches to innovation and the use of scarce water resources (Israel). Amongst other OECD countries there is a vast array of policy experiences – both successes and failures. Agricultural policy support has historically been high – though recently declining – and policy decisions continue to have significant impacts both at home and globally.

While structural characteristics differ, and (as we will see in detail in the remainder of this report) both choice of policy instrument and accompanying policy support levels are diverse, the policy interests of the economies considered in this report have a great deal in common. All are interested in ensuring a reliable supply of safe and nutritious food for their citizens, at affordable prices; all want to ensure that farmers are able to earn a reasonable income from their efforts; all want their food and agriculture sectors to be productive, profitable and competitive; and all want to ensure that the natural resources upon which the food supply is based are used sustainably, and remain available for future generations. Given these shared goals, the diversity of actual policy experiences across the 45 countries covered in this report is a potentially rich source of knowledge and insights. The following chapter will take an initial step towards exploiting this source of information by examining recent policy developments.

Notes

1. OECD is currently undertaking reviews of agricultural policies in Indonesia and Kazakhstan, following which these two countries will be included in the regular monitoring of agricultural policies.
2. Brazil, Russia, India, Indonesia, China and South Africa.

PART I
Chapter 2

Developments in Agricultural Policy and Support

The key economic and market developments which provide the framework for the implementation of agricultural policies and related support to farming sector are analysed in the first part of this chapter. Highlights are then presented of the main recent changes and new initiatives in agricultural policies in 2009-10 in OECD countries and key emerging economies covered in this report: Brazil, China, Russia, South Africa and Ukraine. Finally, the developments in the estimated support (using the OECD PSE methodology) are evaluated in terms of its level, composition and changes over time in OECD countries and the emerging economies included in the report.

Key economic and market developments

The world economy showed continued signs of recovery in 2010 after the recession that started in 2008. Massive government stimulus packages began to bear fruit following a 4% decrease of GDP, a 12.5% drop in world trade and unemployment peaking at 8.5% in the OECD in 2009. But the recovery is not proceeding at the same speed everywhere. Growth in advanced economies remains subdued, with high unemployment in some countries and financial and economic stress in the euro area periphery. Growth in emerging economies has been more buoyant and began showing signs of overheating, specifically in Brazil, India and China, where inflationary pressures are emerging.

World trade levels have rebounded past their pre-crisis levels, with South- and Central America and Asia being the main drivers for export growth as well as for imports (WTO, 2011, 14 March). Several countries (Korea, Japan, Israel, Switzerland, Brazil, Russia and South Africa) intervened in currency markets in 2010 to attempt to limit the appreciation of their currencies.

Commodity prices had reached historical peaks when the financial crisis started and they subsequently dropped sharply when the global economy contracted. Prices started climbing again in the third and fourth quarter of 2009. On a year-on-year basis food prices rose globally by 15% and prices of agricultural raw materials by 31% between 2009 and 2010 (IMF, 2011).

The agricultural sector in OECD countries has certainly felt the impact of the economic crisis in 2009, but less so than other sectors. The strongest negative effects occurred in sub-sectors facing relatively elastic consumer demand (e.g. floriculture) and those that rely heavily on debt financing (e.g. pig farming). By the end of 2010 farm incomes seem to have recovered from their fall during 2008-09. The European Union, Canada and the United States are posting increased farm income levels for the agricultural sector as a whole that exceed the pre-crisis levels.

By the end of 2010 world agricultural commodity prices were close to their 2007-08 peaks, with smaller increases in Africa and the Far East due to generally favourable domestic production levels. Maize prices were at record highs, while wheat prices were below their 2008 levels and rice prices remained well below the 2007-08 peak. Dairy prices were exceptionally high in 2010, with butter prices beyond 2007-08 levels, and meat prices remained high (OECD, 2011a). (See Box 2.1. on price volatility.)

Rising agricultural commodity prices were driven by adverse weather conditions in a number of countries. The grain harvest in Russia was reduced by a third due to drought; floods damaged crops in Canada, China and Australia. After a gradual build-up since 2008, global grain stocks are declining, especially maize, which contributes to expectations of rising prices. A drought in China has affected wheat production areas, leading to expectations of increased import demand during 2011 and consequent upward pressure on world prices. Restrictions on the export of wheat maintained by Russia and Ukraine amidst high world prices further contributed to rising world prices. Biofuel policies

Box 2.1. Why does price volatility matter?

Most agricultural commodity markets are characterised by price volatility. Three major market fundamentals explain why that is the case. First, agricultural output varies from period to period because of natural shocks such as weather and pests. Second, demand elasticities are relatively small with respect to price and supply elasticities are also low, at least in the short run. In order to get supply and demand back into balance after a supply shock, prices therefore have to vary rather strongly, especially if stocks are low. Third, because production takes considerable time in agriculture, supply cannot respond much to price changes in the short term, though it can do so much more once the production cycle is completed. The resulting lagged supply response to price changes can cause cyclical adjustments that add an extra degree of variability to the markets concerned. Next to these market fundamentals there are other factors that may contribute to price volatility. For more information see Chapter 2 *Special Feature: What is driving price volatility?* in the OECD-FAO *Agricultural Outlook* (OECD, 2011a).

Developing country markets often lack the capacity to absorb domestic shocks, and can be subject to high domestic and local price volatility even during periods of calm international markets. While weather shocks, pests or other natural calamities and limited access to technologies play an important role, those factors are exacerbated by often poorly functioning markets that could smooth out local production shortfalls. Poor infrastructure, high transport costs, absence of credit or insurance markets may compound the initial difficulty.

Food price volatility has repercussions at the macroeconomic level, as well as on the level of individual consumers and farmers.

At the macroeconomic level, it is useful to distinguish between importing and exporting countries. For exporting countries heavily dependent on agricultural commodities, exceptionally low prices will have immediate balance of payments impacts, but beyond that, uncertainty may curtail investment and affect capacity utilization. Importing countries, especially low-income food-importing countries, faced with exceptionally high prices may also experience deterioration in the balance of payments and deterioration in their public finances. As countries have to export more to pay for imports, such deficits may result in the depreciation of the exchange rate. Fiscal measures, such as cuts in import tariffs and in taxes on food, subsidisation of food consumption, and increased demands on risk management instruments entail increased budgetary costs that will have to be met by increased government borrowing and budgetary discipline.

At the microeconomic level, higher food prices affect food consumers, which can be disastrous for the poor especially in developing countries where up to three-quarters of their total income may be spent on basic foodstuffs. Immediate impacts are obvious, but there are also longer term costs imposed on the poorest and most vulnerable as spending is switched to less nutritious foods and away from other basic needs such as education or health. A one-time food price shock can thus push vulnerable people below a poverty threshold which they can find impossible to surmount. Looked at from the supply side, high prices benefit net producers and signal a need for increased production. Livestock producers may sometimes be an exception, if price increases affect mainly grains and oilseeds used as animal feed and if these costs cannot be fully passed on to consumers. Volatile prices create uncertainty which in turn impacts investment and production decisions.

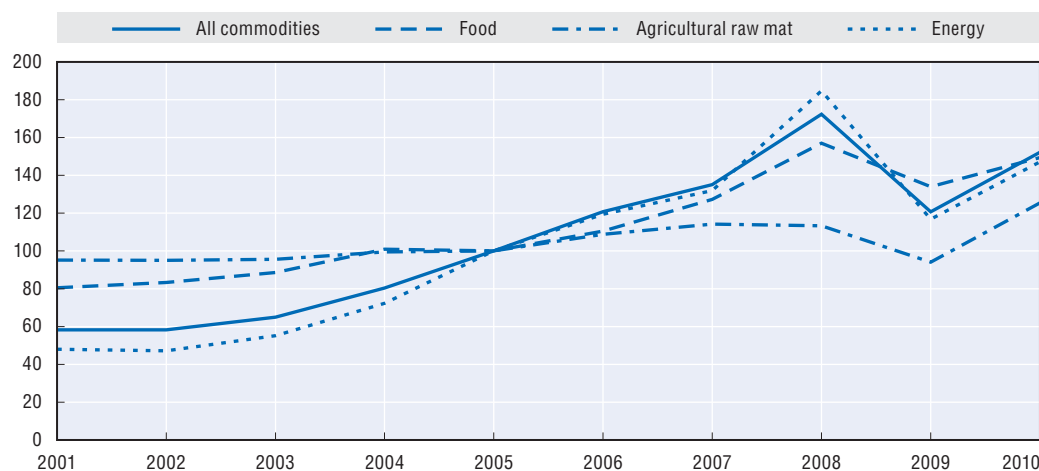
Investing in enhanced productivity on the farm and in downstream industries, investing in infrastructure and institutions that support more efficient markets and avoiding trade restrictions that hamper international markets to fulfil their roles are all part of policy packages that would reduce food price volatility on domestic and international markets. Improved market transparency and information could also help to curb volatility when it is caused by incomplete or incorrect information. Improved risk management policies, with well-defined boundaries for government support and for private responsibilities, provide efficient options to address uncertainty at the farm level (Box 2.2). In the long run, it is development and income growth which will provide the most vulnerable with the means of escape from the worst consequences of volatility.

continued to divert an important share of global maize, sugar and vegetable oils from food use. At the same time high oil prices at over USD 100 per barrel pushed up food prices, both directly through increased input costs and indirectly through making biomass production for biofuels commercially more attractive (OECD, 2011a).

High food prices are driving inflation in emerging economies, including Brazil, China, India, Indonesia, Russia and Ukraine. High commodity prices contribute to the slowly emerging inflationary tendencies in most OECD countries (OECD, 2011b).

The macroeconomic policy challenge facing OECD economies is to bring public finances on a sound footing without compromising growth and recovery. This transition from policy driven to autonomous growth will require careful withdrawal of fiscal stimuli where they were put in place. In some countries, such as Greece, Iceland, Ireland and Portugal, the necessary fiscal consolidation is expected to slow down growth in the short term, but with long term improvements in the offing (OECD, 2011b).

Figure 2.1. **Evolution of commodity price index, 2001-10**



Source: International Monetary Fund (2010).

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Main changes in agricultural policies

Agricultural policies in the 45 countries covered in this publication respond to diverse challenges, and they follow country-specific trajectories over time. This section discusses the main changes in policies in 2009-10. More complete descriptions of national policies are provided in later chapters and in separate country policy reviews.

Past editions of this report recorded slow and gradual progress in agricultural policy reforms. The level of support provided to agriculture in the OECD has been declining; the relative importance of the most distorting forms of support fell as countries introduced more decoupled forms of payments to farmers. This progress has been achieved to different degrees and at different speeds, but overall the OECD reform principle of decoupling support from production appears to have become increasingly recognized in countries' policy making.

Fiscal transfers to the farm sector remain stable in OECD countries...

During the global financial and economic crisis, OECD countries have not resorted to large scale measures to assist the farm sector in weathering the storm. Relatively small aid packages have been implemented by some governments and expenditures have not significantly increased. While countries are struggling to shoulder the increased burden on public finances in the wake of the crisis, this has not led so far to a fundamental reconsideration of budgetary expenditures on the agriculture sector. Where budget payments have been reduced it was typically the result of countercyclical payments declining as a consequence of high prices or from smaller disaster payments. Those expenditure reductions follow built-in mechanisms, and do not reflect fundamental re-orientations of policies.

... and in most of the emerging economies budget payments are on the rise

Budget expenditures typically figure less prominently in the agriculture policy mix in emerging economies than in OECD countries. Fiscal transfers are relatively low compared to the support provided through maintaining market prices above world levels, which are ultimately paid for by consumers. But some emerging economies are making increasing use of fiscal support measures.

Direct payments to grain farmers in **China** have been consistently increasing since their introduction in 2004. In **South Africa** support to land reforms, especially to new settlements and smallholders, is an important part of the policy package. Expenditures on items such as infrastructure and research and development are increasing and represent larger shares of the total support to agriculture in **Brazil, China, South Africa** and **Ukraine**. In **Russia**, large exceptional circumstances payments were made to alleviate the double impact of the financial crisis and droughts in 2009 and 2010.

No big changes in policy frameworks...

The **European Union**, the **United States** and **Canada** had all decided on new agricultural policy frameworks in 2008, and their implementation was well underway in 2009 and 2010. In **Mexico** the important income support programme PROCAMPO was extended to 2012.

The Common Agricultural Policy (CAP) of the **European Union** determines the agricultural policies in its 27 Member States. (For a detailed analysis of the CAP, see OECD, 2011c.) The latest changes to the CAP had been agreed in 2008 under the so-called Health Check, and their implementation from 2009 led to a number of changes in the Single Payment Scheme that affords payments to farmers without the requirement to produce. The most important changes concerned the incorporation of some of the direct payments that were previously left outside the single payment; the provision of increased flexibility for national governments to provide assistance to sectors with special problems (so-called article 68 measures); and increased shifting of funds from Pillar I to Pillar II. A consequence of this so-called modulation is that all farmers receiving more than a certain threshold saw their Pillar I direct payments reduced by 7% in 2009 and by 8% in 2010, and the money was transferred into the Pillar II Rural Development budget. Under this heading it can be used for programmes in the fields of climate change, renewable energy, water management, biodiversity and for accompanying measures in the dairy sector. Some changes were made in 2010 regarding the implementation of Complementary National Direct Payments in Member States that joined the European Union in 2004. The measures taken differ by

member state, but all lead to substantial reductions of payments financed from national budgets, while they can now use the flexibility under Article 68 to provide payments adopted to national circumstances. At the same time the gradual phasing in of payments in new Member States to align them with the EU15 level led to higher payments from EU funds.

As planned in the Health Check, milk quotas were increased by 1% in 2009/10 and by another 1% in 2010/11, and the mandatory set-aside introduced in 1992 was abolished. Cross compliance conditions were simplified and harmonised between the two pillars of the CAP. Changes to market intervention policies were also made and intervention levels were reduced or set to zero.

In the **United States** most of the policy developments reported for 2010 reflect further implementation of the Food, Conservation and Energy Act of 2008 (2008 Farm Act), which governs farm policy for the period 2008-12. This continues to emphasise direct payments, counter-cyclical payments and marketing assistance loan programmes for the 2008-12 crop years, with adjustments to target prices and loan rates for certain commodities. (For a detailed analysis of the 2008 Farm Act see OECD, 2011d).

The 2008 Farm Act introduced a new revenue support programme, the Average Crop Revenue Election programme, as an alternative to the counter-cyclical payments, and it replaces previous *ad hoc* natural disaster programmes by three sub-sector specific programmes: the *Crop Assistance Program*, the *Lost Poultry Contract Assistance Program* and the *Tree Assistance Program*.

Besides the implementation of the 2008 Farm Act, there were some new developments in the areas of crop insurance, food safety, working lands and watershed conservation, as well as one *ad hoc* disaster assistance programme implemented for losses during 2008 and 2009.

In **Canada**, the implementation of the Growing Forward framework began in 2009. Major support policies are delivered through the business risk management (BRM) heading of bilateral agreements between the Federal and Provincial/Territorial governments on programme details and funding. The four BRM programs are AgriInvest, which subsidises farm savings; AgriStability, which provides some support for income declines; AgriInsurance provides insurance against natural perils; and AgriRecovery for *ad hoc* disaster assistance. A number of programmes were implemented under the AgriRecovery framework to assist producers in dealing with the impacts of flooding, drought and disease that had hit producers in parts of Canada.

Mexico extended PROCAMPO, which provides direct income support based on historical area, beyond its original deadline of 2008 until 2012. The new rules for PROCAMPO were published in April 2009 with three main changes. First the rate of payments was made more progressive from 2009, providing higher payment rates for smaller farmers. Second, a maximum payment. Third, a revision of the register of land for PROCAMPO was decided to improve the quality of the programme data.

In **China** the strategy for agricultural policy continues to focus on developing the rural economy. This was the key priority in the 2006-10 Five Year Plan and is also at the centre of the 2011-15 Five Year Plan, China's 12th, which aims at rebalancing export driven growth by stimulating domestic demand, including through improving rural income.

No major changes in agricultural policy frameworks occurred in **South Africa** and **Ukraine**, and **Russia** is in the fourth year of implementation of the current five-year framework that ends in 2012.

... but there were some new developments

Japan announced a new Basic Plan for Food, Agriculture and Rural Areas in March 2010. This plan increases the target for food self-sufficiency and establishes new policy directions, replacing the former plan elaborated in 2005. Based on the new Basic Plan, a new farm income support payment was launched for rice farmers as a single year pilot programme in 2010. The payments are designed to bridge the gap between the actual average producer price and a reference level of nation-wide production cost. In this counter-cyclical scheme the reference producer price is set as the national average producer price of the past three years. This pilot programme is expected to continue in 2011, extending this new income support payments for upland crops such as wheat, barley and soybean. The direct payments for core farmers that are based on historical land, income and output were maintained in 2010.

In **Korea** direct payment programmes started to be implemented from the early 1990s to supplement existing market price support measures. It was also decided in 2009 to reorganise the various direct payment programmes and the country is testing a farm income stabilisation programme. The programme is addressing managerial risk at the farm level by subsidising the gap when the farm income is below the target income. Once the feasibility test is concluded the programme should be implemented on a wide range.

In **Brazil** the centrepiece of policies to support smaller farmers, the National Programme to Strengthen Family Farming (*Programa Nacional de Fortalecimento da Agricultura Familia*, PRONAF), was revised substantially in 2010, following a series of reforms in previous years. This programme provides various credit facilities to different types of farmers and the reforms concern the conditions for access and provisions under the credit facilities.

Increased attention to streamline disaster assistance policies

Good governance is essential for assistance in case of natural disasters or animal and plant disease outbreaks that affect a large portion of the farming community (Box 2.2.). Several OECD countries have made attempts to streamline their frameworks for disaster assistance. **Australia** has completed a comprehensive National Review of Drought Policy and is implementing pilot projects to test measures that aim to move from a crisis assistance approach to risk management. In **Canada**, previous *ad hoc* disaster payments have become institutionalized and grouped under programmes under the AgriRecovery framework. **Korea** has extended the coverage of insurance schemes against natural disaster and the **United States** has improved overall coherence in disaster assistance, with clearer *ex ante* rules for conditions of payment.

Russia spent large amounts on exceptional assistance in 2009-10 following the combined impact of the financial crisis, which led to a disruption of cash flows in agricultural enterprises, retailers and processors, and droughts in 2009 and 2010. Financial assistance to the downstream industry was chiefly provided through subsidized credit. Disaster relief also included credit restructuring, crop loss compensation and additional input subsidies. The main part of the exceptional assistance was financed by the federal budget as many regions were confronted with considerable budget constraints and had

Box 2.2. Risk management: A new focus for agricultural policy

The world economic crisis has increased public awareness about risks and uncertainties. The agriculture sector is often seen as a particularly risky sector, subject to production risks stemming from weather conditions, pests and diseases, as well as market risks derived from the variability in output and input prices, ecological risks generated from pollution, and regulatory uncertainties associated with agricultural policies and environmental regulations. Climate change is likely to modify the distribution of these risks around the world and possibly thereby raising the demand for risk management tools to facilitate adaptation. At the same time, price volatility has also become a major policy issue since the recent price spikes. Recent work in this area (OECD, 2011) has demonstrated that to focus policy on a single source of risk is not an efficient risk management approach. Rather than pursuing the reduction of farming risk or the stabilisation of farmers' income, policies should focus on assisting farmers to manage risk. Risk management policies are more efficient if they are restricted to catastrophic risks for which markets tools are likely to fail.

There is no optimum set of risk management policies that fits all countries, as risks and institutions are specific to each country. However, a **risk layering** approach would contribute to more effective policies as risks have different characteristics that require differentiated responses. *Normal* variations in production and prices do not require any policy response and should be directly managed by farmers. Infrequent *catastrophic* events are beyond the capacity of farmers and thus require government involvement. Intermediate risks can be handled through *market* tools, such as insurance or futures markets. Government policies should offer assistance in the catastrophic risk layer but they should not have such a role for risks that fall within the normal and marketable layers. Fully private insurance only covers limited risks in most countries. Governments can contribute to the development of these markets by implementing an appropriate regulatory framework as well as promoting risk-related research, databases and information sharing.

A good policy approach to risk management requires a well-defined **boundary for catastrophic risk** and a commitment of the government to stick to that boundary. Farmers then become well aware of risks that they have to manage, either at the farm-level or by using market tools. Blurred or non-restrictive definitions of this boundary decrease the incentives to employ pro-active risk management strategies. Market risks are excluded from disaster assistance in Australia and New Zealand, but the boundaries of what defines a catastrophe due to climatic risk are often not well defined. For example, Australia's Exceptional Circumstances declarations have been issued with increasing frequency, and Spain often offers *ad hoc* assistance beyond subsidized insurance indemnities.

Normal and marketable risks can be managed at the farm level and through market tools. Price support, **income stabilisation** and counter-cyclical payments are often used to mitigate these risks, but they crowd out farmers' own risk management strategies, discouraging diversification of production and income sources as well as the use of market tools. These programmes are not efficient risk management policies and can be counter-productive by inducing farmers to engage in more risky behaviour. Asymmetries in income information need to be overcome, and tax files are the most powerful instrument in OECD countries in that regard. The AgriStability programme in Canada completes tax files with a sophisticated data collection system, but it crowds out farmers' strategies and it is not efficient in dealing with catastrophic risks that require quick response. Another approach used by several countries is to adjust the income tax and social security provisions to farming circumstances; for example, weaker asset tests for farm owners or the use of tax incentives to encourage savings. Such measures can contribute to more efficient risk management strategies.

Box 2.2. Risk management: A new focus for agricultural policy (cont.)

A **good governance** framework is essential to manage catastrophic risks. When a disaster occurs, governments usually face serious information problems to establish the scale of the disaster, while at the same time there is increasing political pressure on the government to take some action. A set of procedures and a clear definition of responsibility between government and producers is needed as part of an *ex ante* contingency framework that would reduce *moral hazard*. This framework would define explicit triggering criteria and the types and levels of assistance, seeking a good balance between rules and discretionary *ex post* decisions. Subsidized insurance systems are used in some countries as devices to assist in catastrophes, and have the advantage of a formal contract, the financial participation of farmers, expert evaluation of damage, and relatively quick payment of indemnities. They do not, however, fully replace *ad hoc* assistance, nor do they clearly differentiate catastrophic from marketable risks.

Further reading

OECD (2009): "Managing risk in Agriculture: A holistic Approach".

OECD (2010): "Farm Level analysis of Risk Management Strategies and Policies".

OECD (2011): "Synthesis report on Risk Management in Agriculture" [TAD/CA/APM/WP(2011)4/FINAL].

And a series of country studies of risk management systems published in 2011 in the OECD Food, Agriculture and Fisheries Working Paper series on Australia (Working Paper No. 39), Canada (Working Paper No. 40), The Netherlands (Working Paper No. 41), New Zealand (Working Paper No. 42) and Spain (Working Paper No. 43).

Note: See also the *Workshop on Risk Management in Agriculture*, Paris, 22-23 November 2010.

difficulties in meeting the co-financing obligations. This recent experience has prompted a re-design of disaster assistance in Russia, and a draft federal law on subsidised catastrophic insurance underwent its first reading in Parliament in 2010. This is an effort to shift away from *ad hoc* disaster assistance by making all support payments conditional on producers being covered by catastrophic insurance.

Heavy market interventions dominate the policy mix in some countries...

In the long run, a gradual reduction of market price support can be observed across the OECD area, although in some cases production and trade distorting policies still dominate the policy mix. To support domestic producer prices, governments intervene in markets through various domestic and border policy instruments. Almost all OECD countries use border protection to raise domestic prices. Amongst them **Iceland, Japan, Korea** and **Switzerland** rely most heavily on border protection through tariffs and tariff-rate quotas (TRQs). **Israel, Norway** and **Turkey** in addition to border measures use administered prices, target prices and intervention purchases to maintain certain domestic price levels.

Amongst the emerging economies covered in this report, **China** and **Russia** rely most on market price support. In **China** market price support is mainly sustained through tariffs, TRQs and state trading, combined with minimum guaranteed prices for rice and wheat. In **Russia** price policies are commodity specific, taxing some commodities while subsidising others, and involve import protection and export restrictions.

Export restrictions on grains are also a prominent feature of the policy mix in **Ukraine**, but WTO membership has intensified the re-instrumentation of agricultural support away

from import measures. The market access policies are bounded by its WTO accession agreement and domestic support payments are bounded by fiscal austerity imposed through stand-by and loan agreements with the IMF from 2008.

Several governments intervene significantly in the market for biofuels. Biofuel policies include mandatory obligations to use a specific quantity of share of biofuels and various types of subsidies to end-users and producers (Box 2.3).

Box 2.3. **Better biofuel policies**

Government mandates are statutory obligations to use a specific quantity or share of biofuels. In addition, production and consumption of biofuels is often subsidised. Subsidies take various forms from farm subsidies for biomass production to investment grants, soft loans, and tax concessions to producers and/or consumers of biofuels. Both mandates and subsidies increase demand for feedstock crops and thus contribute, alongside other factors, to higher world food prices.

Such support policies can thus create conflict between the use of crops for fuel relative to food and feed, although the impact on livestock markets is dampened somewhat by feedable by-products from biofuel production. Binding biofuel mandates also risks to increase price volatility on agricultural world markets.

Given that biofuel support policies are not the most efficient ways of addressing some objectives, such as the reduction of fossil fuel use and GHG emissions, biofuel mandates and subsidies could be reconsidered. International trade in ethanol is subject to significant import tariffs, and climate-related standards are already in use on some biofuels and may become increasingly important in the future. In order not to act as trade barriers that discriminate between domestic and foreign products the development and application of internationally harmonised standards warrants close attention.

Changing existing provisions that stimulate demand and supply for biofuels is the best way to avoid policy driven conflicts between food and fuel uses. A viable package of alternatives to current policies could include the following elements: more open markets in renewable fuels, feedstocks, and food-feed commodities; efforts to ensure that production occurs where it is most socially and environmentally sustainable ; increased scientific research on second generation biofuels and other pathways to reduce carbon emissions and to contribute to both energy and food security globally; and actions to improve efficiency of energy use, and thereby reduce demand and limit stress on finite resources, including those needed for food and feed production.

... and countries continue to re-balance the policy mix

Some OECD countries have re-instrumented their policies by gradually moving away from market price support and towards direct payments. This has resulted in a relatively constant level of support to the farm sector, while its composition made it less production and trade distorting. The degree of market distortion is particularly reduced if the direct payments are made with no requirement to produce. This is the case in the Single Payment Scheme of the **European Union** which has further incorporated some of the remaining direct payments that were linked to production levels in 2009. In **Switzerland** funding for market regulations has been reallocated to finance direct payments to farmers, which are conditional on implementing specific farming practices related to animal welfare, environmental performance and landscape maintenance.

The **United States** and **Chile** are amongst the countries that have significantly increased the share of more decoupled policies in the policy mix.

Japan recently introduced direct payment schemes and **Korea** recently revised its direct payments schemes. In both cases these payments supplement, rather than substitute for, the market price support measures in place. In **Japan**, the direct payments are targeted at “core farmers”, while **Korea** is switching to income based payments.

Turkey phased out its direct income support system in 2009 and increased payments based on current output and current area.

More focus on climate change challenges

A number of countries have implemented new climate change policies for agriculture. These policies typically address both *adaptation*, coping with the consequences of changing climate, and *mitigation*, reducing green house gas emissions from agriculture (Box 2.4).

Box 2.4. A green growth strategy for food and agriculture

Green growth was identified as one of the priorities by Agriculture Ministers at their meeting in the OECD in 2010. OECD's initial response to the Ministerial vision highlights policy priorities encompassing primary agriculture, fisheries, and both the upstream and downstream food supply chain (OECD zone).

A green growth strategy for food and agriculture means increasing output while managing scarce natural resources; reducing the carbon intensity and adverse environmental impacts throughout the food chain; enhancing the provision of environmental services such as carbon sequestration, flood and drought control; and conserving biodiversity.

The food and agricultural sector has been successful in providing for an increasing and wealthier global population. Productivity growth has been strong, and has exceeded the population growth rate. Innovation and good management practices have boosted crop yields and livestock productivity, aquaculture supplies an increasing share of total fish consumption and the real price of food has declined over the long term. Many farmers and fishers are aware of their dependence on conserving natural resources and ecosystems, and governments have started reorienting their policy priorities to take account of the environmental consequences of food and agriculture production and consumption.

Nevertheless, in some countries and regions productivity growth has been low, and growth has not been sustainable. There is growing pressure on and depletion of natural resources, including land, water, marine ecosystems, fish stocks, forests, and biodiversity – which are fundamental to sustainable production. Agriculture and fisheries are particularly vulnerable to climate change and will need to adapt to changing patterns of precipitation, temperature and extreme weather events.

Note: For more details, see OECD (2011e).

The **Australian** climate change initiative for primary industries runs through 2008-12 and focuses on adaptation through a mix of support measures, including funding for research; assistance to develop skills and on-farm strategies development; financial assistance to manage the impacts of climate change; assistance to those farmers who decide to exit the sector and re-establish themselves in non-agricultural industries; and facilitation of community network building.

Brazil introduced the Low Carbon Agriculture programme (Programa ABC) in 2010 focussing on mitigation. Support is envisaged for a number of practices to reduce CO₂ emissions from agriculture: recovery of degraded pastures; integration of crop, livestock and forestry operations; nitrogen fixing; forest planting, and treatment of animal residues.

In **Mexico**, a Special Programme on Climate Change 2009-12 guides policy making on mitigation and adaptation. It fixes several mitigation objectives, such as conversion of marginal agricultural land into use for tree crops and diversified crops, forest and protected natural land; cropping sugar cane when it is green; production of bio-fertilisers and reduction of 15% in fertilisers use; and planting bushes and trees in grass land. There are also specific adaptation objectives for agriculture. The programme does not define the specific measures to achieve these adaptation and mitigation objectives, except for some specific changes in existing policies such as the livestock-based agri-environmental programme PROGAN.

A price-based mechanism for reducing greenhouse gas emissions from agriculture is being developed in **New Zealand**. Agriculture is scheduled to be integrated in the Emissions Trading Scheme (ETS) by 2015, after forestry had entered the scheme in 2008. Inclusion of agriculture in emissions trading schemes is generally made difficult by the presence of many small producers whose emissions cannot be monitored. In New Zealand, this is addressed by including the processor of product in the ETS rather than the individual farmer, for example dairy and meat processors, fertiliser manufacturers and importers. Voluntary reporting of emissions starts in 2011 and will be mandatory from 2012. The ETS for agriculture is targeted to be fully operational from 1 January 2015. The initial allocation of emission rights is costless for participants.

In **Norway** the new White paper on Agriculture and Climate Change specifies greenhouse gas mitigation targets for the agricultural sector, including increasing the uptake of CO₂ and emphasises the need for more knowledge about carbon binding in soil, emissions of N₂O and emissions from livestock production.

The role of agriculture in development is central to policies in some countries

Agricultural policies play a central role in wider economic development in some of the emerging economies covered in this report. This results in a different orientation of the policy mix as compared to OECD countries. In **Chile** and **South Africa** the policies can be characterised as running on two tracks. The commercial and export-oriented farm sector is supported via general measures such as funding for research and development, while targeted policies address the needs of poorer farm households.

South Africa continues to improve land reform and to target its efforts to those small-holders and new entrants that have a commercially viable future. Large rural-urban income differences in **China** stimulate massive migration flows towards cities. Policy efforts to develop rural agriculture-based industries attempt to provide improved income opportunities for rural inhabitants. The growing direct payments to farmers, although still small, provide an additional income that reduces the incentives to leave rural areas. **Brazil's** market interventions, which include subsidized farm credit and price supports, contain specific provisions aimed at supporting small-scale "family" farmers.

Some long-lasting international trade disputes were resolved...

Australia first banned import of apples from **New Zealand** after fireblight was found in 1919. The almost 90-year trade dispute that followed was brought to the WTO in 2007 and has recently come nearer to a resolution. At its meeting on 17 December 2010, the WTO Dispute Settlement Body (DSB) adopted the Appellate Body report on Australia – Measures affecting the Importation of Apples from New Zealand. Subsequently Australia and New Zealand agreed that Australia would implement the DSB's findings by 17 August 2011, allowing Australia to be in a position to issue import permits for New Zealand apples from that date based on any conditions that may arise out of the current review.

Another long-lasting dispute was also solved under the umbrella of the WTO. In response to a WTO panel over the **EU** import arrangements for bananas, an agreement was reached with **Latin American** countries over the banana import regime in December 2009. Under the agreement, the EU import tariffs are to be cut gradually between 2011 and 2017.

In March 2011 the **European Union** and **Canada** signed a Memorandum of Understanding that could lead to the resolution of Canada's WTO dispute with the European Union on its ban of imports of beef from animals that have been treated with growth hormones. The arrangement provides for duty-free market access for Canadian hormone-free beef into the European Union through expansion of the EU import quota for high-quality meat, while Canada will in turn lift all WTO-authorized retaliation sanctions on EU exports that stem from a WTO DSB ruling from 1999. A similar settlement had been reached with the **United States** in 2009, with the opening of a quota for US and other producers meeting the conditions.

... and there were some developments at the interface between food safety and trade policies

Regulations related to food safety have an increasing importance for trade policy. The new *Food Safety Modernization Act* in the **United States** requires US importers to perform risk-based verification of foreign suppliers to ensure that imported food is produced in compliance with the requirements related to hazard analysis and standards for product safety, and that is not adulterated or misbranded. In **Turkey** several projects have been implemented to harmonise domestic food safety and quality standards with those of the European Union. The law on Veterinary Services, Phytosanitary, Food and Feed was enacted in 2010 to attain EU compliance of related Turkish legislation. Improved border inspection, animal identification and preparedness to respond to human- and animal-disease pandemics are amongst the recent actions taken.

As members of a newly formed customs union, **Russia**, **Belarus** and **Kazakhstan** are in the process of developing unified sanitary, phytosanitary and veterinary requirements and the associated regulation. Completion of this process is envisaged for 2012, and until that time national systems remain valid. In the course of 2009 and 2010, **Russia** has temporarily restricted imports of various products for sanitary reasons from a number of countries. Amongst those cases was a ban between January and August 2010 on US poultry exports because Russia did not accept the substance used for meat disinfection by US producers until a change in such procedures had been agreed; a ban on pig meat imports from several states in the United States due to swine flu and restrictions affecting fruit and

vegetable exports from the European Union due to agrochemicals residues found in excess of Russian maximum residue levels.

Bilateral and other preferential trade agreements continue to flourish...

In 2009-10, all countries covered in this report concluded or were negotiating at least one preferential trade agreement, but most were involved in more.

The United States-Korea FTA was renegotiated and concluded in December 2010, and Korea concluded a FTA with the European Union in late 2010. The ASEAN, Australia New Zealand Free Trade Agreement (AANZFTA) was signed in February 2009. Negotiations for a Trans-Pacific Partnership Agreement (TPP) started in early 2010. The current participants in these negotiations are Australia, Brunei, Chile, Malaysia, New Zealand, Peru, the United States and Viet Nam. Japan is currently considering joining the negotiations. Another large preferential agreement is the China-ASEAN Free Trade Area (CAFTA) that came into effect on 1 January 2010. It involves deep tariff cuts between China and Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. By 2015, the agreement is expected to be extended to include the four remaining ASEAN members: Cambodia, Laos, Myanmar and Viet Nam.

Russia has been negotiating its accession to the WTO since 1993 and has recently formed a customs union with Belarus and Kazakhstan that came into effect on 6 July 2010. Next to harmonising external tariffs, the customs union is working to align its trade-related regulations with those of the WTO and the European Union. Ukraine was invited to join as well, but this is currently held up due to its ongoing free trade negotiations with the European Union. Ukraine signed a FTA with the European Free Trade Association (EFTA) in 2010.

The European Union has entered in a new trade liberalisation agreement with Israel as of 1 January 2010 and since 2009 is negotiating a Comprehensive Economic and Trade Agreement (CETA) with Canada.

... while progress on multilateral agreement in the Doha Development Agenda is lacking

The Uruguay Round Agreement on Agriculture was agreed in 1994 and remains the legally binding multilateral system of rules that sets bounds on domestic support to agriculture and related trade policies. Almost ten years of negotiations in the WTO Doha Round have not yet resulted in a new agreement, and the progress made since 2008 seems to be particularly limited.

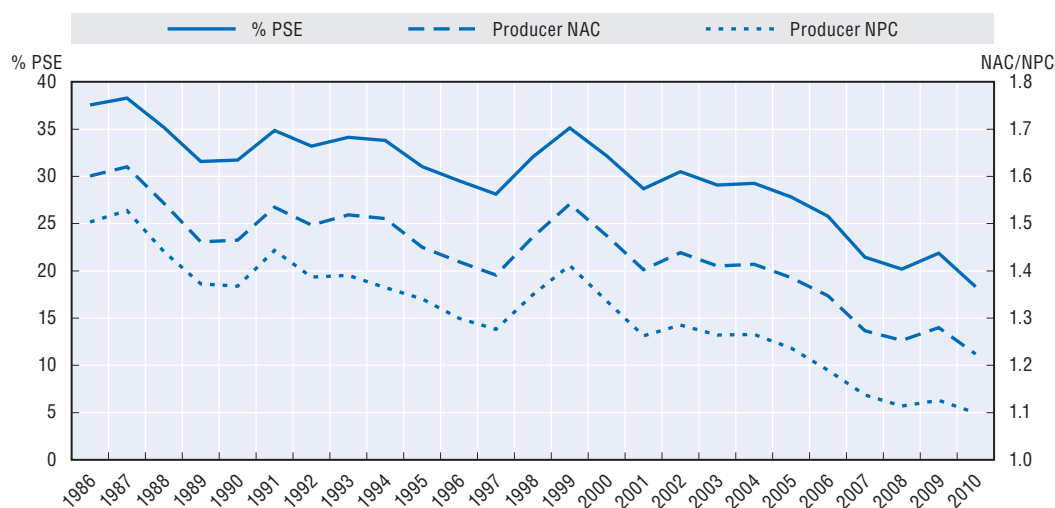
Developments in agricultural support

This section provides an overview of developments in agricultural support. The overview begins with the discussion of support levels for the OECD as a whole, as measured by the OECD indicators of agricultural support. The main drivers behind the changes in support levels between 2009 and 2010 are then discussed, and subsequently the way in which support is provided, (i.e. its composition) is analysed. In contrast to the OECD area, no aggregate support figures are provided for the emerging economies, but they are included together with OECD member countries in the country-specific analysis. Finally, long-term progress in policy reform across the reviewed countries is evaluated on the basis of changes in levels and composition of support.


After an increase in 2009, producer support in the OECD area declined to reach a record low in 2010

The percentage Producer Support Estimate (%PSE) is the key relative indicator used to measure the level of support to producers. It expresses the monetary value of policy transfers from consumers and taxpayers to producers as a percentage of gross farm receipts. The average %PSE was 20% in 2008-10 for the OECD area, indicating that about a fifth of gross farm receipts was due to support in these countries. Within this period the %PSE increased from 20% in 2008 to 22% in 2009 (the first increase after six consecutive years of decline since 2002), however in 2010 the %PSE declined again to 18%, a record low since the start of the series in 1986 (Figure 2.2 and Tables 2.1 and 2.2).

Figure 2.2. Evolution of OECD support indicators, 1986-2008



% PSE: Producer Support Estimate (left scale).
 NPC: Nominal Protection Coefficient (right scale).
 NAC: Nominal Assistance Coefficient (right scale).
 The OECD total includes Chile and Israel from 1995.
 Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932450483>

A similar development in support to producers is reflected in other relative indicators that complement the %PSE. The Producer Nominal Assistance Coefficient (NAC) is the ratio of gross farm receipts including support, to farm receipts measured at border prices. The Producer NAC for the OECD area was 1.22 in 2010, indicating that farm receipts were 22% higher than if they had not been supported by policies, a reduction from 1.28 in 2009 and also below the 1.25 recorded in 2008. The Producer Nominal Protection Coefficient (NPC) focuses more specifically on price distortions: it is the ratio between the producer price (including payments per unit of output) and the border price and shows the extent to which prices are higher due to border measures. The producer NPC for the OECD area was 1.10 in 2010, indicating that OECD farmers received prices that were on average 10% above international levels (compared to 12.6% in 2009 and 11.4% in 2008).

The development of support to agriculture in the longer term indicates a continuous decline of the %PSE from 37% in 1986-88 to 30% in 1995-97 and to 20% in 2008-10. The other indicators follow the same trend. The Producer NAC declined from 1.59 in 1986-88, to 1.42 in 1995-97 and to 1.25 in 2008-10. In other words, farm receipts were almost 60%

Table 2.1. **OECD: Estimates of support to agriculture**

USD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	591 827	775 904	1 088 436	1 143 318	1 007 169	1 114 821
<i>of which share of MPS commodities (%)</i>	72	71	66	67	67	65
Total value of consumption (at farm gate)	559 139	761 526	1 028 802	1 097 406	954 237	1 034 762
Producer Support Estimate (PSE)	239 160	254 048	246 287	261 074	250 523	227 265
Support based on commodity output	196 353	178 608	114 285	117 783	118 178	106 893
<i>Market Price Support</i>	<i>183 756</i>	<i>171 573</i>	<i>108 516</i>	<i>111 623</i>	<i>112 411</i>	<i>101 515</i>
<i>Payments based on output</i>	<i>12 596</i>	<i>7 034</i>	<i>5 769</i>	<i>6 161</i>	<i>5 767</i>	<i>5 379</i>
Payments based on input use	20 171	24 041	32 797	34 182	31 640	32 569
<i>Based on variable input use</i>	<i>9 748</i>	<i>10 997</i>	<i>12 447</i>	<i>13 183</i>	<i>11 841</i>	<i>12 318</i>
<i>with input constraints</i>	<i>743</i>	<i>417</i>	<i>438</i>	<i>485</i>	<i>307</i>	<i>521</i>
<i>Based on fixed capital formation</i>	<i>6 859</i>	<i>7 384</i>	<i>11 088</i>	<i>11 912</i>	<i>10 848</i>	<i>10 504</i>
<i>with input constraints</i>	<i>1 235</i>	<i>743</i>	<i>2 311</i>	<i>2 493</i>	<i>2 221</i>	<i>2 219</i>
<i>Based on on-farm services</i>	<i>3 563</i>	<i>5 661</i>	<i>9 262</i>	<i>9 087</i>	<i>8 951</i>	<i>9 748</i>
<i>with input constraints</i>	<i>439</i>	<i>1 056</i>	<i>1 185</i>	<i>1 160</i>	<i>1 198</i>	<i>1 198</i>
Payments based on current A/An/R/I ¹ , production required	18 735	41 778	35 663	38 237	35 437	33 315
<i>Based on Receipts / Income</i>	<i>2 052</i>	<i>1 435</i>	<i>4 258</i>	<i>3 966</i>	<i>4 620</i>	<i>4 187</i>
<i>Based on Area planted / Animal numbers</i>	<i>16 683</i>	<i>40 343</i>	<i>31 405</i>	<i>34 271</i>	<i>30 817</i>	<i>29 128</i>
<i>with input constraints</i>	<i>3 719</i>	<i>15 477</i>	<i>23 944</i>	<i>27 579</i>	<i>23 962</i>	<i>20 290</i>
Payments based on non-current A/An/R/I, production required	533	459	1 271	1 324	1 031	1 459
Payments based on non-current A/An/R/I, production not required	2 080	6 626	56 219	62 374	58 389	47 894
<i>With variable payment rates</i>	<i>181</i>	<i>639</i>	<i>691</i>	<i>1 625</i>	<i>309</i>	<i>138</i>
<i>with commodity exceptions</i>	<i>0</i>	<i>0</i>	<i>544</i>	<i>1 333</i>	<i>240</i>	<i>60</i>
<i>With fixed payment rates</i>	<i>1 899</i>	<i>5 988</i>	<i>55 528</i>	<i>60 749</i>	<i>58 080</i>	<i>47 756</i>
<i>with commodity exceptions</i>	<i>1 561</i>	<i>4 917</i>	<i>26 057</i>	<i>26 446</i>	<i>25 712</i>	<i>26 014</i>
Payments based on non-commodity criteria	1 077	3 135	5 753	6 971	5 350	4 938
<i>Based on long-term resource retirement</i>	<i>1 076</i>	<i>2 951</i>	<i>4 431</i>	<i>5 778</i>	<i>3 991</i>	<i>3 525</i>
<i>Based on a specific non-commodity output</i>	<i>1</i>	<i>183</i>	<i>1 061</i>	<i>907</i>	<i>1 090</i>	<i>1 184</i>
<i>Based on other non-commodity criteria</i>	<i>0</i>	<i>1</i>	<i>261</i>	<i>285</i>	<i>269</i>	<i>229</i>
Miscellaneous payments	211	-599	299	203	499	196
Percentage PSE	37	30	20	20	22	18
Producer NPC	1.49	1.31	1.11	1.11	1.13	1.10
Producer NAC	1.59	1.42	1.25	1.25	1.28	1.22
General Services Support Estimate (GSSE)	36 914	65 178	91 372	83 805	90 926	99 385
Research and development	3 551	5 561	8 260	8 442	8 106	8 234
Agricultural schools	842	1 635	2 460	2 354	2 272	2 754
Inspection services	1 045	1 547	3 540	3 417	3 416	3 787
Infrastructure	10 448	23 183	19 709	24 684	18 733	15 712
Marketing and promotion	13 164	27 442	53 928	41 299	54 836	65 648
Public stockholding	5 872	3 518	770	898	858	555
Miscellaneous	1 993	2 292	2 704	2 711	2 705	2 696
GSSE as a share of TSE (%)	12.5	19.0	24.5	22.2	24.0	27.1
Consumer Support Estimate (CSE)	-159 898	-171 491	-86 376	-95 427	-86 814	-76 886
Transfers to producers from consumers	-168 989	-167 937	-103 756	-110 167	-106 311	-94 789
Other transfers from consumers	-22 205	-30 370	-19 544	-18 084	-18 069	-22 478
Transfers to consumers from taxpayers	19 674	24 600	36 421	32 407	37 044	39 813
Excess feed cost	11 622	2 215	502	418	521	568
Percentage CSE	-30	-23	-9	-9	-9	-8
Consumer NPC	1.52	1.35	1.14	1.13	1.15	1.13
Consumer NAC	1.42	1.30	1.10	1.10	1.10	1.08
Total Support Estimate (TSE)	295 748	343 826	374 081	377 286	378 493	366 463
Transfers from consumers	191 194	198 307	123 299	128 251	124 380	117 267
Transfers from taxpayers	126 759	175 889	270 325	267 119	272 182	271 674
Budget revenues	-22 205	-30 370	-19 544	-18 084	-18 069	-22 478
Percentage TSE (expressed as share of GDP)²	2.21	1.41	0.88	0.86	0.92	0.85

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

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

MPS is net of producer levies and Excess Feed Cost. MPS commodities: see notes to individual tables in Chapter 2.

2. TSE as a share of GDP for 1986-88 for the OECD total excludes the Czech Republic, Hungary, Poland and the Slovak Republic as GDP data is not available for this period.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932451984>

Table 2.2. **OECD: Estimates of support to agriculture**

EUR million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	536 113	628 711	782 903	782 009	724 961	841 739
<i>of which share of MPS commodities (%)</i>	72	71	66	67	67	65
Total value of consumption (at farm gate)	506 114	616 349	739 586	750 607	686 860	781 290
Producer Support Estimate (PSE)	216 990	205 377	176 831	178 570	180 327	171 595
Support based on commodity output	178 074	144 239	82 112	80 562	85 064	80 709
<i>Market Price Support</i>	166 587	138 547	77 970	76 348	80 913	76 648
<i>Payments based on output</i>	11 487	5 692	4 142	4 214	4 151	4 061
Payments based on input use	18 269	19 503	23 582	23 380	22 774	24 591
<i>Based on variable input use</i>	8 849	8 895	8 947	9 017	8 523	9 300
<i>with input constraints</i>	683	334	315	332	221	393
<i>Based on fixed capital formation</i>	6 203	5 973	7 962	8 148	7 808	7 931
<i>with input constraints</i>	1 124	596	1 660	1 705	1 599	1 676
<i>Based on on-farm services</i>	3 217	4 636	6 673	6 216	6 443	7 360
<i>with input constraints</i>	397	869	854	794	863	905
Payments based on current A/An/R/I ¹ , production required	17 102	33 766	25 605	26 153	25 508	25 154
<i>Based on Receipts / Income</i>	1 907	1 172	3 067	2 713	3 326	3 162
<i>Based on Area planted / Animal numbers</i>	15 195	32 594	22 538	23 441	22 182	21 993
<i>with input constraints</i>	3 300	12 519	17 144	18 863	17 248	15 320
Payments based on non-current A/An/R/I, production required	505	371	916	906	742	1 102
Payments based on non-current A/An/R/I, production not required	1 900	5 467	40 284	42 663	42 028	36 162
<i>With variable payment rates</i>	161	498	479	1 112	222	104
<i>With commodity exceptions</i>	0	0	376	911	173	45
<i>With fixed payment rates</i>	1 739	4 969	39 805	41 551	41 806	36 058
<i>With commodity exceptions</i>	1 417	4 099	18 746	18 088	18 507	19 641
Payments based on non-commodity criteria	942	2 526	4 116	4 768	3 851	3 729
<i>Based on long-term resource retirement</i>	941	2 376	3 162	3 952	2 872	2 662
<i>Based on a specific non-commodity output</i>	1	149	766	620	785	894
<i>Based on other non-commodity criteria</i>	0	0	187	195	194	173
Miscellaneous payments	198	-495	215	139	359	148
Percentage PSE	37	30	20	20	22	18
Producer NPC	1.49	1.31	1.11	1.11	1.13	1.10
Producer NAC	1.59	1.42	1.25	1.25	1.28	1.22
General Services Support Estimate (GSSE)	33 437	52 747	65 936	57 321	65 448	75 040
Research and development	3 216	4 501	5 942	5 774	5 835	6 217
Agricultural schools	762	1 342	1 775	1 610	1 635	2 079
Inspection services	946	1 261	2 552	2 337	2 459	2 859
Infrastructure	9 409	18 661	14 077	16 883	13 484	11 863
Marketing and promotion	11 959	22 233	39 095	28 248	39 471	49 567
Public stockholding	5 294	2 876	550	614	617	419
Miscellaneous	1 851	1 873	1 946	1 854	1 947	2 035
GSSE as a share of TSE (%)	12.5	19.0	24.5	22.2	24.0	27.1
Consumer Support Estimate (CSE)	-144 706	-138 258	-61 937	-65 270	-62 489	-58 052
Transfers to producers from consumers	-153 131	-135 566	-74 482	-75 353	-76 522	-71 570
Other transfers from consumers	-20 055	-24 431	-14 116	-12 369	-13 006	-16 972
Transfers to consumers from taxpayers	17 852	19 969	26 297	22 166	26 664	30 061
Excess feed cost	10 628	1 770	363	286	375	429
Percentage CSE	-30	-23	-9	-9	-9	-8
Consumer NPC	1.52	1.35	1.14	1.13	1.15	1.13
Consumer NAC	1.42	1.30	1.10	1.10	1.10	1.08
Total Support Estimate (TSE)	268 278	278 093	269 064	258 057	272 439	276 696
Transfers from consumers	173 186	159 997	88 597	87 722	89 528	88 542
Transfers from taxpayers	115 147	142 527	194 582	182 704	195 917	205 126
Budget revenues	-20 055	-24 431	-14 116	-12 369	-13 006	-16 972
Percentage TSE (expressed as share of GDP)²	2.21	1.41	0.88	0.86	0.92	0.85


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

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

MPS is net of producer levies and Excess Feed Cost. MPS commodities: see notes to individual tables in Chapter 2.

2. TSE as a share of GDP for 1986-88 for the OECD total excludes the Czech Republic, Hungary, Poland and the Slovak Republic as GDP data is not available for this period.

Source: OECD, PSE/CSE database, 2011.

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higher than they would have been if they had not been supported by policies in 1986-88, while in 2008-10 they were 25% higher. The indicator that shows the most remarkable drop is the producer NPC. It fell from 1.49 in 1986-88, indicating that OECD farmers were receiving prices 50% above world prices at that time, to 1.31 in 1995-97, and to 1.11 in 2008-10. Taken together, these indicators show that the most important element in reducing overall levels of support to the farm sector in the OECD area was the reduction in transfers realized through policies that support producer prices.

The levels of support in the emerging economies are below the OECD average, but countries follow different trends

How do the levels and trends of support in emerging economies compare to those in the OECD area? This comparison can only be done from 1995 onward, as the series of support estimate for emerging economies start only in that year. In general the level of support in emerging economies is below the OECD average, but there are wide variations across countries, just as support levels differ within the OECD area. The contrast is even more pronounced when considering the trends in support over time. While the level of support has been declining consistently over the long term in all OECD countries (except in Turkey), the time trends in the emerging economies show very different patterns:

- In **Brazil** the support first increased and then remained rather flat in most recent years with the % PSE at a very low level, around 5% (Figure 17.1 in Part II).
- In **China** the support has been increasing and is getting closer to the OECD average (Figure 18.1 in Part II).
- In **Russia** the level of support has also been increasing and reached the OECD average in the most recent years (Figure 19.1. in Part II).
- In **South Africa** the level of support is declining with a marked acceleration towards the end of the period and with current levels of support very low, below 5% (Figure 20.1. in Part II).
- In **Ukraine** support shows some variations over the years but remained around 10% in recent years (Figure 21.1. in Part II). However, this relatively low level of support masks wide variations where some commodities are supported and others are taxed.

The changes in the level of support in 2010 were mostly driven by changes in world prices and exchange rate movements

The changes in levels of support in 2010, both in terms of nominal values of PSE, and in relative terms (the %PSE) was mainly due to changes in market price support (Table III.1 in Part III). Market price support (MPS) measures in monetary terms the transfers to farmers provided through misalignment of domestic producer prices with border reference prices.

Reduced MPS was the main driver of decreases in overall support in **Chile**, the **European Union**, **Iceland**, **Israel**, **Korea** and **Switzerland** (Table 2.3). In **Canada** an increase in the MPS was offset by a fall in budgetary payments, leaving only a small net reduction in total support and in the **United States** both elements contributed to declining support. Conversely, rising MPS in addition to more budgetary payments increased the PSE in **Japan**, **Mexico**, **Norway** and **Turkey**. Another case is **Australia** where the fall in the PSE was almost entirely due to a reduction of payments as some major disaster payments were terminated. Finally, **New Zealand** witnessed rising MPS, but from a very low level and almost entirely due to falling poultry world prices in combination with an appreciation of the currency relative to the US dollar.

Table 2.3. **Contribution to the change in the Producer Support Estimate by Country, 2009 to 2010**

	Producer Support Estimate (PSE)		Contribution of		Contribution of budgetary payments (BP) based on:							
			MPS	BP	Output	Input use	Current A/An/R/I, production required	Non-current A/An/R/I, production required	Non-current A/An/R/I, production not required	Non-commodity criteria	Miscellaneous	
	USD mn, 2010	% change ¹	% change in nominal PSE if all other variables are held constant									
Australia	952	-18.3	0.4	-18.7	0.0	-11.9	0.0	0.0	-6.8	0.0	0.0	
Canada	7 431	-0.2	3.9	-4.1	0.0	-0.3	-3.1	4.9	-2.7	-3.0	0.1	
Chile	302	-28.2	-21.7	-6.5	0.0	-7.5	1.0	0.0	0.0	0.0	0.0	
European Union ²	101 365	-11.0	-11.2	0.2	-0.6	1.0	-2.0	0.0	2.3	-0.1	-0.3	
Iceland	120	-5.3	-7.1	1.7	0.5	0.7	0.1	0.4	0.0	0.0	0.0	
Israel ³	707	-16.1	-15.4	-0.7	-0.1	-0.4	-0.2	0.0	-0.1	0.0	0.0	
Japan	52 888	10.8	3.1	7.7	1.5	0.3	4.6	0.0	1.3	0.0	0.0	
Korea	17 461	-10.2	-11.5	1.3	0.0	0.3	1.1	0.0	0.0	0.0	0.0	
Mexico	6 219	4.4	1.0	3.4	0.4	3.2	-0.1	-0.1	0.0	0.0	0.0	
New Zealand	76	30.8	31.8	-1.0	0.0	-0.8	-0.2	0.0	0.0	0.0	0.0	
Norway	3 635	3.8	0.8	3.0	0.3	0.4	1.6	0.6	0.0	0.0	0.0	
Switzerland	5 391	-11.5	-12.0	0.5	0.1	-0.1	0.6	0.0	-0.3	0.0	0.1	
Turkey	22 138	6.4	3.0	3.4	1.8	-0.8	2.4	0.0	0.0	0.0	0.0	
United States	25 551	-18.7	-7.6	-11.1	-2.8	0.8	-7.2	0.0	-1.7	0.0	0.0	
OECD ⁴	227 265	-5.8	-6.2	0.4	-0.2	0.5	-0.8	0.1	0.9	-0.1	-0.1	
Brazil	7 118	-27.9	-24.0	-3.8	-3.2	-0.6	0.0	0.0	0.0	0.0	0.0	
China	147 028	40.4	37.6	2.7	0.0	1.4	1.6	0.0	1.2	-1.4	0.0	
Russia	15 521	-8.6	-11.4	2.8	0.0	1.4	1.7	0.0	0.0	0.0	-0.2	
Ukraine	1 719	-30.1	-31.0	0.9	1.5	3.2	-3.8	0.0	0.0	0.0	0.0	
South Africa	398	-48.7	-57.6	8.8	0.0	11.6	-2.8	0.0	0.0	0.0	0.0	

1. Per cent changes of nominal values expressed in national currency.

2. EU27.

3. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

4. An average of per cent changes in individual country PSEs in national currencies, weighted by the shares of the country PSEs in the OECD PSE in the previous year; not equivalent to the variation in OECD PSE in any common currency.

Source: OECD, PSE/CSE database, 2011.

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For the emerging economies the changes in support were mostly driven by changes in MPS both for countries where the total support was reduced (**South Africa, Ukraine, Brazil and Russia**), and for **China** where the change in MPS contributed largely to a sharp increase in support, illustrating the partial isolation of domestic prices from world markets and a continuing appreciation of the Chinese Yuan. In all cases the contribution of budgetary payments, whether offsetting or amplifying the change in support was minor, except for **South Africa** where increased spending, mainly on programmes related to land reform, partly offset the reduced MPS.

Further breakdowns of the changes in market price support confirm that fluctuations in the US dollar-denominated border prices were the main drivers of change in most analysed countries and (Tables III.69 and III.70). Recall that after the dramatic run up in 2007 and early 2008 prices dropped sharply as a consequence of the global economic contraction during early 2009 and started to increase again in the second half of 2009 and

beginning 2010. These price developments were influential in increasing support levels in 2009 and their subsequent reduction in 2010 as domestic prices did not fully reflect those changes. In the context of the post crisis recovery a number of countries also saw their currencies appreciate against the USD in 2009 and 2010. All else equal, this appreciation lowers the reference prices measured in domestic currency and thus works in the opposite direction to increased border prices (expressed in national currencies) as far as estimating MPS is concerned.

The effect of higher world commodity prices was most strongly felt in **Chile, Korea** and the **United States** where sharply higher border prices in 2010 were the major factor behind a significant fall in support. However in Chile and Korea this fall was partly dampened by appreciation of local currencies against the USD. The increase in border prices has been also significant in **Turkey, Mexico, and Israel**, and its influence on the reduction of support was only partly offset by moderate appreciation of local currencies. In the **European Union** the devaluation of the Euro against the USD and lower domestic prices in 2009 accentuated the fall in measured support driven by increased border prices.

The effect of higher world prices was even more marked in the **Brazil** and **South Africa**, where the increase of the border prices was the main driver for the fall in support. A relatively strong appreciation of local currencies in **Brazil, China** and **South Africa** partly offset the effect of higher border prices.

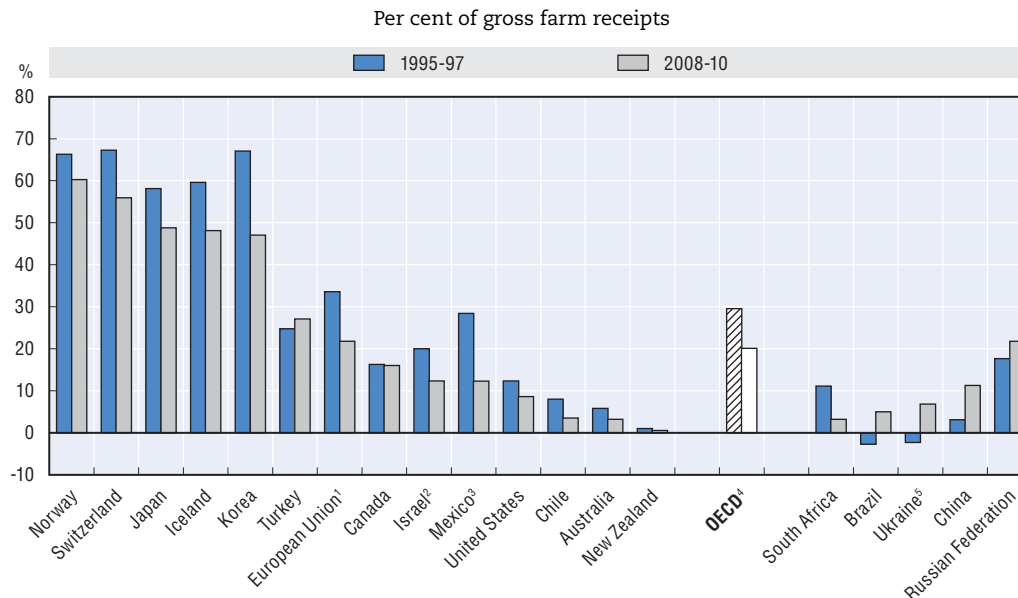
Large variations in support levels across countries remain in OECD countries...

Since 1995-97 the level of support has declined in all OECD countries, with the exception of **Turkey**. Despite this progress support remains high in many OECD countries (Figure 2.3). **New Zealand** and **Australia** have consistently had the lowest %PSEs, and **Chile** as a new OECD member country joins this group. Recent reductions in the level of support place the **United States** closer to the countries with the lowest level of support. **Israel, Mexico** and **Canada** have their current levels of support below the OECD average. The **European Union** has reduced its level of support but remains slightly above the OECD average. Despite some reduction, support remains relatively high in **Norway, Switzerland, Japan, Iceland** and **Korea**.

... and in emerging economies the differences are widening, but from a lower base

The level of support in the emerging economies is below the OECD average, except for **Russia** in 2008-10 (Figure 2.3). During the period from 1995-97 to 2008-10 farm support has increased in all emerging economies except in South Africa. In **South Africa**, the level of support was at 3% in 2008-10 which is comparable to the support level in Australia. In **Brazil** and **Ukraine** farm policies moved from a net average taxation of the farm sector to support, but at relatively low levels. In 2008-10 Brazil's %PSE was 5%, which is close to levels of support in Chile, and in Ukraine the %PSE was 7%, which is close to the United States. The increase of support in **China** was most pronounced during recent years, and at 11% in 2008-10 it ranks close to Mexico and Israel. Historically the level of support has been high in **Russia**, although with important variations across commodities, and has recently increased above the OECD average to 22% in 2008-10, which is close to the EU level of support.

Figure 2.3. **OECD and Emerging Economies: Producer Support Estimate by country, 1995-97 and 2008-10**



Countries are ranked according to 2008-10 levels.

1. EU12 for 1986-88 and EU27 for 2008-10.
2. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
3. For Mexico, 1995-97 is replaced by 1991-93.
4. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU from 2004. Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.
5. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011.

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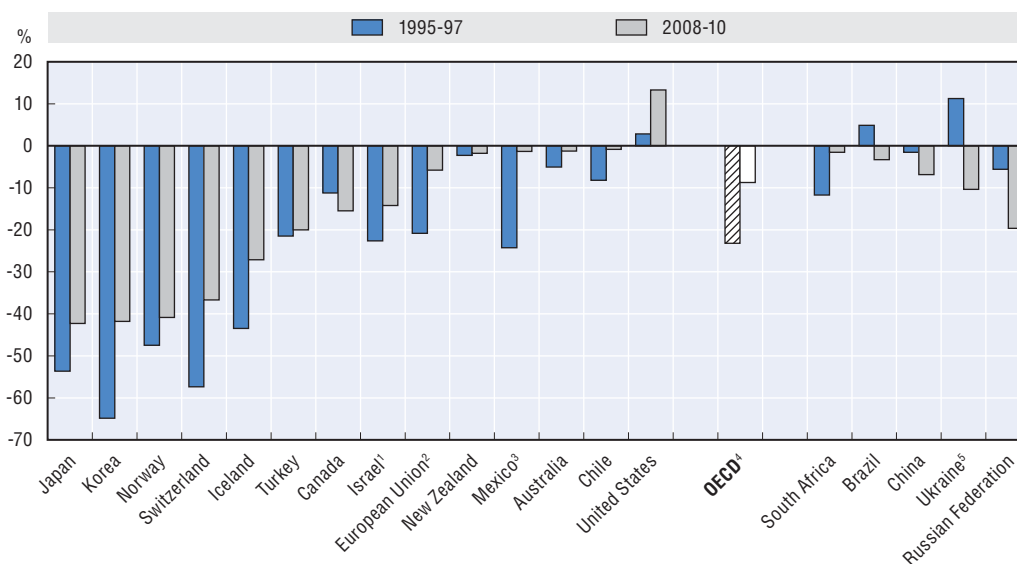
Consumer cost of policies fell in line With changes in MPS

The cost of agricultural policies to consumers largely mirrors market price support, which is a transfer from consumers to producers. The Consumer Support Estimate (CSE) measures the monetary value of these costs, which may also be expressed as a percentage of consumption expenditure (measured at farm gate prices) using the %CSE. When the CSE or %CSE is negative, it indicates an implicit tax on consumers imposed by agricultural policies that support domestic prices. The %CSE is negative for all countries except the **United States**, and for all OECD countries the %CSE shows that the implicit tax on consumers has declined since 1986-88 (Figure 2.4 and Table III.2). In the case of the **United States**, spending on domestic food aid programmes more than offset the consumer cost of market price support, resulting in net transfers to consumers. The increase in support to consumers in 2008-10 was due to both an increase in expenditures for domestic food assistance and a reduction of the consumer taxation as MPS was reduced in the United States.

Since 1995-97, the %CSE has fallen in the OECD area as a whole, from an implicit tax of 23% to a tax of 9% in 2008-10.¹ **Australia**, **New Zealand**, **Chile**, and **Mexico** had the lowest levels of implicit consumer taxation in 2008-10. **Israel** and the **European Union** recorded a

Figure 2.4. **OCDE and Emerging Economies: Consumer Support Estimate by country, 1995-97 and 2008-10**


Per cent of consumption expenditure at farm gate



Countries are ranked according to 2008-10 levels. A negative percentage CSE is an implicit tax on consumption.

1. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
2. EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
3. For Mexico, 1995-97 is replaced by 1991-93.
4. Austria, Finland and Sweden are included in the OECD total for all years and in the European Union from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU from 2004. Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.
5. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011.

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substantial decline and it was below the OECD average in 2008-10. On the other hand, %CSE has increased in **Canada**, although it remains at a relatively low level.

In the emerging economies, the implicit taxation of consumers is much lower than the OECD average. In 1995-97, the first-stage buyers in **Brazil** and **Ukraine** were receiving transfers from producers due to the negative market price support for some commodities, although this means also that consumers of some commodities are taxed and consumers of other commodities are subsidised. In 2008-10, all emerging economies were taxing their consumers, although at relatively low levels, and with important variations across commodities. The taxation of consumers was particularly reduced in **South Africa**, while taxation of consumers has increased in **China** and **Russia**.

The share of support based on commodity output is declining in the OECD area while this trend is less pronounced in emerging economies...

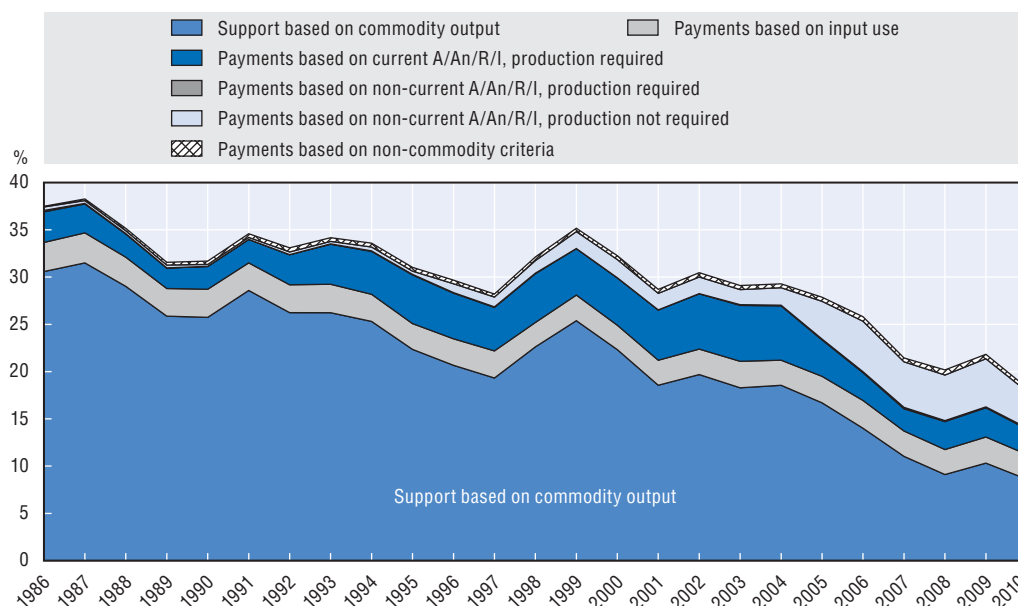
The way support is delivered to farmers is evolving, and this is captured by the composition of the PSE among the various categories. Over the long term the main movement across the OECD has been a gradual reduction of support based on commodity output. Support based on commodity output, comprising market price support and

payments based on output, is considered as one of the most production and trade distorting forms of support, together with unconstrained payments based on variable input use. It has long formed the dominant part of support, representing 82% in 1986-88 and 70% in 1995-97. In 2008, this type of support made up less than half (46%) and in 2010 this downward trend continued (Figure 2.5). At the other end of the spectrum there are payments based on parameters that are not linked to current production. Such payments can be based on non-current area, animal numbers, receipts or income and do not require production in order to receive the payment. Those have grown in recent years from a 1% share of the PSE in 1986-88 and 3% in 1995-97 to the second largest category of support with 23% in 2008-10.

In the emerging economies the level of support is lower than the OECD average, but most of the support is based on commodity output and input use. Only in the most recent years have been introduced less coupled forms of support, such as area and headage payments or income based payments.

Figure 2.5. **OECD: Composition of Producer Support Estimate, 1986-2008**

Percentage share in PSE



Source: OECD, PSE/CSE Database, 2011.

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... but the shift away from production and trade distorting support is uneven across countries

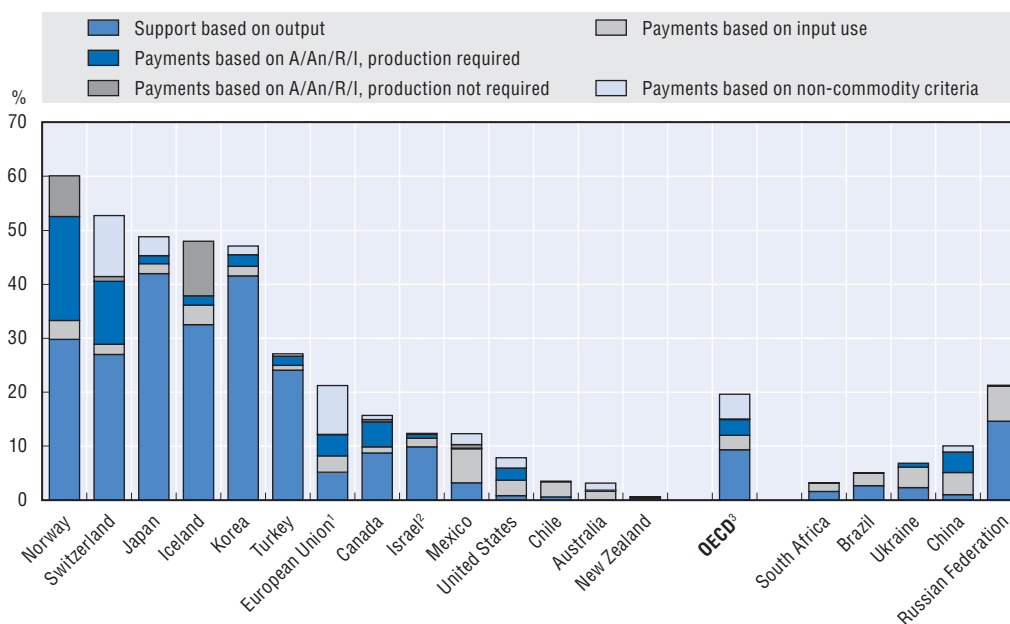
The average trend in the composition of support in the OECD masks important differences between member-countries. **Mexico**, through the introduction of PROCAMPO payments and the **European Union** in introducing the SPS, **Chile** and the **United States** have seen the most progress in reducing the share of support based on commodity output. In **Mexico** and **Chile** increases in input payments are also a significant driver. Some other countries such as **Norway** and **Switzerland** have reduced only moderately their level of support and made some progress in shifting away from support based on commodity output (mainly MPS) (Figure 2.6. and Table III.5a).

In some other countries market price support has proven to be resistant to reform, perhaps because the transfer is implicit and paid by consumers rather than involving explicit budget payments. In **Japan** and **Korea**, the reduction of support based on commodity output has been moderate and its share remains slightly below 90%. In **Israel** and **Turkey** the share of MPS even increased. In **Canada** the share of MPS also remains above half of the support, mainly due to interventions in the dairy market.

The share of the support based on output (mainly MPS) has increased in **Brazil** and **China**, and in both cases it is above 50% of total support. In **China** the increased MPS is the main factor behind the sharp increase in support in the most recent years. In **Russia** other forms of support increased so that a moderate decline in the share of support based on output could be registered, but has stayed above 50% of total support. **South Africa** and **Ukraine** have reduced considerably the share of support based on output in the most recent years (Figure 2.6 and Table III.5b). For all the emerging economies the remaining part of support consists mostly of payments based on input use. In Brazil and South Africa these forms of support are mostly targeted to the smallholder sector, although the fuel tax rebate in South Africa is available to all farmers.

Figure 2.6. **Composition of Producer Support Estimate by country, 2008-10**

Percentage shares of PSE



Countries are ranked according to % PSE in 2008-10 levels.

A (Area planted), An (Animal numbers), R(Receipts), I (Income).

1. European Union 27 in 2008-10.

2. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

3. Austria, Finland and Sweden are included in the OECD total for all years and in the European Union from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the European Union from 2004. Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.

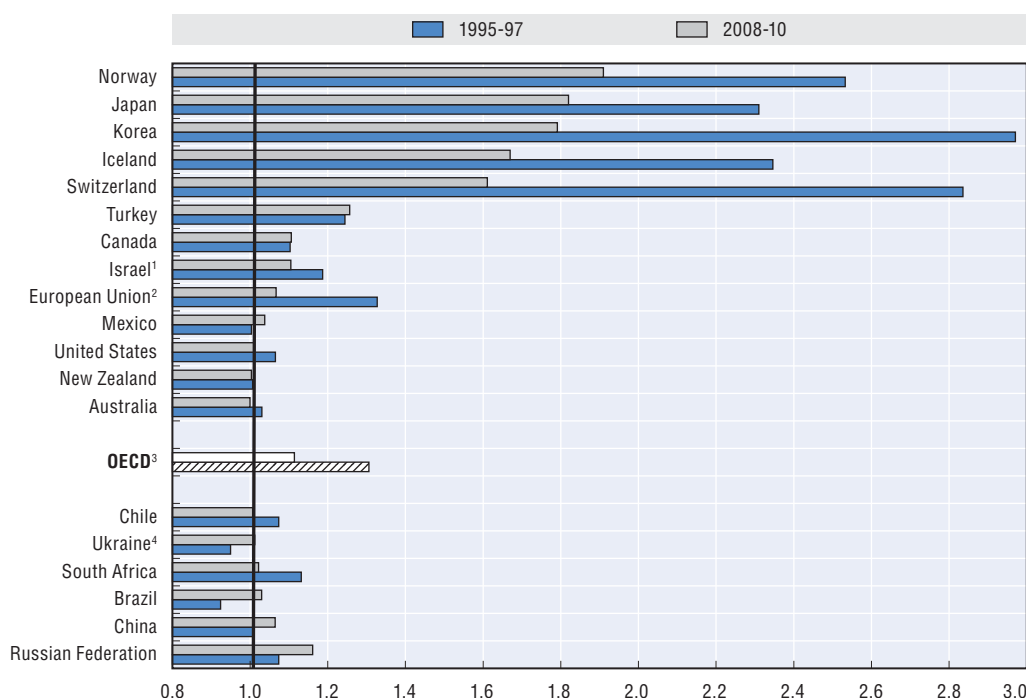
Source: OECD, PSE/CSE database, 2011.

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Overall, the level of price protection is falling...

The shift away from output-based support is also illustrated by the producer NPC that measures the degree to which domestic prices are above border prices (Figure 2.7 and Table III.1). The degree of protection has declined markedly in countries where it was high in the mid 1980s (**Switzerland, Iceland, Norway, Korea and Japan**), even though there is still considerable potential for further reform to reduce the level of support and to improve its composition in these countries. Indeed, market protection is down significantly in all countries except **Turkey**. In **Australia, Chile, New Zealand** and the **United States** the level of market protection was never high and in the most recent years domestic prices are closely aligned with world market prices.

Figure 2.7. **Producer Nominal Protection Coefficient by country, 1995-97 and 2008-10**



Countries are ranked according to 2008-10 levels.

1. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
2. EU15 for 1995-2003; EU27 from 2007.
3. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU from 2004. Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.
4. For Ukraine, 1995-97 is replaced by 1996-97.

Source: OECD, PSE/CSE database, 2011.

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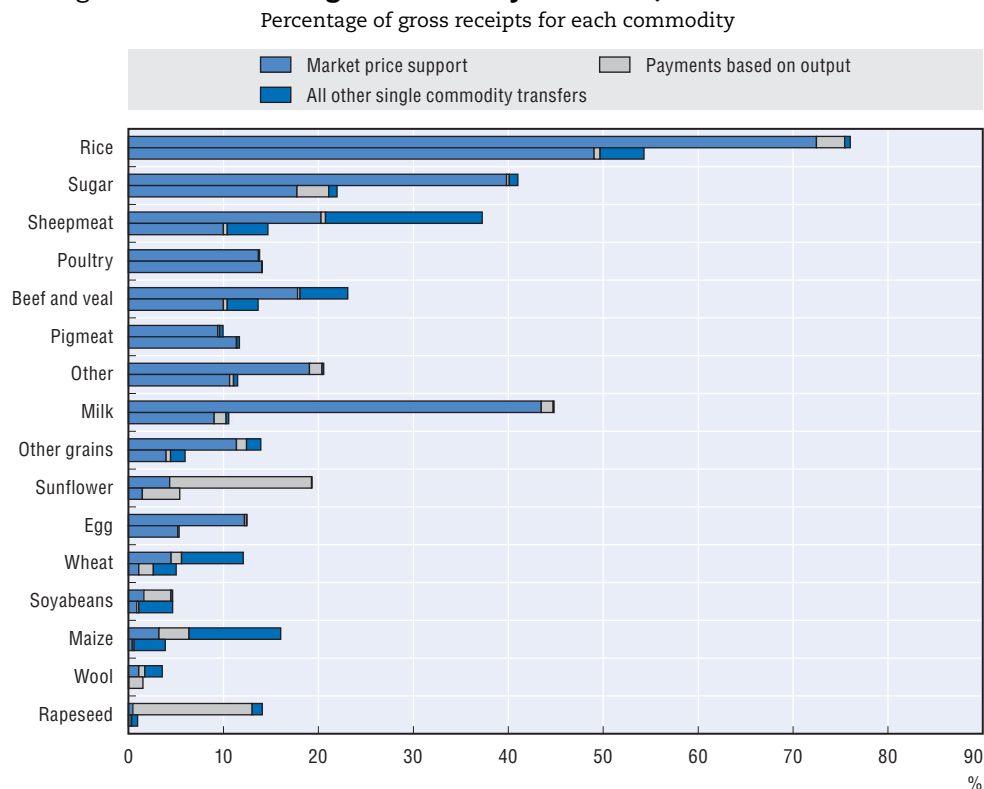
In the emerging economies the average NPC signals a relatively close alignment to world market prices for the commodity basket as a whole, but here are sometimes big variations across commodities. In **Russia, Ukraine** and to some extent **China** some commodity producers were taxed while others were supported. The NPC in 2008-10

ndicates a close alignment of domestic prices to world market prices in **Brazil, Ukraine** and **South Africa**. In **China** and **Russia** the increased NPC indicates that prices received by domestic producers are on average respectively 6% and 16% above world market prices.

... but many commodities continue to receive specific support

Single Commodity Transfers (SCT) indicates support that is directed at specific commodities and thus creates commodity-specific production incentives. SCT have declined significantly in the OECD area since 1986-88, and this reduction happened across all commodities for which support is measured. The SCT for grains and oilseed had been substantially reduced already in the period from 1986-88 to 1995-97, while for some other crops, such as rice and sugar, the reduction has been more gradual. For livestock the main SCT reduction occurred in the period from 1995-97 to 2008-10. For pigmeat the SCT have increased, and they remain stable for poultry (Figure 2.8 and Tables III.8 – III.28).

Figure 2.8. **OECD: Single Commodity Transfers, 1995-97 and 2008-10**



Commodities are ranked according to 2008-10 levels. Top bar corresponds to 1995-97, bottom bar to 2008-10.

Source: OECD, PSE/CSE Database, 2011.

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Rice, sugar, and livestock products still receive high levels of specific support. In the OECD area, the rice SCT represented more than 54% of the gross commodity receipt in 2008-10. SCT delivered via payments per unit of output declined in importance, leaving market price support as the main vehicle through which SCT support is delivered. The large decline in market price support for milk in recent years was a result of the significant

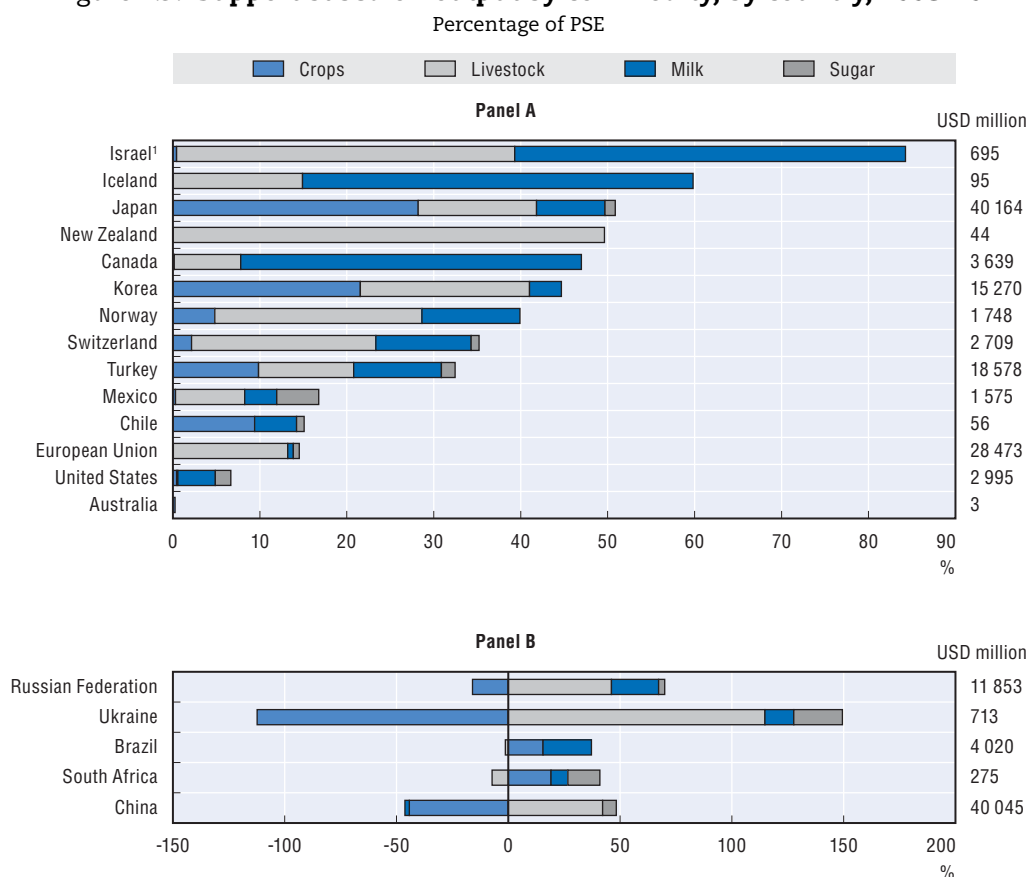
rise in the world price of dairy products; this is reflected in the drop of the SCT for milk of around 40% in 2000-04 to only 11% in 2008-10.

Milk, sugar and rice also feature prominently amongst the commodities receiving specific support in emerging economies and in some cases SCT are an important part of the policy package. In **Brazil** they represent two-thirds of the PSE, in **South Africa** 45%. In **Russia** and **Ukraine** SCT are alternating between taxation and support of specific commodities, so that calculation of an average share in the PSE is not informative.

Most countries provide the majority of their commodity-specific support to livestock and dairy (Figure 2.9a). **Japan** and **Korea** are the only countries where crop production (mostly rice) receives the greatest share of this form of support, while support to specific commodities is relatively evenly divided in **Turkey**. Reforms in the **European Union** have reduced the share of support afforded to specific commodities.

In **Ukraine** and to some extent in **China** and **Russia**, the distribution of commodity specific support to commodities indicates a high level of price distortions in domestic markets. Crop producers are implicitly taxed while positive support is provided to

Figure 2.9. **Support based on output by commodity, by country, 2008-10**



1. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD, PSE/CSE database, 2011.

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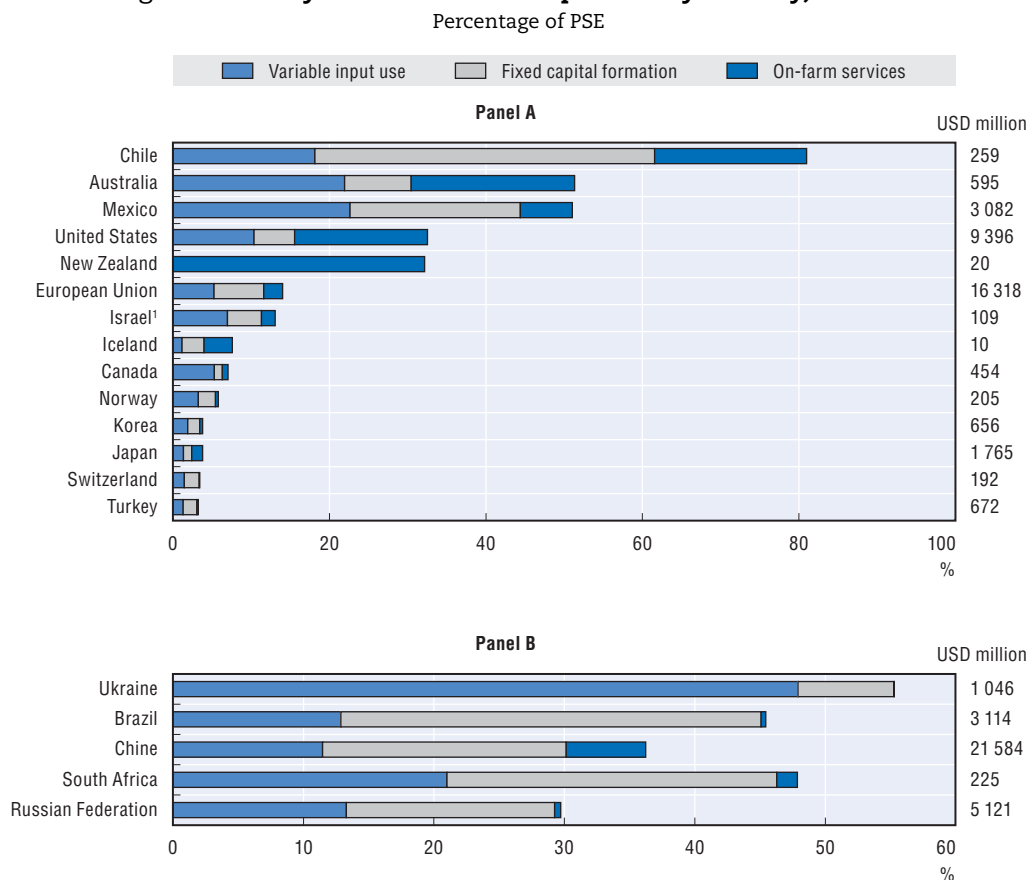
livestock, milk and sugar. In **Brazil** and **South Africa**, commodity support is provided to crops and dairy and in South Africa also to sugar, while livestock producers are slightly taxed through elevated feed cost.

Payments based on input use cover a broad spectrum of policies in OECD countries and are one of the most important forms of support in Emerging Economies

Payments in this category can be the most distorting of production and least effective means to support producers' incomes. At the same time, in some OECD countries input-based policies are growing in importance as a means of achieving environmental and animal welfare goals, improving production efficiency, and promoting structural change in the sector. In contrast in some emerging economies this form of support is mainly targeted to the smallholder sub-sector. Here they are often intended to alleviate market imperfections that prevent smallholders from acquiring productivity-enhancing inputs. Hence, the effects on production and trade depend on the way support is delivered. There are three main targets of policies supporting input use: policies may support the unconstrained use of *variable inputs* such as credit, fertilisers, fuel or water – these types of policies lower the costs of certain inputs and affect output markets as well as the markets for inputs. Their income transfer efficiency is generally low, as a significant part of the transfer provided can leak away from the farm. Policies may also be directed at *fixed capital formation* – supporting on-farm investments. In some OECD countries, policies supporting use of variable inputs and fixed capital formation are accompanied by constraints on the use of the inputs concerned. Such constraints usually indicate that the policy is aimed at changing the production processes on farm, offering payments that are contingent upon following or avoiding certain production processes. A common motivation for such policies is to improve the environmental performance of the farm – reducing pollution risks, improving soil quality, animal housing or biodiversity for example. Payments based on input use may also be directed at providing *on-farm services*. This includes in most cases pest and disease control, extension services that provide production and marketing advice to producers, seed and soil testing, or other services that can improve the efficiency and profitability of farming.

Chile is the largest user of payments based on input use when expressed as a share of the PSE, forming around 80% of all support (Figure 2.10a). Most of this supports investments and a large part of it is targeted to assist smallholders. The share of support based on input use is also important in **Australia**, where interest concessions linked to drought, extension services and disease control measures predominate. In **Mexico**, support to the cost of price hedging and support to on-farm productive investments have become important in recent years. In **Israel**, both support to variable inputs and investments are important and are often related to the use of water in agriculture. In the **United States**, tax concessions for fuel, support for environmentally-friendly farming practices, and extension, are major elements of this category of support. In **New Zealand** support is mainly focused on farm pest control measures. In countries with high levels of support and relatively high share of support based on output the share of payments based on input use is relatively low (**Iceland, Norway, Switzerland, Japan and Korea**).

Payments based on input use are relatively important in all emerging economies (Figure 2.10b). Their share in the total PSE is highest in **Ukraine** (close to 60%) and is focused on variable input use. The share is around 45% in **Brazil** and **China**, where this form of support goes mainly to fixed capital formation in Brazil, while fertilisers and pesticides as well as fixed capital formation receive support in China. In **Russia** and **South Africa** the share is slightly

Figure 2.10. **Payments based on input use by country, 2008-10**

1. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932450654>

StatLink  <http://dx.doi.org/10.1787/888932450673>

below 30% and support is evenly distributed among variable input use and investment. In South Africa most of the support to investment goes to the smallholder sub-sector.

The weight of general support to the sector has increased...

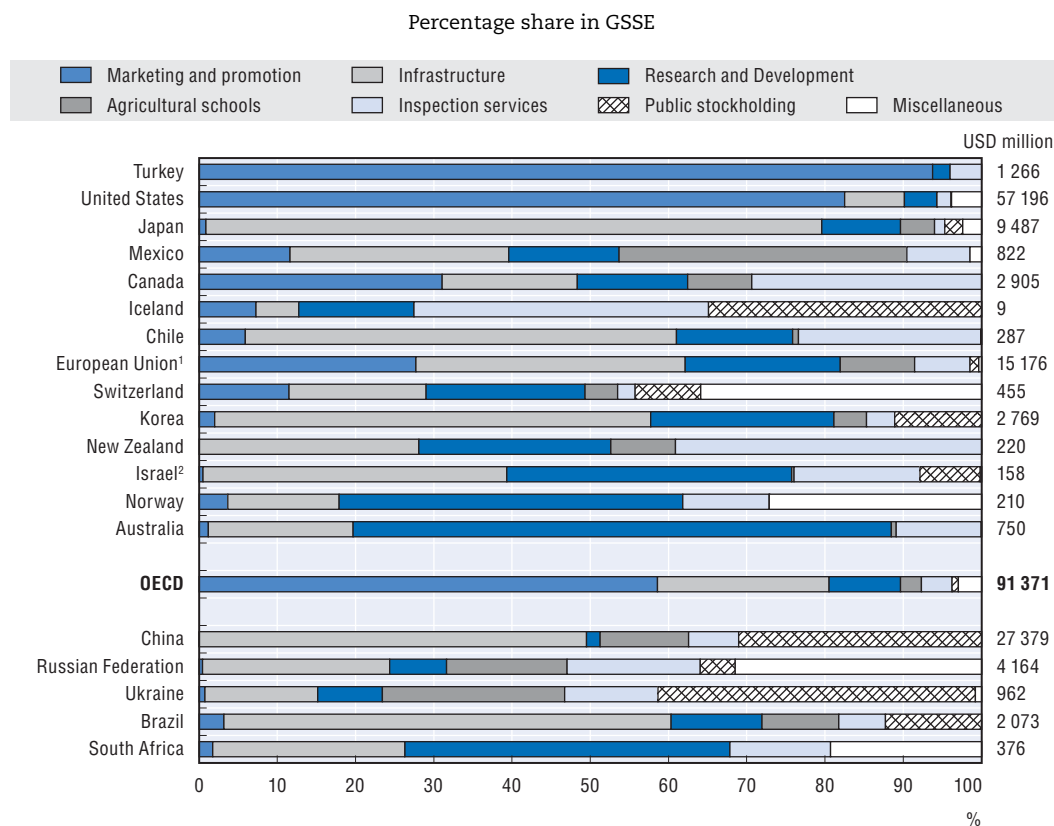
The share of support provided to general services (GSSE) has increased from 12% of the total support to agriculture in 1986-88 to 19% in 1995-97 and 24% in 2008-10. The growing share of support that is provided to the agricultural sector as a whole rather than to individual producers, represents an important positive reform of agricultural support policies. This will bring significant and sustained benefits to producers and consumers, and simultaneously reduce production and trade distortions.

With the exception of public stockholding, an activity usually related to the operation of market price support policies, all components of the GSSE have grown over time. Infrastructure spending supports the agricultural sector by providing public services such as roads and other means to transport agricultural products, irrigation infrastructure and other facilities used in the production and marketing of agricultural products. In some cases, this spending benefits rural areas as a whole while in others it is more directly of

benefit to producers. Other forms of support measured in the GSSE are for research and development, agricultural schools and inspection services. In 2008-10 more than half of the expenditures on general services in the OECD was classified as support to marketing and promotion, a category that has seen a rising share over the longer term. Expenditures on research and development have also been increasing, but today they still represent less than 10% of the general services support estimate.

Underneath the OECD average lie considerable variation across countries in how they support general services. In **Australia**, most of this support is for research and development, mainly directed towards the Commonwealth Scientific and Industrial Research Organisation (CSIRO) (Figure 2.11 and Table III.3a). In **Japan** and **Korea**, infrastructure spending dominates as the government assists in the maintenance of paddy fields, as well as for flood control; in **Chile** a large share of infrastructure spending goes to less developed rural areas.

Figure 2.11. **Composition of General Services Support Estimate by country, 2008-10**



Countries are ranked according to the percentage shares of Research and Development in 2008-10

1. European Union 27.
2. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD, PSE/CSE database, 2011.

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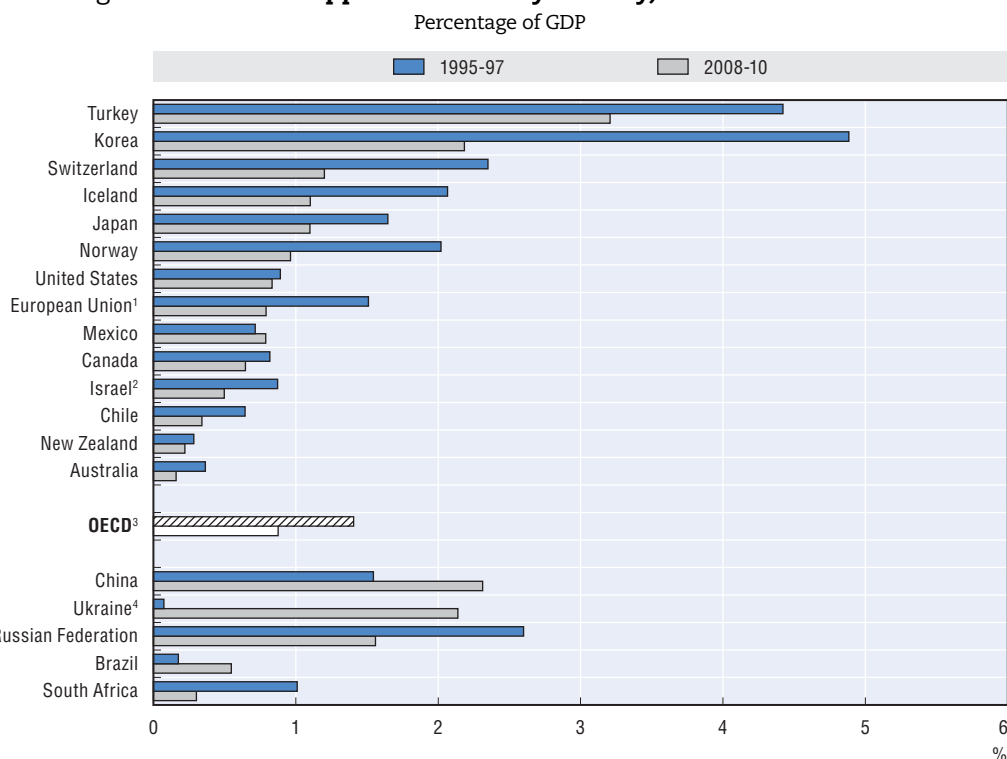
In emerging economies, the share of GSSE in total support is higher than in OECD countries. This share is relatively stable in all countries except **China**, where it declined from 42% in 1995-97 to 23% in 2008-10 (mainly due to the increased PSE component in total

support). In 2008-10 the GSSE's share of total support was also around 20% in **Brazil** and **Russia**, around 30% in **Ukraine**, and around 40% in **South Africa**. Most of the spending on general services in China is for infrastructure, inspection and control, and public stockholding. Investments in infrastructure, research and education are key components of services provided to the agricultural sector in **Brazil**, **Russia** and **South Africa**. In **Ukraine**, the largest part of general services spending relates to public stockholding (Figure 2.11 and Table III.3b).

... and the total burden of agricultural support on OECD economies has fallen...

Total support provided to the agricultural sector (Total Support Estimate, TSE) is the broadest indicator of support, being the sum of the PSE, GSSE, and direct budgetary transfers to consumers. The trend in the TSE can be more clearly evaluated over time and compared across countries when expressed as a share of total Gross Domestic Product, GDP (% TSE). In the OECD area the average percentage TSE has fallen from 2.2% of GDP in 1986-88 to 1.4% in 1995-97 and 0.9% in 2008-10 (Figure 2.12 and Table III.4). This share has been consistently

Figure 2.12. Total Support Estimate by country, 1995-97 and 2008-10



Countries are ranked according to 2008-10 levels.

1. EU15 for 1995-2003; EU27 from 2007.
2. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
3. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU from 2004. Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.
4. For Ukraine, 1995-97 is replaced by 1996-97.

Source: OECD, PSE/CSE database, 2011.

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falling in all OECD countries, reflecting not only policy reform, but also the shrinking importance of the agricultural sector in the overall economy. This can be seen in particular in **Korea**, which has seen very strong growth in the non-agricultural sectors of the economy and where the TSE as a per cent of GDP has fallen from 9% to around 2%.

... but is rising in some emerging economies

In emerging economies the %TSE is below the OECD average in all countries except in **China**, where the share of TSE in GDP increased from 1.55% in 1995-97 to 2.3% in 2008-10. This share has also increased in **Brazil**, although from a low base of 0.2% in 1995-97 to 0.55% in 2008-10. In **Russia** the %TSE declined from 2.6% in 1995-97 to 1.6% in 2008-10, and in **South Africa** from 1% to 0.3% over the same period. Where the %TSE has experienced a decline this is partly due to high GDP growth rates, and where it has risen in spite of high GDP growth this reflects a stronger intervention. Moreover a low average level of overall support can hide an extremely uneven distribution of support across commodities. This can lead to severe misallocation of resources.

Assessment of reform progress

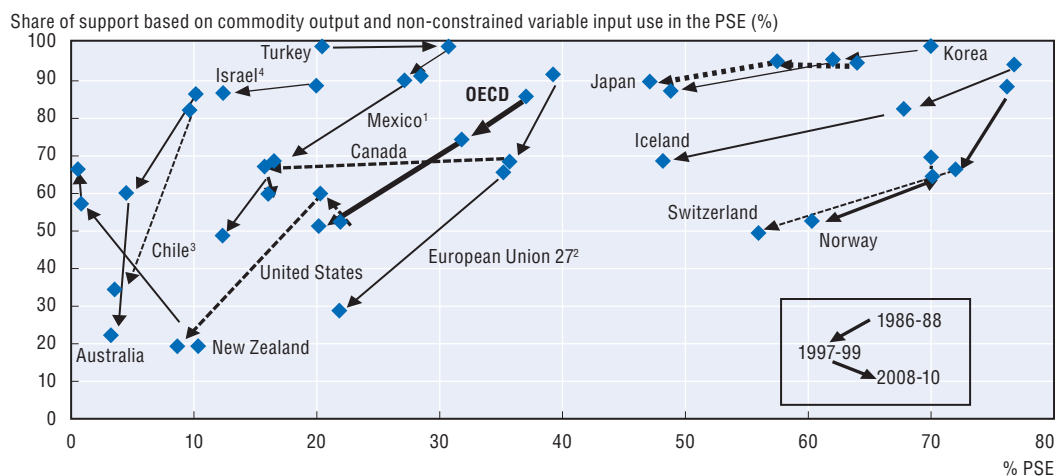
The overall trend towards less production and trade distorting policies continues...

Progress since 1986-88 towards less production and trade distorting policies is assessed in terms of how much support is provided (support level) and how it is delivered (support composition). These two dimensions of support can be illustrated using the PSE indicators, where the support level is shown by the %PSE and the support composition is characterised by the share of the most production and trade distorting forms in the total PSE. The latter is represented by the sum of PSE transfers based on output (market price support and payments based on output) and payments based on variable input use with no constraints attached.² Figure 2.13 juxtaposes these two dimensions of the PSE and shows for OECD countries the evolution over time, highlighting two periods, from 1986-88 to 1997-99, and then to the most recent years 2008-10.

In the OECD area progress has been made in both dimensions of reform since 1986-88. The %PSE fell in roughly equal steps in both periods: from 37% to 30% in the first period and down to 20% in the second. The share of the most production and trade distorting support also decreased, particularly in the second period: respectively from 86% of total PSE to 70% and then to 45%. While in the majority of OECD countries there has been progress in both dimensions, the degree and pace of reform was uneven (Figure 2.13).

Figures 2.14 and 2.15 compare the trends in developments of the level and composition of support for OECD countries and emerging economies included in this report, focussing on the period between 1995-97 and 2008-10 (i.e. time period for which data are available of emerging economies). As mentioned earlier the levels of support are going down for all OECD countries, except **Turkey**, where the level of support has increased, and **New Zealand** where the share of most trade distorting support has increased, but for a level of support close to zero.

Figure 2.13. **OECD: Changes in level and composition of producer support**



The level of support is presented by the percentage PSE. The composition of support is presented by the share in gross farm receipts of Market Price Support, Payments based on output and Payments based on non-constrained variable input use.

1. For Mexico, the change is measured between 1991-93, 1996-98 and 2008-10.
2. EU12 for 1986-94 including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
3. For Chile, changes are given only between 1997-99 and 2008-10.
4. For Israel, changes are given only between 1997-99 and 2008-10. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

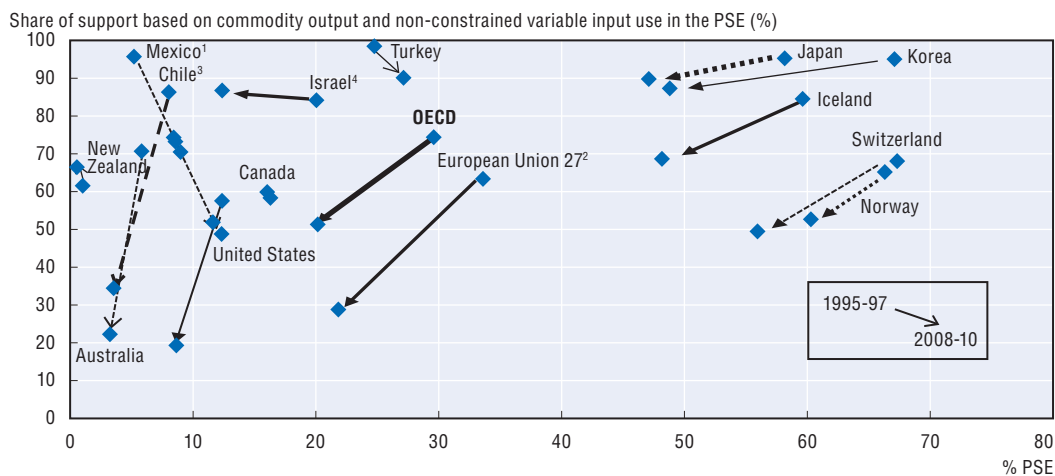
Source: OECD, PSE/CSE database, 2011.

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... and in emerging economies support increases from low levels and the share of most distorting forms of support remains high

The trends are different for emerging economies as for all countries except **South Africa** the level of support has increased, although with exception of **Russia** it remains well below the OECD average. **Brazil** and **Ukraine** have moved from negative to positive, but low, levels of support. In **China** the level of support has also increased to around 10% in 2008-10. In terms of composition of support all emerging economies, except China, have a relatively high share of most distorting forms of support. However, these shares have to be interpreted in the context of low levels of support. A low average level of support in Ukraine is an imperfect indicator as some commodities are supported while others are taxed, leading to distorted incentive across commodities. The policy set in emerging economies is dominated by output- and input- linked mechanisms and in some cases this support is targeted to smallholders or poorer regions and can be seen as being part of broader development policies.

Figure 2.14. **Changes in level and composition of producer support in OECD countries, 1995-97 and 2008-10**



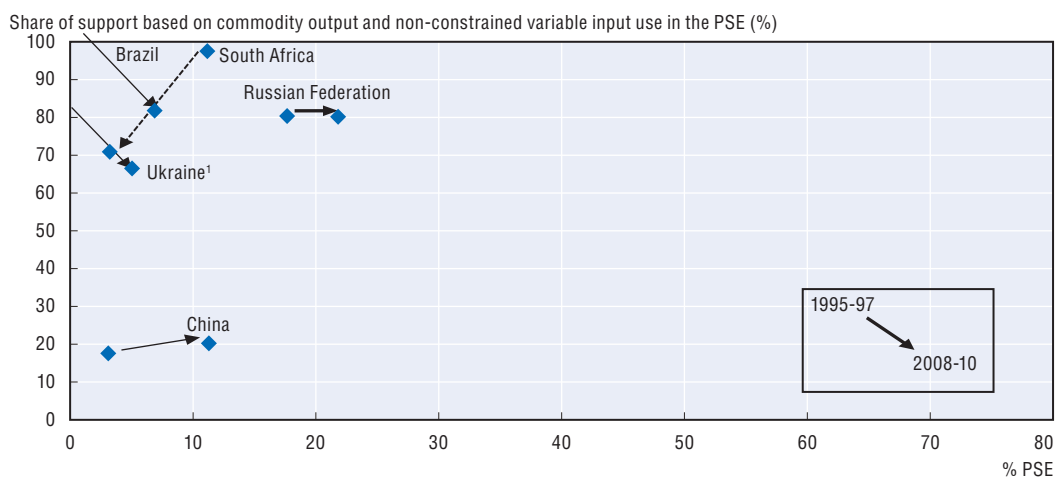
The level of support is presented by the percentage PSE. The composition of support is presented by the share in gross farm receipts of Market Price Support, Payments based on output and Payments based on non-constrained variable input use.

1. For Mexico, the change is measured between 1996-98 and 2008-10.
2. EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
3. For Chile, change is measured between 1997-99 and 2008-10.
4. For Israel, change is measured between 1997-99 and 2008-10. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD, PSE/CSE database, 2011.

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Figure 2.15. **Changes in level and composition of producer support in emerging economies, 1995-97 and 2008-10**



The level of support is presented by the percentage PSE. The composition of support is presented by the share in gross farm receipts of Market Price Support, Payments based on output and Payments based on non-constrained variable input use.

1. For Ukraine, 1995-97 is replaced by 1996-97.

Source: OECD, PSE/CSE database, 2011.

StatLink <http://dx.doi.org/10.1787/888932450768>

Implications for future policy actions

High prices of agricultural commodities and increased volatility are currently important global policy concerns, in particular in the context of improving food security for vulnerable people in developing countries. High output prices do not necessarily translate into higher farm incomes in all sub-sectors if input prices increase as well, especially energy and feed prices, and if these costs cannot be passed on to consumers. It is widely expected that higher prices and more volatility will continue to characterise agricultural markets, at least in the medium term. According to the latest OECD/FAO medium term outlook projections, prices of crops and most livestock products will be higher in both real and nominal terms during the decade to 2019 than they were in the decade before the 2007/08 price spikes. If the rate of growth of agricultural production does not keep pace with demand, upward pressure on prices will remain. A demand or supply shock in a situation where the supply-demand balance is already tight, and stocks are low, will result in increased volatility around the upward trend.

Government policies impact on both the demand and the supply side, and well-designed policies can contribute to meeting the challenges confronting the global agriculture and food system. The starting point is the desirability of shifting policy emphasis from supporting farm incomes to investing in improving farm productivity, profitability, and long-term competitiveness, in a sustainable way. Investments in research and development, broadly defined to include extension, promotion of adoption of best-practice technologies and training and education, will have positive and enduring effects on farm and farm household incomes; but to the extent that income problems persist, a wide range of farm and non-farm policy responses can then be developed, addressing specific temporary or long term needs of farm households.

This report shows that governments continue to provide support to the agriculture sector, albeit at very different levels, but much of the current policy set documented in this report is not targeted to the current policy issues and is provided in market distorting ways that hamper rather than foster the global agriculture and food system.

High prices benefit large parts of the farm sector. The current period of high prices on world and domestic markets provides an opportunity to reform policies that were designed to maintain domestic prices above world market levels. When prices are high and above domestic target/administered prices, price support policies do not provide additional incentives to increase production and they are irrelevant to support farm revenues. Eliminating market price support measures now would give the clear message that price signals will not be distorted in the future; at the same time, farmers have the time needed to adjust. Policy effort can then shift to focus on ensuring that markets work efficiently and on developing comprehensive risk management policies that provide producers with a menu of instruments from which they can choose those that best respond to their specific needs.

High food prices are disastrous for poor consumers. Policy reforms that reduce the burden on the consumer budget include un-doing biofuel policies that create an upward pressure on commodity prices through a policy-induced demand for food and feed crops. But also many agricultural supply-side policies that distort production and trade in agricultural commodities potentially impede the achievement of long run food security. They lead to misallocation of resources domestically and they stimulate or conserve production in areas where it would not otherwise occur and they distort the transmission

of price signals to competitive producers elsewhere. But whether prices are a little higher or a little lower, the fact remains that a large share of the world's population has inadequate income with which to feed their families. This requires national and international attention, notably to reduce poverty in many developing countries, in particular by improving the enabling environment for widespread economic growth and development and, in many cases, through greater investment in developing country agriculture. Both rural incomes and food supplies would improve as a result of well targeted investments.

Permanent reductions of import barriers, export subsidies and export restrictions would further improve the terms of trade for many agricultural producers and would provide a stimulus to expand production where a potential exists.

A competitive, innovative and profitable farm sector that produces in an environmentally sustainable manner and supplies the consumers of world with sufficient food of good quality and is a widely shared objective. To achieve that vision, a re-orientation of policies is necessary in most of the countries covered in this report. Creating an environment in which farmers have the greatest possible freedom to respond to market signals will allow farmers to become more innovative and competitive and will reduce many of the distortions associated with the current policies. Moving towards more decoupled payments plays an important role in this process. However, their use often confounds income objectives with addressing perceived market failures. Improved efficiency, effectiveness and equity of policies can be achieved by more careful targeting of policies towards specific market failures.

Increasing productivity growth is one central element to match growing demand with supply in the future. Governments have a role to play in helping to improve the functioning of national and international agricultural knowledge systems. That role includes funding for research and development, but it also includes the design of a balanced system of intellectual property rights. This report shows that across all countries covered in this report expenditures on research and development represent a relatively small share in the transfers to the agricultural sector. Increased public and private investment in research and development, including extension and advisory services, could be targeted to increase productivity growth and address challenges associated with climate change and improved management of soil and water resources.

Another clear example of a role for government is expenditures on infrastructure, irrigation and similar aspects that can help the development of the rural economy and markets where they are not functioning well. In the emerging economies covered in this report, this type of policies already assumes a relatively important part in their expenditures on agriculture.

The coming period represents long awaited opportunities for change in many countries, several of which are already in the process of defining new medium-term frameworks for agricultural policies. On-going discussions in the G20 are also favouring a comprehensive set of actions to improve the global food and agriculture system in both the short and long term. Building on the success of past policy reforms that have restructured and improved the way support is delivered to the agricultural sector, designing these new frameworks provides a unique opportunity to further improve efficiency and equity of support and to invest in a strong and competitive agricultural sector.

Notes

1. A falling CSE or %CSE does not directly imply lower food costs for the consumer, as recent increases in food prices can attest. It is an indication that the first buyer of agricultural primary products pays a price that is nearer the world market price. In fact, as noted earlier, it is the recent increase in the price of agricultural commodities that is behind the fall in this implicit tax on consumers, but final consumer prices may have increased in many cases.
2. The distorsive effect of such policy measures on production and trade was demonstrated in OECD (2001), *Market effects of crop support measures*, and OECD (2008), *Agricultural policy design and implementation: A synthesis*.

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ANNEX I.A1

2010 OECD Agriculture Ministerial Meeting

Ministers' discussions were wide-ranging and forward looking. A focus of discussion was the question of food security. Will the food and agriculture system be able to respond as population growth and changing diets cause demand for food to increase, in a world where pressure on land, water and other natural resource is already evident and where climate change will bring additional challenges? The task for governments is to make sure that the right policies and institutions are in place.

Ministers "agreed to build on and complement the policy principles agreed in 1998 acknowledging that the main priority is the need to provide an adequate supply of safe and nutritious food, on a sustainable basis, for the world's growing population. Specifically, **Ministers recognised:**

a) that an **integrated approach to food security** is needed involving a mix of domestic production, international trade, stocks, safety nets for the poor, and other measures reflecting levels of development and resource endowment, while, poverty alleviation and economic development are essential to achieve a sustainable solution to global food insecurity and hunger in the longer term;

b) that **'green growth' offers opportunities** to contribute to sustainable economic, social and environmental development, that agriculture has an important role to play in the process, as do open markets that facilitate the sharing of technologies and innovations supportive of green growth, and that, in this context, care needs to be taken to avoid all forms of protectionism;

c) that **climate change presents challenges and opportunities** for the agricultural sector in reducing green house gas emissions, in carbon sequestration, and the need for adaptation;

and Governments should ensure that:

d) farmers and food suppliers, in developed and developing countries, are able to respond effectively to changing consumer and societal demand, and that the transmission of price signals along the food chain is improved locally, regionally and internationally;

e) the necessary institutional, regulatory and policy frameworks are in place to enable markets for food and agricultural products to function efficiently, effectively transparently and fairly;

f) appropriate policies are developed to facilitate the management of risk at the farm and farm household levels and throughout the agro-food sector, including, where appropriate, in response to the impacts of extreme price volatility on farmers, while maintaining an efficient distribution of responsibilities between private and public actors;

g) policies for the food and agriculture sector are coherent with general macroeconomic, trade, industrial, environmental, energy, consumer and social policies (including health and nutrition), and that there is coherence between country policies and efforts to assist developing countries;

h) trade play a role in matching global supply and demand, as a reliable source of supply for countries dependent on imports and a reliable outlet for competitive suppliers, through an efficient well-functioning rules-based multilateral trading system, to which an ambitious, balanced and comprehensive conclusion of the Doha Development Agenda would be an important contribution;

i) policies are supportive of the efforts of farmers and other participants in the supply chain to effectively manage natural resources to supply sustainably produced commodities;

j) incentives and disincentives can be effectively and transparently designed to reflect the total costs and benefits to society, with a view to improving environmental performance, in consistency with multilateral trade rules and commitments; facilitating adaptation to and mitigation of climate change; allowing the food and agriculture system to respond to resource pressures particularly those affecting land and water; reducing losses and waste in the food supply chain; ensuring the provision of public goods and services such as rural amenities, biodiversity, maintenance of landscape and land eco-system functions and contributing to the development of rural areas;

k) there is a supportive investment climate in particular with respect to foreign direct investment in emerging and developing countries, in line with internationally agreed guidelines;

l) innovation, including transfer of technologies, is fostered in order to increase productivity, enhance efficiency, improve sustainable resource use, respond to climate change and reduce waste including through balanced protection of intellectual property rights, and a regulatory environment conducive to innovation and new technology, and to public-private partnerships;

m) consumer protection is enhanced through further development and implementation of efficient, science-based food and feed safety standards, consistent with international agreements;

n) policies are explicitly connected to specific objectives or intended beneficiaries, while also limiting the administrative burden on the sector so that total costs to the public are minimised, and that policies are monitored and evaluated regularly for continued relevance, cost-effectiveness and efficiency.”

Note: The text in italics is extracted from the Communiqué from the Ministers whose complete text can be consulted at www.oecd.org/agriculture/ministerial.

ANNEX I.A2

Definition of oecd indicators of agricultural support

Nominal indicators used in this report

Producer Support Estimate (PSE): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income. It includes market price support, budgetary payments and budget revenue foregone, i.e. gross transfers from consumers and taxpayers to agricultural producers arising from policy measures based on: current output, input use, area planted/ animal numbers/receipts/incomes (current, non-current), and non-commodity criteria.

Market Price Support (MPS): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers arising from policy measures that create a gap between domestic market prices and border prices of a specific agricultural commodity, measured at the farm gate level. MPS is also available by commodity.

Producer Single Commodity Transfers (producer SCT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policies linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes broader policies where transfers are specified on a per-commodity basis. Producer SCT is also available by commodity.

Group Commodity Transfers (GCT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policies whose payments are made on the basis that one or more of a designated list of commodities is produced, i.e. a producer may produce from a set of allowable commodities and receive a transfer that does not vary with respect to this decision.

All Commodity Transfers (ACT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policies that place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice.

Other Transfers to Producers (OTP): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policies that do not require any commodity production at all.

Consumer Single Commodity Transfers (consumer SCT): the annual monetary value of gross transfers from (to) consumers of agricultural commodities, measured at the farm gate level, arising from policies linked to the production of a single commodity. Consumer SCT is also available by commodity.

Consumer Support Estimate (CSE): the annual monetary value of gross transfers from (to) consumers of agricultural commodities, measured at the farm gate level, arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on consumption of farm products. If negative, the CSE measures the burden (implicit tax) on consumers through market price support (higher prices), that more than offsets consumer subsidies that lower prices to consumers.

General Services Support Estimate (GSSE): the annual monetary value of gross transfers to general services provided to agricultural producers collectively (such as research, development, training, inspection, marketing and promotion), arising from policy measures that support agriculture regardless of their nature, objectives and impacts on farm production, income, or consumption. The GSSE does not include any payments to individual producers.

Total Support Estimate (TSE): the annual monetary value of all gross transfers from taxpayers and consumers arising from policy measures that support agriculture, net of the associated budgetary receipts, regardless of their objectives and impacts on farm production and income, or consumption of farm products.

Ratio indicators and percentage indicators

Percentage PSE (%PSE): PSE transfers as a share of gross farm receipts (including support in the denominator).

Percentage SCT (%SCT): is the commodity SCT expressed as a share of gross farm receipts for the specific commodity (including support in the denominator).

Share of SCT in total PSE (%): share of Single Commodity Transfers in the total PSE. This indicator is also calculated by commodity.

Producer Nominal Protection Coefficient (producer NPC): the ratio between the average price received by producers (at farm gate), including payments per tonne of current output, and the border price (measured at farm gate). The Producer NPC is also available by commodity.

Producer Nominal Assistance Coefficient (producer NAC): the ratio between the value of gross farm receipts including support and gross farm receipts (at farm gate) valued at border prices (measured at farm gate).

Percentage CSE (%CSE): CSE transfers as a share of consumption expenditure on agricultural commodities (at farm gate prices), net of taxpayer transfers to consumers. The %CSE measures the implicit tax (or subsidy, if CSE is positive) placed on consumers by agricultural price policies.

Consumer Nominal Protection Coefficient (consumer NPC): the ratio between the average price paid by consumers (at farm gate) and the border price (measured at farm gate). The Consumer NPC is also available by commodity.

Consumer Nominal Assistance Coefficient (consumer NAC): the ratio between the value of consumption expenditure on agricultural commodities (at farm gate) and that valued at border prices.

Percentage TSE (%TSE): TSE transfers as a percentage of GDP.

Percentage GSSE (%GSSE): share of expenditures on general services in the Total Support Estimate (TSE).

Annex Box 1. **Definitions of categories in the PSE classification****Definitions of categories**

Category A1, Market price support(MPS): transfers from consumers and taxpayers to agricultural producers from policy measures that create a gap between domestic market prices and border prices of a specific agricultural commodity, measured at the farm gate level.

Category A2, Payments based on output: transfers from taxpayers to agricultural producers from policy measures based on current output of a specific agricultural commodity.

Category B, Payments based on input use: transfers from taxpayers to agricultural producers arising from policy measures based on on-farm use of inputs:

- **Variable input use** that reduces the on-farm cost of a specific variable input or a mix of variable inputs.
- **Fixed capital formation** that reduce the on-farm investment cost of farm buildings, equipment, plantations, irrigation, drainage, and soil improvements.
- **On-farm services** that reduce the cost of technical, accounting, commercial, sanitary and phyto-sanitary assistance and training provided to individual farmers.

Category C, Payments based on current A/An/R/I, production required: transfers from taxpayers to agricultural producers arising from policy measures based on current area, animal numbers, revenue, or income, and requiring production.

Category D, Payments based on non-current A/An/R/I, production required: transfers from taxpayers to agricultural producers arising from policy measures based on non-current (i.e. historical or fixed) area, animal numbers, revenue, or income, with current production of any commodity required.

Category E, Payments based on non-current A/An/R/I, production not required: transfers from taxpayers to agricultural producers arising from policy measures based on non-current (i.e. historical or fixed) area, animal numbers, revenue, or income, with current production of any commodity not required but optional.

Category F, Payments based on non-commodity criteria: transfers from taxpayers to agricultural producers arising from policy measures based on:

- **Long-term resource retirement:** transfers for the long-term retirement of factors of production from commodity production. The payments in this subcategory are distinguished from those requiring short-term resource retirement, which are based on commodity production criteria.
- **A specific non-commodity output:** transfers for the use of farm resources to produce specific non-commodity outputs of goods and services, which are not required by regulations.
- **Other non-commodity criteria,** transfers provided equally to all farmers, such as a flat rate or lump sum payment.

Category G, Miscellaneous payments: transfers from taxpayers to farmers for which there is a lack of information to allocate them among the appropriate categories.

Note: A (area), An (animal numbers), R (receipts) or I (income).

Definitions of labels

With or without current commodity production limits and/or limit to payments: defines whether or not there is a specific limitation on current commodity production (output) associated with a policy providing transfers to agriculture and whether or not there are limits to payments in the form of limits to area or animal numbers eligible for those payments. Applied in categories A – F.

With variable or fixed payment rates: Any payments is defined as subject to a variable rate where the formula determining the level of payment is triggered by a change in price, yield, net revenue or income or a change in production cost. Applied in categories A – E.

Annex Box 1. Definitions of categories in the PSE classification

With or without input constraints: defines whether or not there are specific requirements concerning farming practices related to the programme in terms of the reduction, replacement, or withdrawal in the use of inputs or a restriction of farming practices allowed. Applied in categories A – F. The payments with input constraints are further broken down to:

- Payments conditional on compliance with basic requirements that are mandatory (*with mandatory*);
- Payments requiring specific practices going beyond basic requirements and voluntary (*with voluntary*).
 - specific practices related to environmental issues;
 - specific practices related to animal welfare;
 - other specific practices.

With or without commodity exceptions: defines whether or not there are prohibitions upon the production of certain commodities as a condition of eligibility for payments based on non-current A/An/R/I of commodity(ies). Applied in Category E.

Based on area, animal numbers, receipts or income: defines the specific attribute (i.e. area, animal numbers, receipts or income) on which the payment is based. Applied in categories C – E.

Based on a single commodity, a group of commodities or all commodities: defines whether the payment is granted for production of a single commodity, a group of commodities or all commodities. Applied in categories A – D.

Decomposition indicators

Decomposition of PSE

Per cent change in PSE: per cent change in the nominal value of the PSE expressed in national currency. The per cent change is calculated using the two most recent years in the series.

Contribution of MPS to per cent change in PSE: per cent change in nominal PSE if all variables other than MPS are held constant.

Contribution of price gap to per cent change in the PSE: per cent change in nominal PSE if all variables other than gap between domestic market prices and border prices are held constant.

Contribution of quantity produced to per cent change in the PSE: per cent change in nominal PSE if all variables other than quantity produced are held constant.

Contribution of budgetary payments (BP) to per cent change in PSE: per cent change in nominal PSE if all variables other than BP are held constant.

Contribution of BP elements to per cent change in PSE: per cent change in nominal PSE if all variables other than a given BP element are held constant. BP elements include *Payments based on output, Payments based on input use, Payments based on current A/An/R/I, production required, Payments based on non-current A/An/R/I, production required, Payments based on non-current A/An/R/I, production not required, Payments based on non-commodity criteria and Miscellaneous payments.*

Decomposition of Price gap elements

Per cent change in Producer Price: per cent change in Producer Price (at farm gate) expressed in national currency. The per cent change is calculated using the two most recent years in the series.

Per cent change in the Border Price: per cent change in Border Price (at farm gate) expressed in national currency. The per cent change is calculated using the two most recent years in the series.

Contribution of Exchange Rate to per cent change in Border Price: per cent change in the Border Price (at farm gate) expressed in national currency if all variables other than Exchange Rate between national currency and USD are held constant.

Contribution of Border Price expressed in USD to per cent change in Border Price: per cent change in the Border Price (at farm gate) expressed in national currency if all variables other than Border Price (at farm gate) expressed in USD are held constant.

More detailed information on the indicators, their use and limitations is available in the OECD's *Producer Support Estimate and Related Indicators of Agricultural Support: Concepts, Calculation, Interpretation and Use* (the PSE Manual) available on the OECD public website (www.oecd.org/agriculture/pse).

PART II

Country Chapters

PART II
Chapter 3

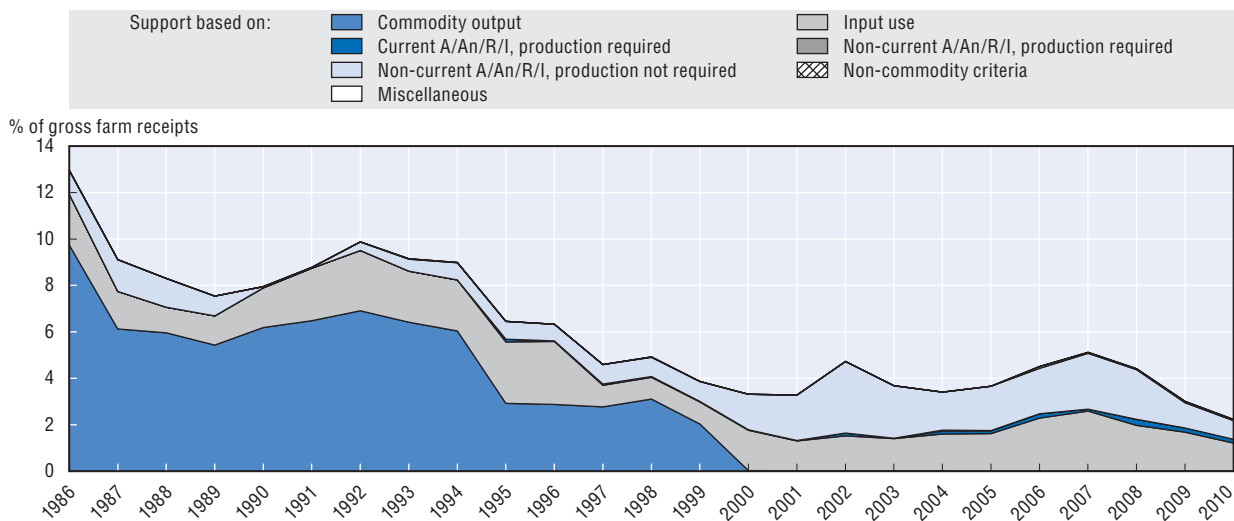
Australia

The Australia country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- There has been substantial and continuing progress since 1986-88 in removing policies that distort agriculture production and trade.
- Remaining producer support is dominated by the Exceptional Circumstances Program. The decline in producer support in recent years reflects the transitory nature of these payments as they are only triggered in response to severe and rare weather events.
- Continued strong support to the farming community through General Services, particularly in research and development, provides opportunities for innovative approaches in the agriculture sector to reduce greenhouse gas emissions, better manage soils, and adapt to climate change.
- The new initiative launched in 2009 to protect Australia’s natural environment provides tools for communities, farmers and other land managers to meet the challenges of producing food and fibre in more sustainable ways.
- Overall, the key challenges continue to be to increase the economic viability of farming while also providing for the conservation of natural resources and managing the impacts of climate change.

Figure 3.1. **Australia: PSE level and composition by support categories, 1986-2010**



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Australia is the world's 13th largest economy. It has a high GDP per capita and relatively low unemployment rates. Australia is the sixth largest country by land area. However, it has the oldest and least fertile soils – the largest share of total land constitutes desert or semi-arid land commonly known as the “outback”. Nevertheless, Australia is an important producer and exporter of agricultural products and maintains a consistently positive and sizeable agro-food trade balance. Lack of water is a principal limiting factor in Australia, and the share of agriculture in water consumption is high.

Table 3.1. **Australia: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	382	972
Population (million)	18	22
Land area (thousand km ²)	7 682	7 682
Population density (habitants/km ²)	2	3
GDP per capita, PPP (USD)	21 541	38 637
Trade as % of GDP	14.5	16.1
Agriculture in the economy		
Agriculture in GDP (%)	3.8	2.5
Agriculture share in employment (%)	5.0	3.4
Agro-food exports (% of total exports)	20.3	13.4
Agro-food imports (% of total imports)	4.6	5.1
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	8 118	12 415
Crop in total agricultural production (%)	n.a.	n.a.
Livestock in total agricultural production (%)	n.a.	n.a.
Agricultural area (AA) (thousand ha)	463 348	417 288
Share of arable land in AA (%)	9	11
Share of irrigated land in AA (%)	n.a.	1
Share of agriculture in water consumption (%)	67	54
Nitrogen Balance, Kg/ha	15	17

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.


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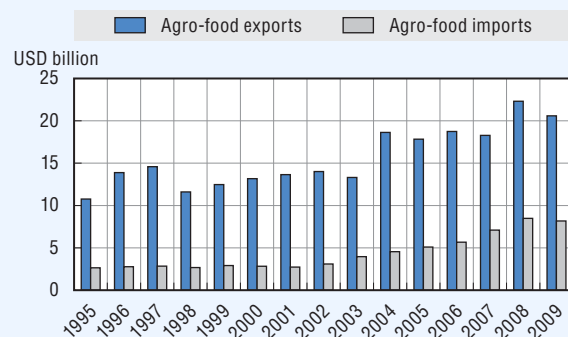
Figure 3.2. **Australia: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 3.3. **Australia: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

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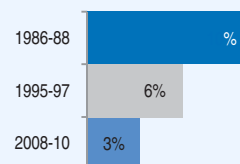
Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Development of support to agriculture

Support to producers in Australia has been reduced from already relatively low levels in 1986-88 to the point that it is now the second lowest in OECD. The more recent decline in support from 2008 to 2010 is mainly due to a reduction in support triggered by drought conditions.

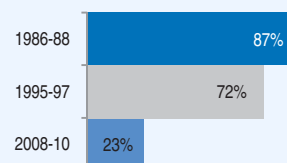
PSE as % of receipts (%PSE)

Support to farmers as measured by the %PSE declined from 10% in 1986-88 to 3% in 2008-10. Most of the decline in recent years is due to reduced payments under the Exceptional Circumstances Relief Program and the Exceptional Circumstances Interest Rate Subsidy.



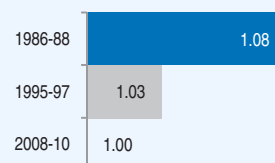
Potentially most distorting support as % of PSE

The share of most distorting support (based on commodity output and variable input use – without constraints) has decreased significantly, and accounts for 22% of the PSE in 2008-10. This share is currently dominated by the Exceptional Circumstances Interest Rate Subsidy. Market price support is virtually zero.



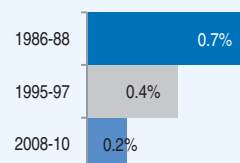
Ratio of producer price to border price (NPC)

Prices received by farmers in 1986-88 were 1.08 times higher than what they would have received on the basis of world prices, compared to parity with world prices in 2008-10.

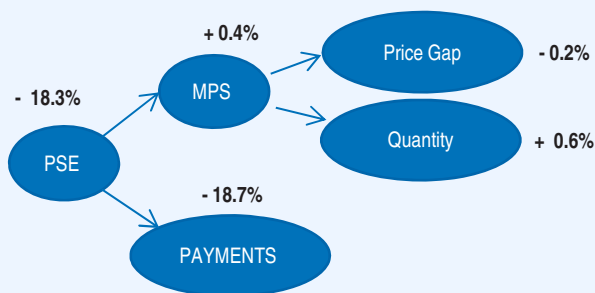


TSE as % of GDP

Total support was 0.7% of GDP in 1986-88, declining to 0.2% by 2008-10. The share of expenditures on general services (GSSE) to total support (TSE) has increased, from 6.5% of TSE in 1986-88 to 43.2% in 2008-10.

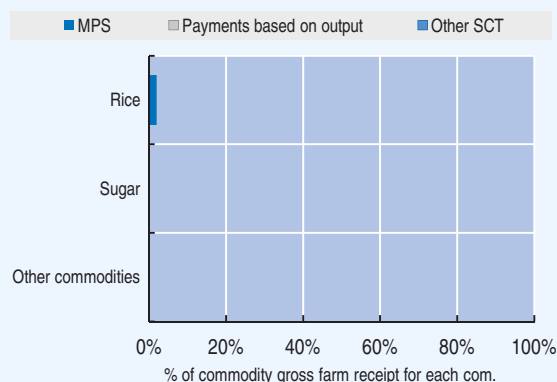


Decomposition of change in PSE, 2009 to 2010



The level of support decreased in 2010 due almost exclusively to reductions in disaster payments. The minor change in market price support should be seen in the context that market price support is virtually zero.

Transfer to specific commodities (SCT), 2008-10



Single commodity transfers (SCT) represented only 0.7% of the PSE. The share of the SCT was highest for rice.

Table 3.2. **Australia: Estimates of support to agriculture**
AUD million


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	19 888	28 441	42 901	42 092	41 005	45 607
<i>of which: share of MPS commodities, percentage</i>	86	75	72	72	72	72
Total value of consumption (at farm gate)	7 368	11 622	20 457	21 334	19 675	20 363
Producer Support Estimate (PSE)	2 026	1 697	1 417	1 943	1 271	1 038
Support based on commodity output	1 452	837	4	1	3	8
Market Price Support	1 452	837	4	1	3	8
Payments based on output	0	0	0	0	0	0
Payments based on input use	324	614	711	868	708	557
Based on variable input use	306	376	325	506	305	163
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	5	33	113	115	112	113
with input constraints	0	0	0	0	0	0
Based on on-farm services	13	205	273	248	290	281
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	0	19	89	115	76	76
Based on Receipts / Income	0	19	89	115	76	76
Based on Area planted / Animal numbers	0	0	0	0	0	0
with input constraints	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	250	227	592	942	460	374
With variable payment rates	250	137	233	455	101	141
with commodity exceptions	0	0	75	135	25	65
With variable payment rates	0	90	359	487	358	232
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	1	22	18	24	24
Based on long-term resource retirement	0	0	22	18	24	24
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	1	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	10	6	3	4	3	2
Producer NPC	1.08	1.03	1.00	1.00	1.00	1.00
Producer NAC	1.11	1.06	1.03	1.05	1.03	1.02
General Services Support Estimate (GSSE)	132	511	889	918	882	867
Research and development	132	385	611	584	632	617
Agricultural schools	0	0	5	5	5	5
Inspection services	0	26	97	95	98	98
Infrastructure	0	72	166	223	136	137
Marketing and promotion	0	27	10	12	10	10
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
GSSE as a share of TSE (%)	6.5	25.6	43.2	35.1	46.3	52.5
Consumer Support Estimate (CSE)	-971	-596	-256	-252	-257	-259
Transfers to producers from consumers	-848	-386	-3	-1	-3	-5
Other transfers from consumers	0	0	-4	-6	-5	0
Transfers to consumers from taxpayers	-123	-210	-249	-245	-250	-254
Excess feed cost	0	0	0	0	0	0
Percentage CSE	-13	-5	-1	-1	-1	-1
Consumer NPC	1.13	1.03	1.00	1.00	1.00	1.00
Consumer NAC	1.15	1.05	1.01	1.01	1.01	1.01
Total Support Estimate (TSE)	2 036	1 997	2 057	2 616	1 903	1 652
Transfers from consumers	848	386	7	7	8	5
Transfers from taxpayers	1 188	1 611	2 054	2 615	1 900	1 647
Budget revenues	0	0	-4	-6	-5	0
Percentage TSE (expressed as share of GDP)	0.66	0.37	0.16	0.21	0.15	0.12
GDP deflator 1986-1988=100	100	133	200	198	196	206

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

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

MPS commodities for Australia are: wheat, other grains, rice, oilseeds, sugar, cotton, 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, 2011.

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Description of policy developments

Main policy instruments

The agriculture sector in Australia is market oriented with domestic and international prices closely aligned. There is currently no market price support for commodities.

Agricultural support is mainly provided by budget-financed programmes as well as through regulatory arrangements and tax concessions. Budget-financed programmes are mainly used for structural adjustment and for natural resources and environmental management.

Given that Australia is the driest inhabited continent, water management is crucial. Landholders can claim accelerated depreciation for investments relating to land and water conservation. Expenditure on research and development is financed largely by funds collected through industry levies, supplemented by funding from the Federal budget. In exceptional circumstances (*e.g.* droughts and floods), federal and state governments can provide a range of assistance measures.

Domestic policy

The Australian government's priorities continue to focus on helping the industry adapt and adjust to the impact of climate change and maintain productivity. A major new initiative was also launched in 2009 to protect Australia's natural environment.

Australia's *Farming Future* is the Australian Government's **climate change initiative** for primary industries. It provides funding over a period of four years (July 2008 to June 2012) to help primary producers adapt and respond to climate change. Australia's primary industries face unique challenges in a changing climate and could face a broad range of impacts. There may be physical impacts (*e.g.* changing rainfall patterns), social impacts (*e.g.* changes to farm business structures, community demographics, health and wellbeing) and economic impacts (*e.g.* changing productivity levels and markets).

The objective of *Australia's Farming Future* is to equip primary producers to adapt and adjust to the impacts of climate change. The initiative comprises a number of elements:

- The *Climate Change Research Program* provides funding for research projects and on-farm demonstration activities.
- *FarmReady* will help industry and primary producers develop skills and strategies to help them deal with the impacts of climate change.
- The *Climate Change Adjustment Program* assists farmers in financial difficulty to manage the impacts of climate change. Farm Business Analysis and Financial Assessments and professional advice and training are individually tailored to help farmers adjust to climate change and to set goals and develop action plans to improve their financial circumstances. Rural financial counsellors can assist eligible farmers to take action to improve their long term financial position. Re-establishment assistance provides farmers who sell their farms with assistance to re-establish themselves in non-agricultural industries.
- Transitional **income support** is linked to the climate change adjustment programme and provides short-term income support and advice and training opportunities to farmers in serious financial difficulty, while they adapt their farm to changing circumstances, including climate change.

- *Community Networks and Capacity Building* activities will focus on increasing the leadership and representative capacity of target groups including women, youth, Indigenous Australians and people from culturally and linguistically diverse backgrounds.

In 2009 the Government began implementing *Caring for our Country*, a suite of programmes which funds **environmental management** of Australia's natural resources. It supports communities, farmers and other land managers to protect Australia's natural environment, and sustainably produce food and fibre. *Caring for our Country* has replaced or incorporated the *National Heritage Trust* programmes which included *Landcare*, *Bushcare* and *Rivercare*.

The Australian Government conducted a comprehensive *National Review of Drought Policy*. The review included investigations of the climatic, economic and social aspects of drought and **drought assistance** in Australia. It involved public consultations, submissions and expert input. As a result, the Australian Government, in partnership with the Western Australian Government, is currently conducting a pilot of drought reform measures in part of Western Australia. The pilot is in place from 1 July 2010 to 30 June 2011. The measures being tested through the pilot are designed to move from a crisis management approach to risk management. The aim is to prepare farmers, their families and rural communities for future challenges, rather than waiting until they are in crisis to offer assistance.

Australian commodity production has been significantly affected by adverse climatic conditions since mid-November 2010. The recent flooding in eastern Australia is estimated to have reduced agricultural production by at least AUD 500-600 million (USD 459-600 million) in 2010-11, with significant impacts on production of fruit and vegetables, cotton, grain sorghum and some winter crops. The largest estimated losses are in cotton (about AUD 150 million, USD 138 million) and fruits and vegetables (about AUD 225 million, USD 206 million). The impact on livestock has been relatively small in relation to the national herd and flock. Disruptions to transport, preventing milk collection, and damage to infrastructure, including feed stores, appear to be the main effects on livestock industries. For dairy, the floods could also increase the incidence of mastitis and loss of milk production due to stress. The adverse effects on the value of exports are expected to be partially offset by recent increases in prices on world markets.

Further damage was caused when tropical Cyclone Yasi affected parts of Far North Queensland in February 2011, causing particular damage to banana and sugar production. It is estimated that damage to agricultural production in the area affected by tropical Cyclone Yasi could be around AUD 300 million (USD 275 million). Total agricultural production in this area was valued at AUD 1.1 billion (USD 1 billion) in 2008-09.

Trade policy

In addition to its multilateral approach in the WTO, Australia has concluded, and is negotiating a number of **bilateral and regional free trade agreements** (FTAs). Australia has comprehensive FTAs in force with **New Zealand** (1983), **Singapore** (2003), the **United States** (2005), **Thailand** (2005), **Chile** (2009) and jointly with New Zealand and ASEAN (AANZFTA, 2010). Separate bilateral agreements aimed at building on AANZFTA are being negotiated with Malaysia and Indonesia. Further bilateral FTAs are currently under negotiation with **China, Japan, Korea** and the Gulf Cooperation Council. A joint feasibility study has been undertaken with India, with a view to commencing formal negotiations.

In November 2008, the Government announced that it would participate in negotiations for a Trans-Pacific Partnership Agreement (TPP). Negotiations commenced in Melbourne, Australia in March 2010. Current participants in these negotiations are **Australia, Brunei, Chile, Malaysia,**

New Zealand, Peru, the United States and Viet Nam. The TPP will expand on the current Trans-Pacific Strategic Economic Partnership Agreement between Brunei Darussalam, Chile, New Zealand and Singapore (which entered into force in 2006) to also include the **United States and Peru.**

Negotiations for a new Pacific Islands Forum trade and economic agreement (known as PACER Plus) commenced in August 2009. These negotiations involve Australia, the **Cook Islands, the Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Papua NewGuinea, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu.**

Australia is involved in a range of efforts to build the skills of developing country trading partners in areas such as quarantine practices, implementation of SPS obligations, biosecurity, sustainable resource management, animal welfare and trade policy. The aim of these international cooperation programmes is to assist trading partners to develop policy, technical and operational capabilities in agricultural, fisheries, forestry and food related areas. The majority of these international cooperation activities are defined as Overseas Development Assistance (ODA).

PART II
Chapter 4

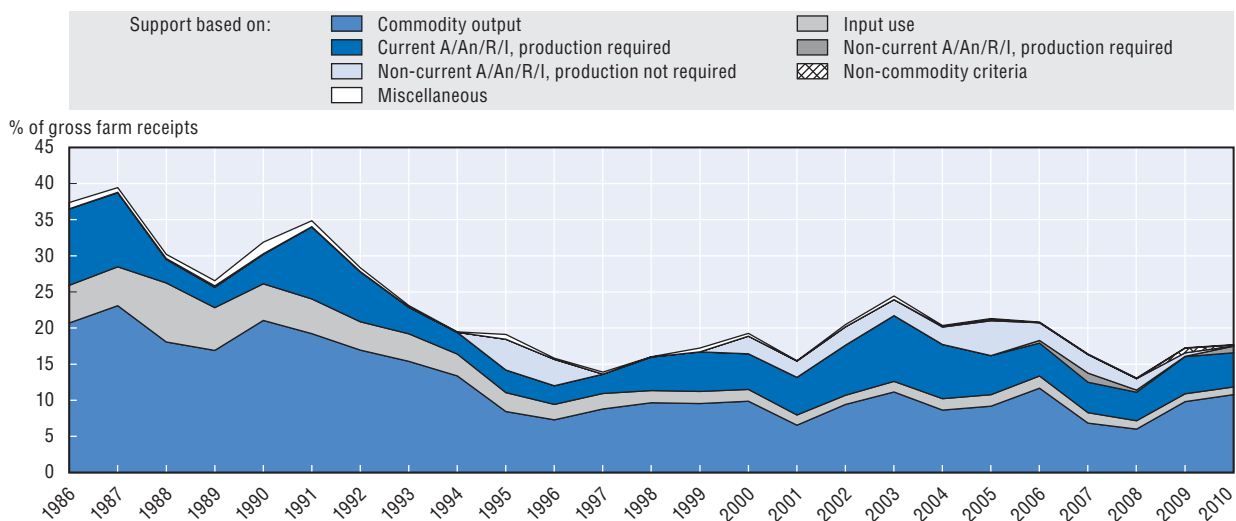
Canada

The Canada country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Overall, producer support has significantly decreased since 1986-88 and the majority of agricultural markets are competitive. However, approaches to support policies have become firmly established, and most reforms in the past decade have involved fine-tuning existing programmes.
- The dairy poultry and egg sectors continue to receive high price support, distorting production and trade and establishing high rents capitalised in the quotas required to produce under the supply-management system. Increasing the amount of quota available would improve market orientation and reduce these rents, which currently act as a barrier to entry into supply-managed sectors.
- Budgetary policies have become tightly focused on risk management for farm operations, resulting in several programmes with overlapping mandates and impacts. Despite this, it is not clear that the variability of farm income is greatly reduced by these programmes, and moreover in terms of risk management objectives, farmers appear to be less interested in income stabilisation than in building resiliency.
- Programmes responding to disasters on an *ad hoc* basis have become institutionalized in the current framework. These can be an effective way to manage events that the main policy instruments are not well-placed to handle. However, their implementation should be governed by a clear set of *ex ante* principles that mitigate pressure for their use in situations that could better be handled by existing programmes.

Figure 4.1. **Canada: PSE level and composition by support categories, 1986-2010**



Source: OECD PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932450844>

Contextual information

Canada is a large country with a small population relative to its area. Canada is ranked 7th in the OECD in GDP per capita. Inflation was 2.2% in 2010 and unemployment was 7.6%. Agriculture remains an important part of the economy regionally, but overall primary agriculture represents less than 2% of GDP. Canada is a net exporter of agricultural products and agriculture exports are important, accounting for 10% of exports. Canada is the third largest exporter of wheat, behind the United States and Australia. More than half of Canadian agricultural exports are destined for the United States; market access is a significant issue for the sector. The typical farm in the western prairies is twice the national average, highly productive and produces largely for export markets. Most milk production is located in Eastern Canada, which has relatively smaller farm sizes and a larger variety of crops, including fruits, vegetables, and tobacco.

Table 4.1. **Canada: Contextual indicators, 1995, 2009***

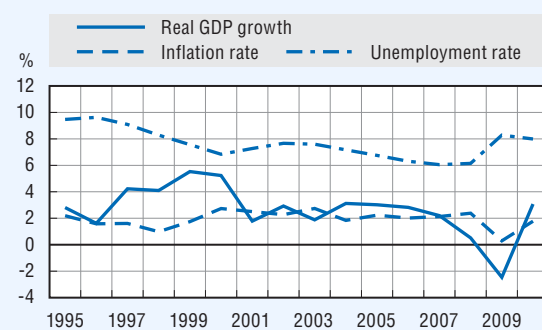
	1995	2009*
Economic context		
GDP (USD billion)	590	1 338
Population (million)	29	34
Land area (thousand km ²)	9 094	9 094
Population density (habitants/km ²)	3	4
GDP per capita, PPP (USD)	22 737	38 975
Trade as % of GDP	30.1	23.8
Agriculture in the economy		
Agriculture in GDP (%)	2.9	1.6
Agriculture share in employment (%)	4.1	2.5
Agro-food exports (% of total exports)	6.8	10.0
Agro-food imports (% of total imports)	5.5	7.7
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	3 822	6 610
Crop in total agricultural production (%)	n.a.	n.a.
Livestock in total agricultural production (%)	n.a.	n.a.
Agricultural area (AA) (thousand ha)	67 994	67 600
Share of arable land in AA (%)	67	67
Share of irrigated land in AA (%)	n.a.	2
Share of agriculture in water consumption (%)	n.a.	10
Nitrogen Balance, Kg/ha	26	31

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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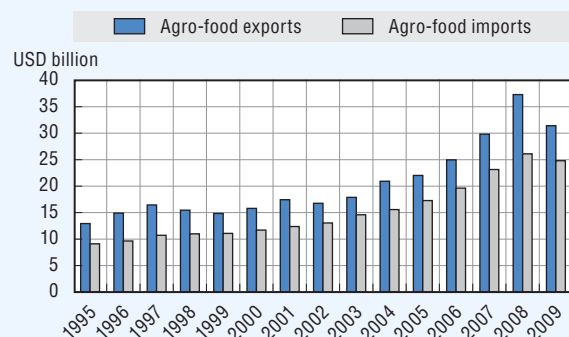
Figure 4.2. **Canada: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

StatLink  <http://dx.doi.org/10.1787/888932450863>

Figure 4.3. **Canada: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

StatLink  <http://dx.doi.org/10.1787/888932450882>

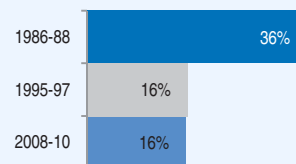
Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Development of support to agriculture

Agricultural support in Canada has reduced significantly since 1986-88 but has been stable in recent years as federal-provincial programme frameworks became established. Support is focussed on payments based on farm income targeted to risk management. The share of most production and trade distorting support, the NPC, and the share of SCT transfers in the PSE are largely determined by market price support, delivered through longstanding supply-management systems for milk, poultry and eggs.

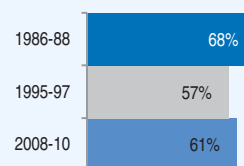
PSE as % of receipts (%PSE)

Significant reform has reduced support as a share of receipts relative to the 1986-88 period, but the trend in the %PSE has been flat since the mid 1990s. Support has been consistently below the OECD average each year and remains so in 2008-10.



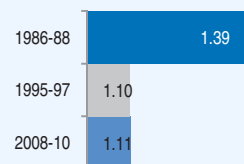
Potentially most distorting support as % of PSE

Market price support to grains was discontinued by 1995, reducing the share of most distorting support. Currently, MPS for dairy forms the great majority of most distorting support, making the share of most distorting support (based on commodity output and variable input use – without constraints) contingent in part on the evolution of international prices for dairy products



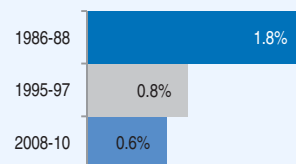
Ratio of producer price to border price (NPC)

Since 1995, the NPC has derived largely from MPS for dairy, poultry and eggs. Producer prices of other commodities are mostly aligned with border prices.

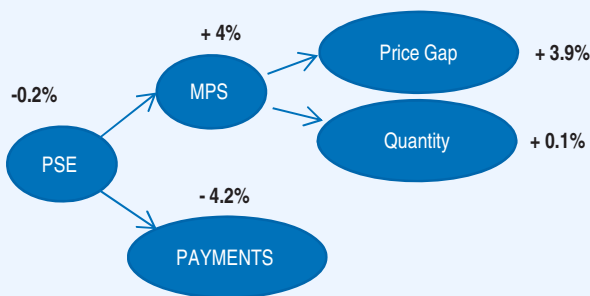


TSE as % of GDP

While the nominal TSE has been stable, TSE as a % of GDP has been declining, reaching 0.6% of GDP in 2010. GSSE has increased from one-eighth of the TSE in 1986-88 to more than one quarter in 2010.

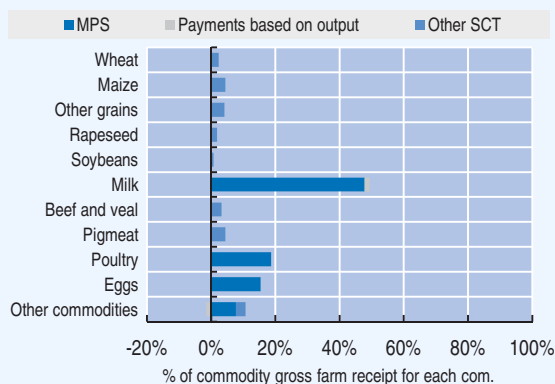


Decomposition of change in PSE, 2009 to 2010



Lower AgriStability disaster payments were offset by higher market price support to milk, deriving from lower border prices for dairy products.

Transfer to specific commodities (SCT), 2008-10



Single commodity transfers were 73% of the PSE in 2010. The share of the SCT in commodity receipts is lowest for soybeans and highest for milk.

Table 4.2. **Canada: Estimates of support to agriculture**
CAD million


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	18 458	27 549	41 224	42 287	41 140	40 245
<i>of which: share of MPS commodities, percentage</i>	86	84	84	85	83	83
Total value of consumption (at farm gate)	16 601	21 504	28 497	28 633	26 767	30 092
Producer Support Estimate (PSE)	7 940	4 896	7 094	5 953	7 672	7 655
Support based on commodity output	4 591	2 465	3 922	2 737	4 364	4 665
Market Price Support	4 116	2 296	3 921	2 735	4 364	4 665
Payments based on output	476	169	1	2	0	0
Payments based on input use	1 396	692	490	528	483	458
Based on variable input use	795	345	370	369	370	372
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	575	328	68	84	62	59
with input constraints	0	0	16	31	9	8
Based on on-farm services	26	19	51	75	51	27
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	1 787	840	2 041	1 794	2 285	2 044
Based on Receipts / Income	632	459	1 120	950	1 291	1 120
Based on Area planted / Animal numbers	1 155	382	921	844	994	924
with input constraints	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	183	137	17	396
Payments based on non-current A/An/R/I, production not required	0	790	314	719	217	7
With variable payment rates	0	733	5	16	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	58	309	703	217	7
with commodity exceptions	0	0	2	0	3	3
Payments based on non-commodity criteria	10	0	114	0	285	57
Based on long-term resource retirement	10	0	114	0	285	57
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	155	109	29	38	21	29
Percentage PSE	36	16	16	13	17	18
Producer NPC	1.39	1.10	1.11	1.07	1.12	1.13
Producer NAC	1.56	1.20	1.19	1.15	1.21	1.22
General Services Support Estimate (GSSE)	1 920	1 997	3 135	2 901	3 300	3 202
Research and development	332	418	443	393	460	477
Agricultural schools	274	262	256	257	254	257
Inspection services	327	358	921	864	955	943
Infrastructure	438	325	538	564	448	601
Marketing and promotion	549	633	977	823	1 183	924
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
GSSE as a share of TSE (%)	19.4	28.9	30.6	32.8	30.1	29.5
Consumer Support Estimate (CSE)	-3 758	-2 415	-4 397	-3 055	-4 893	-5 241
Transfers to producers from consumers	-4 062	-2 405	-3 909	-2 721	-4 351	-4 653
Other transfers from consumers	-48	-25	-488	-334	-542	-588
Transfers to consumers from taxpayers	42	6	0	0	0	0
Excess feed cost	310	9	0	0	0	0
Percentage CSE	-23	-11	-15	-11	-18	-17
Consumer NPC	1.33	1.13	1.18	1.12	1.22	1.21
Consumer NAC	1.30	1.13	1.18	1.12	1.22	1.21
Total Support Estimate (TSE)	9 902	6 899	10 228	8 855	10 973	10 858
Transfers from consumers	4 111	2 430	4 397	3 055	4 893	5 241
Transfers from taxpayers	5 840	4 494	6 320	6 133	6 621	6 204
Budget revenues	-48	-25	-488	-334	-542	-588
Percentage TSE (expressed as share of GDP)	1.76	0.82	0.65	0.55	0.72	0.67
GDP deflator 1986-1988=100	100	125	165	166	162	167

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

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

MPS commodities for Canada are: wheat, maize, other grains, oilseeds, milk, beef and veal, pigmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452098>

Description of policy developments

Main policy instruments

Under the Canadian Constitution, responsibility for agriculture is shared by the federal and provincial governments. Since 2003, main policy instruments have been delivered through joint Federal, Provincial, and Territorial (FPT) agreements. The five-year *Agricultural Policy Framework* (APF), was replaced by the *Growing Forward framework* in July 2008, and full implementation of the five-year agreement began in 2009 following the conclusion of Bilateral Agreements between the Federal and Provincial/Territorial governments on programme details and funding. *Growing Forward* will expire on 31 March 2013 and work has begun on developing the policy and programme framework that will follow.

Major support policies are delivered through the **business risk management** (BRM) heading of these agreements. The four BRM programs are *AgriInvest*, which subsidises farm savings; *AgriStability*, which provides some support for income declines; *AgriInsurance* provides insurance against natural perils; and *AgriRecovery* for *ad hoc* **disaster assistance**. Three of these programmes replace similar programmes like the *Canadian Agricultural Income Stabilization* (CAIS) and the *Crop Insurance* programmes while preserving their main elements. The *AgriRecovery* framework is a new process to assess disaster situations and provide further assistance as needed to help impacted farmers recover. The document “Thematic Review on Risk Management: Canada” [TAD/CA/APM/WP(2010)29] describes these policies in detail.

Growing Forward allows more flexibility for provinces and territories to design and deliver non-BRM programmes that responded to local priorities in support of shared national outcomes. For example, the *National Farm Stewardship Program* under the *Agricultural Policy Framework* provided financial support to implement *Beneficial Management Practices* (BMPs) to improve the environmental and economic performance of farms. The federal government determined the amount of funding available for the programme in each province and provided a list of eligible activities (BMPs) from which each province could choose some or all. Provinces now have the ability to define BMPs and determine the level of support necessary. Provinces can also determine the level of resources to be expended in the overall programme area of BMP support within the agreed upon limits of the Framework Agreement, such as giving more priority to environment over innovation.

Market price support is provided for dairy products, poultry and eggs through tariffs and production quotas that are tradable only within provinces combined with a system of domestic price-setting organisations.

The *Canadian Wheat Board* (CWB) has statutory authority to market wheat and barley in western Canada, both for domestic use and export. The CWB pools sales revenue and returns proceeds to producers through a series of payments.

Domestic policy

Western Canada experienced severe flooding which affected both plantings and harvest of field crops in the 2010 crop year. A number of programmes were put in place to respond to this weather event. Some of these were through the *AgriRecovery* programme, but others were put in place by provincial governments. The pigmeat sector continued to struggle in the face of higher input costs and low prices, and programmes were initiated in response.

The *Saskatchewan Feed and Forage Program (SFFP)* aids livestock and forage producers affected by flooding in the province. It provides transportation funding and reseeded assistance to livestock producers who are affected by excess moisture conditions. Producers receive a specific payment rate per tonne/loaded mile or per head/loaded mile for different types of feed and livestock transported from 1 June 2010 to 1 August 2011. The programme also provides financial assistance to Saskatchewan producers who reseed hay, forage or pasture land that has been damaged due to excess moisture conditions. A direct payment of CAD 30 per reseeded acre (USD 75/hectare) will be made to eligible producers for forage land reseeded from 1 June 2010 to 1 August 2011.

The *Prairie Excess Moisture Initiative* was put in place using the *AgriRecovery* framework. This programme provides assistance to producers affected by excess moisture and flooding in spring 2010. The programme gave a maximum CAD 30 per acre (USD 75/hectare) assistance to producers to adopt measures to protect, rehabilitate and manage damaged crop land affected by flooding in 2010. Eligible area was either unseeded by 20 June 2010 or the seeded crop lost by flood by 8 July 2010, with a minimum 10 affected hectares. Eligible crops include all except forage crops.

The *Manitoba Interlake Unseeded Land Restoration Program* is another *AgriRecovery* programme that assists producers with a fixed payment of CAD 15 per acre (USD 38 per hectare) to help with the cost of restoring the land after two years of flooding and excess moisture in 2008 and 2009. The number of eligible acres is based on the acres reported by the producer on their 2009 Seeded Acreage Report as too wet to seed. Eligible producers were in production in 2009 and claim a minimum of 5 acres in the affected area.

The *Pasture Recovery Initiative* is also an *AgriRecovery* programme. This cost-shared initiative provided CAD 50 (USD 51) per head for breeding cattle and other breeding livestock in order to help producers buy feed in 2010 while damaged pastures recover from drought in 2008 and 2009. Payments are based on eligible breeding animals traditionally pastured in designated areas.

Similar to *AgriInvest* and the former *NISA* programme, *Agri-Québec* was introduced in 2010. It is offered to all agricultural and aquaculture businesses in Québec, but excluding dairy, poultry and eggs. Agricultural producers can contribute 3% of the adjusted net sales (3.6% for aquaculture) to a special account and receive a government matching contribution. There is a limit of CAD 1.5 million per farm on adjusted net sales.

The *Assurance-stabilisation des revenus agricoles (ASRA)* programme in Québec was revised in order to conform to budgetary limits introduced in 2010. Limits on total insurable units and total annual payments were introduced and the method used to calculate average costs was revised. Large-scale producers are now also required to pay a larger share of the premium cost than other farm sizes.

Responding to industry demands to help with short-term cash-flow pressures, the *Hog Industry Loan Loss Reserve Program* was put in place. It was designed to increase **access to credit** for hog producers in Canada by providing a fund upon which lenders may draw in case of default. For each loan registered under the programme, a portion of the value of the loan is deposited in a reserve fund account with the lender. If a producer defaults on their loan the lender may draw a certain percentage from its reserve fund account, depending on when the default occurs. Maximum loan amounts guaranteed under the programme are based on rates per animal of CAD 85 per market hog, CAD 30 per weaner and CAD 25 per iso weaner.

To help hog producers exit the sector, the *Hog Farm Transition Program* was introduced. Producers that were in hog production as of 1 April 2009 and are willing to commit to **setting aside** their entire **hog production** facilities for three years are eligible. Producers submit bids indicating

the amount they are willing to accept to halt production and participants are selected through a tender process.

Trade policy

In December 2008, Canada requested consultations on the **United States** mandatory country of origin labelling (COOL) provisions in the Food, Conservation, and Energy Act 2008 (2008 Farm Bill). These measures contain an obligation to inform consumers at the retail level of the country of origin of covered commodities, including beef and pork. Upon release of the final rule on 12 January 2009, Canada indicated that it would not take further steps with the WTO dispute settlement process while it monitors the impact of the final COOL rule. However, Canada requested further consultations under the WTO on 7 May 2009 due to concerns that flexibility previously envisioned in the legislation had been removed with the US Secretary of Agriculture's letter to industry on 20 February 2009 asking for stricter voluntary labelling. The Panel process is proceeding and first and second substantive meetings were held with Parties in September 2010 and December 2010, respectively. The panel is expected to issue the final report to the Parties by the middle of 2011.

On 23 November 2010, the **European Union** (EU) published an official journal notification placing Canada on the third country list for access to an existing 20 000 MT most-favoured nation duty-free tariff rate quota (TRQ) for hormone-free beef. Canadian and European Commission officials have also finalized a memorandum of understanding that would provide an additional 3 200 MT duty-free TRQ to be added to the larger most-favoured nation (MFN) quota.

In the area of trade promotion, the *AgriMarketing Program* provides matching funding to national agriculture, agri-food and seafood associations to help support activities that enhance and promote the Canadian sector's ability to compete in the international market while enhancing and leveraging Canada's reputation as "a world leader in supplying safe, high-quality agricultural products".

In 2009, the *Market Access Secretariat* was formed to coordinate government initiatives with those of industry, provinces and territories, in order to aggressively and strategically pursue new and existing markets for Canadian agriculture and agri-food trade products. The Secretariat is composed of staff from Agriculture and Agri-Food Canada and the Canadian Food Inspection Agency and works in concert with the Department of Foreign Affairs and International Trade.

Since 2009, Canada implemented the **Canada-EFTA** and **Canada-Peru** Free Trade Agreements. Canada has also signed Free Trade Agreements with **Colombia**, **Jordan** and **Panama**, and has ongoing negotiations with the **Central America Four** (launched in 2001), **Korea** (launched in 2005), **Caricom** (launched in 2007), the **Dominican Republic** (launched in 2007), **Singapore** (launched in 2001), **Ukraine** (launched in 2010), **India** (launched in 2010) and **Morocco** (launched in 2011). Canada is also engaged in exploratory discussions with **Turkey**. In 2009, Canada launched negotiations towards a Comprehensive Economic and Trade Agreement (CETA) with the **EU**, Canada's second-largest trading partner after the United States. The negotiations represent Canada's most significant trade initiative since the signing of the *North American Free Trade Agreement*. Talks are ongoing with target for completion in 2011.

PART II
Chapter 5

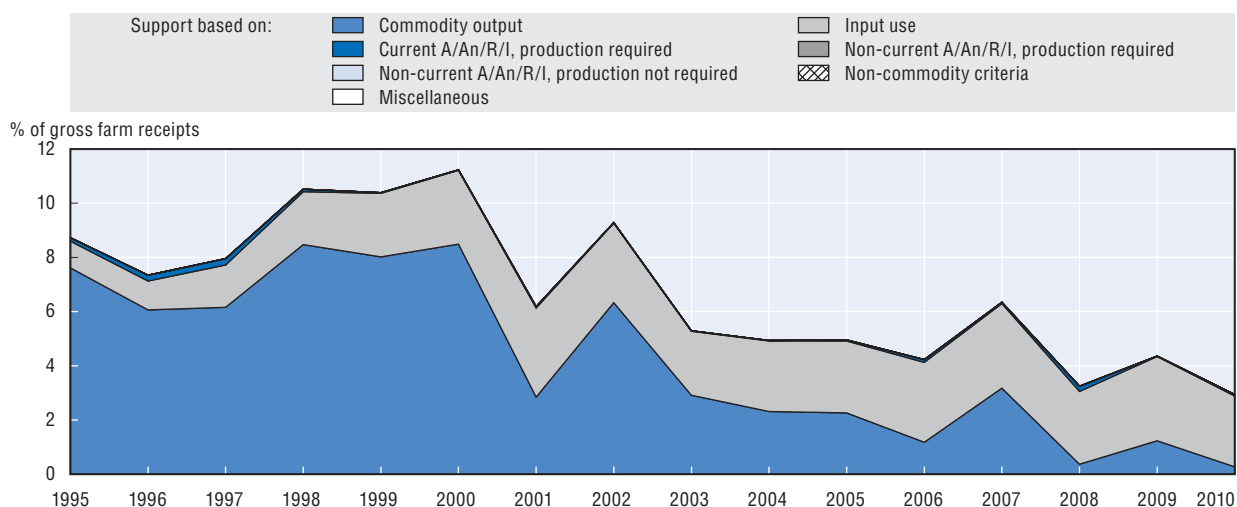
Chile

The Chile country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.


Evaluation of policy developments

- Chilean agricultural policy involves few market distortions, with virtually no border protection over the 2008-10 period and prices that are aligned with those on international markets. Measures at the farm level are directed principally to small farmers, through payments to improve farm capital (*e.g.* on-farm infrastructure, irrigation and soil quality) as well as through credit subsidies. In overall terms, however, these payments accounted to no more than 3% of gross farm receipts in 2008-10.
- Expenditures on the agricultural sector have been facilitated by strong copper revenues, and continued to rise in 2008-10, with the broad commitment to agricultural development augmented by responses to the global economic downturn and the earthquake of February 2010. Public expenditures on agriculture were 50% higher in 2008-10 than over the preceding three years. Half of this spending was on general services to develop agriculture as a whole (principally infrastructure, inspection and research) – a share that is nearly twice the OECD average.
- Chile's agricultural policy increasingly supports agricultural development through supportive investments rather than market interventions. As the approach to agricultural development becomes progressively less based on the levers of agricultural policy, the need for co-ordination across ministries, and strong systems of programme evaluation becomes increasingly important.

Figure 5.1. Chile: PSE level and composition by support categories, 1995-2010



Source: OECD PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932450901>

Contextual information

Chile is an upper middle income country, which has had an average real GDP growth rate of 4% over the past ten years. The country has a limited endowment of agricultural land, with just 2.3 million hectares of 15 million hectares of agricultural land devoted to crop production. However, the country's Central Valley has an ideal climate for wine growing and temperate horticulture. The agricultural sector accounts for 4% of GDP, but its economic importance more than doubles once value added in key sectors (such as wine production) is taken into account. The sector also makes an important contribution to exports, with agro-food exports (excluding fish and forestry products) accounting for 15%-20% of all exports. In comparison with its share of GDP, agriculture accounts for a high share of employment (12%), reflecting the coexistence of a semi-subsistence farm sector alongside the commercial farm sector and the importance of low-skilled salaried work in the latter. Low incomes are more prevalent in the agricultural sector, but there has been strong progress in reducing poverty, with absolute poverty (defined as an income of less than twice the cost of a basic food basket) almost eliminated.

Table 5.1. **Chile: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	71	164
Population (million)	14	17
Land area (thousand km ²)	744	744
Population density (habitants/km ²)	19	23
GDP per capita, PPP (USD)	7 455	14 495
Trade as % of GDP	21.5	29.3
Agriculture in the economy		
Agriculture in GDP (%)	8.0	3.9
Agriculture share in employment (%)	15.7	12.3
Agro-food exports (% of total exports)	17.9	15.6
Agro-food imports (% of total imports)	7.2	7.4
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	1 775	5 253
Crop in total agricultural production (%)	64	63
Livestock in total agricultural production (%)	36	37
Agricultural area (AA) (thousand ha)	15 330	15 737
Share of arable land in AA (%)	14	8
Share of irrigated land in AA (%)	n.a.	42
Share of agriculture in water consumption (%)	n.a.	78
Nitrogen Balance, Kg/ha	n.a.	71

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

StatLink  <http://dx.doi.org/10.1787/888932452117>

Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

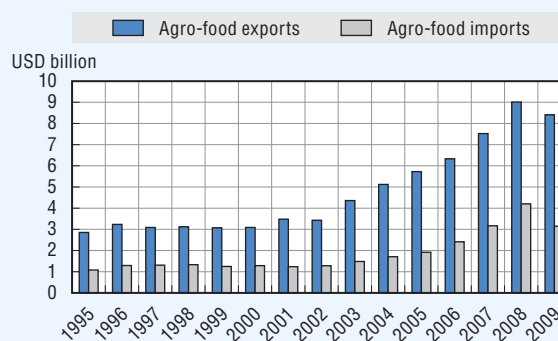
Figure 5.2. **Chile: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 5.3. **Chile: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

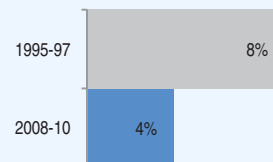
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Development of support to agriculture

Chile provides a low level of support to its farmers, with virtually no market price support and a Nominal Protection Coefficient of close to unity. Payments to farmers are based mostly on input use (fixed capital and credit). Government spending on agriculture has been rising, and payments to the sector as a whole (GSSE) have been rising more rapidly than payments to farmers. Nevertheless, support to agriculture places a low and declining burden on the economy.

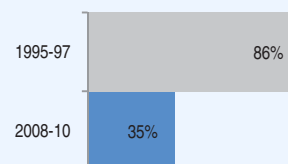
PSE as % of receipts (%PSE)

Support to farmers has shown a long term decline, with the majority of support now provided in the form of direct payments to small farmers. The %PSE is amongst the lowest in the OECD area.



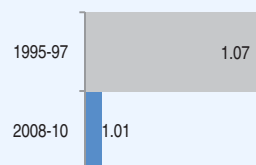
Potentially most distorting support as % of PSE

There has also been a reduction in the extent to which support is production and trade distorting support (based on commodity output and variable input use – without constraints), with just over a third of support linked to output (i.e. price support) or the use of variable inputs.



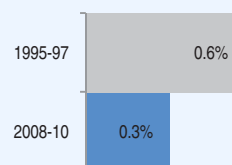
Ratio of producer price to border price (NPC)

Producer prices are almost perfectly aligned with world prices, reflecting almost no distortions in output markets.

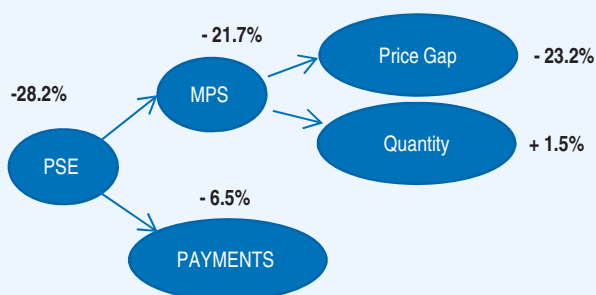


TSE as % of GDP

Although agricultural spending has been rising, the burden on the economy has been declining. About half of total support is allocated to general services, a share that is among the highest in the OECD.

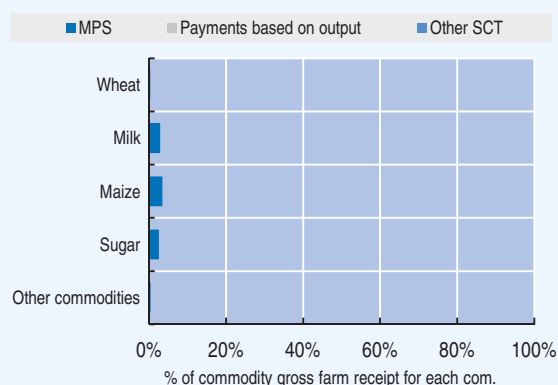


Decomposition of change in PSE, 2009 to 2010



The level of support fell in 2010 due mainly to reduced market price support (MPS), which was a consequence of price convergence.

Transfer to specific commodities (SCT), 2008-10



There are limited transfers to single commodities (SCT).

Table 5.2. **Chile: Estimates of support to agriculture**
CLP million

	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	2 098 835	4 775 320	4 456 114	4 768 042	5 101 805
<i>of which: share of MPS commodities, percentage</i>	65	66	72	63	63
Total value of consumption (at farm gate)	2 110 811	4 583 667	4 458 213	4 484 162	4 808 625
Producer Support Estimate (PSE)	170 102	172 508	148 960	214 511	154 052
Support based on commodity output	140 034	30 646	16 918	60 763	14 256
Market Price Support	140 034	30 646	16 918	60 763	14 256
Payments based on output	0	0	0	0	0
Payments based on input use	25 910	137 702	123 229	152 939	136 938
Based on variable input use	6 697	30 598	26 293	31 390	34 113
with input constraints	0	0	0	0	0
Based on fixed capital formation	9 825	74 211	64 626	86 150	71 857
with input constraints	6 909	48 027	45 226	58 342	40 514
Based on on-farm services	9 389	32 893	32 311	35 400	30 968
with input constraints	307	10 471	11 479	11 164	8 771
Payments based on current A/An/R/I, production required ¹	4 158	4 160	8 812	809	2 858
Based on Receipts / Income	0	0	0	0	0
Based on Area planted / Animal numbers	4 158	4 160	8 812	809	2 858
with input constraints	4 158	4 160	8 812	809	2 858
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	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	8	4	3	4	3
Producer NPC	1.07	1.01	1.00	1.01	1.00
Producer NAC	1.09	1.04	1.03	1.05	1.03
General Services Support Estimate (GSSE)	32 672	153 002	112 976	180 378	165 651
Research and development	8 723	21 949	21 081	22 990	21 775
Agricultural schools	362	1 097	984	1 355	953
Inspection services	400	37 877	13 536	50 826	49 269
Infrastructure	20 888	83 123	69 241	96 004	84 124
Marketing and promotion	2 078	8 774	7 793	9 052	9 478
Public stockholding	0	0	0	0	0
Miscellaneous	220	182	343	151	52
GSSE as a share of TSE (%)	16.1	47.0	43.1	45.7	51.8
Consumer Support Estimate (CSE)	-172 494	-37 695	-29 109	-63 980	-19 995
Transfers to producers from consumers	-141 015	-29 151	-16 918	-56 278	-14 256
Other transfers from consumers	-33 146	-15 079	-19 979	-13 342	-11 916
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	1 667	6 535	7 788	5 640	6 178
Percentage CSE	-8	-1	-1	-1	0
Consumer NPC	1.09	1.01	1.01	1.02	1.01
Consumer NAC	1.09	1.01	1.01	1.01	1.00
Total Support Estimate (TSE)	202 774	325 509	261 936	394 889	319 703
Transfers from consumers	174 161	44 230	36 897	69 621	26 173
Transfers from taxpayers	61 759	296 359	245 018	338 611	305 447
Budget revenues	-33 146	-15 079	-19 979	-13 342	-11 916
Percentage TSE (expressed as share of GDP)	0.64	0.34	0.29	0.43	0.30
GDP deflator 1995-1997=100	100	189	179	186	204


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

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

MPS commodities for Chile are: wheat, maize, apples, grapes, sugar, tomatoes, milk, beef and veal, pigmeat and poultry.

Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452136>

Description of policy developments

Main policy instruments

The fundamental parameters of agricultural policy remained unchanged over the 2008-10 period, although there was some re-articulation of policy objectives following the change in government in March 2010. Stated policy objectives continue to emphasise improved agricultural competitiveness, with investments targeted to a number of areas, notably irrigation, and in maintaining Chile's strong sanitary and phyto-sanitary conditions. Structural issues to be addressed include access to credit; labour market regulation; technology transfer for small and medium-sized farm businesses; and improving market information. Other areas of priority are research and innovation; sustainability – economic, social and environmental; and improved transparency in, and access to, markets. In addition, the incoming government identified institutional modernisation and reform as a priority, as well as the need for an integrated – inter-ministerial approach to rural development. The OECD's 2008 *Review of Agricultural Policies in Chile* (2008) identified these latter two priorities as areas in which Chile's agricultural policies could be improved. In particular, the review stressed the need to integrate low income households into wider development processes rather than seek sector-specific solutions.

Over the 2008-10 period, the Chilean economy was afflicted by a series of shocks, including the 2007-08 food price spike, the global financial and economic crisis, and the earthquake of February 2010. The food price shock did not lead to any agricultural policy responses, but a cash payment of CLP 20 000 (about USD 35) was made to people qualifying for three of the country's social aid programmes – representing a total of 1.4 million households, corresponding to 40% of all households. The government also took steps to counter the effects on agriculture of the economic crisis, most significantly an expansion in credit programmes (see below). The 2010 earthquake inflicted an estimated CLP 500 billion (nearly USD 1 billion) of damage on the country's agricultural and rural infrastructure. A series of measures were introduced to rebuild irrigation systems and productive infrastructure, implemented by the National Irrigation Commission (*Comisión Nacional de Riego*, CNR) and the Institute for Agricultural Development (*Instituto de Desarrollo Agropecuario*, INDAP). These measures included payments to help small farmers with reconstruction, as well as grants to individuals and associations in order to repair irrigation and other infrastructure. Chile's ability to fund these and other investments is based on a strong fiscal position, which has been helped by strong (albeit variable) copper revenues. Whereas copper revenues averaged between USD 5 billion and USD 8 billion between 1996 and 2003, accounting for about 30% of exports of goods and services, they averaged USD 34 billion between 2006 and 2010, constituting nearly half the value of all exports.

Domestic policy

Chilean agricultural policy imposes few distortions on agricultural markets. No domestic instruments are used to support domestic prices, while tariff policies (see below) resulted in an NPC of close to one in the years 2008-10. **Payments based on inputs**, which are mostly targeted to small farmers, have been growing in recent years, and accounted for an average of 3% of gross farm receipts over the past three years.

In general, there has been a large increase in public spending on agriculture. Payments to farmers (mostly based on inputs) have increased to CLP 134 billion in 2008-10 compared with less than CLP 100 billion in the previous three years, but the rate of increase was slower than for spending on general services, notably infrastructure and inspection services. Thus, while producer support

accounted for more than 70% of total support to the sector in the years to 2007, that share has been declining and was less than 50% in 2010. Expenditures on **general services** – dominated by **infrastructure** and **inspection services** continued to rise, and hit a peak of CLP 180 billion in 2009 – more than twice the value in 2007, or any earlier year.

Irrigation is the most important category of public spending, accounting for 28% of all transfers to the sector in 2008-10. About 27% of those payments were made to farmers, the majority to small farmers via INDAP. A new law on **irrigation and drainage** (December 2009) will further increase payments to small farmers. A second important category of expenditure is **sanitary and phytosanitary protection**, which is undertaken by the *Servicio Agrícola y Ganadero* (SAG). Spending in this area was responsible for 17% of all government spending on agriculture in 2008-10. Another major programme is the *Soil Recovery Programme*, which accounted for 7% of expenditures in 2008-10, and is administered jointly by the inspection agency SAG and by INDAP. Expenditures on this programme have been rising, with the share accounted for by INDAP also increasing, again reflecting the increased focus on small farmers. A fourth category of expenditure is expenditures on indigenous communities, via *Corporación Nacional de Desarrollo Indígena* (CONADI), which accounted for 8% of budgetary outlays in support of agriculture in 2008-10.

Chile also provides a range of payments to farmers with the stated aim of **improving agricultural productivity**. In 2008-10 more than 80% of these subsidies were targeted to small farmers via INDAP, with the remainder administered by the development corporation CORFO (*Corporación de Fomento a la Producción*). Of INDAP's share, around 70% was in the form of grants to develop and modernise farms. The remaining 30% was to improve farm management capabilities. CORFO provides grants to farms of all sizes.

There are three public institutions that provide **credit to farmers**: INDAP, *Banco Estado* and CORFO. Most of the lending undertaken directly by the state is directed to small farmers, again via INDAP. INDAP's lending reached a new high of CLP 36 billion in 2010, with about 38 000 farmers receiving credit. INDAP also supports farmers via commercial lenders, through a programme which covers the transaction costs incurred by financial institutions in channelling credit to small farmers (the Financial Co-ordination Subsidy, BAF) and a programme which compensates banks for the increased risks of contracting with small farmers (the Fund of Delegated Cash Management). The subsidy element in INDAP's direct and indirect lending is relatively small, at 12% of the value of credit provided and just 1% of government expenditures on agriculture.

Chile has a **crop insurance** programme (COMSA), which contains a subsidy of up to 85% of the premium in the case of small scale farmers, and 50% for medium and large-scale farmers. The overall budget increased by one-third in 2010. In 2008, the terms of insurance were adjusted to reflect the greater uptake by medium and large scale farmers. The maximum size of grant was increased from UF* 55 to UF 80 (CLP 1.7 million at the current rate) and coverage was expanded to new crops such as apples, avocados and blueberries.

* The *Unidad de Fomento* (UF) is an indexed unit of account used to price items for sale or to specify amounts to be repaid in the future. The exchange rate between the UF and the Chilean peso is constantly adjusted to inflation so that the real value of the UF remains constant. It was created in 1967, for the use in determining principal and interest in international secured loans for development, subject to revaluation according to variations in inflation. In 2010, one UF was around CLP 21 172.

Trade policy

Chile has essentially open trade, with an **MFN tariff** which has stood at 6% since 2003. With the majority of Chile's trade covered by free trade agreements, the average applied tariff is less than 2% for both agricultural and other imports.

Chile's price band system (PBS) for wheat, wheat flour and sugar is an exception, and in times of low international prices tariffs for these products have tended to exceed the MFN rate. The WTO ruled in 2007 that, despite some reform, the PBS for wheat was still in contravention of WTO rules. A proposed reform to the wheat PBS failed to get through Congress, and the new government is considering alternative modifications. For the past five years, high world prices for wheat have meant that the ceiling of the PBS has been relevant and a rebate of 100% has been applied to the MFN tariff (implying an effective tariff of zero). The PBS for sugar, which was reformed by raising the bound tariff and opening up a **tariff rate quota**, has resulted in tariff rebates for most years and tariff rate quotas being applied in 2007, 2008 and 2009.

Since 2006, Chile has applied **anti-dumping duties** on wheat flour imports from Argentina, with the current rate of 17% scheduled to last until July 2011.

In 2009, Chile's Commission on Distortions implemented **provisional safeguards**, consisting of a 15% *ad valorem* duty, on imports of milk powder and gouda cheese. These were applied for four months, after which the Commission found insufficient evidence to impose a definitive measure.

The only export policy Chile applies is one of **export promotion**. This is undertaken by the Export Promotion Bureau (PROCHILE), whose annual budget has risen consistently to more than CLP 9 billion in 2009 and in 2010.

Chile has continued to conclude more **trade agreements**, with a commercial agreement with **Turkey** coming into force in March 2011 and agreements with **Malaysia** and **Nicaragua** signed and before Parliament. Currently, negotiations are taking place with **Viet Nam** to sign a FTA and with **India** to broaden the coverage of the current "Partial Scope Agreement". A new free trade area under negotiation is the *Trans-Pacific Partnership* (TPP), an initiative that involves the widening and deepening of the original P4 Agreement, formed by **Chile, Brunei Darussalam, New Zealand** and **Singapore**. Negotiations started in 2010 and have taken place with the participation of the P4 members, and those which would join the new agreement: **United States, Malaysia, Peru, Viet Nam** and **Australia**. This is considered a "last-generation" agreement, because its scope extends not only to traditional disciplines, but also to labour, environmental and competition regulations, and because new provisions are envisaged to address the priorities of small-firms, coherence among rules and transparency issues.

PART II
Chapter 6

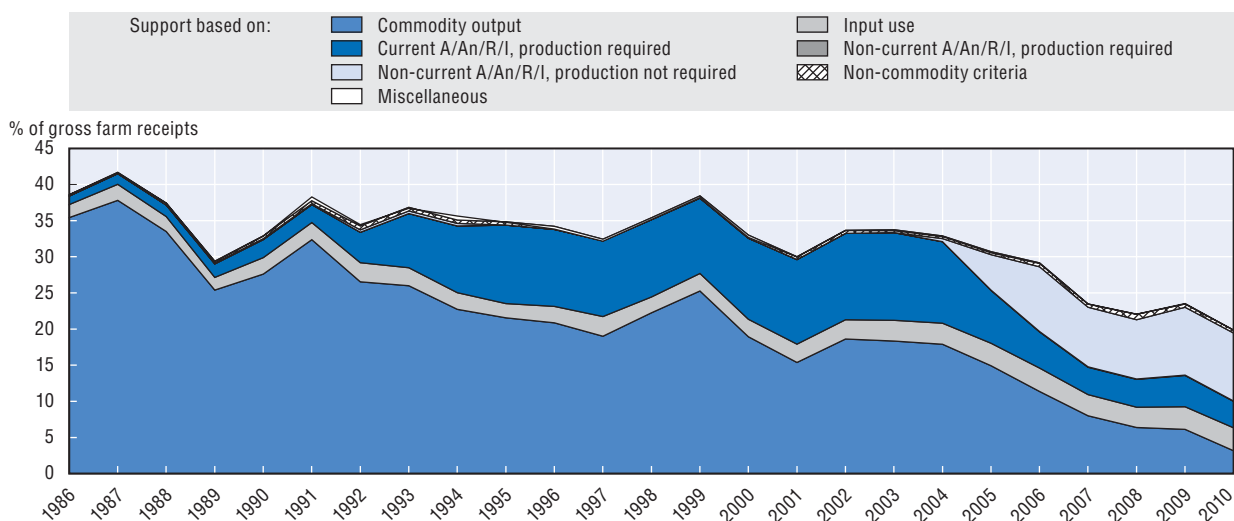
European Union

The European Union country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of Policy Developments

- Overall, policy reforms since 1986-88 have improved the sector's market orientation. There has been a gradual and consistent move away from previously high levels of market price support and output payments and reduction in the level of support. Production and trade distorting policies now account for 29% of support to producers as measured by the PSE.
- The implementation of recent reforms further reduced market intervention and protection, and increased the share of payments granted with no requirement to produce, thus allowing producers to better respond to market signals. Targeting is expected to increase as funds transferred from Pillar I to Pillar II under the 2009 Health Check have to be used to target specific objectives such as climate change, renewable energy, water management, biodiversity, and related innovation, as well as for restructuring the dairy sector.
- The 2009 Health Check results in about half of support to producers being delivered with no requirement to produce. However, Article 68 provides an opportunity for member states to target specific sectors and regions by implementing limited commodity-specific support.
- As a result of reforms and high world prices, export subsidies are low at 1% of EAGF expenditures. Market access for agricultural products is increasing through a number of bilateral agreements and lower applied tariffs in case of shortages.
- While substantial progress has been made in reducing the level of support and the share of production and trade distorting support, future efforts need to focus on progress towards better targeted support.

Figure 6.1. **European Union: PSE level and composition by support categories, 1986-2010**



Source: OECD, PSE/CSE database, 2011.

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Contextual information

The **European Union** is the largest economic region with a GDP per capita below the OECD average. Agriculture accounts for less than 2% of GDP and about 5% of employment in the EU27, with significant differences across member states. The European Union was a net importer of agro-food products until 2009. It was the second largest exporter in the world and the largest importer for those products. In 2009, agro-food products accounted for about 6% of all EU exports and 7% of all EU imports. There is a large diversity of farms structure and production systems in EU regions. Agriculture occupies around half of the territory and accounts for about a quarter of water consumption.

Table 6.1. European Union: Contextual indicators, 1995, 2009*

	1995	2009*
Economic context		
GDP (USD billion)	8 742	16 369
Population (million)	372	497
Land area (thousand km ²)	3 128	3 843
Population density (habitants/km ²)	114	119
GDP per capita, PPP (USD)	17 440	30 651
Trade as % of GDP	20.6	27.6
Agriculture in the economy		
Agriculture in GDP (%)	2.7	1.8
Agriculture share in employment (%)	5.1	3.4
Agro-food exports (% of total exports)	8.6	5.9
Agro-food imports (% of total imports)	9.9	6.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-10 429	-31 482
Crop in total agricultural production (%)	53	56
Livestock in total agricultural production (%)	47	44
Agricultural area (AA) (thousand ha)	142 453	193 224
Share of arable land in AA (%)	53	57
Share of irrigated land in AA (%)	n.a.	n.a.
Share of agriculture in water consumption (%)	10	24
Nitrogen Balance, Kg/ha	n.a.	n.a.

* Or latest available year.

Sources: OECD statistical databases, World development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Figure 6.2. European Union: Main macroeconomic indicators, 1995-2010



Source: OECD statistics.


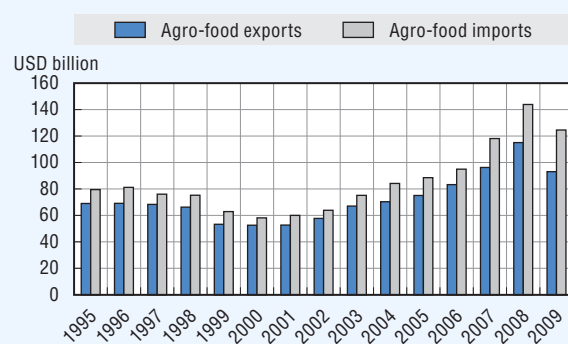
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Figure 6.3. European Union: Agro-food trade, 1995-2009



Source: International Trade by Commodity Statistics (ITCS) Database.

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Development of support to agriculture

The European Union has gradually reduced its support to agriculture in the long term, in particular the most production and trade distorting forms of support, which now represent less than 30% of support to producers. The level of price distortions has been significantly reduced as illustrated by changes in the NPC. The share of payments granted with no requirement to produce has increased to 47% of total support, as well as the share of payments targeted to environmentally and animal friendly practices.

PSE as % of receipts (%PSE)

Support to producers (%PSE) has decreased gradually and consistently over the long term, in particular since the mid-90s, and remains slightly above the OECD average. At 20%, it reached its lowest level ever in 2010, compared to 22% in 2008 and 24% in 2009.

Potentially most distorting support as % of PSE

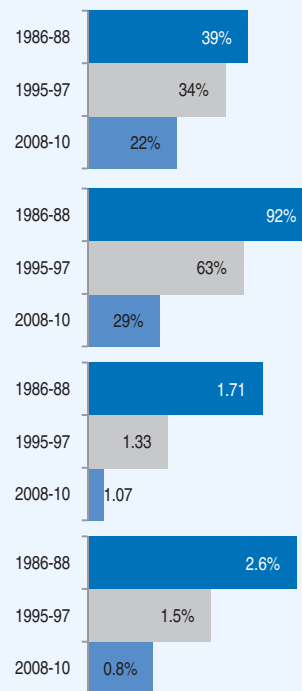
The European Union has progressively reduced market price support mechanisms and protection at the border and increased direct payments to farmers, mostly with no requirement to produce. The most production and trade distorting measures (based on commodity output and variable input use – without constraints) now represent less than 30% of the PSE.

Ratio of producer price to border price (NPC)

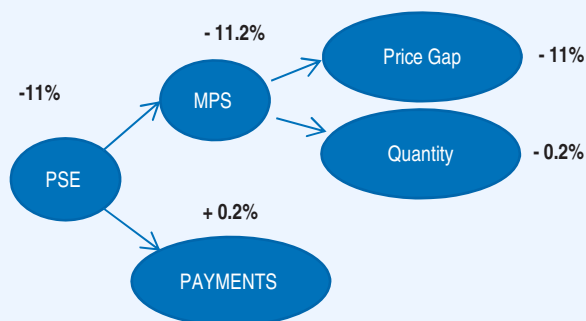
On average, prices received by farmers were 7% higher than those on the world market in 2008-10. Domestic prices for cereals, oilseeds, milk, pigmeat and eggs were closely aligned with border prices, while prices received by beef, sheep and sugar producers were about 20 to 30% higher, and prices received by poultry farmers were over 50% higher.

TSE as % of GDP

Total support was about 0.8% of GDP in 2008-10 and expenditure on general services represented around 11% of total support.

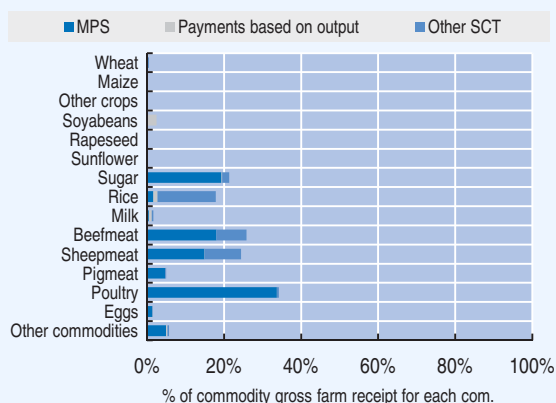


Decomposition of change in PSE, 2009 to 2010



The reduction in support between 2009 and 2010 is mainly due to a narrowing of the gap between domestic and border prices.

Transfer to specific commodities (SCT), 2008-10



Single Commodity Transfers (SCT) represented 28% of total PSE. The share of the SCT in the commodity gross farm receipt is at or close to zero for grains (except rice), oilseeds and milk, and above 20% for poultry, beef and veal, sheepmeat and sugar.

Table 6.2. **European Union: Estimates of support to agriculture**
EUR million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	211 380	239 230	322 021	344 641	300 590	320 832
<i>of which: share of MPS commodities, percentage</i>	75	74	73	74	72	73
Total value of consumption (at farm gate)	188 226	227 942	310 611	340 984	295 200	295 648
Producer Support Estimate (PSE)	88 005	93 767	84 282	90 364	85 947	76 535
Support based on commodity output	79 853	57 154	20 229	26 139	22 360	12 187
Market Price Support	74 791	53 639	19 370	25 170	21 278	11 663
Payments based on output	5 063	3 515	858	969	1 082	524
Payments based on input use	4 565	6 512	11 735	11 522	11 431	12 253
Based on variable input use	872	2 292	4 404	4 527	4 172	4 513
with input constraints	0	0	54	95	31	36
Based on fixed capital formation	2 685	2 565	5 313	5 067	5 239	5 634
with input constraints	0	86	513	696	440	405
Based on on-farm services	1 008	1 655	2 018	1 928	2 021	2 106
with input constraints	82	427	26	32	35	11
Payments based on current A/An/R/I, production required ¹	3 195	29 776	15 231	15 777	15 812	14 104
Based on Receipts / Income	132	64	515	321	588	635
Based on Area planted / Animal numbers	3 063	29 711	14 716	15 456	15 224	13 469
with input constraints	849	11 364	12 043	12 542	12 249	11 338
Payments based on non-current A/An/R/I, production required	0	0	177	191	167	174
Payments based on non-current A/An/R/I, production not required	0	24	34 740	33 633	34 299	36 288
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	24	34 740	33 633	34 299	36 288
with commodity exceptions	0	0	13 706	13 815	13 350	13 953
Payments based on non-commodity criteria	428	988	2 097	3 099	1 644	1 549
Based on long-term resource retirement	426	882	1 360	2 461	905	714
Based on a specific non-commodity output	1	106	649	545	658	744
Based on other non-commodity criteria	0	0	88	92	81	91
Miscellaneous payments	-35	-687	73	3	234	-19
Percentage PSE	39	34	22	22	24	20
Producer NPC	1.71	1.33	1.07	1.08	1.08	1.04
Producer NAC	1.65	1.51	1.28	1.28	1.31	1.25
General Services Support Estimate (GSSE)	8 273	8 640	10 859	12 676	9 845	10 056
Research and development	1 059	1 479	2 127	2 145	2 129	2 109
Agricultural schools	169	693	1 016	948	908	1 193
Inspection services	171	241	757	728	713	831
Infrastructure	1 166	1 851	3 798	5 282	3 208	2 904
Marketing and promotion	1 557	2 250	2 995	3 326	2 689	2 970
Public stockholding	4 114	1 865	122	195	165	6
Miscellaneous	38	260	43	52	34	43
GSSE as a share of TSE (%)	8.2	8.1	11.3	12.1	10.1	11.5
Consumer Support Estimate (CSE)	-65 589	-46 628	-18 107	-23 867	-20 029	-10 424
Transfers to producers from consumers	-75 427	-51 454	-18 978	-24 732	-20 831	-11 372
Other transfers from consumers	-1 501	-481	-469	-558	-618	-232
Transfers to consumers from taxpayers	4 442	3 931	1 341	1 424	1 421	1 179
Excess feed cost	6 897	1 376	0	0	0	0
Percentage CSE	-36	-21	-6	-7	-7	-4
Consumer NPC	1.70	1.30	1.07	1.08	1.08	1.04
Consumer NAC	1.56	1.26	1.06	1.08	1.07	1.04
Total Support Estimate (TSE)	100 720	106 337	96 483	104 464	97 214	87 770
Transfers from consumers	76 928	51 935	19 448	25 290	21 450	11 604
Transfers from taxpayers	25 293	54 883	77 504	79 732	76 382	76 399
Budget revenues	-1 501	-481	-469	-558	-618	-232
Percentage TSE (expressed as share of GDP)	2.55	1.51	0.79	0.84	0.82	0.72
GDP deflator 1986-1988=100	100	140	178	179	176	180


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

1. A (Area planted), An (Animal numbers), R (receipts), I (income).

EU12 for 1986-94, including ex GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06; EU27 from 2007.

MPS commodities for the European Union are: wheat, maize, other grains, rice, oilseeds, sugar, milk, beef and veal, sheepmeat, pigmeat, poultry, eggs, potatoes, tomatoes, plants and flowers and wine. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452174>

Description of policy developments

Main policy instruments

The Common Agricultural Policy (CAP) is composed of two pillars. Pillar I defines and funds Common Market Organisations, and includes the Single Payment Scheme (SPS) and the Single Area Payment Scheme (SAPS). Pillar II, or Rural Development Regulation of Agenda 2000, contains various measures co-financed by EU member states, including agri-environmental schemes, payments to less favoured areas and investment assistance. Pillar I funds come from the European Agricultural Guarantee Fund (EAGF), while Pillar II funds come from the European Agricultural Fund for Rural Development (EAFRD). EU budget on agriculture and rural development (title 05) increased from EUR 55.2 billion (USD 73.1 billion) in 2009 to EUR 56.8 billion (USD 75.2 billion) in 2010, of which 7% were for market price support measures, 70% for Pillar I payments and 24% for Pillar II measures.

Most Pillar I payments are implemented as a single payment granted with no requirement to produce. Under the SPS applying in the EU15, **Malta** and **Slovenia**, payment entitlements are based on historical references, either at individual farm level (historical model), at regional level (regional model) or as a combination of the two (hybrid model).¹ Until 2013, a specific transitional and optional scheme, the SAPS, applies in other member states.² Under the SAPS, each hectare in a member state receives the same payment rate. However, payments relating to the reform of the sugar regime and the fruit and vegetable regime may be paid on a historical basis. In EU15 countries, there are some payments for specific commodities but as of 2012, they will all be integrated into the single payment except the ewe premium and the suckler cow premium, where member states chose to continue them, and payments for cotton. During the ten-year phase-in period, new member states, which joined the European Union in 2004 or 2007, may complement EU funds with Complementary National Direct payments (CNDPs) from national funds up to a defined ceiling. They are granted as a single payment or as commodity-specific area or headage payments. As part of Article 68 of the Health Check Regulation, which gives member states the option to use 10% of their national budget ceilings under EAGF for specific purposes, they can introduce commodity-specific payments.

Pillar I also funds the following market price support measures. There is an intervention price for cereals (with the exception of oats and rye). Public intervention is set at zero for barley, maize and sorghum. For wheat there is a limit for purchase at the cereal intervention price, beyond which purchase is by tender. Sugar is supported through production quotas and private storage when market prices fall below “reference” prices. The market support regime for cereals and sugar also comprises trade protection through tariffs, tariff rate quotas (TRQs) and export subsidies. Fruits and vegetables are supported through various measures increasingly co-financed by producers, including crisis intervention managed by producer organisations, an entry price system, and *ad valorem* duties, but no export subsidies.

Intervention prices are used for butter and skimmed milk powder in conjunction with import protection and export subsidies. Milk production quotas are being phased out and are planned to expire in April 2015. The beef market is supported by basic prices, tariffs, TRQs and export subsidies. Support for pigmeat is provided by import protection and export subsidies. For sheepmeat, the market support regime comprises tariffs and TRQs, with most country-specific TRQs subject to a zero customs duty. For poultry and eggs, there are TRQs and export subsidies. As a result of these measures, prices paid to domestic producers were 7% above world market prices

in 2008-10, and the support they generated (Market Price Support) represented 23% of the estimated support to agriculture.

Pillar II funds are implemented through National (or Regional) Development Programmes, which define the list of measures chosen by the country and their funding. The current plans cover the period 2007-13. They focus on three “thematic axes”: 1) improving the competitiveness of the agricultural and forestry sectors; 2) improving the environment and the countryside; 3) improving the quality of life in rural areas and encouraging diversification of the rural economy. Axis 1 includes measures for farm modernisation, the setting-up of young farmers, early retirement, semi-subsistence farms undergoing restructuring, vocational training, producer groups, adding value to farm and forestry products, and restoring production potential damaged by natural disasters. Axis 2 includes agri-environmental and animal welfare payments, payments to farmers in areas with natural handicaps, payments for afforestation, payments for protecting biodiversity in specific sites, and support to non-productive investments. Axis 3 groups measures encouraging the diversification into non-agricultural activities, tourism activities, the creation and development of micro-enterprises, rural services, and the conservation of rural heritage. Rural Development Programmes also support projects using the “LEADER approach” – relying on a multi-sectoral approach and local partnerships to address specific local problems; as well as technical assistance for the implementation of Pillar II measures.

The combination of EU, national and regional payments to producers represents over three-quarters of the PSE. Those payments were relatively stable between 2009 and 2010 (+0.3%). The 11% decrease in the PSE was mainly due to a 45% reduction in MPS due to higher world prices.

Domestic policy

The *Health Check* regulations³ were formally adopted and entered into force in January 2009. As a result, the **intervention** for **pigmeat** and the aid for the **private storage** of **cheese** were abolished in 2009/10. Intervention levels were set to zero as of the beginning of the 2009/10 marketing year for durum wheat and rice, and the following year for barley and maize. Limits for **intervention purchase** were set at 3 million tonnes for **wheat**, 600 000 tonnes of **white sugar** equivalent for sugar, 30 000 for **butter** and 109 000 tonnes for **skimmed milk powder** (SMP). Above those limits, purchase is done by tender. For **butter** and **SMP**, **public intervention** is available from March to August, but it was extended twice in 2009 (once in July then in October) until the end of August 2010. **Disposal aid for butter** consumption was abolished and the aid for skimmed milk powder used as animal feed and skimmed milk for casein production became optional. In 2010 intervention was also abolished for sugar and replaced by private storage as planned in the 2006 sugar reform. Tendering for **private storage aid** re-opened in June 2009 for olive oil and in February 2011 for pigmeat. As a result of recent reductions in intervention prices, the price paid to rice, sugar and milk producers has significantly decreased and was aligned with border prices in 2010. For sugar, this is the result of both higher world border prices and lower domestic prices. The share of MPS decreased from around half of the PSE in 2004 to a quarter in 2009 and 15% in 2010, mainly due to higher world prices.

As planned in the *Health Check*, **milk quotas** were increased by 1% in 2009/10 and another 1% in 2010/11, and the mandatory set-aside introduced in 1992 was abolished.

The implementation of the *Health Check* led to a number of changes in the **Single Payment Scheme**:

- Payments for arable crops and hops, olive oil and tobacco and the quality premium for durum wheat were integrated in the single payments in 2010, while the integration of other payments to be discontinued can be delayed until 2012.⁴ The energy crop premium was abolished.
- Assistance to sectors with specific situations (so-called article 68 measures) became more flexible. Before 2009, member states could retain by sector 10% of their national budget ceilings for direct payments for environmental measures or improving the quality and marketing of products in that sector. From 2009, payments continue to be for the same purposes, but the money no longer has to be used in the same sector; it may be used to help farmers producing milk, beef, goat and sheep meat and rice in disadvantaged regions or vulnerable types of farming; it may also be used to support risk management measures such as insurance schemes for natural disasters and mutual funds for animal diseases; and countries operating the SAPS become eligible for the scheme. Of the EUR 1.3 billion (USD 1.7 billion) budgeted for 2011, 20% are expected to be used as dairy cow premiums, 17% as area payments for crop rotation, 13% as complement to sheep premiums, 12% as insurance subsidies, and 7% as complements to beef and suckler cow premiums.
- **Cross compliance** conditions were simplified and harmonised between the two pillars of the CAP.
- Additional money was shifted from Pillar I to Pillar II (so-called modulation): Before 2009, a reduction in direct aid of 5% applied to all amounts of more than EUR 5 000 (USD 6 622) per farm and the money was transferred into the Rural Development budget. This rate was increased to 7% in 2009 and 8% in 2010. An additional cut of 4% was made on payments above EUR 300 000 (about USD 400 000) a year. These modulation funds may be used by member states to reinforce programmes in the fields of climate change, renewable energy, water management, biodiversity, innovation linked to the previous four areas and for accompanying measures in the dairy sector (see below). In convergence regions where average GDP is lower, this transferred money is co-financed by the European Union at a rate of 75%, while in convergence regions, it is co-financed at a rate of 90%.

Some changes were made in 2010 regarding the implementation of **CNDPs**, partly to bring them into line with the *Health Check* regulation, partly in response to budget constraints: In the **Czech Republic**, the rates of payments for arable land were more than halved and those of payments per Livestock Unit were reduced. In **Estonia**, CNDPs that were still based on current area (arable crops) or non-current area, milk quota or animal head (for hayseeds, dairy cows, beef cattle and part of the CNDP for ewe) were paid on the basis of historical entitlements. In **Hungary**, area payments were discontinued and payments for dairy cows were provided under article 68. Overall, national expenditures on CNDPs were divided by five between 2009 and 2010. In the **Slovak Republic**, area payments were abolished in 2010 and the overall level of CNDPs was reduced by 60% between 2009 and 2010. In **Bulgaria** and **Romania**, the share of CNDPs coming from EU rural development funds decreased in 2010, and from 2011, they will be entirely funded from national budgets.

As a result of those changes and the increase of single payments in new member states as planned in the 10 year transition period following accession (phasing-in), the share of single payments in total PSE payments increased from 40% in 2009 to 47% in 2010 (compared to 37% in 2008).

Implementation of rural development programmes for 2007-13 continued with the introduction of a number of new measures, such as animal welfare payments, payments for meeting standards, and payments for the adoption of quality schemes. During 2009 member states

modified their **Rural Development Programmes** to include additional funding from modulation (EUR 3.9 billion or USD 5.2 billion over 2009-13) and from the EU Recovery plan (EUR 1 billion or USD 1.3 billion), which focussed on the creation and upgrade of broadband in rural areas. All programmes had been approved by the Rural Development Committee by January 2010. The majority of the EUR 4.9 billion (USD 6.5 billion) was concentrated in the areas of bio-diversity (31.2%) and water management (26.9%), with dairy restructuring receiving 14.5%, and climate change measures 14.2%, of which 40% for renewable energy re-enforcement. Member states decided to invest 35% of the EU Recovery funds for broadband.

In September 2010, the EU Commission decided to increase EU co-financing of national programmes supporting the beekeeping sector in the area of disease control, restocking of hives, applied research and technical assistance. As a result, EUR 32 million (USD 42 million) per year will be available for 2011-13, compared to EUR 6 million (USD 8 million) for 2008-10.

In December 2010, member states agreed on new **food labelling** rules, which will now be discussed by the European Parliament. The proposed measures include: mandatory origin labelling for chicken, pigmeat and lamb, a minimum font size of 1.2 mm, and mandatory labelling of quantities of fat, saturates, carbohydrates, protein, sugars and salt to be expressed per 100 grams/100 millilitres or as a percentage of recommended intake. In July 2010, a new EU organic logo was launched. In January 2011, Italy made origin labelling compulsory for all foods.

In response to low dairy prices at the beginning of 2009, a number of measures were taken at the EU and national levels to help the dairy sector. In addition to aid restructuring from rural development funds mentioned above, the Commission opened private storage aid for butter and extended the intervention periods, re-activated export subsidies from January to November 2009, and allowed member states to pay up to 70% of direct payments to farmers 6 weeks in advance. An additional EU aid package for dairy farmers of EUR 300 million (USD 397 million) was agreed. Funds are distributed to member states according to current milk production patterns. The **School milk** programme was reinforced by extending the range of products and the age group of children covered by the Scheme.

National support was allowed under the Temporary Framework for state aid, allowing EUR 15 000 (about USD 20 000) to be paid per farmer up to March 2011. Under this framework, the Commission authorised schemes to support farmers affected by the economic crisis in **Austria** (EUR 1.2 million or USD 1.6 million), **Belgian Flanders** (EUR 2.7 million), **Bulgaria** (EUR 10.3 million), **Finland** (EUR 22 million), **France** (EUR 700 million), **Hungary** (EUR 18.2 million), **Italy** (EUR 320 million), **Lithuania** (EUR 2.9 million), **Romania** (EUR 30 million), the **Slovak Republic** (EUR 3.9 million), **Slovenia** (EUR 3.8 million), and the **United Kingdom** (EUR 23 million). This support benefits mostly livestock farmers.

France granted a number of rescue aid packages mainly in the form of **interest concessions** on loans. In particular, a large farm aid package was announced in October 2009 which includes EUR 1 billion (USD 1.3 billion) of loans supported by EUR 650 million (USD 860 million), which will allow the interest rates to be lowered by 1.5% over five years and 1% for young farmers. A EUR 200 million (USD 265 million) scheme will also reduce interest payments on loans taken out by farmers beforehand. Social security payments and various taxes and insurance costs will also be alleviated, these concessions amounting to about EUR 400 million (USD 530 million). Emergency support was also granted in other member states over the period.

National measures (other than top-up payments in new member states) included **credit subsidies, fuel tax rebates** and **disaster payments** to compensate farmers for damages from climatic events (*e.g.* flood damages in Central Europe in 2010), wild animals (*e.g.* in **Estonia**) or pest

and diseases (e.g. in **Bulgaria**). In **Poland**, changes were made to the rules for granting agricultural loans with interest concessions. In **Sweden**, the **tax on commercial fertilisers** was abolished and stricter rules were put in place concerning application of manure and other organic fertilisers in vulnerable areas. Tax rebates on diesel fuel used in agricultural and forestry machinery were reduced, while the energy tax on diesel was increased.

In 2009, the **Danish** government introduced a *Green Growth plan* of EUR 1.8 billion (USD 2.4 billion) in order to support green investments in Danish agriculture until 2015. The new initiatives includes: a new model for **nitrogen regulation** to reduce emission to the environment (e.g. spraying-free, fertiliser-free and cultivation-free buffer zones and wetlands, and improved targeting of pesticide levies); strengthening the role of the agricultural sector as a supplier of green energy through support to establishment of biogas plants and to planting of energy crops; increasing funds for support to conversion to organic farming; removal of most of the restrictions on acquisition of agricultural property; more coherent organisation and focusing of environment and food research, development and innovation, and funding of green technologies and value creation in the food industry. The new legislation on agricultural land involves the removal of limits on the maximum number of livestock units per farm and on the maximum land area owned by a single farmer; the abolition of the legal requirement that 25-30% of any farmed area had to be owned by a single farmer; the new possibility of landless livestock production; and the abolition of the legal requirement that farm properties must be personally owned by 'qualified' farmers (farms can now be owned as limited companies). **Luxembourg** has decided to introduce a preferential price for water used in agriculture.

Climate change strategies were launched in many countries and regions.

On 1 January 2010, the new **Estonian** Agricultural Board became operational. It executes state supervision and enforces state powers in the areas of land improvement, plant protection, plant health, plant variety rights, seed and plant propagating materials, organic farming, fertilisers and horticultural products pursuant to and in the scope prescribed by law. **France** created a public food and environment research consortium grouping two agricultural research institutes (CIRAD and INRA), and four universities, Montpellier SupAgro, the national veterinary school at Toulouse, *AgroCampus Ouest* and *AgroParisTech*. **Luxembourg** has embarked into a reform of its food safety institutions and created a coordination body. On 14 October, the **Netherlands Ministry** of Agriculture, Nature and Food Quality was merged with the Ministry of Economic Affairs to form the new Ministry of Economic Affairs, Agriculture and Innovation.

According to an EU report on humanitarian aid,⁵ EU expenditures on **food aid** amounted to EUR 330 million (USD 458 million) in 2009 compared to EUR 223 million (USD 326 million) in 2008. Food aid was provided on fully grant terms and in value terms, about 80% was bought locally and regionally.

Trade policy

In 2009 and 2010, **export subsidy** spending was about EUR 650 million and 385 million respectively (USD 903 million and 509 million), compared to EUR 3.4 billion (USD 4.2 billion) in 2004 and EUR 925 million (USD 1.4 billion) in 2008. This gradual decline is due to reforms of the sugar, fruits and vegetable, wine and dairy regimes and the rise in world prices. Export subsidies for milk and milk products, which had not been used significantly in 2008, were reintroduced temporarily in 2009 for butter, cheese and skimmed milk powders. According to the most recent EU notifications to the WTO on export subsidies, the European Union remained well below its WTO

ceiling for the marketing year 2007/08, overall and for most products. However, over 99% of the allowance for sugar was used in volume.

On **market access**, import duties on maize, sorghum and rye have been set to zero for the 2010/11 marketing years as a result of a mechanism linking import duties to border prices. In-quota duties on low and medium quality soft wheat and feed barley were suspended from March to June 2011. New sugar import rules replacing the former Sugar Protocol with African, Caribbean and Pacific (ACP) countries came into force in October 2009. Least Developed Countries benefitting from the Everything-But-Arms agreements will have effective duty-free, quota-free access for sugar exports to the European Union. ACP countries with Economic Partnership Agreements will also receive those preferential terms. With the rise in sugar world prices, an exceptional import tariff quota was opened up to 30 September 2011, within which the Most Favoured Nation duty on sugar imports was suspended.

According to the most recent EU notifications to the WTO, import tariff quotas in 2008/09 were filled at 80-100% for 40% of quotas while imports were zero to 5% of quota for 38% of them, notably for live bovine animals, swine carcasses and preserved meat, chicken meat, and most dairy products except cheddar cheese. In 2009, 57% of quotas were filled at 80-100%, while a quarter of them had a fill-rate of zero to 5%. This was for example the case for live sheep, manioc, sweet potatoes, corn gluten, sorghum, broken rice or cereal bran.

According to the most recent EU notifications to the WTO, the price-based special safeguard system has been made operational for some poultry meat, egg and sugar products in marketing year 2008/09. During the same period, the system has been made operational for some fruits and vegetables. The volume-based special safeguard action has not been invoked.

A new EU regulation on food and feed imports requires member states to designate points of entry for consignments to the European Union. Controls will be enhanced both on documents and on imported goods.

In response to a WTO panel over EU import arrangements for **bananas**, an agreement was found with **Latin American** countries over the banana import regime in December 2009. Under the agreement, the EU import tariff should be cut gradually from EUR 176 (USD 233) per tonne to EUR 114 (USD 151) per tonne by 2017. It was retroactively cut to EUR 148 (USD 196) per tonne in December 2009 and further cuts should take place every year from 2011 to 2017 in annual instalments: EUR 143, EUR 136, EUR 132, EUR 127, EUR 117 and EUR 114.

In July 2009, the European Union and Canada signed a final settlement to resolve a WTO dispute over genetically modified (GM) products, which was launched in 2003 when **Canada**, the **United States** and **Argentina** lodged complaints that the European Union was blocking approvals of GM products with lengthy approval process. In March 2011 the European Union and **Canada** signed an agreement ending the dispute over beef hormones between the two parties. It includes additional market access for Canadian beef into the European Union through a 1 500 tonne expansion of the EU import quota for high quality meat. In return, Canada drops all WTO-authorized retaliation sanctions on EU exports. A similar settlement had been reached with the United States in 2009, with the opening of a 20 000 tonne quota for US and other producers meeting the conditions. The second stage of the EU-US agreement would see this import quota be transformed into a 45 000 tonne permanent quota, while the European Union-Canada agreement also foresees an increase of the Canadian quota.

In September 2009, the European Union signed four interim *Economic Partnership Agreements* with **Mauritius**, **Seychelles**, **Zimbabwe** and **Madagascar**. These replace the former system of unilateral trade preferences granted to ACP countries, which was deemed incompatible with WTO rules.

A Multiparty Trade Agreement between the European Union, **Columbia** and **Peru** was initiated in March 2010. Pending approval procedures on both sides, this will provide for full liberalisation of a range of foodstuffs and beverages, while creating low-tariff quotas for other sensitive products. The European Union secured access to dairy products and pigmeat, while granting increased access to bananas, rum and sugar.

Several **bilateral agreements** entered into force or were concluded. The new trade liberalisation agreement between the European Union and **Israel** entered into force in January 2010 (see Chapter 7). In October 2010, the European Union and **Korea** signed a Free Trade Agreement. The agreement will enter provisionally into force in July 2011.

The new agreement governing the wine trade between **Australia** and the European Union entered into force in September 2010. It safeguards the EU's wine labelling regime, gives full protection to EU geographical indications, including for wines intended for export to third countries, and protects EU traditional expressions. It also provides for the phasing out of the use of a number of EU product names such as Champagne and Port on Australian wines within a year of the agreement coming into force.

In January 2010, the European Union and **Norway** concluded negotiations on an agreement to further liberalise bilateral trade in agricultural products. The draft agreement is subject to the approval of the respective authorities. This is part of the regular process foreseen by the European Economic Area Agreement. Under the new agreement, all trade barriers for less sensitive products will be eliminated. For more sensitive products such as meat, dairy, fruits, vegetables and ornamental plants, some tariffs quotas and tariff reductions will be granted. As a result of this agreement and previous ones, around 60% of EU exports to Norway will be completely freed (in term of trade value).

In May 2010, the European Union reached agreement on a trade deal with a group of **Central American countries** comprising **Panama, Guatemala, Costa Rica, El Salvador, Honduras** and **Nicaragua**. The agreement guarantees full liberalisation for industrial products and includes some openings for agricultural products. In particular, market access increases for dairy products from the European Union; and for bananas, beef and rice from Central American countries.

In September 2010, the European Commission adopted a draft decision on a European Union-**Morocco** bilateral trade agreement for agri-food and fisheries products. It then passed to the Council and the European Parliament for approval. In the agricultural products sector, the agreement will allow for the immediate liberalisation of 45% of the value of EU exports and 70% in ten years. The tinned food, dairy products, oilseeds and fruit and vegetable sector will benefit fully from total liberalisation. The fisheries sector will also be opened up for EU products (91% after five years and 100% in ten years). For processed agricultural products full liberalisation is planned in stages over the next ten years, with the exception of pasta, for which a quantitative restriction is provided. The agreement will provide immediate liberalisation of 55% of EU imports from Morocco. For products considered as most sensitive, namely tomatoes, strawberries, courgettes, cucumbers, garlic and clementines, concessions are made in the form of tariff quotas.

Negotiations on a European Union-**Switzerland** bilateral agreement for the protection of their respective Geographical Indications (GIs) for agricultural products and foodstuffs were concluded in December 2009. It covers 800 GIs registered in the European Union and 22 GIs registered in Switzerland. The agreement was approved by the EU Council of Ministers in January 2011. It will apply after approval by the European Parliament. In July 2010, the European Union and **Russia** agreed to align maximum levels of pesticides residues on fruits and vegetables.

Negotiations on free trade agreement are on-going between the European Union and a number of countries such as **India**, or groups of countries (e.g. Euromed, ASEAN, Mercosur⁶). Negotiations were launched with **Canada** in May 2009, **Singapore** in December 2009, and **Malaysia** in October 2010.⁷

Following **Montenegro** in December 2008, a number of countries applied to join the European Union during 2009-10: **Albania** in May 2009; **Iceland** in July 2009; and **Serbia** in December 2009. Accession negotiations started with **Iceland** in July 2010, and continued with **Croatia** and **Turkey**.

Notes

1. http://ec.europa.eu/agriculture/markets/sfp/pdf/2008_01_dp_capFVrev.pdf.
2. Of the 12 member states that joined the European Union in 2004 and 2007, six (the Czech Republic, Estonia, Hungary, Poland, the Slovak Republic and Slovenia) are members of the OECD. The other six, which are not members of the OECD, are covered in this report, in particular in EU aggregate indicators, but not in indicators for the OECD area.
3. Council Regulations (EC) No. 72/2009, 73/2009 and 74/2009.
4. Beef slaughter premium and male beef premium, payments for fruits and vegetables, payments for tomatoes (until 2011), quality premium for rice, aid for nuts, aid payments for seeds, aids for protein crops, aids for starch potato growers, and processing aids for dried fodder, potato starch and flax and hemp.
5. http://ec.europa.eu/echo/files/media/publications/annual_report/annual_report_2009_en.pdf#page=97.
6. For more information on the status of European Union-Mercosur trade negotiations, see Chapter 17 on Brazil.
7. A table with state of play for on-going bilateral trade negotiations as well as map for existing trade agreement can be access at the following address: http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf.

PART II
Chapter 7

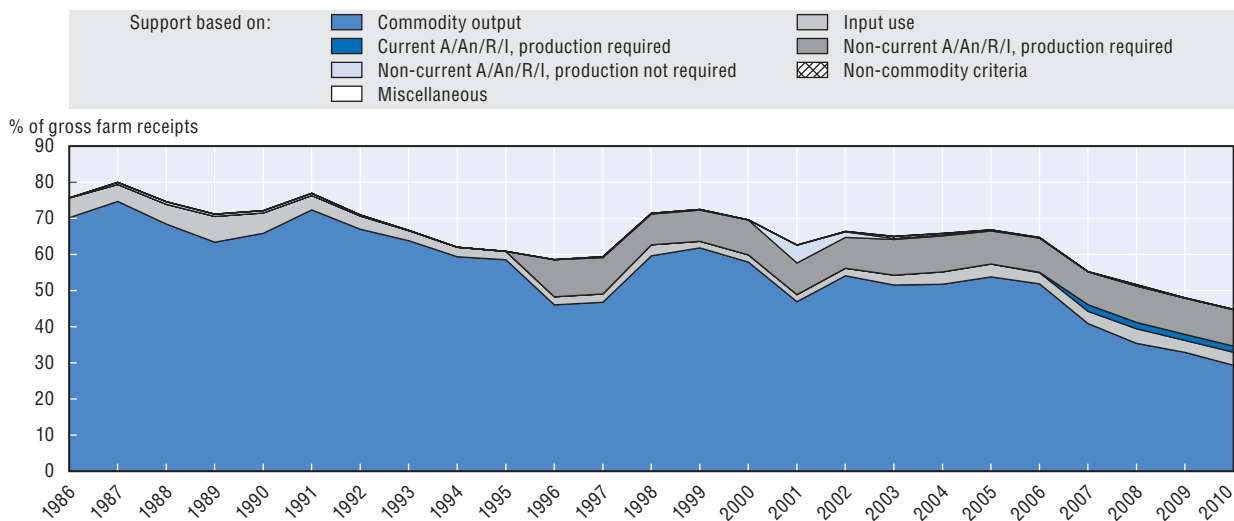
Iceland

The Iceland country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of Policy Developments

- Progress in policy reform since 1986-88 has been limited overall. Despite the substantial decline in the level of producer support in recent years, it remains much higher than the OECD average.
- The significant weakening of the Icelandic Króna during 2007-09, and higher international prices for the products most important to Iceland's agriculture, dairy, led to a significant increase in border prices denominated in local currency. As a consequence market price support fell and overall support to producers, expressed as a percentage of gross farm receipts decreased significantly.
- The policy mix in Iceland remains dominated by production and trade distorting measures. With the change in payments to sheepmeat producers made in 1996, and more recently following a renewed six-year agreement between the government and the farmers' association concerning the framework of support to sheepmeat production that took effect in 2008, there has been a shift towards somewhat more decoupled forms of support.
- Further efforts are still needed to reduce the level of support and to continue the development of more efficient and coherent policy measures. They should target explicit policy objectives, including environment protection, in ways that are less production and trade distorting and that conserve natural resources.

Figure 7.1. Iceland: PSE level and composition by support categories, 1986-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Iceland is a relatively small economy with a GDP per capita close to the OECD average, slightly higher than average inflation, and low unemployment rates. The recent economic downturn, however, resulted in a significant worsening of the economy with lower per capita GDP and higher inflation and unemployment rates. With about 6%, the shares of agriculture (including fish) in both GDP and employment are relatively, though not particularly, high, caused by the important fishing sector.¹ Since 2003, Iceland has turned to a consistent net importer of agro-food products (excluding fish), with a total agro-food trade balance of USD -160 million in 2009.² Agriculture in Iceland mainly consists of livestock production, with milk and sheepmeat being the most important products, together accounting for about half the agricultural production. Horticulture, much of which is under glass, also plays some role, and together with potatoes and swede represents some 5% of total agricultural production.

Table 7.1. **Iceland: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	7	12
Population (million)	0.27	0.32
Land area (thousand km ²)	100	100
Population density (habitants/km ²)	3	3
GDP per capita, PPP (USD)	23 220	36 964
Trade as % of GDP	25.3	31.6
Agriculture in the economy		
Agriculture in GDP (%)	11.1	5.9
Agriculture share in employment (%)	9.5	5.9
Agro-food exports (% of total exports)	6.7	4.8
Agro-food imports (% of total imports)	9.9	9.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-54	-160
Crop in total agricultural production (%)	21	10
Livestock in total agricultural production (%)	79	90
Agricultural area (AA) (thousand ha)	2 280	2 281
Share of arable land in AA (%)	0.3	0.3
Share of irrigated land in AA (%)	n.a.	n.a.
Share of agriculture in water consumption (%)	42	42
Nitrogen Balance, Kg/ha	7	7

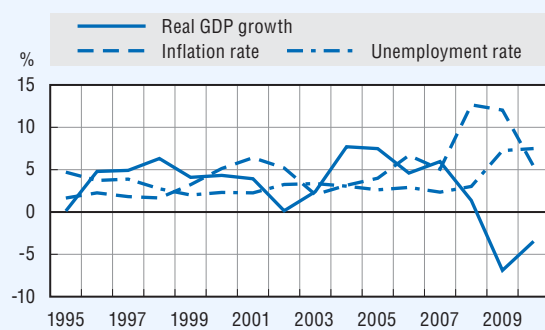
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

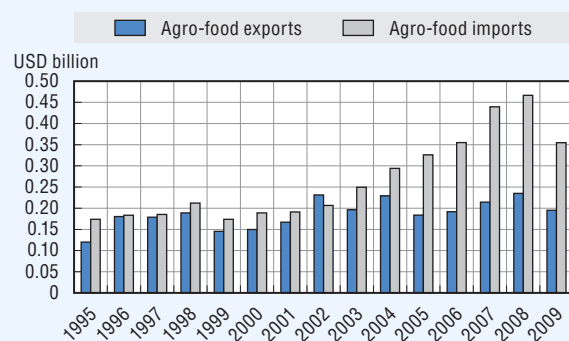
Figure 7.2. **Iceland: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 7.3. **Iceland: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

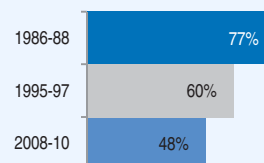
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Development of support to agriculture

Support to agriculture in Iceland, and particularly its most distorting forms, has declined, but support remains high and the most production and trade distorting forms still present two thirds of total support. The level of price distortions, as measured by the NPC, has been reduced, and direct payments – largely based on historical livestock production – has replaced some of the former price support.

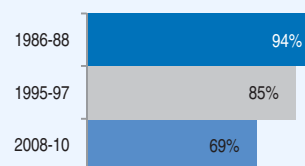
PSE as % of receipts (%PSE)

Iceland has reduced its support to farmers by almost 30 percentage points between 1986-88 and 2008-10. Despite a gradual reduction in the long term, overall support remains high (three times the OECD average) in 2008-10. The % PSE continued declining between 2008 and 2010, from 52% to 45%, respectively.



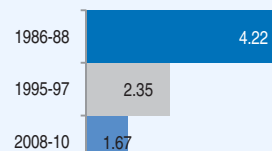
Potentially most distorting support as % of PSE

The share of most distorting support (based on commodity output and variable input use – without constraints) in total PSE has fallen significantly over the past decades. This reflects the change in sheepmeat payments towards historical entitlements in the mid-90s and the strong devaluation of the Krona since 2007. Still, support based on output and variable input represents two thirds of total support.



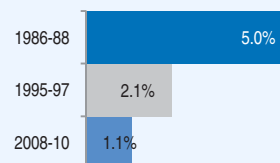
Ratio of producer price to border price (NPC)

In the long term the ratio of producer price (including unit output payments) to border price was substantially reduced, from over 4 in 1986-88 to 1.67 in 2008-10. Poultry, milk and eggs show the highest NPC. Again, the change in sheepmeat payments and the devaluation of the Krona contributed.

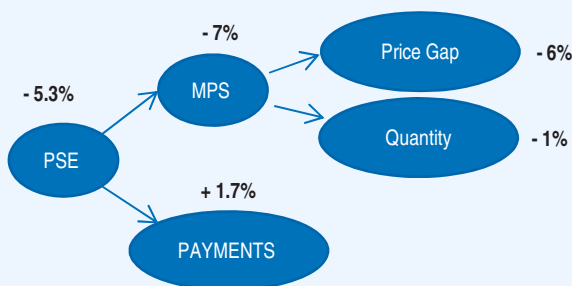


TSE as % of GDP

Total support was 1.1% of GDP in 2008-10 and the expenditure on general services represented 6% of the Total Support Estimate (PSE+GSSE).

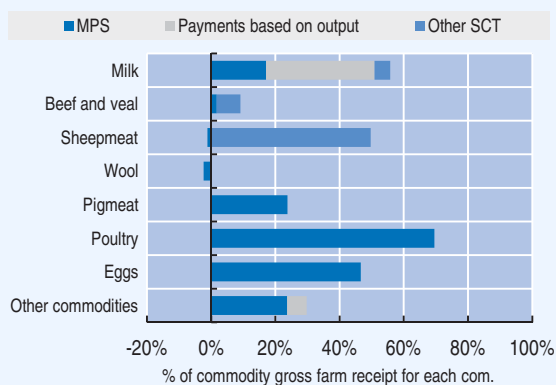


Decomposition of change in PSE, 2009 to 2010



The level of support decreased in 2010 largely due to a narrowed gap between domestic and border prices (MPS) for milk following higher dairy prices on international markets.

Transfer to specific commodities (SCT), 2008-10



The Single Commodity Transfers (SCT) represented 95% of the total PSE. The share of the SCT in the commodity gross farm receipt is lowest for wool (slightly negative), and close to 70% for poultry.

Table 7.2. **Iceland: Estimates of support to agriculture**
ISK million


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	9 644	10 326	21 931	20 698	22 460	22 637
<i>of which: share of MPS commodities, percentage</i>	80	74	83	83	83	83
Total value of consumption (at farm gate)	8 388	9 706	19 620	18 640	19 948	20 273
Producer Support Estimate (PSE)	7 896	8 820	15 214	15 606	15 428	14 609
Support based on commodity output	7 312	7 459	10 276	10 696	10 574	9 557
Market Price Support	7 246	4 347	5 490	6 084	5 738	4 649
Payments based on output	66	3 112	4 786	4 612	4 836	4 909
Payments based on input use	536	337	1 151	1 219	1 059	1 174
Based on variable input use	129	0	178	179	153	203
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	233	126	424	419	404	450
with input constraints	0	0	0	0	0	0
Based on on-farm services	174	210	548	622	502	521
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	0	0	546	538	542	558
Based on Receipts / Income	0	0	0	0	0	0
Based on Area planted / Animal numbers	0	0	546	538	542	558
with input constraints	0	0	2	0	0	5
Payments based on non-current A/An/R/I, production required	0	1 011	3 181	3 039	3 220	3 285
Payments based on non-current A/An/R/I, production not required	48	14	0	0	0	0
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	48	14	0	0	0	0
with commodity exceptions	48	14	0	0	0	0
Payments based on non-commodity criteria	0	0	61	115	33	35
Based on long-term resource retirement	0	0	23	47	33	35
Based on a specific non-commodity output	0	0	38	68	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	77	60	48	52	48	45
Producer NPC	4.22	2.35	1.67	1.78	1.67	1.56
Producer NAC	4.34	2.48	1.93	2.07	1.92	1.81
General Services Support Estimate (GSSE)	731	927	1 003	1 063	944	1 000
Research and development	140	232	149	208	130	108
Agricultural schools	47	95	0	0	0	0
Inspection services	40	88	376	346	352	431
Infrastructure	91	187	54	56	55	52
Marketing and promotion	54	75	73	92	66	62
Public stockholding	359	249	350	362	340	347
Miscellaneous	0	0	0	0	0	0
GSSE as a share of TSE (%)	6.9	9.2	6.0	6.2	5.6	6.3
Consumer Support Estimate (CSE)	-4 566	-4 068	-5 203	-5 715	-5 364	-4 529
Transfers to producers from consumers	-6 421	-4 395	-5 537	-6 059	-5 728	-4 825
Other transfers from consumers	-51	-35	-26	-4	0	-75
Transfers to consumers from taxpayers	1 906	363	361	348	364	371
Excess feed cost	0	0	0	0	0	0
Percentage CSE	-70	-43	-27	-31	-27	-23
Consumer NPC	4.44	1.84	1.40	1.48	1.40	1.32
Consumer NAC	3.50	1.77	1.38	1.45	1.38	1.29
Total Support Estimate (TSE)	10 533	10 110	16 578	17 017	16 737	15 980
Transfers from consumers	6 472	4 431	5 564	6 062	5 728	4 900
Transfers from taxpayers	4 112	5 715	11 041	10 959	11 009	11 154
Budget revenues	-51	-35	-26	-4	0	-75
Percentage TSE (expressed as share of GDP)	5.01	2.07	1.10	1.15	1.12	1.04
GDP deflator 1986-1988=100	100	211	412	382	414	441

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

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

MPS commodities for Iceland are: 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, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452212>

Description of policy developments

Main policy instruments

Support in Iceland remains largely provided through market price support, sustained with border measures and production quotas, and payments based on output. The agricultural policy framework is set by agreements between the government and the farmers' association, which were extended by two years each in the context of the economic downturn. Domestic agricultural policies are focused on the livestock sectors, particularly on milk and sheepmeat, the two most important commodities. During the 1990s the government phased out all administered prices except for milk (producer and wholesale prices, coupled with production quotas).³ Payments based on output are still provided to milk producers. Since 1996 sheepmeat farmers receive payments based on historical entitlements, which replaced output-based payments previously provided. A regional support scheme for sheepmeat producers, implemented since 2008, provides additional payments that are somewhat more decoupled from commodity production as well. A levy is imposed on total agricultural revenue of each farm and distributed within and between various agricultural bodies. Tariff rate quotas provide some market opening for agricultural products such as meat and dairy. However, only a limited quantity of imports competes with domestically produced commodities. Consumer subsidies for wool are provided at the wholesale level. Agri-environmental policies mainly focus on soil conservation and forestry through payments aiming at reducing desertification and sand encroachment, promotion of sustainable land use and reclamation and restoration of degraded land.

Domestic policy

A renewed six-year agreement between the government and the Farmers' Association concerning the framework of **support to sheepmeat** production was signed in early 2007. The agreement took effect on 1 January 2008 and was supposed to end on 31 December 2013, but was extended in 2009 to run until 31 December 2015. The agreement aims at simplifying the system of granting support to sheepmeat producers through streamlining direct payments, easing access of newcomers to sheep farming, continued direct payments for retired farmers from age 64 and increased support to sheep farmers who participate in quality-assurance programmes. As of 1 June 2009 the requisite for sheep farmers to take part in the export obligation, when total production exceeded domestic demand, was abolished. Total funds for the realisation of the programmes were budgeted at ISK 3.35 billion (USD 38 million, EUR 26 million) in calendar year 2008, with a 1% decrease in real terms in each following year.

The current agreement concerning the framework of **support to dairy farmers** has been effective since 1 September 2005 and was supposed to end on 31 August 2012, but was extended in 2009 to run until 31 December 2014. The annual support breaks down into a number of measures implemented in 2005/2006: direct payments; bovine animal breeding programmes and general development issues; payments based on number of animals. Furthermore, support measures started in 2008 include a one-time payment to dairy farmers in proportion to their support targets (ISK 34 million); bovine animal breeding programmes (ISK 25 million); land cultivation (ISK 30 million); and development funds (ISK 8 million).

In addition to the extension of the agreements on the production of agricultural products, the link of payments to the consumer price index, as it was previously defined in the agreements, was suspended in response to the economic downturn of the country. In consequence, payments to farmers no longer increase with the price index. The index reference will, however, be reinstated

as the economy improves. This will be done in steps, until payments become fully linked again to the index.

A new regulation, signed by the Minister of Fisheries and Agriculture in May 2010, allowed for the possibility to institute a **market for milk quotas**. A first such market approach, allowing for full tradability for milk quotas with support entitlements across Iceland, was realized on 1 December 2010, with two specific market dates on 1 April and 1 November. The quota market is centrally run by the Icelandic Food and Veterinary Authority MAST, allowing for more transparency in quota trading compared to the past.

The Agreement of the Act on Agriculture, which normally has a validity of 5 years, was renewed for two years in October 2010 following the economic downturn. The revised agreement appropriated a total amount of ISK 415 million for 2011, and ISK 425 million for 2012. This is 40% down from the 2010 appropriation (ISK 687 million). The Farmers Association distributes these funds to finance advisory services in farming, farm development programmes and the Agricultural Productivity Fund.

Iceland applied for joining the European Union in July 2009. Accession negotiations started in July 2010.

Trade policy

The former agreement on sheepmeat production for sheep farmers, intended to restrain production with related export obligations, was abolished as of 1 June 2009.

Notes

1. The share of agriculture, excluding fishing, in Iceland's GDP was only 1.3% in 2008.
2. At the same time, Iceland is a significant net exporter of fish and fish products, with net exports exceeding USD 1.4 billion in 2009.
3. Wholesale prices are still managed for approximately 50% of milk and dairy products.

PART II
Chapter 8

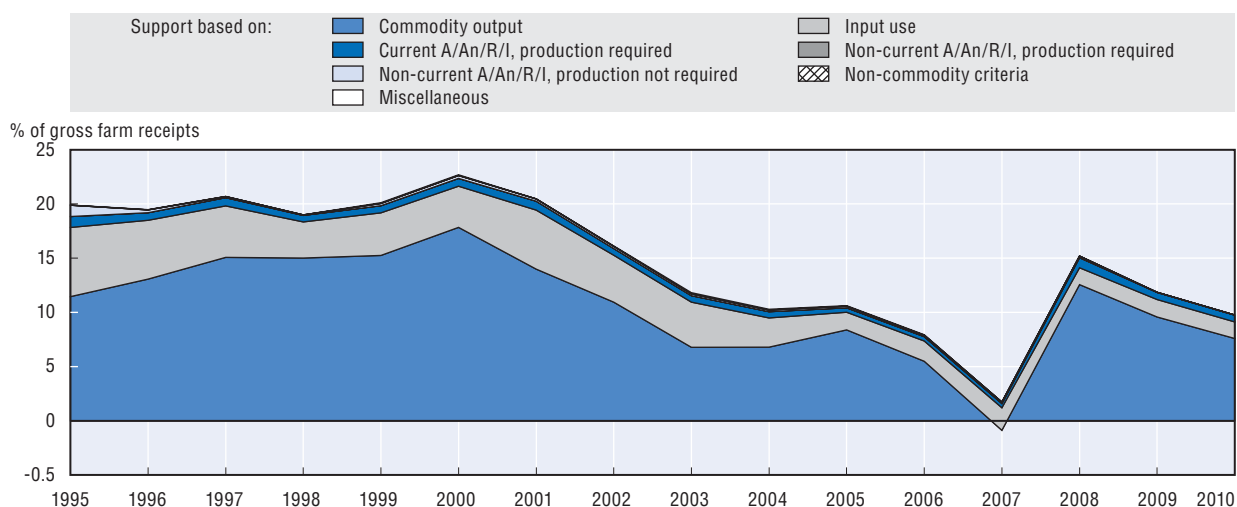
Israel

The Israel country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Since 1995, Israel has reduced support to agriculture to the level that is about half the OECD average. This fall was partly driven by progress in domestic policy reform and by lower border protection resulting from bilateral trade liberalisation agreements. However, higher prices on world markets in recent years also contributed to the reduction in the relative importance of support.
- While the level of support to agriculture has been falling, its composition remains trade and production distortive. This mostly reflects continued high border protection for agricultural commodities pushing domestic prices above international levels and a relatively high share of support to farm inputs.
- The level of support, in particular the market price support component, is subject to strong fluctuations as domestic prices for selected commodities are administered by the government rather than following market developments. Thus, their adjustment to world market prices is delayed or works in an opposite direction.
- There is a wide range of policy reforms that could be undertaken to further improve the efficiency of the Israeli agricultural sector and its international competitiveness at lower costs to taxpayers and consumers. In addition to structural reforms, such as diminishing administrative burdens on agricultural land market transactions, Israel could reduce and simplify import tariffs on agricultural products and could take further steps in easing the production planning system in the livestock sector.
- The environmental performance of agriculture has been mixed and can be further improved, in particular in water use efficiency. In this respect, meeting the agreement conditions between the government and farmers in 2006 to further increase water prices to cover average costs of water production by 2015 is of key importance.

Figure 8.1. Israel: PSE level and composition by support categories, 1995-2010



Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD, PSE/CSE database, 2011.

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Contextual information

Israel's economy is relatively small but has been growing rapidly over the last two decades. Its GDP per capita is slightly below the OECD average. The share of agriculture in total employment and in domestic product has fallen to around 2%. But it still accounts for over 50% of annual water consumption and the use of water resources is the dominant environmental issue for the sector. Arable land is another scarce factor with an average availability at just 0.04 hectare per capita. Half of arable land is irrigated. Israel is unique amongst developed countries in that land and water resources are nearly all state-owned. Co-operative communities, principally the *kibbutz* and *moshav*, dominate agricultural production accounting for about 80% of agricultural output. The agro-food sector is strongly integrated with international markets with exports dominated by fruit and vegetables and imports by land-intensive cereals and oilseeds and selected other commodities such as beef and sugar. The negative balance of trade in agro-food products tended to increase in recent years.

Table 8.1. **Israel: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	96	195
Population (million)	5	7
Land area (thousand km ²)	20	20
Population density (habitants/km ²)	264	347
GDP per capita, PPP (USD)	16 764	27 902
Trade as % of GDP	24.7	24.4
Agriculture in the economy		
Agriculture in GDP (%)	2.1	1.9
Agriculture share in employment (%)	2.9	1.6
Agro-food exports (% of total exports)	7.0	4.3
Agro-food imports (% of total imports)	6.6	7.5
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-522	-1 503
Crop in total agricultural production (%)	60	58
Livestock in total agricultural production (%)	40	42
Agricultural area (AA) (thousand ha)	573	504
Share of arable land in AA (%)	60	60
Share of irrigated land in AA (%)	45	52
Share of agriculture in water consumption (%)	63	57
Nitrogen Balance, Kg/ha	n.a.	n.a.

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

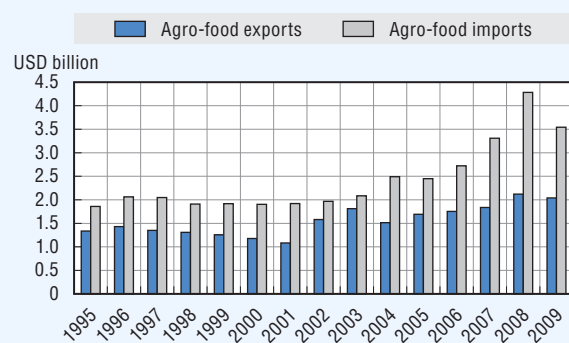
Figure 8.2. **Israel: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 8.3. **Israel: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database

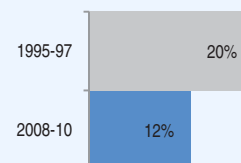
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Development of support to agriculture

Israel has reduced support to agriculture since 1995, but the share of most production and trade distorting forms of support remains very high. Moreover, the level of market price support is still subject to strong fluctuations as domestic prices for selected commodities remain regulated by the government and their adjustments are either delayed or delinked from changes on international markets.

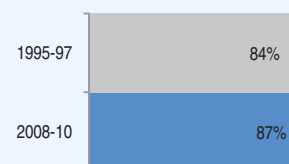
PSE as % of receipts (%PSE)

Israel reduced support to agriculture which is now slightly above half the OECD average. After a sharp increase in 2008, partly due to higher administered prices, the %PSE declined both in 2009 and 2010.



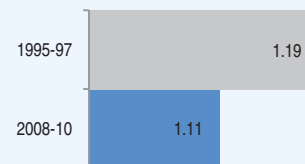
Potentially most distorting support as % of PSE

While the level of support has fallen, the most production and trade distorting policies (based on commodity output and variable input use – without constraints) dominate and represent 87% of the total.



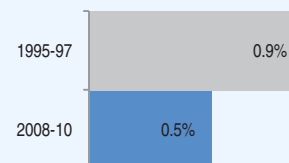
Ratio of producer price to border price (NPC)

Overall, prices received by farmers were on average 11% higher than those observed on the world markets in 2008-10.

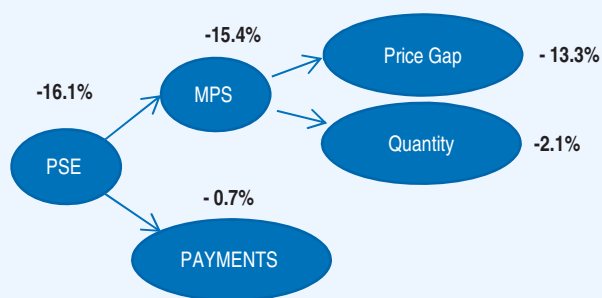


TSE as % of GDP

Total support was 0.5% of GDP in 2008-10, compared to the OECD average of 0.9%, and the expenditure on general services represented 16% of the total support.

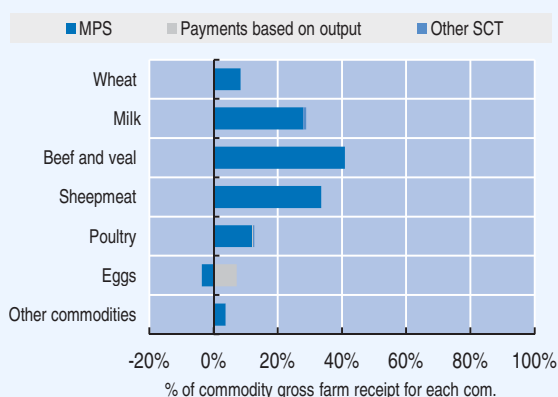


Decomposition of change in PSE, 2009 to 2010



The level of support declined in 2010 mainly due to the smaller gap between domestic and border prices (MPS).

Transfer to specific commodities (SCT), 2008-10



The Single Commodity Transfers (SCT) represented 81% of the total PSE. The share of the SCT in the commodity gross farm receipts is lowest for fruit and vegetables, and the highest, for beef and veal, sheepmeat and milk.

Table 8.2. **Israel: Estimates of support to agriculture**
ILS million

	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	11 651	25 542	24 980	25 581	26 065
<i>of which: share of MPS commodities, percentage</i>	72	81	81	83	79
Total value of consumption (at farm gate)	9 274	18 904	18 369	18 214	20 129
Producer Support Estimate (PSE)	2 517	3 232	3 908	3 147	2 640
Support based on commodity output	1 669	2 592	3 231	2 515	2 029
Market Price Support	1 604	2 528	3 164	2 452	1 968
Payments based on output	65	64	67	63	61
Payments based on input use	688	411	400	423	409
Based on variable input use	457	214	155	258	229
with input constraints	0	0	0	0	0
Based on fixed capital formation	183	141	182	114	128
with input constraints	0	0	0	0	0
Based on on-farm services	48	55	62	51	52
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	102	194	240	174	169
Based on Receipts / Income	97	171	213	155	146
Based on Area planted / Animal numbers	5	23	27	19	23
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	56	35	37	35	32
With variable payment rates	0	35	37	35	32
with commodity exceptions	0	0	0	0	0
With variable payment rates	56	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	2	0	0	0	0
Percentage PSE	20	12	15	12	10
Producer NPC	1.19	1.10	1.13	1.10	1.09
Producer NAC	1.25	1.14	1.18	1.14	1.11
General Services Support Estimate (GSSE)	390	597	489	624	677
Research and development	152	215	197	215	234
Agricultural schools	3	2	2	2	2
Inspection services	56	95	88	93	104
Infrastructure	11	236	156	262	289
Marketing and promotion	59	3	4	2	2
Public stockholding	108	46	42	47	47
Miscellaneous	0	1	0	3	1
GSSE as a share of TSE (%)	13.4	15.6	11.1	16.5	20.4
Consumer Support Estimate (CSE)	-2 128	-2 671	-2 766	-2 831	-2 417
Transfers to producers from consumers	-1 756	-2 295	-2 672	-2 223	-1 989
Other transfers from consumers	-391	-371	-77	-607	-428
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	20	-5	-16	0	0
Percentage CSE	-23	-14	-15	-16	-12
Consumer NPC	1.30	1.17	1.18	1.18	1.14
Consumer NAC	1.29	1.17	1.18	1.18	1.14
Total Support Estimate (TSE)	2 907	3 829	4 397	3 771	3 317
Transfers from consumers	2 147	2 666	2 750	2 831	2 417
Transfers from taxpayers	1 151	1 534	1 725	1 548	1 328
Budget revenues	-391	-371	-77	-607	-428
Percentage TSE (expressed as share of GDP)	0.87	0.50	0.61	0.49	0.41
GDP deflator 1995-1997=100	100	144	138	145	147

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

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

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law

MPS commodities for Israel are: wheat, cotton, peanuts, tomatoes, peppers, potatoes, avocados, bananas, oranges, grapefruit, grapes, apples, milk, beef and veal, sheepmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

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Description of policy developments

Main policy instruments

Since the late 1980s Israel has gradually diminished the scope of policies based on the provision of subsidies, central planning of agricultural industries, allocation of production quotas, price controls and import protection. But the government continues to be involved in the allocation of key factors of production: land, water and foreign workers. While some sectors, such as milk and eggs, have been covered by sector specific reforms, they continue to benefit from guaranteed prices and quotas aiming at securing profitability for producers. Minimum prices are also provided for wheat producers. On the other hand, consumer price controls are applied to several basic food products, mainly to dairy products, eggs and bread.

Egg and broiler producers in peripheral areas benefit from direct payments. Income support measures are provided to wheat producers to support rain-fed agriculture and to preserve open space.

Water remains subsidised. Farmers have been given access to water at lower rates compared to other users and benefit from compensation for the cut in the freshwater quota allocation to agriculture, as well as from a concession on the water extraction levy. The variable input subsidy is to be discontinued as of 2015. The farming sector in Israel continues to adapt its production to on-going cuts in the fresh water allocation provided by the National Water Authority. These cuts drive from poor annual rain fall for the past few years and as part of a wider programme at national level. The farming sector is required to alter its irrigation sources for other water sources such as reclaimed and brackish water. Alternative water sources already represent a major share of the water allocated for agriculture in Israel.

Capital grants are provided to develop the agricultural export sector and to encourage the uptake of advanced technologies. Farmers who participate in the investment support scheme are also entitled to income tax exemptions and accelerated depreciation. Beginning in 2009, a new investment support programme is being implemented to partly replace foreign workers in agriculture.

Insurance schemes for farmers are subsidised and the government intends to deepen this policy measure through increased state participation in subsidising premiums and to extend it through inclusion of new crops. Currently, farmers receive 80% compensation of the premium to participate in the multi-risk insurance scheme and 35% compensation to participate in the insurance scheme against natural damages.

As a result of the implementation of the Uruguay Round Agreement on Agriculture (URAA), Israel maintains now a more transparent and open trade regime. However, high border tariff protection on agro-food products remains a key tool supporting agricultural producers. Under the URAA, Israel has established TRQs for wheat, fats and oils, walnuts, prunes, maize, orange and other citrus juices, beef and sheep meat and various dairy products.

Domestic policy

Israel applies **administered prices** for milk, eggs and wheat. Their levels relative to world market prices have strong impacts on measured levels of support. For milk and eggs guaranteed prices are based on the average cost of production and while they are up-dated regularly, their level and direction of change diverge quite strongly from the level and evolution of prices on international markets. For example, a guaranteed price for milk was lower than the reference price

in 2007, but then it was increased by 17% in 2008. This coincided with a strong fall in a reference price by 35%, thus resulting in a large positive price advantage for Israeli milk producers. In 2009 and 2010 the guaranteed price for milk was decreased but it remained significantly higher than the border reference price. Eggs experienced a somewhat similar situation with the direction of changes in guaranteed prices and border reference prices diverging in 2008 and 2009. Minimum prices for wheat are based on the Kansas market price adjusted for quality and transportation costs. During the year there might be changes in price according to developments in international markets, but as these corrections are delayed, the level of prices and the direction of change may diverge as was the case *e.g.* in 2009.

Over the last two decades there was a strong increase in the number of foreign workers employed in Israeli agriculture. Their total number and allocation are strictly regulated by the government, which is planning to reduce the number of working permits allocated to the agricultural sector from 25 900 in 2008 to 18 900 by 2015. As compensation, farmers will be offered **investment support** over 5-6 years (grants up to 40% of investment) for replacing labour with machinery. The programme started to be implemented in 2009 with an initial allocation of ILS 0.6 million (USD 0.17 million), then increased to ILS 31.6 million (USD 9 million) in 2010. In total, budgetary expenditures for this programme are to amount to ILS 250 million (USD 64 million) during 2009-14. Additional ILS 30 million (USD 8 million) will be provided for research and development to improve mechanisation during 2010-16. The government also supports the employment of 1 500 Israeli workers instead of foreign workers in the agricultural sector with ILS 30 000 per worker over three years. Total budgetary expenditures foreseen for this purpose amount to ILS 45 million (USD 12 million) in 2010-16.

In line with the agreement between the government and farmers in 2006 to further increase water charges paid by farmers so they eventually cover the average cost of water production by 2015 (operation and maintenance and fixed capital costs), farmers are receiving **support to invest in water saving** and in irrigation technologies. Support for this programme almost doubled from ILS 55 million (USD 15 million) in 2008 to 105 million (USD 27 million) in 2009 and then remained high at ILS 106 million (USD 28 million) in 2010.

Within general services, the strongest increase in expenditures can be noted for **investment in water projects** from ILS 124 million (USD 35 million) in 2008 to 216 million (USD 55 million) in 2009 and then to ILS 278 million (USD 75 million) in 2010.

Trade policy

Israel's **tariff profile** for agricultural products is highly uneven – with very high, sometimes prohibitive, tariffs for such products as dairy, meat, eggs and some fruits and vegetables, and low, sometimes duty-free, tariffs for other commodities such as coarse grains, oilseeds and frozen beef. The tariff system is complicated, involving a large number of non-*ad valorem* tariffs. According to the latest WTO trade policy report on Israel, the simple average MFN tariff for agricultural products (WTO definition) was 32.9% in 2005 compared with the average for non-agricultural products at 5.1% (Trade Policy Review, Report by the Secretariat: Israel. WT/TPR/S/157, 22 December). However, a large part of agro-food trade takes place under various free trade agreements (the most important ones are with the **European Union** and the **United States**) which allow preferential access to the Israeli market, in many cases duty free.

A new **trade liberalisation agreement** between the **European Union** and Israel entered into force on 1 January 2010. Substantial progress was made towards full liberalisation of trade in fresh as well as processed agricultural products, for both parties. Regarding more sensitive agricultural

products such as sugar and fruit and vegetables, improved market access was achieved for both sides. Thus, existing duty free TRQs have been increased, the period during which the out of season tariff applies has been extended, and new TRQs have been created such as for goose liver, yogurts, sheep meat, lemons, oranges, mandarins, grapes, melons, kiwi, apricots, cherries, peaches, olives, preserved strawberries, and soya oil. In addition, in the absence of a standstill clause for agricultural products, Israel agreed to bind the applied tariff rates to a maximum below the MFN bound rates for around 200 tariff lines.

For processed agricultural products, full liberalisation of trade for both parties has been achieved for 95% of trade value. For fresh products this share is smaller at 80%. For the remaining sensitive products, some additional preferences have been exchanged in the form of TRQs or reduced duties (confectionery products, biscuits, vermouth, grape spirits and starch based glues).

PART II
Chapter 9

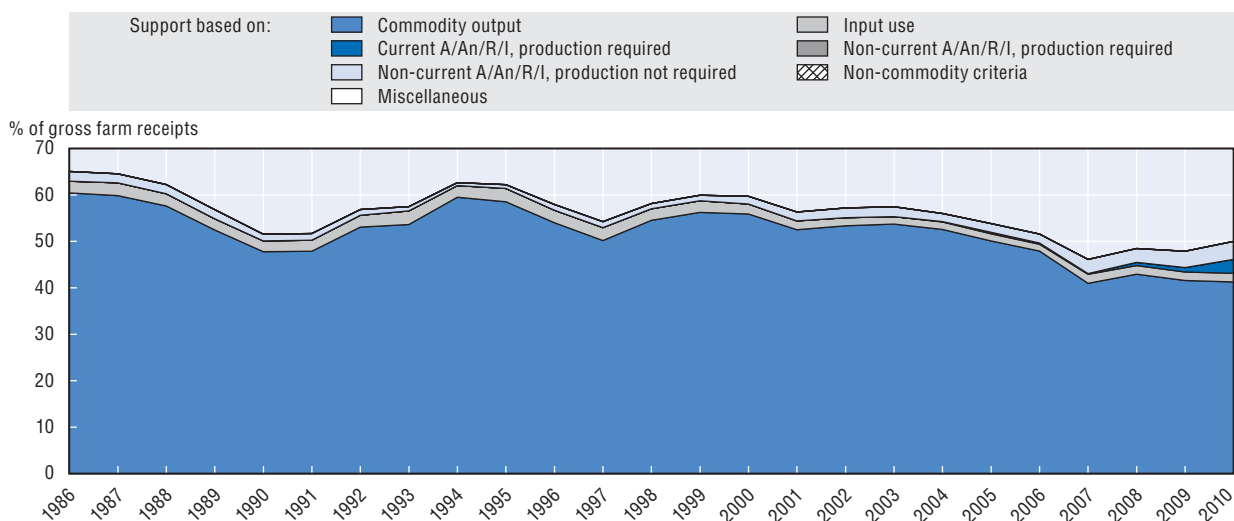
Japan

The Japan country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Overall, there has been some progress in market orientation with a reduction in the level of producer support since 1986-88, but it is still twice the OECD average. A significant share of support continues to be provided through market price support, in particular to rice. In addition to border measures, the production adjustment scheme for rice keeps price high through limiting supply.
- A new farm income support payment was launched as a pilot programme in 2010 for rice farms with a foreseen increase in the commodity coverage to upland crops (e.g. wheat, barley and soybean) from 2011. The payments are designed to cover the standard costs of production for these products. The new income support payment is commodity specific and it is available for all commercial rice farms irrespective of farm size. This is a step away from the recent reform initiative to re-orient support to less commodity specific payments and to target support to certain farms with a farm size threshold.
- The government has been reducing its involvement in the price regulation. However, high levels of border protection remain and the actual effect on the level of the producer support estimate is still limited. The announcement of the Basic Policy on Comprehensive Economic Partnerships to commit the government to pursue high-level EPAs as well as strengthen agricultural sector is a move toward more market oriented agricultural policy reform.
- Despite some progress, the proportion of support provided by the most distorting forms is still high. The new pilot programme for income support payments for rice farms is not reducing the high market price support of rice. Further efforts are needed to reduce the high level of support and increase market access, while moving towards more decoupled policies that are better targeted to farm income, rural development, and environmental objectives.

Figure 9.1. Japan: PSE level and composition by support categories, 1986-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information


Japan is a land scarce country, where only 30% of area is suitable for agriculture or urban use. The importance of agriculture in the Japanese economy is relatively low with its share in domestic product declined to 1.4% in 2009, while its share in employment is slightly above 4%. Japan is the largest net agro-food importer in the world. Its share of agro-food imports in total imports is around 9%, while the share of agro-food exports on total exports is less than 1%. The farms structure is based on relatively small family farms. Majority of farmland are irrigated paddy field. Livestock production largely depends on imported feed and its share in total agricultural production is increasing overtime.

Table 9.1. **Japan: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	5 264	5 033
Population (million)	126	128
Land area (thousand km ²)	365	365
Population density (habitants/km ²)	344	350
GDP per capita, PPP (USD)	22 512	34 132
Trade as % of GDP	7.4	11.3
Agriculture in the economy		
Agriculture in GDP (%)	1.9	1.4
Agriculture share in employment (%)	5.7	4.2
Agro-food exports (% of total exports)	0.4	0.5
Agro-food imports (% of total imports)	12.1	8.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-38 980	-45 449
Crop in total agricultural production (%)	75	68
Livestock in total agricultural production (%)	25	32
Agricultural area (AA) (thousand ha)	5 443	4 628
Share of arable land in AA (%)	85	93
Share of irrigated land in AA (%)	54	55
Share of agriculture in water consumption (%)	66	66
Nitrogen Balance, Kg/ha	175	169

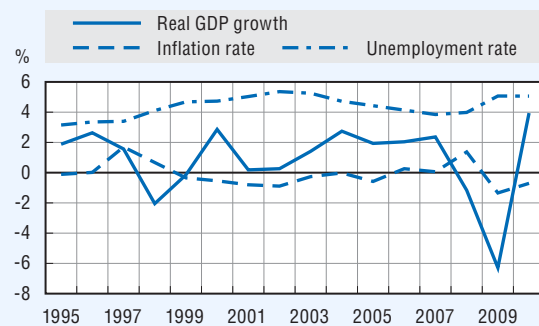
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Figure 9.2. **Japan: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.


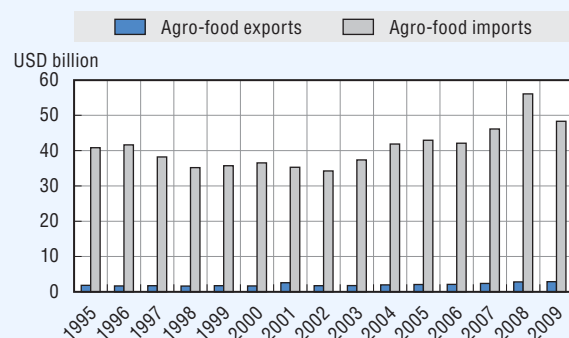

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Figure 9.3. **Japan: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

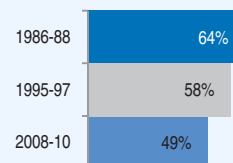
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Development of support to agriculture

Japan has progressively reduced its support to agriculture and more recently the share of most production and trade distorting forms of support. However, support remains twice the OECD average and its most production and trade distorting forms represent the majority of total support. Prices received by farmers have come closer to the world market prices as documented by the NPC. The share of direct payments in PSE is increasing in recent years particularly in the form of area and income based payments.

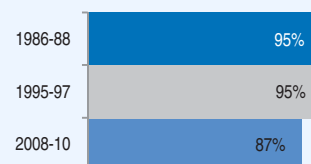
PSE as % of receipts (%PSE)

Support to producers (%PSE) decreased gradually and consistently overtime, but it remains more than twice the OECD average. The reduction in %PSE in recent years is mainly due to a lower domestic rice price resulting from the abolition of administered price system and the contraction of domestic rice consumption.



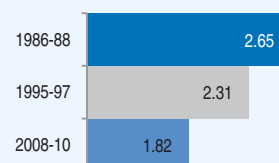
Potentially most distorting support as % of PSE

Japan reduced market price support mechanisms and increased direct payments to farmers. However, the most production and trade distorting policies (based on commodity output and variable input use – without constraints) still represent 87% of the PSE in 2008-10.



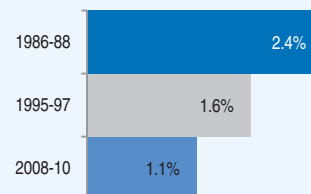
Ratio of producer price to border price (NPC)

Prices received by farmers were around 2.65 times higher than those in world markets in 1986-88, but the ratio reduced to 1.82 in 2008-10.

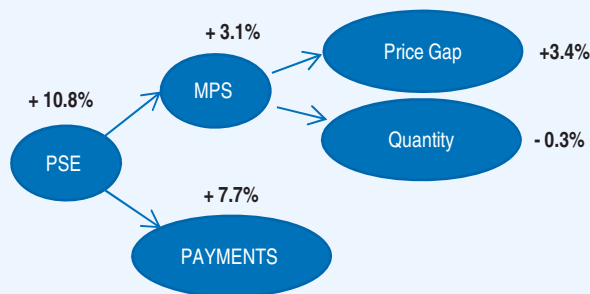


TSE as % of GDP

Total support was about 1.1% of GDP in 2008-10 and the expenditure on general services represented around 17% of the Total support.

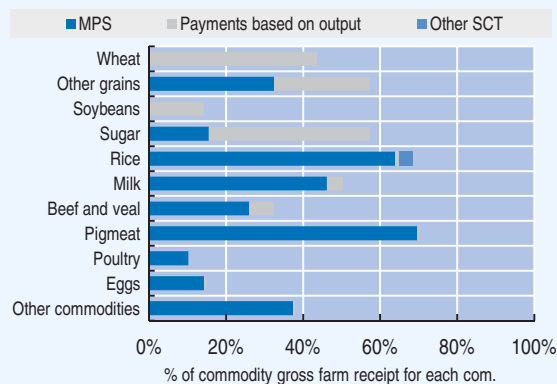


Decomposition of change in PSE, 2009 to 2010



The level of support increased in 2010 mainly due to the introduction of new direct payments such as income support programme for rice farms.

Transfer to specific commodities (SCT), 2008-10



Single Commodity Transfers (SCT) represented 88% of the total PSE in 2008-10. Rice continued to be the most heavily supported commodity as measured by producer SCT and accounted for 33% of the total SCT in 2008-10.

Table 9.2. **Japan: Estimates of support to agriculture**
JPY billion


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	10 610	10 128	8 258	8 466	8 049	8 258
<i>of which: share of MPS commodities, percentage</i>	68	68	68	67	69	68
Total value of consumption (at farm gate)	14 298	15 070	11 499	11 672	11 165	11 661
Producer Support Estimate (PSE)	7 267	6 239	4 420	4 428	4 191	4 642
Support based on commodity output	6 740	5 822	3 798	3 923	3 639	3 831
Market Price Support	6 519	5 651	3 621	3 758	3 488	3 617
Payments based on output	221	171	177	165	152	213
Payments based on input use	299	298	167	169	159	172
Based on variable input use	149	124	58	63	61	52
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	129	153	46	60	55	25
with input constraints	0	0	0	0	0	0
Based on on-farm services	21	21	62	46	44	96
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	0	0	142	64	84	279
Based on Receipts / Income	0	0	69	56	76	76
Based on Area planted / Animal numbers	0	0	73	8	8	202
with input constraints	0	0	3	3	3	3
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	228	119	313	272	308	360
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	228	119	313	272	308	360
with commodity exceptions	228	119	187	148	182	231
Payments based on non-commodity criteria	0	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	64	58	49	48	48	50
Producer NPC	2.65	2.31	1.82	1.83	1.80	1.83
Producer NAC	2.78	2.40	1.95	1.94	1.92	2.00
General Services Support Estimate (GSSE)	1 267	2 057	911	1 133	1 007	592
Research and development	46	69	85	87	87	82
Agricultural schools	29	29	37	41	38	33
Inspection services	8	10	11	11	11	11
Infrastructure	1 090	1 834	727	932	822	428
Marketing and promotion	22	27	9	17	7	2
Public stockholding	43	63	20	20	19	19
Miscellaneous	29	24	22	26	23	16
GSSE as a share of TSE (%)	14.9	24.7	17.1	20.4	19.4	11.3
Consumer Support Estimate (CSE)	-8 910	-8 080	-4 860	-4 971	-4 750	-4 861
Transfers to producers from consumers	-6 422	-5 603	-3 624	-3 759	-3 491	-3 620
Other transfers from consumers	-2 483	-2 503	-1 243	-1 217	-1 266	-1 246
Transfers to consumers from taxpayers	-16	26	2	2	2	2
Excess feed cost	11	0	4	3	5	4
Percentage CSE	-62	-54	-42	-43	-43	-42
Consumer NPC	2.66	2.17	1.73	1.74	1.74	1.72
Consumer NAC	2.65	2.16	1.73	1.74	1.74	1.71
Total Support Estimate (TSE)	8 519	8 321	5 333	5 563	5 200	5 235
Transfers from consumers	8 906	8 106	4 867	4 976	4 757	4 866
Transfers from taxpayers	2 096	2 718	1 709	1 804	1 709	1 615
Budget revenues	-2 483	-2 503	-1 243	-1 217	-1 266	-1 246
Percentage TSE (expressed as share of GDP)	2.38	1.65	1.10	1.10	1.10	1.09
GDP deflator 1986-1988=100	100	109	95	96	96	94

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

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

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. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

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Description of policy developments

Main policy instruments

Market price support provided through tariffs and tariff rate quotas (TRQs), and payments based on output serve as the basis for agricultural policies in Japan. Tariff-rate quota systems are applied to major commodities such as rice, wheat, barley and dairy products. The General Food Policy Bureau within the Ministry of Agriculture, Forestry and Fisheries (MAFF) is responsible for importing rice under Japan's WTO URAA minimum-access commitment. In addition to the border measures, the production adjustment scheme for rice, which limits market supply, acts to maintain a higher domestic rice price.

Almost all the administered prices were abolished except for pig meat, beef and calves. In return, commodity specific payments were introduced for major commodities (e.g. rice, wheat, barley and soybean). In 2007, these payments were transformed to less-commodity specific transfers such as payments based on historical land and income loss, while limiting the eligibility to certain core (potentially viable) farmers to promote structural adjustment.

Budgetary support has been provided mainly towards infrastructure needs, such as irrigation and drainage facilities and the readjustment of agricultural land. However, the expenditure for infrastructure was cut approximately by half in 2010 due partly to finance new direct payments. Agri-environment programmes include measures to encourage farmers to adopt sustainable agricultural practices that reduce fertiliser and pesticide use as well as direct payments to environmentally friendly farming. Direct payments to farmers in hilly and mountainous areas aim to prevent the abandonment of agricultural land and to ensure the multifunctional roles of agriculture.

The new *Basic Plan on Food, Agriculture and Rural Areas* elaborated in 2010, envision more ambitious self-sufficiency rate target of 50% in calorie supply by 2020 relative to 41% in 2008. The new Basic Plan lays out new directions of agricultural policies in the mid-term: 1) introduction of a new income support direct payment to farmers, 2) conversion to a production system that is more responsive to consumer demands for quality and safety, and 3) promotion of farmers' initiatives to expand their businesses into food manufacturing and retailing sectors to bring more income opportunities to rural areas. Based on the new *Basic Plan*, new farm income support payments are introduced for rice farmer in 2010. Major existing policy frameworks were maintained throughout 2010, including the direct payments for core farmers and the production adjustment scheme for rice.

Domestic policy

Based on the new *Basic Plan*, new **farm income support payments** were made to rice farmers as a single year pilot programme in 2010. In order to ensure the reproduction by rice farms, the payments are designed to bridge the gap between producer price and production cost. All rice farms with sales records are eligible for this payment and they are required to meet the production adjustment target allocated to each farmer. The payments are based on the current area of rice production and have two components: predetermined and price contingent payments. The predetermined rate was announced as JPY 15 000 (USD 171) per 0.1 hectare based on the difference between the standard production cost and the producer price, which was paid by the end of 2010. The standard production cost is calculated as a national average production cost in the preceding seven years excluding the extremes, and includes full cost of purchased input, hired labour and land rental payments and 80% of imputed family labour costs. The standard producer price is set

as the national average producer price of the past three years. The price contingent payment triggers in case average producer price in the current year falls below the standard producer price. The price contingent payment was triggered in 2010 and additional JPY 15 100 (USD 172) per 0.1 hectare was paid by the end of March 2011. Approximately 1.2 million rice farms participated in this programme in 2010. This pilot programme is expected to continue in 2011, introducing the new income support payments for upland crops such as wheat, barley and soybean. The direct payments for core farmers that are based on historical land, income loss and output were maintained in 2010.

Box 9.1. Japan: New Basic Plan for Food, Agriculture and Rural Areas

The Basic Law on Food, Agriculture and Rural Areas requires the government to establish the Basic Plan to be revised approximately every five years. The new Basic Plan announced in March 2010 revised the food self-sufficiency rate target and established new policy directions, replacing the former plan elaborated in 2005.

The new Basic Plan set a more ambitious **food self-sufficiency rate target of 50% in calorie supply by 2020** up from current rate of 41% in 2008, where the former Basic Plan targeted 45% by 2015. The plan also sets a production output value based food-self sufficiency rate of 70% by 2020.

The Plan highlights several new policy directions. First, the Plan identifies the need to establish a basis to allow all motivated farmers to continue farming in order for agriculture to play its role in society: stable food supply and fulfilment of multi-functional roles such as environmental services. The Plan, therefore, announces a policy transformation to establish agricultural business environment which ensures the reproduction by all motivated farms including part-time farmers and small-scale farmers. Second, the Plan suggests the policy transformation toward 1) promoting production that responds to diverse consumer needs and 2) promoting farmers' initiatives to expand their businesses into food manufacturing and retailing sectors by making use of their agricultural products, which would bring more income opportunities to rural areas. The Plan clarified the policy transformation to foster and maintain diverse farmers with motivation. The plan also established other major policy directions: maintenance of productive farmland and its effective use; comprehensive policy to revitalize rural areas; establishment of comprehensive food security, active participation in international standard setting; promotion of sustainable farming practice that are effective for environmental conservation; development assistance.

Based on these new policy principle, the Plan suggests the implementation of three core policies; 1) introduction of income support payments, 2) revitalization of rural areas through assisting new business initiatives by farmers and others to utilize all available rural resources including bio-mass, renewable energy, rural landscape and cultural heritage, 3) improvement of quality and safety of food and other agricultural products "responding to consumers' needs" through science-based measures taken at the various stages in the food chain, including preparing codes of practice for farmers and manufacturers and promoting the application of Good Agricultural Practice (GAP), Hazard Analysis of Critical Control Point (HACCP) systems and traceability.

The *rice production adjustment programme*, which limits supply by allocating production targets to rice farms and keeps prices above market equilibrium levels, is maintained in 2010. MAFF announced the new operational rule of **rice stockpiling** from fiscal year 2011 onward. The target level of domestic rice stockholding is unchanged at one million tonnes. Under the existing rule, the stockpile is revolved discretionally to maintain the target level of stock. The new rule requires MAFF to withdraw 0.2 million tonnes of rice every year before harvesting time from the domestic

market and sell it for animal feed or processing after five years of stock holding, while the stockpile was sold to the staple rice market under the previous operational rule. The release to the domestic rice market will be limited to emergency shortage situations.

The **rice traceability system** was elaborated in 2009, following the incidence that deteriorated government rice sold for non-human consumption has been illegally marketed for food processors and breweries. To ensure appropriate marketing of rice and to enable tracking down of the marketing routes in emergency situations, the new law on rice traceability requires producers, wholesalers and retailers of rice and rice processed products to record certain information of all transactions (*e.g.* date, place of origin and transaction parties) and keep it for three years. Retailers and restaurants are also required to communicate the place of origin of rice and rice processed products either directly (*e.g.* labelling) or indirectly (*e.g.* printing the designated contact number). In 2009, the *Consumer Affairs Agency* was established in the Cabinet office to centralize the information on all the consumer related incidences and to take necessary measures. The authority concerning food labelling regulation was also centralized in the Agency.

All the **administered prices for livestock** remained constant since July 2008. The floor level of the price stabilization bands for beef and pig meat were JPY 815 000 (USD 8 587) and JPY 400 000 (USD 4 214) per tonne, respectively. Similarly, all guaranteed prices for calves per head remain unchanged: JPY 310 000 (USD 3 226) for black Wagyu; JPY 285 000 (USD 3 003) for brown Wagyu; JPY 204 000 (USD 2 149) for other beef breeds; JPY 181 000 (USD 1 907) for cross breeds; JPY 116 000 (USD 1 222) for dairy breeds. The government set a ceiling of 1.85 million tonnes on manufacturing milk to be covered by direct payments in 2010, 0.1 million tonnes less than the level as in 2009, but the payment rate was unchanged at JPY 11 850 (USD 125) per tonne since July 2008.

In 2010, new **direct payments** for breeding and feeding **cattle** farmers, and **hog** farmers were introduced as a part of policy reforms to guarantee the reproduction by existing farmers. In addition to the deficiency payments for calves, the payment compensate beef breeding farmers when the calf prices fell below the triggering level that is set to cover production cost including 80% of family labour cost. The payment rate is determined quarterly for three types of calves (black Wagyu, brown Wagyu and other beef breeds) to compensate 75% of the difference between the triggering and average calf price in the quarter. The direct payments for feeding cattle farmers also compensate 80% of the difference between national average production cost (including family labour cost) and current revenue from the mutual fund where the government contribute 75%. The payment rate is announced every quarter by the type of cattle (beef breeds, cross breeds and dairy breeds). Similarly, the new payment for hog farmers covers 80% of the difference between production cost and market price from the mutual fund where the producer's contribution is equally matched by the government contribution. The payment rate per head is set quarterly.

In April 2010, an outbreak of the **Foot and Mouth Disease** (FMD) occurred in Miyazaki prefecture as the first case in the last ten years in Japan. The Government responded immediately to take emergency quarantine measures (*e.g.* restriction on animal movement, culling of infected animals and sanitization). In May 2010, the Government implemented **emergency vaccination** for the first time in Japan to prevent further spreading of FMD to other regions. The last case of FMD infection was found in July 2010. In total, approximately 289 000 heads of cattle and swine were culled including all vaccinated animals. The producers received full market value of compensation for culling. In addition, the Government financially compensated the loss associated with other quarantine measures and assisted farmers to resume their operation quickly. The Act stipulating emergency quarantine measures responding to the FMD cases was enacted in June 2010 to strengthen the mandatory quarantine measures and to financially assist producers.

The *Farmland Law* was amended in 2009 to promote new entrance to farming by individuals and corporations, and to strengthen the rule for land abandonment and conversion to non-farm use. The implemented measures include: allowing any corporation to acquire land tenancy; easing the minimum area condition to acquire land for new entrants; higher penalty for illegal land conversion to non-agricultural uses; the introduction of long-term land rental contract up to 50 years.

Box 9.2. Japan: Response to the Great East Japan Earthquake

On 11 March 2011, massive earthquakes hit the Eastern part of Japan, causing extensive Tsunami disasters in the coastal area. The Government responded immediately to ensure stable food supplies and issued the statement that rice supply would not fall into shortage due to enough public and private storage (approximately 3 million tonnes in total). Approximately 23 600 hectares of farmland (roughly 1% of total farmland) were flooded due to the Tsunami and related production facilities (e.g. irrigation) were severely damaged. The government is currently preparing the reconstruction scheme for agriculture, forestry and fisheries in the affected areas, including new land use planning to relocate residential areas to a higher altitude and to consolidate farmland to a specific area to enable more large scale efficient farming.

The accident at the Fukushima Daiichi Nuclear Power Plant caused by Tsunami raised concerns about contamination of foods by radionuclides. The government immediately took measures to prevent the distribution of food which exceeds the provisional values of radionuclides in accordance with the Food Sanitation Act. The Government also initiated the monitoring of food contamination in the potentially affected prefectures, considering the distance from the power plant, aerial monitoring data of radioactivity and terrain. The government also restricted planting of rice on paddy fields in the affected areas on the basis of the transfer factor from soil to brown rice and the levels of radioactive Cs in paddy soil. However, the areas to be under this restriction are within the no-entry zone, the planned evacuation zone and the emergency evacuation preparation zones, therefore, rice cannot be grown in these areas. These farmers whose products were excluded from the market legally or for some reasons are expected to receive financial compensation. In response to the food safety concerns, some countries imposed sanitary measures against the food exported from Japan (e.g. import prohibition, requirement of certificate and strengthened inspection).

Trade policy

The quantitative restrictions on rice imports were abolished and replaced by a **tariff-quota** system in 1999. In 2010, the over-quota tariff-rate was JPY 341 000 (USD 2 928) per tonne, the tariff-quota for rice was 767 000 tonnes (brown rice basis) and the maximum mark-up for rice imports was set at JPY 292 000 (USD 2 507) per tonne. **Food aid** to developing countries, which includes both domestically produced rice as well as imported rice, was approximately 110 thousand tonnes in FY 2008. Japan's tariff-rate-quotas continued to be under-filled in 2009-10 for some products, including skimmed milk powder for school lunches and for feed, mineral concentrated whey, whey for infant formula and for feed, butter and butter oil for specific uses, and ground nuts. Japan used special safeguard measures in 2009-10 on rice, barley, starches, inulin, cream butter, yogurt, tubers of konnyaku, flour, and certain food preparations.

Japan had already implemented Economic Partnership Agreements with **Mexico**, the **Philippines**, **Thailand**, **Malaysia**, **Indonesia**, **Brunei**, **Singapore**, **ASEAN**, **Chile**, **Switzerland**, and **Viet Nam**, signed an agreement with **India** in February 2011, and concluded negotiations with **Peru**.

In November 2010, Japan announced the *Basic Policy on Comprehensive Economic Partnerships* to pursue high-level EPAs more actively. It commits the government to increase its efforts to conclude the ongoing EPA negotiation with **Australia**, resume the currently suspended **Japan-Korea** EPA negotiations and work towards the realization of regional economic partnerships such as the **China-Japan-Korea** FTA. In addition, Japan is currently having consultations with the *Trans Pacific Partnership* (TPP) negotiating countries to gather information required for an in-depth internal discussion to decide whether or not to join the TPP negotiation. Japan also expedited the arrangement to enter into negotiations with the **European Union** at an early date.

The treatment of agricultural commodities was one of the main issues in many of these negotiations. The Basic Policy acknowledges that agriculture is the sector most likely to be negatively affected by trade agreements and stresses that it is imperative to institute bold policies that will realize the full potential of Japan's agriculture, for example, by improving their competitiveness and exploring new demand overseas. The Basic Policy also announced to promote agricultural policy reform, preceding the high-level economic partnership with major countries and regions. The *Headquarters for promoting the revitalization of food and agriculture* was established in the cabinet to take measures aimed at fostering sustainable and strong agriculture, which can achieve two policy objectives: expanding high-level EPAs, and increasing the food self-sufficiency rate and revitalizing agricultural industry and rural communities. A basic policy reform principle was planned to be developed at around June 2011. The Headquarters planned to draw up an action plan with a medium and long-term perspective at around October 2011 and implement it forthwith. However, in May 2011, the Cabinet decided to consider a new timeline, taking into account the overall schedule for the revitalization of Japan and the progress in restoration and reconstruction from the Great Earthquake.

PART II
Chapter 10

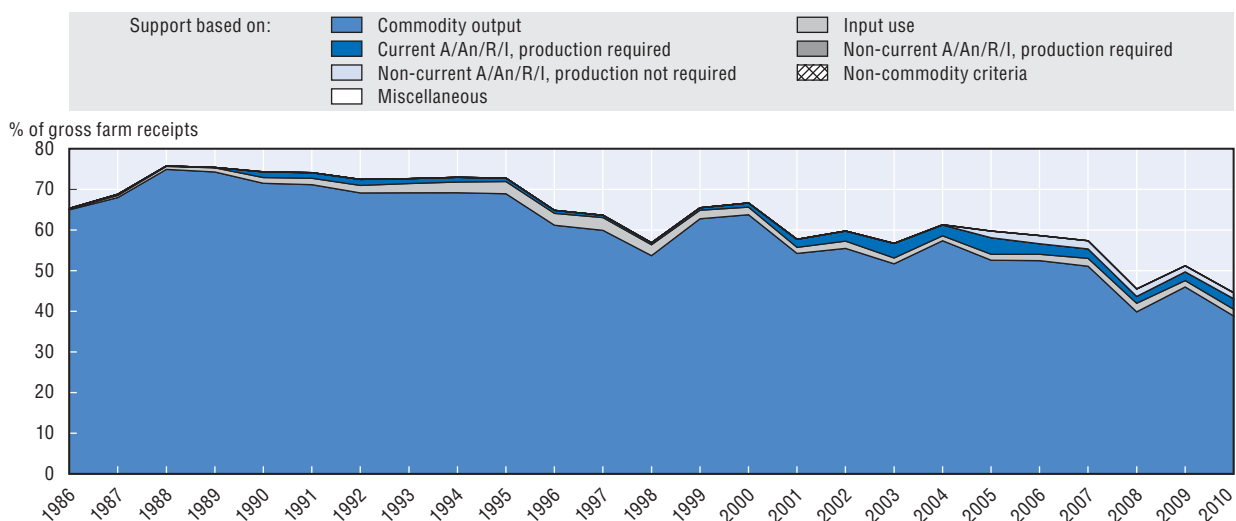
Korea

The Korea country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Overall, some progress has been made towards more market oriented policies. The level of producer support, as measured by the PSE, dropped significantly in 2010 due to a sharp rise in world rice prices and decrease in domestic rice prices. Market price support accounts for a significant share of producer support, although in recent years the share of support from direct payment schemes has increased.
- The expansion of a traceability information system and the increase of direct payments for environmentally friendly agriculture are responses to increasing consumer interest in food safety and organic products. The recent policy focus on green growth could lead to more effective policy measures that respond to climate change.
- While progress has been made in reducing the level of support, future efforts need to focus on improving market access, and better target of support. Efforts have been made to integrate various direct payment systems so as to improve efficiency of delivery. Further efforts are needed to reduce the level of support and to improve the targeting of direct payments.

Figure 10.1. Korea: PSE level and composition by support categories, 1986-2010



Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932451186>

Contextual information


Korea is a country with relatively high GDP part capita, with dynamic growth and low levels of unemployment. Korea is a land scarce country with high population density, where only 17% of area is being used for farmland. The importance of agriculture in the economy has been decreasing with its share in domestic GDP declining to 2.6% in 2009, while its share of employment is 7.4%. Korea is one of the largest net agro-food importers in the world. Its share of agro-food imports in total imports is slightly above 4.5%, while that of exports is less than 1%. Most farms are small family farms with less than 2 hectares of agricultural land.

Table 10.1. **Korea: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	531	834
Population (million)	45	49
Land area (thousand km ²)	99	97
Population density (habitants/km ²)	457	502
GDP per capita, PPP (USD)	13 342	27 658
Trade as % of GDP	24.5	41.2
Agriculture in the economy		
Agriculture in GDP (%)	6.0	2.6
Agriculture share in employment (%)	12.4	7.4
Agro-food exports (% of total exports)	1.3	0.9
Agro-food imports (% of total imports)	6.8	4.6
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-7 561	-11 737
Crop in total agricultural production (%)	77	60
Livestock in total agricultural production (%)	23	40
Agricultural area (AA) (thousand ha)	2 048	1 805
Share of arable land in AA (%)	87	86
Share of irrigated land in AA (%)	44	46
Share of agriculture in water consumption (%)	63	55
Nitrogen Balance, Kg/ha	258	251

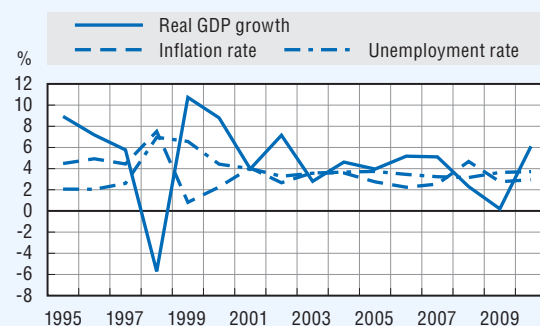
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

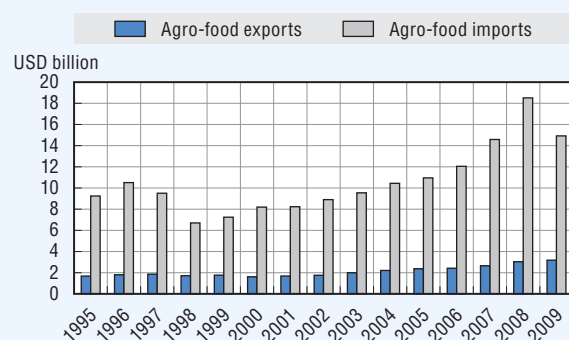
Figure 10.2. **Korea: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 10.3. **Korea: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

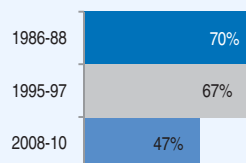
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Development of support to agriculture

In the longer term, Korea has reduced its support to agriculture especially in the second part of the analysed period. However, support remains relatively high and the most production and trade distorting forms of support still represent 90% of the support. On the other side, the level of price distortions has been reduced as documented by the Nominal Protection Coefficients (NPC).

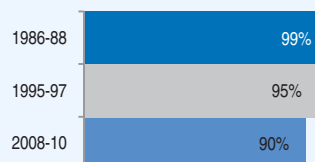
PSE as % of receipts (%PSE)

Korea has reduced its support to agriculture more substantially between 1995-97 and 2008-10. Despite this reduction the overall support remains relatively high (more than twice the OECD average) in 2008-10. The %PSE increased by 6 percentage points in 2009 (51%) and dropped back to 45% in 2010.



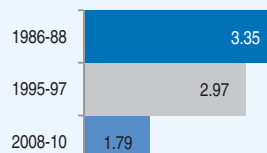
Potentially most distorting support as % of PSE

The most production and trade distorting policies (based on commodity output and variable input use – without constraints) still dominate at around 90% of total support to farmers in 2008-10.



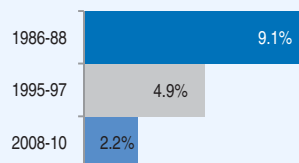
Ratio of producer price to border price (NPC)

The ratio of producer prices to border prices has gradually been reduced. Overall the prices paid to the farming sector were 1.8 times higher than world prices as measured by the NPC in 2008-10. The highest NPCs are for soybean and pigmeat.

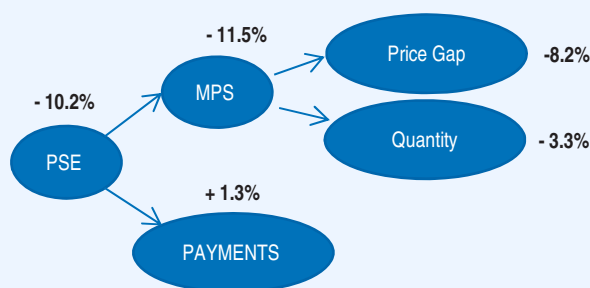


TSE as % of GDP

Total support as a share of GDP was substantially reduced and was 2.2% of GDP in 2008-10. The expenditure on general services represented 14% of the TSE in the same period.

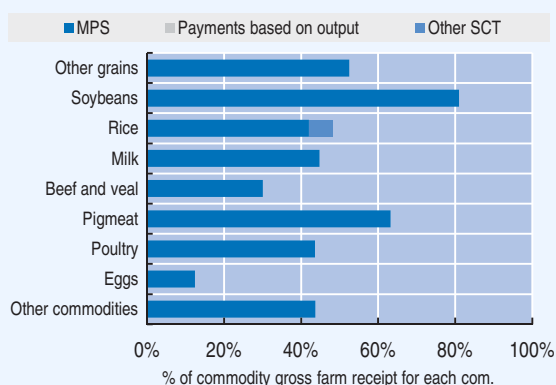


Decomposition of change in PSE, 2009 to 2010



The level of support declined in 2010 mainly due to a reduction of market price support, which was only partly offset by increased payments. The reduced price gap as a result of higher world prices is the main factor behind the lower MPS.

Transfer to specific commodities (SCT), 2008-10



The single commodity transfer (SCT) represented 91% of the PSE. The share of the SCT in the commodity gross farm receipt is above 50% for soybeans and pigmeat, and the lowest for eggs at around 10%. For the remaining commodities it is around 40%.

Table 10.2. **Korea: Estimates of support to agriculture**
KRW billion


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	13 624	27 747	40 921	38 470	41 600	42 692
<i>of which: share of MPS commodities, percentage</i>	72	64	56	57	58	52
Total value of consumption (at farm gate)	14 367	30 693	48 816	46 964	46 624	52 858
Producer Support Estimate (PSE)	9 645	19 277	20 393	18 541	22 464	20 175
Support based on commodity output	9 551	18 199	18 006	16 248	20 180	17 589
Market Price Support	9 551	18 199	18 006	16 248	20 180	17 589
Payments based on output	0	0	0	0	0	0
Payments based on input use	70	871	765	861	689	746
Based on variable input use	23	136	379	479	325	332
with input constraints	3	11	63	39	63	86
Based on fixed capital formation	44	725	310	319	286	325
with input constraints	0	70	44	31	49	52
Based on on-farm services	3	10	77	63	78	89
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	24	206	936	689	941	1 179
Based on Receipts / Income	24	196	329	381	295	312
Based on Area planted / Animal numbers	0	11	607	308	646	867
with input constraints	0	0	50	29	52	68
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	686	743	653	661
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	0	686	743	653	661
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	70	67	47	45	51	45
Producer NPC	3.35	2.97	1.79	1.73	1.94	1.70
Producer NAC	3.40	3.09	1.90	1.83	2.05	1.80
General Services Support Estimate (GSSE)	1 202	2 876	3 253	3 211	3 407	3 141
Research and development	52	275	760	813	700	768
Agricultural schools	5	47	135	116	138	151
Inspection services	21	80	116	118	116	114
Infrastructure	374	2 121	1 814	1 733	1 969	1 740
Marketing and promotion	0	12	64	57	65	69
Public stockholding	394	341	364	374	419	298
Miscellaneous	357	0	0	0	0	0
GSSE as a share of TSE (%)	11.0	12.8	13.7	14.7	13.1	13.4
Consumer Support Estimate (CSE)	-9 425	-19 748	-20 307	-18 910	-21 745	-20 266
Transfers to producers from consumers	-9 304	-17 861	-17 863	-15 986	-20 180	-17 422
Other transfers from consumers	-181	-2 148	-2 501	-2 980	-1 629	-2 895
Transfers to consumers from taxpayers	59	260	57	56	64	51
Excess feed cost	0	0	0	0	0	0
Percentage CSE	-66	-65	-42	-40	-47	-38
Consumer NPC	2.94	2.91	1.73	1.68	1.88	1.62
Consumer NAC	2.93	2.89	1.72	1.68	1.88	1.62
Total Support Estimate (TSE)	10 906	22 413	23 704	21 809	25 935	23 367
Transfers from consumers	9 484	20 009	20 364	18 966	21 809	20 317
Transfers from taxpayers	1 603	4 552	5 841	5 823	5 755	5 945
Budget revenues	-181	-2 148	-2 501	-2 980	-1 629	-2 895
Percentage TSE (expressed as share of GDP)	9.12	4.88	2.18	2.12	2.44	2.00
GDP deflator 1986-1988=100	100	190	259	250	259	267

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

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

MPS commodities for Korea are: other grains, garlic, red pepper, chinese cabbage, rice, soybean, milk, beef and veal, pigmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452326>

Description of policy developments

Main policy instruments

Tariffs and a wide range of tariff rate quotas (TRQs) are applied based on multilateral and bilateral trade agreements. More recently, direct payment schemes have been introduced, while maintaining a public stockholding scheme for rice, which is a purchase and release mechanism based on current market price. In 2009, five kinds of direct payment programmes were implemented with different objectives including direct payment for rice income compensation, direct payment programme for environment-friendly agriculture, direct payment for less-favoured areas, and direct payment programme for rural landscape conservation. The basic law for agriculture, rural area and food industry was established in 2007 and lays out the basic policy principles in agriculture. Korea's rural development policies consist of two categories: improving living conditions of rural residents and enhancing economic vitality of the rural regions. Those involve many ministries and government agencies, encompassing for example education, medical services, roads, dwellings, drinking water supply, and infrastructure for the internet. Since 2004, the government has applied an integrated package programme to 'hub villages' which demonstrate a high growth potential.

Domestic policy

In 2008, the Ministry introduced strict monitoring and surveillance measures to minimize payments to non-eligible landowners.

The simultaneous operation of various types of direct payment programmes reduced their effectiveness and caused concerns about fairness as most of the payments were concentrated on rice. To address these problems the Government considers reorganising in the long run the various **direct payment** programmes into two major programmes: *Direct Payment for Public Interests* and *Direct Payment for Managerial Stabilization*. The Government is in the process of testing the implementation of *Direct payment for Farm Income Stabilisation*, which is a programme to address managerial risk at the farm level by subsidising some proportion of the gap between the annual farm income and the target farm income.

A comprehensive plan to develop the food industry was established in December 2008, aimed at mutual development of agriculture and food industry. In January 2009, the action plan was announced, which reduces entry barriers to agriculture for non-agricultural companies. With this strategy, the government intends to promote the supply of safe agricultural products that domestic and foreign consumer can rely on as well as to develop the food export industry. Korea puts high priority to enhance the competitiveness of the food sector including both agriculture and food processing industries.

In 2009, a priority was to support private investment in agricultural corporations.* As a part of efforts to attract investment in agricultural corporations, the limit on non-farmer investment was relaxed from 75% to 90%. As a result, as of 2009, the number of agricultural corporations increased by 8.2% compared to the previous year to reach 6 824 corporations. The number of employees in agricultural corporations increased by 6.5% to 37 700, and the average area of operation increased by 27.3% to 11.1 ha per corporation. In 2010, the government created a fund of KRW 60 billion (USD 52 million) with the intention to attract more investment and external capital into various

* Agricultural corporations are corporate farms created by several individual farmers which are also financed by off farm private investments.

agricultural sectors, including food marketing and farm input industries. Through reform of the Farmland Law in November 2009, the government also relaxed restrictions on farmland ownership by agricultural corporations and farmland conversion regulations.

In 2009, the Empowerment Support Project, the Local Industry Promotion Project, and the Specialized Product Promotion Project were merged into the Rural Vitalization Promotion Project. Through the convergence of primary, secondary and tertiary industries, the government is seeking to support job creation and re-vitalize the rural economies. The amount of support provided for this project was KRW 329.1 billion (USD 284 million) in 2009 covering 142 prefectures.

Programmes for protecting farm household income from natural disasters were reinforced. An **insurance scheme** for crops and fruits was initiated already in 2001, starting with apple and pears. In 2009, the eligible products increased to twenty varieties, adding rice, sweet potato, maize, garlic, and plum since 2008. The government plans to extend the product coverage of the insurance to 30 commodities in 2011. In 2009, 32 968 farms subscribed to insurance, which is 7.4% increase from the previous year, and the size of land covered by the insurance increased by 31.4% to 26 388 ha between 2008 and 2009. As for livestock, an insurance scheme has been in place since 1997. In 2009, this scheme covered most of the livestock categories with the budget amounting to KRW 43 billion (USD 30 million).

Direct payment for environmentally-friendly agriculture has resulted in the rapid increase of areas that are certified as adopting environmentally-friendly farming practice. The area of land adopting environment-friendly farming practice increased from 0.2% of the total area of farmland in 2001 to 12.2% in 2009. In addition, in 2009, direct payment for environmentally friendly livestock farming was introduced. The output related payment is made to HACCP-certified livestock farms that produce organic and antibiotic-free livestock products. The producers of Korean varieties of cattle, dairy cattle, pig and chicken are eligible for this programme. In 2010, total of KRW 748 million (USD 647 thousand) was paid for the programme in 2009, and nearly KRW 3 billion (USD 2.5 million) is expected to be secured for the budget of the programme in 2010.

From 2001, the Korean government has implemented the **Environmentally-friendly Agricultural Products Certification** that consists of three categories: Organic Agricultural Products; Pesticide-free agricultural products; Low-pesticide agricultural products. Chemical fertiliser use sharply fell from 410 kg/ha in 1998 to 267 kg/ha in 2009. From 2010 this certification is becoming more restrictive, as there are no new certificates issued for low-pesticide agricultural products and this category of certification will cease to exist in 2015. **A Beef Traceability System** was initiated in 2004, leading to an increase of market share for domestic beef from 44.2% in 2004 to 50% in 2009. In June 2009, the beef traceability system was expanded to the distribution stage to cover all stages of beef marketing: processing, distribution and retailing sector. The wider review of the traceability system is scheduled for 2010.

The Korean government has launched the Presidential Committee on **Green Growth** and set the five-year Green Growth National Strategy in 2009. In addition, in April 2010, the government established the Framework Act on Low Carbon and Green Growth including agriculture sector, as a part of policy for low carbon and green growth.

With **Foot and Mouth Disease (FMD)** being found in cows and pigs in November 2010, the government culled more than 3 million heads of pig and cattle in an attempt to prevent spreading of the disease throughout the country as well as prohibited all farms within a 20-kilometre radius of the affected livestock from selling or removing any of their animals from the area, as a preemptive measure. Subsequently, **vaccination measures** were taken since January 2011. The disease was under control after the second round of vaccinations, causing damage estimated at

about KRW 3 trillion (USD 2.6 billion). As a result, the Korean government amended *Domestic Animal Infectious Disease Control Law* and decided to support package for farmers affected by FMD, **relieving income tax**.

Trade policy

As a result of **multilateral rice negotiation** in 2004, the TRQ for rice is scheduled to increase from 225 575 tonnes in 2005 to 408 700 tonnes in 2014. The TRQ for rice will rise by 20 347 tonnes annually, reaching 327 311 tonnes in 2010. According to the WTO rice negotiation in 2004, Korea needs to increase its Minimum Market Access (MMA) of rice and a certain portion of the imported rice needs to be directly sold to consumers at retailers.

The **Free Trade Agreement** (FTA) with **India** became effective on 1 January 2010. Korea currently has four other bilateral and regional FTAs with **Chile, Singapore, EFTA** and **ASEAN**. In late 2010, Korea concluded FTA with the **European Union** as well as with **Peru**. The agreement with the European Union was ratified by the parliament in May 2011 and the agreement with Peru is in the process of ratification. The FTA with **United States** is renegotiated and concluded in December 2010, rearranging import tariff elimination schedule on pigmeat from 2014 to 2016.

FTA negotiations are currently underway with **Canada, Mexico**, the Gulf Co-operation Council (**Saudi Arabia, UAE, Oman, Qatar, Bahrain**, and **Kuwait**), **Australia, New Zealand, Colombia**, and **Turkey**. Negotiations with other economies are also in consideration.

PART II
Chapter 11

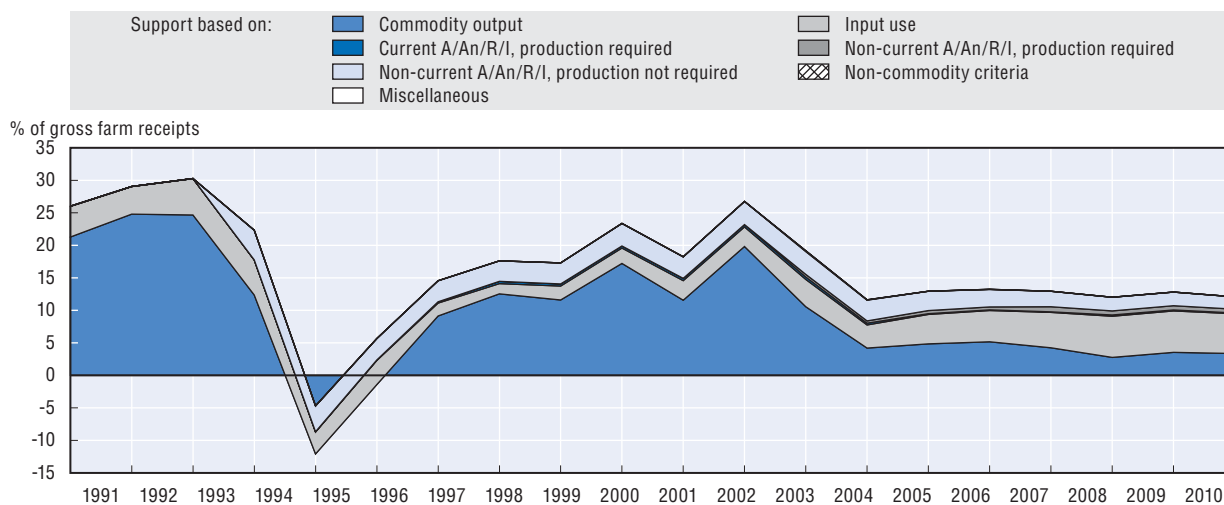
Mexico

The Mexico country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Mexico has significantly reformed its agricultural policies in the last two decades as reflected in reductions in %PSE. Market price support has been reduced and less distorting payments based on non current area or animals have been implemented. However, since 2000 payments based on variable input use have increased and the deficiency payments programme *Ingreso Objetivo* has not been removed despite high market prices in recent years. Instead, subsidies to new price hedging programmes have grown since 2005.
- Reform was driven by trade liberalization and direct payments. PROCAMPO was designed in 1994 and has played an important role as a transition income support programme to be ended in 2008. It was extended until 2012 with no redefinition of its objectives. Only marginal changes in its operational rules were decided in 2009.
- The consistency between agricultural policies and environment objectives remains weak despite the inclusion of objectives for agriculture in the Special Programme on Climate Change 2009-12. For instance, large and increasing subsidies to electricity for water pumping seem inconsistent with the objective to reduce water use.
- The attempt of the *Programa Especial Concurrente* (PEC) to undertake an integrated strategy for development in rural areas – including infrastructure, health, education, social and environmental policies – has not succeeded to implement a strong enough planning tool for a truly horizontal policy strategy.
- Mexico should concentrate its policies on fostering sector and economy wide investments in infrastructure and innovation, while improving the horizontal consistency between policy areas such as agriculture, the environment, rural development and poverty alleviation.

Figure 11.1. Mexico: PSE level and composition by support categories, 1991-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Mexico is the twelfth largest economy, and a large country in terms of population (108 million) and land area. After some years of monetary instability in the mid 1990s, the Mexican economy has experienced relatively low inflation and more stable exchange rate in recent years. Agricultural sector produces 3.9% of GDP but employs 13% of people. Mexico is a net agro-food importer (USD 3 billion trade deficit in 2009), and its share of agro-food import in total imports is 8%. Arable land represents 24% of total agricultural land, 6% of which is irrigated. Social property (*ejidos*) represents half of the territory of Mexico and, despite recent reforms, the sale of this land requires approval from the *Ejido* assembly.

Table 11.1. **Mexico: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	335	883
Population (million)	90	108
Land area (thousand km ²)	1 944	1 944
Population density (habitants/km ²)	47	55
GDP per capita, PPP (USD)	7 536	14 501
Trade as % of GDP	22.7	26.3
Agriculture in the economy		
Agriculture in GDP (%)	5.4	3.9
Agriculture share in employment (%)	23.8	13.5
Agro-food exports (% of total exports)	7.3	6.7
Agro-food imports (% of total imports)	7.2	7.9
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	613	-3 119
Crop in total agricultural production (%)	62	55
Livestock in total agricultural production (%)	37	45
Agricultural area (AA) (thousand ha)	107 200	102 500
Share of arable land in AA (%)	23	24
Share of irrigated land in AA (%)	6	6
Share of agriculture in water consumption (%)	85	76
Nitrogen Balance, Kg/ha	22	22

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

StatLink  <http://dx.doi.org/10.1787/888932452345>

Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Figure 11.2. **Mexico: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.


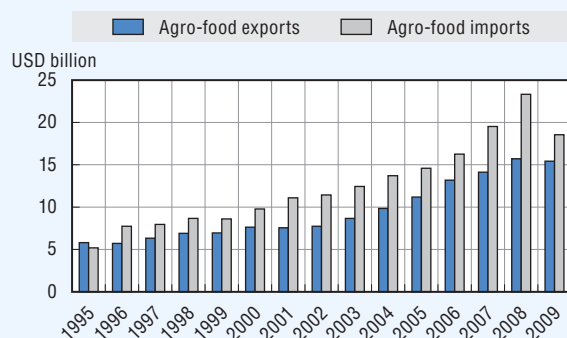

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Figure 11.3. **Mexico: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

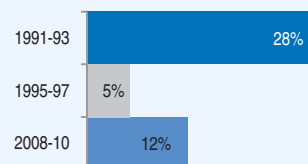
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Development of support to agriculture

Mexico has undertaken significant agricultural policy reform in the last two decades, reducing the amount of support by half since 1991-93, and reallocating remaining support to less distorting forms of support. The level of price distortions has been reduced consequently to only 4% in 2008-10 as documented by the Nominal Protection Coefficient. However, since the year 2000 Mexico has increased payments based on variable input use, in particular subsidies to electricity and to price hedging contracts.

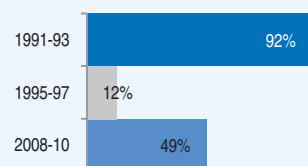
PSE as % of receipts (%PSE)

Support as measured by %PSE has been reduced from 28% in the reference period 1991-93 to 12% in 2008-10, well below the OECD average of 20%. Border protection and price intervention have been significantly reduced driven by trade liberalization policies.



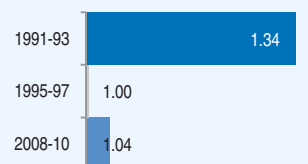
Potentially most distorting support as % of PSE

Market price support was reduced and reallocated to direct payments based on non current area and animals (PROCAMPO and PROGAN programmes) and the most distorting policies (based on commodity output and variable input use – without constraints) have been reduced to 49% of support in 2008-10. However, in the last decade support based on input use has increased.



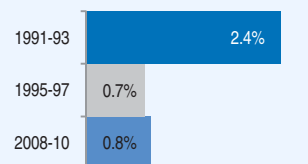
Ratio of producer price to border price (NPC)

Overall, prices received by farmers were 4% higher than world prices, compared with 34% in 1991-93. The commodities with relatively high NPC in 2008-10 were sugar (15%), poultry (11%) and milk (6%). The period 1995-97 shows very low and sometimes negative estimates of price support due to major exchange rate instability.

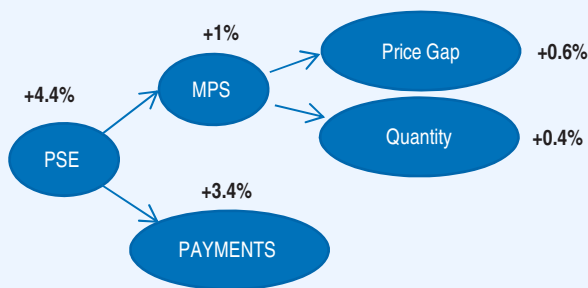


TSE as % of GDP

Total support was 0.8% of GDP, a bit below the OECD average of 0.9%. Support to general services represented 10% of TSE, well below the OECD average of 24%.

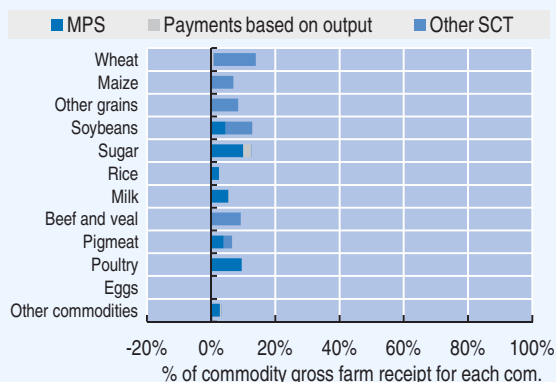


Decomposition of change in PSE, 2009 to 2010



The level of support increased 4% in 2010 mainly due to direct payments.

Transfer to specific commodities (SCT), 2008-10



Only three commodities received single commodity transfers (SCT) beyond 10%: wheat (14%), sugar (12%) and soybeans (12%). The main staple, maize, has reduced SCT to 7% in 2008-10 from 43% in 1991-93.

Table 11.2. **Mexico: Estimates of support to agriculture**
MXN million

	1991-93	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	86 539	182 276	551 008	528 995	531 707	592 322
<i>of which: share of MPS commodities, percentage</i>	69	70	67	67	67	68
Total value of consumption (at farm gate)	82 475	181 410	620 434	629 753	593 096	638 453
Producer Support Estimate (PSE)	25 995	12 953	74 735	70 406	75 247	78 553
Support based on commodity output	21 540	289	19 626	16 209	20 806	21 864
Market Price Support	21 380	211	17 900	13 572	19 681	20 446
Payments based on output	160	79	1 727	2 638	1 125	1 418
Payments based on input use	4 445	5 729	38 107	37 082	37 415	39 822
Based on variable input use	2 296	2 373	16 911	16 340	15 818	18 576
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	1 680	2 340	16 258	15 419	17 425	15 929
with input constraints	0	0	0	0	0	0
Based on on-farm services	469	1 016	4 937	5 323	4 172	5 317
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	10	234	932	1 143	879	773
Based on Receipts / Income	0	100	0	0	0	0
Based on Area planted / Animal numbers	10	134	932	1 143	879	773
with input constraints	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	3 759	3 661	3 835	3 781
Payments based on non-current A/An/R/I, production not required	0	6 701	12 311	12 310	12 311	12 312
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	6 701	12 311	12 310	12 311	12 312
with commodity exceptions	0	9	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	28	5	12	12	13	12
Producer NPC	1.34	1.00	1.04	1.03	1.04	1.04
Producer NAC	1.40	1.06	1.14	1.14	1.15	1.14
General Services Support Estimate (GSSE)	3 407	3 529	10 205	9 316	10 315	10 984
Research and development	339	637	1 428	1 361	1 641	1 283
Agricultural schools	550	849	3 784	3 098	3 409	4 845
Inspection services	0	156	801	1 176	507	721
Infrastructure	809	866	2 855	2 380	3 357	2 828
Marketing and promotion	322	218	1 173	1 253	1 350	915
Public stockholding	1 210	487	0	0	0	0
Miscellaneous	177	317	164	48	51	392
GSSE as a share of TSE (%)	10.6	16.8	10.4	9.7	10.0	11.6
Consumer Support Estimate (CSE)	-19 400	-760	-8 466	-961	-3 055	-21 382
Transfers to producers from consumers	-21 871	-1 829	-18 128	-13 353	-20 247	-20 783
Other transfers from consumers	-770	-3 513	-3 197	-4 147	0	-5 444
Transfers to consumers from taxpayers	2 629	4 515	12 816	16 539	17 162	4 746
Excess feed cost	612	67	43	0	29	98
Percentage CSE	-24	1	-1	0	-1	-3
Consumer NPC	1.38	1.02	1.04	1.03	1.04	1.04
Consumer NAC	1.32	0.99	1.01	1.00	1.01	1.03
Total Support Estimate (TSE)	32 032	20 997	97 756	96 261	102 724	94 283
Transfers from consumers	22 642	5 342	21 325	17 500	20 247	26 227
Transfers from taxpayers	10 160	19 169	79 628	82 907	82 477	73 500
Budget revenues	-770	-3 513	-3 197	-4 147	0	-5 444
Percentage TSE (expressed as share of GDP)	2.38	0.72	0.79	0.79	0.86	0.72
GDP deflator 1986-1988=100	100	202	606	581	605	631

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

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

MPS commodities for Mexico are: wheat, maize, other grains, coffee beans, tomatoes, rice, oilseeds, sugar, milk, beef and veal, pigmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452364>

Description of policy developments

Main policy instruments

There were no significant changes in the agricultural policy framework in Mexico during the period 2009-10. The direction and policy instruments were determined by the *Sectoral Development Programme on Agriculture 2007-12* with broad objectives related to rural development, food supply, farm income and improved sustainability. The overall rural development programme PEC (*Programma Especial Concurrente*) 2007-12 is a set of policy initiatives from different government departments with an involvement in rural development such as agriculture, infrastructure, health, education, social and environmental policies. The *Mexican Climate Change Strategy 2009-12* was published in 2009 and set challenging objectives for agriculture.

Mexico provides market price support to some commodities through tariffs and tariff rate quotas (TRQs), but this type of support has significantly been reduced in the last two decades due to reductions in trade measures through WTO, NAFTA and other trade agreements. The *Ingreso Objetivo* programme is designed to provide payments to crops based on output and calculated as a deficiency payment, but they have hardly been triggered in the last three years due to relatively high market prices. Mexico has two large direct payment programmes based on historical parameters: PROCAMPO is based on historical area and was established in 1994; PROGAN is based on historical livestock, imposes environmental conditions for production and started in 2003. Mexico also provides payments based on on-farm investment or fixed capital through the Investment on Productive Assets programme and farm credit support policy. Payments for energy consumption (electricity and fuel) and to subsidize price hedging contracts have recently increased and become main agricultural support programmes. Subsidies to crop insurance are also provided through AGROASEMEX. Consumption subsidies for basic staples targeted at poor families are provided through the DICONSA rural shops and through LICONSA (for milk). Overall, Mexico has significantly reduced market price support in favour of direct historical payments and more recently increased expenditure on payments based on inputs, both on fixed capital and variable inputs.

Domestic policy

The Sectoral Programme 2007/12 decided to continue PROCAMPO beyond its original deadline of 2008 until 2012. Three main changes for **PROCAMPO** were published in April 2009. First the rate of payments was made more progressive from 2009, with a new special rate *Alianza* of MXN 1 300 (USD 103) per hectare of non-irrigated land (spring-summer cycle) for producers with less than five hectares, around 67% of all beneficiaries. This compares with a preferential rate of MXN 1 160 (USD 92) that existed up to 2009 and the normal rate for the rest of farms of MXN 963 (USD 76). This later has remained constant in nominal terms since 2007. Second, a new limit of MXN 100 thousand (USD 8 thousand) per farmers was established. Third, a revision of the register of land for PROCAMPO was decided to improve the quality of the programme data. The revision will be progressively implemented. In 2009 the area benefiting from PROCAMPO increased from 12.0 million hectares to 13.2. Total expenditure is expected to fall from MXN 16.6 billion (USD 1 229 million) in 2009 to MXN 15.2 billion (USD 1 203 million) in 2010. The option of capitalizing the future payments into a single advanced payment conditional on the implementation of an investment project (*PROCAMPO Capitaliza*) was not made available since 2009.

The Ministry of Agriculture, Livestock, rural development, fisheries and food (SAGARPA) manages a set of programmes related with **price risk management**. The *Ingreso Objetivo*

programme used to be the main policy tool between 2001 and 2006, but it has hardly been triggered since. **Output payments** for **dried beans** increased to MXN 935 million (USD 74 million) in 2010, while new output payments to induce production of **safflower, maize** and **wheat** in certain areas have been implemented with a total expenditure of MXN 687 million (USD 54 million) in 2010. In the last five years the **Price Hedging programme** has expanded from MXN 421 million (USD 39 million) in 2005 to MXN 7 660 million (USD 606 million) in 2010. This programme operates in conjunction with the Contract farming programme. It offers farmers and buyers a contract with stable prices in US dollars, plus the opportunity of benefiting from price rises at harvest through “call” options. The programme supports between 40% and 100% of the costs of the options.

PROGAN is the main **agri-environmental programme** with an expenditure of MXN 3 781 million (USD 299 million) in 2010. The *Soil and Water Conservation* programme grouped in 2008 several programmes supporting farmers’ investments on infrastructures that improved the efficiency of water management; expenditure was reduced in the last two years from MXN 894 million (USD 80 million) in 2008 to MXN 773 million (USD 61 million) in 2010. At the same time the expenditure on subsidies to electricity, mainly for water pumping, is expected to increase from MXN 5 509 million (USD 408 million) in 2009 to MXN 6 804 million (USD 539 million) in 2010. This contrasts with the objective of saving water used in agriculture under the climate change strategy. A significant expenditure of MXN 1 003 million (USD 79 million) to support investment in the production of bio-fuels and renewable energy is also expected in 2010.

In August 2009 the *Special Programme on Climate Change 2009-12* was published by the Government as an intersectoral planning device with specific and ambitious objectives on agriculture for 2012. Several mitigation objectives have been fixed and quantified, including quantification of their impact on the CO₂ equivalent emissions: a change in the use of marginal agricultural land (548 000 hectares into tree crops and diversified crops, forest and protected natural land); cropping sugar cane when it is green (188 000 hectares); production of bio- fertilisers and reduction of 15% in fertilisers use; and planting bushes and trees in grass land through PROGAN (30 plants per supported animal). The chapter on adaptation does not mention agriculture in the sections related to energy or water. However there are specific adaptation objectives for agriculture: reduce agriculture vulnerability (insuring 9 million hectares against natural disasters, saving 3 000 million cubic meters of water currently used in agriculture, increase the productivity of water in irrigation by 2.8% annually); modernizing irrigation infrastructure in 1.7 million hectares; research on vulnerability of agriculture to climate change in different geographical areas; and reduce livestock vulnerability (insuring 5 million animals against natural disasters, achieve 91% livestock land free of diseases).

The creation of a *National Centre for Genetic Resources* was also included in the programme for climate change adaptation. The Center is located in the State of Jalisco and will work as a research centre on biodiversity and a bank of genetic resources for farmers.

Trade policy

In December 2008 Mexico requested consultations in WTO with the **United States** concerning the *mandatory country of origin labelling* (COOL) provisions in the US 2008 Farm Bill. Mexico considers that these provisions inconsistent with some WTO obligations under the GATT, TBT and SPS agreements. **Canada** also requested consultations on the same provisions in 2008 and joined Mexican consultations in May 2009. A panel was composed in May 2010 to examine the two disputes initiated by Mexico and Canada and its report is expected for mid 2011.

The **tariff reductions** to confront high prices in May 2008 have remained active since. This includes zero import tariffs for all imported wheat, maize and rice; halved out of quota tariff on milk powder (62%); tariff exemptions for sorghum and soya meal; and a new zero tariff rate quota of 100 thousand tons of dried beans.

PART II
Chapter 12

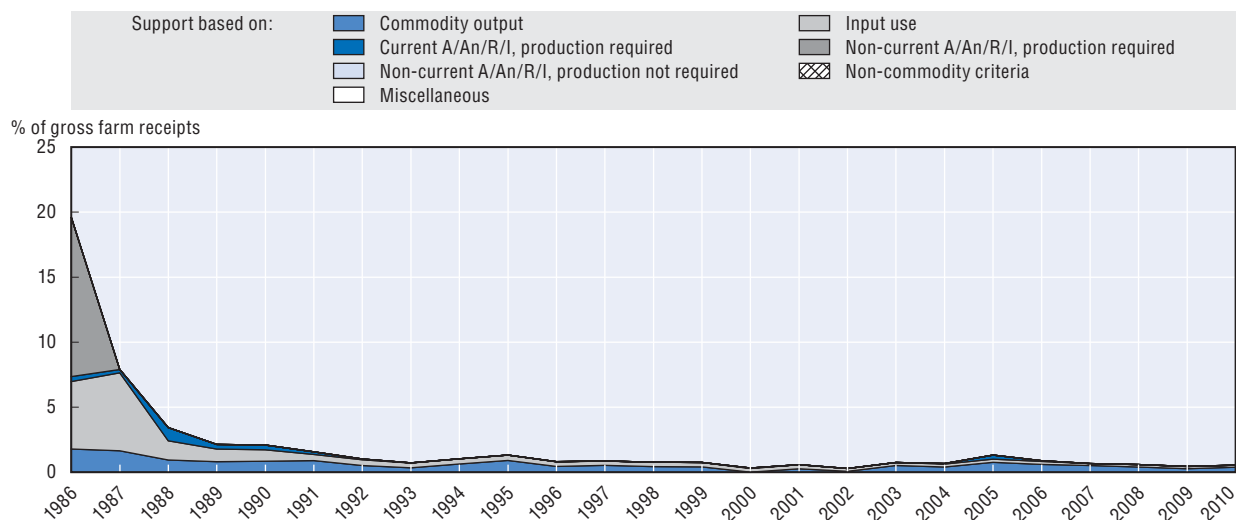
New Zealand

The New Zealand country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Very few of New Zealand's agricultural production and trade distorting policies from pre-1986-88 remain today. The level of producer support is currently the lowest across the OECD. Most domestic prices are aligned with the world prices and payments are only provided for animal disease control and relief in the event of large scale climate and natural disasters.
- Almost all sectors have been deregulated following statutory producer organisation and marketing board reforms. All restrictions on who could export dairy products were eliminated by the end of 2010. Zespri, a New Zealand company, is the only company that has automatic default rights to export New Zealand produced kiwifruit to markets other than Australia. Other groups can export in collaboration with Zespri or independently to Australia.
- National frameworks for land and water quality and allocation have been established to enhance the sustainable management of biological and natural resources. Under current policy settings the Emissions Trading Scheme is to be extended in the future to include the agricultural sector. It will extend the price-based mechanism to encourage reduction of agriculture green house gas emissions. Efforts to develop additional market-based approaches to environmental issues offer opportunities to enhance environmentally sustainable development.

Figure 12.1. **New Zealand: PSE level and composition by support categories, 1986-2010**



Source: OECD, PSE/CSE database, 2011.

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Contextual information

New Zealand is an economy with relatively higher dependency on international trade. New Zealand is consistently a net agro-food exporter, its share of agro-food imports in total imports is around 10%, while the share of agro-food exports on total exports is more than 50%. New Zealand is the world's largest dairy and sheep meat exporter. The relative importance of agriculture in the New Zealand economy is relatively higher than in most of other OECD countries, and agriculture accounts for more than 5% of GDP and 7% of total employment. New Zealand's farming systems are based primarily on year-round grass fed livestock.

Table 12.1. **New Zealand: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	61	116
Population (million)	4	4
Land area (thousand km ²)	263	263
Population density (habitants/km ²)	14	16
GDP per capita, PPP (USD)	17 143	27 036
Trade as % of GDP	22.7	21.7
Agriculture in the economy		
Agriculture in GDP (%)	7.2	5.5
Agriculture share in employment (%)	9.7	7.2
Agro-food exports (% of total exports)	43.4	53.4
Agro-food imports (% of total imports)	7.8	10.7
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	4 888	10 589
Crop in total agricultural production (%)	n.a.	n.a.
Livestock in total agricultural production (%)	n.a.	n.a.
Agricultural area (AA) (thousand ha)	14 975	11 374
Share of arable land in AA (%)	11	4
Share of irrigated land in AA (%)	n.a.	4
Share of agriculture in water consumption (%)	n.a.	57
Nitrogen Balance, Kg/ha	37	47

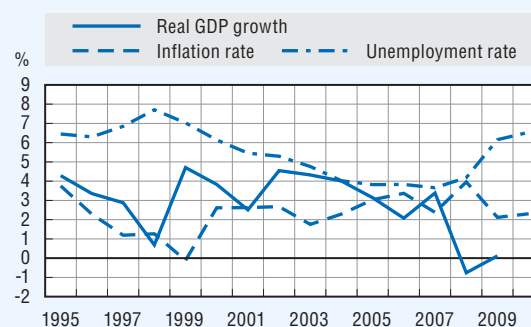
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

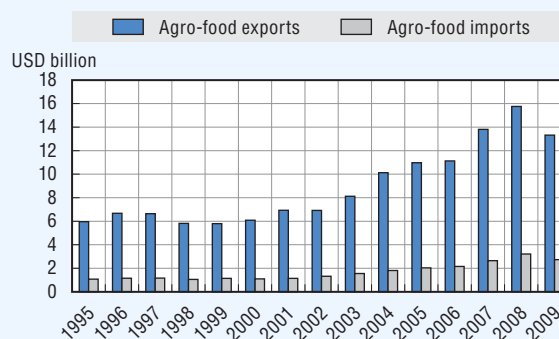
Figure 12.2. **New Zealand: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 12.3. **New Zealand: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

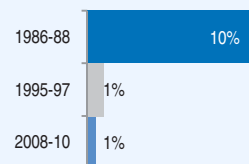
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Development of support to agriculture

New Zealand's agriculture is a market- and export-oriented sector and domestic prices of agricultural products are aligned with world market prices. The level of support is the lowest among OECD countries and most of policy measures are sector-wide, representing general services to agriculture.

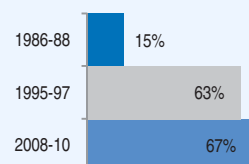
PSE as % of receipts (%PSE)

Support to producers (%PSE) was 1% in 2008-10, down from 10% in 1986-88 and has been the lowest in the OECD since the agricultural reforms in the mid-1980s.



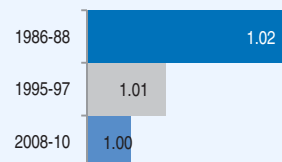
Potentially most distorting support as % of PSE

The combined share of most distorting forms of support (based on commodity output and variable input use – without constraints) in the PSE increased from 15% in 1986-88 to 67% in 2008-10. However, the level of most distorting forms of support is the lowest among OECD countries.



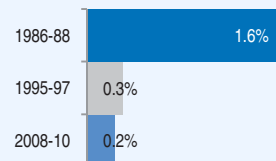
Ratio of producer price to border price (NPC)

Overall, the total receipts of the farming sector were nearly identical to what they would have been at world prices in 2008-10.

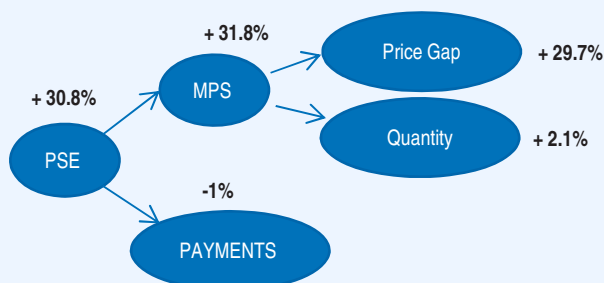


TSE as % of GDP

Total support was about 0.2% of GDP in 2008-10 and the expenditure on general services represented around 77% of the Total support.

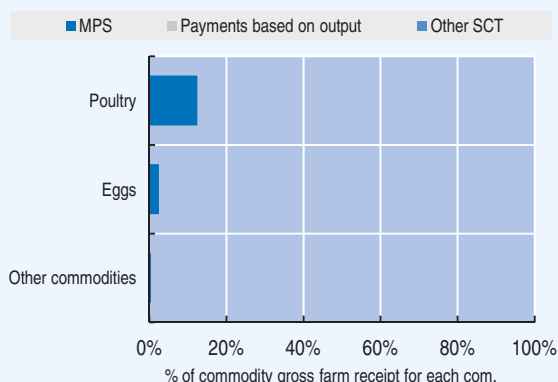


Decomposition of change in PSE, 2009 to 2010



The level of support increased in 2010 is due to the wider gap between domestic and border prices (MPS), mainly due to lower international reference prices of egg and poultry.

Transfer to specific commodities (SCT), 2008-10



Producer SCT by commodity was 13% for poultry, 3% for egg and zero for all the other commodities in 2008-10.

Table 12.2. **New Zealand: Estimates of Support to Agriculture**
NZD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	6 860	9 669	18 007	16 733	17 989	19 298
<i>of which: share of MPS commodities, percentage</i>	72	72	75	74	74	76
Total value of consumption (at farm gate)	1 683	2 321	3 577	3 662	3 495	3 575
Producer Support Estimate (PSE)	781	96	95	99	80	105
Support based on commodity output	110	60	63	67	49	74
Market Price Support	107	60	63	67	49	74
Payments based on output	3	0	0	0	0	0
Payments based on input use	314	35	30	31	30	29
Based on variable input use	3	0	0	0	0	0
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	271	0	0	0	0	0
with input constraints	0	0	0	0	0	0
Based on on-farm services	40	35	30	31	30	29
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	42	1	1	1	1	0
Based on Receipts / Income	42	1	1	1	1	0
Based on Area planted / Animal numbers	0	0	0	0	0	0
with input constraints	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	315	0	1	0	1	1
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0	0
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	10	1	1	1	0	1
Producer NPC	1.02	1.01	1.00	1.00	1.00	1.00
Producer NAC	1.12	1.01	1.01	1.01	1.00	1.01
General Services Support Estimate (GSSE)	203	183	322	316	309	341
Research and development	102	110	79	90	70	76
Agricultural schools	0	6	26	26	29	24
Inspection services	54	43	126	113	120	145
Infrastructure	47	22	90	87	89	94
Marketing and promotion	0	0	0	0	0	0
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	1	0	0	0	0
GSSE as a share of TSE (%)	20.6	65.6	77.2	76.2	79.4	76.4
Consumer Support Estimate (CSE)	-105	-53	-63	-69	-49	-72
Transfers to producers from consumers	-102	-53	-62	-66	-49	-72
Other transfers from consumers	-3	0	-1	-3	0	0
Transfers to consumers from taxpayers	0	0	0	0	0	0
Excess feed cost	0	0	0	0	0	0
Percentage CSE	-6	-2	-2	-2	-1	-2
Consumer NPC	1.07	1.02	1.02	1.02	1.01	1.02
Consumer NAC	1.07	1.02	1.02	1.02	1.01	1.02
Total Support Estimate (TSE)	984	279	417	415	390	446
Transfers from consumers	105	53	63	69	49	72
Transfers from taxpayers	882	226	354	348	341	374
Budget revenues	-3	0	-1	-3	0	0
Percentage TSE (expressed as share of GDP)	1.61	0.28	0.22	0.22	0.21	0.23
GDP deflator 1986-1988=100	100	131	177	174	175	181


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

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

MPS commodities for New Zealand are: wheat, maize, other grains, 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, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452402>

Description of policy developments

Main policy instruments

Support to agriculture in New Zealand is provided mainly through expenditures on **general services** such as **agricultural research** and **biosecurity controls** for pests and diseases. A large portion of the costs of regulatory and operational functions, including border control, are charged to beneficiaries. Farmers may receive some assistance to replace lost production capacity in the event of large-scale nationally significant adverse climatic and natural disaster emergencies, provided these are beyond the response capacity of private insurance, local farmer organisations and territorial local authorities. In the event of a medium or large scale natural disaster farmers may be eligible for the equivalent of the unemployment benefit for a limited time, if their income falls below a threshold level. Imports of some products (e.g. eggs, uncooked poultry and bee products) are not allowed. These border measures are implemented to prevent the entry of specific pests and diseases. The PSE database currently includes market price support for poultry and eggs.

Historically, marketing of most agricultural production was largely under the control of statutory producer and marketing boards. Reforms in the last quarter of the 20th century deregulated almost all sectors. Statutory marketing boards have all been disestablished and participation in commercial aspects of the agricultural sector has been deregulated. The exports of dairy products were regulated in limited situations, including in specific markets where countries had imposed import restrictions. By the end of 2010 all remaining restrictions on who can export dairy products had been removed. This marked the end of the *Fonterra Co-operative Group (Fonterra)* previous exclusive rights to restricted export markets, which had been phased out over a period of two years. Fonterra's market share has declined from approximately 97% in 2002 to 90% in 2010 and this development may facilitate a further decline in its market share. Legislation provides Zespri with the default, but not sole, right to export kiwifruit to all markets except Australia, which provides Zespri with a major marketing advantage. Companies that want to export kiwifruit to countries other than Australia must obtain approval from the New Zealand Kiwifruit Board to market collaboratively with Zespri. Such approval may be given even if Zespri objects but only if the New Zealand Kiwifruit Board is satisfied that the planned exports would increase overall average returns to the industry. The New Zealand Horticulture Export Authority Act 1987 provides the means for collaborative marketing amongst growers and exporters, who have previously chosen to work under this legislative framework, to develop effective export marketing of horticultural products.

Many activities such as market research and development, quality assurance, and plant and animal health protection are funded by **producer levies** through industry organisations under the Commodity Levies Act 1990. Under this legislation, levies can only be imposed if they are supported by producers, and producers themselves decide how levies are spent. With a very limited number of exceptions, levy funds may not be spent on commercial or trading activities. The levying organisations must seek a new mandate to collect levies every six years through a referendum of levy payers.

The two principal policy measures that address **agri-environmental issues** are the *Resource Management Act 1991 (RMA)* and the *Sustainable Farming Fund (SFF)*. The objective of the RMA is to promote the sustainable management of natural and physical resources, including soil, water, air, biodiversity and the coastal environment, for the benefit of present and future generations. Most responsibilities under the RMA are assigned to regional and district councils. Examples of relevant activities include environmental regulation, soil conservation cost-share programmes, flood

control and drainage works, and pest plant and animal control programmes. The SFF supports community-driven projects aimed at improving the productive and environmental performance of the land-based sectors.

Recent policy initiatives in New Zealand relate to research and innovation, sustainable development, reducing green house gas emissions, dairy reform, water management, and biosecurity controls. The *Primary Growth Partnership* (PGP), launched in 2009, initiated a public-private partnership to invest in research and innovation for the growth and sustainability of the primary sectors. Dairy reform has been continued, to ensure competition and improve the efficiency of the dairy market. In the area of biosecurity, new initiatives to establish a national rural property register and animal identification system are expected to enhance the ability to quickly respond to biosecurity risks. On the trade side, New Zealand has been actively pursuing bilateral and regional FTAs, including the expansion of the P4 trade agreement to include the United States, Australia, Peru, Malaysia and Viet Nam in a Trans Pacific Partnership (TPP).

Domestic policy

Dairy Industry Restructuring Act (DIRA) is a pro-competition **regulatory regime**. It obliges *Fonterra Co-operative Group*, to ensure open exit and entry to the co-operatives, collect milk from a requesting farmer and to make up to 600 million litres of raw milk available to independent processors at a regulated price (currently the farm gate milk price plus NZD 0.10 per kilogram of milksolids). Based on a 2007/08 review the DIRA was amended in 2010 to allow the Minister of Agriculture to use an auction system, or any other method, for determining the price and allocation of regulated raw milk. Another review of raw milk regulation is expected in 2011. In addition, Ministry of Agriculture and Forestry (MAF) initiated consultation in February 2011 on the potential amendments to the DIRA to allow farmers to trade the Fonterra's co-operative shares rather than Fonterra issuing and redeeming the shares in accordance with farmers' milk supply decisions.

The *Primary Growth Partnership* (PGP) was launched in 2009 as a government-industry initiative to invest in significant programmes of **research and innovation**. It aims to boost the economic growth and sustainability of New Zealand's primary, forestry and food sectors. Each programme funded under this initiative is a joint investment between industry and the Crown. Industry contributions have to be equal to or greater than Crown funding. Industries eligible to participate in the PGP are pastoral and arable production; horticulture; seafood; forestry and wood products; and food processing. Investments can cover the whole of the value chain, including education and skills development, research and development, product development, commercialisation, commercial development and technology transfer. For example, the PGP fund will provide NZD 5 million (USD 7 million) per year for the new Agricultural Greenhouse Gas Research Centre, which will focus on developing technologies that reduce emissions and improve on-farm efficiency and productivity. Its focus includes methane emissions from farm animals and waste systems; nitrous oxide from farm animals and nitrogen fertiliser; and soil carbon from agriculture, arable and horticultural land.

The **Emissions Trading Scheme** (ETS) introduces a price-based mechanism for **greenhouse gases** and is a key part of New Zealand's climate change policy. Forestry entered the scheme in 2008 and agriculture is set to fully enter the scheme in 2015, with voluntary reporting starting in 2011. Under the scheme, emitters of greenhouse gases (methane and nitrous oxide) must either reduce their emissions or purchase New Zealand Units (NZUs) to pay for those emissions. The agricultural participant will be the processor of product rather than the individual farmer, for

example dairy and meat processors, fertiliser manufacturers and importers. Agricultural participants can voluntarily report emissions in 2011 and are required to report emissions from 2012 though to 2014. From 1 January 2015 participants will be required to report and surrender NZUs to cover emissions at the end of each calendar year. From 2015, participants report and surrender NZUs, but they will be eligible to receive a free allocation of NZUs from the Government, which reduce the cost of participation in the ETS. The level of price allocation will start at 90% of a baseline (average emissions per unit of product in a year or years, yet to be set) and will phase out at 1.3% per annum from 2016. The ETS is set to be reviewed every five years by an independent panel. The first review is scheduled for 2011. The New Zealand Government is currently looking at ways to reward mitigation technologies to reduce agricultural greenhouse gas emissions within the ETS.

As a result of a wider review, the *Resource Management Act* was amended in October 2009. This amendment was the first phase of the RMA reforms, which aims to reduce delays, costs and uncertainty associated with RMA's environmental assessment processes. In accordance with the amendment act, the Environmental Protection Authority (EPA) was established to perform environmental regulatory functions. The second phase of the reforms is underway which includes the reform of urban and infrastructure planning system as well as the development of operational details of the EPA.

The *Community Irrigation Fund* (CIF) was established in 2007 to assist rural communities in difficulty to address the **water supply** risks as part of New Zealand's sustainability and climate change initiatives. In 2009, the category of funded activities was widened to include local government-led water strategies, followed by the expansion to provide funding for detailed engineering design in June 2010. The grant funds up to half of the costs of generating investor and community support for new irrigation schemes and increasing the efficiency of existing schemes, and up to half of the costs of local government regional water strategies. The contestable fund of NZD 5.7 million is expected to be spread over eight years (2008/09 to 2015/16). Subsequently the CIF fund was superseded by the launch on 9 May 2011 of the Accelerated Irrigation Fund (AIF). The AIF will have a budget of NZD 35 million spread over five years, starting 1 July 2011.

The *Ministry of Agriculture and Forestry* and the *New Zealand Food Safety Authority* (NZFSA) was amalgamated in 2010, with a new structure operative from 1 February 2011. NZFSA became the food safety arm of the MAF. This single organisation focuses on enhancing the integrity and performance of the biological value chain.

FarmsOnLine (FOL) is a new initiative to establish and record a national rural property register, which is expected to be in operation from March 2011. It aims to get help to rural individuals and communities in the event of a biosecurity outbreak or natural disaster. FOL will hold accurate, up-to-date contact details for rural properties in New Zealand. *National Animal Identification and Tracing* (NAIT) is an **animal identification and tracing system** that will link people, property and animals. With its ability to trace infected animals and properties quickly and accurately, NAIT will improve New Zealand's ability to respond and contain the damage from biosecurity risks and food scares. The NAIT system is expected to start functioning in November 2011 and initially cover cattle and deer. NAIT-approved RFID (Radio Frequency Identification Device) tags will be mandatory when both the legislation is in place and the system is operating effectively. NAIT Ltd is the industry-owned company that will implement the system.

Trade policy

Accomplishing more liberal rules-based trade through the WTO **Doha Round negotiation** is the top agricultural trade policy priority. Preventing the introduction of unjustified technical barriers to trade is also a key aim. At its meeting on 17 December 2010 the WTO Dispute Settlement Body (DSB) adopted the Appellate Body report on **Australia** – Measures affecting the Importation of Apples from New Zealand. Subsequently Australia and New Zealand agreed that Australia would implement the DSB's findings by 17 August 2011, allowing Australia to be in a position to issue import permits for New Zealand apples from that date based on any conditions that may arise out of the current review.

In 2008 New Zealand had **Free Trade Agreements** (FTA) with **Australia, Singapore, Thailand**; the P4 (**Singapore, Brunei and Chile**); and **China**. The **ASEAN, Australia** – New Zealand Free Trade Agreement (AANZFTA) was signed in February 2009 and entered into force on 1 January 2010 for eight of the twelve member countries. By January 2011 the agreement had entered into force for three of the remaining four member countries. The bilateral FTA with **Malaysia** entered into force in August 2010. The New Zealand- **Hong Kong, China** Closer Economic Partnership Agreement was signed and entered into force in January 2011. This Agreement complements the existing FTA with China and enhances the potential for Hong Kong to be used as a platform for trade into Mainland China. Five more FTAs are under negotiation including with **Korea, India**, the **Gulf Co-operation Council (Saudi Arabia, UAE, Oman, Qatar, Bahrain, and Kuwait)**, and **Russia-Belarus-Kazakhstan**. Discussions are also being held to expand the P4 into the *Trans-Pacific Strategic Economic Partnership* that would include the **United States, Australia, Peru, Malaysia** and **Viet Nam**.

PART II
Chapter 13

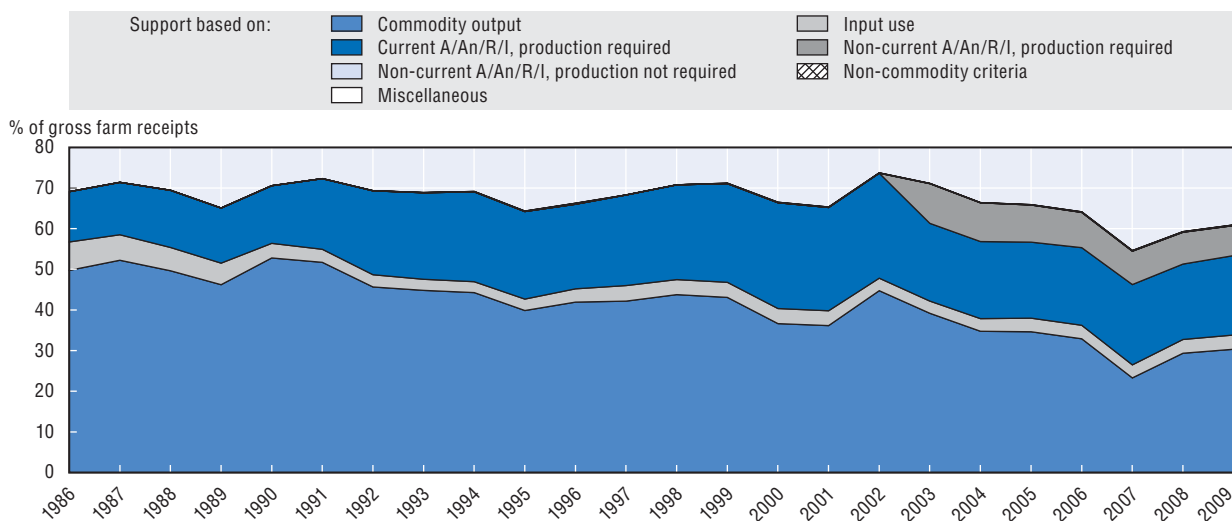
Norway

The Norway country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Overall, there has been modest policy reform since 1986-88 towards market orientation. There has been modest reduction in the level of support. There has also been a move away from support based on commodity output, particularly with respect to payments based on output, but on the other hand payments based on current production factors have increased. While the share of most distorting support has declined significantly, it continues to account for more than half of overall support. Agriculture in Norway remains among the most highly protected in the OECD area and greater efforts are required to reduce the share of production-linked support and increase market access.
- Policy reforms such as the removal of the administered price for beef and increased flexibility in milk quota leasing are welcome steps to improve market orientation.
- Measures to improve environmental performance of agriculture, such as the new action plan to reduce risk related to the use of pesticides with a stronger focus on integrated plant management, provide important opportunities to further improve sustainability in production.
- Norway's White Paper on Agriculture and Climate Change has identified the need to strengthen research on options for mitigation measures in agriculture. Future initiatives in Norway to promote knowledge development, including through international research cooperation, could provide important opportunities to develop a range of options for farmers to participate in climate change goals.

Figure 13.1. Norway: PSE level and composition by support categories, 1986-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Norway has the highest GDP per capita in the OECD region. It has relatively low inflation and unemployment rates. Given the cold climate and the widespread incidence of thin soils and mountainous terrain, only a small fraction of the land is cultivated. Agriculture constitutes a relatively small share of Gross Domestic Product (1.2%) and employment (2.8%). As a result, Norway has a consistently large agro-food trade deficit. The farm structure is based on relatively small family farms, many of which are in remote locations. The share of water consumption in agriculture includes fisheries, where fresh water use for primary processing is particularly important.

Table 13.1. **Norway: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	149	379
Population (million)	4	5
Land area (thousand km ²)	304	305
Population density (habitants/km ²)	14	16
GDP per capita, PPP (USD)	23 597	58 717
Trade as % of GDP	25.0	24.4
Agriculture in the economy		
Agriculture in GDP (%)	3.1	1.2
Agriculture share in employment (%)	5.4	2.8
Agro-food exports (% of total exports)	1.3	0.6
Agro-food imports (% of total imports)	6.2	8.0
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-1 500	-4 650
Crop in total agricultural production (%)	n.a.	n.a.
Livestock in total agricultural production (%)	n.a.	n.a.
Agricultural area (AA) (thousand ha)	1 127	1 024
Share of arable land in AA (%)	88	82
Share of irrigated land in AA (%)	n.a.	n.a.
Share of agriculture in water consumption (%)	n.a.	30
Nitrogen Balance, Kg/ha	98	76

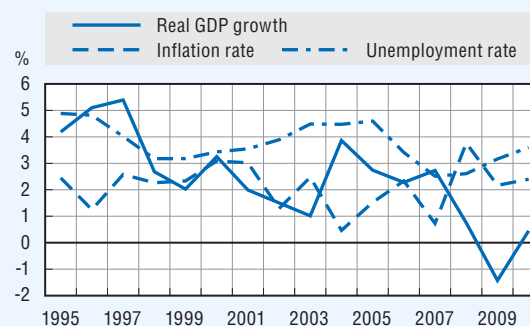
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

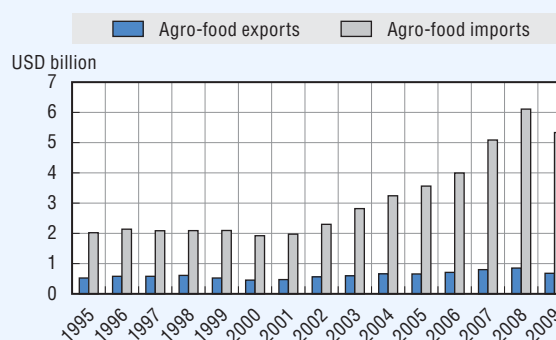
Figure 13.2. **Norway: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 13.3. **Norway: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

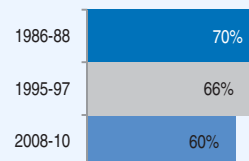
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Development of support to agriculture

There has been modest progress in reducing the level and shifting the composition of support. However the share of commodity based support continues to be high and is dominated by market price support. Payments based on output have in recent years declined to about one third of the level in 1986-88, but payments based on current production factors continue to account for an important share of the PSE.

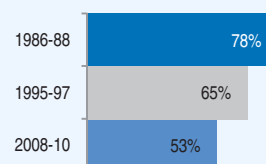
PSE as % of receipts (%PSE)

Support to farmers has been reduced by 10 percentage points, from 70% in 1986-88 to 60% in 2008-10. The % PSE has been stable in the last few years, ranging between 59% in 2008 to an estimate of 61% in 2010.



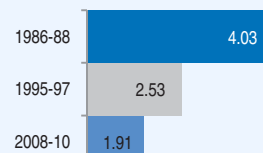
Potentially most distorting support as % of PSE

While the share of most distorting support (based on commodity output and variable input use – without constraints) in the PSE has decreased significantly, it nevertheless continues to account for more than half of total support. Market price support continues to dominate the share of most distorting support.



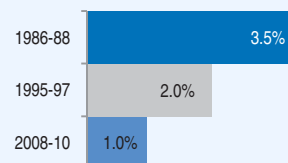
Ratio of producer price to border price (NPC)

Prices received by farmers (NPC) were 1.9 times higher than those on the world market in 2008-10. This is a significant reduction relative to 1986-88. NPC's are highest for poultry and wool.

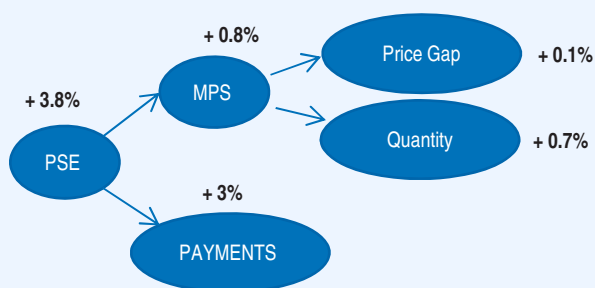


TSE as % of GDP

Total support was 1% of GDP in 2008-10. Expenditures on general services (GSSE) represented 9% of the Total Support Estimate.

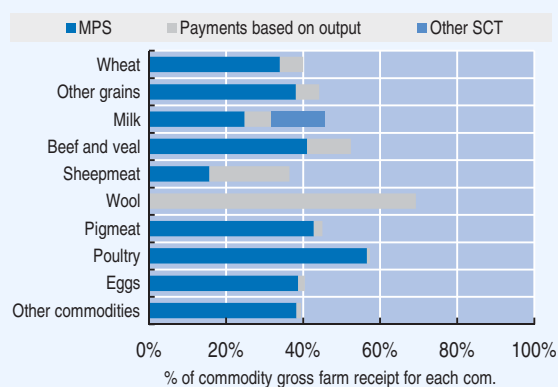


Decomposition of change in PSE, 2009 to 2010



The level of support increased in 2010, albeit only slightly, due mainly to higher budget payments. The modest increase in contribution from market price support reflects a small increase in the contribution from the level of production.

Transfer to specific commodities (SCT), 2008-10



Single Commodity Transfers (SCT) accounted for 54% of the total PSE. The share of the SCT in the commodity gross receipts was highest for wool and lowest for sheepmeat.

Table 13.2. **Norway: Estimates of support to agriculture**
NOK million


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	17 354	18 232	22 772	22 423	22 523	23 370
<i>of which: share of MPS commodities, percentage</i>	73	77	78	77	77	79
Total value of consumption (at farm gate)	17 899	18 129	23 318	22 871	23 514	23 570
Producer Support Estimate (PSE)	19 078	19 246	21 163	20 345	21 174	21 969
Support based on commodity output	13 780	11 997	10 465	10 078	10 544	10 774
Market Price Support	9 177	8 444	8 828	8 437	8 939	9 109
Payments based on output	4 603	3 554	1 637	1 641	1 605	1 665
Payments based on input use	1 721	960	1 231	1 165	1 219	1 308
Based on variable input use	1 020	551	682	653	681	714
with input constraints	0	1	0	0	0	0
Based on fixed capital formation	628	339	464	430	454	508
with input constraints	0	0	0	0	0	0
Based on on-farm services	73	70	84	82	84	87
with input constraints	2	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	3 577	6 254	6 761	6 366	6 789	7 127
Based on Receipts / Income	0	0	896	853	881	954
Based on Area planted / Animal numbers	3 577	6 254	5 865	5 513	5 908	6 173
with input constraints	0	104	536	513	539	556
Payments based on non-current A/An/R/I, production required	0	0	2 652	2 689	2 568	2 698
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0	0
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	34	54	46	53	62
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	34	49	42	48	57
Based on other non-commodity criteria	0	0	5	5	5	6
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	70	66	60	59	61	61
Producer NPC	4.03	2.53	1.91	1.79	2.00	1.94
Producer NAC	3.33	2.97	2.52	2.45	2.56	2.54
General Services Support Estimate (GSSE)	848	1 053	2 134	2 001	2 139	2 262
Research and development	472	630	935	887	1 006	912
Agricultural schools	0	0	0	0	0	0
Inspection services	33	173	236	249	163	297
Infrastructure	133	78	304	286	307	319
Marketing and promotion	210	150	78	86	74	74
Public stockholding	0	22	0	0	0	0
Miscellaneous	0	0	581	493	591	660
GSSE as a share of TSE (%)	4.0	5.1	9.0	8.8	9.0	9.2
Consumer Support Estimate (CSE)	-9 050	-8 343	-9 343	-8 720	-9 849	-9 459
Transfers to producers from consumers	-11 289	-9 038	-9 873	-8 893	-10 387	-10 339
Other transfers from consumers	-960	-548	-422	-357	-669	-239
Transfers to consumers from taxpayers	1 522	542	462	456	468	463
Excess feed cost	1 677	700	490	75	739	656
Percentage CSE	-55	-47	-41	-39	-43	-41
Consumer NPC	3.18	2.13	1.79	1.68	1.89	1.81
Consumer NAC	2.24	1.91	1.69	1.64	1.75	1.69
Total Support Estimate (TSE)	21 448	20 840	23 759	22 802	23 782	24 694
Transfers from consumers	12 249	9 585	10 295	9 251	11 056	10 578
Transfers from taxpayers	10 159	11 803	13 886	13 909	13 395	14 355
Budget revenues	-960	-548	-422	-357	-669	-239
Percentage TSE (expressed as share of GDP)	3.49	2.02	0.96	0.91	1.00	0.99
GDP deflator 1986-1988=100	100	128	230	233	223	234

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

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

MPS commodities for Norway are: wheat, other grains, 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, 2011.

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Description of policy developments

Main policy instruments

The White paper (1999-2000) *On Norwegian agriculture and food production* still represents the basis for agricultural policy. It defines the direction of Norwegian agricultural policy, emphasising increased consumer orientation, food safety and the multifunctional character of agriculture. The government especially emphasizes income increase for farmers on family farms (medium-sized farms), full-time farmers and farmers in rural areas, prevention of loss of farm land and grazing land, promotion of organic farming and strengthening of investment and welfare measures.

Border measures and budgetary payments are the main policy instruments supporting agriculture in Norway. Market price support, in the form of wholesale target prices, is provided for most commodities. These target prices and most payments are negotiated annually between the government and producer representatives. Milk production quotas were introduced in 1983. Most of Norway's tariff-rate-quotas were eliminated in 2000 when the WTO bound tariff rates became equal to the in-tariff quota rates. Tariffs for most products are set between 100-400% although there is a system of "open periods" for imports at reduced tariff rates when domestic prices rise above threshold levels.

A variety of other support measures, including area, headage, and deficiency payments continue to be implemented. Many of these payments are differentiated by region and farm size. Producer levies are used for marketing activities, including export subsidies for livestock products, while exports of processed products to the European Union and marketing activities for horticultural products are financed directly by the government.

Domestic policy

Each year the government negotiates with the two farmers' organisations to specify the agriculture policy settings to be implemented in the following year. An agreement was reached in May 2010.

The main changes relative to the previous agreement in May 2009 were:

- An increase in **target prices** with a total budgetary effect of NOK 420 million (USD 69.5 million) from 1 July 2010.
- An increase in budgetary support of NOK 375 million (USD 62 million) from 2010 to 2011.
- Increased support to small grass based farms and in the rural areas.
- Changes in the **transport subsidy scheme** for **beef, sheep and pigs** and increased subsidies.
- Increased support through the **National Environmental Programme** of NOK 150 million (USD 24.8 million) to maintain cultural landscapes.
- Changes to **animal welfare** schemes.

The **support and marketing programmes** for beef were changed from 1 July 2009. Parliament decided to eliminate the administered target price for beef on 1 July 2009. Given that market prices for beef are no longer supported by a target price, related measures such as export subsidies and storage of surplus beef have also been discontinued.

The **milk quota** system serves to regulate the milk production according to the market situation. No permanent increases are foreseen for the quota year starting 1 March 2011. However, farmers are allowed to produce two per cent more than their quotas, as a temporary increase

within a quota year. Surplus quota can also be leased out, and to utilize full production capacity quota can be leased in. About 70 million litres were leased by approximately 1 200 farmers in 2010.

The *Commission to investigate the effects of recent and possible future developments in the food supply chain* delivered its report in March 2011. According to the report, the Norwegian food supply chain is characterised by heavy concentration in the retail, wholesale and supply links. The commission concludes that the trade's umbrella chains have increased their bargaining power over suppliers. Proposals from the commission include an act relating to negotiations and fair trading practices in the grocery sector, an ombudsman for the grocery sector, a grocery web portal, food labelling, amendments to the merger control provisions in the Competition Act and a study of ownership restrictions in the grocery trade.

Since 2006, the Norwegian authorities together with Norwegian food producers have been working together in a nation-wide **food traceability** project (*eTrace*). The ambition is to develop a national, electronic infrastructure for efficient exchange of information in the food chain by the end of 2011. The system will be handed over to the industry by the end of 2011.

A new **animal welfare** act entered into force on 1 January 2010, repealing the previous act from 1974. The Act provides the legal basis for issuing regulations that define the “competency” of animal keepers. It also introduces a new general requirement to alert the relevant authorities where there is reason to believe that animals are being subjected to maltreatment or serious neglect with respect to environment, supervision and care. To improve implementation and enforcement, the control authority has been given a wider range of enforcement tools and administrative sanctions. In cases of serious breaches of the regulations, the control authority may ban farmers from carrying out activities involving animals, or from keeping animals at all.

Environmental levies on pesticides are differentiated according to a classification for health and environmental risk characteristics of the product, and the degree of exposure. These levies, which were increased by about 25% in 2005, have been held constant since that time. A new action plan on reducing risk connected to the use of pesticides (2010-14) has been established, built on the main elements of the previous action plan. The new action plan has a stronger focus on integrated plant management.

The **rural development** aspects of Norwegian agricultural policy include several programmes designed to stimulate innovation and establishment of alternative businesses on farms and alternative employment in rural areas. A national framework provides guidelines for regional strategies, which forms the basis for financing of local projects for business and rural development. Most of the funding is financed through the Agricultural Development Fund (budget item 1150.50.11 on the Agricultural Agreement). In 2011 this fund is budgeted at NOK 1 130 million (USD 186.9 million) compared to NOK 1 098 million (USD 181.7 million) in 2010.

Forestry and **bio-energy** are important policy areas also under responsibility of the Ministry of Agriculture and Food. The White paper on Agriculture and Climate Change was submitted to the Norwegian Parliament (the Storting) in 2009. It was debated, and received strong support and broad agreement in a number of areas. With regard to mitigation from the agricultural sector specific targets were given in the previous White paper in 2007. A main goal will be to reduce the climate and environmental impact per unit of different goods produced, having regard to the varying nutritional value of different foods. Another objective is to increase the uptake of CO₂ in agriculture through targeted measures. The White Paper presents measures and instruments to realise the technical emission reduction potential of 1.1 million tonnes CO₂ equivalents referred to in the Pollution Control Authority's mitigation analysis of 2007.

The White paper has identified the need for more knowledge about carbon binding in soil, emissions of N₂O and emissions from livestock production. Agricultural production cannot take place without emissions of methane and N₂O. Thus, in the Government's view, it is necessary to strengthen research and knowledge development, including international research cooperation, in order to create a better foundation for emission mitigation measures. Norway aims to be among the leading countries for knowledge production in this field.

Trade policy

Article 19 of the **European Economic Area** (EEA) agreement provides that contracting parties will carry reviews of the conditions of trade in agricultural products at two year intervals. A new agreement was reached in January 2010, and is expected to be implemented in July 2011.

There are ongoing **free trade negotiations** between **EFTA** and respectively **India, Indonesia, Russia/Belarus/Kazakhstan** and **Hong Kong**; and between **Norway** and **China**. These free trade agreements include all processed agricultural products and some primary agricultural products. An agreement with **Colombia** was signed in 2008 and with the **Gulf Cooperation Council, Albania** and **Serbia** in 2009. An agreement was signed with **Ukraine** in 2010.

PART II
Chapter 14

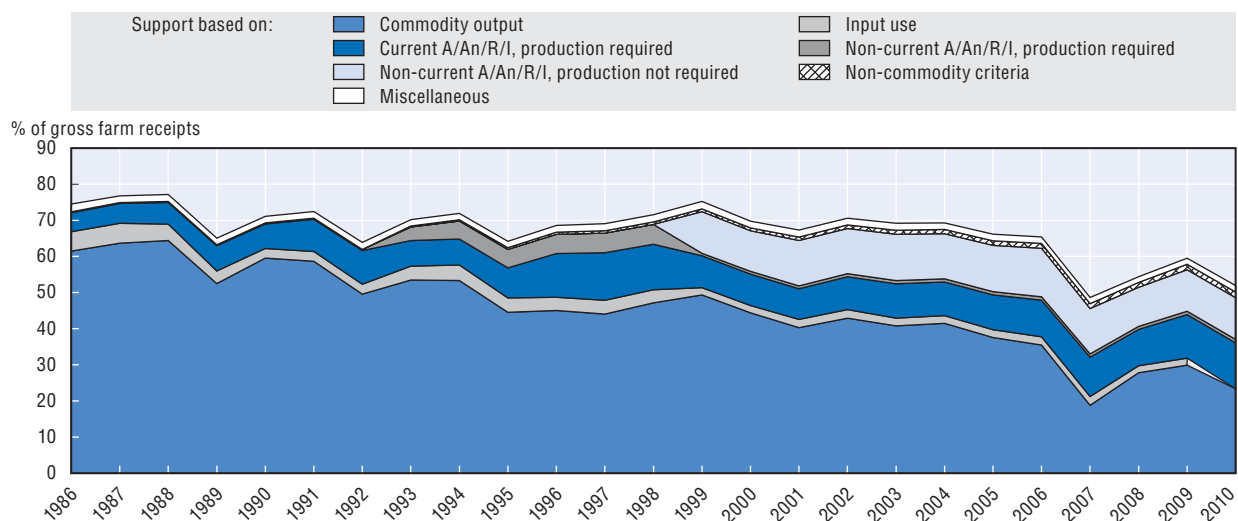
Switzerland

The Switzerland country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Overall, progress has been achieved in market orientation, although the level of support remains relatively high. There has been a gradual fall in support since 1986-88, with the share of market price support gradually decreasing. However, production and trade distorting policies still account for half of the support in 2008-10.
- The removal of milk price controls and the elimination of the milk quota system in 2009 will contribute to improve the economic efficiency of the sector. The elimination of export subsidies to primary agricultural products in 2010 and the adoption of greater flexibility and transparency in the administration of the tariff rate quota system together with further reduction for some tariff barriers will also strengthen the role of markets in improving economic efficiency.
- The savings in budgetary expenditures to finance market regulation (e.g. removal of export subsidies) were reallocated to finance direct payments to farmers. An increasing part of these payments are *ecological direct payments*, which are targeted to animal welfare, environmental and landscape objectives. These payments are conditional on implementing specific farming practices and are among the potentially least production and trade distorting forms of support.
- The continuation of the gradual move away from market price support measures and the increase in direct payments (as a part of the Agriculture Policy 2011 reform) are consistent with OECD Ministerial policy reform principles. However, further efforts are still needed to reduce the overall level of support and better target direct payments to meet societal concerns more efficiently.

Figure 14.1. **Switzerland: PSE level and composition by support categories, 1986-2010**



Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932451414>

Contextual information

Switzerland is an economy with one of the highest GDP per capita and relatively low inflation and unemployment rates. The relative importance of agriculture in the Swiss economy is low with its share in domestic product falling to around 1%, while its share in employment is slightly below 4%. This is mainly due to highly developed industrial and services sectors in the economy. Switzerland has consistently been a net agro-food importer, its share of agro-food imports in total imports is around 6%, while the share of agro-food exports on total exports is around 4%. The farm structure is dominated by relatively small family farms. Most of farming areas are used extensively. Arable land represents 26% and irrigated land around 2% of agricultural area.

Table 14.1. **Switzerland: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	316	493
Population (million)	7	8
Land area (thousand km ²)	40	40
Population density (habitants/km ²)	176	191
GDP per capita, PPP (USD)	26 622	42 783
Trade as % of GDP	25.6	33.3
Agriculture in the economy		
Agriculture in GDP (%)	2.1	1.2
Agriculture share in employment (%)	4.4	3.9
Agro-food exports (% of total exports)	3.3	4.1
Agro-food imports (% of total imports)	7.0	6.6
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-2 930	-3 161
Crop in total agricultural production (%)	45	49
Livestock in total agricultural production (%)	55	51
Agricultural area (AA) (thousand ha)	1 076	1 056
Share of arable land in AA (%)	27	26
Share of irrigated land in AA (%)	2	2
Share of agriculture in water consumption (%)	n.a.	n.a.
Nitrogen Balance, Kg/ha	73	68

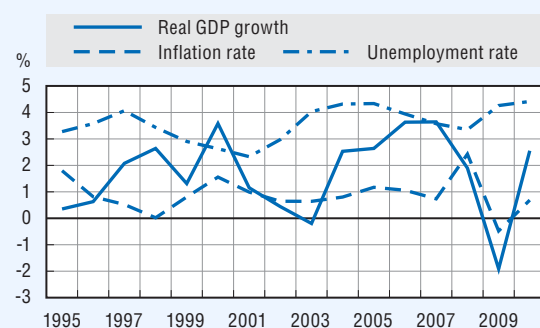
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

StatLink  <http://dx.doi.org/10.1787/888932452459>

Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

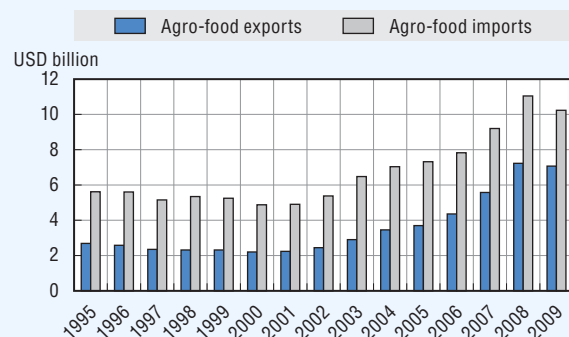
Figure 14.2. **Switzerland: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

StatLink  <http://dx.doi.org/10.1787/888932451433>

Figure 14.3. **Switzerland: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

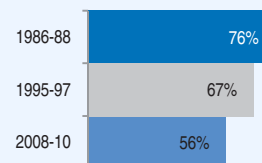
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Development of support to agriculture

Switzerland has progressively reduced its support to agriculture and especially its most trade and production distorting forms of support since 1986-88. However, support remains high and the most distorting forms represent around a half of it. The level of price distortions has been significantly reduced as shown by the NPC. Within direct payments, the area and headage payments dominate, but an increasing share of payments is targeted towards environment and animal welfare.

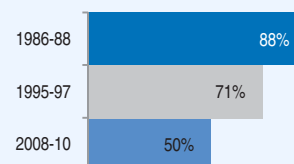
PSE as % of receipts (%PSE)

Switzerland has reduced its support to farmers by 20 percentage points between 1986-88 and 2008-10. Despite a gradual reduction in the long term, overall support remains high (2.8 times the OECD average) in 2008-10. The % PSE increased by 6 percentage points in 2009 (60%) and dropped back to 54% in 2010.



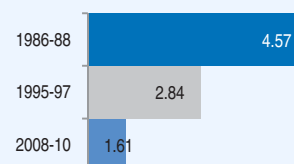
Potentially most distorting support as % of PSE

While budgetary expenditures financing market price support measures were further reallocated to direct payments as part of the AP 2011 reforms, the most production and trade distorting forms of support (based on commodity output and variable input use – without constraints) still represent about half of the PSE.



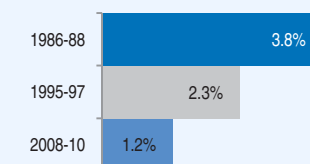
Ratio of producer price to border price (NPC)

In the long term the ratio of producer price to border price was substantially reduced. Overall, the prices paid to the farming sector were 1.6 times higher than world prices in 2008-10 as measured by the NPC. The highest NPCs are for poultry, eggs and pigmeat.

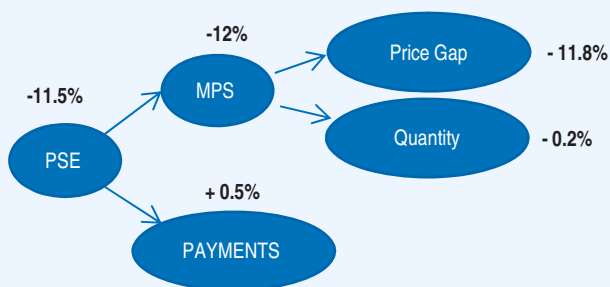


TSE as % of GDP

Total support was 1.2% of GDP in 2008-10 and the expenditure on general services represented 7.5% of the Total support estimate.

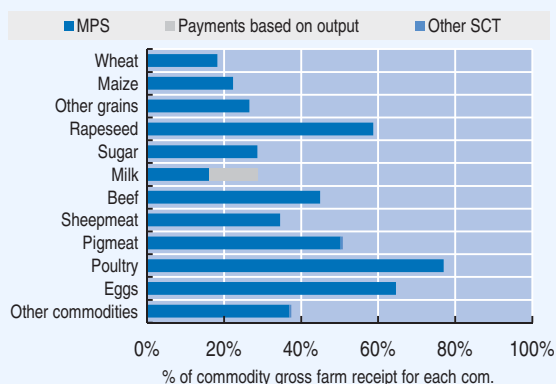


Decomposition of change in PSE, 2009 to 2010



The level of support declined in 2010 mainly due to a reduction of market price support, when the gap between domestic and world prices was reduced as a result of higher world prices.

Transfer to specific commodities (SCT), 2008-10



The Single Commodity Transfers (SCT) represented 49% of the total PSE. The share of the SCT in the commodity gross farm receipt is lowest for grains at around 20% of commodity receipts, and above 50% for oilseeds, pigmeat, poultry, and eggs.

Table 14.2. **Switzerland: Estimates of support to agriculture**
CHF million


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	9 482	8 236	7 350	7 851	7 231	6 966
<i>of which: share of MPS commodities, percentage</i>	84	84	69	73	69	67
Total value of consumption (at farm gate)	11 661	9 613	9 012	9 643	8 828	8 567
Producer Support Estimate (PSE)	8 335	7 240	6 002	6 035	6 350	5 621
Support based on commodity output	6 918	4 796	2 906	3 088	3 192	2 439
Market Price Support	6 876	4 713	2 618	2 793	2 913	2 150
Payments based on output	42	83	288	295	280	289
Payments based on input use	561	411	206	213	207	198
Based on variable input use	454	309	87	90	90	81
with input constraints	0	180	15	15	15	14
Based on fixed capital formation	70	78	113	111	113	116
with input constraints	0	0	0	0	0	0
Based on on-farm services	36	25	5	11	4	1
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	612	1 203	1 244	1 117	1 287	1 328
Based on Receipts / Income	15	0	0	0	0	0
Based on Area planted / Animal numbers	597	1 203	1 244	1 117	1 287	1 328
with input constraints	340	1 050	1 233	1 106	1 276	1 316
Payments based on non-current A/An/R/I, production required	28	569	97	92	98	101
Payments based on non-current A/An/R/I, production not required	0	0	1 210	1 201	1 226	1 205
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	0	1 210	1 201	1 226	1 205
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	61	158	150	162	164
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	61	158	150	162	164
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	216	200	180	176	179	187
Percentage PSE	76	67	56	54	60	54
Producer NPC	4.57	2.84	1.61	1.62	1.72	1.49
Producer NAC	4.20	3.07	2.28	2.19	2.47	2.17
General Services Support Estimate (GSSE)	688	591	487	488	481	492
Research and development	135	126	99	97	98	101
Agricultural schools	38	38	20	20	20	21
Inspection services	14	15	11	11	11	11
Infrastructure	137	84	85	89	83	85
Marketing and promotion	45	45	56	54	55	58
Public stockholding	103	83	41	43	39	41
Miscellaneous	216	200	175	175	175	175
GSSE as a share of TSE (%)	6.8	6.6	7.5	7.4	7.0	8.0
Consumer Support Estimate (CSE)	-7 609	-4 910	-3 297	-3 605	-3 498	-2 790
Transfers to producers from consumers	-7 097	-5 047	-2 571	-2 780	-2 830	-2 103
Other transfers from consumers	-1 975	-1 244	-801	-919	-736	-747
Transfers to consumers from taxpayers	1 089	1 052	35	74	25	6
Excess feed cost	374	328	39	20	43	54
Percentage CSE	-72	-57	-37	-38	-40	-33
Consumer NPC	4.52	2.89	1.60	1.62	1.68	1.50
Consumer NAC	3.57	2.35	1.58	1.60	1.66	1.48
Total Support Estimate (TSE)	10 113	8 883	6 524	6 598	6 856	6 119
Transfers from consumers	9 072	6 291	3 371	3 699	3 566	2 849
Transfers from taxpayers	3 016	3 836	3 953	3 817	4 026	4 016
Budget revenues	-1 975	-1 244	-801	-919	-736	-747
Percentage TSE (expressed as share of GDP)	3.77	2.35	1.20	1.21	1.28	1.11
GDP deflator 1986-1988=100	100	125	141	141	141	140

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

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

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

Source: OECD, PSE/CSE database, 2011.

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Description of policy developments

Main policy instruments

The period 2009-10 saw the continuation of the implementing of policy reforms decided under the *Agricultural policy reform 2011* (AP 2011) which started in 2008. The key feature of AP 2011 is a further reduction of 30% in budgetary expenditures for market price support (2008-11 in comparison with 2004-07). The outlays were transferred to direct payments for agricultural services (e.g. preserving culturally valuable landscape or animal welfare), for roughage consuming cattle and to compensate for difficult production conditions. All export subsidies for primary agricultural products were eliminated by 1 January 2010, while those for some processed agricultural products were maintained. All state guarantees for prices and sales had already been abolished in 1999. Customs duties on imported animal feed and cereals for human consumption were reduced in 2009. For feed grains and animal feed, imports remain subject to custom duties based on variable threshold prices. Despite some gradual reductions, import measures consist of a combination of low in quota tariffs and high out-of quota tariffs within a system of tariff rate quotas (TRQs) for most products. The resulting Market Price Support represents half of the estimated support to agriculture.

There are two main categories of direct payments. *General direct payments* are mainly granted in the form of payments per hectare of farmland and payments per cattle head. They also include payments to farmers operating in difficult conditions. *Ecological direct payments* are mainly granted in the form of area and headage payments to farmers who voluntarily apply stricter farming practices than those required by public regulations and the ecological proof of performance (*Prestations écologiques requises – PER*) which is compulsory to both general and ecological direct payments (cross-compliance). A relatively important share of the ecological direct payments is provided in the form of *ethological contributions* to stimulate voluntary adoption of practices to improve animal welfare. Overall, the share of direct payments in total PSE is gradually increasing and represented more than a half of the support in 2008-10.

Domestic policy

The **milk quota** system was abolished for all dairy farmers as of 1 May 2009 following a transition period from 1 May 2006 to 30 April 2009. During this period a dairy farmer was able to leave the individual quota system once a year (1 May 2006, 2007 or 2008). However, he was obliged to either become a member of a new milk producer organisation or a milk producer and processor organisation and his individual quota was transferred to these organisations. Dairy farmers who left the quota system in the transition period had to conclude a contract for a minimal period of one year with their milk purchasers. Since 1 May 2009, all dairy farmers are obliged to conclude such a contract. The obligation remains in force until 30 April 2015; exempted are those farmers who sell their milk directly to final consumers and farmers who produce cheeses and other dairy products on farm.

Price support expenditures (price supplements, domestic price support and export refunds) for dairy products were reduced in 2009 by 15% compared to 2008, to reach CHF 294 million (USD 271 million). The expenditures budgeted for 2010 were reduced by another 2% to CHF 289 million (USD 266 million). In 2010, this expenditure was only for the allowance for milk transformed into cheese (CHF 256 million or USD 236 million) and the additional allowance when that milk was produced without silage feed (CHF 33 million or USD 30 million). The other forms of intervention in dairy markets, such as **export subsidies** and price supplements for butter and SMP,

were substantially reduced in 2009 and abolished in 2010. On the other side a **temporary levy** on milk producers (CHF 0.01/kg of milk delivered to dairies, limited until 30 April 2010) was introduced to finance the disposal of surplus butter stocks. The levy is based on a private-law decision by the inter-branch organisation milk. However, due to border measures the price paid to milk producers remains 46% above the world market prices (producer NPC) in 2008-10.

The structure of the programmes and the eligibility conditions applied within the *General direct payments* and the *Ecological direct payments* have remained largely unchanged under the AP 2011 (implemented from 2008). As far as the *General direct payments* are concerned, there were some changes in the rates of payments within specific programmes and the ceiling for payments per farm was increased. The base rate of **Area payments** was reduced in 2009 and the complementary rate to open areas and perennial crops was increased in 2009 and 2010. There was a substantial increase in the rates of **headage payments** to livestock in 2009, to compensate for the reduction of the intervention on the milk market. In the area of Ecological direct payments the rates were reduced for some *Ecological compensation payments* such as *Floral fallow*, *Rotation fallow*, and *Extensive area strips*. The width of the buffer area strips was increased from 3 to 6 metres. The rates of payments for summer pasturing were increased.

Table 14.3 provides an overview of the various payment programmes in 2008-10. About 80% of the total payments is granted under *General direct payments*, which increased by 10% in 2009 mainly due to a substantial increase of payments to livestock. **Area payments** per hectare of agricultural

Table 14.3. **Switzerland: Outlays on direct payments, 2008-10**

CHF million


Type of payment	2008	2009	2010p	Percentage change	
				2008 to 2009	2009 to 2010p
General direct payments	1 987	2 190	2 213	10.2	1.1
<i>of which:</i>					
Area payments	1 201	1 226	1 205	2.0	-1.7
Holding of roughage-consuming animals	406	509	522	25.3	2.5
Payments for farming in difficult production locations	380	454	474	19.6	4.4
<i>Holding of livestock under difficult conditions</i>	<i>277</i>	<i>352</i>	<i>360</i>	<i>27.5</i>	<i>2.2</i>
<i>Farming on steep slopes</i>	<i>92</i>	<i>90</i>	<i>103</i>	<i>-1.9</i>	<i>14.0</i>
<i>Wine cultivation on steep slopes</i>	<i>12</i>	<i>12</i>	<i>11</i>	<i>0.9</i>	<i>-1.7</i>
Ecological payments	539	566	600	5.0	6.0
<i>of which:</i>					
Ecological compensation	123	123	131	0.0	6.6
Contributions for environmental quality	43	55	63	27.4	14.8
Extensive cereal and rapeseed farming	31	29	38	-4.6	29.2
Organic farming	28	28	31	-0.4	9.7
Regularly keeping animals outdoors	161	163	160	1.6	-1.8
Animal welfare through housing systems	56	59	59	5.9	-0.8
Summer pasturing	92	98	101	6.9	3.1
Water protection, sustainable use of natural resources	6	10	18	54.0	86.6
Total	2 526	2 756	2 813	9.1	2.1

p: provisional.

Direct payments are subject to restrictions of environmental and farm management practices.

Exchange rates of the CHF to USD: 2008 – 1.084; 2009 – 1.086; 2010 – 1.043

Source: Federal Office of Agriculture; Agricultural Report 2009, 2010, Bern.

StatLink  <http://dx.doi.org/10.1787/888932452497>

land remain the most important single category and accounted for around 55% of the General direct payments. The other important, and increasing, category of general direct payments is the payment per livestock unit (LU) for roughage consuming cattle. Additional payments are granted for livestock under difficult conditions (e.g. mountain and hilly areas). **Headage payments** for roughage consuming animals and animals raised in difficult conditions together accounted for 40% of general direct payments. The remaining 5% of general direct payments are paid to support farming on steep slopes in mountain regions.

Ecological Direct Payments increased by 5% in 2009 and another 6% in 2010. About 40% of these payments are provided to improve **animal welfare** and they were relatively stable in 2009 and 2010. Around one fifth of *ecological direct payments* are granted for *ecological compensation* (payments for extensive meadows, dry land areas to produce litter, hedges, floral and rotation fallow, extensive area strips and high-stem fruit trees) and another 10% is paid for *contributions for environmental quality* (*Contributions au sens de l'ordonnance sur la qualité écologique* – OQE). The level of ecological compensation has been relatively stable in 2009 and 2010, while the contribution for environmental quality has increased steadily (although from a lower base). The remaining ecological payments for extensive farming and **organic farming** have also increased in 2010.

In 2008, the AP 2011 introduced a new programme *Sustainable use of natural resources*. The programme provides financing (maximum 80% of costs, in six-year programmes) for projects developed by local authorities who are designed to increase the efficiency in the use of natural resources in specific areas or for specific production branches. Around CHF 10 million per year is budgeted for these projects. Since the launching of the programme payments increased from CHF 1 million in 2008 to CHF 4 million in 2009 and CHF 12 million in 2010.

Trade policy

Agro-food imports to Switzerland are regulated by combination of relatively low in-quota tariffs and high out-of quota **import tariffs** within a system of **Tariff Rate Quotas** (TRQ). These cover a number of basic agricultural and food products, in particular, meat, milk products, potatoes, fruits, vegetables, bread cereals and wine. TRQ volumes notified at the WTO all show high fill rates (most of them 100% or even more). Since 1999, allocated TRQ volumes have been transferable from one importer to another. The auctioning system for TRQs has been progressively extended, in particular in the meat sector, replacing the *domestic purchasing requirements*. In 2007 and 2008, all TRQs were allocated through auctioning, with some exceptions for beef and sheep meat (90% of TRQs allocated through auctioning). Since 2009, the sale by auctioning was applied also for butter and milk powder. The Special Safeguard Clause was not invoked during 2008-10.

In 2009, **Export subsidies** for basic agricultural products were applied mainly to dairy products (CHF 3.2 million or USD 2.9 million) and for live animal exports (CHF 6.9 million or USD 6.3 million). All export subsidies for basic agricultural products were phased-out by 1 January 2010. Switzerland compensates the price handicap of processed agricultural products due to higher prices of incorporated basic agricultural products produced domestically (such as milk products, wheat flour or eggs) through a system of **import duties and export subsidies for processed agricultural products** according to the products incorporated. In 2009 and 2010, Switzerland allocated CHF 93 million (USD 86 million) and CHF 77 million (USD 74 million) respectively to finance export subsidies for processed agricultural products. This scheme is due to be phased out under the auspices of the new rules of the Doha Development Round, i.e. elimination by 2013.

In accordance with the bilateral **trade agreement** with the **EU** which became effective on 1st June 2002, bilateral tariffs for a number of agricultural products were reduced. For cheese,

border protection has been gradually reduced and abolished completely in 2007. Since 1 June 2007, cheese trade has been fully liberalised between Switzerland and the EU. In November 2008, Switzerland and EU launched negotiations on full trade liberalisation in the agro-food sector. Negotiations continued in 2009 and 2010. As a member of EFTA, Switzerland implemented free trade agreements with **Canada** (1 July 2009), **Serbia** (1 October 2010) and **Albania** (1 November 2010); concluded in 2009 agreements with **Colombia** and the **Gulf Cooperation Council (GCC)**, in 2010 with **Peru** and **Ukraine** and in 2011 with **Hong Kong**, and participates in ongoing free trade negotiations between EFTA and, respectively, **India**, **Indonesia** and the customs union **Russia/Belarus/Kazakhstan**, **Bosnia-Herzegovina** and **Montenegro**. On a bilateral basis, Switzerland implemented a free trade agreement with **Japan** (1 September 2009) and started free trade negotiations with **China**. The mentioned Free Trade Agreements and the negotiations include all processed agricultural products and some basic agricultural products.

Preferential tariff rates are applied to imports from developing countries under a system of preferences scheme. In the context of the initiative of the Swiss government to grant zero tariffs on all products imported from least developed countries (LDC), since September 2009 all agricultural imports from LDC countries are duty and quota free.

PART II
Chapter 15

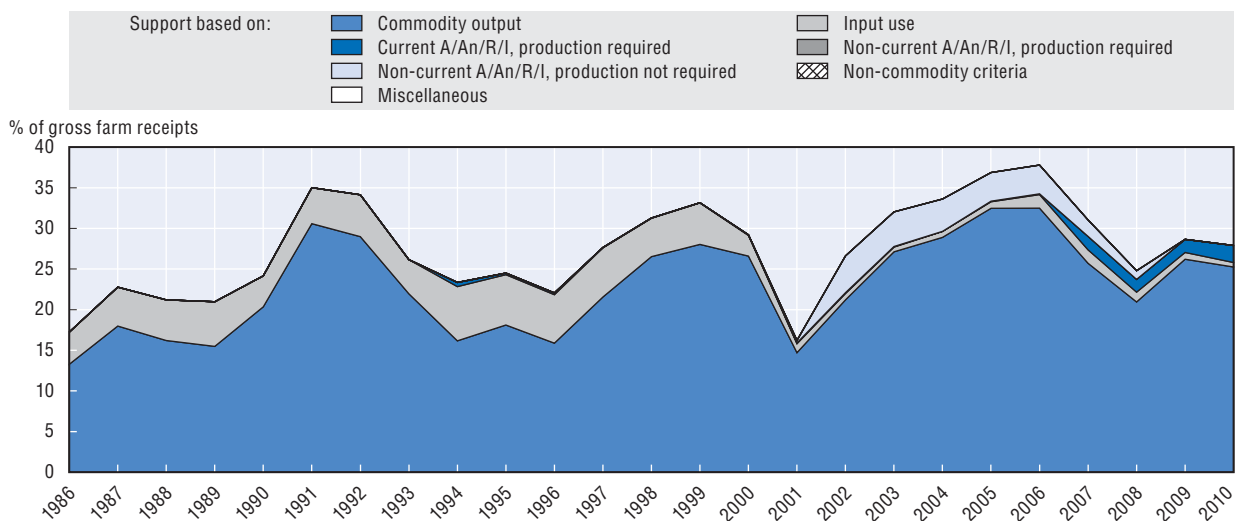
Turkey

The Turkey country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.


Evaluation of policy developments

- Overall, since 1986-88, progress in policy reform aimed at improving market orientation has been variable. Frequent *ad hoc* changes to policy settings have been made, within a macroeconomic context of high inflation. The share of producer support in gross farm receipts (%PSE) increased from 20% 1986-88 to 27% in 2008-10, which is higher than the OECD average.
- In 2010, despite high world prices, the increase in output-based payments increased production and trade distortions in the beef, sheepmeat, poultry and egg sectors.
- Although the basin-based support system takes into account regional comparative advantage and by differentiating deficiency payments by location it could lead to a more efficient spatial pattern of production, the transfer efficiency of this type of support is very low and only a small portion of the benefits is received by producers.
- The anticipated withdrawal of the state from direct involvement in the production, processing and marketing of sugar, tobacco and tea by 2013 is welcome, but greater efforts need to be made to transform the remaining state trading enterprises and agricultural sales co-operative unions into truly commercial enterprises.

Figure 15.1. Turkey: PSE level and composition by support categories, 1986-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

In terms of macroeconomic development Turkey experienced a high level inflation which has stabilised below 10% in the most recent years. The level of unemployment is also relatively high. The climatic and geographical conditions across the country permit a wide range of farming activities. Turkey is largely self-sufficient in foodstuffs. Agricultural production, particularly crop production, has grown rapidly over the past two decades. Arable farming dominates the agricultural sector, accounting for about 75% of output value, of which around 44% is due to fruit and vegetables. Notwithstanding various structural bottlenecks, such as the predominance of small-sized and subsistence/semi-subsistence farms, and the high rates of illiteracy rates among farmers, Turkey ranks, globally, as a significant agricultural exporter and the world's seventh largest agricultural producer. Turkey's main trading partners are the EU, the United States and the Middle East. The share of agriculture in employment decreased from 43% in 1995 to 25% in 2009, but it remains the most important employment sector. Agriculture's contribution to GDP declined from 12% in 1995 to 8.5% in 2009. Agriculture supplied 12% of exports, and accounted for 5% of imports in 2009.

Table 15.1. **Turkey: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	228	616
Population (million)	62	72
Land area (thousand km ²)	770	770
Population density (habitants/km ²)	80	96
GDP per capita, PPP (USD)	7 126	13 952
Trade as % of GDP	12.6	19.7
Agriculture in the economy		
Agriculture in GDP (%)	11.9	8.5
Agriculture share in employment (%)	43.4	26.2
Agro-food exports (% of total exports)	19.9	10.3
Agro-food imports (% of total imports)	9.6	5.4
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	874	2 940
Crop in total agricultural production (%)	n.a.	57
Livestock in total agricultural production (%)	n.a.	43
Agricultural area (AA) (thousand ha)	39 493	39 122
Share of arable land in AA (%)	62	55
Share of irrigated land in AA (%)	8	9
Share of agriculture in water consumption (%)	75	75
Nitrogen Balance, Kg/ha	33	29

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

StatLink  <http://dx.doi.org/10.1787/888932452516>

Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

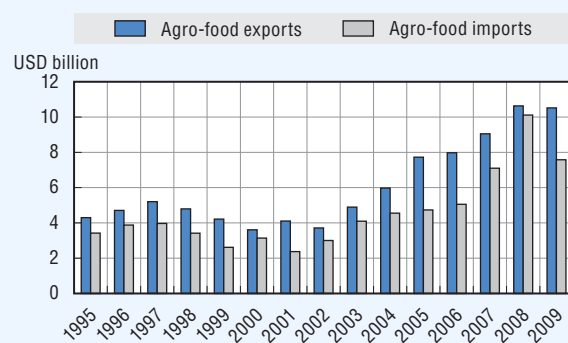
Figure 15.2. **Turkey: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

StatLink  <http://dx.doi.org/10.1787/888932451490>

Figure 15.3. **Turkey: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

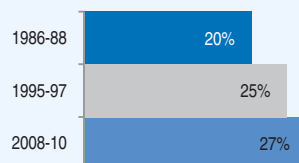
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Development of support to agriculture

Turkey has implemented ambitious reforms since the late 1990s. However, support remains higher than the average in the OECD area and the most distorting forms dominate. Decoupled direct payments have been abolished in 2009, while payments based on commodity output and current area have increased.

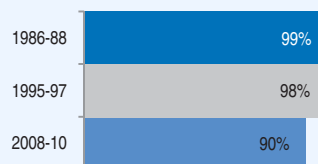
PSE as % of receipts (%PSE)

Support to producers (%PSE) decreased by one percentage point to 28% in 2010, compared to 2009. It increased from 20% in 1986-88 to 27% in 2008-10, which is higher than the OECD average.



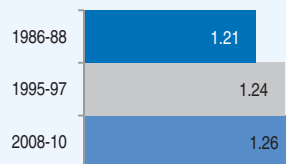
Potentially most distorting support as % of PSE

While the most production and trade distorting policies (based on commodity output and variable input use – without constraints) accounted for almost all of the producer support in 1986-88, in 2008-10 it was 90%. Reductions of the most distorting forms of support have been offset by increases in the Direct Income Support payment (phased out in 2009). In 2010, payments based on output and current area increased.



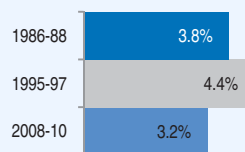
Ratio of producer price to border price (NPC)

Prices received by farmers in 2008-10 were about 26% higher than those received on the world market. They were 21% higher during 1986-88.

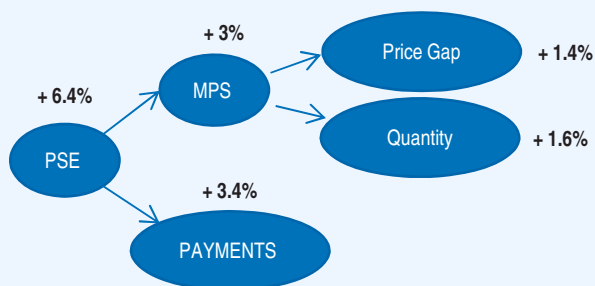


TSE as % of GDP

Support for general services provided to agriculture was around 6% in 2008-10. The share of total support to agriculture in GDP in 2008-10 remained at around 3.2%, almost unchanged compared to the 1986-88 period.

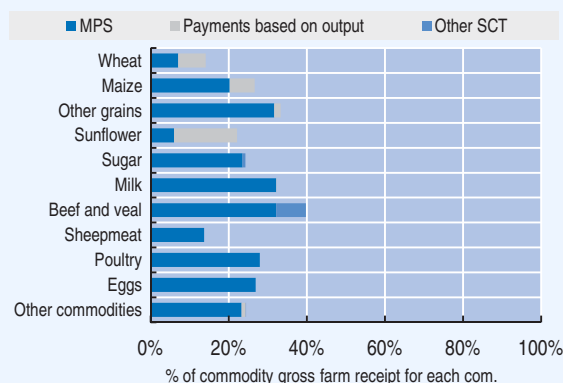


Decomposition of change in PSE, 2009 to 2010



The level of support increased in 2010 due to the wider gap between domestic and border prices (MPS), as well as to the increase in the amount of payments.

Transfer to specific commodities (SCT), 2008-10



The share of single commodity transfers (SCT) increased from 78% of producer support in 1986-88 to 90% in 2008-10. SCT were 40% for milk and 32% for beef.

Table 15.2. **Turkey: Estimates of support to agriculture**
New Turkish Lira, TRY million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	18	2 924	106 514	101 142	104 699	113 703
<i>of which: share of MPS commodities, percentage</i>	57	64	53	52	53	53
Total value of consumption (at farm gate)	15	2 612	101 121	91 528	93 827	118 008
Producer Support Estimate (PSE)	4	796	30 296	26 504	31 200	33 184
Support based on commodity output	3	603	26 992	22 397	28 539	30 039
Market Price Support	3	593	25 225	20 748	26 999	27 929
Payments based on output	0	10	1 767	1 649	1 540	2 110
Payments based on input use	1	189	952	1 289	910	656
Based on variable input use	1	182	389	347	452	368
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	0	6	505	868	413	234
with input constraints	0	0	0	0	0	0
Based on on-farm services	0	1	58	74	45	54
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	0	4	1 973	1 679	1 751	2 488
Based on Receipts / Income	0	0	72	49	65	103
Based on Area planted / Animal numbers	0	4	1 901	1 630	1 687	2 385
with input constraints	0	0	6	5	4	10
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	380	1 139	1	1
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With variable payment rates	0	0	380	1 139	1	1
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	20	25	27	25	29	28
Producer NPC	1.21	1.24	1.26	1.28	1.25	1.23
Producer NAC	1.26	1.33	1.37	1.33	1.40	1.39
General Services Support Estimate (GSSE)	0	222	1 854	1 391	2 615	1 556
Research and development	0	4	38	40	44	31
Agricultural schools	0	0	0	0	0	0
Inspection services	0	7	70	71	66	72
Infrastructure	0	1	0	0	0	0
Marketing and promotion	0	202	1 746	1 281	2 505	1 452
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	6	0	0	0	0
GSSE as a share of TSE (%)	7.6	21.8	5.8	5.0	7.7	4.5
Consumer Support Estimate (CSE)	-3	-584	-20 077	-20 201	-18 347	-21 682
Transfers to producers from consumers	-3	-580	-19 240	-20 494	-18 658	-18 569
Other transfers from consumers	0	-33	-1 307	-153	-144	-3 623
Transfers to consumers from taxpayers	0	0	0	0	0	0
Excess feed cost	0	29	470	446	455	510
Percentage CSE	-19	-21	-20	-22	-20	-18
Consumer NPC	1.26	1.29	1.26	1.29	1.25	1.23
Consumer NAC	1.24	1.28	1.25	1.28	1.24	1.23
Total Support Estimate (TSE)	4	1 018	32 150	27 896	33 815	34 740
Transfers from consumers	3	613	20 547	20 647	18 802	22 192
Transfers from taxpayers	1	438	12 910	7 402	15 157	16 171
Budget revenues	0	-33	-1 307	-153	-144	-3 623
Percentage TSE (expressed as share of GDP)	3.76	4.42	3.21	2.93	3.55	3.15
GDP deflator 1986-1988=100	100	13 840	387 732	365 698	385 084	412 415

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

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

MPS commodities for Turkey are: wheat, maize, other grains, oilseeds, sugar, potatoes, tomatoes, grape, apple, cotton, tobacco, milk, beef and veal, sheepmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

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Description of policy developments

Main policy instruments

The strategic objectives of the *Agriculture Law* of 2006 are to increase productivity and competitiveness and to ensure food supply. The Law also creates the legal basis for certain management systems necessary for implementation of the EU *acquis*. The tools of agricultural support to be used for achieving the strategic objectives include direct payments, deficiency payments, compensatory payments, livestock support (for fodder crops, artificial insemination, milk premiums, risk-free livestock regions, bee-keeping, fisheries), support for crop insurance, rural development support and environmental set-aside. In addition, funds will be allocated to selected credit supports and to research and development.

Import tariffs – complemented by purchasing prices fixed for cereals, sugar and tobacco – provide support for domestic production. Export subsidies are applied to a number of products, including fresh and processed fruit and vegetables, derived food products, poultry meat and eggs. Production quotas at processing plant level are applied for sugar beet.

Deficiency payments (“premium payments”) – based on production costs, world and domestic prices are implemented for olive oil, oilseeds, maize, cotton, tea, cereals and pulses. Tea growers are partially (70%) compensated for the costs incurred in implementing the strict pruning required for controlling quantities supplied. Compensatory payments are also granted to potato and livestock producers to compensate for income losses.

Payments are also provided for fodder crops, organic farming, hazelnuts, certified seeds, gasoline and fertiliser use implemented on the basis of area. Most farmers are exempt from income tax. Input subsidies are provided mainly in the form of interest concessions and payments to improve animal breeds and farm production capacity (e.g. field levelling, drainage, soil improvement and protection, and land consolidation). Financial aid is granted to assist in the restructuring and transformation of the Agricultural Sales Co-operatives (ASC) and their unions (ASCU) into independent, financially autonomous and self-managed co-operatives.

A number of regulations control water and soil pollution, and provide protection to wetlands. National and regional plans provide information to help farmers to combat land desertification and reduce nutrient discharge. The government plays a major role in providing infrastructure investment, especially for irrigation.

For a detailed analysis of policy developments in Turkey see OECD (2011), *Evaluation of Policy Reforms in Turkey*.

Domestic policy


Purchasing prices, which are set by marketing boards and take into account world prices, cost of production and domestic market conditions, increased in 2010 compared to 2009 prices (Table 15.3).

The system of **direct income support** (DIS) was phased out in 2009. Nevertheless, each farmer registered under the National Farmer Registration System (NFRS) received a so-called “diesel payment” of TRY 35.8 (USD 24) per hectare and a “fertiliser payment” of TRY 42.5 (USD 28) per hectare, on average, in 2010. The share of support to animal husbandry, which was 7% of total budgetary expenditures in 2004, as defined by the Ministry of Agriculture and Rural Affairs (MARA), increased to 22% in 2010.

Table 15.3. **Turkey: Purchasing prices for cereals, sugar and tobacco**

Product	2007		2008		2009		2010		Change in TRY price	Change in TRY price
	TRY/t	USD/t	TRY/t	USD/t	TRY/t	USD/t	TRY/t	USD/t	2008/09	2009/10
									%	%
Wheat										
Durum, Anatolian	440	338	592	456	458	296	505	326	-23	10
Hard, white	425	327	500	385	458	296	505	326	-8	10
Hard, red Anatolian	425	327	592	456	458	296	505	326	-23	10
Barley	320	246	400	308	369	239	417	270	-8	13
Rye	300	231	400	308	369	239	417	270	-8	13
Oats	315	242	-	-	-	-	-	-	-	-
Maize	302	232	371	286	432	279	484	313	16	
Sugar beet	103	79	108	83	116	75	118	76	7	2
Tea	640	492	737	567	790	511			7	
Hazelnuts	5 150	3 962	4 000	3 080	-	-	-	-	-	-
Tobacco, Agean A	5 760	4 431	6 206	4 778	6 684	4 321	6 696	4 329	8	

Source: Government of Turkey, Resmi Gazete [Official Gazette], Ankara, 2011.

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A new **transition payment** programme to reduce hazelnut production was announced for 2009-12, replacing previous public intervention measures. Licensed producers will receive about USD 1 000 per hectare for three years (TRY 150/ha/year), with compensation for non-licensed producers being slightly more in the first year of participation. The hazelnut-growing regions are defined at the district level. The government's target is to achieve a fully licensed, high-quality hazelnut production area of 432 000 ha, and to uproot 237 000 ha of un-licensed plantings.

In 2009, **compensatory payments** were granted to potato growers to compensate for income losses associated with the prohibition of potato production in provinces affected by the potato ward disease. No compensatory payments to sugar beet growers were made in 2010 and the production quota remained unchanged at its 2002 level of 2.2 million tonnes of sugar equivalent.

Deficiency payments ("premium payments"), in nominal terms, increased in 2010 as compared to 2009 for all commodities, with larger increases occurring for barley (257%), soybeans (92%), wheat (86%) and rapeseed (47%). The share of deficiency payment support in the agricultural support budget as defined by MARA is expected to be 32% in 2010 (it was 11% in 2004). As of 2010, crop premium payments are differentiated according to 30 agricultural basins throughout the country. The boundaries of these agricultural basins were established in 2009, based on a sophisticated model developed by MARA, whose estimates project an increase of basins crop production by 7.1 million tonnes compared to the current system.

The 1996 **insurance support scheme**, which is open to all producers and covers hailstorm, frost risk for orchards and livestock, including poultry, is continued. The government reimburses 50% of the premium costs. In 2010, 366 410 insurance policies were issued and TRY 89.4 million (USD 60 million) was paid out in indemnities. In 2010, 662 000 hectares and 188 437 animals were covered by the insurance.

Farmers benefit from **loans** offered at concessional rates by the Ziraat Bank (TCZB) and Agricultural Credit Co-operatives (ACC), with a subsidy rate that varies between 25% and 100% of the TCZB's current agricultural credit rate. The difference between the current rates and the rates applied to farmers ("duty loss") is paid by the Treasury to the TCZB and ACC. Agricultural enterprises and farmers are entitled to interest concessions.

Within the new **investment incentives** system put in force in 2009, tax reductions, incentives for employers' social security premium contributions, free land allocation, VAT exemption, customs duty exemption and interest rate support are being provided for selected sectoral projects (including agricultural projects) on a regional basis. Sectoral incentives for the less-developed regions are higher compared to the relatively developed ones.

Concerning **rural development**, the Participatory Rural Development Programme, which was terminated in 2008, has been replaced by Support of Rural Development Investments. The programme, which is financed by the national budget, aims to support community-based activities in small-scale agricultural processing, marketing, production of machinery and other off-farm businesses, as well as the rehabilitation of infrastructure to provide public services in remote rural areas. Projects on the following investment areas in 81 provinces will be implemented: maize drying and storage; collection, cooling and processing of milk; storage, processing and packing of fruits and vegetables; construction of greenhouses using alternative sources of energy (geothermal, solar, wind, etc.); meat processing, food legume processing and packing, and processing and packing of bee products. Under the programme aimed at the private sector, individual farmers and other private individuals engaged in small rural businesses would be eligible to participate, as well as groups of farmers, cooperatives, and other farmers' organisations. A 50% grant element for private sector investment proposals and 75% for investments by the public sector have been set.

Several projects have been implemented to harmonise domestic **food safety and quality** standards with those of the European Union. The *Veterinary Services, Phytosanitary, Food and Feed Law* was enacted in 2010 to attain EU compliance of related Turkish legislation. Some projects, such as the Restructuring the Border Inspection Points Project, Tagging and Vaccination of Sheep and Goats, Avian Influenza and Human Pandemic Preparedness and Response, Restructuring and Reinforcement of Food Safety and Control System, have been supported to contribute to the structural transformation in the agricultural sector, including technical support provided from the national budget and/or international sources, since 2006. In addition to the **bovine identification system**, established in 2004 for the first time in Turkey, the identification system for **sheep** and **goats** was initiated in 2009. The Border Inspection Posts Project and Control of Rabies Project, which was set up in 2007 under Turkey-EU Financial Co-operation, was completed at the end of 2010.

Trade policy

The average rate of **customs duties** for agricultural products increased from 46% in 2009 to 50% in 2010. The larger increases were for live animals, dairy products, preparation of meat and fish, and sugar and sugar-based confectionery. **Import restrictions** for live cattle and beef meat were partially lifted in 2009.

Export subsidies for agricultural products were announced in the Official Gazette in March 2008 and were applied on exports during the 2010 calendar year. In 2010, 16 commodity groups, out of the 44 groups eligible under Turkey's WTO commitments, received export subsidies (Table 15.4). The subsidies are provided to exporters in the form of deductions in their payments to public corporations such as taxes, or the costs of social insurance premiums, telecommunications or energy. Export subsidies are set at 10-20% of the export values, on 15% and 100% of exports of eligible products.

Table 15.4. **Turkey: Export subsidy rates, 2010**

Product	Rate	Share of exported quantity eligible for the subsidy
	(USD/tonne)	(%)
Cut flowers (fresh)	205	40
Vegetables, frozen (excluding potatoes)	79	45
Vegetables (dehydrated)	370	40
Fruits (frozen)	78	45
Preserves, pastes	63	35
Honey	65	32
Homogenized fruit preparations	75	100
Fruit juices (concentrated)	150	15
Olive oil	40	100
Prepared or preserved fish	250	100
Poultry meat (excl. edible offals)	186	41
Eggs	15 USD 1 000 pieces	65
Preserved poultry meat products	250	50
Chocolate and other food preparations containing chocolate	119	48
Biscuits, waffles	119	18
Macaroni, vermicelli	66	32

Source: Undersecretariat of Foreign Trade, Ankara.

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PART II
Chapter 16

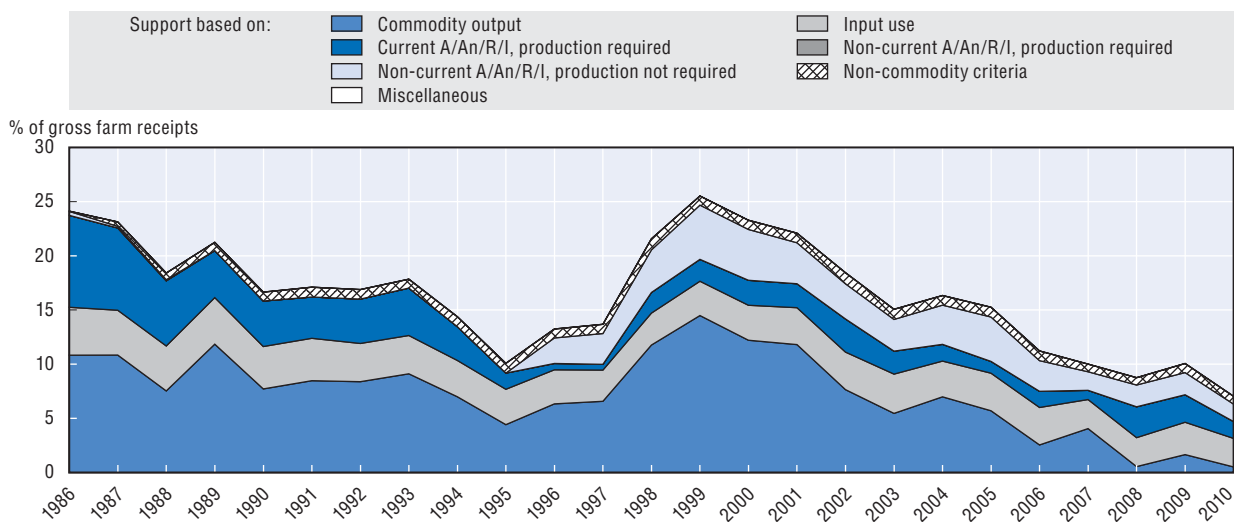
United States

The United States country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Overall, levels of producer support and border protection have substantially decreased since 1986-88 and the level of producer support is now the third-lowest in the OECD area. However, since 2002 the decline has been primarily due to higher world commodity prices.
- The dairy and sugar sectors continue to receive high price support, which perpetuates market distortions in these sectors, although dairy price support has been lower in some recent years due to high market prices..
- Notwithstanding the increasing comprehensiveness of disaster assistance, the interactions of the new disaster assistance programmes introduced with the 2008 Farm Act with the crop insurance programmes; their ability to eliminate the need for *ad hoc* crop disaster payments; and, in general, the cost-effectiveness of the new whole-farm approach for crop disaster assistance, warrant careful attention.
- Although policy efforts to promote environmentally friendly agriculture have increased and monitoring and evaluation of agri-environmental programmes is now highly developed, coherence of conservation and farm policies is vital.
- Overall, enhancement of competitiveness and efficiency and changing priorities – such as climate change, food security, – in tandem with budget problems as fiscal consolidation gets under way, may call for a re-think of the cost-effectiveness of commodity programmes, which are distributed unequally among sectors and farms.

Figure 16.1. United States: PSE level and composition by support categories, 1986-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

The United States is the biggest world economy, with a high GDP per capita, low level of inflation and unemployment rates (although the later has increased in the most recent years). The United States is one of the most important producers of agricultural commodities in the world, and, in addition to possessing a very large domestic market, it is the world's largest exporter of agricultural products. Moreover, the share of US agricultural production exported is more than double that of any other US industry and the trade surplus in agricultural products acts as an important stimulus to the US economy. Because of the size of the agricultural sector, US agricultural policies exert a strong influence on world agricultural markets. Agriculture is dominated by grains, oilseeds, cattle, dairy, poultry, and fruits and vegetables. The primary agricultural sector, however, plays only a minor and declining role in the US economy as a whole, contributing only 1% to the gross domestic product (GDP) and providing jobs for only 1.8 million people – or 1.3% of the total workforce.

Table 16.1. United States: Contextual indicators, 1995, 2009*

	1995	2009*
Economic context		
GDP (USD billion)	7 415	14 119
Population (million)	263	307
Land area (thousand km ²)	9 159	9 147
Population density (habitants/km ²)	29	33
GDP per capita, PPP (USD)	27 606	47 186
Trade as % of GDP	9.1	9.4
Agriculture in the economy		
Agriculture in GDP (%)	1.6	1.4
Agriculture share in employment (%)	2.9	1.4
Agro-food exports (% of total exports)	10.9	9.8
Agro-food imports (% of total imports)	4.4	5.0
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	29 850	23 187
Crop in total agricultural production (%)	62	64
Livestock in total agricultural production (%)	38	36
Agricultural area (AA) (thousand ha)	420 139	411 200
Share of arable land in AA (%)	43	41
Share of irrigated land in AA (%)	5	5
Share of agriculture in water consumption (%)	41	40
Nitrogen Balance, Kg/ha	40	33

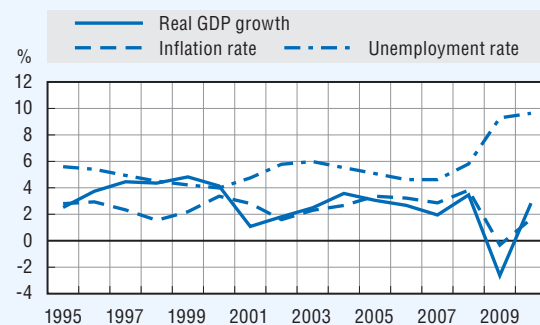
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Figure 16.2. United States: Main macroeconomic indicators, 1995-2010



Source: OECD statistics.


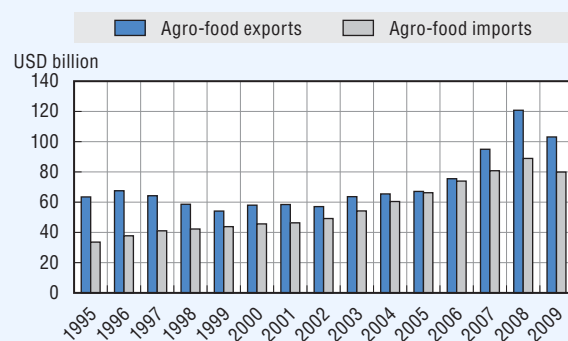
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Figure 16.3. United States: Agro-food trade, 1995-2009



Source: International Trade by Commodity Statistics (ITCS) Database.

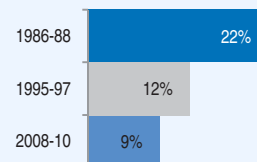
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Development of support to agriculture

Support to farmers in the United States is relatively low, in comparison with other OECD countries. Over the 2007-10 period, producer support in the US was the third-lowest in the OECD area, and less than half the OECD average. The reform process has been characterised by a shift towards less production- and trade-distorting forms of support. However, more scope remains for further reform towards the market orientation of the agricultural sector in the preparation of the next Farm Bill.

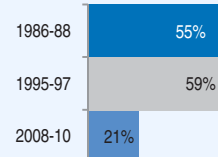
PSE as % of receipts (%PSE)

In 2010, support to producers (%PSE) decreased from 10% in 2009 to 7%, triggered primarily by sharp decrease in output-based support for milk. The %PSE fell from 22% in 1986-88 to 9% in 2008-10, which is less than half the OECD average.



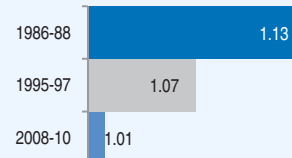
Potentially most distorting support as % of PSE

The share of most distorting policies (support based on commodity output and variable input use – without constraints) in the PSE decreased from 53% in 1986-88 to 22% in 2008-10.



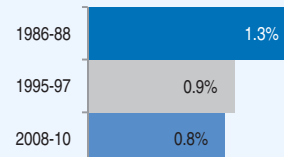
Ratio of producer price to border price (NPC)

Producer prices were 13% higher than world prices in 1986-88 and only 1% higher in 2008-10.

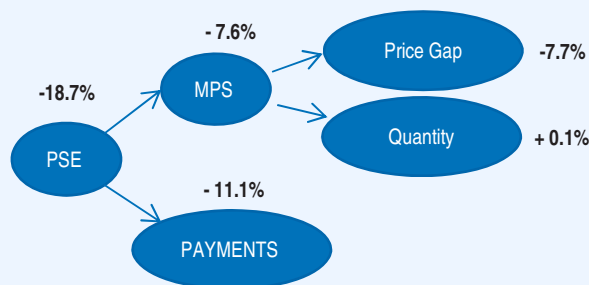


TSE as % of GDP

Total support to agriculture represents 0.8% of GDP in 2008-10. Support for general services provided to agriculture increased from 23% of total support in 1986-88 to 37% in 2008-10.

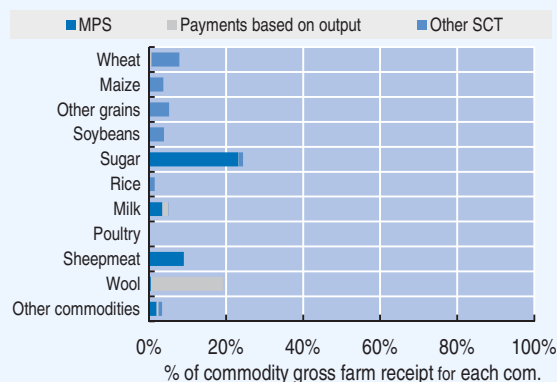


Decomposition of change in PSE, 2009 to 2010



The level of support decreased in 2010 due to the decrease in payments as well as to the narrower gap between domestic and border prices (MPS), mainly attributed to the increase in world commodity prices with unchanged domestic prices.

Transfer to specific commodities (SCT), 2008-10



The share of Single Commodity Transfers (SCT) to producers decreased from 71% of PSE in 1986-88 to 29% in 2008-10. The highest shares of SCT in farm receipts were for sugar and wool.

Table 16.2. **United States: Estimates of support to agriculture**
USD million


	1986-88	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	143 469	200 325	314 013	318 311	284 652	339 075
<i>of which: share of MPS commodities, percentage</i>	72	70	73	72	71	75
Total value of consumption (at farm gate)	132 032	176 428	264 988	271 892	240 399	282 673
Producer Support Estimate (PSE)	36 411	26 614	29 151	30 477	31 423	25 551
Support based on commodity output	16 188	12 488	2 995	1 925	5 175	1 886
Market Price Support	13 077	12 337	2 068	784	3 910	1 511
Payments based on output	3 111	151	927	1 142	1 265	375
Payments based on input use	7 061	6 638	9 396	9 294	9 328	9 568
Based on variable input use	3 697	3 088	2 988	3 058	2 901	3 005
with input constraints	739	264	305	305	214	397
Based on fixed capital formation	1 233	553	1 494	1 375	1 495	1 613
with input constraints	1 233	536	1 463	1 355	1 472	1 563
Based on on-farm services	2 131	2 997	4 914	4 861	4 931	4 949
with input constraints	349	543	1 129	1 092	1 130	1 166
Payments based on current A/An/R/I, production required ¹	12 231	1 825	7 819	9 910	7 910	5 638
Based on Receipts / Income	912	721	1 174	1 380	1 352	791
Based on Area planted / Animal numbers	11 319	1 104	6 645	8 530	6 558	4 847
with input constraints	2 565	557	6 550	8 455	6 463	4 732
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	338	3 824	6 415	6 996	6 396	5 852
With variable payment rates	0	0	480	1 220	221	0
with commodity exceptions	0	0	480	1 220	221	0
With variable payment rates	338	3 824	5 935	5 776	6 176	5 852
with commodity exceptions	0	3 824	4 981	4 821	5 222	4 898
Payments based on non-commodity criteria	592	1 839	2 525	2 352	2 614	2 608
Based on long-term resource retirement	592	1 839	2 404	2 219	2 479	2 513
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	121	134	135	95
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	22	12	9	9	10	7
Producer NPC	1.13	1.07	1.01	1.01	1.02	1.01
Producer NAC	1.28	1.14	1.09	1.10	1.11	1.08
General Services Support Estimate (GSSE)	13 682	25 678	57 196	45 088	56 651	69 849
Research and development	1 131	1 479	2 298	2 356	2 245	2 293
Agricultural schools	0	0	1	1	1	0
Inspection services	384	570	1 007	953	1 004	1 065
Infrastructure	422	395	4 145	5 226	2 912	4 297
Marketing and promotion	10 645	21 715	47 575	34 389	48 318	60 018
Public stockholding	0	52	18	9	20	24
Miscellaneous	1 100	1 468	2 153	2 154	2 151	2 152
GSSE as a share of TSE (%)	22.7	36.6	47.7	43.2	46.4	52.3
Consumer Support Estimate (CSE)	-3 794	4 452	30 624	27 124	29 357	35 390
Transfers to producers from consumers	-12 746	-12 129	-2 053	-783	-3 875	-1 500
Other transfers from consumers	-1 432	-1 243	-956	-973	-734	-1 160
Transfers to consumers from taxpayers	10 089	17 816	33 632	28 880	33 967	38 050
Excess feed cost	294	8	0	0	0	0
Percentage CSE	-3	3	13	11	14	14
Consumer NPC	1.12	1.08	1.01	1.01	1.02	1.01
Consumer NAC	1.03	0.97	0.88	0.90	0.88	0.87
Total Support Estimate (TSE)	60 182	70 108	119 979	104 446	122 041	133 450
Transfers from consumers	14 177	13 372	3 009	1 756	4 610	2 660
Transfers from taxpayers	47 436	57 979	117 926	103 662	118 166	131 951
Budget revenues	-1 432	-1 243	-956	-973	-734	-1 160
Percentage TSE (expressed as share of GDP)	1.26	0.89	0.83	0.73	0.86	0.91
GDP deflator 1986-1988=100	100	128	169	167	169	171

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, 2011.

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Description of policy developments

Main policy instruments

The main policy instruments for the crop sector are Direct Payments (DP), Counter-Cyclical Payments (CCP), Average Crop Revenue Election (ACRE), and support-price provisions operating through non-recourse marketing loans for cereals, rice, upland cotton, oilseeds, peanuts and pulses (chickpeas, lentils and dry peas). DPs are based on pre-determined rates and historical production. CCPs are based on current prices and historical production. Neither requires any current production as a basis for payment eligibility. ACRE – which is an alternative to receipt of CCP, plus a reduction of 20% in DP and a 30% reduction in the loan rate for each commodity – is based on planted acreage and moving-average benchmark revenues. Sugar is supported by a tariff-rate-quota (TRQ), together with provisions for non-recourse loans and marketing allotments. Dairy products are supported through government offers to purchase butter, SMP and cheddar cheese at minimum prices, as well as by tariffs, TRQs and export subsidies. When prices fall below target levels, a payment is made per tonne of milk marketed below a per-farm production limit. There are marketing loans for wool, mohair and honey, and border measures, including TRQs, for beef and sheepmeat. Since the enactment of the 1985 Farm Act, eligibility of most federal commodity programme payments is subject to cross-compliance requirements.

Environmental programmes form an important and increasing dimension of agricultural policy, focusing on measures to convert highly erodible cropland to approved conservation uses (including long-term retirement), to re-convert farmland back into wetlands, and to encourage crop and livestock producers to adopt practices that reduce environmental problem. While land retirement remains a key strategy, increasingly the emphasis has shifted towards environmental protection of agricultural lands in production (working lands). Ethanol production is supported through a tax credit, an import tariff and mandatory consumption requirements. Research and technical assistance are increasingly focused on food safety and promoting sustainable farming practices. Payments and loans for natural disasters, support for public grazing land management and irrigation infrastructures, interest concessions and tax concessions are also provided.

The Food, Conservation and Energy Act of 2008 (2008 Farm Act), provides the basic legislation governing farm policy for the period 2008-12. The 2008 Farm Act largely maintains the farm commodity price and income structure of support in the 2002 Farm Act for farm programme crops (i.e. grains, oilseeds, rice and cotton), with certain modifications. It places continued emphasis on direct payments, counter-cyclical payments and marketing assistance loan programmes for the 2008-12 crop years, with adjustments to target prices and loan rates for certain commodities.

The 2008 Farm Act also offers a new revenue support programme, the Average Crop Revenue Election programme; and replaces *ad hoc* natural disaster programmes with statutory ones. New provisions are introduced to address marketing and competitiveness of horticulture and livestock products. It also extends and expands many of the renewable energy programmes originally authorised in the 2002 Farm Act, including an extension of the tariff on ethanol imports. It also mandates more funding for most domestic food assistance programmes, particularly food stamps, renamed the Supplemental Nutrition Assistance Programme (SNAP). More funding is also mandated for virtually all agri-environmental programmes and coverage of issues to be addressed is expanded, albeit without major alterations. For a detailed analysis of the 2008 Farm Act see OECD (2011), *Evaluation of Agricultural Policy Reforms in the United States*.

Domestic policy

Many of the policy developments reported for 2010 reflect further implementation of 2008 Farm Act programmes, but there were some new developments in the areas of crop insurance, food safety, working lands and watershed conservation, as well as two *ad hoc* disaster assistance programmes implemented for losses during 2008 and 2009.

On **disaster assistance**, the *ad hoc* Crop Assistance Program (CAP) makes provision for up to USD 550 million in assistance to producers, in eligible counties, of rice, upland cotton, soybeans and sweet potatoes for losses due to excessive moisture or related conditions in 2009. Under the CAP, producers were required to certify a loss of at least 5% in 2009 in order to receive payments, which were based on a pre-determined payment rate multiplied by producers' planted area (or the area designated for planting but on which planting was not possible). Payment rates per acre were USD 31.93 for long-grain rice; USD 52.46 for medium/short grain rice; USD 15.62 for soybeans; USD 155.41 for sweet potatoes; and USD 17.70 for upland cotton.

Under the *ad hoc* Poultry Loss Contract Grant Assistance Program (PGAP), up to USD 60 million will be provided in the form of a grant to states whose poultry producers lost contracts due to the bankruptcy of an integrator in December 2008. Assistance was offered to poultry producers who had lost their contracts between 1 May 2008 and 1 July 2010, and who were subsequently unable to enter into a new contract. In order to keep within the budget, payments will be based on a producer's most recent receipts, over a 12-month period, multiplied by a payment factor and no payment in excess of 95% of producers' previous 12 months of receipts. Average adjusted gross income and payment limitations consistent with other disaster programmes will apply.

The *Tree Assistance Program* (TAP), one of the five statutory natural assistance programmes under the 2008 Farm Act's Supplemental Agricultural Disaster Assistance provisions, provides assistance to producers of orchard and nursery trees (including Christmas trees, bushes and vines for commercial purposes) to replant or rehabilitate trees, bushes and vines damaged or destroyed by natural disasters. TAP is a cost-reimbursement programme, with payments covering up to 70% of replanting costs and 50% of the costs of pruning, removal and related procedures. To be eligible for TAP, producers must have suffered a crop loss of more than 15% due to a natural disaster, after adjustment for normal mortality. Assistance is provided for up to 500 acres of trees, bushes or vines. Producers must also have purchased a policy or insurance plan under the Federal Crop Insurance Act or Non-insured Crop Disaster Assistance Programme, or – for 2008 – obtained a waiver of the risk management purchase requirement through the buy-in provision. Eligible losses are those that have occurred on or after 1 January 2008 and before October 2011.

The Risk Management Agency (RMA) renegotiated its agreement in 2010 with insurance companies to deliver **crop insurance**. The new Standard Reinsurance Agreement, effective for the 2011 crop year, generally maintains the Administrative and Operating (A&O) subsidy structure of previous agreements, but removes the possibility of windfall government payments based on high commodity price spikes by limiting the level of A&O payments that the industry can receive. The projected average long-term return for the companies is lowered to about 14.5% by modifying the terms under which RMA provides re-insurance. RMA also increased the return in historically under-served states to provide additional financial incentives for companies to write business in these states. The agency also returned to individual states stop-loss protection for more risky businesses, thus providing companies with increased re-insurance protection. The government projects that the new agreement will achieve USD 6 billion in savings over the next ten years, two-thirds of which will go towards financing the federal deficit, while the remaining third will support high-priority risk management and conservation programmes.

The Reimbursement Transportation Cost Payment for Geographically Disadvantaged Farmers and Ranchers (RTCP), authorised in the 2008 Farm Act, was funded in 2010 for the first time at USD 2.6 million. The programme reimburses producers for a portion of the transportation cost of their agricultural commodity, or related transportation inputs, during a fiscal year. Producers eligible for the RTCP include geographically disadvantaged farmers and ranchers in Hawaii and Alaska, or in isolated areas.

The 2008 Farm Act authorised the *Durum Wheat Quality Program* (DWQP) for fiscal years 2009-12, to compensate producers of durum wheat for up to 50% of the actual cost of purchasing and applying fungicide to control *Fusarium* head blight. The programme was funded in 2010 for the first time with USD 3 million.

The *Dairy Industry Advisory Committee* was chartered to review farm milk price volatility and dairy farmer profitability. The committee made recommendations to the Secretary of Agriculture on how USDA can best address these issues, in order to meet the industry's needs, both short and long-term.

The *National Organic Program* (NOP) was amended to clarify the use of pasture in raising organic ruminants. The main changes include the following: animals must graze on pasture during the grazing season, which must be at least 120 days per year; animals must obtain a minimum of 30% dry matter intake from grazing pasture during the grazing season; producers must have a pasture management plan and manage pasture as a crop to meet the feed requirements for the grazing animals and to protect soil and water quality; and, livestock are exempt from the 30% dry matter intake requirements during the feeding period, which is not to exceed 120 days. Livestock must have access to pasture during the finishing phase.

The *National Animal Identification System* (NAIS) was terminated in February 2010, and replaced by the **Animal Disease Traceability Framework** (ADTF). Unlike the NAIS, the ADTF focuses exclusively on animal health, rather than food safety concerns such as bovine spongiform encephalopathy (BSE), and traces only animals that enter interstate commerce. The ADTF will also rely on ear tags to trace animals, rather than the implanted electronic tags used by NAIS.

On **food safety**, several measures have been implemented, including the following: a new legislation came into force in 2010, the *Food Safety Modernization Act*, which amends the Federal Food, Drug, and Cosmetic Act (FFDCA) to expand the food-safety activities of the Secretary of Health and Human Services (HHS), including giving the Secretary the authority to order a food recall. The Act exempts certain establishments that sell food directly to consumers – such as roadside stands, farmers' markets or participants in a community-supported agriculture programme – from specified requirements. US importers are required to perform risk-based verification of foreign suppliers to ensure that imported food is produced in compliance with the requirements related to hazard analysis and standards for produce safety, and that is not adulterated or misbranded. The Secretary is authorised to: (1) require a certification that an article of food imported or offered for import complies with the relevant requirements of this Act; and (2) enter into arrangements and agreements with foreign governments to facilitate the inspection of registered foreign facilities. The Act requires food to be refused entry into the United States, if permission to inspect the food facility is denied by the facility owner, operator, agent or the foreign country.

New performance standards to reduce salmonella and campylobacter in young chickens (broilers) and turkeys were announced on 10 May 2010. New FDA regulations to control salmonella in shell eggs went into effect in July 2010. Large producers (with 50 000 or more hens) were required to comply immediately, but smaller producers (with no less than 3 000 hens) can delay compliance

until July 2012. Producers with fewer than 3 000 hens are exempt from the regulations, which require producers to purchase chicks and young hens only from suppliers who monitor for salmonella; establish measures to prevent pathogen contamination on the farm; conduct regular testing for salmonella enteritidis; further process or divert contaminated eggs from human consumption; disinfect poultry houses contaminated by salmonella enteritidis; and refrigerate eggs during storage and transportation.

USDA announced new initiatives to improve the safety of food purchased for the National School Lunch Programme in February 2010, including new purchasing requirements with zero tolerance for salmonella and *E. coli* O157:H7 contamination; more frequent sampling and testing of the finished product; and stricter standards for the trimmings used to manufacture minced beef. Grant funds were also allocated to establish a centre of excellence for school food safety research.

On **environment**, sign-ups began in May 2010 for the Transition Incentives Programme (TIP), a new programme under the Conservation Title of the 2008 Farm Act to encourage retired or retiring owners or operators participating in the Conservation Reserve Program (CRP) to make their land available to beginning or socially disadvantaged farmers or ranchers by providing up to two additional CRP annual rental payments. To be eligible, TIP requires that the retired or retiring farmer or rancher have land enrolled in CRP that is in the last year of the contract; agree to allow the beginning or socially disadvantaged farmer or rancher to make conservation and land improvements, and agree to a sale or long-term lease (a minimum of five years) of the land by 1 October of the year in which the CRP contract expires. As of 30 November, TIP participation included 372 contracts on more than 52 000 acres, with nearly USD 5 million allocated to TIP annual rental payments.

A *Conservation Loans* (CL) programme, authorised under the 2008 Farm Act, was launched to make loan funds available through the Farm Service Agency (FSA) to farmers and ranchers seeking to apply conservation practices on their land. The practices must be approved by the *Natural Resources Conservation Service* (NRCS) and may include the instigation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; making the transition to organic production; manure management, and adaptation of other emerging or existing conservation practices, techniques or technologies. Loans are available up to a limit of USD 300 000 for direct loans and up to USD 1 119 000 for guaranteed loans (adjusted for inflation).

The new *Conservation Stewardship Program* (CSP) authorised by the 2008 Farm Act, and superseding the *Conservation Security Program*, began accepting applications in August 2009. As a result of experience gained during the programme's first year and comments received from partners and the public, a number of changes were made in the programme rules in 2010, including the following: i) USDA is implementing a split payment structure, with one payment rate for existing conservation activities and a higher payment rate for new activities. This is expected to encourage producers to engage in more activities and thereby generate greater environmental benefits; ii) The total contract limitation for joint operations is increased from USD 200 000 to USD 400 000, with annual payment limits increased from USD 40 000 to USD 80 000 to compensate joint operations that produce environmental benefit levels needed to earn the payments; iii) to directly encourage participation by small-scale, historically under-served producers, the rule establishes a minimum payment of USD 1 000; iv) "pastured cropland" is added as a new designation with a higher payment than "pastureland" because of the greater income forgone by producers who maintain a grass-based livestock production system on land suitable for cropping;

v) in response to extensive public comment, the definition of “resource-conserving crop rotation” is revised to require the use of grass and/or legumes.

Concerning wildlife habitat protection, the *Voluntary Public Access and Habitat Incentive Program* (VPA-HIP), provides rental payments and other incentives, such as technical or conservation services to landowners who, in return, allow the public to hunt, fish or otherwise recreate on their land. Up to USD 50 million is available through VPA-HIP through FY2012 in 26 states.

On watershed protection, an interagency *Great Lakes restoration initiative* was established to address key problems in the region, including invasive aquatic species, non-point source pollution and contaminated sediment. An amount of approximately USD 34 million was allocated to fund conservation work in priority watersheds within Great Lakes states. A new federal strategy for protecting and restoring the environment in the Chesapeake region was unveiled, which includes regulations for restoring clean water, implementing new conservation practices on 4 million acres of farms, conserving 2 million acres of undeveloped land and re-establishing oyster beds in 20 tributaries of the bay.

On **rural development** measures, the *Regional Innovation initiative* and the *Great Regions initiative* target funds from existing programmes to encourage regional and collaborative approaches to rural development. They focus assistance on USDA’s six priority areas, including renewable energy, regional food systems, broadband and other infrastructure to help entrepreneurs and expand markets, increasing access to capital, and innovative use of natural resources.

On **domestic food assistance**, as part of the USD 20 million authorised by the 2008 Farm Bill to research whether incentives for participants in the *Supplemental Nutrition Assistance Program* (SNAP) (formerly the Food Stamp Program) will increase their purchase of healthy foods, the *Healthy Incentives Pilot Program* was established. The programme reduces the cost of fruits and vegetables by almost one-third and aims to give incentives to 7 500 randomly selected SNAP households. The Healthy Food Financing Initiative channels over USD 400 million in already established programmes to bring grocery stores to under-served rural and urban communities.

Trade policy

The *American Recovery and Reinvestment Act* (ARRA) of 2009 re-authorised and modified the *Trade Adjustment Assistance (TAA) for Farmers Program*. The new TAA for Farmers Program, implemented in 2010, provided benefits to producers of raw agricultural commodities and fishermen who could be certified as suffering losses from import competition during the period 1 October 2008-31 December 2010. Groups of producers could petition to show that there had been a greater than 15% decrease in the national average price, the quantity of production, value of production, or cash receipts, compared to the average of the three preceding marketing years, for their commodity, and that an increase in imports had contributed importantly to this decline. Once certified, individual producers in the group could apply to receive free information, technical assistance and cash payments to develop and implement Business Adjustment Plans from the TAA for Farmers Programme.

In respect of **international food assistance**, USD 10 million in FY 2010 was allocated to develop and field test new and improved micronutrient-fortified products designed to meet the energy and nutrient needs of populations served by the McGovern-Dole International Food for Education and Child Nutrition (McGovern-Dole) Programme.

On **trade agreements**, an agreement was concluded on 3 December 2010 to set the stage for Congressional consideration of the **Korea–United States** Free Trade Agreement. The agreement contained new commitments primarily related to the automotive sector, but included a change in the agreed date for elimination of Korean tariffs on imports of US frozen pork from 2014 to 2016.

PART II
Chapter 17

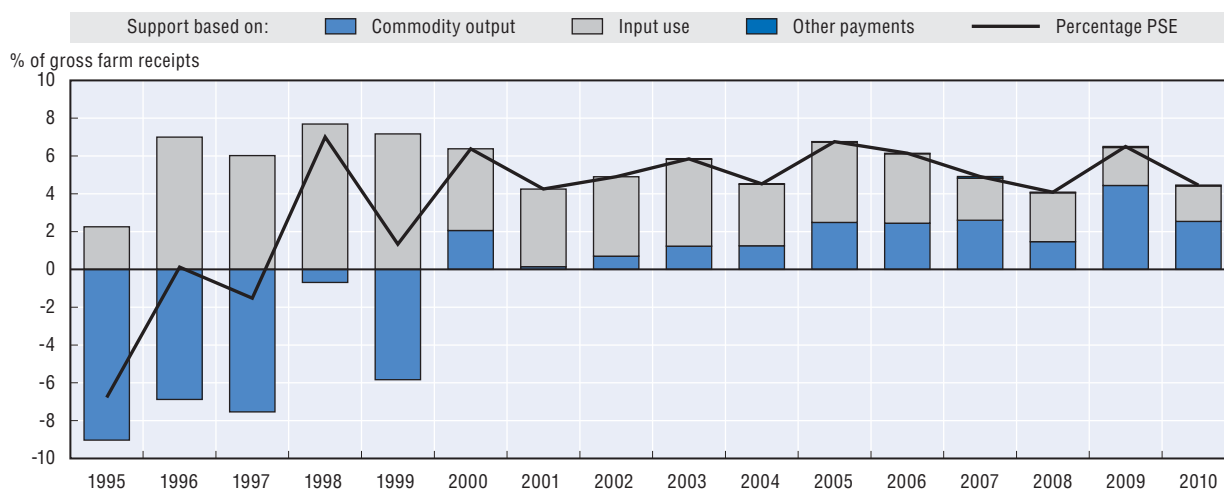
Brazil

The Brazil country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Brazil provides a relatively low level of support to its farmers, despite maintaining an extensive range of price and credit policies.
- Price supports are mostly targeted by region, seeking to support small farmers as well as commercial farmers in regions that are distant from main consumer markets and ports. Existing mechanisms for social protection could protect the incomes more effectively, while direct investments in infrastructure could support the expansion of profitable agriculture more efficiently.
- There is strong intervention in the credit sector via interest rate subsidies and the requirement that banks allocate at least 29% of their demand deposits to agricultural lending. Brazil's system of managed credit benefits recipients of subsidies and is of little consequence for larger farmers who can borrow on international markets. However, it imposes a burden on medium-sized farmers and other industries obliged to borrow domestically at market rates, and reforms would reduce the misallocation of resources and lower average rates.
- Weak infrastructure remains a major bottleneck to the development of Brazilian agriculture, but funding is low relative to farm support and there is a need for deeper investments in transport networks and rural infrastructure.
- Brazil has undertaken a range of initiatives to address environmental concerns, and to adapt to and mitigate climate change. Moreover, environmental and sustainability criteria are now written into farm support programmes. These regulations are likely to have an increasing role, given the pace of output growth and the expansion of agricultural area in the Centre West.

Figure 17.1. Brazil: PSE level and composition by support categories, 1995-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Brazil is an upper middle income country which has exhibited strong growth in recent years, with the result that per capita incomes now exceed USD 10 000 per year. However, income inequality is severe and poverty persists, with 13% of the population living on less than USD 2 per day. The country is endowed with vast agricultural resources, its agricultural area exceeded only by **China**, **Australia** and the **United States**. The sector accounts for about 6% of GDP, but there is significant value added and agribusiness products are responsible for more than 38% of exports. Over the past decade the trade surplus for the agribusiness sector has widened to more than USD 50 billion, an amount which compares with a net deficit of USD 30 billion for all other goods and services. The European Union is the biggest market for agribusiness exports, with a share of 29%, while China is now second with a share of 14%.

Table 17.1. **Brazil: Contextual indicators, 1995, 2009***

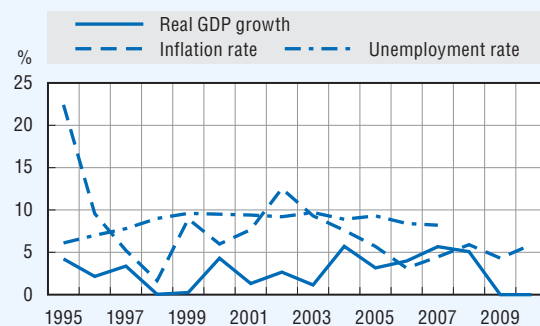
	1995	2009*
Economic context		
GDP (USD billion)	770	1 593
Population (million)	162	194
Land area (thousand km ²)	8 459	8 459
Population density (habitants/km ²)	19	23
GDP per capita, PPP (USD)	6 466	10 466
Trade as % of GDP	6.5	8.8
Agriculture in the economy		
Agriculture in GDP (%)	5.8	5.9
Agriculture share in employment (%)	26.1	19.3
Agro-food exports (% of total exports)	29.3	35.7
Agro-food imports (% of total imports)	12.4	5.1
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	6 976	48 086
Crop in total agricultural production (%)	n.a.	64
Livestock in total agricultural production (%)	n.a.	36
Agricultural area (AA) (thousand ha)	258 472	264 500
Share of arable land in AA (%)	22	23
Share of irrigated land in AA (%)	n.a.	n.a.
Share of agriculture in water consumption (%)	n.a.	n.a.

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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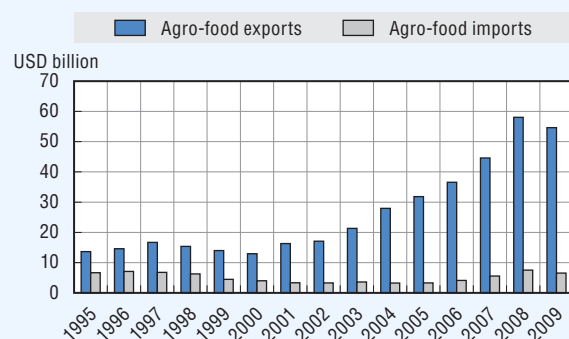
Figure 17.2. **Brazil: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 17.3. **Brazil: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

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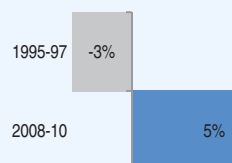
Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Development of support to agriculture

Brazil provides a low level of support to its farmers, with a Nominal Protection Coefficient of close to unity. Most payments to farmers are made in the form of credit subsidies, although these are low relative to the value of production. Government spending on agriculture has been stable in recent years, with total support placing a modest and stable burden on the economy.

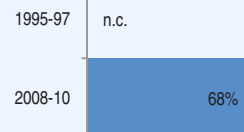
PSE as % of receipts (%PSE)

Brazil provides a relatively low rate of support to its farmers with a %PSE of 5% in 2008-10. The degree of support has been modest since Brazil switched from a tendency to tax farmers (reflected in a negative %PSE) in the mid-1990s.



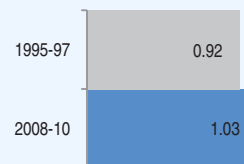
Potentially most distorting support as % of PSE

More than two-thirds of support is provided in the most production and trade distorting forms (based on commodity output and variable input use – without constraints), principally price supports and credit subsidies.



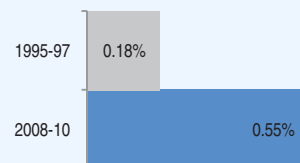
Ratio of producer price to border price (NPC)

In 2008-10, farmers received prices that were on average 3% higher than those prevailing on world markets. This contrasts with the mid-1990s, when domestic prices were on average slightly lower than world prices.

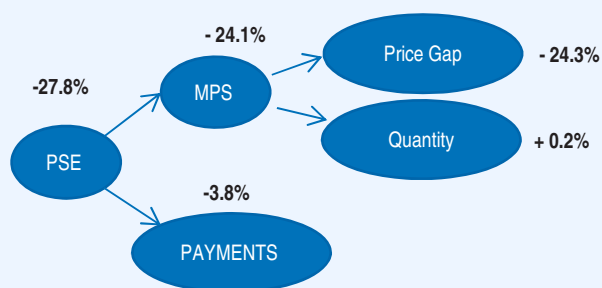


TSE as % of GDP

Total support averaged 0.55% of GDP in 2008-10, placing a relatively mild burden on the overall economy. 22% of support was provided in the form of general services, a figure that is slightly lower than the OECD average.

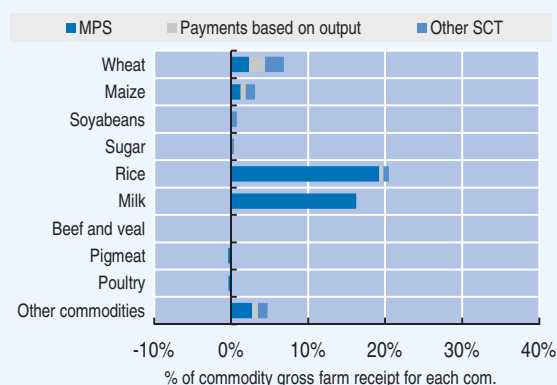


Decomposition of change in PSE, 2009 to 2010



The level of support decreased in 2010 due mostly to reductions market price support. This was in turn due almost exclusively to lower differences between world and domestic prices, with world prices rising and domestic prices showing a muted response.

Transfer to specific commodities (SCT), 2008-10



Single commodity transfers (SCT) were most significant for rice and milk, representing two-thirds of the PSE.

Table 17.2. **Brazil: Estimates of support to agriculture**
BRL million


	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	54 586	262 753	252 278	260 819	275 161
<i>of which: share of MPS commodities, percentage</i>	73	79	79	80	79
Total value of consumption (at farm gate)	52 157	194 617	190 495	191 808	201 550
Producer Support Estimate (PSE)	-1 473	13 507	10 619	17 372	12 529
Support based on commodity output	-4 481	7 602	3 808	11 866	7 131
Market Price Support	-4 555	6 908	3 025	10 938	6 761
Payments based on output	75	694	782	929	370
Payments based on input use	3 007	5 789	6 722	5 375	5 268
Based on variable input use	1 673	1 636	1 990	1 534	1 384
with input constraints	0	0	0	0	0
Based on fixed capital formation	1 200	4 107	4 687	3 796	3 839
with input constraints	0	0	0	0	0
Based on on-farm services	134	46	46	46	46
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	0	116	89	130	130
Based on Receipts / Income	0	116	89	130	130
Based on Area planted / Animal numbers	0	0	0	0	0
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	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	-3	5	4	7	4
Producer NPC	0.92	1.03	1.02	1.05	1.03
Producer NAC	0.97	1.05	1.04	1.07	1.05
General Services Support Estimate (GSSE)	2 914	3 849	3 518	3 805	4 224
Research and development	483	457	251	419	700
Agricultural schools	192	379	333	377	426
Inspection services	109	229	215	227	245
Infrastructure	1 697	2 188	2 180	2 188	2 196
Marketing and promotion	8	122	109	122	136
Public stockholding	425	474	429	473	521
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	200.1	21.4	24.6	17.3	23.7
Consumer Support Estimate (CSE)	2 537	-6 421	-2 514	-10 592	-6 157
Transfers to producers from consumers	2 774	-6 816	-2 879	-10 858	-6 711
Other transfers from consumers	-265	-434	-274	-514	-514
Transfers to consumers from taxpayers	15	663	140	780	1 068
Excess feed cost	13	166	498	0	0
Percentage CSE	5	-3	-1	-6	-3
Consumer NPC	0.95	1.04	1.02	1.06	1.04
Consumer NAC	0.95	1.03	1.01	1.06	1.03
Total Support Estimate (TSE)	1 456	18 018	14 277	21 957	17 821
Transfers from consumers	-2 509	7 250	3 152	11 372	7 225
Transfers from taxpayers	4 230	11 202	11 398	11 099	11 110
Budget revenues	-265	-434	-274	-514	-514
Percentage TSE (expressed as share of GDP)	0.18	0.55	0.47	0.69	0.49
GDP deflator 1995-1997=100	100.0	272	255	270	290

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

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

MPS commodities for Brazil are: wheat, maize, rice, soyabeans, sugar, milk, beef and veal, pigmeat, poultry, cotton, coffee. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452649>

Description of policy developments

Main policy instruments

Two distinct agencies are involved in the operation of agricultural policy: the Ministry of Agriculture (MAPA) and the Ministry of Agrarian Development (MDA). The former is concerned with commercial agriculture, the latter with small-scale family farming.

MAPA produces an annual crop and livestock plan that sets out objectives and the terms of support for the year. Over the years 2008-10, that support has included rural credit at controlled interest rate, price guarantees and rural insurance. Structural and environmental policies have been articulated, including agricultural zoning, support for cooperatives, as well as for biofuels and organic production. MDA administers land reform and is responsible for the National Programme to Strengthen Family Farming (*Programa Nacional de Fortalecimento da Agricultura Familiar*, PRONAF), the centrepiece of policies to support smaller farmers. The number of farmers enrolled in PRONAF has continued to expand, and the terms of the programme were revised substantially in 2010.

Price guarantees are used to support production in nascent areas until infrastructure and related activities are in place and farming becomes inherently profitable (*i.e.* in order to benefit from external economies of scale). They are also used to smooth prices over time and to provide support to poorer farmers. These policies are distorting in nature, but their distortions are contained by limitations on the amount of production that is eligible, and by targeting to less developed regions. Credit policies are used to offset Brazil's high market interest rates, a structural issue that extends beyond agriculture. Interest rate subsidies are modest relative to the value of production (no more than one percent), but the biggest distortion comes from the state requirement that banks are obligated to allocate 29% of demand deposits to agricultural lending, or transfer an equivalent amount to the Central Bank at zero interest. In response to a liquidity crisis, the rate was increased from 25% to 29% for one year starting on 1st July 2010. From then on, the plan is that it will be reduced by one per cent per year, until it returns to 25%.

In recent years, a range of incentives and regulations has been introduced to address environmental issues, and those related to climate change. In 2010/11 a range of initiatives were grouped under the programme for low carbon emissions in agriculture, *Programa ABC*.

The government continues to support biofuels through the mandatory blending of ethanol with gasoline for use as transport fuel, as well as through a mandatory blending of diesel and biodiesel. Most of the new cars sold in Brazil are "flex-fuel", capable of using gasoline, ethanol or a mixture in any proportion. By 2010, more than 10 million cars were powered by flex fuel engines.

Domestic policy

The Brazilian government operates a series of **minimum price guarantees**. The overall effect is modest, with an NPC averaging just 1.03 over the period 2008-10, but market price support nevertheless accounted for just over half of transfers made to farmers in 2008-10. Taxpayer outlays in support of these price guarantees (referred to as "support for commercialisation") fell from BRL 4.2 billion (USD 2.1 billion) in 2009 to BRL 1.4 billion (USD 630 million) in 2010.

The government has sought to reduce stockholding via three programmes, which have been used sparingly in recent years, partly as a result of high market prices. One is the PEP (*Prêmio para o Escoamento de Produto*) programme, which involves an "equalisation" payment to wholesalers who agree to pay the producer a specified minimum price. The equalisation premium, *i.e.* subsidy, is determined in an auction among wholesalers, with a maximum fixed value set by government.

This programme has resulted in modest price support for wheat and maize, and significant payments to wholesalers, with a maximum fixed value set by government. A similar programme is PROP (the *Prêmio de Risco para Aquisição de Produto Agrícola oriundo de Contrato Privado de Opção de Venda*), which provides a premium to commercial buyers under a sell option contract, i.e. where delivery takes place in the future. This instrument works as a **hedging mechanism** for the farmer. However, there have been no government payments in 2008-10. A third programme is PEPRO (*Prêmio Equalizador do Produto*), which provides an equalisation payment directly to the farmer and works like a **deficiency payment** by paying the seller (whether a farmer or a cooperative) the difference between the reference price and the price received at auction. This instrument was used for cotton in 2007-09, but it was not used in 2010.

The government also makes purchases from family farmers at prices that are above market levels, although these have a small effect on average prices throughout the economy. Since 2010 family farming has been entitled to 20% of the resources of the guaranteed minimum price programme (PGPM). Previously there was no specification of how much government could spend on these farmers. Family farms will now have access to BRL 1 billion (USD 566 million) from the total PGPM allocation of BRL 5.2 billion (USD 2.9 billion). The programme allows the National Supply Company (CONAB) to purchase surplus production with the aim of reducing price fluctuations.

About 36% of direct payments and support to farmers come in the form of **credit subsidies**, which are allocated via the official credit system, SNCR (*Sistema Nacional de Crédito Rural*). The majority of these payments goes for **investment credit** (both for medium and large scale producers and cooperatives, as well as for small farmers under the auspices of PRONAF), with the remainder for working capital. Only a minor share of credit in the sector as a whole is obtained via the SNCR, the majority coming from non-bank credit offered by domestic agribusiness and from international lenders.

A relatively small amount of credit is provided in the form of **marketing loans** for **wheat, maize, rice** and **cotton** via *Empréstimo do Governo Federal* (EGF) and other loan programmes. In order of importance, support has concentrated on maize, wheat, rice and cotton. Support for double cropping of maize after soybeans has become increasingly important, with the proportion of second crop maize in total maize output having reached 40%.

Various institutional changes have occurred, including the introduction of a new *Programme for the Sustainability of Investment* (PSI), which is funded by the Brazilian development bank BNDES, with a subsidy from the Treasury and replaces MODERFROTA, the programme which finances **acquisitions of tractors and agricultural machinery**. Similarly, a new programme PRONAMP (*Programa Nacional de Apoio ao Médio Produtor Rural*) replaces the revenue and employment generation programme PROGER RURAL, and provides **investment credit** to medium-sized farm operations at subsidised rates.

Over the 2008-10 period, there has been a series of reforms to PRONAF. Previously, small farm households enrolled in the programme were ordered into five categories, A to E, with different terms of support for each category. Categories C, D and E were merged in 2010, with the result that there are now just three categories. A comprises agrarian reform settlers. B comprises smallest farmers, with qualifying conditions that include a gross family income of less than BRL 6 000 (USD 3 400) in the past 12 months. This group is eligible for **micro credit**. The new “family agriculture” group (formerly C, D and E) includes farm families with gross revenues of between BRL 6 000 and BRL 110 000 (USD 62 000) in the past 12 months. Approximately 1.8 million farmers are in category B and receive micro-credit, while 2.4 million qualifies as larger “family farmers”.

Each year, farmers can receive up to BRL 130 000 (USD 73 600) of investment credit and BRL 50 000 (USD 28 000) of working capital credit for each crop, and in total they can borrow up to BRL 230 000 (USD 130 000). In 2010, the interest rate was lowered to an average of 2.5%, keeping the real interest rate constant.

Under the new structure, PRONAF provides continuing support to farmers, and there is no automatic “graduation” from the programme – i.e. it is no longer assumed that small farmers will be able to thrive under the provisions for general agricultural credit. There have also been changes in the terms of credit, with financial charges made according to the value of credit provided, and bonuses no longer paid for the timely repayment of loans.

The high value of **outstanding farm debt** is a longstanding issue in Brazil, dating back to the period of hyperinflation prior to 1995, when producers were squeezed by controlled output prices on the one hand, and spiralling input prices on the other. The current stock of outstanding debt is thought to be as much as BRL 75 billion (USD 43 billion). The farm debt has been renegotiated on several occasions. A major renegotiation in 2008 involved a reduction in levies on overdue debt, reduced interest rates on investment and working capital debt, extended repayment terms and discounts on due and overdue debt. Despite this new law, the implicit subsidy to farmers in 2008-10 declined. Under the most recent renegotiation, the government has given the banks some rights to renegotiate debt (previously they were required to ask for authorisation). This reduces defaults and makes it easier for them to meet their obligatory (*exigibilidades*) lending requirements. Insofar as banks now decide the terms of repayment this is no longer a government policy issue; the key question becoming the extent to which the Treasury compensates banks or farmers for reduced repayments.

In 2005 Brazil created a **rural insurance** programme to support the existing private rural insurance system. The main instrument is a subsidy to the insurance premium on agricultural production (plus aquaculture and forestry). The area covered increased from 1.6 million in 2006 to 7.7 million hectares in 2010, with more than 65 000 beneficiaries and insured capital in excess of BRL 1.1 billion (USD 623 million). The total annual subsidy is in excess of BRL 250 million (USD 125 million). A new rural insurance law was approved in 2010, authorizing the federal government to contribute to a fund for additional coverage of rural insurance risks – a “catastrophe fund” addressed to insurance and reinsurance companies.

Increasingly, Brazil’s agricultural support programmes have **environmental and sustainability criteria** written into them. For example, agricultural zoning laws must be respected in order to qualify for price and credit support policies. A range of specific programmes have also been introduced to promote sustainable agricultural practices. These include PRODUSA, which provides credit for plantings on unproductive and degraded soils; PROPFLORA, which provides credit for forest planting (including palm oil for biofuel); and MODERAGRO, which provides credit to modernise production systems and preserve natural resources (and merges a range of existing programmes).

As part of a broader multi-sectoral approach to **mitigating and adapting to climate change**, the *Low Carbon Agriculture programme (Programa ABC)* was introduced in 2010. This programme provides an umbrella for a range of pre-existing programmes that have provisions related to climate change, including credit programmes. In order to meet CO₂ targets, support is envisaged for a number of practices: recovery of degraded pastures (subsuming several programmes including those referred to above); integration of crop, livestock and forestry operations; nitrogen fixing; forest planting, and treatment of animal residues.

Government has provided strong support for **biofuel** via measures which include BNDES lending to construct ethanol plants; tax incentives on flex-fuel cars which can run on any combination of ethanol and gasoline; and mandatory blending ratios for both gasoline and diesel. The government target that 5% of diesel should come from agricultural sources by 2013 has already been met, and proposals to increase the ratio to 7% are under discussion. Most of the biodiesel comes from soybean oil, although the use of palm oil (which is more energy efficient) is increasing rapidly.

A special line of credit of BRL 2.31 billion (USD 1.15 billion) was created in 2009 for **ethanol storage**. The credit line is operated by the (BNDES) and accredited financial institutions, which apply an interest rate of 11.25% per annum. Credit users (including mills, distilleries, marketers of ethanol and cooperatives) must give a guarantee in terms of their own fuel, of not less than 150% of the loan.

Trade policy

Brazil is member of the customs union, MERCOSUR, along with **Argentina, Uruguay** and **Paraguay**. MERCOSUR has signed Free Trade Agreements (FTA) with almost all countries in Latin America, except with **Guyana** and **Suriname**. In 2007, MERCOSUR signed its first extra regional FTA with Israel, and in 2010 signed an FTA with **Egypt**. An agreement between MERCOSUR and the **European Union** is under negotiation. The majority of agricultural imports from other Mercosur countries enter duty free, while the average tariff on agricultural imports from non-Mercosur countries is close to 10%.

A current objective is to reduce dependence on imported fertiliser. Brazil accounts for 6% of global NPK consumption but just 2% of production. 77% of all fertiliser is imported (91% in the case of Potassium) and official policy is to reduce this share by raising domestic production.

PART II
Chapter 18

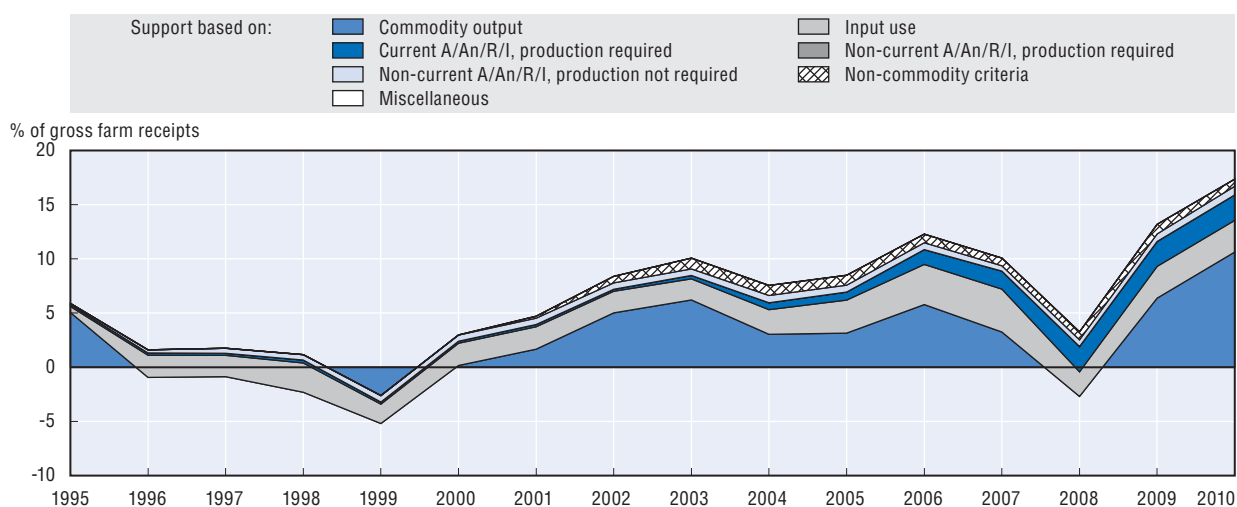
China

The China country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of policy developments

- Compared with the 1995-97 average, the level of support to agricultural producers increased, but remained lower than the OECD average. While transfers from taxpayers have steadily been increasing, transfers from consumers have strongly fluctuated, but also along a rising trend.
- The negative market price support in 2008 was largely driven by a sharp increase in world prices that was not fully transmitted to the domestic market, partly due to constraints on grain exports. The taxing effects of relatively low domestic prices on agricultural producers were partly compensated by an increase in budgetary transfers to farmers. In 2009 and 2010, the growing trend of support through prices resumed and was further accentuated by a progressive appreciation of the Chinese Yuan.
- The number and scope of programmes providing budgetary support to agriculture has been increasing. To an increasing extent they take the form of direct income support payments. This evolution should help decrease the production distortion associated with agricultural support policies and should enhance farmers' incomes more effectively.
- A significant part of budgetary transfers is still allocated to lower prices of agricultural inputs, including chemical fertilisers. Such payments not only are distortive but also have negative impacts on the environment. Thus, discontinuation of such subsidies, or at least converting them to payments per unit of land, would be a prerequisite for changing agricultural practices to protect the environment.
- China's efforts to improve rural infrastructure and to improve access to basic public services such as education, health care, and social security for the rural population should be further enhanced. As China's population is aging, in particular in rural areas, the new nationwide rural social pension scheme introduced on an experimental basis in 2009 is a step in the right direction.

Figure 18.1. China: PSE level and composition by support categories, 1995-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

China's impressive economic growth succeeded in making it the world's second largest economy in 2010, but in terms of GDP per capita and economic structure, China remains a middle-income developing country. Agriculture is an important sector with its share in total employment at 38.1% and its contribution to GDP at 10.3% in 2009. This indicates low agricultural labour productivity, at only one-fifth of the level in the rest of the economy. Low labour productivity in agriculture contributes to low per capita rural incomes at less than one-third of those in urban areas. Agriculture is much less integrated with global markets than is the rest of the economy, as shown by its 2.4% share in China's total exports and 4.7% share in imports. In recent years, China has become a large net importer of agro-food products, largely due to strong increase in imports of soybeans. The farm structure is based on tiny family farms at just 0.6 hectare on average. Agriculture is the key user of water with 62% of total water consumption.

Table 18.1. **China: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	728	4 991
Population (million)	1 211	1 346
Land area (thousand km ²)	9 327	9 327
Population density (habitants/km ²)	129	142
GDP per capita, PPP (USD)	1 514	5 970
Trade as % of GDP	19.3	22.1
Agriculture in the economy		
Agriculture in GDP (%)	20.0	10.3
Agriculture share in employment (%)	52.2	38.1
Agro-food exports (% of total exports)	7.7	2.4
Agro-food imports (% of total imports)	8.2	4.7
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	551	-18 502
Crop in total agricultural production (%)	66	61
Livestock in total agricultural production (%)	34	39
Agricultural area (AA) (thousand ha)	532 716	522 544
Share of arable land in AA (%)	13	15
Share of irrigated land in AA (%)	9	11
Share of agriculture in water consumption (%)	70	62

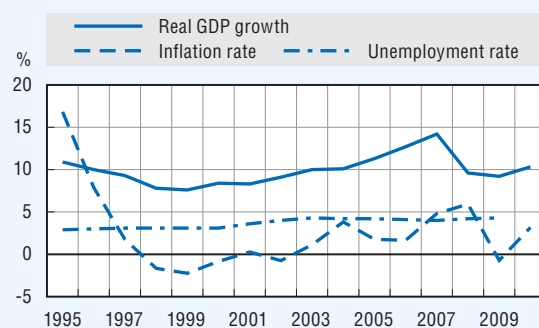
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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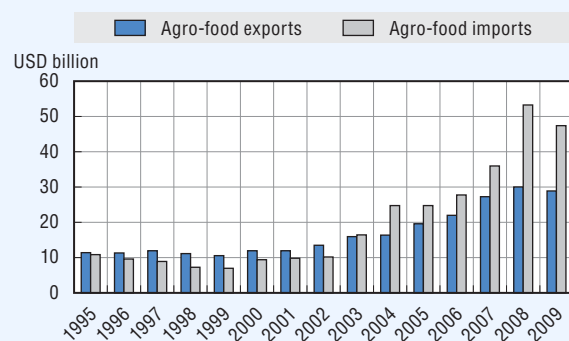
Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Figure 18.2. **China: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics and World Development Indicators.
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Figure 18.3. **China: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ICTS) Database.

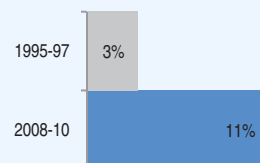
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Development of support to agriculture

China has been increasing its support to agriculture. While the share of the most distorting forms of support remains high, an increase in the importance of flat rate payments per unit of land is a positive phenomenon. The level of support strongly fluctuates as domestic prices for selected commodities remain subject to government interventions such as export restrictions and minimum prices.

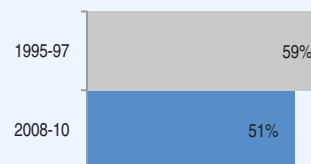
PSE as % of receipts (%PSE)

China has increased support to agriculture, which is now slightly above half the OECD average. After a significant fall in 2008, the %PSE increased by 10 percentage points in 2009 and again by four percentage points in 2010.



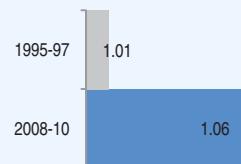
Potentially most distorting support as % of PSE

The share of the most production and trade distorting policies (based on commodity output and variable input use – without constraints) declined but still represents around half of the total.



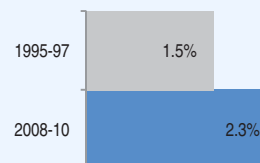
Ratio of producer price to border price (NPC)

Overall, prices received by farmers were on average 6% higher than those observed on the world markets in 2008-10.

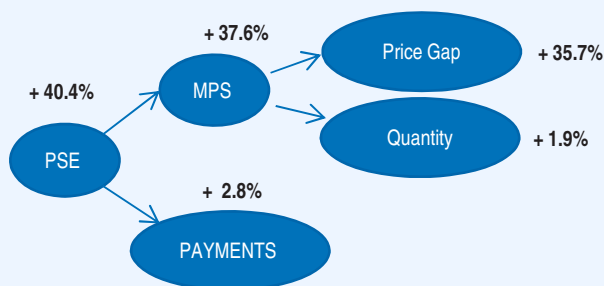


TSE as % of GDP

Total support was relatively high at 2.3% of GDP in 2008-10 compared to the OECD average of 0.9% and the expenditure on general services represented 23% of the total support.

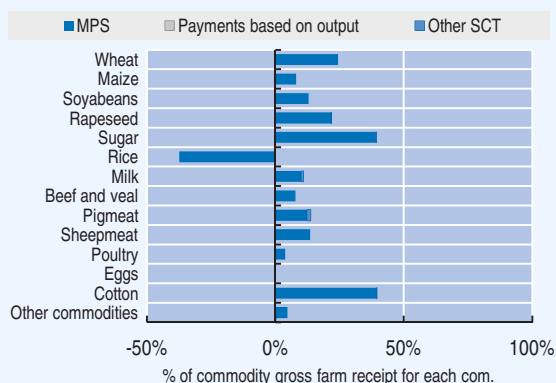


Decomposition of change in PSE, 2009 to 2010



The level of support increased in 2010 mainly due to the significantly larger gap between domestic and border prices (MPS).

Transfer to specific commodities (SCT), 2008-10



The Single Commodity Transfers (SCT) represented 12% of the total PSE. The share of the SCT was lowest for rice (implicitly taxed in 2008-10), and highest for sugar and cotton at almost 40% of commodity receipts.

Table 18.2. **China: Estimates of support to agriculture**
CNY million

	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	1 997 968	5 072 148	4 862 780	5 007 950	5 345 714
<i>of which: share of MPS commodities, percentage</i>	73	57	57	56	57
Total value of consumption (at farm gate)	2 053 260	5 417 294	5 143 129	5 411 090	5 697 663
Producer Support Estimate (PSE)	60 457	624 061	168 762	708 642	994 780
Support based on commodity output	18 660	270 794	-139 352	342 526	609 209
Market Price Support	18 660	270 794	-139 352	342 526	609 209
Payments based on output	0	0	0	0	0
Payments based on input use	31 931	147 580	117 504	157 711	167 524
Based on variable input use	17 115	44 373	38 699	48 086	46 334
with input constraints	0	0	0	0	0
Based on fixed capital formation	10 816	79 954	57 955	84 225	97 683
with input constraints	0	0	0	0	0
Based on on-farm services	3 999	23 253	20 851	25 400	23 508
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	3 866	126 230	120 531	123 435	134 723
Based on Receipts / Income	3 866	13 193	19 631	6 755	13 193
Based on Area planted / Animal numbers	0	95 597	88 830	96 830	101 130
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	6 000	38 438	32 035	37 480	45 798
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With variable payment rates	6 000	38 438	32 035	37 480	45 798
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	41 020	38 044	47 490	37 526
Based on long-term resource retirement	0	41 020	38 044	47 490	37 526
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	3	11	3	13	17
Producer NPC	1.01	1.06	0.97	1.08	1.14
Producer NAC	1.03	1.13	1.03	1.15	1.21
General Services Support Estimate (GSSE)	46 121	187 304	163 533	194 079	204 299
Research and development	447	3 297	2 574	3 405	3 912
Agricultural schools	3 303	21 092	19 161	23 078	21 037
Inspection services	2 214	12 101	9 782	12 491	14 031
Infrastructure	10 773	93 130	74 366	97 425	107 600
Marketing and promotion	0	63	30	60	100
Public stockholding	29 384	57 620	57 620	57 620	57 620
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	42.4	23.1	49.2	21.5	17.0
Consumer Support Estimate (CSE)	-27 360	-385 848	114 396	-505 670	-766 270
Transfers to producers from consumers	-10 953	-288 666	142 590	-370 551	-638 038
Other transfers from consumers	-12 804	-111 310	-8 638	-158 328	-166 963
Transfers to consumers from taxpayers	2 101	104	114	102	97
Excess feed cost	-5 704	14 024	-19 670	23 107	38 635
Percentage CSE	-2	-7	2	-9	-13
Consumer NPC	1.02	1.08	0.97	1.11	1.16
Consumer NAC	1.02	1.08	0.98	1.10	1.16
Total Support Estimate (TSE)	108 679	811 469	332 410	902 823	1 199 176
Transfers from consumers	23 757	399 976	-133 952	528 879	805 002
Transfers from taxpayers	97 726	522 803	475 000	532 272	561 137
Budget revenues	-12 804	-111 310	-8 638	-158 328	-166 963
Percentage TSE (expressed as share of GDP)	1.55	2.31	1.06	2.65	3.01
GDP deflator 1995-1997=100	100	147	145	144	152

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

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

MPS commodities for China are: wheat, barley, maize, sorghum, oats, rice, rapeseed, sunflower, soybeans, sugar, milk, beef and veal, sheepmeat, wool, pigmeat, poultry, eggs, cotton, apples, peanuts. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

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Description of policy developments

Main policy instruments

Increasing grain production capacity by 50 million tonnes by 2020 to sustain 95% self-sufficiency in grain production; doubling rural households' incomes by 2020; improving food safety; environmental protection; agricultural competitiveness; and improving social and technical infrastructure in rural areas remain the major policy objectives related to agriculture, farmers and the countryside (the Three Nongs). For the eight consecutive years of 2004-11, the top priority documents called "No. 1 Documents" concentrated on various aspects of the Three Nong issues. To "build a new socialist countryside" was the key priority for the 2006-10 Five Year Plan. The rural economy is also at the centre of the 2011-15 Five Year Plan, China's 12th, which aims at rebalancing growth that has been heavily driven by exports and investment. Improving rural welfare and boosting rural income are viewed as critical to enhancing domestic demand.

Market price support provided through tariffs, tariff rate quotas (TRQ) and state trading, combined with minimum guaranteed prices for rice and wheat and as with *ad hoc* interventions on a growing number of agricultural commodity markets, is the main channel for providing support to Chinese farmers. While the amount of transfers provided through this channel has been trending up since the end of the 1990s, it has fluctuated significantly over the last ten years, partly as a result of the government's policy to balance producers' and consumers' interests in the context of price volatility on international markets. Thus, high international prices for agricultural commodities, as in 2007 and 2008, were only partly transmitted to domestic markets resulting in a significant fall in Market Price Support, in particular in 2008 when it became negative. It has increased strongly since then.

Budgetary transfers for producers have been constantly growing since the end of the 1990s and are provided through input subsidies for agricultural chemicals, in particular fertilisers, improved seeds and agricultural machinery and, to an increasing extent, through direct payments at flat rate per unit of land. Subsidised agricultural insurance schemes, implemented since 2007, are a relatively new way of supporting agriculture. Alternatively, payments for returning farmland to forests (known as the "grain for green" programme) reflect environmental concerns.

Within general services, public stockholding of grains is the most important single item followed by a wide variety of programmes supporting development of agricultural infrastructure, including irrigation and drainage facilities. While economy-wide income support measures play an important role and are further strengthened by policies that limit rises in selected food prices, food price subsidies as such are small.

China's institutional framework for the formulation and implementation of agricultural policies remains complex with at least 16 central government institutions involved. Co-ordination amongst these agencies is attempted by Leading Groups consisting of high level representatives from the Communist Party and State Council bodies. However, as their functions frequently overlap and budgets at their disposal often serve similar objectives, the co-ordination remains challenging. In addition, since the reform of the fiscal system in 1994, sub-national governments have been required to co-finance policy-related costs from their own budgets and, in fact, have become the dominant source of transfers to cover such costs. Due to the differences in financial capacity of sub-national governments across China, the implementation of some national policy programmes is adjusted by local governments to match local conditions. As a consequence, although they have no specific policy formulation role, sub-national governments have considerable control over how policy is actually implemented within their jurisdiction (WTO, 2008).

Arable land continues to shrink in China, from 127.6 million hectares in 2000 to 121.7 million hectares in 2008. As grain security remains the top priority for the government, a so called “red line” on arable land at no less than 120 million hectares has been set and the conversion of farmland for non-agricultural use is strictly controlled. The land tenure system has not changed in recent years with farmland being owned by village collectives, which extend land-use contracts to individual households, currently for “at least 30 years”. Within the period of tenure, individual farmers are guaranteed their lawful rights for occupation, usage and profits of tenured land, but they cannot sell the land and cannot use it as collateral.

Domestic policy

Minimum prices for grains are set every year by the *National Development and Reform Commission* (NDRC) in consultation with other governmental institutions. Designed to help meet the demand in grain-deficit provinces, their application is limited geographically to 13 grain-surplus provinces producing about 80% of China’s commercial grains and to several months after the harvest period.

SINOGRAIN (China Grain Reserves Corporation) and its branches as well as provincial grain reserve corporations used to be the only marketing entities responsible for **intervention purchases** at minimum prices. In 2010, the COFCO (China National Cereals, Oils and Foodstuffs Corporation) and *China Grain and Logistics Corporation* also became eligible to make such purchases.

In 2008-10, the **minimum prices** for **rice** and **wheat** were increased each year (Table 18.3), independent of changes on international markets. Thus, rice prices remained much below those on international markets while those for wheat were artificially boosted pushing them above international levels in 2009 and 2010.

Table 18.3. **China: Minimum purchase prices for rice and wheat, per tonne, 2007-10**

	2007		2008		2009		2010	
	CNY	USD	CNY	USD	CNY	USD	CNY	USD
Rice								
Early indica paddy rice	1 400	184	1 540	222	1 800	264	1 860	275
Middle and late indica paddy rice	1 440	189	1 580	227	1 840	269	1 940	287
Japonica paddy rice	1 500	197	1 640	236	1 900	278	2 100	310
Wheat								
White wheat	1 440	189	1 540	222	1 740	255	1 800	266
Red and mixed wheat	1 380	181	1 440	207	1 660	243	1 720	254

Source: National Development and Reform Commission (NDRC) website.

Several other agricultural commodities are subject to government-led **ad hoc interventions** at pre-fixed prices, mostly intended to stabilise market prices and to ensure adequate supplies. In 2008-10, such interventions included sugar cane, sugar beet, soybeans, maize, rapeseed, cotton and pork. Rice is also covered by such interventions if the quantities procured at minimum prices in designated provinces are considered insufficient. In such cases, procurement can be extended to other selected provinces as was the case in 2008.

Minimum prices for grains are closely linked with China’s **grain reserve system** which is under the overall responsibility of the State Grain Administration (SGA). While data on the level of public stockholding for food security purposes are not readily available, data on overall costs of

public stockholding are occasionally released and according to available information remained stable at CNY 57.6 billion (USD 8.4 billion) each year in 2008-10.

Direct payments started to be implemented nationally in 2004 to support grain production and to increase grain producers' incomes. Payments are based on current area sown to rice, wheat or corn and are financed from the National Grain Risk Fund. Initially, payments targeted 13 major grain producing provinces, but later they were extended to almost all provinces. However, not all sown areas are covered by the subsidy scheme. It is up to the local government to determine the "major producing area" which can obtain the subsidy. In general, the rate is at CNY 10-15 per *mu* (1/15 ha) (USD 22-33/ha), depending on localities, but in some places like Beijing and Shanghai, the subsidy level may even exceed 50 CNY/*mu* (USD 109/ha) as central government funding can be supplemented from local sources. Central government funding for direct payments was increasing each year up to 2007, but then stabilised at CNY 15.1 billion (USD 2.2 billion) per year in 2007-10.

The centrally funded **comprehensive subsidy on agricultural inputs** was introduced in 2006. While the objective of this subsidy is to compensate grain producers for an increase in prices of agricultural inputs such as fertilisers, pesticides, plastic films and diesel, it is implemented as a payment per unit of land, not necessarily sown to grains. This makes it a direct payment supporting farmers' incomes. Budgetary transfers for this programme have constantly been increasing: by 160% between 2007 and 2008 to the total of CNY 71.5 billion (USD 10.3 billion) in 2008 and then to CNY 79.5 billion (USD 11.6 billion) in 2009 and CNY 83.5 billion (USD 12.3 billion) in 2010. It has thus become the most important single budgetary transfer supporting agriculture.

Subsidies to support the sowing of improved quality seeds and the extension of improved breeds of livestock, the so called **New Variety Extension Payment**, have tripled from CNY 6.7 billion (USD 0.9 billion) in 2007 to CNY 20.4 billion (USD 3.0 billion) in 2010. Apart from wheat, rice, maize and soybeans covered by the original scheme, rapeseed and cotton were added in 2007, potatoes in 2009, highland barley in 2010 and, on a pilot basis, peanuts in 2010. Moreover, support for improved breeds of swine, cows, sheep and cattle has also been added to the programme.

While the unit subsidy has remained unchanged at CNY 10 per *mu* (USD 22/ha) for wheat, soybean, maize, early indica rice and rapeseed and at CNY 15 per *mu* (USD 33/ha) for cotton, middle indica rice and Japonica rice, it has increased from CNY 7 to 15 per *mu* for late indica rice in 2008. For newly covered crops (potatoes, highland barley and peanuts) the rate has been fixed at CNY 10 per *mu* (USD 22/ha). In addition to more crops being covered, the subsidised area of each crop increased substantially. For example, for wheat it doubled in 2008 and expanded to all area sown to wheat beginning in 2009. Similarly, all area sown to rice became eligible in 2008 and to maize and cotton in 2009. For soybeans, the area covered increased fourfold in 2008, and then the whole area sown to this crop in Liaoning, Jilin, Heilongjiang and Inner Mongolia became eligible in 2009.

As from March 2009, the actual implementation mechanism of this subsidy may vary depending on the commodity. Thus, for the improved hybrid seeds of rice, maize and rapeseed, the government pays cash directly to farmers (through their account in the bank) on the basis of the cultivated area, and for the improved seeds of wheat, soybean and cotton, the subsidy can take the form either of a direct payment or of reduced seed prices. To a growing extent it is paid directly to farmers and it is not monitored to determine whether the payment is used for seed purchases or for other expenses.

In response to the reduction in pork production in 2007, the government introduced several **programmes supporting pork producers**. While the exact names of programmes, budgetary allocations linked to them and implementation procedures are sometimes confusing, they are intended to provide support for large-sized pig farm construction, for high-quality breeds of swine (within the New Variety Extension Payment) and for counties specialising in pig production and able to sell surplus hogs to other counties. Total subsidies under these programmes increased from CNY 5.6 billion (USD 0.7 billion) in 2007 to an estimated CNY 10.2 billion (USD 1.5 billion) in 2010. Other payments aimed at stimulating livestock production included subsidies for dairy cow genetic improvement (also within the New Variety Extension Payment) and for large-scale milk production farms. Transfers for these purposes amounted to CNY 260 million (USD 38 million) and CNY 430 million (USD 64 million), respectively, in 2010. As from 2008 the subsidy for genetic improvements has been extended to include also cattle and sheep, but the amounts allocated for this purpose were small at CNY 20 million (USD 3 million) for cattle and 60 million (USD 9 million) for sheep in 2009.

In 2007, the government launched subsidised pilot **agricultural insurance schemes** for both livestock and crop producers. In general, the cost of insurance fees is shared by the central government, local government and farmers themselves. The shares may vary across commodities and provinces, but on average the proportion covered by the central government subsidy increased from 35% in 2008 to 40% in 2009 and 2010. The share of local governments is at around one-third and the rest is paid by farmers. The geographical coverage has progressively increased from six provinces in 2007 to 23 in 2010 and the central government subsidy increased from CNY 2.2 billion (USD 289 million) in 2007 to CNY 10.3 billion (USD 1.5 billion) in 2010.

Under the *grain for green project* (officially called the “Returning Farmland to Forests Programme”) cultivated lands in environmentally fragile areas are retired from crop production (mainly grains), and converted to pasture or forest. As from 2004, compensations for retired land are paid in cash per unit of land. In 2007 new compensation criteria were announced, with farmers to receive payments at the rate of CNY 70 plus CNY 20 for living allowances per year per each retired *mu* (USD 177/ha) in the upstream regions of the Yellow River in northern China and at CNY 105 plus CNY 20 (USD 246/ha) in the upstream regions of the Yangtze River basin. The period for which “retired” land is subsidised is set at two years for land returned to pasture, five years for land converted to “economic” forests and eight years for land converted to “ecological” forests. Free seedlings are also provided for afforestation.

In 1999-2009, the *grain for green project* covered 27.7 million hectares in 25 provinces at a total cost of CNY 233.2 billion (USD 29 billion). Just 6.7 million hectares were converted in 2006-09, well below the original target of 15.7 million hectares fixed for the 11th Five-Year Plan (2006-10). This significant slowdown in recent years was largely due to growing concerns over grain security. About CNY 200 billion (USD 30 billion) is foreseen to be allocated for this project for 2010-21, but the majority of the funds is to be spent on compensations for already converted land. In 2010, budgetary allocation for this programme amounted to CNY 34.3 billion (USD 5.1 billion) compared to CNY 43.8 billion (USD 6.4 billion) in 2009.

In addition to the comprehensive input subsidy, there is a set of policy measures aimed at **lowering prices of chemical fertilisers** and at increasing their domestic supply. These measures include preferential prices for electricity and natural gas used by fertiliser producers, preferential transportation prices for fertilisers, an exemption from contributing to the rail construction fund and an exemption from VAT. While the allocations for the comprehensive input subsidy tended to increase strongly in recent years (see above), transfers to reduce input prices declined significantly

from CNY 89.5 billion (USD 11.8 billion) in 2007 to estimated CNY 35.6 billion (USD 5.3 billion) in 2010. Payments paid per unit of land are much more effective in supporting farmers' incomes and leave farmers with a choice of how to spend additional income, and they are thus less distortive of input markets and less harmful for environment.

The **subsidy for the purchase of agricultural machinery** more than tripled from CNY 5.6 billion (USD 0.8 billion) in 2008 to CNY 17.8 billion (USD 2.6 billion) in 2010, including both central and local government transfers. The eligible entities are individual farmers but also so called specialised households and agricultural machine service delivery organisations. In 2008, the geographical coverage extended from around two-thirds of agricultural counties to all counties in China. The programme compensates the cost of purchases by reimbursing the purchaser or compensating the seller for 20% to 30% of the purchase price. The programme is implemented at the provincial level and it is up to local governments to decide on the machinery and models eligible for the subsidy.

Preferential loan rates for state marketing organisations to fund purchase and storage of key agricultural commodities were terminated in February 2006. Currently, instead of providing preferential loans to farmers, the policy is to relax restrictions on the creation of new financial institutions, including those operating in rural areas. As a result, by the end of 2009, 148 village-and-township banks were created. Moreover, following two years of experiments in five provinces and regions, the government decided to legalise micro-lenders in 2008. A new regulation provides guidelines on setting up a micro-credit company and assigns supervision to the provincial government.

According to available data, overall support for **agricultural infrastructure** amplified in recent years from CNY 43.2 billion in 2007 (USD 5.6 billion) to CNY 107.6 billion (USD 15.9 billion) in 2010, partly within a package of infrastructure development to stimulate the economy in 2008 and 2009. The most important increase in expenditures has been channelled through the so called agricultural industrialisation and large-scale grain producing county reward programme, attracting CNY 15.8 billion (USD 2.3 billion) and CNY 19 billion (USD 2.8 billion), respectively, in 2010. In China there are a large number of programmes, mostly under the responsibility of the NDRC and the Ministry of Finance, that combine support for agricultural infrastructure and for on-farm investment. The most important one, under the responsibility of the State Agriculture Development Office within the Ministry of Finance, is the National Agricultural Comprehensive Development Funds and Projects, which provides support to so-called main agricultural areas and main grain production areas determined on the basis of output of key agricultural commodities at the province level. Available data would suggest that overall expenditures within this programme stagnated in recent years, but it still remained the key channel of providing support for agricultural infrastructure and on-farm investment at CNY 35.6 billion (USD 5.3 billion) in 2010.

Trade policy

China's **applied tariffs** on agricultural products are at the WTO bound levels and are all at *ad valorem* terms. However, occasionally applied tariffs are adjusted to mitigate impacts of volatile international prices on domestic markets as was the case in 2007/08, when tariffs on selected agricultural commodities and on a wide range of food products were temporarily reduced.

The average applied MFN tariff on agricultural products (WTO definition) remained unchanged in recent years at 15.2% compared to the average on non-agricultural products at 8.6%. While tariffs on cereals (65%-40%), sugar (50%), tobacco (57%) and some beverages (65%-42.3%)

remain significantly higher than the average, tariffs on fruits, vegetables and animal products, in which China is considered to have comparative advantage, are lower than the average (WTO, 2010).

Imports of agricultural products are subject to the **VAT**. The rate levied on agricultural products is at 13%, 4 percentage points less than the general VAT rate. Domestic agricultural commodities produced and sold directly by small-scale farmers are exempted from the VAT. During the 11th Five Year Plan both imported and domestically produced seeds (seedlings), fish fries and seed sources of wild animals and plants for breeding were, within certain quantities, exempted from the VAT (WTO, 2010).

Imports of grains, sugar, wool, cotton and some fertilisers are subject to **tariff rate quotas** (TRQ). In total 45 tariff lines at the HS 8-digit level were covered by TRQs in 2009, down from 55 lines in 2005.

Commodities such as rice, wheat, sugar, tobacco, cotton and some chemical fertilisers are subject to **state trading**. With the exception of tobacco, these commodities are also subject to TRQs. China's TRQ system includes criteria for allocating part of the quota to a state-trading enterprise (STE) and part to a private enterprise. In 2008, STEs had the right to import 90% of the wheat quota, 60% of corn, 50% of rice, 70% of sugar, and 33% of cotton. Imports of tobacco remain under the state monopoly.

Some agricultural imports are subject to **automatic or non-automatic licensing requirements**. Non-automatic import licences are used to comply with China's international obligations and to administer TRQs. All goods imported under TRQs are subject to this measure. Automatic licensing was originally applied to monitor imports and covers poultry, vegetable oils and tobacco. In August 2009 this measure was extended to fresh milk, milk powder and whey. Moreover, Chinese importers of dairy products are required to report their imports to the China Chamber of Commerce of Import and Export of Foodstuff, Native Produce and animal By-Products (WTO, 2010).

China agreed to eliminate **export subsidies** as part of its WTO commitments and has notified the WTO that such subsidies have not been maintained or introduced since 2002 (WTO, 2008).

To curb domestic food price inflation and to guarantee domestic grain supplies, the government imposed temporary **export taxes**, ranging from 5% to 25% on 57 tariff lines (HS 8-digit) covering grains and their flour products beginning in January 2008. In December 2008 a large part of these taxes was eliminated and the remaining ones removed at the end of June 2009.

China continues to impose global (*i.e.* irrespective of destination) and destination-specific **export quotas**. In 2009, global export quotas applied to cotton, grains (maize, rice, and wheat) and tea. Destination-specific quotas remain in place for exports of live cattle, live pigs, and live chicken to the Special Administrative Regions of Hong Kong and Macao (WTO, 2010).

State trading is applied for the export of rice, maize, cotton and tobacco. These products are also subject to export quotas. Part of these quotas, with the exception of tobacco, can be exported by private enterprises subject to an export permit.

As for other products, exporters of agricultural products are, in principle, entitled to **VAT rebates** at the time of exportation. Rebates vary across commodities and are often lower than the statutory VAT rate, which can be considered as a levy on exports. While the statutory VAT on agricultural goods is 13%, the "usual" export rebate rate for agricultural products is 5%. However, as from 20 December 2007, the government decided to remove the export rebates on 84 products including wheat, paddy rice, rice (milled), corn, other cereals, soybeans, and their derived flour products to curb growing food prices. Then, the rebate on exports of vegetable oils was also

removed, effective 13 June 2008. As of March 2011, the removal of VAT rebates on these commodities is still in place, thus discouraging their exports.

The **China-ASEAN Free Trade Area (CAFTA)** came into effect on 1 January 2010 reducing tariffs on about 90% of product categories to zero on trade between China and **Brunei, Indonesia, Malaysia, the Philippines, Singapore** and **Thailand**. By 2015 the agreement will be extended to include the four remaining ASEAN members: **Cambodia, Laos, Myanmar** and **Viet Nam**. As a result of the agreement, China will cut its tariffs on imports from ASEAN countries from an average of 9.8% to 0.1%. Meanwhile, the average tariff rate on Chinese goods sold in ASEAN countries will decrease from 12.8% to just 0.6%.

China is also a party to the **Asia-Pacific Trade Agreement (APTA)**, a preferential trading arrangement between developing countries in the Asia-Pacific region. Under the agreement, in 2009, 1 662 tariff lines carried rates that were below the MFN rates. As a result, the overall average tariff applied to parties to the APTA was 8.9%, compared with an MFN rate of 9.5%. In recent years, China has also signed a number of bilateral FTAs, including with **New Zealand** (2008), **Singapore** (2008), **Peru** (2009) and **Costa Rica** (2010). Negotiations on FTAs with **Australia, Gulf Cooperation Council, Iceland**, and **Norway** are in progress. As of 1 January 2009, unilateral preferential tariffs on certain products were offered by China to 41 **least developed countries**. China intends to increase the coverage of this scheme to 95% of imports from LDCs (WTO, 2010).

PART II
Chapter 19

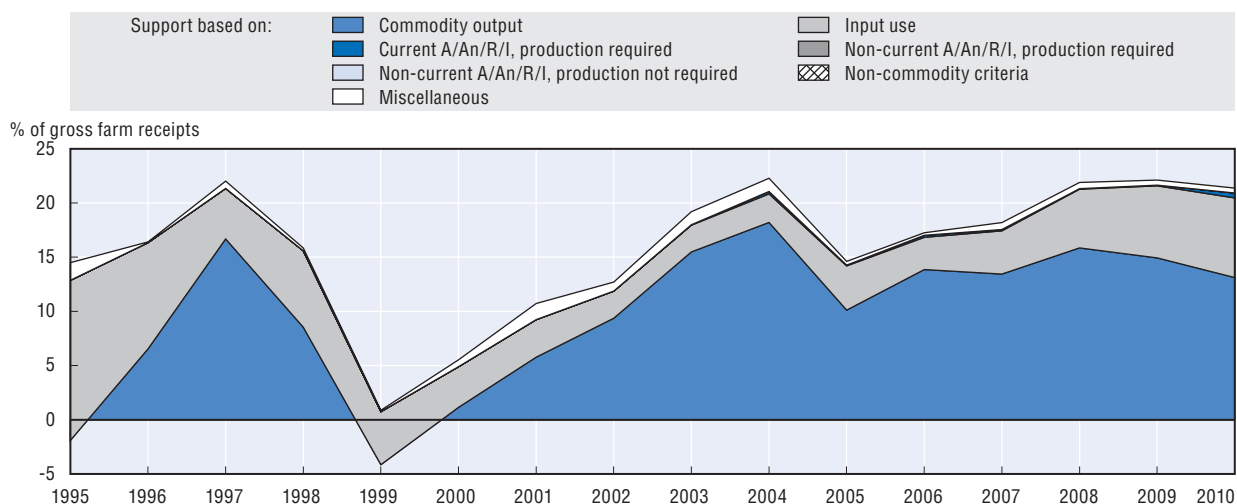
Russia

The Russia country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.


Evaluation of policy developments

- Producer support has increased since the mid-1990s to a level that currently exceeds the OECD average. This reflects a tightening of border protection for key agricultural imports and an increase in budgetary transfers to the sector.
- Agricultural support has been driven by a progressive orientation of policies towards import substitution. Particular focus has been placed on stimulating growth of livestock production through border protection and investments. The recent food price surges have increased concerns on import dependency and have further strengthened the focus on increasing domestic food supplies. However, the export ban on grains in place during the 2010/11 season acted as a disincentive for domestic grain producers and has had important spill-over effects on international markets.
- The stated policy objectives have been pursued at a relatively high cost to taxpayers and consumers and transfers from the crop to the livestock sector. The majority of support is provided through output and variable input subsidies, i.e. in forms that are potentially the most distorting.
- The recent increase in agricultural support reflects in part the significant relief assistance provided in 2009-10. The global economic crisis in 2009 and local droughts, including a particularly severe one in 2010, triggered additional input subsidies and credit concessions.
- *Ad hoc* assistance, although prompted by exceptional circumstances, has created future risks and associated policy challenges. Credit restructuring has increased producer debt exposure and has led to higher government commitment to provide interest subsidies. A careful steering of the agricultural debt will be required to avoid a debt spiral. Public funds were re-allocated away from land improvement, rural development, infrastructure, and farm services. A momentum in supporting these areas needs to be regained if the objective is to achieve the sustained development of the sector.
- Russia's agricultural policy is at a particular juncture. The main national agricultural policy programme expires in 2012 and preparations for the next one have begun. WTO accession is at an advanced stage and the country's future commitments to reduce distorting support are being established. It is highly opportune to shift the policy focus from subsidising output and input prices to supporting long-term improvements of the sector's efficiency and competitiveness, as well as creating an enabling institutional environment.

Figure 19.1. Russia: PSE level and composition by support categories, 1995-2010



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Russia has the largest area in the world, with considerable diversity in natural, economic, and social conditions across regions and a combination of federal and regional policies. It is the sixth largest world economy, with per capita (PPP) income more than doubling since the mid-1990s. By *per capita* PPP, the country ranks 69th in the world. The economy was strongly impacted by the global economic crisis, but returned to growth in 2010. Agriculture contributes around 5% to GDP and attracts 8% of employment. Russia is one of the world's top importers of meat and sugar, and has become a large wheat exporter since the early 2000s. Agricultural output has recovered steadily from a deep recession in the 1990s, however it fell by 12% in 2010 following a severe drought. The farm structure is dual, with large-scale commercial operations co-existing with small household units. The latter dominate in potato and vegetable production and account for over one half of total milk output, but are mostly oriented at self consumption. These two sectors contribute roughly equal shares to total agricultural output. Over one-quarter of the population lives in rural areas, with many rural areas facing economic and social decline and depopulation. Households spend around one-third of their final consumption expenditures on food.

Table 19.1. **Russia: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	310	1 222
Population (million)	148	142
Land area (thousand km ²)	16 378	16 378
Population density (habitants/km ²)	9	9
GDP per capita, PPP (USD)	5 612	13 217
Trade as % of GDP	19.2	19.2
Agriculture in the economy		
Agriculture in GDP (%)	7.6	4.9
Agriculture share in employment (%)	15.7	8.3
Agro-food exports (% of total exports)	2.1	2.5
Agro-food imports (% of total imports)	18.1	15.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-9 235	-19 456
Crop in total agricultural production (%)	53	43
Livestock in total agricultural production (%)	47	57
Agricultural area (AA) (thousand ha)	209 800	190 947
Share of arable land in AA (%)	61	61
Share of irrigated land in AA (%)	n.a.	n.a.
Share of agriculture in water consumption (%)	n.a.	n.a.

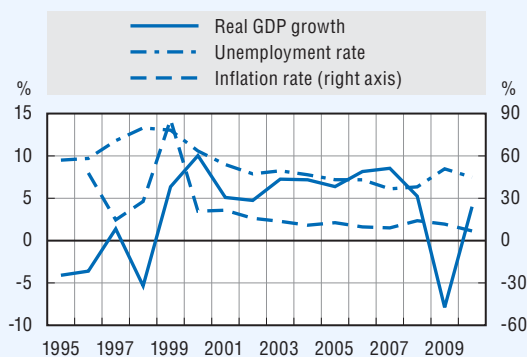
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

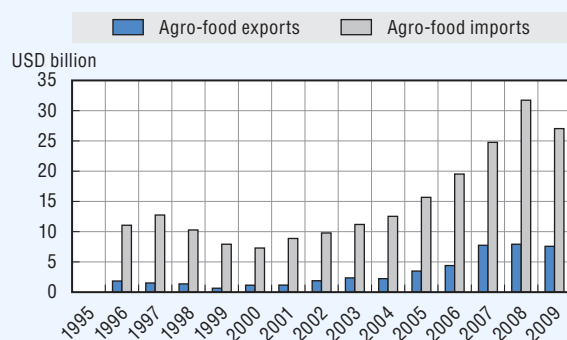
Figure 19.2. **Russia: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

StatLink  <http://dx.doi.org/10.1787/888932451718>

Figure 19.3. **Russia: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

StatLink  <http://dx.doi.org/10.1787/888932451737>

Development of support to agriculture

Russia has increased support to agriculture over the long-term. Around two-thirds of producer support (PSE) derives from market price support, which is largely due to border protection. Livestock producers also benefit from the fact that prices of domestic grain are below the world levels. Budgetary transfers to producers are dominated by subsidies to variable inputs and investments. Additional input subsidies and credit concessions were provided as part of the exceptional assistance to the sector in 2009-10, which contributed to higher support levels and to a rising share of most distorting support in the PSE. Nearly one-fifth of the total support to agriculture (TSE) is provided for general services.

PSE as % of receipts (%PSE)

%PSE increased from 18% in 1995-97 to 22% in 2008-10, and exceeded the OECD average (20%). The overall high economic growth helped to increase consumer incomes and government revenues and made possible the tightening of border regime and larger transfers to agriculture.

Potentially most distorting support as % of PSE

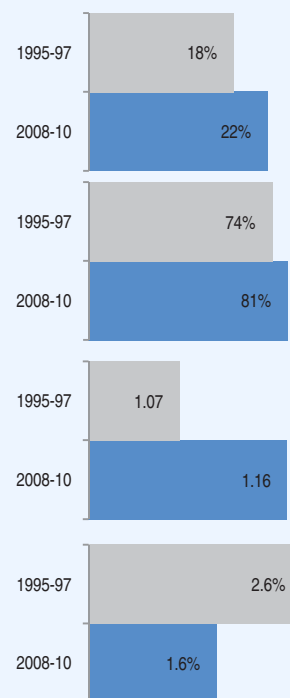
The share of the most distorting forms of support (based on commodity output and variable input use – without constraints) increased from 74% to 81% of the total PSE. No transfers are provided with environmental, consumer safety, or other conditionalities.

Ratio of producer price to border price (NPC)

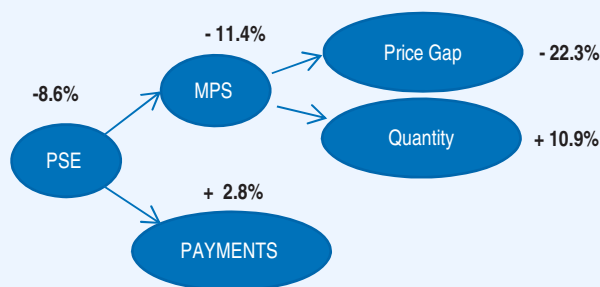
Prices received by farmers were on average 16% above those observed on world markets in 2008-10, compared to 7% in 1995-07. This reflects increased border protection for several key import competing commodities. An average NPC for pigmeat increased from 1.15 in 1995-97 to 1.99 in 2008-10; from 1.35 to 1.69 for poultry; and from 1.48 to 1.55 for sugar.

TSE as % of GDP

Total support to agriculture (TSE) as % of GDP declined from 2.6% in 1995-97 to 1.6% in 2008-10 as the GDP increased more than total support.

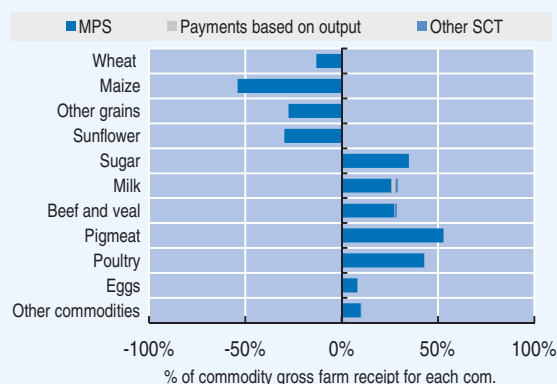


Decomposition of change in PSE, 2009 to 2010



The PSE decreased in 2010, largely due to a fall in market price support (MPS), with budgetary payments offsetting only a small part of that fall. The average positive gap between domestic and border prices narrowed as prices for grains and oilseeds moved further below world levels. However, much less grain and oilseeds were produced in 2010; decreases in the quantities of these products with negative price support had an upward effect on total MPS.

Transfers to specific commodities (SCT), 2008-10



Transfers to specific commodities (SCT) vary considerably, with most of the livestock products receiving high support, and crop products, except sugar, facing negative transfers.

Table 19.2. **Russia: Estimates of support to agriculture**
RUR million


	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	191 374	2 125 880	2 209 616	2 154 139	2 013 886
<i>of which: share of MPS commodities, percentage</i>	88	79	79	80	79
Total value of consumption (at farm gate)	233 694	2 616 076	2 558 226	2 573 149	2 716 853
Producer Support Estimate (PSE)	39 317	501 503	517 548	515 534	471 428
Support based on commodity output	17 767	337 474	374 822	348 190	289 410
Market Price Support	13 030	326 766	362 905	337 987	279 405
Payments based on output	4 737	10 708	11 917	10 203	10 005
Payments based on input use	19 958	148 376	128 105	155 005	162 018
Based on variable input use	11 973	66 387	64 841	65 494	68 825
with input constraints	0	0	0	0	0
Based on fixed capital formation	7 826	79 621	60 485	87 286	91 094
with input constraints	0	0	0	0	0
Based on on-farm services	159	2 368	2 779	2 225	2 099
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	0	4 190	1 120	1 450	10 000
Based on Receipts / Income	0	3 537	210	402	10 000
Based on Area planted / Animal numbers	0	653	910	1 049	0
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	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	1 593	11 463	13 501	10 889	10 000
Percentage PSE	18	22	22	22	21
Producer NPC	1.07	1.16	1.18	1.17	1.13
Producer NAC	1.22	1.28	1.28	1.28	1.27
General Services Support Estimate (GSSE)	10 625	120 260	116 268	160 280	84 230
Research and development	329	8 140	6 730	8 691	9 000
Agricultural schools	934	17 193	14 743	18 337	18 500
Inspection services	827	19 298	18 730	20 534	18 630
Infrastructure	1 639	26 994	26 901	27 917	26 165
Marketing and promotion	124	514	363	612	567
Public stockholding	0	5 385	640	9 637	5 878
Miscellaneous	6 771	42 735	48 163	74 553	5 490
GSSE as a share of TSE (%)	21.3	19.3	18.3	23.7	15.2
Consumer Support Estimate (CSE)	-18 847	-511 515	-611 294	-526 152	-397 100
Transfers to producers from consumers	-10 715	-293 326	-340 095	-316 752	-223 132
Other transfers from consumers	-5 748	-188 488	-215 026	-191 678	-158 760
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	-2 384	-29 701	-56 173	-17 722	-15 208
Percentage CSE	-6	-20	-24	-20	-15
Consumer NPC	1.06	1.23	1.28	1.25	1.16
Consumer NAC	1.07	1.25	1.31	1.26	1.17
Total Support Estimate (TSE)	49 942	621 763	633 816	675 815	555 658
Transfers from consumers	16 463	481 814	555 121	508 430	381 892
Transfers from taxpayers	39 226	328 437	293 720	359 063	332 527
Budget revenues	-5 748	-188 488	-215 026	-191 678	-158 760
Percentage TSE (expressed as share of GDP)	2.60	1.56	1.53	1.73	1.42
GDP deflator 1995-1997=100	100	790	1 171	1 200	n.c

p: provisional. nc : not calculated. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient. n.c: not calculated.

1. A (Area planted), An (Animal numbers), R (receipts), I (income).

MPS commodities for Russia are: wheat, maize, other grains, sunflower, sugar, potatoes, milk, beef and veal, pigmeat, poultry meat and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452725>

Description of policy developments

Main policy instruments

The State Programme for Development of Agriculture for 2008-12 (the State Programme) is the main framework that establishes agricultural support measures in Russia. It is based on the principle of the co-financing of measures by the federal and regional governments, with significant regional variations in the co-financing rates. There are two other federal programmes which focus on the social development of rural areas and soil fertility. Regions also develop their own agricultural programmes incorporating strictly regional support measures (OECD, 2009).

Among the key agricultural policy objectives outlined in the State Programme are the improvement in competitiveness and the quality of agricultural products; sustainable rural development and better living standards for the rural population; and the conservation and reproduction of the natural resources used in agriculture (see OECD 2009 for more details on the State Programme). The State Programme's orientation is two-fold: to foster domestic production and to stop the social decline of rural areas, both processes are considered as mutually reinforcing. Concerning growth in domestic production, particular emphasis is placed on the livestock sector, whose output fell by one half during the 1990s. The current policy for this sector is based on the progressive substitution of meat imports through border protection and investment support.

The food price surge in 2008 was followed by the global economic crisis in 2009, a local drought in 2009, and a much more severe one in 2010. These consecutive shocks had amplifying effects and severely affected the country's agricultural sector. The government provided considerable exceptional support both in 2009 and 2010, and resorted to various border measures. The crisis management also led to substantial re-allocations in spending under the State Programme compared to the initial targets, with cuts in financing for some Programme blocks. The exceptional events again brought the issue of food security to the forefront of policy discourse. A Doctrine on Food Security was issued in early 2010 and set the criteria to evaluate food security based on the shares to be occupied by domestically produced foodstuffs in total market supplies. These shares are set at not less than 80%-95% and cover the following products: grains, sugar, vegetable oil, meat and meat products, milk and meat products, fish and fish products and salt. Regional governments were requested to develop their agricultural strategies and programmes with reference to this Doctrine. This document, however, does not have an "operational" status as the State Programme, where financing targets are set for each measure, and the execution of these targets is controlled.

Russia applies a wide range of price policy instruments, including border protection, export restrictions, domestic price interventions (effectively limited to grains) and some output subsidies. Various payments based on variable and capital inputs are provided, including in the form of interest rate subsidies. Agricultural producers also benefit from debt restructuring and concessions on taxes and social contributions.

Domestic policy

The main instrument of price support in Russia is border protection, but there are also several domestic policies such as market interventions and per tonne payments.

Market interventions can be implemented for grains (feed and milling wheat, feed barley, rye and maize), whereby the government can withdraw or purchase this product if the market price moves outside the established band between minimum and maximum prices. These prices, however, do not play the role of price guarantees. Restrictions on imports or exports can be

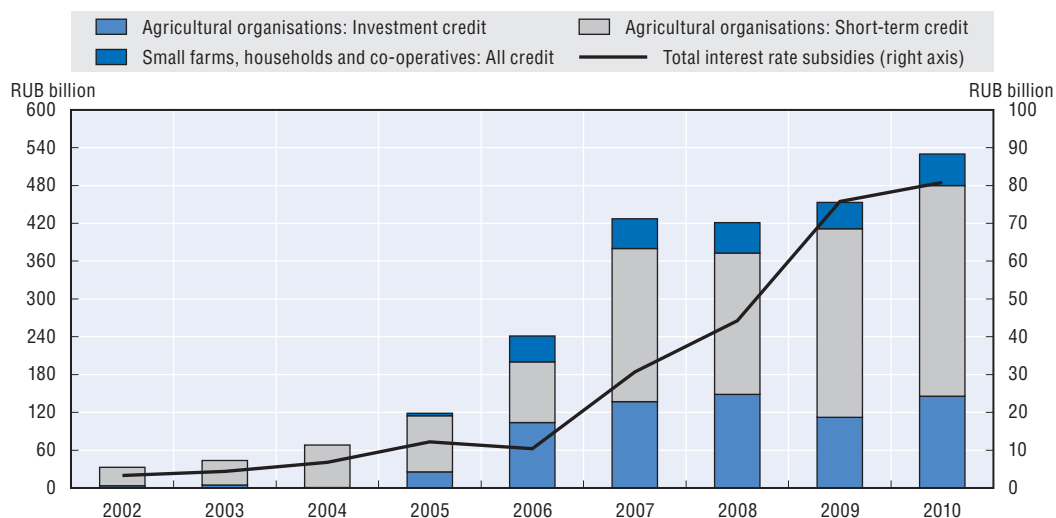
imposed during the intervention periods. Following bumper crop in 2008 and a relatively high crop in 2009, over 11 million tonnes of grain were purchased into the intervention fund, leading to a sizeable increase in storage and insurance costs. In the first half of 2010, small quantities of maize were released on the market from the intervention fund (155 000 tonnes), and grain was released also in 2011 to mitigate the consequences of 2010 drought.

Per tonne payments are provided from regional budgets for marketed meat, milk, eggs and wool, with milk accounting for 80% of the total payments provided for livestock products in 2009-10. In the crop sector, producers of flax and hemp receive per tonne payments as part of the federal programme to revive this sector, while some regions also provide support for grains, potatoes and other crops. Per tonne payments have relatively small importance in the overall support, accounting for 2% of the total PSE and 7% of the budgetary transfers in the PSE in 2008-10. These payments are also a small share of support based on commodity output, the largest part (97%) coming from market price support.

Concessional credit is one of the most important agricultural support measures, contributing 14% to the total PSE in 2008-10. It is also one of the largest budgetary transfers of the PSE, accounting for 43%. Concessions take the form of subsidies on interest payments, which are co-financed from federal and regional budgets. The subsidy rate is set at a fraction of the central bank refinancing rate, with the fraction varying by type of beneficiary and type of loan. The estimates available for the period between 2007 and 2010 indicate that the subsidy reduced the interest rates of concessional loans by approximately two thirds. For example, in 2010 the non-subsidised weighted average interest rate on loans covered by credit concessions was around 13.1% per annum, which was reduced to 4.3% due to the federal and regional subsidies.

Originally, concessional credit programme focussed mainly on subsidising short-term loans to large-scale farms, usually for sowing and harvesting works, and short-term loans to processors. Since the mid-2000s the programme has been substantially expanded in scope and scale: smallholder agricultural producers, their co-operatives, and new types of downstream operations have become beneficiaries; smallholders can also receive subsidies on loans to develop non-agricultural activities. In addition, interest subsidies were made available not only for short-term but also medium and long-term credit. In 2010 the broadening of the scope of concessional credit continued, with several new investment activities becoming eligible for support (investments in grain handling and storage and plants to produce sugar beet seeds). The amount of new concessional loans provided each year increased substantially compared to the period preceding the State Programme – from RUR 114 billion (USD 4.1 billion) in 2005 to RUR 530 billion (USD 17.4 billion) in 2010. About 90% of those amounts in 2008-10 were directed to large-scale farms and downstream borrowers, with about two-thirds representing short-term loans (Figure 19.4).

The expansion of concessional lending was accompanied by a substantial increase in government spending on interest subsidies (Figure 19.4). The total amount (including all types of borrowers, all types of credit, and federal and regional funds) rose from RUR 44 billion (USD 1.4 billion) in 2008, RUR 76 billion (USD 2.5 billion) in 2009, to RUR 81 billion (USD 2.7 billion) in 2010. This reflects the increase in new lending each year, an accumulating stock of long-term loans that mature after five to ten years, and additional concessions granted as part of crisis relief in 2009-10 (see below). The main part of subsidies originates from the federal budget. In 2008-10 it financed 82% of subsidies destined to large-scale producers and downstream borrowers, and 94% of subsidies to smallholders, with the rest covered by the regional budgets.

Figure 19.4. **Russia: Concessional credit allocations in 2002-10**

Source: Ministry of Agriculture of the Russian Federation.

StatLink  <http://dx.doi.org/10.1787/888932451756>

Some Russian sources highlight the contribution of subsidised investment loans to the capitalisation of the livestock sector, which is an integral part of the policy to increase self-sufficiency in livestock products: between 2006 and 2010, there were about 1 500 livestock complexes that were either modernised or constructed in the milk sector, 600 in the pig sector, 343 in the poultry and 58 in the beef sector. The improved credit availability has likely facilitated the management of cash flow deficits in agricultural enterprises.

In addition to interest subsidies, a range of other **subsidies for variable inputs and investments** are provided. This group of support makes almost the same contribution to producer support as concessional credit – 14% of the PSE and 44% of the budgetary transfers in the PSE in 2008-10. Among the main payments are subsidies for purchasing mineral fertilisers and chemicals, diesel fuel for seasonal works, and mixed feed, subsidies to crop insurance premiums, subsidies for transporting feed crop seeds to areas with adverse climatic conditions for cultivation of feed crops, and leasing of machinery and livestock at preferential terms. In addition to these standard measures, other income and input support was provided in 2009-10 as part of the relief package. Some input subsidies are also delivered within special programmes, such as programmes to support the production and use of elite (high quality) seeds and to support pedigree livestock breeding, and within two new “sectoral” programmes launched in 2009 on “Development of Cattle Farming” and “Development of Dairy Farming”. All these special programmes incorporate a range of measures designed to reduce the costs of purchased inputs, services and keeping of livestock.

Per animal and hectare payments are available only for a few specific activities. The shares of this support in the total PSE and its budgetary part constituted respectively 1% and 3% in 2008-10. Support per animal raised is directed to breeders and purchasers of pedigree livestock (within a general programme) and sheep (within a specific programme for that sector). Per head payments are also available to producers of reindeer and horse meat. In the crop sector, per hectare support is provided for maintaining and establishing permanent plantations. All these payments were suspended in 2010 due to budget constraints which re-allocated spending to other activities. This support, however, was reinstated in the 2011 budget.

Agricultural organisations (legal entities excluding household producers) benefit from a number of **tax preferences**. Around two-thirds of agricultural organisations (AO) choose the Single Agricultural Tax (SAT) regime. This tax is set at 6% of the difference between the value of gross receipts and the value of costs of the AO. Those who pay the SAT are exempt from income tax, property tax, Single Social Tax, and, except in specified cases, VAT. AOs which have not opted for this regime benefit from a zero income tax on earnings from primary agricultural and processed products (with a standard rate of 20%). This concession is currently granted up to 2012. In addition to concessions associated with the SAT, there are other VAT preferences related to the agro-food items. A reduced VAT rate of 10% (compared to a standard 18% rate) is set for live cattle and poultry. The same preferential rate is applied to a range of key foodstuffs. A number of agricultural inputs, including feed grains and some feedstuffs, are sold with a 10% VAT rate.

The sector received considerable **exceptional assistance** in 2009-10. An immediate impact of the 2009 financial crisis was the disruption of cash flows in agricultural enterprises, as retailers and processors began holding back payments, while banks cut back on lending and increased interest rates. The 2010 drought hit 43 regions after unprecedented high temperatures persisted throughout July and early August. Total grain output was reduced by 31% compared to the previous five-year average. Barley, the principal feed crop, had a 52% fall in output compared to the average of the previous five years. Furthermore, the prospects for the 2011 season were significantly worsened due to the highly unfavourable conditions for the development of winter crops. Large losses were registered for fodder crops, fruits and vegetables, including key staples such as potatoes. The 2010 drought was preceded by one in 2009, which affected 16 country districts and also necessitated disaster assistance.

A part of exceptional measures focussed on mitigating the credit crunch and providing financial relief for agricultural and downstream borrowers. In 2009, RUR 46 billion (USD 1.4 billion) was transferred for the capitalisation of the Rosselkhozbank, the principal agricultural lender. These funds were provided in addition to RUR 33 billion (USD 1.3 billion) allocated to the bank in 2008. Thirty-seven agricultural and agribusiness enterprises were included in the economy-wide list of priority businesses which could benefit from federal government guarantees on loans. Agricultural organisations and downstream companies holding concessional loans were granted an extension of loan repayments (by 6 months for short-term loans and up to three years for investment loans), together with an increase in the interest rate subsidies from $\frac{2}{3}$ to 80% of the central bank refinancing rate (to 100% for milk and beef producers). Producers affected by drought in 2009 received an extension on interest payments. After the 2010 drought, additional loan restructuring was carried out by the banks. This time not only large-scale borrowers, but also smallholders and co-operatives have become eligible. The decision to restructure was a prerogative of the banks. The federal government undertook to subsidise the interest also on such loans. As of March 2011, the loans restructured by the three principal lending banks in connection with the 2010 drought stood at RUR 25 billion (USD 0.8 billion).

Another stream of concessions concerned agricultural machinery and livestock leased within the federal leasing programme. The *Rosagroleasing* company implementing this programme received a federal transfer for capitalisation. The lessees were granted various types of repayment extensions and, in 2010, reductions in the cost of obligatory machinery insurance that constitutes part of the leasing contract.

Exceptional measures implemented in 2009-10 included also disaster payments to producers to compensate crop losses, additional input subsidies for purchasing seeds, mineral fertiliser, and fuel for harvesting and sowing works. Feed supplies were of particular concern. Feed shortages

occurred after the 2009 drought in the regions directly affected, while the 2010 drought had much wider effects. The reduced availability of feed created a risk of massive animal slaughter, which, given the investments made in recent years to boost livestock production, the government considered highly undesirable. The exceptional assistance, therefore, included additional subsidies for the purchase and transportation of feed to reduce the cost to commercial livestock producers, in particular feedlots and poultry complexes. Additional funding was foreseen in 2011 to farms that maintained their cattle numbers through the 2011 winter.

All these domestic policy actions were coupled with a set of border measures applied to both exported and imported agro-food products.

The main part of the exceptional assistance was financed by the federal budget. During the crisis, many regions were confronted with considerable budget constraints and had difficulties in meeting the co-financing targets of support. As part of the 2009 “crisis package”, the regional co-financing part of the support was reduced, leading to higher federal contributions. These provisions will remain in place until the expiration of the State Programme in 2012. The federal budget also provided zero interest loans and subsidies to the regions to implement other relief assistance described above. The federal spending related to disaster measures, including credit concessions and other support, reached around RUR 98 billion (USD 3.1 billion) in 2009 and RUR 37 billion (USD 1.2 billion) in 2010.

The first three years of the implementation of the current State Programme – the principal framework for domestic support in Russia – is highlighted in Figure 19.5 Its actual financing has deviated from the original targets, both in terms of overall financing and distribution by the main Programme blocks. This is largely due to the fact that concessional credit (the block of the Programme on Financial Sustainability of Agriculture) was used as an important instrument for exceptional assistance. Much of the funding was allocated for this purpose, particularly in 2009.

At the same time, the funding for components of the Programme, such as rural development and development of priority sub-sectors (breeding of pedigree animals, support of perennial plantations, flax and rapeseed growing, and sheep and horse breeding), was cut and further reductions are foreseen for 2011-12. Compared to the original targets, the financing of these two areas over the five years of the Programme will be reduced by 64% and 21% respectively. The financing of the block related to the creation of basic conditions for agricultural production (consisting of measures for land conservation and development of farm services) was also cut in 2010, and will be maintained at the reduced level up to the end of the Programme.

In contrast, spending on concessional credit will nearly double as compared to the original five-year target, and spending on the regulation of agricultural markets (grain interventions and monitoring of supply and disappearance) is to triple. The increased spending on concessional credit in the coming years is in part related to loan restructuring, involving longer periods for the provision of interest subsidies, particularly for investment loans. However, the conditions for access to the new preferential investment loans have been tightened; they will be provided only for projects included in the regional targeted programmes. Starting from 2010, the decision on which of these projects will receive concessional loans will be made at the federal level based on regional proposals (previously both the selection of projects and approvals on provision of interest subsidies were made at the regional levels).

An issue that has emerged after three years is the complexity of the programme’s funding procedures. The co-ordination of the overall funding and its co-funding between federal and regional governments for the current year takes several months, creating considerable uncertainties for producers as to what kinds of payments will be available, the amount and the

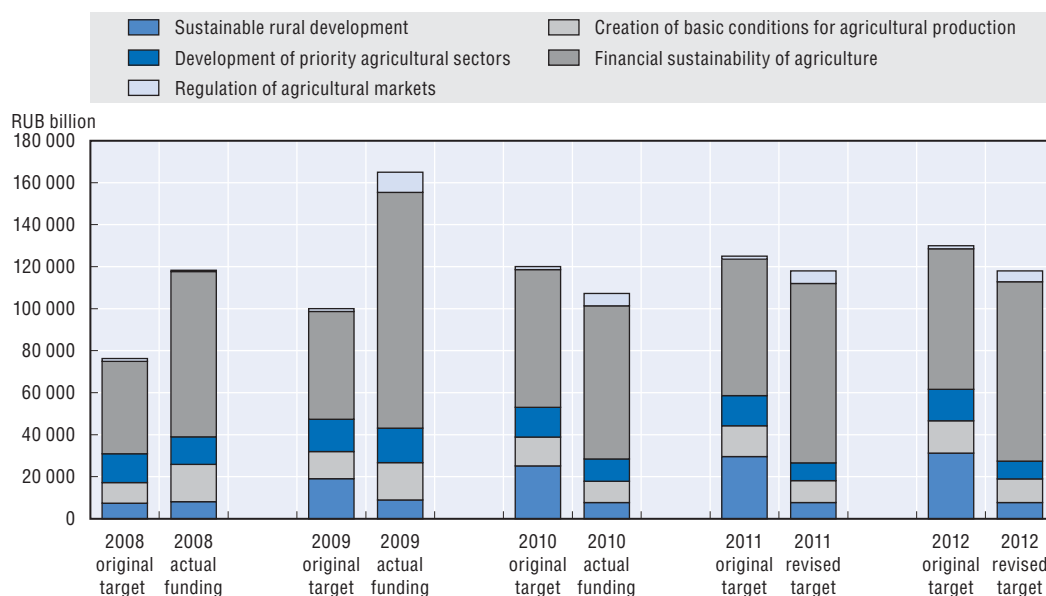
time when these will be received. The eligibility requirements, payment rates, and payment procedures are region-specific, with more regional differentiation taking place in 2009-10. These procedures are often complicated, creating additional administrative barrier for access to support.

The current State Programme expires in 2012, and a new one will succeed it for 2013-20. A series of conceptual documents and special programmes that appeared in 2009-10 provide an indication of future policy priorities. The growth in domestic livestock production will continue to be a government priority, but a stronger emphasis on the cattle and dairy sectors is likely, as evidenced by the launch of the regional programmes on development of dairy and cattle farming and the preparation of the national Strategy on Development of Meat Cattle Breeding up to 2020.

The recent disasters have moved agricultural risk issues higher on the list of policy concerns. According to the government, particular attention will be given to the grain intervention system and more funds will be allocated for this purpose. Furthermore, a draft federal law on subsidised catastrophic insurance underwent its first reading in Parliament in 2010 and represents an effort to shift away from *ad hoc* transfers by introducing a contract-based principle for the disaster assistance. This draft law proposes to make all support payments conditional on producers being covered by catastrophic insurance.

The drought also accelerated the preparation of a concept document on the system of land improvement in Russia up to 2020. Another recent conceptual document concerns the sustainable development of rural areas up to 2020. Expenditures on land improvement and, in particular, rural development, were originally to be the fastest growing in the State Programme for 2008-12, but have been considerably curtailed. It remains to be seen how these conceptual documents will be translated into future programmes and financing targets. Overall, if Russia's WTO accession is completed before 2012, the parameters of the next State Programme will be set in accordance with the country's commitments on domestic support.

Figure 19.5. **Russia: Financing of the State Programme for Development of Agriculture for 2008-12**



Source: GFR, Government of the Russian Federation, 2011.

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Trade policy

Import Measures – Russia is one of the largest world agro-food importers and runs a significant agro-food trade deficit. After a fall in 2009, imports recovered and widened the agro-food trade deficit to USD 25.2 billion in 2010. Approximately 90% of total Russian imports originate from outside the CIS (Commonwealth of Independent States). Meat and meat products are the largest import group, with such imports from the non-CIS area being subject to **tariff rate quotas**.

After 2008, Russia has tightened the TRQ regime, but with different speed and intensity for different types of meat (Table 19.3). Conditions for market access were particularly tightened for poultry imports. TRQs for all three meats typically remain under-filled, which was also the case in 2009-10. Partly this is explained by the fact that Russia restrained deliveries from some suppliers on food safety grounds and in connection with animal disease. Recent developments in this TRQ regime concerned the procedures for the allocation of the quotas. Before 2010, a large part of the quotas were allocated based on a country principle. From mid-2010, the Russian authority managing quota allocations has the discretion to re-allocate the country-specific quotas for all meats to other suppliers. Furthermore, as of 2011 the country principle will no longer be applied to

Table 19.3. **Russia's meat import quotas in 2005-11**

	2005 ¹	2006	2007	2008	2009	2010 ²	2011 ²
Beef fresh and chilled, 0201							
TRQ, th. tonnes	27.5	27.8	28.3	28.9	29.5	30.0	30.0
In-quota tariff	15% n.l. 0.2 EUR/kg	15% n.l. 0.2 EUR/kg	15% n.l. 0.2 EUR/kg	15%, n.l. 0.2 EUR/kg	15%, n.l. 0.2 EUR/kg	15%, n.l. 0.2 EUR/kg	15%, n.l. 0.2 EUR/kg
Over-quota tariff	40% n.l. 0.53 EUR/kg	55% n.l. 0.7 EUR/kg	50% n.l. 0.65 EUR/kg	45% n.l. 0.6 EUR/kg	40%, n.l. 0.53 EUR/kg	50%, n.l. 1.0 EUR/kg	50%, n.l. 1.0 EUR/kg
Beef frozen, 0202							
TRQ, th. tonnes	430.0	435.0	440.0	445.0	450.0	530.0	530.0
In-quota tariff	15%, n.l. 0.15 EUR/kg	15%, n.l. 0.15 EUR/kg	15%, n.l. 0.15 EUR/kg	15%, n.l. 0.15 EUR/kg	15%, n.l. 0.15 EUR/kg	15%, n.l. 0.2 EUR/kg	15%, n.l. 0.2 EUR/kg
Over-quota tariff	40%, n.l. 0.4 EUR/kg	55%, n.l. 0.55 EUR/kg	52.5%, n.l. 0.53 EUR/kg	50%, n.l. 0.5 EUR/kg	40%, n.l. 0.4 EUR/kg	50%, n.l. 1.0 EUR/kg	50%, n.l. 1.0 EUR/kg
Pigmeat fresh, chilled or frozen, 0203							
TRQ, th. tonnes	467.4	476.1	484.8	493.5	531.9	472.1	472.1
In-quota tariff	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg
Over-quota tariff	80%, n.l. 1.06 EUR/kg	60%, n.l. 1.0 EUR/kg	60%, n.l. 1.0 EUR/kg	60%, n.l. 1.0 EUR/kg	75%, n.l. 1.5 EUR/kg	75%, n.l. 1.5 EUR/kg	75%, n.l. 1.5 EUR/kg
Pigmeat trimmings (can also be imported under the quota for fresh, chilled or frozen pigmeat)							
TRQ, th. tonnes	n.a.	n.a.	26.5	28	n.a.	27.9	27.9
In-quota tariff	n.a.	n.a.	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.15 EUR/kg	n.a.	15%, n.l. 0.25 EUR/kg	15%, n.l. 0.25 EUR/kg
Over-quota tariff	n.a.	n.a.	60%, n.l. 1.0 EUR/kg	60%, n.l. 1.0 EUR/kg	n.a.	75%, n.l. 1.5 EUR/kg	75%, n.l. 1.5 EUR/kg
Poultry meat fresh, chilled or frozen, 0207							
TRQ, th. tonnes	1 090.0	1 130.8	1 171.2	1 211.6	952.0	780.0	350.0
In-quota tariff	25%, n.l. 0.2 EUR/kg	25%, n.l. 0.2 EUR/kg	25%, n.l. 0.2 EUR/kg	25%, n.l. 0.2 EUR/kg	25%, n.l. 0.2 EUR/kg	25%, n.l. 0.2 EUR/kg	25%, n.l. 0.2 EUR/kg
Over-quota tariff	No over-quota imports	60%, n.l. 0.48 EUR/kg	60%, n.l. 0.48 EUR/kg	60%, n.l. 0.48 EUR/kg	95%, n.l. 0.8 EUR/kg	80%, n.l. 0.7 EUR/kg	80%, n.l. 0.7 EUR/kg

n.l.: "but not less than"; n.a.: not applicable.

1. Over-quota tariff rates shown for 2005 are those in effect between June and December.

2. Quotas for 2010 and 2011 are set under the Customs Union of Belarus, Kazakhstan and Russia.

Source: Resolutions of the Government of the Russian Federation and Decisions of the Commission of the Customs Union.

the poultry quota. This provision may lead to the origin of Russian meat imports shifting further away from “historic” to “new” suppliers.

Russia’s imports of sugar traditionally face high border protection. **White sugar** imports from outside the CIS are levied a duty of USD 340 per tonne, while CIS deliveries are duty free (if sugar is processed from sugar beet). Imports of white sugar from Ukraine are excluded from the CIS duty free regime; this exclusion is expected to be eliminated before 1 January 2013. Until then, both countries will mutually apply their MFN tariffs. Belarus is the main supplier of white sugar to Russia. Belarusian deliveries are regulated by inter-governmental agreements on annual import quantities, import prices, and the authorised Belarusian suppliers (all belonging to the Belarusian State Concern). Between 2008 and 2010, annual deliveries from Belarus to Russia increased from 100 000 to 184 000 tonnes exceeding the initially agreed levels. In 2011 the agreed imports were set at 200 000 tonnes.

For **raw sugar**, a different tariff regime is applied. An import duty is set on the basis of a reference price for raw sugar, which is derived from the average monthly price at the New York Board of Trade (NYBOT). The levy can vary between the fixed minimum and maximum boundaries. A higher NYBOT price commands a lower levy and *vice versa*. This regime underwent frequent adjustments in 2008-09 concerning the range delimiting the levy variations and the parameters of the seasonal duties. In 2010 further adjustments were introduced, now in the framework of the Customs Union of Belarus, Kazakhstan and Russia (see below). The range of NYBOT prices underlying the variable levy was changed, and the period of the NYBOT price monitoring was shortened from three months to one. In early 2011, the levy was set within a range between USD 140 and USD 270 per tonne, based on a NYBOT price range between USD 286.60 and 396.83 per tonne. A reduced seasonal levy, which varies between USD 50 and USD 250 per tonne and is based on a NYBOT price range between USD 286.60 and 485.02 per tonne, applies from 1 May to 31 July. As a part of the measures intended to restrain food prices, the period of application of the lower seasonal levy was extended in 2011, to begin from 1 March instead of 1 May.

Milk product imports were subject of active regulation in the context of a considerable fall in milk prices in 2009. *Ad valorem* or specific minimum duty levels (if applied) were increased for various cheeses, skim milk powder, whey powder, and butter. Import duties on vegetable oils that can be used as substitutes for milk fat in food processing were also raised, along with changes in technical requirements on such imports (*i.e.*, a substantial increase in the minimum allowed package volume). Skim milk powder is mainly imported to Russia from the CIS area duty free and in large part, from Belarus. The annual volumes of Belarusian deliveries are subject to an inter-governmental agreement (similar to sugar). Controversies with Belarus emerged in 2009 when its supplies were suspended on grounds of non-conformity with the new Russian technical milk regulation. The resulting compromise provided for a reduction in the volume of skim milk powder, but an increase in the volume of cheese and custard delivered to Russia compared to the initial bilateral agreement. Imports of milk products from some countries were suspended on technical grounds also in 2010 (*e.g.* again from Belarus and from the United States).

Increases in import tariffs were implemented for soybean meal (from 0% to 5%), manioc and maize starch, and rice and rice flour, the latter in response to a large domestic crop in 2009.

Changes in import measures also included reductions in tariffs for certain imported products, in order to reduce pressure on food prices. The drought in 2010 affected all crop sectors severely. For example, the 2010 potato harvest was almost one quarter below the average of the three preceding years. Starting from the last quarter of 2010 and up until mid-2011, zero import tariffs

were set for fresh and chilled potatoes, cabbage and buckwheat, all of which are key staple foods in Russia.

Russia has become one of the leading world grain exporters; at the end of the 2000s it ranked as the fourth largest wheat supplier after the United States, the European Union and Canada. Grain accounts for around two-thirds of country's agro-food exports. Grain export regulations change between stimulation and restriction in response to the grain supply and food price situation. The stimulation typically consists of temporary reductions in railway tariffs for transportation of grain from producing regions to the Russian export outlets. Thus, following high crop in the 2008/09 season, railway tariff was halved for a certain period for transportation of grain from the Central federal district of Russia. The possibility of introduction of export subsidies was also discussed. However, as the financial crisis developed, the government faced considerable budgetary constraints and a depreciated rouble increased the competitiveness of Russian exports, such subsidies were finally not introduced.

The grain regulation during the food price peak in 2007-08 developed in the opposite direction: export duties were applied on wheat and barley to limit increases in domestic prices. Following the 2010 drought, a **ban on grain exports** was imposed on 15 August 2010. It covered wheat, wheat and rye mix, barley, rye, maize, wheat flour and mixed wheat and rye flour. Deliveries under the Russia's international agreements and humanitarian aid were exempt from the ban. It was to last until 31 December 2010, but when the magnitude of the harvest loss became more certain, it was extended up to 30 June 2011 (flour was removed from the list of prohibited exports). The ban had immediate spill-over effects on some traditional trade partners, in particular the North African wheat importers who were confronted with the need to look for alternative suppliers. The absence of Russian grain supplies on the world markets in 2010/11 season was also a factor that contributed to a renewed increase in world grain prices. The definitive end date of the ban has remained uncertain, but eventually the lifting of the ban was announced as of July 2011. In early June 2011, total domestic grain stocks exceeded the end-season levels that were observed throughout most of the 2000s, while domestic grain prices were well below world market levels, implying substantial foregone revenue in the grain sector. The imminent opening of exports suggested increases in domestic grain prices, particularly in the situation of high international prices. This strengthened the government's concerns on domestic inflation, which evoked the possibility of introducing grain export duties, assumingly, following the expiration of the export ban. At the moment of writing, no official actions have been announced.

No change was made in the export regime for oilseeds, which since 1992 are subject to export duties. The duties are currently set at 20% but not less than EUR 30 per tonne for sunflower, 20% but not less than EUR 30 per tonne for rapeseed and soybeans, and 15% but not less than EUR 30 per tonne for rapeseed.

Trade Relations – A Customs Union, comprised of Belarus, Kazakhstan and Russia, came into effect on 6 July 2010. The three countries now form a common customs territory with a Unified Customs Code. Approximately 80 to 90% of the total number of tariff lines in the Code corresponds to the levels applied in Russia prior to the tariff unification. For the remaining part, Russia will face higher or lower tariffs. Thus, in the agro-food group, tariffs will be increased for sheep, goat and horse meat, and corned meat, while they will be reduced for alcohol, tropical juice concentrates and baby food. The changes in the Russian border measures described above that occurred after 2009 were implemented as part of the common Customs Union regime. A Commission of the Customs Union is the decision-making body on any border regime issues in the Union.

Further unification within the Customs Union will follow in the sanitary and phyto-sanitary (SPS) requirements and will also concern technical regulations (out of altogether 47 technical regulations that will be applied within the Custom Union, 13 relate to agro-food products). According to Russian officials, the unification in these areas will take into account countries' existing international agreements (*e.g.* with the European Union) and WTO practices.

Russia is at the advanced stage of **WTO accession negotiations**. However, the process lost momentum on the announcement of the plan by Russia, Belarus and Kazakhstan to accede to the WTO as countries forming a common customs territory. After a series of consultations with WTO representatives, the three countries decided to continue separate accession negotiations. The fact that Russia has become a member of the Customs Union means that the majority of sections of the report of the Working Party on Russian accession requires revision.

In 2010-11, the work focussed on reaching agreement on outstanding multilateral issues and revising the report of the Working Party on Russia's accession. As of April 2011, more than 30 sections had been revised, with seven outstanding. The latter include sections on sanitary norms and technical regulations. The results of bilateral agreements on services were consolidated and will be annexed to the Protocol on Russia's accession to the WTO. The consolidated Schedule on tariff concessions on goods is being prepared by the WTO Secretariat.

Important multilateral issues remain on which no agreement has yet been reached. The amount of trade-distorting domestic support that Russia will be able to provide after the accession remains among the central negotiated issues. According to the communication by the Russian Ministry of Agriculture in late 2010, Russia's position is to accede with a commitment on Total Aggregate Measurement of Support corresponding to USD 9 billion and maintain this level until 2012 (the end year of the current State Programme for Development of Agriculture). The commitment level would then decline to USD 4.4 billion between 2013 and 2017. Some negotiating parties consider lower commitment levels to be appropriate from the beginning of Russia's membership, based on the average level of trade-distorting support in recent years, as well as reductions patterned after the Uruguay Round model and other accessions. However, Russia no longer proposes to schedule entitlements to export subsidies in agriculture. Russia's meat TRQs, once it is a WTO member, has also become a prominent issue in the accession negotiations. Russia has a previous agreement with WTO members to renegotiate this issue after 2009.

PART II
Chapter 20

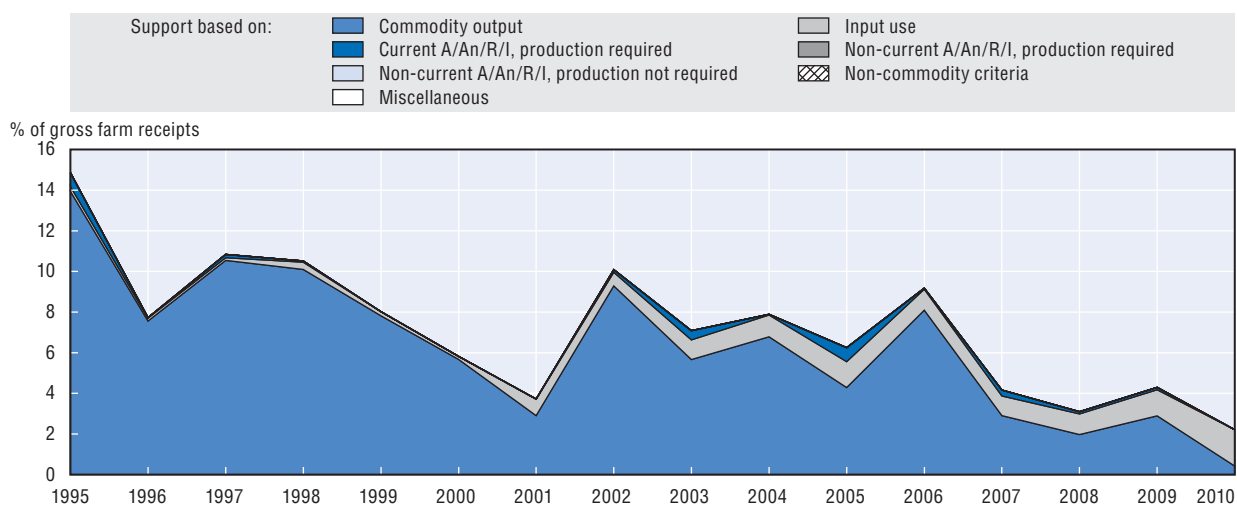
South Africa

The South Africa country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of Policy Developments

- Policy changes from the mid-1990s resulted in deregulation of the marketing of agricultural products, liberalisation of domestic markets, and reduced barriers to agricultural trade. These reforms reduced market price support and budgetary support to commercial farming. In contrast, increased budgetary spending went to financing the land reform process and supports its beneficiaries, and the smallholder sub-sector. The average level of support in South Africa, as measured by the Producer Support Estimate (%PSE), indicates a relatively low degree of policy intervention. The overall trend shows a reduction of this support between 1994 and 2010, although with some fluctuation due to Market Price Support variations.
- The main agricultural policy developments and the main challenges relate to the implementation of the land reform programme. During 2008-10, new policies were implemented to enhance the pace of land redistribution and to ensure the viability of the emerging farms. They include the Pro-Active Land Acquisition Strategy, and a new focus on bringing strategic partners from private stakeholders to assist in the capacity building process and in the gradual implementation of Rural Development Programmes in the Provinces.
- The black population in rural areas is the target of land redistribution, but adequate supporting infrastructure and human capital formation must also be in place if these new entrepreneurs are to survive. The government is striving to address these issues by implementing well targeted support programmes and services (including research and development) tailored to the needs of the emerging farmers. In this regard, the involvement of private stakeholders in the process of the land reform may be an efficient way to engage resources and address weaknesses in supporting programmes and services from public authorities. Also the setting of Rural Development Programme can contribute to address the problems in rural areas in a broader perspective.

Figure 20.1. **South Africa: PSE level and composition by support categories, 1995-2010**



Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932451794>

Contextual information

South Africa is an upper middle income country. However, income inequality is severe and poverty persists. It has a relatively moderate level of inflation but a persistently high and increasing rate of unemployment. The relative importance of agriculture to the economy is relatively low with a 3% share on the GDP, but employment in agriculture represents almost 9%. South Africa is a net exporter of agro-food products. Its share of agro-food exports in total exports is around 10%, while the share of agro-food imports is around 7%. There is a highly dualistic farm structure, with a well developed and internationally competitive sector of commercial farms on one side, and a large number of smallholder farms on the other side. South Africa has a large area of agricultural land, but only 15% is arable while the remaining are mostly areas suitable only for extensive pasture with a lack of water resources. Agriculture consumes around 60% of water resources and horticulture production is one of the main users.

Table 20.1. **South Africa: Contextual indicators, 1995, 2009***

	1995	2009*
Economic context		
GDP (USD billion)	168	284
Population (million)	41	50
Land area (thousand km ²)	1 214	1 214
Population density (habitants/km ²)	32	40
GDP per capita, PPP (USD)	5 715	10 136
Trade as % of GDP	16.4	20.7
Agriculture in the economy		
Agriculture in GDP (%)	3.9	3.0
Agriculture share in employment (%)	n.a.	8.8
Agro-food exports (% of total exports)	8.0	10.1
Agro-food imports (% of total imports)	7.3	6.6
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	292	1 197
Crop in total agricultural production (%)	n.a.	n.a.
Livestock in total agricultural production (%)	n.a.	n.a.
Agricultural area (AA) (thousand ha)	99 525	99 378
Share of arable land in AA (%)	15	15
Share of irrigated land in AA (%)	n.a.	n.a.
Share of agriculture in water consumption (%)	n.a.	62

* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

StatLink  <http://dx.doi.org/10.1787/888932452744>

Figure 20.2. **South Africa: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics and national data.


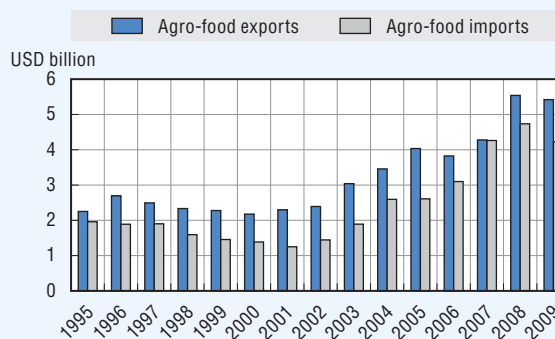
StatLink  <http://dx.doi.org/10.1787/888932451813>

Figure 20.3. **South Africa: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

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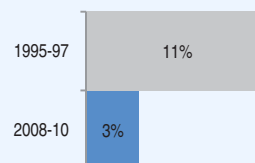
Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

Development of support to agriculture

South Africa has relatively low and declining levels of support. The relatively high share of the most distorting forms of support has to be interpreted against the low level of support as measured by the PSE. The level of price distortions has been low and in current years domestic prices were almost aligned to world price levels as documented by the NPC. Most of the budgetary payments are related to the implementation of the land reform and assistance to emerging farmers.

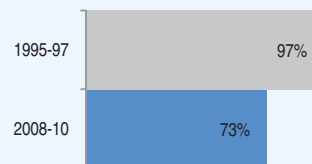
PSE as % of receipts (%PSE)

The level of support as measured by the percentage PSE is relatively low and has substantially declined. At 3% in 2008-10, it is well below the OECD average (20%).



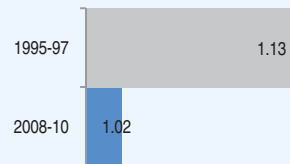
Potentially most distorting support as % of PSE

The share of the most production and trade distorting forms of support (based on commodity output and variable input use – without constraints) has declined but remains relatively high. However, this relatively high share is to be placed in the context of the low level of the total PSE.



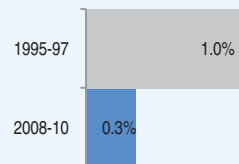
Ratio of producer price to border price (NPC)

The relatively low level of price distortions was further reduced and the level of domestic prices was almost aligned to world price levels in 2008-10, as measured by the NPC. The NPC was highest for sugar and milk.

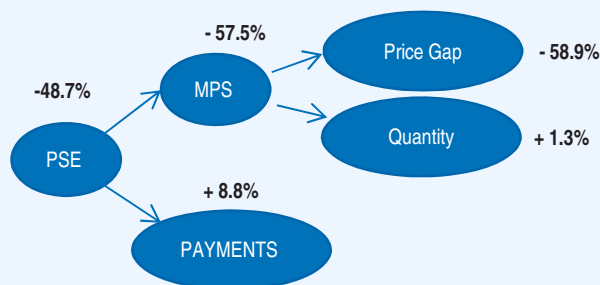


TSE as % of GDP

The total support represented 0.3% of GDP in 2008-10, and the share of the general services in the total support estimate was around 42% in the same period.

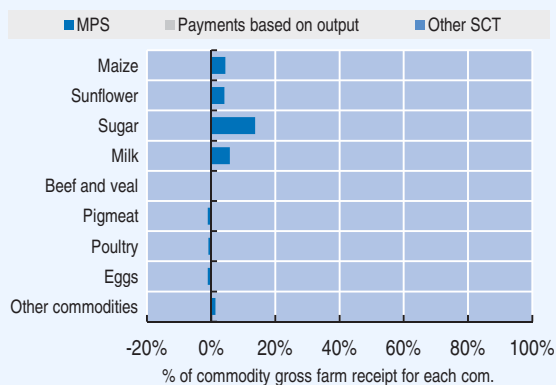


Decomposition of change in PSE, 2009 to 2010



The level of support declined sharply in 2010 mainly due to reduced market price support, related to the narrowing price gap between domestic and border prices, which was mainly due to increased world market prices.

Transfer to specific commodities (SCT), 2008-10



The Single Commodity Transfers (SCT) represented 45% of the PSE. Its share in the commodity gross farm receipts was the highest for sugar (14%), around 5% for milk, maize and sunflower, and around zero for the remaining commodities.

Table 20.2. **South Africa: Estimates of support to agriculture**
ZAR million


	1995-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	37 243	127 307	122 111	130 379	129 431
<i>of which: share of MPS commodities, percentage</i>	74	75	76	74	75
Total value of consumption (at farm gate)	34 730	120 959	118 779	122 546	121 553
Producer Support Estimate (PSE)	4 064	4 139	3 826	5 679	2 911
Support based on commodity output	3 905	2 272	2 435	3 825	555
Market Price Support	3 905	2 272	2 435	3 825	555
Payments based on output	0	0	0	0	0
Payments based on input use	62	1 769	1 254	1 697	2 356
Based on variable input use	30	800	658	837	904
with input constraints	0	0	0	0	0
Based on fixed capital formation	30	912	561	809	1 367
with input constraints	3	0	0	0	0
Based on on-farm services	1	57	35	51	85
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	97	98	137	157	0
Based on Receipts / Income	87	98	137	157	0
Based on Area planted / Animal numbers	10	0	0	0	0
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	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	11	3	3	4	2
Producer NPC	1.13	1.02	1.02	1.03	1.01
Producer NAC	1.13	1.03	1.03	1.04	1.02
General Services Support Estimate (GSSE)	2 170	2 985	2 697	2 972	3 286
Research and development	1 797	1 246	1 112	1 087	1 537
Agricultural schools	0	0	0	0	0
Inspection services	146	379	444	336	357
Infrastructure	141	731	642	795	758
Marketing and promotion	3	52	44	55	56
Public stockholding	0	0	0	0	0
Miscellaneous	82	577	456	699	578
GSSE as a share of TSE (%)	34.8	41.9	41.3	34.4	53.0
Consumer Support Estimate (CSE)	-4 031	-1 852	-1 703	-3 403	-451
Transfers to producers from consumers	-3 763	-2 122	-1 840	-3 746	-781
Other transfers from consumers	-409	-19	-9	-48	0
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	141	289	147	391	330
Percentage CSE	-12	-2	-1	-3	0
Consumer NPC	1.14	1.02	1.02	1.03	1.01
Consumer NAC	1.13	1.02	1.01	1.03	1.00
Total Support Estimate (TSE)	6 234	7 123	6 523	8 650	6 197
Transfers from consumers	4 172	2 142	1 850	3 794	781
Transfers from taxpayers	2 471	5 001	4 682	4 904	5 416
Budget revenues	-409	-19	-9	-48	0
Percentage TSE (expressed as share of GDP)	1.01	0.30	0.29	0.36	0.26
GDP deflator 1995-1997=100	100	165	239	256	n.c.

p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient. n.c.: not calculated.

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

MPS commodities for South Africa are: wheat, maize, sunflower, sugar, milk, beef and veal, pigmeat, sheepmeat, poultry, eggs, peanuts, grapes, oranges and apples. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

StatLink  <http://dx.doi.org/10.1787/888932452763>

Description of policy developments

Main policy objectives and instruments

During the 1990s, a wide range of policy reforms were directed at achieving a stronger market orientation in agriculture and agro-food. The Marketing of Agricultural Products Act (1996), substantially reduced state intervention in agricultural marketing and product prices. Under the Act, the *National Agricultural Marketing Council* (NAMC) is the main government advisory body on matters relating to the marketing of agricultural products. Under the current system, there are no domestic market interventions and no export subsidies applied. The only measures supporting domestic prices are import tariffs. The main objective of the *trade policy* reform in agriculture was to promote the integration of the sector into the global economy in order to encourage competition and enhance access to markets, technology and capital.

The main objectives of the Land reform programme (started in 1994) are to redress past injustices, foster reconciliation and stability, support economic growth, improve household welfare and alleviate poverty in the rural areas. Land restitution, land redistribution and land tenure reform are the main elements of the land reform. During the process of the implementation of Land reform programme a range of programmes was implemented (such as *Comprehensive Agricultural Support Programme*, *Illima/Letsema projects*) to address various issues such as capacity building, appropriate knowledge and information services, on-and-off farm infrastructure and production inputs. However, the pace of the Land reform and the implementation of the related programmes are limited by budgetary constraints.

A broad based *Black Economic Empowerment Framework for Agriculture* (AgriBEE) was introduced in 2006. The objective of AgriBEE is to eliminate racial discrimination in the agro-food sector through implementing initiatives that mainstream participation of black South Africans at all levels of agricultural activity and along the entire value chain. The main implementation mechanism is the setting of codes of good practice and monitoring in the course of their implementation.

The *Integrated Food Security Strategy* (IFSS) introduced in 2002, is based on public and private civil society partnerships and focuses on household food security as the building block for national food security. The target goal of the IFSS is to reduce the number of food insecure households by half by 2015. One of the strategic approaches to reach this target is to increased household food production by providing support services to farmers.

Domestic agricultural policies

Price and income support policies – the *Marketing Act* introduced in 1997, involved much less interference, regulation and state involvement in agricultural marketing and product prices than was previously the case. Currently all sectors of agro-food production are deregulated and price and income support measures are not applied via domestic market measures. To some extent sugar cane and the sugar market is an exception, although not due to direct state intervention. The *Sugar Industry Agreement and Sugar Act of 2000* (between different agents in the sugar production chain) still permits raw sugar to be exported only through a single-channel industry arrangement, and allocates quotas to individual producers for sugar sold on the domestic market.

Input subsidies – under a diesel refund system, introduced in 2000, farmers receive a refund on the tax and road accident fund levies paid on diesel fuel. The refund is applied for 80% of the total eligible purchases used in primary production. The refund per litre was steadily increasing

from ZAR 0.84 per litre in 2007 to ZAR 1.3 per litre (about 12% of wholesale price) in 2010. A limited range of subsidies is also provided to water transportation to areas suffering from drought and assistance is provided to build water extraction facilities (*boreholes*).

Land restitution and land redistribution Attempts to rectify the racially skewed access to land and land ownership in South Africa are supported by two main acts: the Provision of Land and Assistance Act (No. 126 of 1993) as amended, which addresses land redistribution, and The Restitution to Land Rights Act (No. 22 of 1994) to deal with land restitution. By the end of the 2009/10 financial year some 6.1 million hectares were transferred under the various land reform programmes. Under the Restitution programme, by October 2009, the *Land Claims Commission* had settled 95% of the 79.7 thousand land claims lodged since 1994. The outstanding claims are all rural, of complex nature and will require higher budget allocations to settle with claimants. The *Department of Rural Development and Land Reform (DRDLR)* is now projecting that it will take another ten years to settle the outstanding claims.

In 2009, the department also revised downwards the annual national *land redistribution* targets in delivering white owned agricultural land to land reform beneficiaries, to align them with the actual budget allocation. The DRDLR has also recognised that in order to move forward decisively with the land redistribution programme, significant changes will have to be made to the willing-buyer willing-seller model of land redistribution. The main focus will be on investigating alternative less costly methods of land acquisition, by engaging with all stakeholders within the agricultural sector.

A review of the *Land redistribution for agricultural development (LRAD)* projects indicated that less than half of the projects implemented are viable farming operations that can sustain the livelihoods of programme beneficiaries. The department implemented interventions to save the vulnerable projects by introducing lease agreements to manage moveable assets and contracted strategic partners and mentors to assist and transfer skills to the lessees. From 2007 a new programme *Proactive Land Acquisition Strategy (PLAS)* has effectively replaced the LRAD. The newly acquired land through PLAS have been registered in the name of state and provided to selected beneficiaries under lease contracts, and the beneficiaries will dispose of the land after an agreed lease period.

The *Department of Agriculture, Forestry and Fisheries (DAFF)* and the DRDLR provide **post settlement assistance** including **production loans** to new and upcoming farmers. In previous years, several programmes were implemented to support the beneficiaries of land reform, and smallholders in general, in order to assist them to develop commercially viable businesses and viable farming operations that can sustain the livelihoods.

The *Comprehensive Agricultural Support Programme (CASP)* started in 2004/05 provides post-settlement support to targeted beneficiaries of land reform and other black farmers who have acquired land through private means. There are six key focal areas of support envisaged by CASP model: i) Information and Knowledge Management; ii) Technical and Advisory Assistance, and Regulatory Services; iii) Training and Capacity building; iv) Marketing and Business Development; v) On-Farm and off-Farm Infrastructure and Production inputs; and vi) Financial assistance. In 2008/09, ZAR 715 million (USD 87 million) were spend to finance the various CASP activities, which is one third above the allocated budget. In 2009/10 the budget allocated to finance CASP was ZAR 544 million (USD 64 million).

Micro-Agricultural Financial Institutions of South Africa (MAFISA) is a **microcredit scheme** providing access to finance for farmers, especially beneficiaries of the land restitution, redistribution and land tenure reform programmes. The *Land Bank* administers MAFISA on behalf

of the DAFF. The provincial Departments of Agriculture also play a role by assisting potential clients to complete application forms and by disseminating information. Credit evaluation committees assess applications before submission to relevant development finance institutions. From 2008/09, the MAFISA accredited 8 financial intermediaries to retail ZAR 95 million (USD 11.5 million) to 12.6 thousand individual emerging farmers and cooperatives for cash crops, poultry, piggeries, ostriches and other livestock, and small farming equipment. The projection of the number of farmers accessing loans from 2010/11 decreased to 6 000 per year as they are only 8 intermediaries against the targeted 12. Challenges experienced in the implementation of the scheme have included a lack of accountability in the evaluation and administration processes, and shortfalls in the developing economic or financial experience among extension officers and credit evaluation committees at provincial level.

During 2008-10, there were some new programmes implemented to support the smallholder sub-sector and the beneficiaries of the land reform. The *Ilima/Letsema Programme* was implemented in 2008/09 to increase food production, particularly by the smallholder farming sector. The funds were transferred to provincial departments of agriculture as conditional grants for specific production projects such as **upgrading irrigation schemes** as well as on farm investments to support production capacity. The budget allocation to the programme was ZAR 96 million (USD 11.6 million) in 2008/09, ZAR 50 million (USD 6 million) in 2009/10 and ZAR 200 million (USD 27 million) in 2010/11. The *Mechanisation Programme* was implemented in 2010/11 with the objective to resuscitate failed land reform projects and work with the Provinces, Municipalities and the traditional leaders to utilise the land lying fallow. This national programme started with the allocation of ZAR 420 million (USD 57 million) and it is expected that 300 to 350 tractors with appropriate equipment will be purchased and operated by the state authorities to provide **mechanisation services** to emerging farmers. In some cases, individual emerging farmers will also be supported to purchase tractors through part grants and part loans.

A *Comprehensive Rural Development Programme* (CRDP) was launched in June 2009 by the newly created Department of Rural Development and Land Reform (DRDLR) (previously Department of Land Affairs). The CRDP was launched in 8 provinces and its main focus is on providing education and skills, small farmer development, water resources management, storage capacities, promoting cooperatives and investment in social rural infrastructure (schools, clinics). DRDLR's function in respect to the CRDP is in large measure to co-ordinate the activities of other government departments and non-state role players. Altogether ZAR 263 million (USD 31 million) were allocated in 2009/10 to finance the CRDP and for 2010/11 the expenditure is estimated at ZAR 256 million (USD 35 million).

Trade policy

Import measures – South Africa's import protection for agricultural and food products is based mostly on **specific and ad valorem tariffs**. It also provides for **tariff rate quotas** (TRQs), which are country and product specific, as well as anti-dumping and countervailing duties. As a member of *South African Customs Union* (SACU), South Africa applies the common external tariffs established for all members.

The average tariff applied for agricultural products is 9.4%, which is much lower than the 39.8% average WTO bound tariff for agricultural products. The average tariff protection of agro-food products is lower compared with the overall average for all products. Tariff escalation is applied in the agro-food sector, whereby tariffs are in general lower for primary products than for processed products. For most agro-food products, *ad valorem* tariffs or specific duties (or a

combination of both) are applied (Table 20.3). In the **maize** and **wheat** sector a moving average tariff regime based on an international reference price is used. Applied tariffs on these commodities are zero when the international price is higher than the reference price.

Tariff rate quotas exist for a range of agricultural products under the minimum market access commitments, with tariffs at 20% of the bound rates. For some products, preferential tariffs are granted to imports from the **European Union**, and **individual EFTA countries** while imports from Southern Africa Development Community (SADC) countries outside the SACU are duty free. The anti-dumping and countervailing duties were not applied in 2008-10.

Table 20.3. **South Africa: SACU tariff schedule (February 2011)**


Tariff line	Product Description	Bound Rate %	IQTR (20% of Bound Rate)	MFN Applied Rate	Preferential tariffs for EU products
202	Bovine meat	69	13.8	40% or 240c/kg	40% or 240c/kg
203	Pork meat	37	7.4	15% or 130c/kg	15% or 130c/kg
203.191	Pork rib	37	7.4	free	free
204	Lamb	95	19	40% or 200c/kg	40% or 200c/kg
204.5	Meat of goats	82	16.4	40% or 200c/kg	40% or 200c/kg
207.1	Poultry meat	37	7.4	Free	Free
0207.14.10	boneless cuts			5%	0.65%
401	UHT) milk in containers holding 1 l or less	96	19.2	free	free
403.1	Yogurt flavoured or containing fruits	96	19.2	Free	Free
403.9				450c/kg with a max of 96%	58.5c/kg with a max of 12.48%
405	Butter and dairy spreads	79	15.8	500c/kg with a max of 79%	500c/kg with a max of 79%
406	Cheese	95	19	500c/kg with a max of 95%	500c/kg with a max of 95%*
1001.1	Durum wheat	21	4.2	free	free
1001.9	Wheat and muslin ¹	72	14.4	Free	Free
1003	Barley	41	8.2	free	free
1004	Oats	33	6.6	free	free
1007	Grain Sorghum	33	6.6	3%	free
1101	Wheat or muslin flour	99	19.8	Free	Free
1102.2	Maize ²	99	19.8	Free	Free
1201	Soya beans, whether or not broken	40	8	8%	free
1206	Sunflower Seeds, whether or not broken	47	9.4	9.40%	free
1207.2	Cotton seeds	47		9.40%	free
5203	Cotton, carded or combed	60		15%	1.95%

1. Tariff duty change to zero on the 27 August 2010

2. Tariff duty change to zero on the December 2001

* A TRQ of 5 000 tonnes (annual growth factor of 3%) with a reduced duty of 50% MFN for all cheeses except Gouda, Cheddar and Processed cheeses for with 0% duty applies.

Source: National Department of Agriculture, Forestry and Fisheries.

StatLink  <http://dx.doi.org/10.1787/888932452782>

Export measures – since July 1997, when the General Export Incentive Scheme (GEIS) was abolished, no **export subsidies** are applied for agro-food products. However, the price pooling regime for sugar applied by the South African Sugar Association (SASA) is effectively subsidising sugar exports, while the costs are born by local sugar consumers.

Export Marketing and Investment Assistance (EMIA) is a government programme that promotes South African products in foreign markets. The EMIA partially compensate exporters costs incurred in respect of activities aimed at developing export markets of South African products and services, and to recruit new foreign direct investments in South Africa.

Trade Agreements – South Africa is a founding member of the **Southern African Customs Union (SACU)**.¹ This is a full **customs union**, with a common external tariff. The earlier versions of this agreement (1910 and 1969) provided for duty free and quota free movement of goods between member states while maintaining a common external tariff for non member states. However, the agreement also provides for restrictions on imports and exports within the customs union, as well as the imposition of duties to protect infant industries. These exceptional measures are provided to enable member states, the **BLNS countries**² in particular, to develop their domestic economies. These exceptional measures have been continued in the new agreement signed in 2002 and applied since 2004. The new agreement set in place a new institutional framework for SACU including a SACU Tariff Board and Tribunal.

In 1994, South Africa (SACU) became a member of the **Southern African Development Community (SADC)**.³ The SADC free trade agreement (FTA) is being implemented between 2000 and 2012. For the implementation of the FTA, the SADC incorporated the principle of asymmetry: An elimination of SACU tariffs in five years (by 2005); and those of other SADC countries in 12 years by 2012. Since the launch of the FTA, the **Democratic Republic of Congo** has not acceded to the Trade Protocol whilst **Angola** has not submitted its tariff reduction schedule. South Africa (SACU) is up-to-date with the implementation schedule and 99.9% of tariff lines are free from customs duties. According to the liberalisation schedule, the other SADC countries were expected to be on 85% of their tariff reduction commitments by end of 2010. However, some countries are still behind in terms of their liberalisation commitments and others have applied for derogations.

The **SADC – EU Economic Partnership Agreements (EPA)** negotiations – the aim of EPA negotiations is essentially to replace the unilateral non-reciprocal trading preferences that African, Caribbean and Pacific (ACP) countries have been receiving from the European Union (EU) (under the *Lomé* and subsequent *Cotonou Partnership Agreements*) with reciprocal WTO compatible free trade arrangements. The SADC EPA Group consists of 8 countries: all the members of SACU, plus **Angola** and **Mozambique**. For South Africa, the Trade Chapter of the SA/EU Trade Development and Cooperation Agreement (TDCA) is the basis for SADC EPA negotiations. The implementation of EPAs between the EU together with the ACP countries was envisaged as from 1 January 2008; this however did not happen for the SADC countries. The EC and SADC EPA member states subsequently agreed on a two-stage approach to the conclusion of EPAs; i.e. the first stage was to conclude an interim agreement, and thereafter the conclusion of a full agreement at a later stage. This was agreed to ensure that the SADC EPA member states did not lose preferential access to the EU market after expiry of the *Cotonou* agreement on 31 December 2007. As the Interim agreement is not yet implemented by SADC, the TDCA remains the legal framework for South Africa's trade with the EU. Negotiations towards a full and all inclusive SADC EPA are ongoing.

SACU-EFTA Free trade agreement: SACU and EFTA concluded a Free Trade Agreement in August 2005. To cover agriculture and ensure WTO compatibility, three bilateral agreements on basic agricultural products (within chapters 1 to 24, excluding processed agricultural products) were negotiated with each individual **EFTA Member State** (Switzerland also covers Liechtenstein) and entered into force on 1 May 2008 and will be implemented over a period of ten year. In terms of the main agreement, SACU will enjoy immediate duty-free access into EFTA for all products covered by this agreement, with the exception of processed agricultural products. In return, SACU will gradually eliminate import duties over a period not exceeding nine years, with different phase-down modalities for different products. SACU did negotiate the right to exclude certain sensitive products and to introduce a clause that would prevent processed agricultural products that qualify for export subsidies from benefiting from preferences under this agreement (these would have to trade under Most-Favoured-Nation (MFN) conditions).

The Africa Growth and Opportunity Act (AGOA) is a non-reciprocal programme implemented by the **United States** that provides duty-free and quota-free market access to qualifying sub-Saharan African countries. Negotiations towards a comprehensive FTA with the United States started in 2003, and are still underway. The process is not likely to be achieved in the near future as both parties, while confirming their commitment to achieve a mutually beneficial FTA, recognised that a range of substantive issues have arisen in the negotiations that will require detailed examination over the longer term.

The SACU-Mercosur preferential trade agreement (PTA) was signed on the 16th December 2004 by SACU and *Mercado Común del Sur* (Mercosur), comprising **Argentina, Brazil, Paraguay** and **Uruguay**. This was the first agreement that SACU concluded with another developing regional economic entity after the 2002 SACU agreement. Later the SACU-Mercosur PTA was re-negotiated to broaden and deepen its coverage for the benefit of smaller countries in the two trading blocs. The negotiations were concluded in March 2009. The final agreement is in the process of ratification by the parliaments of the signatory countries.

Notes

1. The SACU members are: **Botswana, Lesotho, Namibia, Swaziland and South Africa**.
2. SACU member countries other than South Africa: **Botswana, Lesotho, Namibia and Swaziland** (BLNS).
3. The SADC member countries are: **Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia** and **Zimbabwe**.

PART II
Chapter 21

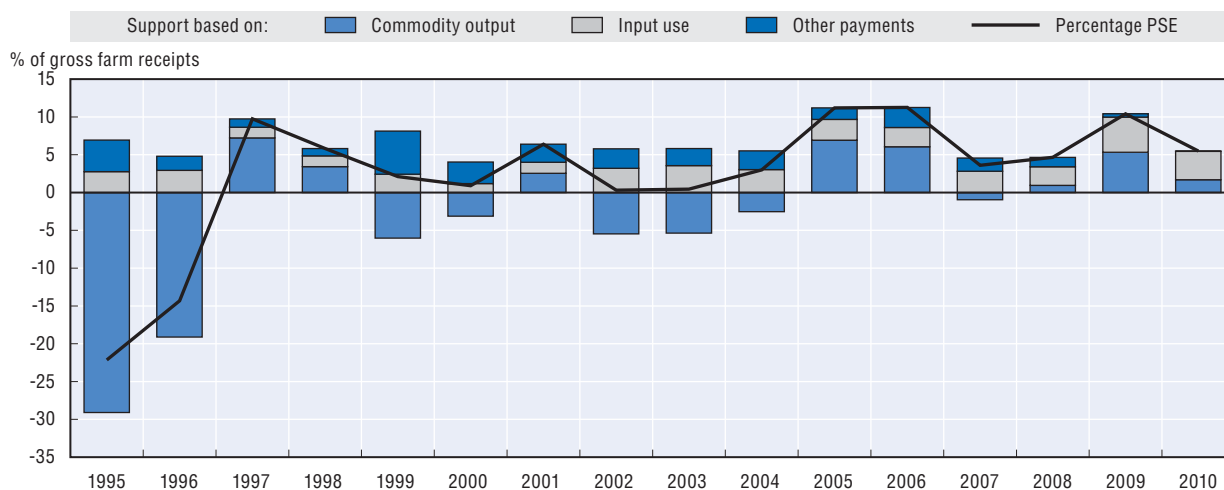
Ukraine

The Ukraine country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2009-10 and in the longer term perspective, and a brief description of the main policy developments in 2009-10.

Evaluation of Policy Developments

- Producer support has been variable, with a slight tendency to increase from the low levels in the mid-1990s. Support level is moderate on aggregate, but this disguises taxation of export sectors, and protection of import sectors. The majority of support is provided in the ways that are most production and trade distorting.
- Ukraine's economy was strongly affected by internal instability and the global economic crisis, necessitating recourse to international financial assistance. Budgetary austerity, rather than long term sectoral strategies drove agricultural policies in 2009-10. Budget spending targets were reduced, with some agricultural programmes receiving much less or no support.
- Implementation of WTO accession commitments was another driver behind the recent policy developments. The majority of these commitments are to be reached by 2011, including substantial reductions in the tariff protection and export restrictions.
- The requirement to comply with WTO disciplines also prompted efforts to modify the procedures for some payments. Changes in the provision of the largest input subsidy were adopted that imply lower rate of subsidisation and more flexibility for producers with respect to the use of this subsidy. An intention to transform another large measure from output to per animal payment did not materialise. The efforts to shift away from distorting support are welcome, but they need to be part of a broad strategy for enhancing the sector's competitiveness, rather than become *ad hoc* adjustments to specific payment procedures.
- The practice of recourse to export restrictions on the grounds of food security re-emerged when export quota on grains was imposed in late 2010. This resulted in revenue foregone in the grain sector and likely contributed to a rise in international grain prices, given Ukraine's role as a global grain market supplier. This measure also raised concerns about its conformity with the WTO provisions.
- It remains imperative to build an effective safety net system in Ukraine to limit recourse to trade restrictions. Social goals can be more effectively addressed by targeted support than by broad-based intervention in economic activity. More generally, Ukraine continues to face a challenge of making agricultural policies more stable and more predictable.

Figure 21.1. **Ukraine: PSE level and composition by support categories, 1996-2010**



Source: OECD, PSE/CSE database, 2011.

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Contextual information

Ukraine is classified as a lower middle income economy. After high growth rates in the 2000s, its GDP declined by 15% in 2009, but returned to growth in 2010. The country is richly endowed with resources for agriculture, particularly fertile arable lands, and it is one of the world's largest grain and vegetable oil exporters. Agriculture contributes 8% to GDP, but its share of total employment is nearly double. Agriculture's performance has been unstable over the years, with annual changes in grain output largely driving the overall situation in this sector. Commercial large-scale production generates around 45% of total agricultural output, with the rest coming from smallholders. Within the large-scale sector, modern and competitive segments have been rapidly developing, while other production units continue to be low on the efficiency scale and lack investments. Rural areas are home to nearly one-third of the population, which is characterised by rapid ageing, high unemployment and poverty rates. Food accounts for around one half of household expenditures.

Table 21.1. **Ukraine: Contextual indicators, 1995, 2009***

	1996	2009*
Economic context		
GDP (USD billion)	45	117
Population (million)	51	46
Land area (thousand km ²)	579	579
Population density (habitants/km ²)	88	80
GDP per capita, PPP (USD)	2 900	7 270
Trade as % of GDP	35.9	36.3
Agriculture in the economy		
Agriculture in GDP (%)	13.8	8.2
Agriculture share in employment (%)	21.9	15.6
Agro-food exports (% of total exports)	21.5	24.0
Agro-food imports (% of total imports)	7.6	9.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	1 763	5 048
Crop in total agricultural production (%)	52	60
Livestock in total agricultural production (%)	48	40
Agricultural area (AA) (thousand ha)	41 840	41 292
Share of arable land in AA (%)	79	79
Share of irrigated land in AA (%)	6	5
Share of agriculture in water consumption (%)	n.a.	n.a.

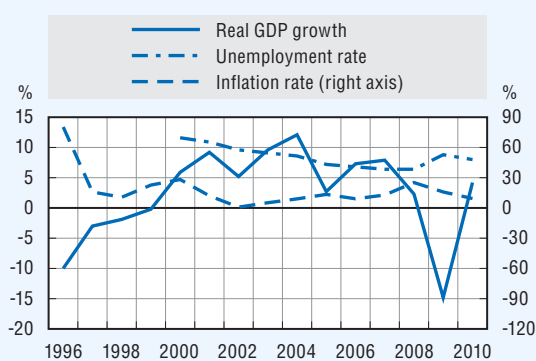
* Or latest available year.

Sources: OECD statistical databases, World Development Indicators and national data.

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Note: Detailed definitions of contextual indicators and their sources are provided in the Annex II.A1.

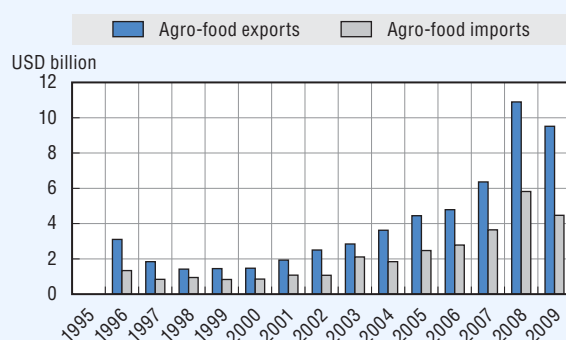
Figure 21.2. **Ukraine: Main macroeconomic indicators, 1995-2010**



Source: OECD statistics.

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Figure 21.3. **Ukraine: Agro-food trade, 1995-2009**



Source: International Trade by Commodity Statistics (ITCS) Database.

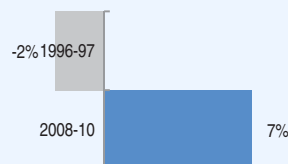
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Development of support to agriculture

Producer support is variable due to strong fluctuations in market price support. The overall modest level of support disguises taxation of exported commodities and support to imported ones. The majority of producer support is provided in the most distorting forms. On aggregate, producer prices are nearly aligned with world levels, but disparities in protection across individual commodities are significant. One third of total support to agriculture is provided for general services. Total support to agriculture places a higher burden on the overall economy today than it did in the mid-1990s.

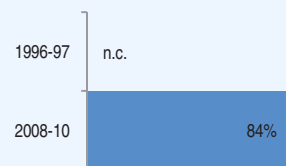
PSE as % of receipts (%PSE)

Support to producers (%PSE) was 7% in 2008-10 compared to an implicit taxation in 1996-97 of 2%. The economic growth which followed a deep recession in the early transition period strengthened domestic prices over time and increased government's capacity to provide budgetary support.



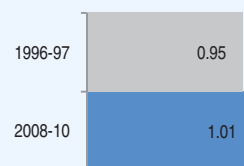
Potentially most distorting support as % of PSE

Most distorting forms of support (based on commodity output and variable input use – without constraints) accounted for almost the totality of support in 1996-97. Because market price support was negative and partly offset budgetary transfers in the PSE, the share of most distorting forms of support in the PSE exceeded 100% during this period. With the introduction of per hectare and per animal payments in the early-2000s, the share of most distorting support fell to 84% of total PSE in 2008-10.



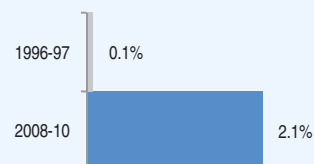
Ratio of producer price to border price (NPC)

Prices received by farmers were on average 1% above those observed on world markets in 2008-10; they were 5% below such levels in 1996-97. Average NPC disguises high price protection for pigmeat, poultry and sugar and taxation of grains and oil seeds.

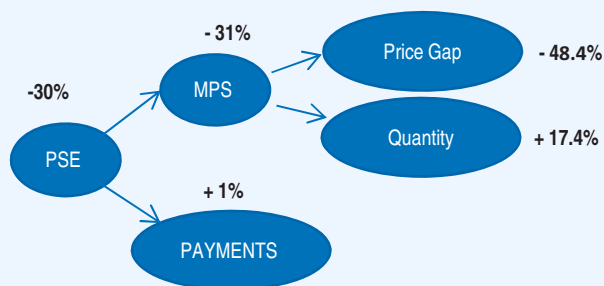


TSE as % of GDP

Total support to agriculture (TSE) rose to 2.1% of GDP in 2008-10, up from 0.1% in 1996-97. Support to general services for agriculture constituted around one-third of the TSE in 2008-10.

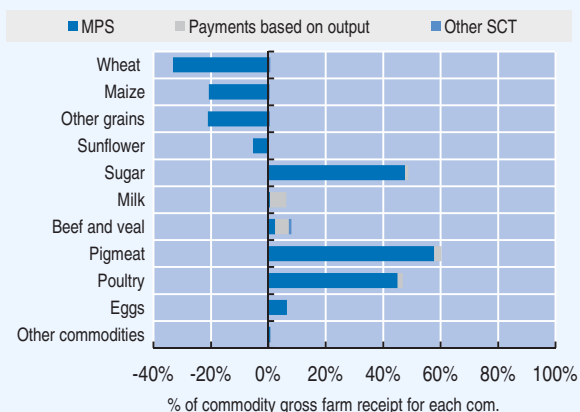


Decomposition of change in PSE, 2009 to 2010



PSE decreased in 2010, due almost entirely to a decrease in market price support (MPS). The average gap between domestic and border prices narrowed, reflecting a diverse pattern of price changes across commodities. The impact of a reduced price gap on MPS was partly offset by changes in the quantities produced of price-protected and price-taxed commodities.

Transfers to specific commodities (SCT), 2008-10



Transfers to specific commodities (SCT) vary considerably, with pigmeat, poultry and sugar receiving high support, and grains and oilseeds facing negative transfers.

Table 21.2. **Ukraine: Estimates of Support to Agriculture**
UAH million


	1996-97	2008-10	2008	2009	2010p
Total value of production (at farm gate)	24 847	194 935	170 838	176 329	237 637
<i>of which: share of MPS commodities, percentage</i>	87	82	80	82	82
Total value of consumption (at farm gate)	18 200	128 941	113 338	121 136	152 349
Producer Support Estimate (PSE)	-499	13 870	8 462	19 505	13 643
Support based on commodity output	-1 435	5 307	1 714	9 979	4 227
Market Price Support	-1 459	2 917	-2 416	8 604	2 563
Payments based on output	25	2 390	4 130	1 375	1 664
Payments based on input use	555	7 499	4 475	8 695	9 326
Based on variable input use	370	6 615	3 527	7 973	8 345
with input constraints	0	0	0	0	0
Based on fixed capital formation	165	883	947	722	980
with input constraints	0	0	0	0	0
Based on on-farm services	21	0	0	0	0
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required ¹	380	1 064	2 273	830	90
Based on Receipts / Income	380	706	1 305	724	90
Based on Area planted / Animal numbers	0	358	968	106	0
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	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Based on long-term resource retirement	0	0	0	0	0
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	-2	7	5	10	5
Producer NPC	0.95	1.01	0.98	1.05	1.01
Producer NAC	0.99	1.07	1.05	1.12	1.06
General Services Support Estimate (GSSE)	564	6 563	6 121	6 883	6 685
Research and development	55	539	622	460	536
Agricultural schools	86	1 530	1 313	1 455	1 822
Inspection services	36	780	804	717	820
Infrastructure	363	943	843	904	1 083
Marketing and promotion	8	50	25	51	74
Public stockholding	0	2 668	2 432	3 239	2 333
Miscellaneous	17	52	82	57	17
GSSE as a share of TSE (%)	..^{n.a}	32.1	42.0	26.1	32.9
Consumer Support Estimate (CSE)	1 874	-12 714	-14 005	-16 911	-7 226
Transfers to producers from consumers	1 978	-6 131	-4 971	-10 400	-3 021
Other transfers from consumers	207	-4 073	-4 716	-4 740	-2 763
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	-311	-2 510	-4 318	-1 771	-1 442
Percentage CSE	11	-10	-12	-14	-5
Consumer NPC	0.92	1.09	1.09	1.14	1.04
Consumer NAC	0.93	1.12	1.14	1.16	1.05
Total Support Estimate (TSE)	65	20 433	14 583	26 388	20 328
Transfers from consumers	-2 184	10 204	9 687	15 140	5 784
Transfers from taxpayers	2 043	14 302	9 611	15 987	17 307
Budget revenues	207	-4 073	-4 716	-4 740	-2 763
Percentage TSE (expressed as share of GDP)	0.07	2.14	1.54	2.89	2.02
GDP deflator 1996-1997=100	100	442	621	704	n.c

p: provisional; n.c. : not calculated. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

1. A (Area planted), An (Animal numbers), R (receipts), I (income).

MPS commodities for Ukraine are: wheat, maize, other grains, sunflower, sugar, potatoes, milk, beef and veal, sheepmeat, pigmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE database, 2011.

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Description of policy developments

Main policy frameworks, objectives and instruments

The most recent documents that formulate agricultural policy objectives in Ukraine were adopted in 2005-08. The 2005 *Law on Basic Principles of the State Agrarian Policy up to 2015* states the objectives of i) food security; ii) efficiency and international competitiveness of the agricultural sector; iii) integrated development of rural areas and improvement of social conditions of rural people. The introduction in 2007 of the *State Targeted Programme for Development of the Ukrainian Countryside up to 2015* was the first effort of a co-ordinated approach to develop and implement these agricultural policy objectives. This programme outlines a number of focus areas, such as efficiency improvements in the crop, pigmeat and dairy sectors; creation of transparent land market; improvement of agricultural land use; development of market infrastructure; reform of agricultural education; development of rural gas and electricity networks, and housing and healthcare for rural people. The programme also identifies financing requirements for the implementation of measures in each area, but it does not have the status of an obligatory budget plan.

Government's activity in agriculture during the monitored period was determined by the need to comply with budgetary austerity provisions, rather than by long term sectoral strategies. Internal political and economic instability in Ukraine in the late 2000s coincided with the global economic crisis, leading to a strong deterioration of the economic situation by the end of 2008. The Ukrainian government had recourse to assistance from the IMF, which approved a two-year stand-by arrangement for Ukraine, while in mid-2010, a new IMF lending programme was signed. On the fiscal side, this involved sizeable budget cuts to deal with the budgetary deficit. The budgetary disbursements for agricultural support programmes were reduced, in particularly in 2009. This also involved *ad hoc* adjustments in the spending which fell short of the initially budgeted targets. However, the budgetary spending constitutes only a part of budgetary transfers in Ukraine, since some types of support are based on the budgetary revenue foregone. Considering both these budgetary parts, the aggregate budgetary transfers remained relatively stable in nominal terms between 2008 and 2010, but declined by nearly 17% in real terms.

Payments based on output (mainly for livestock products) and input subsidies are Ukraine's principal instruments of support, accounting for slightly over 70% of the Ukrainian PSE. The bulk of this support is based on budgetary revenue foregone as opposed to actual budgetary spending. This is implemented through specific procedures to use the Value Added Tax (VAT) due from agricultural producers and processors. Tax preferences to agricultural producers are another type of support based on budgetary revenue foregone. In the mid-2000s, Ukraine began introducing area and per animal payments, but this support was limited in the most recent period because it was based on actual budgetary outlays and was subjected to budget cuts. Ukraine also uses a range of market price support instruments. These include tariff protection, non-tariff trade regulation, and various forms of domestic price measures, such as minimum reference purchase prices, direct state purchases, and loans against pledged grain.

Ukraine's WTO membership intensified the re-instrumentation of agricultural support. The country made commitments on substantial reduction in tariff protection for the agro-food products and downscaling of export restrictions that existed at the time of accession. Ukraine's WTO commitments also concern domestic support: in any given year, the country's total Aggregate Measurement of Support (AMS) cannot exceed UAH 3.043 billion (USD 383 million at the annual average official exchange rate in 2010). The presidential programme of economic reforms

announced in 2010 highlights the improvement of the subsidy system in accordance with the WTO Agreement on Agriculture (a re-orientation of subsidies towards the “green box” in accordance with the WTO methodology). Changes in some important agricultural subsidies were considered and in part implemented, driven by concern of compliance with WTO disciplines.

Domestic policy

Ukraine implements a variety of **domestic price support measures**. The state agency Agrarian Fund carries out market interventions. Initially implementing mainly grain market interventions, the Fund has become progressively involved in other operations, such as sugar commodity interventions, state purchases and sales of a range of agricultural and food products, forward-contracting, flour processing and wholesaling, and sales of diesel fuel and mineral fertilisers to agricultural producers. In 2009, UAH 3 238 million (USD 416 million) were allocated to the Agrarian Fund for the purchase operations and coverage of storage costs, and UAH 2 332 million (USD 294 million) in 2010. For the operations of the Agrarian Fund, the official minimum and maximum purchase prices are set and cover commodities that are the “objects of state regulation”. The exact list of such products and the periods during which the administered prices will be in effect are defined by specific government resolutions. For example, in 2009-10 this list included wheat, rye, barley, maize, flour and sugar. Minimum prices do not play a role of guaranteed prices but are regarded as a floor-price reference for private market operators. After accession to the WTO, minimum prices should not exceed market levels to comply with the country’s AMS commitment.

Price interventions are actively applied in the grain sector (along with recourse to border measures). For the 2009/10 and 2010/11 seasons, the Agrarian Fund carried out **grain purchases** for the state intervention reserve and the official purchase targets were 0.975 million and 1.2 million tonnes respectively; no information on the actually acquired amounts is available. In addition to purchases for the state reserve, the Agrarian Fund provided **grain pledge loans** in 2010. According to this mechanism, grain producers can receive concessional loans against pledged grain. The loan rate was set at 60% of the minimum purchase price in 2010 (it generally cannot exceed 80%). The Agrarian Fund was also involved in food price regulation through processing and sales of flour at the administered prices to an authorised list of bakeries determined by regional authorities, which is part of an overall policy which seeks to maintain low bread prices. Regional authorities are empowered to limit the wholesale and retail mark-ups for “socially important” types of bread.

Sugar quota regime is another important part of the price support system in Ukraine. A national marketing quota for sugar produced from sugar beet is set annually (quota A), together with the minimum in-quota prices for sugar beet and sugar. Producers supplying sugar beet under the quota, in addition to minimum prices, receive payments per sown hectare (such payments were first provided in 2008, and then only in 2010; they were budgeted in 2009, but not effectively paid). With Ukraine’s accession to the WTO the main change was the elimination of quotas B and C as quantitative restrictions on export (quota B included sugar destined outside Ukraine under intergovernmental agreements, as well as for replenishment of quota A, while quota C covered other exported sugar).

Per tonne payments are relatively important: in 2008-10, they constituted 17% of the total PSE and 22% of the budgetary transfers in the PSE. During these three years, around 95% of output payments were provided for livestock products. Actual output payments fell very short of the original budget targets. Thus, producers of beef and veal, pigmeat and poultry that deliver animals for processing received 10% of the initially budgeted payments in 2009, while in 2010 only the

arrears for 2009 were partly covered. A similar situation was with per tonne payments for several other specific products, such as sheep and wool, organic milk for baby food, wool, honey and silkworm. The funding in 2009 was significantly reduced from the original targets, while in 2010 it was not provided at all.

In addition to these payments, which are based on actual budgetary outlays, payments per tonne based on the budgetary revenue foregone were provided. Milk and meat processors “**re-direct**” **VAT** due on processed products to their primary suppliers instead of transferring this tax to the state budget. This transfer is implemented in the form of price top-ups to agricultural producers of milk and meat delivered for processing. This mechanism was introduced in the late-1990s to support milk and meat producers, but also worked as a way of binding primary producers to their traditional supply zones. In 2009-10, the amount of “re-directed” VAT decreased considerably. With Ukraine’s WTO accession, concerns emerged about the impact of this subsidy on the country’s AMS commitment, but the official decision on whether this mechanism will continue to be applied or not was delayed. The mechanism was finally maintained until the end of 2010. This regulatory uncertainty coincided with the economic recession. A fall in meat and milk processing reduced the volumes of taxed products, and therefore the VAT amounts used for topping-up producer prices. It was proposed to replace this mechanism by a new one, under which processor VAT would be accumulated into a centralised fund and transferred to producers in the form of per cow payment. This was implemented only partially: starting from 2011, processor VAT is accumulated into a centralised fund, but the subsidy continues to be provided on a per tonne basis. A cap on the total annual amount of such payments was introduced.

Ukrainian producers receive a range of **input subsidies**. In 2008-10, these comprised 54% of the Ukrainian PSE and 68% of budgetary transfers in the PSE. By far the largest component of input-based support and the largest single payment in the PSE generated through the so-called **VAT accumulation mechanism**. Agricultural producers can accumulate the VAT due on their primary and processed products on a special account and use these funds for production purposes. Until 2008, there was only a general requirement that producers use VAT accumulations for purchase of agricultural inputs. Starting from 2009, the formal requirement is that accumulated producer VAT should be used to cover only the VAT on purchased inputs, while the residual sum can be used for any other production purposes. These VAT-based transfers were the only type of budgetary support that increased in 2009-10: from UAH 2.6 billion (USD 493 million) in 2008 to UAH 7.7 billion (USD 984 million) in 2009 and around UAH 8 billion (USD 1 billion) in 2010. VAT-based transfers accounted for 81% of all input support in 2008-10.

A variety of other input support programmes operate that are financed through actual budgetary outlays. As is the case for other support based on actual budgetary outlays, these transfers were curtailed. **Concessional credit** is a traditional programme, which provides interest subsidies for short, medium and long-term loans. This is a relatively modest component, comprising 10% of all input subsidies in 2008-10. There are also programmes that provide **investment grants**, such as for the purchase of complex agricultural machinery. Two new programmes to support agricultural investments were launched in 2010. One is concessional leasing for pedigree heifers and cows and domestically produced machinery. The other programme supports capital improvements in the livestock sector by 50% cost sharing in the construction and renovation of animal farms and complexes. These two programmes received respectively UAH 120 million (USD 15 million) and UAH 350 million (USD 44 million) in 2010. **Other input payments** in 2009-10 included subsidies for insurance premiums, purchased seeds, cost compensation to farms involved in seed production, and pedigree animal breeding. Fertiliser

subsidies are also among the traditional input subsidies, but despite being included in the budget, they have not been funded since 2008.

Agricultural enterprises are eligible for a **fixed agricultural tax**, which is set as a proportion of the agricultural land value. This tax was introduced in 1998 and replaced twelve taxes for which agricultural enterprises were liable as business entities, including income and land taxes. The agricultural tax was intended to ease the producer tax burden in an effort to resolve the problem of chronic tax arrears in agriculture. The fixed agricultural tax was originally introduced for a period up to 31 December 2009, but has been maintained in the new 2011 Tax Code. According to some Ukrainian analysts, the benefits of the tax have eroded since its introduction, one reason being that the share of utilised agricultural land has declined, leading to a reduction in the share of taxable land that generates income. A second reason is that of the original twelve taxes that were replaced with this fixed tax, only four are now incorporated.

Those who pay a fixed agricultural tax benefit from a **reduced rate on contributions to the Pension Fund**. The difference between the preferential and standard rate to the pension fund (25.5% and 33.3% of the salaries in 2009 respectively) is compensated by the state budget. This compensation was UAH 626 million (USD 80 million) in 2009.

Around 72% of agricultural land was privatised during the land reform in Ukraine. A total of 6.9 million persons acquired titles to land (land shares), of which 98% received official acts of ownership. A **moratorium on agricultural land sale** is currently in place. This moratorium will be lifted when national laws on State Land Cadastre and on Land Market are enacted, which is not expected to occur before 1 January 2012. The prospects for the removal of the moratorium seem to be strengthened considering recent official statements; for example, the presidential programme of economic reforms highlights the objective to create before end-2012 a transparent agricultural land market based on a single land cadastre system.

Trade policy

Agro-food trade makes an important contribution to Ukraine's overall trade, accounting for nearly 14% of the country's total external turnover in 2008-10. Over the past ten years, Ukraine has become a leading world exporter of grain, oilseeds and vegetable oil. Since 2008, agro-food trade has expanded strongly on both the import and export sides (Figure 21.3). The rise in exports was particularly strong; by 2010, the share of agro-food exports in total Ukrainian exports had almost doubled. Trade growth was supported by a strong depreciation of the hryvnia in 2009 (it lost almost one-third of its value against the US dollar). A liberalisation of the border regime following Ukraine's accession to the WTO gave an additional impulse to trade. Finally, strong grain and oilseeds crops in 2008/09 and 2009/10 contributed to higher trade.

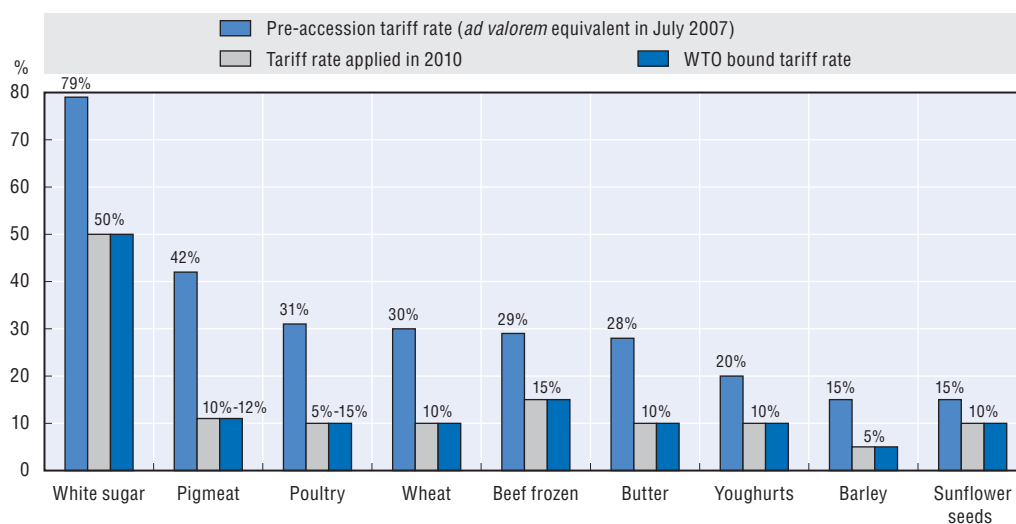
Ukraine has been a **member of WTO** since 16 May 2008. Considerable work remains on bringing its national regulatory base into conformity with its WTO commitments. For example, national laws on standards and certification, and on protection of consumer rights require amendments, and new technical regulations for a list of products must be developed. Post-accession activity also involves preparation of a large number of notifications and information for the WTO Secretariat.

Ukraine's WTO commitments foresee an important reduction in the average level of import protection for agro-food products, with the majority of bindings to be reached by 2011 and some by 2012-13. The **reduction in tariff protection** is implemented through the levelling off of tariff peaks. For example, the number of tariff lines with duty rates above 15% will be halved. The maximum bound import duty rates are set for sugar (50%) and sunflower seed oil (30%).

Figure 21.4 shows that the tariff bindings for key agricultural commodities were reached in 2010. For the protected products such as sugar, pigmeat and poultry the tariffs were reduced to two-thirds – one-fourth of their pre-accession levels, implying that these sectors became exposed to stronger import competition. The reductions in import duties for grains are sizeable, but with a potentially small impact on domestic market as they concern exported products.

A **tariff rate quota for raw cane sugar (TRQ)** had existed, but a substantial tightening of the quota regime in 2004 contributed to a sharp fall in raw sugar imports, provoking what the local press labelled the “sugar crisis”. Since 2005, no TRQs for raw sugar have been applied. However, in its WTO agreement Ukraine reserved the right to apply a TRQ for raw cane sugar (260 000 tonnes annually, increasing to 267 800 tonnes by 2010, at 2% in-quota and 50% over-quota tariff rates). A TRQ for raw cane sugar was re-introduced in 2009, but remained largely under-filled. Only 40 000 tonnes out of the 264 000 tonnes quota were imported owing to considerable delays in the licensing of importers. Imports were additionally dampened by high world prices for sugar. This contributed to a sharp rise in domestic sugar prices in 2009. The quota at 267 800 tonnes was introduced also in 2010 and was filled at 87%.

Figure 21.4. **Ukraine's import tariff rates on key agricultural products before and after WTO accession**



For the calculation of pre-accession *ad valorem* tariffs, specific rates were converted into *ad valorem* equivalents using the customs value of goods in 2006. Product codes are as follows: 1001909930 for wheat; 100300 for barley; 1701991000 for white sugar; 126009900 for sunflower seeds; 0202100000 for beef; 0203000000 for pigmeat; 0207 for poultry; 0403109100 for yoghurts; and 0405101100 for butter.

Source: Ukraine's State Customs Service.

StatLink  <http://dx.doi.org/10.1787/888932451908>

Since 2008, Ukraine had implemented its WTO commitments on gradual **reduction of export duties**. Export duty rates decreased for sunflower seeds from 14% in 2008 to 12% in 2010, and are to be brought down to 10% by 2012. Prior to WTO accession, a 50% duty was imposed on live cattle exports, which is to be decreased by 5 percentage points per year to reach 10% (in 2010 the duty rate was 40%). Raw hide duty is to be scaled down by 1% per year from the pre-accession 30% to the final bound rate of 20% (in 2010 it was 28%).

Another principal WTO commitment concerned **quantitative restrictions on exports**. Ukraine undertook to comply with WTO requirements concerning the application of such measures. The

country also made a commitment to remove restrictions on grain trade that existed at the time of accession. Before WTO accession, quotas on exports of grains and oilseeds were imposed recurrently as a way to deal with sharp falls in domestic supplies, in particular to mitigate the effects of bad harvests on food prices. For example, between 2006 and 2008, quotas on wheat exports were re-introduced five times. The total grain quota in effect between July and October 2007 (covering wheat, barley, rye and maize), amounted to 12 000 tons, virtually meaning an export ban. For a brief period immediately after accession in 2008, a quota was imposed on sunflower oil (300 000 tonnes) and a prohibitive one on sunflower seeds (1 000 tonnes). This decision was abrogated by the President as contradicting Ukraine's WTO commitments.

No quantitative restrictions on exports were applied in 2009, but the government again made recourse to a grain export quota in 2010. Separate quotas were set for five grains (wheat, maize, barley, rye and buckwheat). Initially, the total volume of permitted exports for all these grains was limited to 2.7 million tonnes, effective between October 2010 and December 2010. Additional volumes were subsequently allowed for exports, bringing the total quota to 6.2 million tonnes. The quota was introduced following the drought which affected Ukraine in 2010 (as well as Russia and Kazakhstan). This again increased the government's preoccupation with high bread prices and domestic feed supplies, particularly in view of the considerable price inflation in recent years in Ukraine. Originally, the quota was to be imposed until July 2011, but was lifted for maize, wheat and barley in May-June 2011. However, as of 1 July 2011 and until 1 January 2012, exports of these three grains are to be subjected to export duties. Exports of rye and buckwheat continue to be quota-restricted until July 2011. Overall, export quota resulted in revenue foregone for grain exporters and producers; some business representatives also raised the issue of this measure's conformity with the respective WTO provisions.

Ukraine actively advanced bilateral and regional trade agreements. Negotiations on an **Association Agreement with the European Union** continued. It will succeed the current Partnership and Cooperation Agreement (PCA) in force since 1998, and the provisions of the Generalised System of Preferences (GSP). Negotiations on this new framework began in March 2007 and foresee the establishment of a deep and comprehensive free trade area between Ukraine and the European Union. It will cover a wide range of trade-related matters and also provide for a deep regulatory rapprochement. A shared goal is to liberalise up to 95% of trade; some exceptions from free trade will concern agro-products. The main barrier for trade integration remains Ukraine's ability to comply with EU sanitary and phyto-sanitary requirements.

In 2010, Ukraine was invited to join the **Customs Union of Russia, Belarus and Kazakhstan**. Several Russian studies estimate that membership in the Customs Union will lead to important economic gains for Ukraine, in particular those deriving from duty-free exports of oil from Russia, lower gas prices, and expanded trade with members of the Customs Union. At present, this proposal involves certain complications with respect to Ukraine's current negotiations for a free-trade agreement with the European Union. Should Ukraine become a member of the Customs Union, the European Union would have to establish a free-trade area with the Customs Union and not with individual members of that union. Furthermore, the European Union does not establish free-trade areas with any regional country groups that include non-members of the WTO (which is currently the case for Russia, Kazakhstan and Belarus). In this respect, the Ukrainian President evoked a "three plus one" formula of co-operation between Ukraine and the Customs Union that would not impede on the conclusion of a free-trade agreement with the European Union.

On 24 June 2010, Ukraine signed a **Free Trade Agreement with the European Free Trade Association (EFTA)**. Duty reductions will be implemented over a ten-year transition period, with a

distinction between “sensitive” and “non-sensitive” goods applied (for the latter, duty rates may be brought to zero). For certain agricultural goods small-volume TRQs will be applied by the EFTA members (in large part, by Switzerland). The agreement provides for regular monitoring, with possible adjustments in the arrangements. It was agreed that there would be no recourse to antidumping measures. Ukraine retained the right to resort to export duties. **Bilateral negotiations** on trade liberalisation with **Singapore** and **Canada** are also underway. Consultations and discussions on possible free trade negotiations with Turkey, Serbia, Syria, Israel, Mexico, Algeria, the Persian Gulf Countries, and some other African and Asian states were on-going.

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ANNEX II.A1

*Sources and definitions of contextual indicators***Table X.1.**

Gross Domestic Product – GDP (USD million): OECD Analytical DataBase (ADB), Series in levels, national currency; For non member countries, Brazil, China, Russia, South Africa also taken from ADB; Ukraine: GDP from national source and for 2010 from the Economic Intelligence Unit forecast (Ukraine Country report, March 2011, p. 19). Spot exchange rates used for conversion in USD.

Population (million): OECD.stat, Demography and population, Population statistics, Population and vital statistics, series on Total population mid-year estimates. For selected EU non member countries, data come from EUROSTAT, population/demography/demography national data/population (demo/pop) (Cyprus, Estonia, Latvia, Lithuania, Malta, Slovenia, Bulgaria, Romania). For new and non member countries, UNPP, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2008 Revision,(Brazil, Chile, China, Israel, Russia, South Africa, Ukraine) <http://esa.un.org/unpp>.

Land area (thousands km²): FAO, Land use database, Land area (000 ha) recalculated to thousands km². Land area excludes water areas.

Population density (habitants/ km²): World Development Indicators (WDI), Population density.

GDP per capita, PPP (USD): OECD.stat, Country statistical profiles 2010, GDP per capita, US dollars, current prices and PPPs. Ukraine, WDI, GNI per capita, PPP (current international \$).

Trade as % of GDP: Trade data from OECD ITCS Database. Customs data; Average trade: (exports+imports)/2.

Agriculture share in GDP (%): OECD.stat, Country statistical profiles 2010; Value added in agriculture, hunting, forestry and fishing as % total value added. WDI for Ukraine and South Africa, Agriculture value added (% of GDP), where Agriculture corresponds to ISIC divisions 1-5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production.

Agriculture share in employment(%): WDI, Employment in agriculture, forestry, hunting and fishing.

Agro-food exports in total exports (%): Comtrade sas extraction (March 2011) from OECD ITCS database. Extraction does not include fish and fish products.

Agro-food imports in total imports (%): Comtrade sas extraction (March 2011) from OECD ITCS database. Extraction does not include fish and fish products.

Agro-food trade balance (USD million): Comtrade sas extraction (March 2011) from OECD ITCS database. Extraction does not include fish and fish products.

Crop in total agricultural production (%): Share of value of total crop production (including horticulture) in total agricultural production. National data.

Livestock in total agricultural production (%): Share of value of total livestock production in total agricultural production. National data.

Agricultural area (AA) (thousand ha): FAO, Land use database, Agricultural area.

Share of arable land in AA (%): FAO, Land use database, arable land in percentage of agricultural area.

Share of irrigated area in AA (%): OECD, Environmental indicators; National data for emerging economies (where provided).

Share of agriculture in water consumption (%): OECD, Environmental indicators; National data for emerging economies (where provided).

Nitrogen balance (Kg/ha): OECD, Environmental indicators (for OECD countries only). Not available for emerging economies.

Figure X.2 Main macroeconomic indicators.

Real GDP growth (%): OECD Analytical DataBase (ADB), Annualised growth of real GDP and OECD.stat, Country statistical profiles 2010, real GDP growth. Russia, South Africa and Ukraine, national data.

Inflation rate (%): OECD Analytical DataBase (ADB), Annual average rate of change in Harmonized Indices of Consumer Prices (HICPs), EUROSTAT for the European Union. Russia, South Africa and Ukraine, national data.

Unemployment rate (%): OECD Analytical DataBase (ADB), labour force statistics; EUROSTAT for the European Union, ILO, labour force statistics for emerging economies and national data for South Africa and China.

Figure X.3. Agro-food trade

Agro-food exports (USD billion): Comtrade sas extraction (March 2011) from OECD ITCS database. Extraction does not include fish and fish products.

Agro-food imports (USD billion): Comtrade sas extraction (March 2011) from OECD ITCS database. Extraction does not include fish and fish products.

PART III

**Summary tables of estimates
of support for OECD countries**

Table III.1a. OECD: Producer Support Estimate by country

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
USD mn	1 447	1 284	1 189	1 623	991	952
EUR mn	1 321	1 033	847	1 110	713	719
Percentage PSE	10	6	3	4	3	2
Producer NPC	1.08	1.03	1.00	1.00	1.00	1.00
Producer NAC	1.11	1.06	1.03	1.05	1.03	1.02
Canada						
USD mn	6 024	3 566	6 576	5 576	6 722	7 431
EUR mn	5 490	2 874	4 754	3 814	4 838	5 611
Percentage PSE	36	16	16	13	17	18
Producer NPC	1.39	1.10	1.11	1.07	1.12	1.13
Producer NAC	1.56	1.20	1.19	1.15	1.21	1.22
Chile¹						
USD mn	..na	416	323	285	384	302
EUR mn	..na	338	233	195	276	228
Percentage PSE	..na	8	4	3	4	3
Producer NPC	..na	1.07	1.01	1.00	1.01	1.00
Producer NAC	..na	1.09	1.04	1.03	1.05	1.03
European Union²						
USD mn	97 318	116 088	117 628	132 115	119 405	101 365
EUR mn	88 005	93 767	84 282	90 364	85 947	76 535
Percentage PSE	39	34	22	22	24	20
Producer NPC	1.71	1.33	1.07	1.08	1.08	1.04
Producer NAC	1.65	1.51	1.28	1.28	1.31	1.25
Iceland						
USD mn	193	131	141	177	125	120
EUR mn	174	106	100	121	90	90
Percentage PSE	77	60	48	52	48	45
Producer NPC	4.22	2.35	1.67	1.78	1.67	1.56
Producer NAC	4.34	2.48	1.93	2.07	1.92	1.81
Israel³						
USD mn	..na	782	866	1 089	800	707
EUR mn	..na	635	618	745	576	534
Percentage PSE	..na	20	12	15	12	10
Producer NPC	..na	1.19	1.10	1.13	1.10	1.09
Producer NAC	..na	1.25	1.14	1.18	1.14	1.11
Japan						
USD mn	49 754	58 891	46 834	42 829	44 784	52 888
EUR mn	45 110	47 302	33 821	29 294	32 236	39 933
Percentage PSE	64	58	49	48	48	50
Producer NPC	2.65	2.31	1.82	1.83	1.80	1.83
Producer NAC	2.78	2.40	1.95	1.94	1.92	2.00
Korea						
USD mn	12 086	23 080	17 308	16 843	17 619	17 461
EUR mn	10 848	18 630	12 462	11 520	12 682	13 184
Percentage PSE	70	67	47	45	51	45
Producer NPC	3.35	2.97	1.79	1.73	1.94	1.70
Producer NAC	3.40	3.09	1.90	1.83	2.05	1.80
Mexico⁴						
USD mn	8 437	1 589	6 034	6 313	5 572	6 219
EUR mn	6 867	1 395	4 341	4 318	4 011	4 695
Percentage PSE	28	5	12	12	13	12
Producer NPC	1.34	1.00	1.04	1.03	1.04	1.04
Producer NAC	1.40	1.06	1.14	1.14	1.15	1.14
New Zealand						
USD mn	432	64	65	69	50	76
EUR mn	413	52	47	47	36	57
Percentage PSE	10	1	1	1	0	1
Producer NPC	1.02	1.01	1.00	1.00	1.00	1.00
Producer NAC	1.12	1.01	1.01	1.01	1.00	1.01
Norway						
USD mn	2 787	2 910	3 534	3 602	3 366	3 635
EUR mn	2 518	2 358	2 544	2 464	2 423	2 744
Percentage PSE	70	66	60	59	61	61
Producer NPC	4.03	2.53	1.91	1.79	2.00	1.94
Producer NAC	3.33	2.97	2.52	2.45	2.56	2.54
Switzerland						
USD mn	5 325	5 653	5 603	5 570	5 847	5 391
EUR mn	4 800	4 567	4 030	3 810	4 209	4 071
Percentage PSE	76	67	56	54	60	54
Producer NPC	4.57	2.84	1.61	1.62	1.72	1.49
Producer NAC	4.20	3.07	2.28	2.19	2.47	2.17

Table III.1a. OECD: Producer Support Estimate by country (cont.)

	1986-88	1995-97	2008-10	2008	2009	2010p
Turkey						
USD mn	3 940	8 289	20 905	20 407	20 170	22 138
EUR mn	3 547	6 761	15 064	13 958	14 518	16 715
Percentage PSE	20	25	27	25	29	28
Producer NPC	1.21	1.24	1.26	1.28	1.25	1.23
Producer NAC	1.26	1.33	1.37	1.33	1.40	1.39
United States						
USD mn	36 411	26 614	29 151	30 477	31 423	25 551
EUR mn	33 299	21 765	20 919	20 846	22 618	19 292
Percentage PSE	22	12	9	9	10	7
Producer NPC	1.13	1.07	1.01	1.01	1.02	1.01
Producer NAC	1.28	1.14	1.09	1.10	1.11	1.08
OECD⁵						
USD mn	239 160	254 048	246 287	261 074	250 523	227 265
EUR mn	216 990	205 377	176 831	178 570	180 327	171 595
Percentage PSE	37	30	20	20	22	18
Producer NPC	1.49	1.31	1.11	1.11	1.13	1.10
Producer NAC	1.59	1.42	1.25	1.25	1.28	1.22

Note: p: provisional. na: not available. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

1. For Chile, the database starts in 1995.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
3. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. For Mexico, 1986-88 is replaced by 1991-93.
5. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011

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Table III.1b. Emerging Economies: Producer Support Estimate by country

	1995-97	2008-10	2008	2009	2010p
Brazil					
USD mn	-1 557	7 198	5 787	8 688	7 118
EUR mn	-1 226	5 195	3 958	6 253	5 374
Percentage PSE	-3	5	4	7	4
Producer NPC	0.92	1.03	1.02	1.05	1.03
Producer NAC	0.97	1.05	1.04	1.07	1.05
China					
USD mn	7 238	91 684	24 282	103 742	147 028
EUR mn	5 744	67 432	16 608	74 674	111 013
Percentage PSE	3	11	3	13	17
Producer NPC	1.01	1.06	0.97	1.08	1.14
Producer NAC	1.03	1.13	1.03	1.15	1.21
Russia					
USD mn	7 452	17 520	20 813	16 225	15 521
EUR mn	6 133	12 545	14 236	11 679	11 719
Percentage PSE	18	22	22	22	21
Producer NPC	1.07	1.16	1.18	1.17	1.13
Producer NAC	1.22	1.28	1.28	1.28	1.27
South Africa					
USD mn	1 036	512	463	674	398
EUR mn	836	367	317	485	300
Percentage PSE	11	3	3	4	2
Producer NPC	1.13	1.02	1.02	1.03	1.01
Producer NAC	1.13	1.03	1.03	1.04	1.02
Ukraine¹					
USD mn	-285	1 943	1 606	2 503	1 719
EUR mn	-159	1 400	1 099	1 802	1 298
Percentage PSE	-2	7	5	10	5
Producer NPC	0.95	1.01	0.98	1.05	1.01
Producer NAC	0.99	1.07	1.05	1.12	1.06

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

1. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932452858>

Table III.2a. OECD: Consumer Support Estimate by country

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
USD mn	-699	-451	-216	-211	-201	-237
EUR mn	-631	-365	-156	-144	-144	-179
Percentage CSE	-13	-5	-1	-1	-1	-1
Consumer NPC	1.13	1.03	1.00	1.00	1.00	1.00
Consumer NAC	1.15	1.05	1.01	1.01	1.01	1.01
Canada						
USD mn	-2 860	-1 758	-4 079	-2 862	-4 287	-5 087
EUR mn	-2 586	-1 429	-2 962	-1 958	-3 086	-3 841
Percentage CSE	-23	-11	-15	-11	-18	-17
Consumer NPC	1.33	1.13	1.18	1.12	1.22	1.21
Consumer NAC	1.30	1.13	1.18	1.12	1.22	1.21
Chile¹						
USD mn	..na	-422	-70	-56	-114	-39
EUR mn	..na	-342	-50	-38	-82	-30
Percentage CSE	..na	-8	-1	-1	-1	0
Consumer NPC	..na	1.09	1.01	1.01	1.02	1.01
Consumer NAC	..na	1.09	1.01	1.01	1.01	1.00
European Union²						
USD mn	-72 556	-57 829	-25 508	-34 894	-27 825	-13 806
EUR mn	-65 589	-46 628	-18 107	-23 867	-20 029	-10 424
Percentage CSE	-36	-21	-6	-7	-7	-4
Consumer NPC	1.70	1.30	1.07	1.08	1.08	1.04
Consumer NAC	1.56	1.26	1.06	1.08	1.07	1.04
Iceland						
USD mn	-112	-60	-48	-65	-43	-37
EUR mn	-102	-49	-35	-44	-31	-28
Percentage CSE	-70	-43	-27	-31	-27	-23
Consumer NPC	4.44	1.84	1.40	1.48	1.40	1.32
Consumer NAC	3.50	1.77	1.38	1.45	1.38	1.29
Israel³						
USD mn	..na	-655	-713	-771	-720	-647
EUR mn	..na	-537	-511	-527	-518	-489
Percentage CSE	..na	-23	-14	-15	-16	-12
Consumer NPC	..na	1.30	1.17	1.18	1.18	1.14
Consumer NAC	..na	1.29	1.17	1.18	1.18	1.14
Japan						
USD mn	-61 282	-76 199	-51 407	-48 077	-50 759	-55 386
EUR mn	-55 381	-61 242	-37 080	-32 884	-36 536	-41 819
Percentage CSE	-62	-54	-42	-43	-43	-42
Consumer NPC	2.66	2.17	1.73	1.74	1.74	1.72
Consumer NAC	2.65	2.16	1.73	1.74	1.74	1.71
Korea						
USD mn	-11 786	-23 777	-17 257	-17 177	-17 055	-17 540
EUR mn	-10 594	-19 120	-12 423	-11 749	-12 276	-13 244
Percentage CSE	-66	-65	-42	-40	-47	-38
Consumer NPC	2.94	2.91	1.73	1.68	1.88	1.62
Consumer NAC	2.93	2.89	1.72	1.68	1.88	1.62
Mexico⁴						
USD mn	-6 298	61	-668	-86	-226	-1 693
EUR mn	-5 126	-48	-500	-59	-163	-1 278
Percentage CSE	-24	1	-1	0	-1	-3
Consumer NPC	1.38	1.02	1.04	1.03	1.04	1.04
Consumer NAC	1.32	0.99	1.01	1.00	1.01	1.03
New Zealand						
USD mn	-60	-35	-44	-49	-30	-52
EUR mn	-56	-28	-31	-33	-22	-39
Percentage CSE	-6	-2	-2	-2	-1	-2
Consumer NPC	1.07	1.02	1.02	1.02	1.01	1.02
Consumer NAC	1.07	1.02	1.02	1.02	1.01	1.02
Norway						
USD mn	-1 320	-1 261	-1 558	-1 544	-1 566	-1 565
EUR mn	-1 195	-1 022	-1 122	-1 056	-1 127	-1 182
Percentage CSE	-55	-47	-41	-39	-43	-41
Consumer NPC	3.18	2.13	1.79	1.68	1.89	1.81
Consumer NAC	2.24	1.91	1.69	1.64	1.75	1.69
Switzerland						
USD mn	-4 868	-3 848	-3 074	-3 326	-3 221	-2 675
EUR mn	-4 382	-3 101	-2 205	-2 275	-2 318	-2 020
Percentage CSE	-72	-57	-37	-38	-40	-33
Consumer NPC	4.52	2.89	1.60	1.62	1.68	1.50
Consumer NAC	3.57	2.35	1.58	1.60	1.66	1.48

Table III.2a. OECD: Consumer Support Estimate by country (cont.)

	1986-88	1995-97	2008-10	2008	2009	2010p
Turkey						
USD mn	-2 918	-6 075	-13 960	-15 554	-11 861	-14 465
EUR mn	-2 628	-4 956	-10 032	-10 639	-8 537	-10 921
Percentage CSE	-19	-21	-20	-22	-20	-18
Consumer NPC	1.26	1.29	1.26	1.29	1.25	1.23
Consumer NAC	1.24	1.28	1.25	1.28	1.24	1.23
United States						
USD mn	-3 794	4 452	30 624	27 124	29 357	35 390
EUR mn	-3 494	3 550	22 135	18 552	21 131	26 721
Percentage CSE	-3	3	13	11	14	14
Consumer NPC	1.12	1.08	1.01	1.01	1.02	1.01
Consumer NAC	1.03	0.97	0.88	0.90	0.88	0.87
OECD⁵						
USD mn	-159 898	-171 491	-86 376	-95 427	-86 814	-76 886
EUR mn	-144 706	-138 258	-61 937	-65 270	-62 489	-58 052
Percentage CSE	-30	-23	-9	-9	-9	-8
Consumer NPC	1.52	1.35	1.14	1.13	1.15	1.13
Consumer NAC	1.42	1.30	1.10	1.10	1.10	1.08

Note: p: provisional. na: not available. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

1. For Chile, the database starts in 1995
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
3. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. For Mexico, 1986-88 is replaced by 1991-93.
5. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011

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Table III.2b. Emerging Economies: Consumer Support Estimate by country

	1995-97	2008-10	2008	2009	2010p
Brazil					
USD mn	2 534	-3 388	-1 370	-5 297	-3 498
EUR mn	2 062	-2 464	-937	-3 813	-2 641
Percentage CSE	5	-3	-1	-6	-3
Producer NPC	0.95	1.04	1.02	1.06	1.04
Producer NAC	0.95	1.03	1.01	1.06	1.03
China					
USD mn	-3 264	-56 941	16 459	-74 028	-113 255
EUR mn	-2 439	-42 513	11 258	-53 285	-85 512
Percentage CSE	-2	-7	2	-9	-13
Producer NPC	1.02	1.08	0.97	1.11	1.16
Producer NAC	1.02	1.08	0.98	1.10	1.16
Russia					
USD mn	-3 139	-18 072	-24 583	-16 559	-13 074
EUR mn	-2 816	-12 868	-16 814	-11 919	-9 872
Percentage CSE	-6	-20	-24	-20	-15
Producer NPC	1.06	1.23	1.28	1.25	1.16
Producer NAC	1.07	1.25	1.31	1.26	1.17
South Africa					
USD mn	-1 042	-224	-206	-404	-62
EUR mn	-837	-159	-141	-291	-47
Percentage CSE	-12	-2	-1	-3	0
Producer NPC	1.14	1.02	1.02	1.03	1.01
Producer NAC	1.13	1.02	1.01	1.03	1.00
Ukraine¹					
USD mn	1 031	-1 913	-2 659	-2 170	-911
EUR mn	774	-1 356	-1 819	-1 562	-688
Percentage CSE	11	-10	-12	-14	-5
Producer NPC	0.92	1.09	1.09	1.14	1.04
Producer NAC	0.93	1.12	1.14	1.16	1.05

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

1. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932452896>

Table III.3a. OECD: General Services Support Estimate by country

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
USD mn	95	385	750	767	688	796
EUR mn	86	315	540	524	495	601
Percentage of TSE	7	26	43	35	46	53
Canada						
USD mn	1 464	1 454	2 906	2 718	2 892	3 108
EUR mn	1 328	1 175	2 096	1 859	2 081	2 347
Percentage of TSE	19	29	31	33	30	29
Chile¹						
USD mn	..na	79	288	216	323	325
EUR mn	..na	66	208	148	232	245
Percentage of TSE	..na	16	47	43	46	52
European Union²						
USD mn	9 187	10 589	15 176	18 532	13 678	13 319
EUR mn	8 273	8 640	10 859	12 676	9 845	10 056
Percentage of TSE	8	8	11	12	10	11
Iceland						
USD mn	18	14	9	12	8	8
EUR mn	16	11	7	8	5	6
Percentage of TSE	7	9	6	6	6	6
Israel³						
USD mn	..na	121	159	136	159	181
EUR mn	..na	98	115	93	114	137
Percentage of TSE	..na	13	16	11	17	20
Japan						
USD mn	8 775	19 447	9 488	10 956	10 763	6 743
EUR mn	7 889	15 611	6 778	7 494	7 748	5 091
Percentage of TSE	15	25	17	20	19	11
Korea						
USD mn	1 475	3 378	2 769	2 917	2 672	2 719
EUR mn	1 368	2 762	1 990	1 995	1 923	2 053
Percentage of TSE	11	13	14	15	13	13
Mexico⁴						
USD mn	1 105	488	823	835	764	870
EUR mn	900	392	593	571	550	657
Percentage of TSE	11	17	10	10	10	12
New Zealand						
USD mn	119	122	220	222	193	246
EUR mn	108	100	159	152	139	185
Percentage of TSE	21	66	77	76	79	76
Norway						
USD mn	124	160	356	354	340	374
EUR mn	112	129	257	242	245	283
Percentage of TSE	4	5	9	9	9	9
Switzerland						
USD mn	438	462	455	451	443	472
EUR mn	396	373	328	308	319	356
Percentage of TSE	7	7	7	7	7	8
Turkey						
USD mn	309	2 303	1 266	1 071	1 690	1 038
EUR mn	277	1 878	911	733	1 217	784
Percentage of TSE	8	22	6	5	8	4
United States						
USD mn	13 682	25 678	57 196	45 088	56 651	69 849
EUR mn	12 450	20 786	41 452	30 840	40 778	52 739
Percentage of TSE	23	37	48	43	46	52
OECD⁵						
USD mn	36 914	65 178	91 372	83 805	90 926	99 385
EUR mn	33 437	52 747	65 936	57 321	65 448	75 040
Percentage of TSE	12	19	24	22	24	27

Note: p: provisional. na: not available. TSE: Total support estimate.

1. For Chile, the database starts in 1995.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
3. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. For Mexico, 1986-88 is replaced by 1991-93.
5. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011


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Table III.3b. Emerging Economies: General Services Support Estimate by country

	1995-97	2008-10	2008	2009	2010p
Brazil					
USD mn	2 902	2 073	1 917	1 903	2 400
EUR mn	2 366	1 498	1 311	1 370	1 812
Percentage of TSE	200	21	25	17	24
China					
USD mn	5 530	27 379	23 529	28 412	30 195
EUR mn	4 527	19 781	16 094	20 451	22 799
Percentage of TSE	42	23	49	21	17
Russia					
USD mn	1 927	4 164	4 676	5 044	2 773
EUR mn	1 641	2 974	3 198	3 631	2 094
Percentage of TSE	21	19	18	24	15
South Africa					
USD mn	554	376	327	353	449
EUR mn	444	272	223	254	339
Percentage of TSE	35	42	41	34	53
Ukraine¹					
USD mn	306	963	1 162	883	842
EUR mn	254	689	795	636	636
Percentage of TSE	864	32	42	26	33

Note: p: provisional. TSE: Total support estimate.

1. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932452934>

Table III.4a. OECD: Total Support Estimate by country

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
USD mn	1 451	1 510	1 728	2 185	1 484	1 515
EUR mn	1 329	1 219	1 236	1 494	1 068	1 144
Percentage of GDP	0.7	0.4	0.2	0.2	0.2	0.1
Canada						
USD mn	7 518	5 024	9 482	8 294	9 613	10 539
EUR mn	6 848	4 052	6 850	5 673	6 920	7 957
Percentage of GDP	1.8	0.8	0.6	0.6	0.7	0.7
Chile¹						
USD mn	..na	495	611	500	706	627
EUR mn	..na	403	441	342	509	473
Percentage of GDP	..na	0.6	0.3	0.3	0.4	0.3
European Union²						
USD mn	111 417	131 531	134 677	152 729	135 056	116 245
EUR mn	100 720	106 337	96 483	104 464	97 214	87 770
Percentage of GDP	2.6	1.5	0.8	0.8	0.8	0.7
Iceland						
USD mn	257	150	153	193	135	131
EUR mn	230	122	109	132	97	99
Percentage of GDP	5.0	2.1	1.1	1.2	1.1	1.0
Israel³						
USD mn	..na	903	1 024	1 226	959	889
EUR mn	..na	734	733	838	690	671
Percentage of GDP	..na	0.9	0.5	0.6	0.5	0.4
Japan						
USD mn	58 422	78 578	56 343	53 808	55 572	59 648
EUR mn	52 901	63 106	40 614	36 804	40 001	45 037
Percentage of GDP	2.4	1.6	1.1	1.1	1.1	1.1
Korea						
USD mn	13 634	26 767	20 126	19 811	20 342	20 224
EUR mn	12 282	21 643	14 487	13 550	14 642	15 270
Percentage of GDP	9.1	4.9	2.2	2.1	2.4	2.0
Mexico⁴						
USD mn	10 395	2 686	7 900	8 631	7 607	7 464
EUR mn	8 458	2 287	5 671	5 903	5 475	5 636
Percentage of GDP	2.4	0.7	0.8	0.8	0.9	0.7
New Zealand						
USD mn	551	186	285	291	244	321
EUR mn	521	151	206	199	175	243
Percentage of GDP	1.6	0.3	0.2	0.2	0.2	0.2
Norway						
USD mn	3 131	3 151	3 968	4 037	3 781	4 085
EUR mn	2 831	2 554	2 856	2 761	2 721	3 085
Percentage of GDP	3.5	2.0	1.0	0.9	1.0	1.0
Switzerland						
USD mn	6 458	6 943	6 090	6 088	6 312	5 868
EUR mn	5 823	5 605	4 380	4 164	4 544	4 431
Percentage of GDP	3.8	2.3	1.2	1.2	1.3	1.1
Turkey						
USD mn	4 248	10 593	22 172	21 478	21 860	23 176
EUR mn	3 823	8 639	15 975	14 691	15 735	17 499
Percentage of GDP	3.8	4.4	3.2	2.9	3.5	3.1
United States						
USD mn	60 182	70 108	119 979	104 446	122 041	133 450
EUR mn	54 918	57 025	86 682	71 439	87 845	100 761
Percentage of GDP	1.3	0.9	0.8	0.7	0.9	0.9
OECD⁵						
USD mn	295 748	343 826	374 081	377 286	378 493	366 463
EUR mn	268 278	278 093	269 064	258 057	272 439	276 696
Percentage of GDP	2.2	1.4	0.9	0.9	0.9	0.9

Note: p: provisional. na: not available.

1. For Chile, the database starts in 1995.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
3. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. For Mexico, 1986-88 is replaced by 1991-93.
5. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932452953>

Table III.4b. Emerging Economies: Total Support Estimate by country

	1995-97	2008-10	2008	2009	2010p
Brazil					
USD mn	1 359	9 628	7 780	10 981	10 124
EUR mn	1 153	6 957	5 322	7 904	7 644
Percentage of GDP	0.2	0.5	0.5	0.7	0.5
China					
USD mn	13 020	119 078	47 827	132 170	177 238
EUR mn	10 474	87 224	32 713	95 136	133 823
Percentage of GDP	1.5	2.3	1.1	2.6	3.0
Russia					
USD mn	9 379	21 684	25 488	21 270	18 295
EUR mn	7 773	15 519	17 434	15 310	13 813
Percentage of GDP	2.6	1.6	1.5	1.7	1.4
South Africa					
USD mn	1 591	888	790	1 026	846
EUR mn	1 279	639	540	739	639
Percentage of GDP	1.0	0.3	0.3	0.4	0.3
Ukraine¹					
USD mn	21	2 906	2 769	3 387	2 562
EUR mn	95	2 089	1 894	2 438	1 934
Percentage of GDP	0.1	2.1	1.5	2.9	2.0

Note: p: provisional.

1. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932452972>

Table III.5a. OECD: Composition of Producer Support Estimate by country

Percentage share in PSE

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
Percentage PSE	10	6	3	4	3	2
Support based on commodity output	71	50	0	0	0	1
Payments based on input use	16	35	51	45	56	54
Payments based on current A/An/R/I, production required ¹	0	1	6	6	6	7
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	13	14	40	48	36	36
Payments based on non-commodity criteria	0	0	2	1	2	2
Miscellaneous payments	0	0	0	0	0	0
Canada						
Percentage PSE	36	16	16	13	17	18
Support based on commodity output	58	51	55	46	57	61
Payments based on input use	18	14	7	9	6	6
Payments based on current A/An/R/I, production required	22	17	29	30	30	27
Payments based on non-current A/An/R/I, production required	0	0	3	2	0	5
Payments based on non-current A/An/R/I, production not required	0	15	5	12	3	0
Payments based on non-commodity criteria	0	0	1	0	4	1
Miscellaneous payments	2	2	0	1	0	0
Chile²						
Percentage PSE	..na	8	4	3	4	3
Support based on commodity output	..na	82	16	11	28	9
Payments based on input use	..na	15	81	83	71	89
Payments based on current A/An/R/I, production required	..na	2	3	6	0	2
Payments based on non-current A/An/R/I, production required	..na	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	..na	0	0	0	0	0
Payments based on non-commodity criteria	..na	0	0	0	0	0
Miscellaneous payments	..na	0	0	0	0	0
European Union 27³						
Percentage PSE	39	34	22	22	24	20
Support based on commodity output	91	61	24	29	26	16
Payments based on input use	5	7	14	13	13	16
Payments based on current A/An/R/I, production required	4	32	18	17	18	18
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	42	37	40	47
Payments based on non-commodity criteria	0	1	2	3	2	2
Miscellaneous payments	0	-1	0	0	0	0
Iceland						
Percentage PSE	77	60	48	52	48	45
Support based on commodity output	93	85	67	69	69	65
Payments based on input use	7	4	8	8	7	8
Payments based on current A/An/R/I, production required	0	0	4	3	4	4
Payments based on non-current A/An/R/I, production required	0	11	21	19	21	22
Payments based on non-current A/An/R/I, production not required	1	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	1	0	0
Miscellaneous payments	0	0	0	0	0	0
Israel⁴						
Percentage PSE	..na	20	12	15	12	10
Support based on commodity output	..na	66	80	83	80	77
Payments based on input use	..na	28	13	10	13	16
Payments based on current A/An/R/I, production required	..na	4	6	6	6	6
Payments based on non-current A/An/R/I, production required	..na	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	..na	2	1	1	1	1
Payments based on non-commodity criteria	..na	0	0	0	0	0
Miscellaneous payments	..na	0	0	0	0	0

Table III.5a. OECD: Composition of Producer Support Estimate by country (cont.)

Percentage share in PSE

	1986-88	1995-97	2008-10	2008	2009	2010p
Japan						
Percentage PSE	64	58	49	48	48	50
Support based on commodity output	93	93	86	89	87	83
Payments based on input use	4	5	4	4	4	4
Payments based on current A/An/R/I, production required	0	0	3	1	2	6
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	3	2	7	6	7	8
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Mexico⁵						
Percentage PSE	28	5	12	12	13	12
Support based on commodity output	83	98	26	23	28	28
Payments based on input use	17	3	51	53	50	51
Payments based on current A/An/R/I, production required	0	1	1	2	1	1
Payments based on non-current A/An/R/I, production required	0	0	5	5	5	5
Payments based on non-current A/An/R/I, production not required	0	-1	17	17	16	16
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
New Zealand						
Percentage PSE	10	1	1	1	0	1
Support based on commodity output	19	62	66	68	61	71
Payments based on input use	48	38	32	31	37	28
Payments based on current A/An/R/I, production required	12	1	1	1	1	0
Payments based on non-current A/An/R/I, production required	21	0	1	0	1	1
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Norway						
Percentage PSE	70	66	60	59	61	61
Support based on commodity output	72	62	49	50	50	49
Payments based on input use	9	5	6	6	6	6
Payments based on current A/An/R/I, production required	19	33	32	31	32	32
Payments based on non-current A/An/R/I, production required	0	0	13	13	12	12
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Switzerland						
Percentage PSE	76	67	56	54	60	54
Support based on commodity output	83	66	48	51	50	43
Payments based on input use	7	6	3	4	3	4
Payments based on current A/An/R/I, production required	7	17	21	19	20	24
Payments based on non-current A/An/R/I, production required	0	8	2	2	2	2
Payments based on non-current A/An/R/I, production not required	0	0	20	20	19	21
Payments based on non-commodity criteria	0	1	3	2	3	3
Miscellaneous payments	3	3	3	3	3	3
Turkey						
Percentage PSE	20	25	27	25	29	28
Support based on commodity output	77	75	89	85	91	91
Payments based on input use	23	25	3	5	3	2
Payments based on current A/An/R/I, production required	0	1	6	6	6	7
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	1	4	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0

Table III.5a. OECD: Composition of Producer Support Estimate by country (cont.)

Percentage share in PSE

	1986-88	1995-97	2008-10	2008	2009	2010p
United States						
Percentage PSE	22	12	9	9	10	7
Support based on commodity output	44	47	10	6	16	7
Payments based on input use	20	26	33	30	30	37
Payments based on current A/An/R/I, production required	34	8	27	33	25	22
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	1	13	22	23	20	23
Payments based on non-commodity criteria	2	7	9	8	8	10
Miscellaneous payments	0	0	0	0	0	0
OECD⁶						
Percentage PSE	37	30	20	20	22	18
Support based on commodity output	82	70	46	45	47	47
Payments based on input use	8	9	13	13	13	14
Payments based on current A/An/R/I, production required	8	16	14	15	14	15
Payments based on non-current A/An/R/I, production required	0	0	1	1	0	1
Payments based on non-current A/An/R/I, production not required	1	3	23	24	23	21
Payments based on non-commodity criteria	0	1	2	3	2	2
Miscellaneous payments	0	0	0	0	0	0

Note: p: provisional. na: not available.

1. A (area planted) / An (animal numbers) / R (receipts) / I (income).
2. For Chile, the database starts in 1995.
3. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
4. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
5. For Mexico, 1986-88 is replaced by 1991-93.
6. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011


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Table III.5b. Emerging Economies: Composition of Producer Support Estimate by country

Percentage share in PSE

	1995-97	2008-10	2008	2009	2010p
Brazil					
Percentage PSE	-3	5	4	7	4
Support based on commodity output	-1 706	54	36	68	57
Payments based on input use	1 806	45	63	31	42
Payments based on current A/An/R/I, production required ¹	0	1	1	1	1
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	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
China					
Percentage PSE	3	11	3	13	17
Support based on commodity output	-8	9	-83	48	61
Payments based on input use	83	36	70	22	17
Payments based on current A/An/R/I, production required	9	34	71	17	14
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	15	10	19	5	5
Payments based on non-commodity criteria	0	11	23	7	4
Miscellaneous payments	0	0	0	0	0
Russia					
Percentage PSE	18	22	22	22	21
Support based on commodity output	34	67	72	68	61
Payments based on input use	61	30	25	30	34
Payments based on current A/An/R/I, production required	0	1	0	0	2
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	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Miscellaneous payments	5	2	3	2	2
South Africa					
Percentage PSE	11	3	3	4	2
Support based on commodity output	96	50	64	67	19
Payments based on input use	2	48	33	30	81
Payments based on current A/An/R/I, production required	2	2	4	3	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	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Ukraine²					
Percentage PSE	-2	7	5	10	5
Support based on commodity output	104	34	20	51	31
Payments based on input use	-3	55	53	45	68
Payments based on current A/An/R/I, production required	-1	11	27	4	1
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	0	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0

Note: p: provisional.

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

2. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453010>

Table III.6a. OECD: Characteristics of policy support by country

Percentage share in PSE

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
Proportion of support with output and payment limits	0.0	2.4	42.6	50.8	40.8	36.3
Proportion of support with input constraints	0.0	2.4	8.6	5.4	9.2	11.3
Proportion of support based on single commodities	71.4	52.7	0.4	0.3	0.2	0.7
Proportion of support not requiring production	12.6	13.9	41.9	49.4	38.1	38.3
Canada						
Proportion of support with output and payment limits	35.9	43.8	68.7	62.8	65.8	77.6
Proportion of support with input constraints	0.1	0.0	2.0	0.9	3.9	1.2
Proportion of support based on single commodities	71.3	59.0	67.8	60.7	69.9	72.9
Proportion of support not requiring production	2.1	17.3	6.9	12.7	6.8	1.2
Chile¹						
Proportion of support with output and payment limits	..na	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	..na	6.6	36.9	44.0	32.8	33.9
Proportion of support based on single commodities	..na	82.4	16.3	11.4	28.3	9.3
Proportion of support not requiring production	..na	0.0	0.0	0.0	0.0	0.0
European Union²						
Proportion of support with output and payment limits	31.7	49.9	52.9	50.4	51.6	56.6
Proportion of support with input constraints	1.5	13.8	59.5	55.8	57.2	65.4
Proportion of support based on single commodities	93.2	70.2	27.8	33.1	30.2	20.0
Proportion of support not requiring production	0.5	0.3	44.1	40.7	42.1	49.4
Iceland						
Proportion of support with output and payment limits	0.0	46.7	54.0	50.3	53.8	58.0
Proportion of support with input constraints	0.0	0.0	0.4	0.7	0.2	0.3
Proportion of support based on single commodities	94.1	97.5	94.6	94.4	94.9	94.6
Proportion of support not requiring production	0.6	0.2	0.4	0.7	0.2	0.2
Israel³						
Proportion of support with output and payment limits	..na	2.6	3.1	2.7	3.1	3.5
Proportion of support with input constraints	..na	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	..na	67.7	81.0	84.6	80.9	77.5
Proportion of support not requiring production	..na	2.4	1.1	1.0	1.1	1.2
Japan						
Proportion of support with output and payment limits	2.1	2.2	4.4	3.0	3.4	7.0
Proportion of support with input constraints	0.0	0.0	5.7	5.4	6.2	5.6
Proportion of support based on single commodities	92.7	93.3	87.5	88.7	87.0	86.8
Proportion of support not requiring production	3.1	1.9	7.1	6.1	7.3	7.8
Korea						
Proportion of support with output and payment limits	0.0	0.0	3.4	4.0	2.9	3.3
Proportion of support with input constraints	0.0	0.4	4.2	4.5	3.6	4.3
Proportion of support based on single commodities	99.0	94.4	90.9	89.1	92.5	91.1
Proportion of support not requiring production	0.0	0.0	3.4	4.0	2.9	3.3
Mexico⁴						
Proportion of support with output and payment limits	0.5	-2.0	27.3	29.5	25.2	27.3
Proportion of support with input constraints	0.0	0.0	5.0	5.2	5.1	4.8
Proportion of support based on single commodities	84.4	99.6	43.0	38.8	44.7	45.4
Proportion of support not requiring production	0.0	-1.4	16.5	17.5	16.4	15.7
New Zealand						
Proportion of support with output and payment limits	0.2	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	0.0	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	19.1	61.6	66.5	68.1	60.6	70.6
Proportion of support not requiring production	0.0	0.0	0.0	0.0	0.0	0.0
Norway						
Proportion of support with output and payment limits	32.5	34.9	25.9	24.8	26.9	26.1
Proportion of support with input constraints	0.0	0.7	10.4	10.9	10.3	10.1
Proportion of support based on single commodities	72.2	62.4	54.3	54.6	54.4	54.1
Proportion of support not requiring production	0.0	0.2	0.3	0.2	0.3	0.3

Table III.6a. OECD: Characteristics of policy support by country (cont.)

Percentage share in PSE

	1986-88	1995-97	2008-10	2008	2009	2010p
Switzerland						
Proportion of support with output and payment limits	34.2	28.7	11.0	12.3	13.6	7.0
Proportion of support with input constraints	4.9	26.5	45.9	43.0	44.2	50.4
Proportion of support based on single commodities	85.4	68.4	48.6	51.5	50.6	43.6
Proportion of support not requiring production	2.6	3.6	25.9	25.3	24.7	27.7
Turkey						
Proportion of support with output and payment limits	77.5	75.3	90.6	89.3	91.7	90.9
Proportion of support with input constraints	0.0	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	77.8	75.5	90.2	85.5	92.6	92.5
Proportion of support not requiring production	0.0	0.0	1.4	4.3	0.0	0.0
United States						
Proportion of support with output and payment limits	72.6	66.6	41.3	35.6	45.6	42.7
Proportion of support with input constraints	24.0	28.1	63.0	68.1	59.2	61.6
Proportion of support based on single commodities	71.3	51.4	28.7	25.0	35.2	25.9
Proportion of support not requiring production	2.6	20.0	30.8	30.7	28.7	33.1
OECD⁵						
Proportion of support with output and payment limits	27.8	35.1	39.5	39.4	40.5	38.6
Proportion of support with input constraints	4.4	10.1	35.7	37.8	36.3	33.1
Proportion of support based on single commodities	87.7	75.1	51.9	50.1	52.5	53.2
Proportion of support not requiring production	1.4	3.7	25.2	26.6	25.6	23.3

Note: p: provisional. na: not available. The shares may add to more than 100% as different characteristics may apply to the same payment.

1. For Chile, the database starts in 1995.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
3. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. For Mexico, 1986-88 is replaced by 1991-93.
5. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011


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Table III.6b. Emerging Economies: Characteristics of policy support by country

Percentage share in PSE

	1995-97	2008-10	2008	2009	2010p
Brazil					
Proportion of support with output and payment limits	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	-803.0	66.2	53.6	77.1	68.0
Proportion of support not requiring production	0.0	0.0	0.0	0.0	0.0
China					
Proportion of support with output and payment limits	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	0.0	11.0	22.6	6.7	3.8
Proportion of support based on single commodities	-7.6	11.8	-77.1	50.0	62.7
Proportion of support not requiring production	15.4	20.6	41.5	12.0	8.4
Russia					
Proportion of support with output and payment limits	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	34.2	69.0	72.8	70.1	64.0
Proportion of support not requiring production	4.9	2.3	2.6	2.1	2.1
South Africa					
Proportion of support with output and payment limits	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	96.3	50.0	63.6	67.4	19.1
Proportion of support not requiring production	0.0	0.0	0.0	0.0	0.0
Ukraine¹					
Proportion of support with output and payment limits	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	103.9	38.1	31.7	51.7	31.0
Proportion of support not requiring production	0.0	0.0	0.0	0.0	0.0

Note: p: provisional. The shares may add to more than 100% as different characteristics may apply to the same payment.

1. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453048>

Table III.7a. OECD: Composition of General Services Support Estimate

Percentage share in GSSE

	1986-88	1995-97	2008-10	2008	2009	2010p
Australia						
Research and Development	100	77	69	64	72	71
Agricultural schools	0	0	1	1	1	1
Inspection services	0	5	11	10	11	11
Infrastructure	0	13	19	24	15	16
Marketing and promotion	0	5	1	1	1	1
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Canada						
Research and Development	17	21	14	14	14	15
Agricultural schools	14	13	8	9	8	8
Inspection services	17	18	29	30	29	29
Infrastructure	23	16	17	19	14	19
Marketing and promotion	29	32	31	28	36	29
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Chile¹						
Research and Development	..na	34	15	19	13	13
Agricultural schools	..na	1	1	1	1	1
Inspection services	..na	1	23	12	28	30
Infrastructure	..na	58	55	61	53	51
Marketing and promotion	..na	5	6	7	5	6
Public stockholding	..na	0	0	0	0	0
Miscellaneous	..na	1	0	0	0	0
European Union 27²						
Research and Development	13	17	20	17	22	21
Agricultural schools	2	8	10	7	9	12
Inspection services	2	3	7	6	7	8
Infrastructure	14	22	34	42	33	29
Marketing and promotion	19	26	28	26	27	30
Public stockholding	50	21	1	2	2	0
Miscellaneous	0	3	0	0	0	0
Iceland						
Research and Development	20	25	15	20	14	11
Agricultural schools	7	10	0	0	0	0
Inspection services	6	9	38	33	37	43
Infrastructure	13	19	5	5	6	5
Marketing and promotion	8	8	7	9	7	6
Public stockholding	47	28	35	34	36	35
Miscellaneous	0	0	0	0	0	0
Israel³						
Research and Development	..na	39	36	40	34	34
Agricultural schools	..na	1	0	0	0	0
Inspection services	..na	14	16	18	15	15
Infrastructure	..na	3	39	32	42	43
Marketing and promotion	..na	15	0	1	0	0
Public stockholding	..na	28	8	9	8	7
Miscellaneous	..na	0	0	0	0	0
Japan						
Research and Development	4	3	10	8	9	14
Agricultural schools	2	1	4	4	4	6
Inspection services	1	1	1	1	1	2
Infrastructure	86	89	79	82	82	72
Marketing and promotion	2	1	1	1	1	0
Public stockholding	3	3	2	2	2	3
Miscellaneous	2	1	2	2	2	3
Korea						
Research and Development	5	10	23	25	21	24
Agricultural schools	0	2	4	4	4	5
Inspection services	2	3	4	4	3	4
Infrastructure	37	74	56	54	58	55
Marketing and promotion	0	0	2	2	2	2
Public stockholding	35	11	11	12	12	9
Miscellaneous	21	0	0	0	0	0
Mexico⁴						
Research and Development	10	19	14	15	16	12
Agricultural schools	16	25	37	33	33	44
Inspection services	0	5	8	13	5	7
Infrastructure	25	23	28	26	33	26
Marketing and promotion	9	6	12	13	13	8
Public stockholding	35	14	0	0	0	0
Miscellaneous	5	9	2	1	0	4

Table III.7a. OECD: Composition of General Services Support Estimate (cont.)

Percentage share in GSSE

	1986-88	1995-97	2008-10	2008	2009	2010p
New Zealand						
Research and Development	51	60	25	28	23	22
Agricultural schools	0	3	8	8	10	7
Inspection services	26	24	39	36	39	43
Infrastructure	23	12	28	28	29	28
Marketing and promotion	0	0	0	0	0	0
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	1	0	0	0	0
Norway						
Research and Development	56	60	44	44	47	40
Agricultural schools	0	0	0	0	0	0
Inspection services	4	16	11	12	8	13
Infrastructure	16	7	14	14	14	14
Marketing and promotion	25	14	4	4	3	3
Public stockholding	0	2	0	0	0	0
Miscellaneous	0	0	27	25	28	29
Switzerland						
Research and Development	20	21	20	20	20	21
Agricultural schools	6	6	4	4	4	4
Inspection services	2	2	2	2	2	2
Infrastructure	20	14	18	18	17	17
Marketing and promotion	7	8	11	11	11	12
Public stockholding	15	14	8	9	8	8
Miscellaneous	31	34	36	36	36	36
Turkey						
Research and Development	18	2	2	3	2	2
Agricultural schools	1	0	0	0	0	0
Inspection services	16	3	4	5	3	5
Infrastructure	3	1	0	0	0	0
Marketing and promotion	28	90	94	92	96	93
Public stockholding	0	0	0	0	0	0
Miscellaneous	35	4	0	0	0	0
United States						
Research and Development	8	6	4	5	4	3
Agricultural schools	0	0	0	0	0	0
Inspection services	3	2	2	2	2	2
Infrastructure	3	2	8	12	5	6
Marketing and promotion	78	85	82	76	85	86
Public stockholding	0	0	0	0	0	0
Miscellaneous	8	6	4	5	4	3
OECD⁵						
Research and Development	10	9	9	10	9	8
Agricultural schools	2	3	3	3	2	3
Inspection services	3	2	4	4	4	4
Infrastructure	28	35	22	29	21	16
Marketing and promotion	36	42	59	49	60	66
Public stockholding	16	5	1	1	1	1
Miscellaneous	6	4	3	3	3	3

Note: p: provisional. na: not available.

1. For Chile, the database starts in 1995.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU-27 from 2007.
3. For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.
4. For Mexico, 1986-88 is replaced by 1991-93.
5. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU total from 2004. The OECD total does not include the non-OECD EU member states. Chile and Israel are included in the OECD total from 1995.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453067>

Table III.7b. Emerging Economies: Composition of General Services Support Estimate

Percentage share in GSSE

	1995-97	2008-10	2008	2009	2010p
Brazil					
Research and Development	17	12	7	11	17
Agricultural schools	7	10	9	10	10
Inspection services	4	6	6	6	6
Infrastructure	58	57	62	57	52
Marketing and promotion	0	3	3	3	3
Public stockholding	15	12	12	12	12
Miscellaneous	0	0	0	0	0
China					
Research and Development	1	2	2	2	2
Agricultural schools	7	11	12	12	10
Inspection services	5	6	6	6	7
Infrastructure	23	49	45	50	53
Marketing and promotion	0	0	0	0	0
Public stockholding	64	31	35	30	28
Miscellaneous	0	0	0	0	0
Russia					
Research and Development	5	7	6	5	11
Agricultural schools	14	15	13	11	22
Inspection services	14	17	16	13	22
Infrastructure	18	24	23	17	31
Marketing and promotion	2	0	0	0	1
Public stockholding	0	5	1	6	7
Miscellaneous	47	31	41	47	7
South Africa					
Research and Development	81	42	41	37	47
Agricultural schools	0	0	0	0	0
Inspection services	7	13	16	11	11
Infrastructure	7	25	24	27	23
Marketing and promotion	0	2	2	2	2
Public stockholding	0	0	0	0	0
Miscellaneous	4	19	17	24	18
Ukraine¹					
Research and Development	10	8	10	7	8
Agricultural schools	15	23	21	21	27
Inspection services	6	12	13	10	12
Infrastructure	64	14	14	13	16
Marketing and promotion	1	1	0	1	1
Public stockholding	0	41	40	47	35
Miscellaneous	3	1	1	1	0

Note: p: provisional.

1. For Ukraine, the first average corresponds to 1996-97.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453086>

Table III.8. OECD: Producer Single Commodity Transfers (USD)

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (USD mn)	239 160	254 048	246 287	261 074	250 523	227 265
Total Producer SCT (USD mn)	209 756	190 957	127 751	130 847	131 477	120 928
Share of Producer SCT in Total PSE (%)	88	75	52	50	52	53
Wheat						
Producer SCT (USD mn)	16 020	3 673	2 815	2 184	3 618	2 644
Percentage SCT	43.2	8.8	5.0	2.9	7.2	5.0
Producer NPC	1.67	1.05	1.03	1.01	1.04	1.03
Maize						
Producer SCT (USD mn)	11 012	2 724	2 849	2 773	3 023	2 750
Percentage SCT	36.2	7.4	3.9	3.7	4.7	3.2
Producer NPC	1.30	1.04	1.01	1.00	1.01	1.01
Other grains						
Producer SCT (USD mn)	9 785	2 203	1 248	915	1 468	1 361
Percentage SCT	47.6	11.8	6.0	3.2	8.0	6.7
Producer NPC	1.92	1.13	1.05	1.02	1.07	1.05
Rice						
Producer SCT (USD mn)	25 346	31 241	17 657	16 516	16 821	19 635
Percentage SCT	79.8	75.4	54.3	52.1	52.8	58.0
Producer NPC	4.90	4.17	2.09	2.05	2.07	2.15
Rapeseed						
Producer SCT (USD mn)	1 833	52	140	78	107	234
Percentage SCT	47.5	1.2	1.0	0.5	0.8	1.5
Producer NPC	1.88	1.01	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (USD mn)	1 161	75	153	118	185	154
Percentage SCT	47.3	4.5	5.4	3.1	8.0	5.1
Producer NPC	1.92	1.05	1.06	1.03	1.09	1.05
Soyabean						
Producer SCT (USD mn)	1 101	354	1 646	1 821	1 544	1 572
Percentage SCT	8.7	2.0	4.6	5.4	4.3	4.2
Producer NPC	1.09	1.02	1.01	1.01	1.01	1.01
Sugar						
Producer SCT (USD mn)	4 988	5 727	2 659	4 107	2 094	1 776
Percentage SCT	50.8	41.2	22.0	35.1	17.1	13.7
Producer NPC	2.31	1.81	1.29	1.53	1.19	1.15
Milk						
Producer SCT (USD mn)	45 217	42 226	12 760	10 768	15 259	12 252
Percentage SCT	59.2	44.7	10.6	7.5	13.5	10.6
Producer NPC	2.83	1.85	1.12	1.08	1.16	1.12
Beef and Veal						
Producer SCT (USD mn)	18 034	19 805	13 882	15 899	15 529	10 220
Percentage SCT	27.8	25.1	13.7	14.9	16.3	9.8
Producer NPC	1.40	1.25	1.12	1.14	1.15	1.08
Sheepmeat						
Producer SCT (USD mn)	4 284	4 085	1 522	1 710	1 785	1 070
Percentage SCT	51.7	39.8	14.7	16.2	17.7	10.2
Producer NPC	1.81	1.37	1.13	1.14	1.17	1.09
Wool						
Producer SCT (USD mn)	112	97	31	32	30	31
Percentage SCT	2.9	3.7	1.5	1.7	1.5	1.3
Producer NPC	1.01	1.02	1.02	1.02	1.02	1.01
Pigmeat						
Producer SCT (USD mn)	4 157	5 912	8 793	10 623	8 031	7 725
Percentage SCT	8.9	9.8	11.7	13.3	11.4	10.3
Producer NPC	1.20	1.13	1.13	1.15	1.13	1.11
Poultry						
Producer SCT (USD mn)	3 224	5 019	8 662	8 609	9 070	8 305
Percentage SCT	13.3	13.7	14.1	13.8	15.5	13.0
Producer NPC	1.26	1.17	1.17	1.16	1.19	1.15
Eggs						
Producer SCT (USD mn)	3 379	2 374	1 545	1 562	1 379	1 692
Percentage SCT	21.6	12.3	5.3	5.2	4.9	5.9
Producer NPC	1.34	1.16	1.06	1.06	1.06	1.07
Other Commodities						
Producer SCT (USD mn) ¹	60 101	65 392	51 390	53 131	51 535	49 504
Percentage SCT	26.2	20.7	11.5	11.8	12.2	10.5
Producer NPC	1.51	1.32	1.12	1.13	1.12	1.10

Note: p: provisional; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.
Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453105>

Table III.9. OECD: Producer Single Commodity Transfers (EUR)

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (EUR mn)	216 990	205 377	176 831	178 570	180 327	171 595
Total Producer SCT (EUR mn)	190 347	154 210	91 813	89 497	94 637	91 306
Share of Producer SCT in Total PSE (%)	88	75	52	50	52	53
Wheat						
Producer SCT (EUR mn)	14 648	2 954	2 032	1 494	2 604	1 996
Percentage SCT	43.2	8.8	5.0	2.9	7.2	5.0
Producer NPC	1.67	1.05	1.03	1.01	1.04	1.03
Maize						
Producer SCT (EUR mn)	10 121	2 193	2 050	1 897	2 176	2 076
Percentage SCT	36.2	7.4	3.9	3.7	4.7	3.2
Producer NPC	1.30	1.04	1.01	1.00	1.01	1.01
Other grains						
Producer SCT (EUR mn)	8 963	1 763	903	626	1 056	1 028
Percentage SCT	47.6	11.8	6.0	3.2	8.0	6.7
Producer NPC	1.92	1.13	1.05	1.02	1.07	1.05
Rice						
Producer SCT (EUR mn)	23 037	25 136	12 743	11 297	12 107	14 826
Percentage SCT	79.8	75.4	54.3	52.1	52.8	58.0
Producer NPC	4.90	4.17	2.09	2.05	2.07	2.15
Rapeseed						
Producer SCT (EUR mn)	1 662	41	102	53	77	177
Percentage SCT	47.5	1.2	1.0	0.5	0.8	1.5
Producer NPC	1.88	1.01	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (EUR mn)	1 054	63	110	81	133	117
Percentage SCT	47.3	4.5	5.4	3.1	8.0	5.1
Producer NPC	1.92	1.05	1.06	1.03	1.09	1.05
Soyabean						
Producer SCT (EUR mn)	1 001	285	1 181	1 246	1 111	1 187
Percentage SCT	8.7	2.0	4.6	5.4	4.3	4.2
Producer NPC	1.09	1.02	1.01	1.01	1.01	1.01
Sugar						
Producer SCT (EUR mn)	4 544	4 662	1 886	2 809	1 507	1 341
Percentage SCT	50.8	41.2	22.0	35.1	17.1	13.7
Producer NPC	2.31	1.81	1.29	1.53	1.19	1.15
Milk						
Producer SCT (EUR mn)	41 061	34 200	9 200	7 365	10 983	9 251
Percentage SCT	59.2	44.7	10.6	7.5	13.5	10.6
Producer NPC	2.83	1.85	1.12	1.08	1.16	1.12
Beef and Veal						
Producer SCT (EUR mn)	16 400	16 095	9 923	10 875	11 178	7 716
Percentage SCT	27.8	25.1	13.7	14.9	16.3	9.8
Producer NPC	1.40	1.25	1.12	1.14	1.15	1.08
Sheepmeat						
Producer SCT (EUR mn)	3 843	3 282	1 087	1 169	1 285	808
Percentage SCT	51.7	39.8	14.7	16.2	17.7	10.2
Producer NPC	1.81	1.37	1.13	1.14	1.17	1.09
Wool						
Producer SCT (EUR mn)	105	77	23	22	22	24
Percentage SCT	2.9	3.7	1.5	1.7	1.5	1.3
Producer NPC	1.01	1.02	1.02	1.02	1.02	1.01
Pigmeat						
Producer SCT (EUR mn)	3 585	4 743	6 293	7 266	5 781	5 833
Percentage SCT	8.9	9.8	11.7	13.3	11.4	10.3
Producer NPC	1.20	1.13	1.13	1.15	1.13	1.11
Poultry						
Producer SCT (EUR mn)	2 843	4 034	6 229	5 889	6 529	6 271
Percentage SCT	13.3	13.7	14.1	13.8	15.5	13.0
Producer NPC	1.26	1.17	1.17	1.16	1.19	1.15
Eggs						
Producer SCT (EUR mn)	3 059	1 898	1 113	1 068	993	1 278
Percentage SCT	21.6	12.3	5.3	5.2	4.9	5.9
Producer NPC	1.34	1.16	1.06	1.06	1.06	1.07
Other Commodities						
Producer SCT (EUR mn) ¹	54 422	52 784	36 938	36 341	37 095	37 378
Percentage SCT	26.2	20.7	11.5	11.8	12.2	10.5
Producer NPC	1.51	1.32	1.12	1.13	1.12	1.10

Note: p: provisional; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453124>

Table III.10. Australia: Producer Single Commodity Transfers

AUD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (AUD mn)	2 026	1 697	1 417	1 943	1 271	1 038
Total Producer SCT (AUD mn)	1 452	876	5	5	3	8
Share of Producer SCT in Total PSE (%)	71	53	0	0	0	1
Wheat						
Producer SCT (AUD mn)	109	43	0	0	0	0
Percentage SCT	4.5	1.0	0.0	0.0	0.0	0.0
Producer NPC	1.05	1.01	1.00	1.00	1.00	1.00
Maize						
Producer SCT (AUD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Producer SCT (AUD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Rice						
Producer SCT (AUD mn)	13	6	3	1	2	6
Percentage SCT	11.1	2.3	2.0	2.0	2.0	2.0
Producer NPC	1.13	1.02	1.02	1.02	1.02	1.02
Rapeseed						
Producer SCT (AUD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (AUD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Soyabean						
Producer SCT (AUD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sugar						
Producer SCT (AUD mn)	66	30	1	4	0	0
Percentage SCT	10.4	2.6	0.1	0.4	0.0	0.0
Producer NPC	1.12	1.03	1.00	1.00	1.00	1.00
Milk						
Producer SCT (AUD mn)	972	515	0	0	0	0
Percentage SCT	62.3	18.4	0.0	0.0	0.0	0.0
Producer NPC	2.71	1.22	1.00	1.00	1.00	1.00
Beef and Veal						
Producer SCT (AUD mn)	0	0	0	0	0	0
Percentage SCT	0	0	0	0	0	0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Producer SCT (AUD mn)	10	0	0	0	0	0
Percentage SCT	1.3	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.01	1.00	1.00	1.00	1.00	1.00
Wool						
Producer SCT (AUD mn)	26	74	0	0	0	0
Percentage SCT	0.6	2.8	0.0	0.0	0.0	0.0
Producer NPC	1.01	1.01	1.00	1.00	1.00	1.00
Pigmeat						
Producer SCT (AUD mn)	1	0	0	0	0	0
Percentage SCT	0	0	0	0	0	0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Poultry						
Producer SCT (AUD mn)	0	0	0	0	0	0
Percentage SCT	0.1	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Eggs						
Producer SCT (AUD mn)	43	2	0	0	0	0
Percentage SCT	14.5	0.7	0.0	0.0	0.0	0.0
Producer NPC	1.18	1.01	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (AUD mn) ¹	211	207	1	0	1	2
Percentage SCT	5.9	2.5	0.0	0.0	0.0	0.0
Producer NPC	1.20	1.06	1.00	1.00	1.00	1.00

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453143>

Table III.11. Canada: Producer Single Commodity Transfers

CAD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (CAD mn)	7 940	4 896	7 094	5 953	7 672	7 655
Total Producer SCT (CAD mn)	5 682	2 840	4 852	3 612	5 362	5 582
Share of Producer SCT in Total PSE (%)	71	59	68	61	70	73
Wheat						
Producer SCT (CAD mn)	1 274	54	118	65	101	188
Percentage SCT	33.2	1.2	2.3	1.0	2.4	3.6
Producer NPC	1.32	1.00	1.00	1.00	1.00	1.01
Maize						
Producer SCT (CAD mn)	169	32	82	79	116	50
Percentage SCT	20.6	2.7	4.4	3.8	6.9	2.5
Producer NPC	1.13	1.00	1.00	1.00	1.00	1.00
Other grains						
Producer SCT (CAD mn)	563	36	69	66	65	76
Percentage SCT	37.8	1.8	4.1	2.9	4.8	4.5
Producer NPC	1.45	1.00	1.00	1.00	1.00	1.00
Rice						
Producer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Producer SCT (CAD mn)	170	36	98	26	71	196
Percentage SCT	17.0	1.6	1.8	0.5	1.5	3.4
Producer NPC	1.11	1.00	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (CAD mn)	8	9	11	5	15	13
Percentage SCT	3.1	1.0	0.7	0.3	1.1	0.7
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Sugar						
Producer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Producer SCT (CAD mn)	2 591	1 909	2 828	1 826	3 070	3 587
Percentage SCT	73.6	48.2	49.4	33.1	54.7	60.5
Producer NPC	6.33	2.03	2.08	1.49	2.21	2.53
Beef and Veal						
Producer SCT (CAD mn)	-17	73	171	220	171	122
Percentage SCT	-1	2	3	4	3	2
Producer NPC	1.03	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Producer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Producer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (CAD mn)	-39	84	140	147	164	109
Percentage SCT	-2	3	4	4	5	3
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Poultry						
Producer SCT (CAD mn)	123	50	437	493	450	367
Percentage SCT	12.2	3.4	18.7	20.9	19.1	16.0
Producer NPC	1.19	1.04	1.23	1.26	1.24	1.19
Eggs						
Producer SCT (CAD mn)	78	135	101	-7	116	194
Percentage SCT	16.5	23.6	15.4	-1.1	18.5	28.6
Producer NPC	1.28	1.31	1.21	0.99	1.23	1.40
Other Commodities						
Producer SCT (CAD mn) ¹	760	422	798	691	1 022	679
Percentage SCT	35.2	13.7	9.1	9.0	8.4	9.8
Producer NPC	3.16	1.16	1.07	1.06	1.07	1.08

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453162>

Table III.12. Chile: Producer Single Commodity Transfers

CLP million

	1995-97	2008-10	2008	2009	2010p
Total PSE (CLP mn)	170 102	172 508	148 960	214 511	154 052
Total Producer SCT (CLP mn)	140 034	30 646	16 918	60 763	14 256
Share of Producer SCT in Total PSE (%)	82	16	11	28	9
Wheat					
Producer SCT (CLP mn)	7 631	889	2 666	0	0
Percentage SCT	6.1	0.3	1.0	0.0	0.0
Producer NPC	1.07	1.00	1.01	1.00	1.00
Maize					
Producer SCT (CLP mn)	3 166	6 960	8 173	6 065	6 643
Percentage SCT	4.6	3.5	3.7	3.2	3.4
Producer NPC	1.05	1.04	1.04	1.03	1.04
Other grains					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Soyabean					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Producer SCT (CLP mn)	27 124	1 706	1 340	1 420	2 359
Percentage SCT	27.7	2.5	2.4	2.6	2.6
Producer NPC	1.39	1.03	1.02	1.03	1.03
Milk					
Producer SCT (CLP mn)	35 564	10 348	0	31 044	0
Percentage SCT	19.1	2.9	0.0	8.7	0.0
Producer NPC	1.24	1.03	1.00	1.09	1.00
Beef and Veal					
Producer SCT (CLP mn)	18 693	0	0	0	0
Percentage SCT	8.7	0.0	0.0	0.0	0.0
Producer NPC	1.10	1.00	1.00	1.00	1.00
Sheepmeat					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (CLP mn)	-589	0	0	0	0
Percentage SCT	-0.5	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Producer SCT (CLP mn)	-1 178	0	0	0	0
Percentage SCT	-0.7	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Eggs					
Producer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Other Commodities					
Producer SCT (CLP mn) ¹	49 623	10 743	4 739	22 235	5 254
Percentage SCT	4.6	0.4	0.2	0.8	0.2
Producer NPC	1.05	1.00	1.00	1.01	1.00

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

For Chile, the database starts in 1995.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453181>

Table III.13. European Union: Producer Single Commodity Transfers (EU27)

EUR million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (EUR mn)	88 005	93 767	84 282	90 364	85 947	76 535
Total Producer SCT (EUR mn)	82 020	65 823	23 752	29 943	25 989	15 325
Share of Producer SCT in Total PSE (%)	93	70	28	33	30	20
Wheat						
Producer SCT (EUR mn)	7 228	1 558	99	137	130	30
Percentage SCT	49.3	11.2	0.5	0.5	0.8	0.2
Producer NPC	2.14	1.05	1.00	1.00	1.00	1.00
Maize						
Producer SCT (EUR mn)	2 697	2 204	1	1	1	1
Percentage SCT	51.0	34.9	0.0	0.0	0.0	0.0
Producer NPC	2.20	1.28	1.00	1.00	1.00	1.00
Other grains						
Producer SCT (EUR mn)	4 859	934	0	0	0	0
Percentage SCT	55.1	14.0	0.0	0.0	0.0	0.0
Producer NPC	2.42	1.18	1.00	1.00	1.00	1.00
Rice						
Producer SCT (EUR mn)	412	290	194	231	181	169
Percentage SCT	58.9	33.5	17.8	20.5	16.0	17.0
Producer NPC	2.62	1.52	1.03	1.07	1.01	1.01
Rapeseed						
Producer SCT (EUR mn)	1 267	4	3	3	3	2
Percentage SCT	58.2	0.2	0.0	0.0	0.0	0.0
Producer NPC	2.40	1.00	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (EUR mn)	972	2	1	1	1	1
Percentage SCT	56.0	0.2	0.0	0.0	0.0	0.0
Producer NPC	2.30	1.00	1.00	1.00	1.00	1.00
Soyabean						
Producer SCT (EUR mn)	479	1	7	9	6	6
Percentage SCT	60.9	0.2	2.5	3.6	2.2	1.7
Producer NPC	2.63	1.00	1.03	1.04	1.02	1.02
Sugar						
Producer SCT (EUR mn)	2 582	2 800	665	1 327	588	81
Percentage SCT	58.8	49.7	21.4	44.4	17.1	2.6
Producer NPC	3.35	2.33	1.32	1.77	1.19	1.00
Milk						
Producer SCT (EUR mn)	21 363	18 689	709	1 045	474	610
Percentage SCT	69.6	50.1	1.7	2.0	1.2	1.8
Producer NPC	4.60	2.08	1.01	1.02	1.01	1.01
Beef and Veal						
Producer SCT (EUR mn)	10 505	12 171	6 472	8 006	8 376	3 035
Percentage SCT	51	48	26	31	34	13
Producer NPC	2.07	1.66	1.26	1.32	1.40	1.07
Sheepmeat						
Producer SCT (EUR mn)	3 568	3 093	989	1 114	1 254	597
Percentage SCT	69.1	56.1	24.4	27.1	30.8	15.4
Producer NPC	2.70	1.71	1.21	1.25	1.29	1.08
Wool						
Producer SCT (EUR mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (EUR mn)	-270	1 381	1 647	2 855	1 137	948
Percentage SCT	-1	5	5	8	4	3
Producer NPC	1.13	1.08	1.05	1.09	1.03	1.03
Poultry						
Producer SCT (EUR mn)	963	2 399	4 526	4 609	4 859	4 112
Percentage SCT	13.3	30.6	34.2	33.8	37.6	31.3
Producer NPC	1.46	1.51	1.52	1.50	1.59	1.45
Eggs						
Producer SCT (EUR mn)	1 682	456	122	142	136	86
Percentage SCT	32.7	9.4	1.5	1.8	1.6	1.0
Producer NPC	1.64	1.14	1.01	1.02	1.01	1.01
Other Commodities						
Producer SCT (EUR mn) ¹	23 713	19 843	8 317	10 463	8 844	5 646
Percentage SCT	25.2	18.4	5.7	7.2	6.3	3.5
Producer NPC	1.49	1.26	1.06	1.07	1.06	1.03

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

EU12 for 1986-94 including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453200>

Table III.14. Iceland: Producer Single Commodity Transfers

ISK million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (ISK mn)	7 896	8 820	15 214	15 606	15 428	14 609
Total Producer SCT (ISK mn)	7 434	8 596	14 399	14 736	14 637	13 826
Share of Producer SCT in Total PSE (%)	94	97	95	94	95	95
Wheat						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Maize						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rice						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Producer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Producer SCT (ISK mn)	2 623	3 909	7 487	7 265	8 010	7 187
Percentage SCT	87.8	72.3	55.8	59.2	56.9	51.2
Producer NPC	9.45	3.89	2.22	2.38	2.28	1.99
Beef and Veal						
Producer SCT (ISK mn)	323	306	160	264	108	107
Percentage SCT	57	35	9	16	6	5
Producer NPC	2.40	1.61	1.04	1.12	1.00	1.00
Sheepmeat						
Producer SCT (ISK mn)	2 157	1 742	3 256	3 168	3 249	3 353
Percentage SCT	71.3	54.0	48.4	48.1	48.8	48.4
Producer NPC	3.57	1.55	1.00	1.00	1.00	1.00
Wool						
Producer SCT (ISK mn)	26	129	-2	-2	-2	-2
Percentage SCT	15.0	45.0	-2.4	-2.4	-2.5	-2.4
Producer NPC	1.20	2.05	1.00	1.00	1.00	1.00
Pigmeat						
Producer SCT (ISK mn)	346	455	446	741	236	360
Percentage SCT	74	50	24	38	13	20
Producer NPC	4.08	2.10	1.36	1.63	1.17	1.28
Poultry						
Producer SCT (ISK mn)	225	491	1 534	1 568	1 538	1 496
Percentage SCT	83.5	83.5	69.6	71.8	68.5	68.3
Producer NPC	6.38	6.54	3.38	3.65	3.26	3.24
Eggs						
Producer SCT (ISK mn)	304	413	348	425	300	319
Percentage SCT	81.4	73.9	46.6	57.3	39.9	42.5
Producer NPC	5.63	4.10	1.97	2.42	1.70	1.78
Other Commodities						
Producer SCT (ISK mn) ¹	1 429	1 151	1 170	1 307	1 197	1 006
Percentage SCT	73.1	42.1	29.7	33.9	30.2	25.0
Producer NPC	-4.21	1.93	1.59	1.73	1.62	1.43

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453219>

Table III.15. Israel: Producer Single Commodity Transfers

ILS million

	1995-97	2008-10	2008	2009	2010p
Total PSE (ILS mn)	2 517	3 232	3 908	3 147	2 640
Total Producer SCT (ILS mn)	1 716	2 633	3 306	2 547	2 046
Share of Producer SCT in Total PSE (%)	68	81	85	81	78
Wheat					
Producer SCT (ILS mn)	20	17	-16	53	14
Percentage SCT	16.2	8.4	-21.7	33.5	13.2
Producer NPC	1.22	1.16	0.82	1.50	1.15
Maize					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Other grains					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Soyabean					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Milk					
Producer SCT (ILS mn)	800	741	939	790	494
Percentage SCT	58.1	28.9	33.8	32.0	20.8
Producer NPC	2.48	1.40	1.47	1.46	1.26
Beef and Veal					
Producer SCT (ILS mn)	135	565	604	491	600
Percentage SCT	29.1	40.9	41.5	39.8	41.5
Producer NPC	1.43	1.69	1.70	1.66	1.71
Sheepmeat					
Producer SCT (ILS mn)	51	262	255	258	274
Percentage SCT	32.3	33.5	34.0	33.3	33.3
Producer NPC	1.50	1.50	1.50	1.50	1.50
Wool					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Poultry					
Producer SCT (ILS mn)	278	403	533	372	306
Percentage SCT	18.9	12.7	17.1	11.5	9.5
Producer NPC	1.30	1.13	1.16	1.13	1.10
Eggs					
Producer SCT (ILS mn)	43	27	95	-29	14
Percentage SCT	9.5	3.5	12.3	-3.8	1.8
Producer NPC	1.13	1.03	1.12	0.96	1.02
Other Commodities					
Producer SCT (ILS mn) ¹	389	617	896	612	345
Percentage SCT	5.0	3.7	5.5	3.6	2.0
Producer NPC	1.07	1.03	1.04	1.03	1.02

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453238>

Table III.16. Japan: Producer Single Commodity Transfers

JPY billion

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (JPY bn)	7 267	6 239	4 420	4 428	4 191	4 642
Total Producer SCT (JPY bn)	6 740	5 822	3 868	3 928	3 645	4 030
Share of Producer SCT in Total PSE (%)	93	93	88	89	87	87
Wheat						
Producer SCT (JPY bn)	135	61	28	27	28	28
Percentage SCT	84.7	81.2	43.6	42.6	42.0	46.3
Producer NPC	6.56	5.34	1.78	1.74	1.73	1.86
Maize						
Producer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Producer SCT (JPY bn)	52	24	10	7	12	11
Percentage SCT	84.1	77.3	57.3	38.6	66.5	67.0
Producer NPC	6.30	4.49	2.55	1.63	2.98	3.03
Rice						
Producer SCT (JPY bn)	2 720	2 385	1 272	1 248	1 138	1 430
Percentage SCT	82.6	79.9	68.5	68.8	63.3	73.4
Producer NPC	5.81	5.12	3.10	3.19	2.71	3.38
Rapeseed						
Producer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (JPY bn)	29	5	7	6	7	7
Percentage SCT	64.7	19.8	14.2	13.3	15.7	13.6
Producer NPC	2.96	1.26	1.17	1.15	1.19	1.16
Sugar						
Producer SCT (JPY bn)	81	54	46	48	43	46
Percentage SCT	65.1	58.6	57.4	59.5	56.0	56.8
Producer NPC	2.88	2.42	2.35	2.47	2.27	2.31
Milk						
Producer SCT (JPY bn)	621	501	346	327	380	330
Percentage SCT	86.0	69.8	50.4	48.8	54.0	48.5
Producer NPC	7.43	3.40	2.02	1.95	2.17	1.94
Beef and Veal						
Producer SCT (JPY bn)	357	155	152	132	124	199
Percentage SCT	72	34	32	29	29	39
Producer NPC	3.65	1.53	1.49	1.42	1.41	1.63
Sheepmeat						
Producer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Producer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (JPY bn)	285	255	363	388	350	351
Percentage SCT	41	51	70	70	72	68
Producer NPC	1.73	2.07	3.37	3.38	3.63	3.11
Poultry						
Producer SCT (JPY bn)	45	29	24	23	23	27
Percentage SCT	11.3	10.5	10.2	10.3	10.1	10.2
Producer NPC	1.13	1.12	1.12	1.12	1.12	1.12
Eggs						
Producer SCT (JPY bn)	70	71	63	67	60	63
Percentage SCT	17.0	16.1	14.9	14.6	14.9	15.1
Producer NPC	1.21	1.19	1.18	1.17	1.18	1.18
Other Commodities						
Producer SCT (JPY bn) ¹	2 345	2 282	1 558	1 654	1 481	1 538
Percentage SCT	52.9	48.4	37.9	38.9	37.4	37.3
Producer NPC	2.17	1.96	1.61	1.64	1.60	1.60

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453257>

Table III.17. Korea: Producer Single Commodity Transfers

KRW billion

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (KRW bn)	9 645	19 277	20 393	18 541	22 464	20 175
Total Producer SCT (KRW bn)	9 551	18 199	18 563	16 527	20 775	18 388
Share of Producer SCT in Total PSE (%)	99	94	91	89	92	91
Wheat						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Maize						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Producer SCT (KRW bn)	220	208	74	82	91	50
Percentage SCT	72.8	79.4	52.5	41.6	55.9	59.8
Producer NPC	3.69	4.89	2.16	1.71	2.27	2.49
Rice						
Producer SCT (KRW bn)	4 509	6 886	4 521	4 490	5 557	3 517
Percentage SCT	82.0	82.1	48.2	45.3	55.7	43.6
Producer NPC	5.59	5.89	1.83	1.78	2.12	1.60
Rapeseed						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (KRW bn)	156	235	358	294	324	457
Percentage SCT	78.7	85.2	81.0	77.0	77.1	88.9
Producer NPC	4.75	6.97	5.91	4.35	4.36	9.02
Sugar						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Producer SCT (KRW bn)	306	512	758	464	939	871
Percentage SCT	67.8	59.9	44.8	28.9	54.0	51.4
Producer NPC	3.11	2.50	1.88	1.41	2.18	2.06
Beef and Veal						
Producer SCT (KRW bn)	496	1 294	1 117	876	1 241	1 234
Percentage SCT	54	65	30	29	31	31
Producer NPC	2.23	2.89	1.43	1.41	1.44	1.44
Sheepmeat						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Producer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (KRW bn)	307	775	2 145	1 961	2 421	2 052
Percentage SCT	32	40	63	64	68	58
Producer NPC	1.50	1.69	2.75	2.78	3.08	2.38
Poultry						
Producer SCT (KRW bn)	132	385	576	324	628	775
Percentage SCT	49.4	56.5	43.6	34.8	46.4	49.7
Producer NPC	2.09	2.33	1.80	1.53	1.86	1.99
Eggs						
Producer SCT (KRW bn)	1	63	140	166	156	98
Percentage SCT	0.5	10.7	12.4	15.7	13.3	8.3
Producer NPC	0.92	1.12	1.14	1.19	1.15	1.09
Other Commodities						
Producer SCT (KRW bn) ¹	3 424	7 841	8 874	7 871	9 416	9 334
Percentage SCT	71.0	61.9	43.7	42.3	47.7	41.0
Producer NPC	4.60	2.73	1.78	1.74	1.91	1.69

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453276>

Table III.18. Mexico: Producer Single Commodity Transfers

MXN million

	1991-93	1995-97	2008-10	2008	2009	2010p
Total PSE (MXN mn)	25 995	12 953	74 735	70 406	75 247	78 553
Total Producer SCT (MXN mn)	21 975	630	32 235	27 349	33 670	35 686
Share of Producer SCT in Total PSE (%)	84	100	43	39	45	45
Wheat						
Producer SCT (MXN mn)	492	-176	1 726	1 275	1 972	1 932
Percentage SCT	22.0	-7.6	13.8	8.8	17.1	15.7
Producer NPC	1.29	0.95	1.01	1.00	1.00	1.03
Maize						
Producer SCT (MXN mn)	5 225	-732	4 357	3 506	4 302	5 263
Percentage SCT	42.9	-2.7	6.9	5.0	8.0	7.8
Producer NPC	1.75	0.99	1.00	1.00	1.00	1.00
Other grains						
Producer SCT (MXN mn)	601	134	1 669	1 694	1 497	1 818
Percentage SCT	28.0	3.8	8.4	7.3	8.9	9.0
Producer NPC	1.39	1.04	1.00	1.00	1.00	1.00
Rice						
Producer SCT (MXN mn)	17	2	25	0	0	76
Percentage SCT	6.9	1.2	2.4	0.0	0.0	7.2
Producer NPC	1.08	1.02	1.03	1.00	1.00	1.08
Rapeseed						
Producer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (MXN mn)	75	-15	113	58	102	181
Percentage SCT	14.4	-7.1	12.7	6.6	14.7	16.9
Producer NPC	1.17	0.94	1.05	1.00	1.05	1.11
Sugar						
Producer SCT (MXN mn)	2 114	1 745	3 357	5 174	33	4 863
Percentage SCT	56.1	19.5	12.4	22.8	0.2	14.3
Producer NPC	2.07	1.28	1.15	1.30	1.00	1.17
Milk						
Producer SCT (MXN mn)	2 236	1 075	2 809	200	5 320	2 908
Percentage SCT	35.6	4.5	5.6	0.4	10.9	5.4
Producer NPC	1.62	1.07	1.06	1.00	1.12	1.06
Beef and Veal						
Producer SCT (MXN mn)	1 795	397	4 116	3 935	4 185	4 228
Percentage SCT	25	-1	9	9	9	9
Producer NPC	1.33	1.04	1.00	1.00	1.00	1.00
Sheepmeat						
Producer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Producer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (MXN mn)	25	-1 305	1 424	1 903	2 002	368
Percentage SCT	1	-18	7	9	9	2
Producer NPC	1.06	0.86	1.05	1.07	1.07	1.00
Poultry						
Producer SCT (MXN mn)	1 685	1 992	5 214	4 229	6 581	4 831
Percentage SCT	33.1	11.2	9.5	8.9	11.3	8.2
Producer NPC	1.62	1.14	1.11	1.10	1.13	1.09
Eggs						
Producer SCT (MXN mn)	88	26	-87	0	-82	-178
Percentage SCT	2.5	0.2	-0.3	0.0	-0.2	-0.6
Producer NPC	1.05	1.00	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (MXN mn) ¹	7 622	-2 514	7 511	5 376	7 759	9 397
Percentage SCT	18.7	-5.1	3.1	2.4	3.3	3.6
Producer NPC	1.22	0.98	1.03	1.02	1.03	1.04

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/GSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453295>

Table III.19. New Zealand: Producer Single Commodity Transfers

NZD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (NZD mn)	781	96	95	99	80	105
Total Producer SCT (NZD mn)	110	60	63	67	49	74
Share of Producer SCT in Total PSE (%)	19	62	66	68	61	71
Wheat						
Producer SCT (NZD mn)	3	0	0	0	0	0
Percentage SCT	2.8	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.03	1.00	1.00	1.00	1.00	1.00
Maize						
Producer SCT (NZD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Other grains						
Producer SCT (NZD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Rice						
Producer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Producer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Producer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Producer SCT (NZD mn)	21	0	0	0	0	0
Percentage SCT	1.7	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Beef and Veal						
Producer SCT (NZD mn)	0	0	0	0	0	0
Percentage SCT	0	0	0	0	0	0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Producer SCT (NZD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Wool						
Producer SCT (NZD mn)	0	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Pigmeat						
Producer SCT (NZD mn)	2	0	0	0	0	0
Percentage SCT	2	0	0	0	0	0
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Poultry						
Producer SCT (NZD mn)	18	16	44	46	36	50
Percentage SCT	17.4	9.0	12.5	13.4	10.3	13.7
Producer NPC	1.25	1.10	1.14	1.15	1.11	1.16
Eggs						
Producer SCT (NZD mn)	36	28	3	3	0	6
Percentage SCT	44.2	31.2	2.5	2.6	0.0	4.7
Producer NPC	1.81	1.47	1.03	1.03	1.00	1.05
Other Commodities						
Producer SCT (NZD mn) ¹	30	17	16	18	13	18
Percentage SCT	1.6	0.6	0.4	0.4	0.3	0.4
Producer NPC	1.02	1.01	1.00	1.00	1.00	1.00

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453314>

Table III.20. Norway: Producer Single Commodity Transfers

NOK million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (NOK mn)	19 078	19 246	21 163	20 345	21 174	21 969
Total Producer SCT (NOK mn)	13 780	12 013	11 499	11 104	11 516	11 878
Share of Producer SCT in Total PSE (%)	72	62	54	55	54	54
Wheat						
Producer SCT (NOK mn)	330	320	305	235	308	370
Percentage SCT	73.1	51.6	40.0	24.0	51.6	44.6
Producer NPC	3.81	2.09	1.75	1.33	2.09	1.83
Maize						
Producer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Producer SCT (NOK mn)	1 838	943	722	448	842	877
Percentage SCT	76.8	53.1	44.2	26.5	55.9	50.2
Producer NPC	4.46	2.16	1.91	1.38	2.30	2.04
Rice						
Producer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Producer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Producer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Producer SCT (NOK mn)	4 575	5 002	3 418	3 162	3 556	3 537
Percentage SCT	71.2	65.8	45.6	44.6	47.4	44.9
Producer NPC	6.20	3.36	1.73	1.63	1.86	1.69
Beef and Veal						
Producer SCT (NOK mn)	2 211	1 941	1 957	2 037	1 910	1 923
Percentage SCT	70	61	52	56	51	51
Producer NPC	4.70	2.96	2.24	2.34	2.20	2.18
Sheepmeat						
Producer SCT (NOK mn)	531	399	424	497	395	381
Percentage SCT	54.1	45.4	36.5	43.0	34.7	31.8
Producer NPC	3.64	2.05	1.70	1.83	1.68	1.59
Wool						
Producer SCT (NOK mn)	104	175	145	155	137	142
Percentage SCT	48.7	66.4	69.3	71.9	69.2	66.7
Producer NPC	2.01	2.98	3.27	3.56	3.24	3.00
Pigmeat						
Producer SCT (NOK mn)	1 031	732	1 355	1 395	1 206	1 465
Percentage SCT	42	34	45	48	41	46
Producer NPC	2.76	1.84	2.08	2.03	2.00	2.22
Poultry						
Producer SCT (NOK mn)	136	283	820	823	774	863
Percentage SCT	43.2	57.8	57.3	58.4	55.7	57.9
Producer NPC	3.96	3.14	2.72	2.50	2.83	2.84
Eggs						
Producer SCT (NOK mn)	447	225	333	339	295	365
Percentage SCT	52.6	38.4	40.5	45.5	34.9	41.0
Producer NPC	4.79	2.54	2.03	2.03	1.88	2.18
Other Commodities						
Producer SCT (NOK mn) ¹	2 577	1 993	2 020	2 012	2 092	1 955
Percentage SCT	54.1	47.7	39.5	38.2	40.4	39.8
Producer NPC	4.07	2.68	1.84	1.73	1.92	1.87

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453333>

Table III.21. Switzerland: Producer Single Commodity Transfers

CHF million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (CHF mn)	8 335	7 240	6 002	6 035	6 350	5 621
Total Producer SCT (CHF mn)	7 120	4 951	2 924	3 109	3 212	2 450
Share of Producer SCT in Total PSE (%)	85	68	49	52	51	44
Wheat						
Producer SCT (CHF mn)	417	333	49	52	24	71
Percentage SCT	76.0	54.1	18.3	16.4	9.4	29.0
Producer NPC	4.02	3.10	1.24	1.20	1.10	1.41
Maize						
Producer SCT (CHF mn)	102	63	13	7	15	18
Percentage SCT	70.9	52.8	22.3	9.2	24.4	33.3
Producer NPC	3.46	2.13	1.31	1.10	1.32	1.50
Other grains						
Producer SCT (CHF mn)	173	114	18	2	25	28
Percentage SCT	77.7	57.2	26.6	2.1	34.5	43.1
Producer NPC	4.53	2.45	1.44	1.02	1.53	1.76
Rice						
Producer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Producer SCT (CHF mn)	80	57	47	53	45	42
Percentage SCT	83.9	76.8	58.7	58.1	61.1	56.9
Producer NPC	6.45	4.32	2.43	2.39	2.57	2.32
Sunflower						
Producer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Producer SCT (CHF mn)	95	111	46	73	54	11
Percentage SCT	72.9	71.4	28.6	43.3	33.6	9.0
Producer NPC	4.51	3.51	1.46	1.76	1.51	1.10
Milk						
Producer SCT (CHF mn)	2 771	2 129	666	744	862	393
Percentage SCT	85.5	64.9	28.6	28.3	39.0	18.5
Producer NPC	9.99	3.36	1.46	1.40	1.70	1.27
Beef and Veal						
Producer SCT (CHF mn)	1 311	645	522	558	521	485
Percentage SCT	75	55	45	48	44	43
Producer NPC	4.21	2.40	1.82	1.93	1.78	1.76
Sheepmeat						
Producer SCT (CHF mn)	36	41	14	18	15	11
Percentage SCT	67.7	63.0	34.5	39.9	35.6	28.1
Producer NPC	5.08	3.70	1.55	1.67	1.57	1.41
Wool						
Producer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (CHF mn)	704	450	530	626	507	458
Percentage SCT	44	39	51	55	50	48
Producer NPC	2.45	2.17	2.09	2.21	2.05	2.02
Poultry						
Producer SCT (CHF mn)	112	133	109	108	109	110
Percentage SCT	73.0	74.6	77.0	75.0	78.2	77.7
Producer NPC	6.08	6.10	4.67	4.31	4.81	4.88
Eggs						
Producer SCT (CHF mn)	184	134	102	93	114	100
Percentage SCT	78.6	72.2	64.6	63.3	66.2	64.4
Producer NPC	6.87	5.28	3.10	2.91	3.22	3.16
Other Commodities						
Producer SCT (CHF mn) ¹	1 135	740	807	776	922	725
Percentage SCT	72.5	57.5	37.5	35.9	43.3	33.2
Producer NPC	11.02	4.80	1.52	1.58	1.60	1.37

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/GSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453352>

Table III.22. Turkey: Producer Single Commodity Transfers

TRY million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (TRY mn)	4	796	30 296	26 504	31 200	33 184
Total Producer SCT (TRY mn)	3	609	27 414	22 657	28 904	30 682
Share of Producer SCT in Total PSE (%)	78	75	90	85	93	92
Wheat						
Producer SCT (TRY mn)	1	54	1 397	673	2 009	1 511
Percentage SCT	23.9	11.0	14.1	8.0	20.3	14.1
Producer NPC	1.36	1.14	1.17	1.09	1.25	1.16
Maize						
Producer SCT (TRY mn)	0	8	540	278	630	712
Percentage SCT	13.6	17.6	26.6	15.8	31.7	32.4
Producer NPC	1.16	1.23	1.38	1.19	1.46	1.48
Other grains						
Producer SCT (TRY mn)	0	21	892	402	1 236	1 039
Percentage SCT	23.1	13.0	33.3	18.4	45.2	36.3
Producer NPC	1.36	1.16	1.54	1.23	1.83	1.57
Rice						
Producer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Producer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (TRY mn)	0	11	222	152	284	230
Percentage SCT	12.9	29.3	22.1	15.4	31.4	19.5
Producer NPC	1.16	1.43	1.29	1.18	1.46	1.24
Soyabean						
Producer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Producer SCT (TRY mn)	0	49	438	835	466	14
Percentage SCT	12.6	38.9	24.2	49.1	23.0	0.6
Producer NPC	1.11	1.67	1.41	1.95	1.29	1.00
Milk						
Producer SCT (TRY mn)	0	98	3 008	3 334	3 015	2 674
Percentage SCT	52.9	50.5	32.2	34.1	35.2	27.2
Producer NPC	2.49	2.17	1.54	1.55	1.65	1.43
Beef and Veal						
Producer SCT (TRY mn)	0	44	1 697	1 504	1 175	2 412
Percentage SCT	8	29	40	37	34	48
Producer NPC	1.19	1.54	1.69	1.64	1.57	1.86
Sheepmeat						
Producer SCT (TRY mn)	0	1	149	-14	111	350
Percentage SCT	11.2	4.8	13.7	-2.0	11.0	32.1
Producer NPC	1.17	1.09	1.35	1.05	1.30	1.70
Wool						
Producer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Producer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Poultry						
Producer SCT (TRY mn)	0	14	1 099	573	1 106	1 618
Percentage SCT	-15.9	23.1	27.9	20.1	28.9	34.8
Producer NPC	0.93	1.40	1.50	1.31	1.53	1.67
Eggs						
Producer SCT (TRY mn)	0	18	724	761	581	831
Percentage SCT	10.6	30.5	26.9	33.2	22.0	25.5
Producer NPC	1.21	1.59	1.49	1.58	1.42	1.47
Other Commodities						
Producer SCT (TRY mn) ¹	2	292	17 247	14 159	18 291	19 291
Percentage SCT	14.5	16.2	24.4	20.7	26.3	26.2
Producer NPC	1.17	1.17	1.19	1.25	1.17	1.16

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453371>

Table III.23. United States: Producer Single Commodity Transfers

USD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Total PSE (USD mn)	36 411	26 614	29 151	30 477	31 423	25 551
Total Producer SCT (USD mn)	26 190	13 550	8 440	7 633	11 067	6 621
Share of Producer SCT in Total PSE (%)	71	51	29	25	35	26
Wheat						
Producer SCT (USD mn)	4 337	545	1 090	940	1 521	809
Percentage SCT	46.5	5.2	7.9	5.3	12.3	6.0
Producer NPC	1.33	1.01	1.01	1.00	1.01	1.01
Maize						
Producer SCT (USD mn)	7 217	120	2 031	2 147	2 168	1 778
Percentage SCT	34.8	0.5	3.7	4.2	4.5	2.6
Producer NPC	1.13	1.00	1.00	1.00	1.00	1.00
Other grains						
Producer SCT (USD mn)	1 177	49	139	166	141	110
Percentage SCT	37.7	1.8	5.2	5.6	5.8	4.2
Producer NPC	1.35	1.00	1.00	1.00	1.00	1.00
Rice						
Producer SCT (USD mn)	816	168	45	29	49	58
Percentage SCT	50.2	8.2	1.4	0.8	1.6	1.9
Producer NPC	1.45	1.01	1.00	1.00	1.00	1.00
Rapeseed						
Producer SCT (USD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Producer SCT (USD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soyabean						
Producer SCT (USD mn)	172	25	1 251	1 483	1 198	1 074
Percentage SCT	1.7	0.2	3.8	4.8	3.6	3.2
Producer NPC	1.01	1.00	1.00	1.00	1.00	1.00
Sugar						
Producer SCT (USD mn)	1 036	744	596	562	481	746
Percentage SCT	55.9	36.6	24.4	26.3	18.6	28.3
Producer NPC	2.31	1.60	1.31	1.34	1.21	1.38
Milk						
Producer SCT (USD mn)	6 340	7 500	1 309	8	3 353	568
Percentage SCT	34.9	35.2	5.0	0.0	13.2	1.8
Producer NPC	1.56	1.57	1.06	1.00	1.15	1.02
Beef and Veal						
Producer SCT (USD mn)	258	-3	0	0	0	0
Percentage SCT	1	0	0	0	0	0
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Producer SCT (USD mn)	5	3	32	30	31	37
Percentage SCT	1.1	0.8	9.0	9.0	9.0	9.0
Producer NPC	1.01	1.01	1.10	1.10	1.10	1.10
Wool						
Producer SCT (USD mn)	79	13	7	5	8	8
Percentage SCT	47.8	12.9	19.2	13.7	26.0	18.0
Producer NPC	1.01	1.01	1.24	1.16	1.35	1.22
Pigmeat						
Producer SCT (USD mn)	-66	-2	0	0	0	0
Percentage SCT	-1	0	0	0	0	0
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Poultry						
Producer SCT (USD mn)	725	65	20	18	28	14
Percentage SCT	8.8	0.4	0.1	0.1	0.1	0.0
Producer NPC	1.11	1.00	1.00	1.00	1.00	1.00
Eggs						
Producer SCT (USD mn)	136	133	0	0	0	0
Percentage SCT	4.4	3.3	0.0	0.0	0.0	0.0
Producer NPC	1.06	1.04	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (USD mn) ¹	3 957	4 190	1 918	2 245	2 090	1 419
Percentage SCT	8.8	6.5	2.2	2.5	2.5	1.5
Producer NPC	1.11	1.06	1.01	1.01	1.01	1.00

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453390>

Table III.24. Brazil: Producer Single Commodity Transfers

BRL million

	1995-97	2008-10	2008	2009	2010p
Total PSE (BRL mn)	-1 473	13 507	10 619	17 372	12 529
Total Producer SCT (BRL mn)	-2 849	9 201	5 688	13 400	8 514
Share of Producer SCT in Total PSE (%)	-803	66	54	77	68
Wheat					
Producer SCT (BRL mn)	52	156	91	113	263
Percentage SCT	10.9	6.8	4.2	4.2	12.1
Producer NPC	1.01	1.05	1.02	1.02	1.11
Maize					
Producer SCT (BRL mn)	411	601	1 090	376	339
Percentage SCT	8.7	3.1	5.2	2.0	2.2
Producer NPC	1.01	1.02	1.04	1.01	1.01
Other grains					
Producer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Producer SCT (BRL mn)	353	1 668	1 085	2 608	1 312
Percentage SCT	17.0	20.5	13.6	30.2	17.8
Producer NPC	1.14	1.26	1.15	1.42	1.21
Rapeseed					
Producer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Producer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Soyabean					
Producer SCT (BRL mn)	332	321	358	315	291
Percentage SCT	5.6	0.8	0.8	0.7	0.7
Producer NPC	1.00	1.00	1.00	1.00	1.00
Sugar					
Producer SCT (BRL mn)	-4 355	86	108	80	71
Percentage SCT	-94.8	0.4	0.5	0.3	0.2
Producer NPC	0.51	1.00	1.00	1.00	1.00
Milk					
Producer SCT (BRL mn)	897	3 269	-47	6 036	3 818
Percentage SCT	18.0	16.2	-0.3	31.4	17.5
Producer NPC	1.21	1.22	1.00	1.46	1.21
Beef and Veal					
Producer SCT (BRL mn)	125	-24	-71	0	0
Percentage SCT	1.4	-0.1	-0.2	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Sheepmeat					
Producer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Producer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (BRL mn)	32	-35	-105	0	0
Percentage SCT	1.5	-0.4	-1.1	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Producer SCT (BRL mn)	51	-80	-240	0	0
Percentage SCT	1.4	-0.3	-1.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Eggs					
Producer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Other Commodities					
Producer SCT (BRL mn) ¹	-747	3 237	3 418	3 872	2 421
Percentage SCT	-4.0	4.7	5.2	5.7	3.3
Producer NPC	0.91	1.03	1.03	1.05	1.02

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453409>

Table III.25. China: Producer Single Commodity Transfers

RMB million

	1995-97	2008-10	2008	2009	2010p
Total PSE (RMB mn)	60 457	624 061	168 762	708 642	994 780
Total Producer SCT (RMB mn)	18 660	282 403	-130 116	353 983	623 341
Share of Producer SCT in Total PSE (%)	-8	12	-77	50	63
Wheat					
Producer SCT (RMB mn)	9 232	52 695	26 774	65 161	66 149
Percentage SCT	6.0	24.4	14.4	30.6	28.1
Producer NPC	1.08	1.33	1.17	1.44	1.39
Maize					
Producer SCT (RMB mn)	-8 070	24 217	-35 896	40 468	68 079
Percentage SCT	-6.9	8.1	-15.4	16.3	23.3
Producer NPC	1.01	1.12	0.87	1.19	1.30
Other grains					
Producer SCT (RMB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Producer SCT (RMB mn)	-25 734	-140 835	-239 880	-168 599	-14 026
Percentage SCT	-8.8	-37.5	-65.7	-43.6	-3.2
Producer NPC	0.92	0.76	0.60	0.70	0.97
Rapeseed					
Producer SCT (RMB mn)	3 896	11 536	15 010	11 477	8 122
Percentage SCT	16	22	25	24	16
Producer NPC	1.19	1.28	1.33	1.31	1.19
Sunflower					
Producer SCT (RMB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Soyabean					
Producer SCT (RMB mn)	406	6 786	-4 620	12 210	12 767
Percentage SCT	1.2	12.9	-8.4	23.3	23.9
Producer NPC	1.01	1.18	0.92	1.30	1.31
Sugar					
Producer SCT (RMB mn)	6 943	14 215	6 447	25 482	10 715
Percentage SCT	38.1	39.4	19.9	69.7	28.7
Producer NPC	1.62	1.98	1.24	3.29	1.40
Milk					
Producer SCT (RMB mn)	7 863	12 767	-21 373	32 094	27 581
Percentage SCT	61.0	10.9	-22.3	32.6	22.3
Producer NPC	2.55	1.22	0.80	1.52	1.33
Beef and Veal					
Producer SCT (RMB mn)	485	13 367	2 563	18 906	18 632
Percentage SCT	1.5	7.8	1.6	11.4	10.5
Producer NPC	1.00	1.10	1.00	1.16	1.16
Sheepmeat					
Producer SCT (RMB mn)	3 400	15 046	17 499	13 580	14 059
Percentage SCT	16.2	13.6	15.9	12.8	12.0
Producer NPC	1.17	1.17	1.17	1.17	1.17
Wool					
Producer SCT (RMB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (RMB mn)	3 459	107 372	138 272	96 134	87 712
Percentage SCT	1.1	13.8	16.0	13.1	12.1
Producer NPC	1.00	1.16	1.16	1.16	1.16
Poultry					
Producer SCT (RMB mn)	674	10 921	12 656	10 335	9 771
Percentage SCT	0.5	3.8	4.5	3.6	3.2
Producer NPC	1.00	1.04	1.04	1.04	1.04
Eggs					
Producer SCT (RMB mn)	698	-601	1 113	-998	-1 919
Percentage SCT	0.5	-0.3	0.7	-0.6	-1.1
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (RMB mn) ¹	15 408	154 918	-48 680	197 734	315 700
Percentage SCT	2.6	5.9	-2.1	7.9	12.0
Producer NPC	1.02	1.07	0.97	1.10	1.15

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453428>

Table III.26. Russia: Producer Single Commodity Transfers

RUB million

	1995-97	2008-10	2008	2009	2010p
Total PSE (RUB mn)	39 317	501 503	517 548	515 534	471 428
Total Producer SCT (RUB mn)	17 767	346 647	376 565	361 543	301 834
Share of Producer SCT in Total PSE (%)	34	69	73	70	64
Wheat					
Producer SCT (RUB mn)	-1 679	-24 090	-10 354	-11 181	-50 733
Percentage SCT	-14.0	-13.0	-3.2	-4.2	-31.6
Producer NPC	0.90	0.90	0.97	0.96	0.76
Maize					
Producer SCT (RUB mn)	-585	-11 484	-14 459	-12 543	-7 451
Percentage SCT	-47.1	-54.0	-37.6	-72.6	-51.8
Producer NPC	0.68	0.66	0.73	0.58	0.66
Other grains					
Producer SCT (RUB mn)	-1 067	-26 908	-43 541	-21 964	-15 219
Percentage SCT	-18.4	-27.5	-28.3	-20.7	-33.4
Producer NPC	0.89	0.79	0.78	0.83	0.75
Rice					
Producer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Producer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Producer SCT (RUB mn)	-883	-16 141	10 428	285	-59 136
Percentage SCT	-35.4	-29.8	14.6	0.5	-104.5
Producer NPC	0.74	0.89	1.17	1.01	0.49
Soyabean					
Producer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Producer SCT (RUB mn)	884	11 656	14 193	10 794	9 980
Percentage SCT	31.3	34.9	42.1	34.9	27.8
Producer NPC	1.48	1.55	1.73	1.54	1.38
Milk					
Producer SCT (RUB mn)	13 243	110 518	122 656	90 171	118 727
Percentage SCT	33.4	29.3	33.6	25.5	29.0
Producer NPC	1.48	1.37	1.47	1.29	1.34
Beef and Veal					
Producer SCT (RUB mn)	-2 205	46 888	37 238	63 861	39 566
Percentage SCT	-19.9	28.8	26.1	37.5	22.9
Producer NPC	0.93	1.35	1.31	1.53	1.22
Sheepmeat					
Producer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Producer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (RUB mn)	2 514	102 073	102 489	101 115	102 614
Percentage SCT	16.6	53.4	62.2	50.3	47.6
Producer NPC	1.15	1.99	2.35	1.90	1.72
Poultry					
Producer SCT (RUB mn)	2 273	75 660	68 290	64 860	93 828
Percentage SCT	31.3	43.4	49.9	34.3	45.9
Producer NPC	1.35	1.68	1.85	1.47	1.71
Eggs					
Producer SCT (RUB mn)	2 199	8 407	11 776	4 482	8 962
Percentage SCT	18.8	8.9	12.5	4.8	9.4
Producer NPC	1.20	1.03	1.07	1.00	1.00
Other Commodities					
Producer SCT (RUB mn) ¹	3 073	70 068	77 848	71 662	60 695
Percentage SCT	4.1	10.4	11.2	10.3	9.7
Producer NPC	1.04	1.09	1.09	1.10	1.08

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453447>

Table III.27. South Africa: Producer Single Commodity Transfers

ZAR million

	1995-97	2008-10	2008	2009	2010p
Total PSE (ZAR mn)	4 064	4 139	3 826	5 679	2 911
Total Producer SCT (ZAR mn)	3 905	2 272	2 435	3 825	555
Share of Producer SCT in Total PSE (%)	96	50	64	67	19
Wheat					
Producer SCT (ZAR mn)	105	0	0	0	0
Percentage SCT	4.3	0.0	0.0	0.0	0.0
Producer NPC	1.05	1.00	1.00	1.00	1.00
Maize					
Producer SCT (ZAR mn)	338	701	162	1 559	382
Percentage SCT	9.0	4.4	1.1	9.6	2.6
Producer NPC	1.11	1.05	1.01	1.11	1.03
Other grains					
Producer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Producer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Producer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Producer SCT (ZAR mn)	0	160	479	0	0
Percentage SCT	0.0	4.1	12.4	0.0	0.0
Producer NPC	1.00	1.05	1.14	1.00	1.00
Soyabean					
Producer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Producer SCT (ZAR mn)	584	690	1 408	285	377
Percentage SCT	27.3	13.7	29.1	5.4	6.5
Producer NPC	1.40	1.18	1.41	1.06	1.07
Milk					
Producer SCT (ZAR mn)	716	439	-20	1 371	-33
Percentage SCT	33.2	5.8	-0.2	18.1	-0.4
Producer NPC	1.54	1.08	1.00	1.23	1.00
Beef and Veal					
Producer SCT (ZAR mn)	322	-40	-24	-52	-44
Percentage SCT	8.3	-0.2	-0.1	-0.3	-0.2
Producer NPC	1.11	1.00	1.00	1.00	1.00
Sheepmeat					
Producer SCT (ZAR mn)	387	0	0	0	0
Percentage SCT	32.5	0.0	0.0	0.0	0.0
Producer NPC	1.52	1.00	1.00	1.00	1.00
Wool					
Producer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (ZAR mn)	-18	-31	-19	-40	-34
Percentage SCT	-2.8	-1.1	-0.7	-1.4	-1.2
Producer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Producer SCT (ZAR mn)	485	-156	-94	-205	-168
Percentage SCT	9.3	-0.8	-0.5	-1.1	-1.0
Producer NPC	1.12	1.00	1.00	1.00	1.00
Eggs					
Producer SCT (ZAR mn)	-35	-60	-36	-79	-66
Percentage SCT	-3.3	-1.1	-0.8	-1.3	-1.1
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (ZAR mn) ¹	1 022	568	578	985	140
Percentage SCT	8.1	1.3	1.5	2.2	0.3
Producer NPC	1.11	1.02	1.03	1.03	1.01

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453466>

Table III.28. Ukraine: Producer Single Commodity Transfers

UAH million

	1996-97	2008-10	2008	2009	2010p
Total PSE (UAH mn)	-499	13 870	8 462	19 505	13 643
Total Producer SCT (UAH mn)	-1 435	5 665	2 682	10 085	4 227
Share of Producer SCT in Total PSE (%)	104	38	32	52	31
Wheat					
Producer SCT (UAH mn)	-15	-6 099	-11 842	-4 931	-1 524
Percentage SCT	-11.6	-32.6	-59.5	-29.8	-8.3
Producer NPC	1.31	0.77	0.61	0.77	0.92
Maize					
Producer SCT (UAH mn)	-138	-2 003	-3 622	-355	-2 033
Percentage SCT	-18.7	-20.3	-43.3	-4.0	-13.7
Producer NPC	0.85	0.84	0.69	0.96	0.88
Other grains					
Producer SCT (UAH mn)	52	-2 285	-4 286	-2 136	-433
Percentage SCT	3.8	-20.6	-34.5	-22.3	-4.9
Producer NPC	1.04	0.83	0.73	0.82	0.95
Rice					
Producer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Producer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Producer SCT (UAH mn)	-119	-1 081	-469	791	-3 567
Percentage SCT	-20.2	-5.4	-5.3	6.6	-17.5
Producer NPC	0.83	0.96	0.95	1.07	0.85
Soyabean					
Producer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Producer SCT (UAH mn)	308	2 032	1 989	1 891	2 215
Percentage SCT	23.0	48.7	67.6	45.8	32.7
Producer NPC	1.30	2.14	3.09	1.85	1.49
Milk					
Producer SCT (UAH mn)	-1 029	1 224	3 493	1 759	-1 581
Percentage SCT	-29.4	6.3	16.0	8.0	-5.2
Producer NPC	0.79	1.05	1.15	1.07	0.94
Beef and Veal					
Producer SCT (UAH mn)	130	746	2 784	73	-618
Percentage SCT	6.4	8.0	30.9	0.9	-7.9
Producer NPC	1.03	1.07	1.33	0.98	0.91
Sheepmeat					
Producer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Producer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Percentage SCT	..nc	..nc	..nc	..nc	..nc
Producer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Producer SCT (UAH mn)	-889	6 830	7 989	6 523	5 979
Percentage SCT	-42.9	60.3	68.7	59.2	53.2
Producer NPC	0.70	2.22	2.45	2.20	2.01
Poultry					
Producer SCT (UAH mn)	168	5 288	6 229	4 613	5 023
Percentage SCT	22.9	46.8	60.8	40.9	38.8
Producer NPC	1.26	1.66	1.89	1.56	1.54
Eggs					
Producer SCT (UAH mn)	282	414	728	228	286
Percentage SCT	27.9	6.4	12.4	3.4	3.4
Producer NPC	1.44	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (UAH mn) ¹	-185	600	-312	1 629	481
Percentage SCT	-1.8	0.8	-0.5	2.4	0.5
Producer NPC	1.00	0.95	0.88	0.98	0.99

Note: p: provisional; nc: not calculated; PSE: Producer Support Estimate; SCT: Single Commodity Transfers; NPC: Nominal Protection Coefficient.

1. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453485>

Table III.29. OECD: Consumer Single Commodity Transfers (USD)

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (USD mn)	-159 898	-171 491	-86 376	-95 427	-86 814	-76 886
Total Consumer SCT (USD mn)¹	-173 153	-190 631	-122 222	-127 036	-123 329	-116 302
Wheat						
Consumer SCT (USD mn)	-12 466	-8 445	-532	-47	-998	-552
Consumer NPC	2.06	1.31	1.01	1.00	1.03	1.01
Maize						
Consumer SCT (USD mn)	-1 979	-304	-7	88	-53	-57
Consumer NPC	1.24	1.04	1.00	1.00	1.01	1.01
Other grains						
Consumer SCT (USD mn)	-4 321	-3 191	-884	-396	-1 265	-990
Consumer NPC	2.05	1.29	1.07	1.03	1.12	1.08
Rice						
Consumer SCT (USD mn)	-23 427	-29 660	-16 378	-15 577	-16 204	-17 354
Consumer NPC	4.96	4.32	2.14	2.06	2.11	2.26
Rapeseed						
Consumer SCT (USD mn)	-515	-189	-250	-288	-232	-229
Consumer NPC	1.35	1.06	1.02	1.02	1.02	1.02
Sunflower						
Consumer SCT (USD mn)	-61	-160	-52	-38	-90	-27
Consumer NPC	1.07	1.07	1.02	1.01	1.03	1.01
Soybeans						
Consumer SCT (USD mn)	-216	-433	-312	-282	-243	-411
Consumer NPC	1.02	1.02	1.01	1.01	1.01	1.01
Sugar						
Consumer SCT (USD mn)	-7 285	-7 518	-4 063	-5 475	-3 251	-3 464
Consumer NPC	2.46	1.92	1.45	1.71	1.33	1.31
Milk						
Consumer SCT (USD mn)	-38 612	-39 116	-13 302	-11 074	-15 717	-13 116
Consumer NPC	2.79	1.89	1.13	1.09	1.17	1.14
Beef and Veal						
Consumer SCT (USD mn)	-18 243	-16 517	-13 198	-14 945	-14 594	-10 057
Consumer NPC	1.41	1.28	1.15	1.16	1.18	1.10
Sheepmeat						
Consumer SCT (USD mn)	-3 561	-2 598	-1 485	-1 527	-1 724	-1 202
Consumer NPC	2.06	1.47	1.19	1.20	1.24	1.14
Wool						
Consumer SCT (USD mn)	-8	0	3	4	3	3
Consumer NPC	1.04	1.02	1.00	1.00	1.00	1.00
Pigmeat						
Consumer SCT (USD mn)	-7 108	-7 986	-11 768	-13 953	-10 784	-10 566
Consumer NPC	1.20	1.16	1.19	1.22	1.19	1.17
Poultry						
Consumer SCT (USD mn)	-4 509	-5 304	-8 809	-8 710	-9 154	-8 565
Consumer NPC	1.25	1.18	1.18	1.18	1.20	1.17
Eggs						
Consumer SCT (USD mn)	-3 842	-2 632	-1 608	-1 612	-1 516	-1 697
Consumer NPC	1.35	1.17	1.06	1.06	1.06	1.07
Other Commodities						
Consumer SCT (USD mn) ²	-46 999	-66 579	-49 578	-53 206	-47 508	-48 019
Consumer NPC	1.31	1.30	1.14	1.14	1.14	1.13

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453504>

Table III.30. OECD: Consumer Single Commodity Transfers (EUR)

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (EUR mn)	-144 706	-138 258	-61 937	-65 270	-62 489	-58 052
Total Consumer SCT (EUR mn)¹	-156 729	-153 800	-87 825	-86 890	-88 772	-87 813
Wheat						
Consumer SCT (EUR mn)	-11 284	-6 819	-389	-32	-718	-417
Consumer NPC	2.06	1.31	1.01	1.00	1.03	1.01
Maize						
Consumer SCT (EUR mn)	-1 796	-239	-7	60	-38	-43
Consumer NPC	1.24	1.04	1.00	1.00	1.01	1.01
Other grains						
Consumer SCT (EUR mn)	-3 917	-2 560	-643	-271	-910	-747
Consumer NPC	2.05	1.29	1.07	1.03	1.12	1.08
Rice						
Consumer SCT (EUR mn)	-21 229	-23 846	-11 807	-10 654	-11 664	-13 103
Consumer NPC	4.96	4.32	2.14	2.06	2.11	2.26
Rapeseed						
Consumer SCT (EUR mn)	-465	-151	-179	-197	-167	-173
Consumer NPC	1.35	1.06	1.02	1.02	1.02	1.02
Sunflower						
Consumer SCT (EUR mn)	-58	-132	-37	-26	-65	-21
Consumer NPC	1.07	1.07	1.02	1.01	1.03	1.01
Soybeans						
Consumer SCT (EUR mn)	-193	-349	-226	-193	-175	-310
Consumer NPC	1.02	1.02	1.01	1.01	1.01	1.01
Sugar						
Consumer SCT (EUR mn)	-6 632	-6 101	-2 900	-3 744	-2 340	-2 615
Consumer NPC	2.46	1.92	1.45	1.71	1.33	1.31
Milk						
Consumer SCT (EUR mn)	-35 047	-31 701	-9 597	-7 574	-11 313	-9 903
Consumer NPC	2.79	1.89	1.13	1.09	1.17	1.14
Beef and Veal						
Consumer SCT (EUR mn)	-16 585	-13 408	-9 440	-10 222	-10 505	-7 593
Consumer NPC	1.41	1.28	1.15	1.16	1.18	1.10
Sheepmeat						
Consumer SCT (EUR mn)	-3 205	-2 079	-1 064	-1 045	-1 241	-907
Consumer NPC	2.06	1.47	1.19	1.20	1.24	1.14
Wool						
Consumer SCT (EUR mn)	-7	0	2	3	2	2
Consumer NPC	1.04	1.02	1.00	1.00	1.00	1.00
Pigmeat						
Consumer SCT (EUR mn)	-6 289	-6 385	-8 428	-9 543	-7 762	-7 978
Consumer NPC	1.20	1.16	1.19	1.22	1.19	1.17
Poultry						
Consumer SCT (EUR mn)	-4 018	-4 264	-6 338	-5 957	-6 589	-6 467
Consumer NPC	1.25	1.18	1.18	1.18	1.20	1.17
Eggs						
Consumer SCT (EUR mn)	-3 481	-2 106	-1 158	-1 102	-1 091	-1 281
Consumer NPC	1.35	1.17	1.06	1.06	1.06	1.07
Other Commodities						
Consumer SCT (EUR mn) ²	-42 522	-53 660	-35 615	-36 392	-34 196	-36 256
Consumer NPC	1.31	1.30	1.14	1.14	1.14	1.13

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453523>

Table III.31. Australia: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (AUD mn)	-971	-596	-256	-252	-257	-259
Total Consumer SCT (AUD mn)¹	-971	-596	-256	-252	-257	-259
Wheat						
Consumer SCT (AUD mn)	-16	-6	0	0	0	0
Consumer NPC	1.05	1.01	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (AUD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (AUD mn)	-4	-2	-5	-5	-6	-4
Consumer NPC	1.13	1.02	1.02	1.02	1.02	1.02
Rapeseed						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sunflower						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Soybeans						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sugar						
Consumer SCT (AUD mn)	-66	-30	0	0	0	0
Consumer NPC	1.12	1.03	1.00	1.00	1.00	1.00
Milk						
Consumer SCT (AUD mn)	-713	-457	-249	-245	-250	-254
Consumer NPC	2.71	1.22	1.00	1.00	1.00	1.00
Beef and Veal						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Consumer SCT (AUD mn)	-5	0	0	0	0	0
Consumer NPC	1.01	1.00	1.00	1.00	1.00	1.00
Wool						
Consumer SCT (AUD mn)	-1	-1	0	0	0	0
Consumer NPC	1.01	1.01	1.00	1.00	1.00	1.00
Pigmeat						
Consumer SCT (AUD mn)	-1	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Poultry						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Eggs						
Consumer SCT (AUD mn)	-43	-2	0	0	0	0
Consumer NPC	1.18	1.01	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (AUD mn) ²	-121	-98	-2	-2	-2	-1
Consumer NPC	1.13	1.03	1.00	1.00	1.00	1.00

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453542>

Table III.32. Canada: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (CAD mn)	-3 758	-2 415	-4 397	-3 055	-4 893	-5 241
Total Consumer SCT (CAD mn)¹	-3 758	-2 415	-4 397	-3 055	-4 893	-5 241
Wheat						
Consumer SCT (CAD mn)	-259	6	0	0	0	0
Consumer NPC	1.54	1.00	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (CAD mn)	-2	-1	0	0	0	0
Consumer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Other grains						
Consumer SCT (CAD mn)	11	0	0	0	0	0
Consumer NPC	1.41	1.00	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Consumer SCT (CAD mn)	-46	0	0	0	0	0
Consumer NPC	1.11	1.00	1.00	1.00	1.00	1.00
Sunflower						
Consumer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sugar						
Consumer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Consumer SCT (CAD mn)	-2 566	-1 850	-3 123	-2 095	-3 504	-3 770
Consumer NPC	5.81	1.94	2.04	1.49	2.21	2.41
Beef and Veal						
Consumer SCT (CAD mn)	-62	0	0	0	0	0
Consumer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Consumer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Consumer SCT (CAD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Poultry						
Consumer SCT (CAD mn)	-157	-47	-443	-496	-457	-378
Consumer NPC	1.19	1.03	1.23	1.26	1.23	1.19
Eggs						
Consumer SCT (CAD mn)	-90	-139	-99	7	-115	-188
Consumer NPC	1.28	1.31	1.21	0.99	1.23	1.40
Other Commodities						
Consumer SCT (CAD mn) ²	-588	-384	-731	-472	-816	-905
Consumer NPC	1.20	1.09	1.12	1.07	1.14	1.14

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453561>

Table III.33. Chile: Consumer Single Commodity Transfers

	1995-97	2008-10	2008	2009	2010p
Total CSE (CLP mn)	-172 494	-37 695	-29 109	-63 980	-19 995
Total Consumer SCT (CLP mn)¹	-172 494	-37 695	-29 109	-63 980	-19 995
Wheat					
Consumer SCT (CLP mn)	-9 500	-1 395	-4 186	0	0
Consumer NPC	1.07	1.00	1.01	1.00	1.00
Maize					
Consumer SCT (CLP mn)	-3 946	-5 442	-9 183	-3 761	-3 383
Consumer NPC	1.05	1.04	1.04	1.03	1.04
Other grains					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Soybeans					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Consumer SCT (CLP mn)	-39 910	-6 305	-5 406	-6 543	-6 966
Consumer NPC	1.39	1.03	1.02	1.03	1.03
Milk					
Consumer SCT (CLP mn)	-34 353	-9 400	0	-28 200	0
Consumer NPC	1.24	1.03	1.00	1.09	1.00
Beef and Veal					
Consumer SCT (CLP mn)	-23 036	0	0	0	0
Consumer NPC	1.10	1.00	1.00	1.00	1.00
Sheepmeat					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (CLP mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Consumer SCT (CLP mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Eggs					
Consumer SCT (CLP mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Other Commodities					
Consumer SCT (CLP mn) ²	-61 749	-15 152	-10 335	-25 476	-9 646
Consumer NPC	1.07	1.01	1.01	1.01	1.00

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

For Chile, the database starts in 1995.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453580>

Table III.34. European Union: Consumer Single Commodity Transfers (EU27)

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (EUR mn)	-65 589	-46 628	-18 107	-23 867	-20 029	-10 424
Total Consumer SCT (EUR mn)¹	-66 496	-47 430	-19 287	-25 112	-21 285	-11 463
Wheat						
Consumer SCT (EUR mn)	-4 244	-263	0	0	0	0
Consumer NPC	2.14	1.05	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (EUR mn)	-1 371	-421	0	0	0	0
Consumer NPC	2.20	1.28	1.00	1.00	1.00	1.00
Other grains						
Consumer SCT (EUR mn)	-1 271	-243	0	0	0	0
Consumer NPC	2.34	1.19	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (EUR mn)	-398	-252	-25	-75	0	0
Consumer NPC	2.50	1.50	1.02	1.06	1.00	1.00
Rapeseed						
Consumer SCT (EUR mn)	15	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sunflower						
Consumer SCT (EUR mn)	12	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Soybeans						
Consumer SCT (EUR mn)	4	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sugar						
Consumer SCT (EUR mn)	-2 779	-2 547	-574	-1 261	-461	0
Consumer NPC	3.35	2.33	1.32	1.77	1.18	1.00
Milk						
Consumer SCT (EUR mn)	-17 622	-16 027	-117	-555	114	90
Consumer NPC	4.56	2.07	1.00	1.01	1.00	1.00
Beef and Veal						
Consumer SCT (EUR mn)	-9 696	-7 185	-4 618	-5 884	-6 544	-1 426
Consumer NPC	2.07	1.66	1.26	1.32	1.40	1.07
Sheepmeat						
Consumer SCT (EUR mn)	-2 993	-1 914	-798	-961	-1 089	-345
Consumer NPC	2.70	1.71	1.21	1.25	1.29	1.08
Wool						
Consumer SCT (EUR mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (EUR mn)	-1 675	-1 727	-1 458	-2 582	-985	-807
Consumer NPC	1.13	1.08	1.05	1.09	1.03	1.03
Poultry						
Consumer SCT (EUR mn)	-2 078	-2 382	-4 393	-4 526	-4 712	-3 942
Consumer NPC	1.46	1.51	1.52	1.50	1.59	1.45
Eggs						
Consumer SCT (EUR mn)	-1 958	-552	-101	-131	-109	-63
Consumer NPC	1.64	1.14	1.01	1.02	1.01	1.01
Other Commodities						
Consumer SCT (EUR mn) ²	-20 442	-13 917	-7 201	-9 136	-7 499	-4 969
Consumer NPC	1.42	1.19	1.06	1.07	1.06	1.04

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

EU12 for 1986-94 including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453599>

Table III.35. Iceland: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (ISK mn)	-4 566	-4 068	-5 203	-5 715	-5 364	-4 529
Total Consumer SCT (ISK mn)¹	-4 566	-4 068	-5 203	-5 715	-5 364	-4 529
Wheat						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Maize						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rice						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Consumer SCT (ISK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Consumer SCT (ISK mn)	-1 664	-1 369	-2 174	-2 069	-2 656	-1 798
Consumer NPC	9.45	2.01	1.43	1.49	1.50	1.29
Beef and Veal						
Consumer SCT (ISK mn)	-208	-294	-50	-151	0	0
Consumer NPC	2.40	1.61	1.04	1.12	1.00	1.00
Sheepmeat						
Consumer SCT (ISK mn)	-747	-18	0	0	0	0
Consumer NPC	3.57	1.13	1.00	1.00	1.00	1.00
Wool						
Consumer SCT (ISK mn)	98	106	361	348	364	371
Consumer NPC	1.20	2.05	1.00	1.00	1.00	1.00
Pigmeat						
Consumer SCT (ISK mn)	-316	-465	-466	-763	-260	-377
Consumer NPC	3.81	2.10	1.36	1.63	1.17	1.28
Poultry						
Consumer SCT (ISK mn)	-192	-468	-1 573	-1 588	-1 554	-1 575
Consumer NPC	5.80	6.54	3.38	3.65	3.26	3.24
Eggs						
Consumer SCT (ISK mn)	-261	-386	-358	-435	-310	-330
Consumer NPC	5.37	4.10	1.97	2.42	1.70	1.78
Other Commodities						
Consumer SCT (ISK mn) ²	-1 277	-1 174	-942	-1 057	-948	-821
Consumer NPC	4.44	1.84	1.40	1.48	1.40	1.32

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453618>

Table III.36. Israel: Consumer Single Commodity Transfers

	1995-97	2008-10	2008	2009	2010p
Total CSE (ILS mn)	-2 128	-2 671	-2 766	-2 831	-2 417
Total Consumer SCT (ILS mn)¹	-2 128	-2 671	-2 766	-2 831	-2 417
Wheat					
Consumer SCT (ILS mn)	-57	-104	148	-347	-112
Consumer NPC	1.22	1.16	0.82	1.50	1.15
Maize					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Other grains					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Soybeans					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Milk					
Consumer SCT (ILS mn)	-783	-705	-869	-762	-485
Consumer NPC	2.48	1.40	1.47	1.46	1.26
Beef and Veal					
Consumer SCT (ILS mn)	-310	-784	-809	-702	-841
Consumer NPC	1.43	1.69	1.70	1.66	1.71
Sheepmeat					
Consumer SCT (ILS mn)	-63	-234	-215	-222	-264
Consumer NPC	1.50	1.50	1.50	1.50	1.50
Wool					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (ILS mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Poultry					
Consumer SCT (ILS mn)	-338	-335	-397	-335	-272
Consumer NPC	1.27	1.13	1.16	1.12	1.10
Eggs					
Consumer SCT (ILS mn)	-15	35	-23	86	41
Consumer NPC	1.04	0.96	1.03	0.90	0.95
Other Commodities					
Consumer SCT (ILS mn) ²	-563	-544	-601	-549	-484
Consumer NPC	1.15	1.06	1.07	1.07	1.05

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453637>

Table III.37. Japan: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (JPY bn)	-8 910	-8 080	-4 860	-4 971	-4 750	-4 861
Total Consumer SCT (JPY bn)¹	-8 910	-8 080	-4 860	-4 971	-4 750	-4 861
Wheat						
Consumer SCT (JPY bn)	-897	-780	0	0	0	0
Consumer NPC	6.56	5.34	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Consumer SCT (JPY bn)	-304	-269	-61	-24	-90	-68
Consumer NPC	6.18	4.36	1.90	1.25	2.26	2.20
Rice						
Consumer SCT (JPY bn)	-2 559	-2 230	-1 222	-1 217	-1 150	-1 300
Consumer NPC	5.61	4.93	3.07	3.14	2.68	3.38
Rapeseed						
Consumer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (JPY bn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sugar						
Consumer SCT (JPY bn)	-267	-171	-129	-144	-131	-112
Consumer NPC	2.50	2.34	-236.05	-14.55	-700.20	6.60
Milk						
Consumer SCT (JPY bn)	-776	-679	-473	-444	-527	-450
Consumer NPC	7.06	3.27	1.94	1.87	2.09	1.85
Beef and Veal						
Consumer SCT (JPY bn)	-558	-355	-277	-272	-270	-288
Consumer NPC	3.65	1.46	1.39	1.39	1.39	1.39
Sheepmeat						
Consumer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Consumer SCT (JPY bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (JPY bn)	-356	-414	-662	-730	-631	-623
Consumer NPC	1.73	2.07	3.36	3.38	3.63	3.07
Poultry						
Consumer SCT (JPY bn)	-51	-42	-32	-30	-30	-37
Consumer NPC	1.13	1.12	1.12	1.12	1.12	1.12
Eggs						
Consumer SCT (JPY bn)	-71	-73	-64	-70	-60	-63
Consumer NPC	1.20	1.19	1.17	1.17	1.17	1.17
Other Commodities						
Consumer SCT (JPY bn) ²	-3 072	-3 068	-1 940	-2 039	-1 861	-1 920
Consumer NPC	2.21	2.00	1.68	1.69	1.69	1.66

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453656>

Table III.38. Korea: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (KRW bn)	-9 425	-19 748	-20 307	-18 910	-21 745	-20 266
Total Consumer SCT (KRW bn)¹	-9 481	-20 002	-20 341	-18 948	-21 787	-20 288
Wheat						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Maize						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Consumer SCT (KRW bn)	-210	-209	-76	-85	-92	-51
Consumer NPC	3.42	3.50	1.42	1.31	1.54	1.41
Rice						
Consumer SCT (KRW bn)	-4 452	-6 933	-3 990	-4 060	-4 990	-2 920
Consumer NPC	5.59	5.89	1.83	1.78	2.12	1.60
Rapeseed						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (KRW bn)	-175	-264	-360	-310	-309	-460
Consumer NPC	1.72	1.65	1.41	1.35	1.28	1.58
Sugar						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Consumer SCT (KRW bn)	-302	-604	-1 113	-640	-1 362	-1 335
Consumer NPC	3.11	2.50	1.88	1.41	2.18	2.06
Beef and Veal						
Consumer SCT (KRW bn)	-495	-2 046	-1 693	-1 676	-1 581	-1 822
Consumer NPC	2.23	2.89	1.43	1.41	1.44	1.44
Sheepmeat						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Consumer SCT (KRW bn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (KRW bn)	-303	-781	-2 312	-2 547	-2 423	-1 966
Consumer NPC	1.50	1.69	2.75	2.78	3.08	2.38
Poultry						
Consumer SCT (KRW bn)	-132	-398	-675	-375	-720	-928
Consumer NPC	2.09	2.33	1.80	1.53	1.86	1.99
Eggs						
Consumer SCT (KRW bn)	28	-63	-141	-166	-157	-99
Consumer NPC	0.92	1.12	1.14	1.19	1.15	1.09
Other Commodities						
Consumer SCT (KRW bn) ²	-3 439	-8 704	-9 982	-9 088	-10 152	-10 707
Consumer NPC	2.74	2.71	1.73	1.70	1.90	1.60

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453675>

Table III.39. Mexico: Consumer Single Commodity Transfers

	1991-93	1995-97	2008-10	2008	2009	2010p
Total CSE (MXN mn)	-19 400	-760	-8 466	-961	-3 055	-21 382
Total Consumer SCT (MXN mn)¹	-19 403	-765	-16 953	-11 857	-15 625	-23 378
Wheat						
Consumer SCT (MXN mn)	189	375	19	56	0	0
Consumer NPC	1.24	0.99	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (MXN mn)	-4 659	2 016	446	1 337	0	0
Consumer NPC	1.70	0.99	1.00	1.00	1.00	1.00
Other grains						
Consumer SCT (MXN mn)	-68	227	11	34	0	0
Consumer NPC	1.21	1.03	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (MXN mn)	-30	-66	-33	0	0	-100
Consumer NPC	1.06	1.06	1.01	1.00	1.00	1.03
Rapeseed						
Consumer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (MXN mn)	-229	-857	-54	0	0	-162
Consumer NPC	1.19	1.13	1.01	1.00	1.00	1.02
Sugar						
Consumer SCT (MXN mn)	-1 699	-2 724	-4 641	-6 150	0	-7 774
Consumer NPC	1.98	1.51	1.22	1.37	1.00	1.30
Milk						
Consumer SCT (MXN mn)	-1 013	1 516	600	4 216	-1 901	-517
Consumer NPC	1.51	1.06	1.05	1.00	1.10	1.05
Beef and Veal						
Consumer SCT (MXN mn)	-1 816	-389	0	0	0	0
Consumer NPC	1.32	1.03	1.00	1.00	1.00	1.00
Sheepmeat						
Consumer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Wool						
Consumer SCT (MXN mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (MXN mn)	-275	1 302	-930	-1 301	-1 489	0
Consumer NPC	1.07	0.86	1.03	1.05	1.05	1.00
Poultry						
Consumer SCT (MXN mn)	-1 955	-1 966	-5 315	-4 229	-6 677	-5 039
Consumer NPC	1.58	1.13	1.09	1.08	1.11	1.08
Eggs						
Consumer SCT (MXN mn)	-152	0	0	0	0	0
Consumer NPC	1.05	1.00	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (MXN mn) ²	-7 696	-200	-7 055	-5 820	-5 558	-9 787
Consumer NPC	1.34	0.99	1.04	1.03	1.03	1.05

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453694>

Table III.40. New Zealand: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (NZD mn)	-105	-53	-63	-69	-49	-72
Total Consumer SCT (NZD mn)¹	-105	-53	-63	-69	-49	-72
Wheat						
Consumer SCT (NZD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (NZD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Other grains						
Consumer SCT (NZD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Consumer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Consumer SCT (NZD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Consumer SCT (NZD mn)	-21	0	0	0	0	0
Consumer NPC	1.09	1.00	1.00	1.00	1.00	1.00
Beef and Veal						
Consumer SCT (NZD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Consumer SCT (NZD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Wool						
Consumer SCT (NZD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Pigmeat						
Consumer SCT (NZD mn)	-2	0	0	0	0	0
Consumer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Poultry						
Consumer SCT (NZD mn)	-16	-16	-45	-48	-36	-50
Consumer NPC	1.25	1.10	1.14	1.15	1.11	1.16
Eggs						
Consumer SCT (NZD mn)	-36	-23	-3	-3	0	-5
Consumer NPC	1.81	1.47	1.03	1.03	1.00	1.05
Other Commodities						
Consumer SCT (NZD mn) ²	-30	-15	-16	-18	-12	-18
Consumer NPC	1.07	1.02	1.02	1.02	1.01	1.02

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453713>

Table III.41. Norway: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (NOK mn)	-9 050	-8 343	-9 343	-8 720	-9 849	-9 459
Total Consumer SCT (NOK mn)¹	-9 050	-8 343	-9 343	-8 720	-9 849	-9 459
Wheat						
Consumer SCT (NOK mn)	-121	-332	-154	-109	-220	-133
Consumer NPC	2.05	2.21	1.71	1.27	2.16	1.71
Maize						
Consumer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Other grains						
Consumer SCT (NOK mn)	-609	-252	-115	-150	-143	-52
Consumer NPC	4.07	2.14	1.79	1.31	2.14	1.92
Rice						
Consumer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Consumer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Consumer SCT (NOK mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Milk						
Consumer SCT (NOK mn)	-700	-2 654	-2 163	-1 810	-2 475	-2 204
Consumer NPC	3.37	2.36	1.59	1.50	1.71	1.55
Beef and Veal						
Consumer SCT (NOK mn)	-1 703	-1 436	-1 811	-1 846	-1 783	-1 803
Consumer NPC	3.60	2.35	1.99	2.05	1.96	1.94
Sheepmeat						
Consumer SCT (NOK mn)	-356	-171	-254	-313	-233	-217
Consumer NPC	2.53	1.44	1.35	1.42	1.34	1.28
Wool						
Consumer SCT (NOK mn)	-55	0	0	0	0	0
Consumer NPC	2.01	1.00	1.00	1.00	1.00	1.00
Pigmeat						
Consumer SCT (NOK mn)	-1 383	-969	-1 486	-1 405	-1 406	-1 648
Consumer NPC	2.66	1.80	2.03	1.98	1.95	2.17
Poultry						
Consumer SCT (NOK mn)	-256	-321	-895	-791	-932	-960
Consumer NPC	3.96	3.14	2.70	2.48	2.81	2.82
Eggs						
Consumer SCT (NOK mn)	-590	-299	-398	-368	-368	-458
Consumer NPC	4.48	2.45	1.99	1.99	1.84	2.14
Other Commodities						
Consumer SCT (NOK mn) ²	-3 277	-1 909	-2 067	-1 929	-2 289	-1 983
Consumer NPC	3.18	2.13	1.79	1.68	1.89	1.81

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453732>

Table III.42. Switzerland: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (CHF mn)	-7 609	-4 910	-3 297	-3 605	-3 498	-2 790
Total Consumer SCT (CHF mn)¹	-7 889	-5 039	-3 305	-3 614	-3 508	-2 794
Wheat						
Consumer SCT (CHF mn)	-538	-399	-81	-71	-42	-131
Consumer NPC	4.02	3.10	1.24	1.20	1.10	1.41
Maize						
Consumer SCT (CHF mn)	-139	-32	-16	-7	-17	-25
Consumer NPC	3.46	2.13	1.31	1.10	1.32	1.50
Other grains						
Consumer SCT (CHF mn)	-265	-62	-18	-2	-23	-29
Consumer NPC	4.53	2.45	1.44	1.02	1.53	1.76
Rice						
Consumer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Consumer SCT (CHF mn)	-313	-252	-267	-312	-252	-238
Consumer NPC	6.45	4.32	2.43	2.39	2.57	2.32
Sunflower						
Consumer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Consumer SCT (CHF mn)	-143	-146	-50	-45	-84	-19
Consumer NPC	4.51	3.51	1.46	1.76	1.51	1.10
Milk						
Consumer SCT (CHF mn)	-1 900	-1 102	-382	-397	-598	-150
Consumer NPC	9.85	3.27	1.27	1.24	1.49	1.09
Beef and Veal						
Consumer SCT (CHF mn)	-1 382	-712	-578	-633	-571	-531
Consumer NPC	4.21	2.40	1.82	1.93	1.78	1.76
Sheepmeat						
Consumer SCT (CHF mn)	-106	-102	-30	-38	-30	-23
Consumer NPC	5.08	3.70	1.55	1.67	1.57	1.41
Wool						
Consumer SCT (CHF mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (CHF mn)	-908	-651	-572	-675	-546	-494
Consumer NPC	2.45	2.17	2.09	2.21	2.05	2.02
Poultry						
Consumer SCT (CHF mn)	-301	-298	-228	-230	-224	-231
Consumer NPC	6.08	6.10	4.67	4.31	4.81	4.88
Eggs						
Consumer SCT (CHF mn)	-399	-299	-210	-193	-231	-207
Consumer NPC	6.87	5.28	3.10	2.91	3.22	3.16
Other Commodities						
Consumer SCT (CHF mn) ²	-1 495	-985	-872	-1 012	-889	-715
Consumer NPC	4.52	2.89	1.52	1.62	1.56	1.39

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453751>

Table III.43. Turkey: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (TRY mn)	-3	-584	-20 077	-20 201	-18 347	-21 682
Total Consumer SCT (TRY mn)¹	-3	-584	-20 077	-20 201	-18 347	-21 682
Wheat						
Consumer SCT (TRY mn)	0	-54	-618	0	-1 293	-562
Consumer NPC	1.36	1.14	1.09	1.00	1.19	1.07
Maize						
Consumer SCT (TRY mn)	0	-4	-32	-10	-47	-39
Consumer NPC	1.16	1.23	1.29	1.14	1.35	1.37
Other grains						
Consumer SCT (TRY mn)	0	-1	-191	-77	-287	-210
Consumer NPC	1.36	1.16	1.51	1.23	1.80	1.51
Rice						
Consumer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Rapeseed						
Consumer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (TRY mn)	0	-20	-77	-50	-139	-41
Consumer NPC	1.16	1.43	1.08	1.05	1.17	1.03
Soybeans						
Consumer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sugar						
Consumer SCT (TRY mn)	0	-41	-349	-698	-349	0
Consumer NPC	1.11	1.67	1.43	1.98	1.29	1.00
Milk						
Consumer SCT (TRY mn)	-1	-104	-3 308	-3 539	-3 419	-2 965
Consumer NPC	2.46	2.12	1.54	1.55	1.65	1.43
Beef and Veal						
Consumer SCT (TRY mn)	0	-53	-2 073	-1 555	-1 134	-3 529
Consumer NPC	1.19	1.54	1.69	1.64	1.57	1.86
Sheepmeat						
Consumer SCT (TRY mn)	0	-4	-380	-35	-236	-869
Consumer NPC	1.17	1.09	1.35	1.05	1.30	1.70
Wool						
Consumer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Pigmeat						
Consumer SCT (TRY mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Poultry						
Consumer SCT (TRY mn)	0	-18	-1 188	-652	-1 159	-1 752
Consumer NPC	0.93	1.39	1.50	1.31	1.53	1.67
Eggs						
Consumer SCT (TRY mn)	0	-21	-656	-699	-615	-654
Consumer NPC	1.21	1.59	1.49	1.58	1.42	1.47
Other Commodities						
Consumer SCT (TRY mn) ²	-2	-263	-11 205	-12 885	-9 668	-11 060
Consumer NPC	1.23	1.23	1.21	1.29	1.17	1.16

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453770>

Table III.44. United States: Consumer Single Commodity Transfers

	1986-88	1995-97	2008-10	2008	2009	2010p
Total CSE (USD mn)	-3 794	4 452	30 624	27 124	29 357	35 390
Total Consumer SCT (USD mn)¹	-13 872	-13 284	-2 924	-1 712	-4 515	-2 545
Wheat						
Consumer SCT (USD mn)	-353	-26	0	0	0	0
Consumer NPC	1.20	1.01	1.00	1.00	1.00	1.00
Maize						
Consumer SCT (USD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Other grains						
Consumer SCT (USD mn)	-100	-4	0	0	0	0
Consumer NPC	1.22	1.00	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (USD mn)	-5	-1	0	0	0	0
Consumer NPC	1.01	1.00	1.00	1.00	1.00	1.00
Rapeseed						
Consumer SCT (USD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Sunflower						
Consumer SCT (USD mn)	..nc	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc	..nc
Soybeans						
Consumer SCT (USD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sugar						
Consumer SCT (USD mn)	-1 997	-1 624	-1 224	-1 195	-936	-1 542
Consumer NPC	3.18	2.00	1.52	1.57	1.36	1.63
Milk						
Consumer SCT (USD mn)	-6 181	-7 576	-886	0	-2 281	-377
Consumer NPC	1.56	1.57	1.04	1.00	1.10	1.01
Beef and Veal						
Consumer SCT (USD mn)	-378	0	0	0	0	0
Consumer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Sheepmeat						
Consumer SCT (USD mn)	-6	-4	-63	-57	-58	-73
Consumer NPC	1.01	1.01	1.10	1.10	1.10	1.10
Wool						
Consumer SCT (USD mn)	-2	-1	0	0	0	0
Consumer NPC	1.01	1.01	1.01	1.01	1.01	1.01
Pigmeat						
Consumer SCT (USD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Poultry						
Consumer SCT (USD mn)	-727	-56	0	0	0	0
Consumer NPC	1.11	1.00	1.00	1.00	1.00	1.00
Eggs						
Consumer SCT (USD mn)	-140	-111	0	0	0	0
Consumer NPC	1.06	1.04	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (USD mn) ²	-3 983	-3 881	-751	-461	-1 239	-554
Consumer NPC	1.11	1.08	1.01	1.01	1.02	1.01

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


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Table III.45. Brazil: Consumer Single Commodity Transfers

	1995-97	2008-10	2008	2009	2010p
Total CSE (BRL mn)	2 537	-6 421	-2 514	-10 592	-6 157
Total Consumer SCT (BRL mn)¹	2 537	-6 421	-2 514	-10 592	-6 157
Wheat					
Consumer SCT (BRL mn)	11	161	54	438	-9
Consumer NPC	1.00	1.03	1.00	1.00	1.08
Maize					
Consumer SCT (BRL mn)	2	338	-69	322	760
Consumer NPC	1.00	1.01	1.04	1.00	1.00
Other grains					
Consumer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Consumer SCT (BRL mn)	-277	-1 866	-1 195	-2 922	-1 482
Consumer NPC	1.13	1.25	1.14	1.42	1.20
Rapeseed					
Consumer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Consumer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Soybeans					
Consumer SCT (BRL mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Sugar					
Consumer SCT (BRL mn)	3 151	0	0	0	0
Consumer NPC	0.51	1.00	1.00	1.00	1.00
Milk					
Consumer SCT (BRL mn)	-827	-3 281	0	-6 030	-3 813
Consumer NPC	1.21	1.22	1.00	1.46	1.21
Beef and Veal					
Consumer SCT (BRL mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Sheepmeat					
Consumer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Consumer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (BRL mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Consumer SCT (BRL mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Eggs					
Consumer SCT (BRL mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Other Commodities					
Consumer SCT (BRL mn) ²	476	-1 772	-1 304	-2 401	-1 613
Consumer NPC	0.97	1.04	1.03	1.06	1.03

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453808>

Table III.46. China: Consumer Single Commodity Transfers

	1995-97	2008-10	2008	2009	2010p
Total CSE (RMB mn)	-27 360	-385 848	114 396	-505 670	-766 270
Total Consumer SCT (RMB mn)¹	-29 461	-385 952	114 282	-505 772	-766 367
Wheat					
Consumer SCT (RMB mn)	-10 108	-47 741	-24 565	-59 341	-59 317
Consumer NPC	1.08	1.33	1.17	1.44	1.39
Maize					
Consumer SCT (RMB mn)	2 276	-9 536	12 896	-15 351	-26 154
Consumer NPC	1.01	1.12	0.87	1.19	1.30
Other grains					
Consumer SCT (RMB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Consumer SCT (RMB mn)	24 267	133 947	229 056	159 601	13 182
Consumer NPC	0.92	0.76	0.60	0.70	0.97
Rapeseed					
Consumer SCT (RMB mn)	-3 919	-13 074	-16 846	-14 278	-8 098
Consumer NPC	1.19	1.28	1.33	1.31	1.19
Sunflower					
Consumer SCT (RMB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Soybeans					
Consumer SCT (RMB mn)	-550	-28 425	14 938	-48 208	-52 004
Consumer NPC	1.01	1.18	0.92	1.30	1.31
Sugar					
Consumer SCT (RMB mn)	-7 317	-15 179	-6 177	-27 267	-12 093
Consumer NPC	1.62	1.98	1.24	3.29	1.40
Milk					
Consumer SCT (RMB mn)	-11 856	-11 701	17 453	-27 549	-25 008
Consumer NPC	2.55	1.22	0.80	1.52	1.33
Beef and Veal					
Consumer SCT (RMB mn)	0	-13 579	0	-20 611	-20 127
Consumer NPC	1.00	1.10	1.00	1.16	1.16
Sheepmeat					
Consumer SCT (RMB mn)	-3 032	-18 495	-19 598	-17 184	-18 703
Consumer NPC	1.17	1.17	1.17	1.17	1.17
Wool					
Consumer SCT (RMB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (RMB mn)	0	-104 183	-117 682	-99 816	-95 050
Consumer NPC	1.00	1.16	1.16	1.16	1.16
Poultry					
Consumer SCT (RMB mn)	0	-13 482	-13 462	-13 290	-13 692
Consumer NPC	1.00	1.04	1.04	1.04	1.04
Eggs					
Consumer SCT (RMB mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (RMB mn) ²	-19 221	-244 504	38 269	-322 479	-449 302
Consumer NPC	1.03	1.10	0.98	1.13	1.19

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.

2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453827>

Table III.47. Russia: Consumer Single Commodity Transfers

	1995-97	2008-10	2008	2009	2010p
Total CSE (RUB mn)	-18 847	-511 515	-611 294	-526 152	-397 100
Total Consumer SCT (RUB mn)¹	-18 847	-511 515	-611 294	-526 152	-397 100
Wheat					
Consumer SCT (RUB mn)	1 253	10 045	4 006	4 053	22 076
Consumer NPC	0.90	0.90	0.97	0.96	0.76
Maize					
Consumer SCT (RUB mn)	284	2 270	2 491	4 334	-16
Consumer NPC	0.68	0.66	0.73	0.58	0.66
Other grains					
Consumer SCT (RUB mn)	94	16 624	21 217	14 278	14 376
Consumer NPC	0.89	0.77	0.76	0.81	0.74
Rice					
Consumer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Consumer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Consumer SCT (RUB mn)	588	16 455	-10 307	-281	59 953
Consumer NPC	0.74	0.89	1.17	1.01	0.49
Soybeans					
Consumer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Consumer SCT (RUB mn)	-2 367	-20 187	-24 880	-17 546	-18 137
Consumer NPC	1.48	1.55	1.73	1.54	1.38
Milk					
Consumer SCT (RUB mn)	-12 390	-110 747	-128 747	-85 252	-118 241
Consumer NPC	1.40	1.34	1.43	1.26	1.32
Beef and Veal					
Consumer SCT (RUB mn)	4 317	-76 288	-63 678	-107 634	-57 551
Consumer NPC	0.90	1.35	1.30	1.53	1.22
Sheepmeat					
Consumer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Consumer SCT (RUB mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (RUB mn)	-2 528	-154 524	-164 325	-152 761	-146 487
Consumer NPC	1.11	1.99	2.34	1.90	1.72
Poultry					
Consumer SCT (RUB mn)	-3 487	-95 826	-99 240	-85 954	-102 283
Consumer NPC	1.25	1.67	1.84	1.47	1.70
Eggs					
Consumer SCT (RUB mn)	-1 544	-1 937	-5 810	0	0
Consumer NPC	1.15	1.02	1.07	1.00	1.00
Other Commodities					
Consumer SCT (RUB mn) ²	-3 068	-97 400	-142 019	-99 389	-50 792
Consumer NPC	1.03	1.15	1.18	1.15	1.10

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453846>

Table III.48. South Africa: Consumer Single Commodity Transfers

	1995-97	2008-10	2008	2009	2010p
Total CSE (ZAR mn)	-4 031	-1 852	-1 703	-3 403	-451
Total Consumer SCT (ZAR mn)¹	-4 031	-1 852	-1 703	-3 403	-451
Wheat					
Consumer SCT (ZAR mn)	-98	0	0	0	0
Consumer NPC	1.05	1.00	1.00	1.00	1.00
Maize					
Consumer SCT (ZAR mn)	-244	-275	-23	-795	-9
Consumer NPC	1.11	1.05	1.01	1.10	1.03
Other grains					
Consumer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rice					
Consumer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Consumer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Consumer SCT (ZAR mn)	0	-115	-345	0	0
Consumer NPC	1.00	1.05	1.14	1.00	1.00
Soybeans					
Consumer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Consumer SCT (ZAR mn)	-372	-442	-896	-185	-245
Consumer NPC	1.40	1.18	1.41	1.06	1.07
Milk					
Consumer SCT (ZAR mn)	-712	-482	0	-1 447	0
Consumer NPC	1.54	1.08	1.00	1.23	1.00
Beef and Veal					
Consumer SCT (ZAR mn)	-403	0	0	0	0
Consumer NPC	1.11	1.00	1.00	1.00	1.00
Sheepmeat					
Consumer SCT (ZAR mn)	-511	0	0	0	0
Consumer NPC	1.52	1.00	1.00	1.00	1.00
Wool					
Consumer SCT (ZAR mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Consumer SCT (ZAR mn)	-591	0	0	0	0
Consumer NPC	1.12	1.00	1.00	1.00	1.00
Eggs					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (ZAR mn) ²	-1 099	-538	-439	-977	-197
Consumer NPC	1.12	1.02	1.01	1.03	1.01

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


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Table III.49. Ukraine: Consumer Single Commodity Transfers

	1996-97	2008-10	2008	2009	2010p
Total CSE (UAH mn)	1 874	-12 714	-14 005	-16 911	-7 226
Total Consumer SCT (UAH mn)¹	1 874	-12 714	-14 005	-16 911	-7 226
Wheat					
Consumer SCT (UAH mn)	15	2 445	4 519	2 092	724
Consumer NPC	1.31	0.77	0.61	0.77	0.92
Maize					
Consumer SCT (UAH mn)	23	280	498	38	305
Consumer NPC	0.85	0.84	0.69	0.96	0.88
Other grains					
Consumer SCT (UAH mn)	-36	359	821	239	18
Consumer NPC	1.03	0.84	0.73	0.83	0.95
Rice					
Consumer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Rapeseed					
Consumer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sunflower					
Consumer SCT (UAH mn)	89	1 052	452	-769	3 472
Consumer NPC	0.83	0.96	0.95	1.07	0.85
Soybeans					
Consumer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Sugar					
Consumer SCT (UAH mn)	-279	-2 324	-2 264	-2 566	-2 141
Consumer NPC	1.30	2.12	3.09	1.85	1.44
Milk					
Consumer SCT (UAH mn)	1 062	526	-939	-414	2 930
Consumer NPC	0.78	0.99	1.05	1.02	0.90
Beef and Veal					
Consumer SCT (UAH mn)	-49	-28	-1 187	392	710
Consumer NPC	1.03	1.01	1.17	0.95	0.91
Sheepmeat					
Consumer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Wool					
Consumer SCT (UAH mn)	..nc	..nc	..nc	..nc	..nc
Consumer NPC	..nc	..nc	..nc	..nc	..nc
Pigmeat					
Consumer SCT (UAH mn)	1 224	-7 933	-8 495	-8 364	-6 939
Consumer NPC	0.70	2.16	2.29	2.18	1.99
Poultry					
Consumer SCT (UAH mn)	-185	-5 205	-5 512	-4 815	-5 286
Consumer NPC	1.27	1.64	1.82	1.56	1.54
Eggs					
Consumer SCT (UAH mn)	-266	0	0	0	0
Consumer NPC	1.44	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (UAH mn) ²	277	-1 888	-1 899	-2 743	-1 021
Consumer NPC	0.92	1.09	1.09	1.14	1.04

Note: p: provisional. nc: not calculated. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. May differ from the Total CSE by the amount of subsidies to consumers which are not specific to a single commodity.
2. Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453884>

Table III.50. Australia : Payments made on the basis of area, animal numbers, receipts or income

AUD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	0	19	89	115	76	76
Share in total PSE (%)	0	1	6	6	6	7
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	19	89	115	76	76
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	250	227	592	942	460	374
Share in total PSE (%)	13	14	40	48	36	36
Payments based on area	0	34	91	87	93	93
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	73	219	0	0
Payments based on farm income	250	193	428	636	367	281

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453903>**Table III.51. Canada : Payments made on the basis of area, animal numbers, receipts or income**

CAD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	1 787	840	2 041	1 794	2 285	2 044
Share in total PSE (%)	22	17	29	30	30	27
Payments based on area	1 075	223	622	502	670	693
Payments based on animal numbers	81	159	299	342	324	231
Payments based on farm receipts	632	396	248	266	161	316
Payments based on farm income	0	63	873	684	1 130	804
Payments based on non-current A/An/R/I, production required	0	0	183	137	17	396
Share in total PSE (%)	0	0	3	2	0	5
Payments based on area	0	0	106	0	6	312
Payments based on animal numbers	0	0	32	2	11	84
Payments based on farm receipts	0	0	45	135	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	790	314	719	217	7
Share in total PSE (%)	0	15	5	12	3	0
Payments based on area	0	755	2	1	3	3
Payments based on animal numbers	0	0	39	41	77	0
Payments based on farm receipts	0	35	81	236	7	0
Payments based on farm income	0	0	192	441	130	4

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453922>

Table III.52. Chile : Payments made on the basis of area, animal numbers, receipts or income

CLP million

	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	4 158	4 160	8 812	809	2 858
Share in total PSE (%)	2	3	6	0	2
Payments based on area	4 158	4 160	8 812	809	2 858
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

For Chile, the database starts in 1995.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453941>**Table III.53. European Union : Payments made on the basis of area, animal numbers, receipts or income (EU27)**

EUR million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	3 195	29 776	15 231	15 777	15 812	14 104
Share in total PSE (%)	4	32	18	17	18	18
Payments based on area	515	20 609	11 444	12 027	11 800	10 505
Payments based on animal numbers	2 548	9 102	3 273	3 429	3 425	2 964
Payments based on farm receipts	91	47	258	291	242	241
Payments based on farm income	41	18	257	30	346	394
Payments based on non-current A/An/R/I, production required	0	0	177	191	167	174
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	177	191	167	174
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	24	34 740	33 633	34 299	36 288
Share in total PSE (%)	0	0	42	37	40	47
Payments based on area	0	24	13 014	12 299	12 870	13 873
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	21 726	21 334	21 429	22 415
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

EU12 for 1986-94 including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932453960>

Table III.54. Iceland : Payments made on the basis of area, animal numbers, receipts or income

ISK million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	0	0	546	538	542	558
Share in total PSE (%)	0	0	4	3	4	4
Payments based on area	0	0	2	0	0	5
Payments based on animal numbers	0	0	544	538	542	553
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	1 011	3 181	3 039	3 220	3 285
Share in total PSE (%)	0	11	21	19	21	22
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	1 011	3 165	2 989	3 220	3 285
Payments based on farm receipts	0	0	16	49	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	48	14	0	0	0	0
Share in total PSE (%)	1	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	48	14	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453979>**Table III.55. Israel : Payments made on the basis of area, animal numbers, receipts or income**

ILS million

	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	102	194	240	174	169
Share in total PSE (%)	4	6	6	6	6
Payments based on area	5	23	27	19	23
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	97	171	213	155	146
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	56	35	37	35	32
Share in total PSE (%)	2	1	1	1	1
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	56	35	37	35	32

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

For Israel, the database starts in 1995. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932453998>

Table III.56. Japan : Payments made on the basis of area, animal numbers, receipts or income
JPY billion

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	0	0	142	64	84	279
Share in total PSE (%)	0	0	3	1	2	6
Payments based on area	0	0	73	8	8	202
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	69	56	76	76
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	228	119	313	272	308	360
Share in total PSE (%)	3	2	7	6	7	8
Payments based on area	228	119	313	272	308	360
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454017>

Table III.57. Korea : Payments made on the basis of area, animal numbers, receipts or income
KRW billion

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	24	206	936	689	941	1 179
Share in total PSE (%)	0	1	5	4	4	6
Payments based on area	0	0	607	308	646	867
Payments based on animal numbers	0	11	0	0	0	0
Payments based on farm receipts	11	14	0	0	0	0
Payments based on farm income	13	182	329	381	295	312
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	686	743	653	661
Share in total PSE (%)	0	0	3	4	3	3
Payments based on area	0	0	686	743	653	661
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454036>


Table III.58. Mexico : Payments made on the basis of area, animal numbers, receipts or income

MXN million

	1991-93	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	10	234	932	1 143	879	773
Share in total PSE (%)	0	1	1	2	1	1
Payments based on area	10	134	849	894	879	773
Payments based on animal numbers	0	0	83	250	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	100	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	3 759	3 661	3 835	3 781
Share in total PSE (%)	0	0	5	5	5	5
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	3 759	3 661	3 835	3 781
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	6 701	12 311	12 310	12 311	12 312
Share in total PSE (%)	0	-1	17	17	16	16
Payments based on area	0	6 701	12 311	12 310	12 311	12 312
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932454055>**Table III.59. New Zealand : Payments made on the basis of area, animal numbers, receipts or income**

NZD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	42	1	1	1	1	0
Share in total PSE (%)	12	1	1	1	1	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	42	1	1	1	1	0
Payments based on non-current A/An/R/I, production required	315	0	1	0	1	1
Share in total PSE (%)	21	0	1	0	1	1
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	315	0	1	0	1	1
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454074>


Table III.60. Norway : Payments made on the basis of area, animal numbers, receipts or income

NOK million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	3 577	6 254	6 761	6 366	6 789	7 127
Share in total PSE (%)	19	33	32	31	32	32
Payments based on area	974	3 335	2 215	2 154	2 237	2 255
Payments based on animal numbers	2 603	2 920	3 650	3 359	3 671	3 918
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	896	853	881	954
Payments based on non-current A/An/R/I, production required	0	0	2 652	2 689	2 568	2 698
Share in total PSE (%)	0	0	13	13	12	12
Payments based on area	0	0	1 618	1 664	1 596	1 594
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	1 034	1 025	972	1 104
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932454093>**Table III.61. Switzerland : Payments made on the basis of area, animal numbers, receipts or income**

CHF million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	612	1 203	1 244	1 117	1 287	1 328
Share in total PSE (%)	7	17	21	19	20	24
Payments based on area	259	804	217	219	204	227
Payments based on animal numbers	338	399	1 028	898	1 084	1 101
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	15	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	28	569	97	92	98	101
Share in total PSE (%)	0	8	2	2	2	2
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	28	60	97	92	98	101
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	509	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	1 210	1 201	1 226	1 205
Share in total PSE (%)	0	0	20	20	19	21
Payments based on area	0	0	1 210	1 201	1 226	1 205
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454112>

Table III.62. Turkey : Payments made on the basis of area, animal numbers, receipts or income

TRY million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	0	4	1 973	1 679	1 751	2 488
Share in total PSE (%)	0	1	6	6	6	8
Payments based on area	0	4	1 572	1 567	1 361	1 789
Payments based on animal numbers	0	0	328	63	326	596
Payments based on farm receipts	0	0	72	49	65	103
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	380	1 139	1	1
Share in total PSE (%)	0	0	1	4	0	0
Payments based on area	0	0	380	1 139	1	1
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932454131>**Table III.63. United States : Payments made on the basis of area, animal numbers, receipts or income**

USD million

	1986-88	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	12 231	1 825	7 819	9 910	7 910	5 638
Share in total PSE (%)	34	8	27	33	25	22
Payments based on area	11 053	1 104	6 623	8 506	6 530	4 833
Payments based on animal numbers	267	0	22	24	28	14
Payments based on farm receipts	0	0	9	7	8	11
Payments based on farm income	912	721	1 166	1 372	1 344	780
Payments based on non-current A/An/R/I, production required	0	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	338	3 824	6 415	6 996	6 396	5 852
Share in total PSE (%)	1	13	22	23	20	23
Payments based on area	338	3 824	5 461	6 041	5 443	4 898
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	954	955	953	954
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454150>


Table III.64. Brazil : Payments made on the basis of area, animal numbers, receipts or income

BRL million

	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	0	116	89	130	130
Share in total PSE (%)	0	1	1	1	1
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	116	89	130	130
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932454169>**Table III.65. China : Payments made on the basis of area, animal numbers, receipts or income**

RMB million

	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	3 866	108 790	108 461	103 585	114 323
Share in total PSE (%)	9	30	64	15	11
Payments based on area	0	93 367	86 900	94 600	98 600
Payments based on animal numbers	0	2 230	1 930	2 230	2 530
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	3 866	13 193	19 631	6 755	13 193
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	6 000	38 438	32 035	37 480	45 798
Share in total PSE (%)	15	10	19	5	5
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	6 000	38 438	32 035	37 480	45 798

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454188>

Table III.66. Russia : Payments made on the basis of area, animal numbers, receipts or income
RUB million

	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	0	4 190	1 120	1 450	10 000
Share in total PSE (%)	0	1	0	0	2
Payments based on area	0	653	910	1 049	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	3 537	210	402	10 000
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932454207>**Table III.67. South Africa : Payments made on the basis of area, animal numbers, receipts or income**

ZAR million

	1995-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	97	98	137	157	0
Share in total PSE (%)	2	2	4	3	0
Payments based on area	10	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	87	98	137	157	0
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011

StatLink  <http://dx.doi.org/10.1787/888932454226>**Table III.68. Ukraine : Payments made on the basis of area, animal numbers, receipts or income**

UAH million

	1996-97	2008-10	2008	2009	2010p
Payments based on current A/An/R/I, production required	380	1 064	2 273	830	90
Share in total PSE (%)	-1	11	27	4	1
Payments based on area	0	262	786	0	0
Payments based on animal numbers	0	96	182	106	0
Payments based on farm receipts	0	12	35	0	0
Payments based on farm income	380	695	1 270	724	90
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	0	0	0	0	0
Share in total PSE (%)	0	0	0	0	0
Payments based on area	0	0	0	0	0
Payments based on animal numbers	0	0	0	0	0
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).

Source: OECD, PSE/CSE database, 2011


StatLink  <http://dx.doi.org/10.1787/888932454245>

Table III.69. **Contribution of Market Price Support to change in Producer Support Estimate, by country, 2009 to 2010**

	Producer Support Estimate (PSE)	Contribution of:		Contribution of MPS elements:	
		BP	MPS	Quantity	Price gap
	% change ¹	% change in nominal PSE if all other variables are held constant			
Australia	-18.3	-18.7	0.4	0.6	-0.2
Canada	-0.2	-4.1	3.9	0.1	3.9
Chile	-28.2	-6.5	-21.7	1.5	-23.2
European Union ²	-11.0	0.2	-11.2	-0.2	-11.0
Iceland	-5.3	1.7	-7.1	-1.0	-6.1
Israel ³	-16.1	-0.7	-15.4	-2.1	-13.3
Japan	10.8	7.7	3.1	-0.3	3.4
Korea	-10.2	1.3	-11.5	-3.3	-8.3
Mexico	4.4	3.4	1.0	0.4	0.6
New Zealand	30.8	-1.0	31.8	2.1	29.7
Norway	3.8	3.0	0.8	0.7	0.1
Switzerland	-11.5	0.5	-12.0	-0.2	-11.9
Turkey	6.4	3.4	3.0	1.5	1.4
United States	-18.7	-11.1	-7.6	0.1	-7.8
OECD ⁴	9.9	1.7	8.2	0.4	7.8
Brazil	-27.9	-3.8	-24.0	0.2	-24.3
China	40.4	2.7	37.6	2.0	35.7
Russia	-8.6	2.8	-11.4	10.9	-22.3
Ukraine	-30.1	0.9	-31.0	17.4	-48.3
South Africa	-48.7	8.8	-57.6	1.3	-58.9

1. Per cent changes of nominal values expressed in national currency.

2. European Union 27.

3. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

4. An average of per cent changes in individual country PSEs in national currencies, weighted by the shares of the country PSEs in the OECD PSE in the previous year; not equivalent to the variation in OECD PSE in any common currency.

Source: OECD, PSE/CSE database 2011.

StatLink  <http://dx.doi.org/10.1787/888932454264>

Table III.70. **Contribution to change in Border Price by country, 2009 to 2010**

	Producer Price % change ²	Border Price % change ²	Contribution to % change in Border Price ¹ of:	
			Exchange Rate	Border Price (USD) if all other variables are held constant
Australia	-31.9	-31.9	-13.5	-18.4
Canada	0.4	-6.6	-9.9	3.3
Chile	10.7	19.3	-10.1	29.4
European Union ³	1.3	19.0	5.1	13.9
Iceland	0.5	9.6	-1.2	10.8
Israel ⁴	1.3	8.9	-5.2	14.1
Japan	0.6	-2.8	-6.3	3.5
Korea	0.0	19.3	-10.9	30.2
Mexico	4.2	9.1	-7.0	16.1
New Zealand	0.5	-3.4	-14.0	10.7
Norway	3.2	5.9	-4.1	10.0
Switzerland	-5.5	5.7	-4.2	9.9
Turkey	8.8	13.6	-3.4	16.9
United States	22.9	30.6	0.0	30.6
OECD ⁵	2.7	10.1	-3.4	13.6
Brazil	3.9	23.9	-14.4	38.3
China	3.0	54.3	-1.2	55.5
Russia	8.1	12.9	-4.8	17.7
Ukraine	-28.0	17.2	2.0	15.2
South Africa	-6.2	8.3	-14.8	23.1

1. Border Price at farm gate, i.e. price net of marketing margins between border and farm gate.


2. An average of per cent changes in Producer Price/Border Prices for individual commodities in national currencies, weighted by the shares of individual commodity MPS in total MPS in the previous year.

3. European Union 27.

4. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

5. An average of per cent changes in Producer Price/Border Price for individual countries, weighted by the value of countries' MPS in OECD total MPS in the previous year.

Source: OECD, PSE/CSE database 2011.

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Contents

PART I. Agricultural developments in OECD countries and emerging economies

Chapter 1. Diversity among new OECD member countries and emerging economies

Chapter 2. Developments in agricultural policy and support

PART II. Country chapters

Part III. Summary tables of estimates of support

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