Agricultural Policy Monitoring and Evaluation 2013

OECD COUNTRIES AND EMERGING ECONOMIES

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Agricultural Policy Monitoring and Evaluation 2013

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Foreword

This report Agricultural Policies: Monitoring and Evaluation 2013 – OECD Countries and Emerging Economies *monitors agricultural policy developments in OECD member countries, and seven emerging economies: Brazil, China, Indonesia, Kazakhstan, Russia, South Africa and Ukraine.*

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, contains two chapters: Chapter 1 provides an overview of developments in agricultural policies, while Chapter 2 analyses the development of the level and structure of support to agriculture across OECD countries and emerging economies. Part II contains Country chapters which summarise the developments in agricultural policies in each individual OECD country (the European Union which has a Common Agricultural Policy is covered in a single country chapter) and in each emerging economy covered by this report. The Statistical Annex contains detailed background tables with indicators of agricultural support covering both OECD countries and emerging economies.

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Table of contents

List of acronyms and abbreviations 11

Executive summary 15

Part I

Developments in agricultural policy and support, 2013

Chapter 1. **Development of agricultural policies** 21
Key economic and market developments 22
Main changes in agricultural policies 23

Chapter 2. **Evaluation of agricultural policies** 39
Developments in agricultural support 40
Assessing support and reforms 54
Annex 2.A1. Structural drivers of agricultural support and different policy choices: Technical background note 62
Annex 2.A2. Definition of OECD indicators of agricultural support 65

Part II

Developments in OECD countries and emerging economies

Chapter 3. **Trends in the OECD area** 73

Chapter 4. **Australia** 79

Chapter 5. **Brazil** 87

Chapter 6. **Canada** 97

Chapter 7. **Chile** 107

Chapter 8. **China** 117

Chapter 9. **European Union** 131

Chapter 10. **Iceland** 147

Chapter 11. **Indonesia** 155

Chapter 12. **Israel** 167

Chapter 13. **Japan** 177

Chapter 14. **Kazakhstan** 187

Chapter 15. **Korea** 199

Chapter 16. **Mexico** 207

Chapter 17. **New Zealand** 215

Chapter 18. **Norway** 223

Chapter 19. **Russia** 231

Chapter 20. **South Africa** 247

Chapter 21. **Switzerland** 257

Chapter 22. **Turkey** 265

Chapter 23. **Ukraine** 273

Chapter 24. **United States** 285

Annex II.1. **Sources and definitions of contextual indicators** 295

Statistical Annex: Summary Tables of Estimation of Support 297

Tables

Part I

2.A1.1. Regression results on the level of support and the composition of support . . . 64

Part II

3.1. OECD: Estimates of support to agriculture (USD) 77
3.2. OECD: Estimates of support to agriculture (EUR) 78
4.1. Australia: Contextual indicators, 1995, 2011 81
4.2. Australia: Estimates of support to agriculture 83
5.1. Brazil: Contextual indicators, 1995, 2011 89
5.2. Brazil: Estimates of support to agriculture 91
6.1. Canada: Contextual indicators, 1995, 2011 99
6.2. Canada: Estimates of support to agriculture 101
7.1. Chile: Contextual indicators, 1995, 2011 109
7.2. Chile: Estimates of support to agriculture 111
8.1. China: Contextual indicators, 1995, 2011 119
8.2. China: Estimates of support to agriculture 121
8.3. Minimum purchase prices for rice and wheat in China, per tonne, 2007-12 . . 123
9.1. European Union: Contextual indicators, 1995, 2011 133
9.2. European Union: Estimates of support to agriculture (EU27) 135
10.1. Iceland: Contextual indicators, 1995, 2011 149
10.2. Iceland: Estimates of support to agriculture 151
11.1. Indonesia: Contextual indicators, 1995, 2011 157
11.2. Indonesia: Estimates of support to agriculture 159
12.1. Israel: Contextual indicators, 1995, 2011 169
12.2. Israel: Estimates of support to agriculture 171
13.1. Japan: Contextual indicators, 1995, 2011 179
13.2. Japan: Estimates of support to agriculture 181

14.1. Kazakhstan: Contextual indicators, 1995, 2011 189
14.2. Kazakhstan: Estimates of support to agriculture 191
14.3. Kazakhstan's tariff rate quotas for meat imports under the Customs Union, 2012 196
15.1. Korea: Contextual indicators, 1995, 2011 201
15.2. Korea: Estimates of support to agriculture 203
16.1. Mexico: Contextual indicators, 1995, 2011 209
16.2. Mexico: Estimates of support to agriculture 211
17.1. New Zealand: Contextual indicators, 1995, 2011 217
17.2. New Zealand: Estimates of support to agriculture 219
18.1. Norway: Contextual indicators, 1995, 2011 225
18.2. Norway: Estimates of support to agriculture 227
19.1. Russia: Contextual indicators, 1995, 2011 233
19.2. Russia: Estimates of support to agriculture 235
19.3. Russia's meat import quotas before and after WTO accession 243
20.1. South Africa: Contextual indicators, 1995, 2011 249
20.2. South Africa: Estimates of support to agriculture 251
21.1. Switzerland: Contextual indicators, 1995, 2011 259
21.2. Switzerland: Estimates of support to agriculture 261
21.3. Switzerland: Outlays for direct payments1 263
22.1. Turkey: Contextual indicators, 1995, 2011 267
22.2. Turkey: Estimates of support to agriculture 269
23.1. Ukraine: Contextual indicators, 1995, 2011 275
23.2. Ukraine: Estimates of support to agriculture 277
24.1. United States: Contextual indicators, 1995, 2011 287
24.2. United States: Estimates of support to agriculture 289

Figures

Part I

1.1. Commodity price indices, 2000 to 2012 23
2.1. Evolution of support indicators, 1995-2012 42
2.2. Producer Support Estimates by country, 2011 and 2012 43
2.3. Composition of Producer Support Estimate by country, 2010-12 46
2.4. Payments with variable payment rates, 1995-97 and 2010-12 48
2.5. Single Commodity Transfers, 1995-97 and 2010-12 49
2.6. Single and Group Commodity Transfers to crops and livestock products, 1995-97 and 2010-12 50
2.7. Composition of General Services Support Estimate by country, 2010-12 51
2.8. Consumer Support Estimate by country, 1995-97 and 2010-12 52
2.9. Total Support Estimate by country, 1995-97 and 2010-12 53
2.10. Changes in producer support, by country, 1986-88 – 2010-12 55
2.11. Changes in the degree of decoupling and in the income impact of agricultural policies, 1986-2011 56
2.12. Evolution of support at different stages of economic development 1955-2010 58
2.13. Level of support unexplained by structural factors 59
2.14. Share of potentially most distorting support unexplained by structural factors 60

Part II

3.1. OECD: Level and Composition of Producer Support Estimate, 1986-2012 74
4.1. Australia: PSE level and composition by support categories, 1986-2012 80
4.2. Australia: Main macroeconomic indicators, 1995-2012 81
4.3. Australia: Agro-food trade, 1995-2011 81
5.1. Brazil: PSE level and composition by support categories, 1995-2012 88
5.2. Brazil: Main macroeconomic indicators, 1995-2012 89
5.3. Brazil: Agro-food trade, 1995-2011 89
6.1. Canada: PSE Level and Composition by support categories, 1986-2012 98
6.2. Canada: Main macroeconomic indicators, 1995-2012 99
6.3. Canada: Agro-food trade, 1995-2011 99
7.1. Chile: PSE level and composition by support categories, 1995-2012 108
7.2. Chile: Main macroeconomic indicators, 1995-2012 109
7.3. Chile: Agro-food trade, 1995-2011 109
8.1. China: PSE level and composition by support categories, 1995-2012 118
8.2. China: Main macroeconomic indicators, 1995-2012 119
8.3. China: Agro-food trade, 1995-2011 119
9.1. European Union: PSE level and composition by support categories, 1986-2012 132
9.2. European Union: Main macroeconomic indicators, 1995-2012 133
9.3. European Union: Agro-food trade, 1995-2011 133
10.1. Iceland: PSE level and composition by support categories, 1986-2012 148
10.2. Iceland: Main macroeconomic indicators, 1995-2012 149
10.3. Iceland: Agro-food trade, 1995-2011 149
11.1. Indonesia: PSE level and composition by support categories, 1995-2012 156
11.2. Indonesia: Main macroeconomic indicators, 1995-2012 157
11.3. Indonesia: Agro-food trade, 1995-2011 157
12.1. Israel: PSE level and composition by support categories, 1995-2012 168
12.2. Israel: Main macroeconomic indicators, 1995-2012 169
12.3. Israel: Agro-food trade, 1995-2011 169
13.1. Japan: PSE level and composition by support categories, 1986-2012 178
13.2. Japan: Main macroeconomic indicators, 1995-2012 179
13.3. Japan: Agro-food trade, 1995-2011 179
14.1. Kazakhstan: PSE level and composition by support categories, 1995-2012 188
14.2. Kazakhstan: Main macroeconomic indicators, 1996-2012 189
14.3. Kazakhstan: Agro-food trade, 1995-2011 189
14.4. Kazakhstan: Concessional credit allocations in 2004-12 193
15.1. Korea: PSE level and composition by support categories, 1986-2012 200
15.2. Korea: Main macroeconomic indicators, 1995-2012 201
15.3. Korea: Agro-food trade, 1995-2011 201
16.1. Mexico: PSE level and composition by support categories, 1991-2012 208
16.2. Mexico: Main macroeconomic indicators, 1995-2012 209
16.3. Mexico: Agro-food trade, 1995-2011 209
17.1. New Zealand: PSE level and composition by support categories, 1986-2012 216
17.2. New Zealand: Main macroeconomic indicators, 1995-2012 217
17.3. New Zealand: Agro-food trade, 1995-2011 217
18.1. Norway: PSE level and composition by support categories, 1986-2012 224
18.2. Norway: Main macroeconomic indicators, 1995-2012 225

18.3. Norway: Agro-food trade, 1995-2011 225
19.1. Russia: PSE level and composition by support categories, 1995-2012 232
19.2. Russia: Main macroeconomic indicators, 1995-2012 233
19.3. Russia: Agro-food trade, 1995-2011 233
19.4. Budgeted outlays for the State Programme for Development of Agriculture for 2013-20 by sub-programmes and sources 237
19.5. Financing of the State Programme for Development of Agriculture for 2013-20 by specific types of support 238
19.6. Russia: Concessional credit allocations in 2002-12 240
20.1. South Africa: PSE level and composition by support categories, 1995-2012 . . . 248
20.2. South Africa: Main macroeconomic indicators, 1995-2012 249
20.3. South Africa: Agro-food trade, 1995-2011 249
21.1. Switzerland: PSE level and composition by support categories, 1986-2012. . . . 258
21.2. Switzerland: Main macroeconomic indicators, 1995-2012. 259
21.3. Switzerland: Agro-food trade, 1995-2011 259
22.1. Turkey: PSE level and composition by support categories, 1986-2012 266
22.2. Turkey: Main macroeconomic indicators, 1995-2012 267
22.3. Turkey: Agro-food trade, 1995-2011 267
23.1. Ukraine: PSE level and composition by support categories, 1995-2012 274
23.2. Ukraine: Main macroeconomic indicators, 1996-2012 275
23.3. Ukraine: Agro-food trade, 1996-2011 275
24.1. United States: PSE level and composition by support categories, 1986-2012 . . 286
24.2. United States: Main macroeconomic indicators, 1995-2012 287
24.3. United States: Agro-food trade, 1995-2011 287

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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-Saharian African countries
AgriBEE	Black Economic Empowerment Framework for Agriculture (South Africa)
AMS	Aggregate Measurement of Support
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of South East Asian Nations
ATRA	The American Taxpayer Relief Act of 2012 (or "fiscal cliff" bill)
BNDES	National Bank for Economic and Social Development (Brazil)
BRM	Business Risk Management
BULOG	Indonesian National Logistic Agency
CADENA	Disaster Assistance Programme (Mexico)
CAFTA	China-ASEAN Free Trade Area
CAP	Common Agricultural Policy (of the European Union)
CASP	Common Agricultural Support Programme (South Africa)
CCP	Counter-Cyclical Payments
CET	Common External Tariff
CETA	Comprehensive Economic and Trade Agreement (Canada – EU)
CFI	Carbon Farming initiative (Australia)
CGA	The Canada Grain Act
CIF	Community Irrigation Fund (New Zealand)
CIMMYT	Center for Maize and Wheat Improvement (Mexico)
CIS	Commonwealth of Independent States
CNDP	Complementary National Direct Payments
CNR	National Irrigation Commission (Comisión Nacional de Riego; Chile)
COFCO	China National Cereals, Oils and Foodstuffs Corporation
CONAB	National Food Supply Agency (Brazil)
COOL	Country of Origin Labelling
COTRISA	Wheat Marketing Enterprise (Chile)
CPI	Consumer Price Index
CPO	Crude palm oil
CRP	Conservation Reserve Program (United States)
CU	Customs Union
CWB	Canadian Wheat Board
DCFTA	Deep and Comprehensive Free Trade Area (Ukraine, EU)

DCP	Direct and Countercyclical Payments (United States)
DP	Direct Payments
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EEA	European Economic Area
EFTA	European Free Trade Association
EQIP	Environmental Quality Incentives Program (United States)
ESA	Environmentally Vulnerable Zones
ESCAS	Exporter Supply Chain Assurance System (Australia)
ETS	Emissions trading scheme (New Zealand)
EU	European Union
US FDA	United States Food and Drugs Administration
FAO	Food and Agriculture Organization of the United Nations
FCC	State agency Food Contract Corporation (Kazakhstan)
FDI	Foreign Direct Investment
FMD	Foot and Mouth Disease
FTA	Free Trade Agreement
FTP	Joint Federal, Provincial and Territorial agreements (Canada)
FY	Financial (fiscal) year
GAO	Gross Agricultural Output
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEIS	General Export Incentive Scheme (South Africa)
GF2	Growing Forward 2 (Canada – new multilateral agricultural policy framework)
GHG	Greenhouse Gases
GSP	Generalised System of Preferences
IAF	Irrigation Acceleration Fund (New Zealand)
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 (Turkey)
LDC	Least Developed Countries
LARP	Land and Agrarian Reform Programme (South Africa)
LEADER	Links Between Actions for the Development of the Rural Economy (EU)
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
MFN	Most Favoured Nation
MILC	Milk Income Loss Contract Program
NAFTA	North American Free Trade Agreement
NAIT	National Animal Identification and Tracing (New Zealand)
NAMC	National Agricultural Marketing Council (South Africa)
NCRE	Non-conventional Renewable Energies
NYMEX	New York Mercantile Exchange

OIE	World Organisation for Animal Health
OECD	Organisation for Economic Co-operation and Development
PEC	Overall rural development programme (Programma Especial Concurrente; Mexico)
PDTI	Indigenous Communities Territorial Development Programme (Chile)
PGPM	Guaranteed minimum price programme (Brazil)
PLAS	Pro-Active Land Acquisition Strategy (South Africa)
PPP	Purchasing Power Parity
PROAGRO	General Agriculture Insurance Programme (Brazil)
PROCAMPO	Programme providing payments based on historical areas (Mexico)
PROGAN	Programme providing payments based on livestock numbers (Mexico)
PRONAF	National Programme for the Strengthening of Family Agriculture (Brazil)
RASKIN	Targeted rice for poor programme (Indonesia)
R&D	Research and Development
RDCs	Rural Research and Development Corporations (Australia)
RDP	Rural Development Plan
RDR	Rural Development Regulation
RMA	Resource Management Act 1991 (New Zealand)
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
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
TPP	Trans-Pacific Partnership Agreement
TRQ	Tariff Rate Quota
TTIP	Transatlantic Trade and Investment Partnership (EU, US)
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
URAA	Uruguay Round Agreement on Agriculture
USA	United States of America
VAT	Value Added Tax
WTO	World Trade Organization

OECD indicators of support

ACT	All Commodity Transfers
BP	Budgetary payments
CSE	Consumer Support Estimate
GCT	Group Commodity Transfers
GSSE	General Services Support Estimate
MPS	Market Price Support
NAC	Nominal Assistance Coefficient
NPC	Nominal Protection Coefficient
OTP	Other Transfers to Producers
PEM	Policy Evaluation Model
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
IDR	Indonesian roupiah
ILS	Israeli shekel
ISK	Icelandic krona
JPY	Japanese yen
KRW	Korean wong
KZT	Kazakh tenge
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

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Executive summary

This report monitors and evaluates agricultural policy in OECD member countries (and the EU as a whole) and in an increasing range of emerging economies that are major players in food and agriculture markets: Brazil, China, Indonesia, Kazakhstan, Russia, South Africa and Ukraine. The 47 countries covered by this report account for almost 80% of global agricultural value added; they are also 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: 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.

Producer support increased slightly after the historical low reached in 2011 against a long term downward trend

On average, in the countries covered by this report, about one sixth of gross farm receipts is due to public policies that support farmers. The Producer Support Estimate has increased to 17% of gross farm receipts in 2012, compared to 15% in 2011. Despite this most recent development the level of support is following a general downward development: the average %PSE for the period 1995-97 was 21%, while for 2010-12 the average was 16%. Changes in producer support in recent years were in many countries driven by developments on international markets rather than by explicit policy changes.

… but these aggregates mask large variations across regions and countries.

Support in North America (Canada, USA and Mexico) fell from 12% to 9% over the past 15 years, and average support in "Europe" (defined here to include Western and Central Europe, Turkey and Israel) declined from 34% to 20%. Although a gradual reduction has taken place, levels of support remained well above these averages in Norway, Switzerland and Iceland. The trend is less clear for the Commonwealth of Independent States (CIS) area (Kazakhstan, Russia, Ukraine), where the average level of support was 11% in 1995-97 and 12% in 2010-12, with large variability over the intervening period. Support in Asia also fluctuates widely, though average %PSE levels remain flat at 22% in 1995-97 and 20% in 2010-12. Within this region, a marked difference persists between high but slowly falling levels of support in Korea and Japan, and low, but increasing support in China and Indonesia. Finally, countries in the Southern Hemisphere (Australia, Brazil, Chile, New

Zealand and South Africa) are characterized by consistently low and stable levels of support, with an average 4% in 2010-12.

In the OECD area there is a long term downward trend in support to agriculture and changes in the structure of support

For the OECD average, the level of support is following a downward trend, with levels of 37% of gross farm receipts in 1986-88, 30% in 1995-97 and 19% in 2010-12. In addition, the share of the potentially most production and trade distorting forms of support has been reduced from 33% of gross farm receipts in 1986-88 to 23% in 1995-97 and 11% in 2010-12. This shift in the nature of support provided is a marked improvement.

In several economies high levels of support are falling only slowly, while in others an increasing trend from relatively low levels can be seen. These developments are often linked to stated self-sufficiency targets for agricultural and food products. For instance in China, Indonesia, Japan, Norway, Russia and Turkey the reliance on import protection, market price support, and production linked payments remains high.

Significant shares of support in several countries are more decoupled from production but the share of those targeted to specific objectives remains relatively small

The gradual reduction of market price support and production specific payments have been accompanied by increased payments that are more decoupled from current production and are less distortive – a policy shift most visibly pursued over the past two decades in Switzerland and the European Union. However, most of these payments remain untargeted to specific goals and hence do not address specific market failures.

The importance of agri-environmental policies varies across countries

Due to the prominent role of the agricultural sector in the use of natural resources, notably land, water, and biodiversity, ensuring sustainable resource use remains an important challenge. Policies directly addressing environmental concerns continue to represent a small part of countries' policy settings, although in some countries cross-compliance represents a broad-based policy tool linking the provision of payments to farmers to the compliance with certain environmental standards above the legal minimum.

Key conclusions and recommendations

Trade and market restricting policies isolate domestic producers and consumers from world markets. Countries should move further away from these policy approaches, providing more freedom for farmers and consumers to make their own production and consumption decisions, and shift towards polices that target specific market failures. Governments should credibly commit to timely and sequenced processes of unilateral, bilateral and multilateral reform. Sanitary, phytosanitary measures, which together with technical

measures increasingly impact agro-food trade, should be science-based and applied in a transparent and predictable manner.

A narrow focus on self-sufficiency has high economic and social costs. The link between higher self-sufficiency and improved food security is weak as a number of measures unrelated to self-sufficiency can contribute much to improve populations' food security status. In particular in less developed economies access to food can be improved by widespread poverty reduction and social security schemes, but also through increased public and private investment in sustainable domestic production capacity, improved access to imports (and to export markets), and emergency food reserves. Narrow self sufficiency targets often push countries towards high border protection and market price support, effectively taxing consumers and decreasing food affordability at least in the short term. Production linked policies such as output payments and input subsidies distort producer decisions and can lead to inefficient allocation of public resources, diverting public spending away from more productive uses.

Production linked counter-cyclical payments can have low income transfer efficiency and add to instability on world markets. Farmers and governments have a variety of risk management tools at their disposal that can help to stabilise farm incomes. Payments based on output or on input use that are implemented in a counter-cyclical way can contribute to reduce fluctuations in domestic farm income levels, but they also export instability on to world markets and are not an efficient means of transferring income. Payments to mitigate income risks should be limited to compensate farmers for unavoidable catastrophic events, and should not crowd out farmers own management of normal business risk and market-based risk management tools.

Payments based on past reference levels that do not require production can be more efficient. Payments that are more decoupled from current production decisions potentially transfer income more efficiently and are less likely to distort production and trade. However, where such payments are very large they can still significantly influence producer decisions by shaping producer expectations (of future payments) and by increasing producer wealth. Further, most of these payments remain untargeted to specific goals, including those related to low farm incomes, rural community well-being, or environmental sustainability. Since many of these more decoupled payments are based on the size of farm assets, usually land, they tend to favour larger farms. A wide range of alternative policy options, from economy-wide social-security and environmental measures to support for general services to agriculture and explicitly targeted farm policies, are available.

Public investments in the sector overall should receive more attention. Innovation policy is key to improving the productivity of the farm sector, and investments in research and development, technology transfer, education, and extension and advisory services have high social returns in the long run. Expenditures on other general services to the sector, such as food safety and food quality assurance systems, and strategic rural and market infrastructure, also contribute to the long term profitability, competitiveness, and sustainability of the sector.

PART I

Developments in agricultural policy and support, 2013

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PART I

Chapter 1

Development of agricultural policies

The key economic and market developments which provide the framework for the implementation of agricultural policies 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 2012-13 in OECD countries and key emerging economies covered in this report: Brazil, China, Indonesia, Kazakhstan, Russia, South Africa and Ukraine.

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 Israelisettlements in the West Bank under the terms of international law.

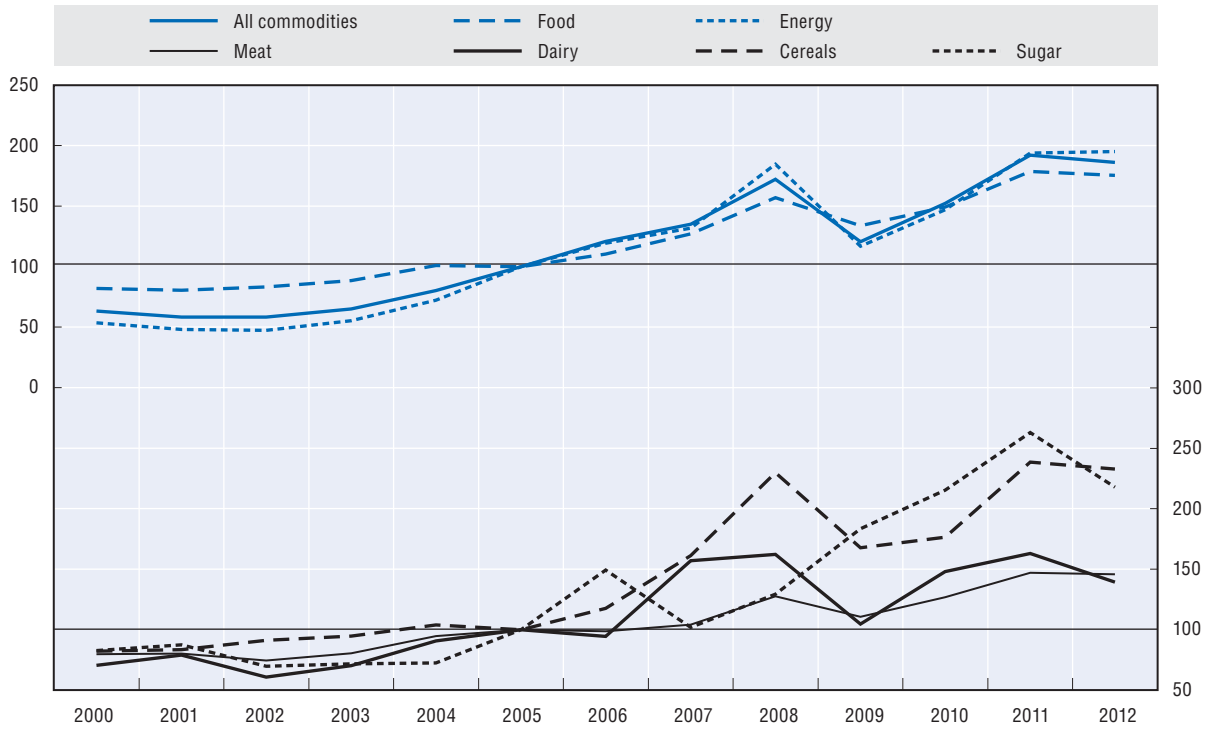
Key economic and market developments

After five years of crisis, the global economy weakened further in 2012 (OECD, 2012). A significant drop in confidence was a key driver, against a background of debt reduction, fiscal consolidation and weakened demand and global trade. Output growth in the major emerging market economies in 2012 has been considerably lower than a year earlier. This slowdown has occurred against a backdrop of tight domestic monetary policies in several emerging economies, including China, and the deepening of the euro area crisis. Activity picked up in many major economies in the first quarter of 2013 following a rebound of expectations. The first half of 2013 will see a return to moderate growth in the United States and acceleration from low levels in Japan, while meaningful recovery is likely to take somewhat longer in Europe (OECD, 2013). However, uncertainty around the current forecast remains high.

Financial markets have strengthened in recent months driven by abundant liquidity and a shift in the balance of risks. Equity prices in OECD economies have surged and, despite a number of negative shocks, sovereign spreads in the euro area periphery – differences between these countries' bond yields and those on benchmark bonds – moved down substantially in the last quarter of 2012. World trade volume decelerated during 2012, alongside slowing real activity in advanced economies. This trade slowdown affected both OECD countries and emerging economies (WTO, 2013). Labour market slack remains substantial in many OECD countries, and in 2012 the employment situation has continued to deteriorate in the euro area, contributing to depressed consumer confidence. Even in the United States, where job growth has been reasonably strong in recent quarters, the proportion of the working age population in employment remains well below the pre-crisis levels. According to the OECD Economic Outlook (OECD, 2012) a self-sustained recovery is not fully assured and bold policy action to support activity remains necessary in all major OECD economies.

Against this background, international prices for primary commodities, which were high in 2011, levelled off or declined in 2012 while remaining well above prices in the 1990s and the first half of the 2000s (Figure 1.1). Energy prices in 2012 were comparable to the previous year, while the IMF food commodity price index declined by 2% from its 2011 level. The rapid increase in the food price index up to 2011 had been particularly driven by high crop prices: for example, prices for cereals and sugar reached record levels in 2011, when sugar and cereal price indices were about 160% and 140% above their levels in 2005, respectively. In 2012, these prices fell back by 17% and 2% compared to 2011 due to record production volumes for sugar and rice and good global harvests of wheat and coarse grains, notably maize. Meat prices remained comparatively stable but still increased by some 50% since 2005. The 2012 drop in international prices for agricultural commodities – as denominated in US Dollar – was dampened somewhat by the stronger US Dollar vis-à-vis the currencies of most other countries covered in this report. While the Australian and New Zealand Dollar as well as the Chinese Yuan renminbi appreciated slightly against the US Dollar, other currencies saw a depreciation of between 0.1% and 17% against the US currency in 2012 compared to 2011.

Figure 1.1. **Commodity price indices, 2000 to 2012**



Note: The top part of the graph relates to the left scale, while the bottom part of the graph should read from the right scale.
Source: International Monetary Fund for All commodities, Food and Energy indices; FAO for Meat, Dairy, Cereals and Sugar indices. All price indices are based to 2005 = 100.

StatLink http://dx.doi.org/10.1787/888932874696

Main changes in agricultural policies

This section provides an overview of key policy changes that took place in 2012 and early 2013. There is a long-term trend towards lower levels of support and the use of less distortive forms of policies in OECD countries. Compared to market price support and other measures linked to production, some of these policies have the capacity of being more targeted to policy objectives as they were identified by the OECD Meeting of Ministers of Agriculture in 2010, i.e. the improvement of food security, fostering investment and innovation, an improved management of risks faced by the agricultural sector including the impact of price volatility, an enhanced incentive structure for environmental performance, and adaptation and mitigation strategies related to climate change. In several emerging economies, in contrast, a trend towards higher levels of support can be seen, often linked to the stated target of achieving higher levels of self-sufficiency in agricultural and food products. Self-sufficiency targets often lead to higher levels of price support and other production enhancing policy measures.

Most policies continued to be governed by existing multi-year frameworks

In numerous countries, agricultural policies are implemented within broad, multi-year frameworks. Most of these frameworks have remained in place in 2012. Several expired in 2012 or will expire soon, and new policy frameworks have been or are being developed.

Box 1.1. **Expanded coverage of the present report**

The OECD has been systematically looking at agricultural policies for a long time. The present report is the 26th in the series of OECD reports monitoring and evaluating agricultural policies across countries. For the second time, a joint report is produced for OECD countries and a set of emerging economies. With the addition of Indonesia and Kazakhstan, this report now covers a total of 47 countries, including all 34 OECD member countries as well as the six non-OECD EU member states and seven emerging economies, and accounting for almost 80% of global agricultural value added (see map below). In much of this report, the European Union is counted as one country.

Regional coverage of Agricultural Policies Monitoring and Evaluation 2013

Note: this map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered.

Policy frameworks in Canada, Iceland, Kazakhstan and Russia expired in 2012 or early 2013, and were replaced by new ones, largely representing a continuation of main policy orientations. **Canada**'s Growing Forward framework was in place since 2008 and has been succeeded by the Growing Forward 2 from 1 April 2013. Similarly, in **Iceland**, the multi-year agreements for sheep, dairy and horticulture production between the government and the Farmers' Association are succeeded by new agreements made in fall 2012. In 2013 **Russia**'s new 8-year State Programme for Development of Agriculture succeeded the 2008-12 one, and a new Agribusiness 2020 programme was launched in **Kazakhstan**. **Indonesia** has enacted a new Food Law in late 2012, which puts more emphasis on food sovereignty and food self-reliance as the main approaches to food security.

Other frameworks have expired, while preparations for subsequent ones are ongoing: in **Mexico**, 2012 was the last year of application of the current sectoral, rural development and climate change strategies (*Sectoral Development Programme on Agriculture* 2007-12, the *Programa Especial Concurrente* 2007-12, and the *Mexican Climate Change Strategy* 2009-12). Based on the National Development Program 2013-18, the government of Mexico is working on the new programming framework. Operational rules for specific policies in 2013 have been approved as an extension of the previous rules. In the **United States**, the Food, Conservation, and Energy Act of 2008 was due to expire at the end of 2012. Both the

Senate and the Agriculture Committee of the House tabled their versions of a new Farm bill, but no reconciliation of the differences between the chambers was attempted (see Box 24.1). With the American Taxpayer Relief Act of 2012, the 2008 Bill was extended by one year.

The **European Union's** Common Agricultural Policy (CAP) legislation, a seven-year framework, is due to expire at the end of 2013. In June 2013 an agreement was reached between the Council, the Parliament and the EU Commission on the thrust of the CAP after 2013. Key changes include a stronger link between farm support payments and environmental requirements, and a redistribution of payments across and within countries or regions. Remaining issues are expected to be resolved by the end of 2013. The final regulations will be fully implemented as of 1 January 2015.

The period 2011-13 are the final years of the Agricultural Policy Reform 2011 implemented in **Switzerland**. Switzerland has adopted a new policy framework for the period 2014-17 and its detailed legislation is currently under discussion, with adoption foreseen for autumn 2013. The main driver of the policy framework is to better target direct payments to the various objectives, including ensuring sufficient food supplies, conserving natural resources, maintaining and managing the landscape and encouraging decentralised settlement.

Production enhancing policies are often motivated by stated self-sufficiency targets…

Several countries maintain specific targets for food self-sufficiency rates, motivated by concerns about food security for their consumers. **China** maintains a 95% self-sufficiency target for grains, while **Indonesia** has set self-sufficiency targets for rice, sugar, soybeans, maize and beef to be achieved by 2014. The new Basic Plan on Food, Agriculture and Rural Area in **Japan** envisages an increase in the self-sufficiency rate of its calorie supply to 50% by 2020, compared to 41% in 2008. The 80% self-sufficiency target set for basic foodstuffs in **Kazakhstan** is no longer spelled out in the new Agribusiness 2020 programme. A Doctrine on food security states minimum self-sufficiency targets of at least 80-95% for a range of agricultural products in **Russia**, including, among others, grains, sugar, vegetable oil, meat and dairy products. **Israel**, too, maintains self-sufficiency in several agricultural products as a key target, and increased agricultural output in order to ensure food security is among the general objectives for agricultural policies in both **Brazil** and **Turkey**. While the link between higher self-sufficiency rates and improved food security is weak and a number of measures unrelated to self-sufficiency rates – such as poverty reduction and social security schemes – can help to improve populations' food security status, these targets often push countries towards higher market price support and other policies directly stimulating higher farm production.

… and support based on output – notably through higher market prices – remains widespread…

Most of the countries covered by this report continue to maintain prices received by farmers above the levels of international markets. Most frequently, high domestic prices are supported through border measures (see the discussion of trade measures below), but also various forms of administered or controlled domestic prices and public intervention purchases can be found in a number of countries, both within and outside the OECD area. Most of these policies remained unchanged in 2012, with changes taking place only in a few countries: in **China**, 2012 minimum prices for rice and wheat were increased by

between 4% and 18% compared to the previous year, continuing a series of increases since 2007 based on higher cost of production. Wholesale prices for several dairy products in **Iceland** are administered as decided annually by a committee between the Farmers' Association and the labour union representing the consumer side. In **Indonesia**, minimum prices for rice were increased by about 25%, while those for sugar – to be paid by importers to domestic producers as a condition for preferential import licences – were increased by about 16%. Furthermore, the country is developing a new procurement scheme for soybeans. **Norway** has increased target prices in 2012, defined for most commodities, and **Ukraine** returned to setting minimum prices for raw milk. Support prices in **Brazil** are implemented for a variety of crops, and target specific regions. Due to relatively high price levels, existing intervention schemes in some countries remained inactive, including in the **European Union**. In contrast, following the 2012 drought, **Russia** implemented price interventions in grain markets and released public grain stocks to restrain bread price increases.

Higher domestic prices are complemented by output-based payments in several countries, thus further raising effective producer prices. Direct payments to egg producers increase by 15% in 2012 relative to the previous year in **Israel**, but output-based schemes in **Kazakhstan** (livestock), **Norway** (mainly meat) and **Russia** (livestock) have remained largely unchanged.

… and subsidies for variable inputs are prominent in emerging economies

Input-based support is also wide-spread and of particular importance in emerging economies – but changes to input support regimes have been limited. Subsidies for the production and use of fertilizers are important elements in **Indonesia** where they are paid to fertilizer plants, and in **China** where they are mostly paid on an area base (see below). In **Russia**, fertilizer subsidies to agricultural producers were also important, but were eliminated in 2013 to become part of a new area payment. Various forms of interest subsidies and capital grants to farmers are relevant particularly in **Brazil**, **Kazakhstan**, as well as in **Russia** where eligible financing has been broadened to also cover investment in non-agricultural activities. They also matter in **China** and **Indonesia**, although less so. Fuel subsidies remain common in both OECD countries and emerging economies.

Production quotas maintain high producer prices by limiting output of several commodities

In a number of countries, production quotas continued to be used to help maintain domestic prices above international levels. In **Japan**, production quotas allocated to individual rice farms were reduced in the Financial Year 2012 based on projected rice demand. In contrast, milk quotas in the **European Union** are being increased by 1% each year since the CAP Health Check in 2008, and the quota system is scheduled to be abolished from April 2015. The EU sugar quota, too, is to remain in place at least until 2015. Ongoing discussions for the CAP framework after 2013 could lead to an extension of the quota system beyond that year. Milk quotas in **Norway** and **Iceland**, as well as the goat milk quota in Norway, have remained unchanged in volume, but were made tradable in recent years, with a regional tradability implemented in Norway. For 2013 the Norwegian government reduced the waiver to produce above the quota from 7% to 3%.

Area and headage payments become relatively more important in many countries…

In comparison to price support, support linked to area or animal numbers, in particular if based on historical rather than on current data, is known to have less distorting effects on producers' decisions and to be more efficient in increasing farmers' incomes. With decreasing focus on market price support, these forms of support have become more prominent. Few changes are recorded for 2012, with most of the payment schemes being part of longer-term programmes.

Production-linked headage payments are particularly important in **Switzerland** and **Norway**. Area payments have strongly increased in recent years in **China**, where direct payments for grain producers and most of the subsidies for fertilizers and improved seeds are paid on a flat-rate basis per unit of land (unrelated to sown land to grains). Area payments (motivated by, but not linked to, input use) have reached CNY 107.8 billion (USD 17.1 billion) in 2012. In **Japan**, area payments per unit of rice land have become an important element in the Farm Income Support Payments scheme. Area payments in **Kazakhstan** are a relatively new policy, and are provided to producers of a range of crops based on estimated costs of production. Area payments were insignificant in **Russia**, but starting from 2013, crop producers will receive new area payments replacing a number of previous input subsidies.

… and payments based on non-current parameters are relevant in OECD countries

Payments based on non-current parameters have become an important element in agricultural policies mainly in OECD countries. In the **European Union**, the Single Payment Scheme (SPS, together with the Single Area Payment Scheme, SAPS applied in most of the 12 newer member States) includes payments de-linked from current market parameters. Total payments remained practically unchanged in 2012 (+0.9% compared to 2011) and represented more than 45% of the European Union's PSE. Fixed payments per unit of land with historical entitlements are provided to upland farmers in **Japan**. In **Mexico**, the direct payment programme PROCAMPO is extended to 2013. Expenditures in 2012 have increased by 11% from the previous year.

In **Norway**, Cultural Landscape payments, as well as payments to dairy producers, are based on historical entitlements but require production. Area payments in **Switzerland** are paid per hectare of farmland with no production requirement. In **Iceland**, payments based on historical entitlements are provided to sheep meat producers with entitlements tradable among farmers but conditional on a minimum of winter-fed sheep being kept on the farm. None of these countries have made changes to these payment schemes in recent years. Similarly, the Direct and Countercyclical Payment scheme in the **United States**, providing payments based on historical crop area and yields, was extended into 2013 without changes.

Risk management policies include a wide set of measures

Farmers are facing a range of risks affecting the economic outcome of their business. Price volatility as well as weather related yield fluctuations, livestock diseases and other factors that reduce production output below expected values can have major implications for revenues, cash flow and farming incomes. A wide range of possibilities exists to manage these risks. Governments often provide countercyclical support (including market price support and countercyclical payments) to stabilize farmers' incomes – even though OECD work has shown that policies should concentrate on catastrophic risks (OECD, 2011b). A

second layer involves market solutions to insure farmers against the risk of normal fluctuations that go beyond the capacity of individual farms, such as hail insurances. Governments intervene at several levels to improve farms' resilience with respect to these risks, and subsidised insurance schemes can be found in many countries. Finally, normal risks can be and are managed by farmers themselves as responsible entrepreneurs, from decisions of an appropriate production mix to maintaining sufficient financial reserves. The provision of information is among the most important tools government can use to help farmers take up these responsibilities.

Catastrophic events prompted governments to provide assistance…

In several countries, lower yields due to weather-related events triggered payments to farmers. In some cases, such payments are linked to specific disaster assistance programmes, such as the Garantía Safra scheme in **Brazil**: it compensates small-scale family farmers for production losses following weather-related and other events, and payments in 2012 have increased five-fold relative to 2011. In **Mexico**, expenditures within the disaster assistance programme CADENA increased 2.4-fold from 2010 to 2012 following the drought in the centre and northern states, while the interest rate for Emergency Loans was reduced in the **United States** after the drought in 2012.

More frequently, disaster assistance is not formalized in specific programmes but is provided upon discretion of the relevant authorities. In 2012, CAP payments were made earlier than planned in several **European Union** member states after weather-related problems and an earthquake in northern Italy. France also provided catastrophic risk indemnities and offered reductions in social security contribution and taxation to spring-frost affected farmers. Specific assistance in **Iceland** was related to the two volcano eruptions in 2010 and 2011, while **Mexico** advanced various payment and subsidies and accelerated insurance indemnities following the drought in 2011-12. In **Russia**, a range of exceptional measures including credit repayment extensions, additional interest rate and other input subsidies, as well as disaster payments were provided following the financial crisis and droughts between 2009 and 2012. After natural disasters in the **United States**, insurance companies were encouraged to extend payment schedules for crop insurance premiums.

Australia is in the process of reforming the Drought Assistance programme, focusing on farmers' own efforts in risk management and preparedness. As a step in this direction, the Exceptional Circumstances Interest Rate Subsidy was abolished in mid-2012.

… while counter-cyclical payment schemes are used by several countries to stabilize incomes…

Several countries provide payment schemes that work in a counter-cyclical way. Such schemes include deficiency payment schemes which are triggered if market prices fall below a value that is determined either by predefined price levels (e.g., the Loan Deficiency Payments in the **United States** and the Target Revenue payments in **Mexico**), past prices (e.g. the deficiency rice payment in **Japan**) or estimated production costs (e.g. the payment for upland crops in **Japan**). The US Counter-Cyclical Payment scheme, which in contrast to the Loan Deficiency Payment does not require production of the commodity concerned, also bridges the difference between market and target prices. Due to high market prices, all of these payment schemes were largely inactive in 2012, but the policies have remained unchanged.

Other programmes are based on more complex formulae and are based on calculated revenues. They therefore partly cover revenue losses from both price and yield fluctuations. The Average Crop Revenue Election (ACRE) in the **United States** provides payments depending on calculated state and farm revenue benchmarks. While the ACRE programme has not changed in 2012, payments have disappeared for almost all products due to high market prices. The AgriStability programme in **Canada** partly covers income losses relative to past years. In contrast to the other schemes above, AgriStability payments have been significant in all years since 2007, with a 26% decline in 2012 compared to 2011.

… insurance schemes and participation in futures markets are often subsidised

Several programmes provide commercial and family farmers with subsidised crop and livestock insurances in **Brazil**, and coverage is increasing. In 2012, insurance subsidies represented some 16% of support to farmers. Eligibility for insurance subsidies – as well as other support elements or, increasingly, for privately provided financial services – is subject to participation in agricultural zoning. This aims to minimize weather related risk by identifying the best crop planting periods through the use of parameters on climate, soil and crop cycles. By 2012, zoning has been applied to 40 crops and by 25 of Brazil's 26 states.

In 2012, two new modalities of the insurance programme were added in **Chile**, covering risks related to the health and death of bovine animals and to volatile prices of wheat and corn, respectively. The insurance programme covers between 50 and 90% of the premium, depending on the farm size and subject to a maximum subsidy per farm.

Subsidised agricultural insurance schemes, introduced in 2007, have grown in importance in **China**. Costs of insurance premiums are shared between the central government (about 40%), local governments (about one third) and the farmers (about 20%). The geographical coverage progressively increased over time and reached all provinces and autonomous regions in 2012.

Insurance subsidies in the **European Union** are mainly national, but within strict rules, member states can choose to use EU funds. This option is used to a very limited extent. Insurance subsidies under both national schemes and within Article 68 have slightly decreased in 2012.

The government of **Israel** covers part of crop producers' insurance premiums. Multi-risk schemes are supported at a rate of 80%, whereas the rate is 35% for insurance schemes against natural damages. In 2011 and 2012, the coverage of multi-risk insurance schemes was extended to include vegetables, flowers and honey, and the insurance subsidy for flower producers signing up to the insurance scheme against natural damages was temporarily increased to 50% to increase sign-up rates. Total budgetary support to both schemes increased by almost 50% in 2012.

The Price Hedging Programme in **Mexico**, which subsidizes by between 40% and 100% the costs for Mexican farmers and buyers of option contracts at the US futures markets, had expanded rapidly between 2005 and 2011, but demand and hence expenditures for this programme fell by more than half in 2012.

Russia makes eligibility for agricultural support payments conditional on producers being covered by catastrophic insurance. The government provides a 50% insurance premium subsidy for insurance of catastrophic crop risks (crop losses in excess of 30% for arable crops and 40% for perennials). From 2013, an insurance premium subsidy is to become available also for livestock.

Investment and innovation policies are key for improving the farm sector's productivity…

Investment in off-farm and on-farm infrastructure plays an important role in maintaining and improving the productivity of farming. In the longer run, research and development is another area where investments, both private and public, can enhance the productivity of the farming sector and the food industry. R&D expenditures by most OECD member countries' governments have increased by about 1% per year in real terms over the past decades, but the growth in expenditures slowed after 2007 as budgets tightened. Importantly, R&D efforts are complemented by private activity mainly in systems directly oriented towards marketable results (OECD, 2012).

… with several countries revising their innovation policies…

Several countries are changing their policies to improve their R&D systems. The **Australian** government released a Rural Research and Development Policy Statement in 2012, proposing improvements to the Australian R&D system in four areas, including transparency and accountability in R&D, improved co-ordination and priority setting across the rural R&D system, more ways to pursue productivity growth, and increased efficiency of R&D investments. The statement underlines the Australian government's commitment to its R&D partnership with the industry.

The MASAGRO innovation initiative in **Mexico** is a partnership between the Ministry for Agriculture and the International Center for Maize and Wheat Improvement CIMMYT. Established in 2010, it focuses on the genetic diversity of seeds, international strategies to improve maize and wheat yields, and the sustainable development of wheat and maize production. In 2011 and 2012, the number of institutions and programmes that have been incorporated in MASAGRO has increased significantly and now includes the National Institute of Agricultural Research, several research centres and universities.

Research and investment plays a significant role in agricultural policies in **New Zealand**. Research and innovation programmes are funded through the Primary Growth Partnership, aiming to boost productivity, economic growth and sustainability of the primary, forestry and food sectors. Within this government-industry partnership, industry contributions must be at least equal to Crown (government) funding. A variety of efforts to improve the productivity of the agricultural sector is also underway in the **European Union**. The implementation of the European Innovation Partnership (EIP) on Agricultural Productivity and Sustainability is ongoing. The EIP endeavours to build bridges between research and farming practice in order to accelerate the uptake of innovation and enhance agricultural productivity and sustainability.

… and significant investments in agricultural infrastructure

Countries also directly invest in improvements in the agricultural infrastructure, with few changes reported for 2012. As a consequence of the extended drought in the central zone of **Chile**, the country has developed a National Irrigation Strategy aiming to increase the water storage capacity by 30% towards 2022, and to extend the channel network and irrigated area. The strategy also includes a cloud seeding programme to improve precipitation when required. In addition, the constitution of water user organisations aims at promoting the efficient management of water resources. **Norway** has implemented a new programme to support drainage of agricultural land from 2012/13.

While support schemes have not changed in other countries, expenditures on infrastructure improvement often concentrate on improvements in irrigation systems. Support to agricultural infrastructure in **China**, focusing on irrigation and agricultural industrialisation, amounted to CNY 63.2 billion (USD 10 billion) in 2012. Similarly, the bulk of **Indonesia**'s support for agricultural infrastructure is used for the delivery of irrigation water via primary and secondary canals.

Israel continues to provide investment grants of up to 40% of the price of machinery acquired to replace agricultural labour, in an effort to reduce the sector's dependency on foreign employees. Farmers also receive support to invest in water saving and irrigation technologies, alongside a gradual increase in water prices to eventually fully cover average water production costs by 2015. Support for this programme in 2012 was double the annual allocations in 2010 and 2011. Support for agricultural infrastructure remained focused on investments in water projects.

Infrastructure financing in **Kazakhstan** includes water management, land reclamation, and upgrading of irrigation systems. The Irrigation Acceleration Fund in **New Zealand** supports development of robust proposals to an investment-ready stage and water management studies for the development of regional scale rural water harvesting, storage and distribution infrastructure to deliver water to the farm gate. In **Russia**, the new States Programme for 2013-20 for the first time includes a technical and technological modernisation of agriculture component, and a new 8-year programme on land improvement will succeed the previous one expiring in 2013.

The importance and emphasis of agri-environmental policies varies across countries…

Due to the prominent role of the agricultural sector in the use of natural resources, such as land and water, ensuring sustainability and environmental improvements remains an important challenge in several countries. While agricultural policies impact on the use of these natural resources, governments have implemented specific policies to address these challenges. Ideally, support measures should be designed to pay for the provision of environmental benefits (or to charge for environmental damage), but this is not always feasible. In reality, policies directly addressing environmental concerns continue to represent a small part of countries' policy package. In several countries, such as in the **European Union** and in **Switzerland**, cross-compliance represents a broad-based policy tool linking the provision of support to farmers to the compliance with environmental minimum standards, constraining the use of input and other production techniques. Similarly, several of the agricultural support programmes in **Brazil**, and most of those in the **United States**, have environmental and sustainability criteria written into them.

However, most countries have specific programmes that aim more directly at the protection of land and water resources, some of which have changed recently. Reducing the use of water is a key priority in **Australia**. Within the ongoing Water for the Future initiative, the Restoring the Balance in the Murray-Darling Basin Program aims at purchasing unused water entitlements and at enhancing irrigation efficiency. Water savings are shared between farmers and the environment, with at least 50% of the savings transferred to the Australian government.

The Soil Recovery Programme in **Chile** has been amended in 2012 to better focus available resources on key regions concerned, and to clarify documentation requirements

for covered applications. The programme supports eligible activities as defined in an annually updated Costs Table by covering a part of the related net costs.

In **China**, payments for returning farmland to forests and for conversion of grazing land to grassland have amounted to CNY 17.6 billion (USD 2.8 billion) – largely spend on compensations for already converted land while land conversion rates have slowed down in recent years due to growing grain security concerns. CNY 13.6 billion (USD 2.2 billion) per year are allocated in 2012 to the ecological protection of grassland in eight western provinces by reducing or suspending grazing on the land and by improving grass varieties, animal breeds or subsidizing general inputs.

France has launched an agro-ecological plan, including a web-based platform to organise and exchange information on practical experiences and agricultural knowledge, the strengthening of agro-ecological training, and financial incentives to farms using agro-ecological practices. **Denmark** has modified support to the Green Transition of the Economy to strengthen the nature conservation and management aspects. Agri-environmental payments were increased in the **Czech Republic**. A new four-year action programme Nitrate 2012-15 in **Austria** determines time periods for the application of nitrogen fertilizers and establishes guidelines for the storage of fertilizers. The nitrates action programme aims at reducing the deposition of nitrate. Capital grants are provided in Northern Ireland for investments in manure spreading equipment and training to improve manure use efficiency.

Israel's Integrated Pest Control scheme, based on exact and environmentally friendly pesticide application and sterile insect techniques was supported with ILS 24.5 million (USD 6.4 million) in 2012. In addition, the scheme for vegetables was expanded to include pepper and strawberries, and expenditures for this scheme increased to ILS 3 million (USD 0.8 million) in 2012. The new Direct Payment for Environmentally Friendly Farming implemented in **Japan** in 2011, among others, aims at increasing biodiversity and reducing fertiliser and pesticide use.

The National Environmental Programme in **Norway** was revised in 2012 and covers a range of support measures. Among them, the role of the Regional Environmental Programmes is increasing due to its orientation towards local environmental challenges. Payments under the Regional Environmental Programmes are scheduled to increase to NOK 443 million (USD 76 million) in 2013. A new measure supports environment-friendly manure spreading techniques in the South-West of the country, aiming to compensate for nitrogen depletion due to acid rains. Norway also applies environmental levies on pesticides, differentiated by the health and environmental risk characteristics of the products.

An increasing share of direct payments in **Switzerland** is provided for a range of environmental purposes, mainly granted to farmers voluntarily applying stricter farming practices. These include, among others, compensation for higher production costs related to such practices, contributions for environmental quality, support for extensive and organic farming, and the sustainable use of natural resources. The Environmentally Based Agricultural Land Utilisation system in **Turkey** aims to protect environmentally fragile areas. Support is provided for set-aside land subject to severe erosion, and for environmentally friendly farm practices such as contour tillage, reduced flow irrigation, organic agriculture, pasture rehabilitation and other measures.

… organic farming is subject to specific measures…

Several countries have specific programmes to target organic agriculture. Increasing support is provided for organic agriculture in **Brazil**, including minimum prices for organic products, specific training and education, and quality control and certification systems. A new organic food labelling system introduced by **Denmark** identifies three classes of shares of organic raw materials used in the food products. The country also introduced a new support scheme for setting up organic fruit and berry production. With the launch of the programme "Ambition Bio 2017" as part of its general agro-ecological project, **France** aims at fostering the development of its organic production and the structuring of organic food supply chains. The regulation on the certification of environmentally-friendly agricultural products was amended in **Korea** in order to both manage various existing certifications in a consistent way, and to provide, at a later stage, a basis for recognising the equivalence of organic food certificates issued by bodies in other countries. The new law will be implemented from June 2013. **Turkey** plans to increase governmental support to organic agriculture and good agricultural practices, with the objective to gradually increase the share of organic agriculture from its current 1.9% to 3% by 2016 and to 5% by 2023.

… and climate change mitigation policies are increasingly on the agenda

Another key area of concern in numerous countries is climate change, and policies aiming to improve the carbon footprint of the agricultural sector have gained importance in recent years. In late 2011, **Australia** started its Carbon Farming Initiative that allows farmers and land managers to earn carbon credits by storing carbon or reducing GHG emissions on the land. Credits can either be sold into the voluntary carbon offset market or used to offset liabilities under Australia's carbon price mechanism, which entered into force in 2012. In addition, a number of research, demonstration and extension programmes started in 2011 and 2012, intended to accelerate the development of new abatement technologies to reduce GHG emissions and to adapt to climate change. Specific credit programmes support low-carbon agricultural practices in **Brazil**.

Climate-change related activities in 2012 in **Chile** included the launch of the Mitigation Action Plan and Scenarios project; the registration of a National Appropriate Mitigation Action seeking support for implementation to the UNFCCC Registry; and the setting up of a three-year Low Emission Capacity Building project aiming to support the design of a GHG inventory and management system. In the context of the Green Growth Strategy, Chile signed an agreement in early 2013 which seeks to promote the use of non-conventional renewable energies (NCRE) in energy-intensive agricultural sectors, and to identify relevant NCRE projects worth technical and economic support. New legislation in 2012 also allows farmers producing electricity from NCRE sources to supply their surplus to the grid. In the context of the National Program of Photovoltaic Pumping, the Ministry for Agriculture invested over USD 2.2 million in the installation of solar panels and water extraction bombs in 2012.

The adoption of farm practices addressing climate change effects is part of the objective of the new Direct Payment for Environmentally Friendly Farming in **Japan** since 2011. In **New Zealand**, agricultural GHG emissions (nitrous oxide and methane) must be reported within the NZ Emissions Trading Scheme, and a cost is placed on carbon dioxide emissions from stationary energy, liquid fuels and industrial processes. The development of mitigation technologies is fostered through the New Zealand Agricultural Greenhouse Gas Research Centre and through the country's participation in the Global Research

Alliance. **Norway** is supporting climate change related efforts through higher payments for carbon sequestration in forestry and for pilot plants for manure based biogas production. **Korea** has started a pilot project on Low Carbon Agricultural Products Certification in 2012.

The **EU** farm and forestry emission rules will include emissions from crops and grazing from 2013. **Austria** adopted its National Adaptation Strategy to Climate Change as part of the federal government long term adaptation strategy. It aims at including possible effects of climate change in all policy relevant planning and decision making processes (including, among others, in agriculture). **Scotland** has adopted several programmes supporting farmers in the application of emission-reducing measures. In **Northern Ireland**, the GHG reduction strategy and action plan focuses on the promotion of awareness and increase production efficiency in the dairy, red meat, arable and renewable energy sectors.

New measures are set up to help rural families, agricultural workers and small farm operations…

The **China** Rural Poverty Alleviation and Development Program, announced in late 2011, involves a multi-dimensional approach to reduce rural poverty, involving education, health care, pension schemes, housing and transportation, as well as cash transfers relative to a minimum household income. New legislation in **Chile** will improve the rights and negotiation power of agricultural workers by allowing for collective agreements between groups of agricultural workers and their employers, and by providing payments to women seasonal workers in childbearing age. In 2012, the budget for the Indigenous Territorial Development Programme PDTI aiming to facilitate the development of indigenous communities increased by more than 50% from its 2011 level. **Ukraine** introduced headage and output payments for rural households for livestock that is sold to the market in an effort to increase commercial operations of smallholders. A new microloan programme in the **United States** is set to begin operation in 2013. The programme aims at helping small and family operations and beginning and socially disadvantaged farmers with loans below USD 35 000, thus bolstering their start-up years.

… regulatory frameworks are being developed to improve food safety, animal and plant health…

Food safety, animal and plant health risks, and biosecurity questions attract significant attention from policy makers as tariff barriers are lowered and international trade expands.

Several countries took steps to improve collaboration between related agencies in the area of food safety, animal and plant health. In January 2012, the **Australian** Prime Minister, all state and territory First Ministers signed the Intergovernmental Agreement on Biosecurity, aiming to reduce unnecessary duplication and to improve the efficiency of resource use across jurisdictions. Work also proceeded towards updating the 1908 Quarantine Act and on a transition from defined intervention targets to a flexible risk-based approach. The Scientists for Food Safety Net was created in 2012 in **Chile** with the purpose of designing safety and quality policies on a scientific base, and of facilitating the interaction among those involved in food safety and quality matters in Chile. Chile also conducted a survey of analytical capacities related to food safety issues, in order to develop a national system of reference laboratories. Furthermore, a set of activities undertaken by the Agriculture and Livestock Service, the Health Ministry and the National Fishing Service aim at reducing pesticide levels in domestically consumed food. These activities include

the strengthening of control and surveillance, regular updating of maximum residue levels, and the implementation of good agricultural practices by small and medium-sized vegetable producers. **France** went in a similar direction by establishing a national council to provide policy guidance on animal and vegetable health. **Kazakhstan** and **Russia** were actively involved in harmonisation of SPS norms and technical regulations within the Custom Union of Belarus, Kazakhstan and Russia. In 2010, **Turkey** has established a Biosecurity Council with the aim to protect human, animal and plant health, environmental and biologic diversity. The Biosecurity Council is also charged with controlling the use of genetically modified organisms and its products.

… while animal welfare receives growing attention…

Animal welfare policies are gaining importance in several countries. In July 2011, **Australia** implemented a new regulatory framework for exports of feeder and slaughter livestock to Indonesia, which is to be extended to other feeder and slaughter livestock markets by the end of 2012. The new system requires livestock exporters to establish supply chain arrangements that ensure animal welfare outcomes in line with the standards defined by the World Organization for Animal Health (OIE). These standards relate to the transport, handling and processing of live animals, the control of supply chains, the traceability of animals throughout the supply chain, and independent audits to ensure compliance. A new Live Exports Business Assistance Package provides support to appropriate investments. Animal welfare standards are also becoming increasingly important within the direct payment system in **Switzerland** and in the **European Union**. **Austria** has reduced the maximum number of days per year sows can be kept in farrowing crates, while **Denmark** initiated an animal welfare index based on government run veterinary databases. Animal welfare related investments were supported with national subsidies worth EUR 66 million (USD 85 million) in **Hungary**.

… and trade is increasingly affected by SPS measures

Sanitary and phytosanitary (SPS) measures increasingly affect food imports to other countries. Import requirements for food safety, quarantine, and standards and labelling purposes are becoming more stringent in **Indonesia**. For imports of processed food these include product registration and import approval from the Ministry of Health. Similarly, imports of animal products require an import approval from and inspection of the processing facility by the Ministry of Agriculture. Furthermore, the country has limited the number of entry ports for fruits and vegetables and introduced a requirement of import recommendations by the Ministry of Agriculture as well as for import permits by the Ministry of Trade in 2012 on SPS grounds, likely reducing the level of imports of horticultural products. In contrast, on 1 February 2013, **Japan** relaxed the beef import restrictions aimed at preventing the spread of BSE, thus allowing imports of meat from cattle aged up to 30 months raised in the United States, Canada and France and from veal calf aged up to 12 months raised in the Netherlands. A number of trade restrictions established in 2012 by **Russia** on SPS grounds affected exports of live animals, meat and meat products from numerous exporting countries.

After the emergence of the Foot and Mouth Disease (FMD) in 2010, **Korea** introduced a compulsory permit system for breeding stock and incubation businesses and for large livestock farms, as well as a registration system for smaller livestock farms and for livestock dealers visiting farms. Korea also introduced compulsory training programmes

for permit owners or registered farmers and dealers. In addition, a pilot project for a new Pigmeat Farm Traceability System was initiated in 2012. After an outbreak of *avian flu* in the state of Jelisco, **Mexico**, in June 2012, the National Food Health, Safety and Quality Service proceeded with the culling of 22 million birds as well as a vaccination campaign. The outbreak was declared eradicated in November 2012.

In **New Zealand**, the National Animal Identification and Tracing scheme for the collection of information on livestock location, movement and other history was introduced to better respond to biosecurity alerts or natural disasters affecting cattle and deer production. The system became compulsory for cattle on 1 July 2012 and for deer on 1 March 2013. To align national regulations with the EU acquis, **Turkey** is proceeding with the harmonisation of food safety, veterinary and phytosanitary legislation. This involves public investments in the food control system.

The **United States** Food and Drug Administration (US FDA) and **New Zealand**'s Ministry for Primary Industries signed an arrangement on mutual recognition of food safety systems. This is the first time that the US FDA has recognised a foreign food safety system as comparable to the US system.

Border measures limit agricultural imports and regulate exports

As mentioned above, border measures to maintain domestic prices above those prevailing on international markets remain wide-spread and include tariffs, tariff rate quotas (TRQs), state trading, import licensing requirements and export subsidies. In some cases, export taxes and controls have been implemented to reduce trade and increase budget revenues or market returns. Most of these policies have remained unchanged in 2012. In contrast, **Indonesia** has reduced its import quotas for live animals and boxed meat to a total of 80 kt in 2013, compared to 172 kt in 2011. In 2012, Indonesia also applied an unofficial import quota for maize to limit imports of this commodity. Finally, specific tariffs on sugar and rice imports are regularly adjusted to account for changing world market prices. Similarly, applied tariffs on agricultural products in **China** are adjusted occasionally to mitigate impacts of volatile international prices or to reduce high inflation rates.

In **Israel**, the Finance Minister signed orders in July 2012 to reduce or eliminate a large number of customs duties, including on selected agro-food products, over a period of several years. Similarly, **Mexico** decided in November 2012 to unilaterally reduce more than 300 agro-food tariff lines, some of which were at prohibitive levels. The trade implications of these reductions could, however, remain small given that the majority of imports come from the United States (duty-free within NAFTA).

In December 2012, the **Australian** Wheat Export Accreditation Scheme and the Wheat Export Charge were abolished according to the Wheat Export Marketing Amendment Act. The Act also resulted in the closure of Wheat Exports Australia. Export refunds for several livestock products were cut or phased out by the **European Union**. Furthermore, the administration of EU import quotas for frozen beef for processing has been simplified. In November 2012, the EU and ten Latin American countries signed an agreement ending previous banana disputes. The EU's banana import regime is replaced with annually declining tariffs.

In light of surging imports of cracked maize, a temporary safeguard measure of 10.8% was applied by **Chile** between April and September 2012, and an anti-dumping duty of 9.7% on wheat flour imports from Argentina was imposed in June 2012.

The EU expands, as does WTO membership…

The **European Union** will see a further enlargement in July 2013 when the Republic of Croatia will become the 28th member state. Official candidates for future accession include Iceland, Macedonia, Serbia and Turkey. In August 2012, **Russia** became a full member of the WTO and implemented initial reductions of import tariffs as part of its accession commitments. **Kazakhstan**'s WTO accession process is at the stage of integrating bilateral agreements on market access for goods into the country's Schedule of Concessions and Commitments. Negotiations are ongoing on the aggregate measurement of support (AMS), as well as on export subsidies.

… and new bilateral and regional trade agreements enter into force

In 2012, several Free-Trade Agreements (FTAs) entered into force, including those between **Korea** and the **United States**, between **Canada** and Jordan, four FTAs between the members of the *European Free Trade Association* and **Hong Kong (China)**, **Montenegro**, **Peru** and **Ukraine**, respectively, the FTA between **Chile** and **Malaysia**. Following ratification by **Indonesia**, the *ASEAN Australia and New Zealand FTA* has been in force for all signatories since January 2012. The FTA between the **European Union** and **Peru** entered into force in March 2013. Since 2012, the *SADC FTA*, involving **South Africa** and 14 other southern African countries, has been fully implemented.

Negotiations on two important agreements are in progress: The *Trans-Pacific Partnership (TPP)Agreement* aims at building on the *Trans-Pacific Strategic Economic Partnership Agreement (P4)* between **Brunei Darussalam**, **Chile**, **New Zealand** and **Singapore**, which has been in force since 2006. In addition to the P4 Parties, the TPP includes **Australia**, **Malaysia**, **Peru**, the **United States** and **Vietnam**, as well as – since October 2012 – **Canada** and **Mexico**. **Japan** has expressed an interest in joining the negotiations. A final agreement including these countries would cover nearly 40% of world economic output.

In February 2013, the **European Union** and the **United States** have agreed to initiate the internal procedures necessary to launch negotiations on a *Transatlantic Trade and Investment Partnership (TTIP)*. In March 2013, the European Commission decided to request the member states' green light to open negotiations with the United States and released an impact assessment on the future of the EU-US trade relations and an in-depth independent study on the potential effects of the EU-US TTIP.

The dispute over the US COOL provisions

In June 2012, in a WTO case brought by Mexico and Canada, the WTO Appellate Body affirmed a previous WTO Panel's finding that the US country of origin labelling (COOL) requirements for muscle cut meat commodities were inconsistent with US obligations under the WTO Agreement on Technical Barriers to Trade (TBT Agreement). In particular, the Appellate Body affirmed the Panel's determination that the COOL requirements were inconsistent with the TBT Agreement's national treatment obligation to accord imported products treatment no less favourable than that accorded to domestic products. The WTO Dispute Settlement Body adopted its recommendations and rulings on July 23, 2012. The United States had until May 23, 2013, to comply with the WTO ruling. The US Department of Agriculture (USDA) has issued a rule to modify the provisions for muscle cut commodities covered under the COOL programme that same day, with the notice of this rule published in the May 24, 2013 Federal Register.

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PART I

Chapter 2

Evaluation of agricultural policies

In this chapter 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 this report: Brazil, China, Indonesia, Kazakhstan, Russia, South Africa and Ukraine.

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 Israelisettlements in the West Bank under the terms of international law.

Developments in agricultural support

This section provides a quantitative assessment of policy support to agriculture, based on a set of OECD indicators. These indicators express the diversity of support measures applied in different countries and are comparable across countries and time, with different indicators focusing on different dimensions of support policies. While the percentage Producer Support Estimate (%PSE) is the OECD's key indicator to measure policy efforts to support agricultural producers, a range of other indicators allows looking at other dimensions of support. Annex 2.A2 provides definitions of the indicators used.

In discussing developments in agricultural support across countries, this report will look at five large regional clusters noting that coverage for most of these regions is incomplete (see Box 1.1). These regional clusters are "North America" (i.e., Canada, the United States and Mexico), "Europe" (Iceland, Norway, the European Union, Switzerland, as well as Turkey and Israel), "CIS" (Russia, Ukraine and Kazakhstan), "Asia" (China, Japan, Korea and Indonesia) and "Southern Hemisphere" (Chile, Brazil, South Africa, Australia and New Zealand).

This regional grouping will be helpful in representing and discussing some of the developments. It should be understood that the regional clusters are not entirely robust in their geographical definition (e.g., large parts of Indonesia are located in the southern hemisphere, and both Ukraine and large parts of Russia are located in Europe while Israel and much of Turkey are not). However, and in spite of differences, countries within the groups also tend to have common characteristics with respect to their agricultural policies. The three countries in the North America region share a focus on payments with variable rates, often used to stabilize farmers' income. In each of these countries, these payments represent above-average shares in gross farm receipts as well as in total PSE. Most of the countries in the Europe region[1] tend to have comparably high shares of payments that are either linked to input constraints, indicating the relatively high importance attached to environmental and animal welfare implications of agricultural production, or decoupled from current parameters. The four countries belonging to the Asia region all put substantial focus on increasing domestic agricultural production – with or without explicitly stated self-sufficiency targets – and rely on high or variable market price support. The three CIS countries covered in this report tend to have highly variable levels of support across agricultural subsectors and in time. They all have – or used to have – a more or less pronounced policy bias towards livestock production, aiming at a reconstruction of the significantly reduced meat and dairy sectors given the historical context. Finally, the countries in the Southern Hemisphere region are all characterised by high degrees of market orientation and low levels of support with percentage PSEs of less than 5%. The subsequent sections will deal with these policy characteristics in greater detail.

Producer support increased slightly after the historical low reached in 2011

On average, in the countries covered by this report, about one sixth of gross farm receipts is due to public policies that support farmers. The percentage Producer Support Estimate has increased to 17% in 2012, compared to 15% in 2011. As for the longer-term decline in the percentage PSE discussed further below, this short-term change is partly related to developments in world prices for agricultural commodities, as opposed to explicit policy changes.

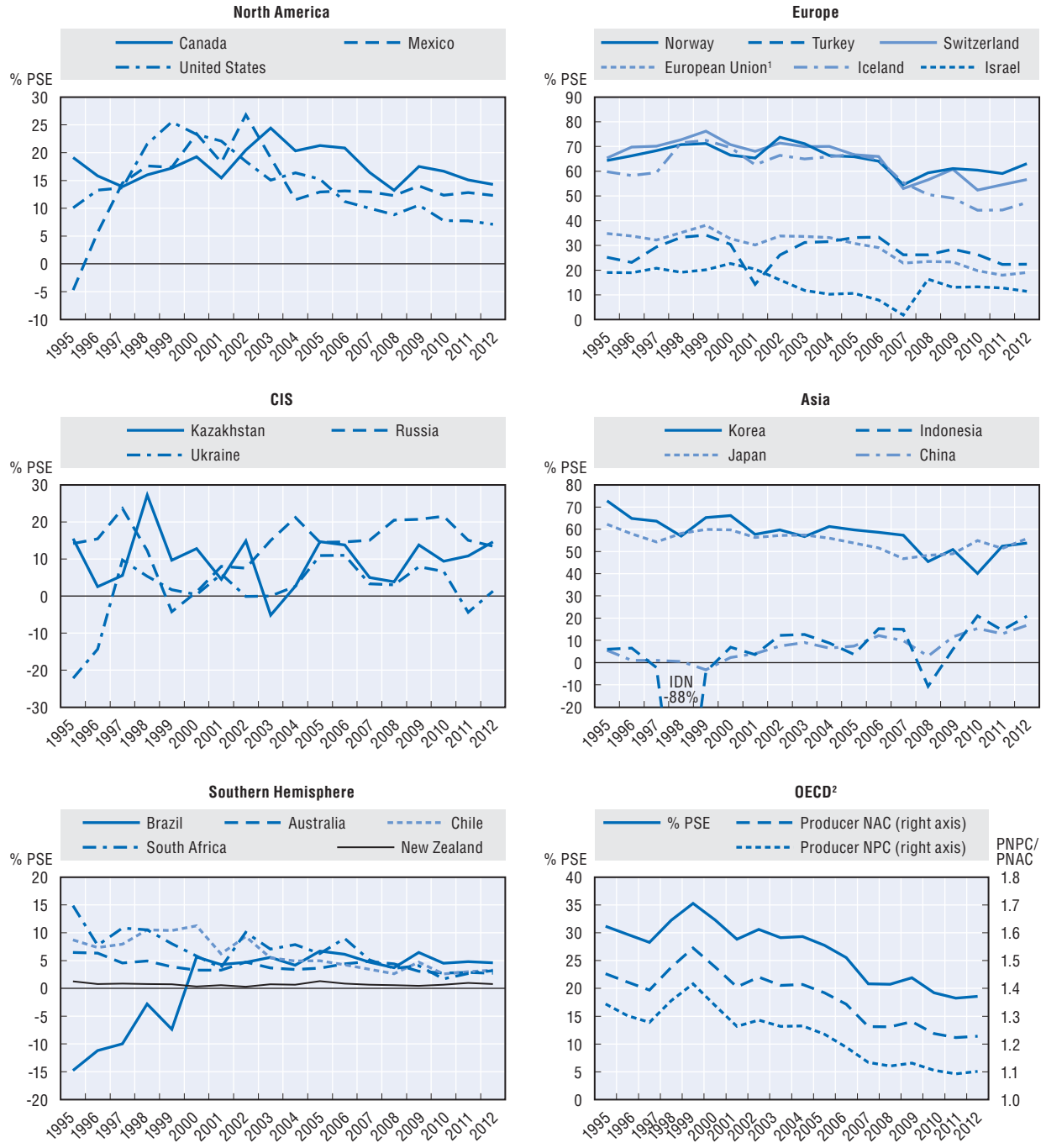
Despite this most recent development, the level of support is following a general downward development: the average %PSE for the period 1995-97 was 21%, while for 2010-12 the average was 16%. These aggregates mask large variations across regions and countries. Support in the North America region fell from 12% to 9% in that period (Figure 2.1), with Canada providing higher support than Mexico and the United States. The Europe region has largely followed the overall trend, with PSE falling, on average, from 34% to 20%. Higher than the regional average levels of support persist in Norway, Switzerland and Iceland and lower levels in Turkey, the European Union, and Israel. The average in this region is strongly driven by developments in the European Union.

The trend is less clear for the "CIS' area (Russia, Ukraine and Kazakhstan), where the average level of support was 11% in 1995-97 and 12% in 2010-12, having been negative in 1999. The volatility in support levels is visible for all three countries, although support in Russia has stabilized somewhat since 2003 at levels slightly above those estimated for Ukraine and Kazakhstan. Dominated by China and Indonesia, support in the "Asian' region also fluctuates, with average %PSE levels at 22% in 1995-97 and 20% in 2010-12. Within this region, a marked difference persists between high but slowly falling levels of support in Korea and Japan, and low, but increasing support in China and Indonesia. For both China and Indonesia, the estimated level of support has been negative in some years. Finally, the countries covered in the "Southern Hemisphere' region are characterized by low and stable levels of support, with an average 4% in 2010-12.

For the OECD average, the level of support is following a downward trend, with levels of 37% in 1986-88, 30% in 1995-97 and 19% in 2010-12. These trends in average support are mirrored by the development in other indicators. The Nominal Assistance Coefficient (Producer NAC) of 1.23 indicates that total gross farm receipts in the OECD were about 23% higher in 2010-12 than if they were generated at world market prices and with no budgetary support – a differential that has narrowed significantly since 1986-88 when it was 59%. Similarly, the Nominal Protection Coefficient (Producer NPC) of 1.10 suggests that farmers in OECD countries, overall, received prices that were 10% above international market levels in 2010-12, compared to almost 50% during the 1986-88 average.

The increase in the %PSE in 2012 compared to 2011 for the countries covered in this report is observed for most individual countries as well, although changes often remained small. The strongest year-on-year increase is estimated for Indonesia (+6.4 percentage points), Ukraine (turning from negative to positive), Japan (+4.5 percentage points) and Norway (+4.0 percentage points), while China, Kazakhstan, Iceland, Switzerland, Korea and the European Union showed an increase of less than four but more than one percentage points. Declining levels of support were found for Russia (-1.6 percentage points), Israel (-1.4 percentage points), while changes in other countries remained smaller than plus or minus one percentage point) (Figure 2.2).

Figure 2.1. **Evolution of support indicators, 1995-2012**



Note: %PSE: Producer Support Estimate as a share of Gross Farm Receipts; PNAC: Producer Nominal Assistance Coefficient. PNPC: Producer Nominal Protection Coefficient; Scales are different across panels.

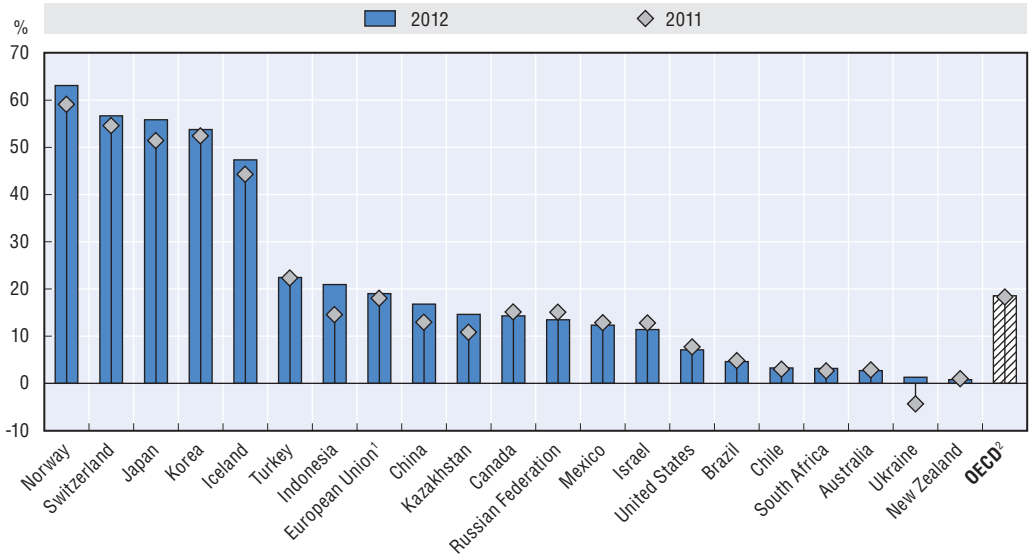
1. EU15 for 1995-2003, EU25 for 2004-06, EU27 for 2007-12.
2. The OECD total does not include the non-OECD EU member states.

Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874715

Figure 2.2. **Producer Support Estimates by country, 2011 and 2012**

Per cent of gross farm receipts



1. European Union 27.
2. The OECD total does not include the non-OECD EU member states.

Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874734

Potentially most production and trade distorting forms of support have been reduced…

Most of the variation in the %PSE is due to changes in the most distorting forms of support, including market price support, payments based on output, and payments based on variable input use without input constraints.[2] Overall across the countries covered by this report, the share of these most distorting forms of support in farmers' gross farm receipts has decreased from 16% in 1995-97 to 11% in 2010-12. For the OECD total, this decline is even more pronounced, with the share falling from 32% in 1986-88 to 22% in 1995-97 and 9% in 2010-12. This again closely mirrors developments in the NPC. As shown in Box 2.1, however, these changes in producer support and in particular its most distorting forms are partly driven by developments on international markets rather than by explicit policy changes.

… whereas most countries changed other forms of support only to a small extent

In contrast, relatively little change has been seen in other, less distortive forms of support, which remain small compared to support based on output or inputs without constraints. For the total of the countries covered in this report, the share of these forms of support in farmers' gross farm receipts has increased from 5.1% in 1995-97 to 6.7% in 2010-12. This share is higher in Europe, in particular in Switzerland and Norway. With an increase of between 4 and 10 percentage points in farmers' gross farm receipts, the strongest growth in these forms of support between 1995-97 and 2010-12 is estimated for Iceland, Norway, Japan and Switzerland (see also Figure 2.10 below).

Box 2.1. **How much of the decline in potentially most distorting support is due to policy changes?**

The observed decline in market price support has been caused to a significant degree by increasing prices on international markets, as opposed to changes in legislation. This box briefly looks at rice, milk, sugar and sheep meat, the four commodities that benefitted most from Single Commodity Transfers in OECD countries during 1995-97. We also focus on the period starting from 2000, which showed significant increases in agricultural commodity prices. Market price differentials (i.e. the difference between prices received by farmers and the reference prices they would have received without policy intervention, all expressed in local currencies) in many cases show a strong negative correlation with reference prices.[1]

For rice, **Japan** and **Korea** account for 87% of the market price support provided to rice producers during the 2000-12 period[2] – in these countries movements in reference prices explain 65% and 81% of the variation in market price differentials, respectively. Korean rice prices have barely moved as markets are largely closed and increased prices on international markets are hardly transmitted into the domestic market. Markets are largely closed in Japan as well, but decreasing domestic prices driven by declining demand and, from 2010, by direct payments to farmers helped to reduce market price differentials for much of the last decade.

Changes in market price differentials in milk markets are explained to a significant extent by changes in reference prices in **Switzerland**, the **EU**, **Israel**, **Japan**, **Norway** and the **United States** – these countries accounted for two-thirds of the market price support provided to milk producers in the countries covered by this report during the period 2000-12. In the EU, milk prices remained practically unchanged at their administered levels until international prices for dairy products rose sharply in 2007/08 and again in 2010/11. In Switzerland, however, the removal of milk price controls and the elimination of the milk quota system have resulted in some decline in domestic milk prices, helping to reduce the market price differential. In contrast to the countries above, and despite increasing reference prices, the market price differential in Canada kept widening, although with large fluctuations. Administered prices for raw milk continued to increase based on estimated cost of production, while the quota system and import tariffs helped to maintain the high and increasing market price differential. Milk prices kept increasing above reference prices in **Korea** as well where ad-valorem tariffs of between 20% and 40% and, for skimmed and whole milk powder, TRQs with a 176% over-quota tariff, lift domestic prices for processed milk well above world price levels. Largely independent from government policies, the large and non-tradable fresh milk sector creates an additional premium for domestic milk producers. **Russia** has reduced import tariffs for several dairy products in 2012 following its WTO accession, contributing to the decline in MPS in that country.

Between 2000 and 2012, more than a third of all market price support provided to sugar producers in the covered countries was generated in the **European Union**, where reforms of the sugar market policy and notably the reduction of guaranteed prices and the abolition of sugar intervention have resulted in a significant decline in sugar prices. Together with increasing reference prices these have resulted in the market price differential disappearing, meaning that in this case both policy changes and market developments contributed in the reduction of the market price support. **Switzerland** also saw domestic prices fall after 2007 following the reform of sugar markets during the 2006-09 period, including abolition of the quota system, of guaranteed prices for sugar beet as well as of direct payments for sugar processors. While reference prices increased in parallel, both policy changes and international market developments contributed to reduced market price support since the mid-2000s.

A clear correlation exists also between reference prices and market price differentials for sheep meat in **Switzerland** and the **European Union**, but in contrast to dairy and sugar markets no administered prices exist, and the decreasing price gap, while coinciding with increasing reference prices, is largely due to reductions in border protection. The abolition of administered prices for sheep meat in **Iceland** resulted in

Box 2.1. **How much of the decline in potentially most distorting support is due to policy changes?** *(cont.)*

the elimination of market price support in the early 2000s, while **Israel** saw its market price differential increase through most of the decade together with reference prices as ad-valorem tariffs remained unchanged. sheep meat markets in **Norway** are closed, and domestic prices are agreed annually. In consequence, while changes in market price differentials tend to follow reference price movements, they remained high for most of the decade.

In summary, both policy changes and increased prices on international markets have helped to reduce market price support levels since 2000. The relative shares between policies and market developments differ across countries and commodities: while the declining MPS for rice is mainly driven by market developments, policy changes contributed to lower market price differentials for dairy in Switzerland and Russia, and for sugar and sheep meat in the EU and in Switzerland.

1. While reference prices reflect development on international commodity markets, they are also influenced by exchange rate movements. However, here we do not investigate the implications of exchange rate changes.
2. Taking into account only countries providing positive market price support.

The specific characteristics of agricultural support need to be considered in detail…

While developments in these two broad groups of policies provide a first indication of the ways support is provided to farmers, a more detailed look at the composition of support is required. Assistance to farmers may be provided in various forms, such as by increasing the price farmers receive, reducing the cost of inputs used, as a payment per hectare or per animal, or as a top-up of farmers' income. Eligibility for support may or may not depend on whether the farmer actually produces or not and may be based on current or past farming decisions. These differences matter as the impacts of support on production, trade and agricultural incomes depend on these criteria.

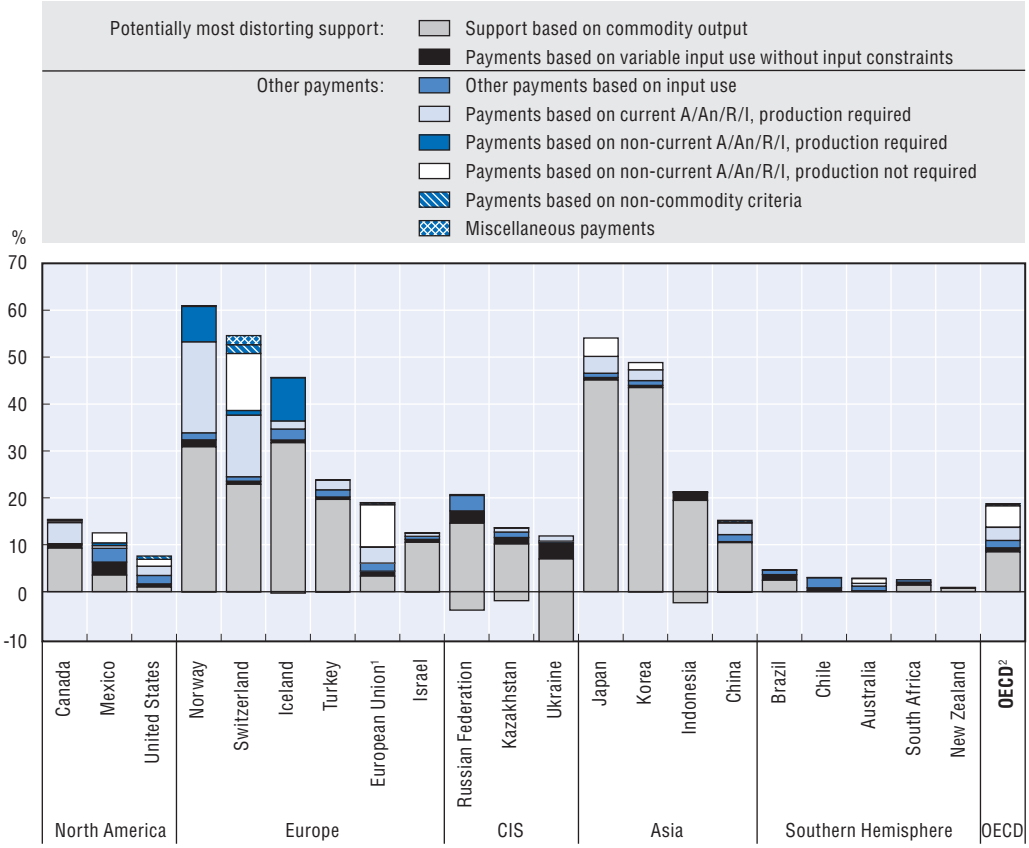
… as the composition of support differs widely across countries

As mentioned above, support levels in North America are consistently below the OECD total, and both Mexico and the United States have below-average levels of potentially most distorting support. As shown in Figure 2.3, a significant share of support in these countries is provided through market price support (Canada, Mexico) and through payments based on input use (United States, Mexico). Area payments are strongly counter-cyclical in Canada and the United States, underlining these countries' focus on farm income or revenue stabilization policies.

The Europe region – with the exception of Israel and the European Union, respectively – shows levels of producer support and of potentially most distorting support above the OECD total. A continued focus on market price support is found for Norway, Switzerland, Turkey, Iceland and Israel, supplemented by payments based on output and by input support. Area and headage payments represent additional important support elements in Norway and Switzerland, with an increasing share of these payments being decoupled from current production decisions. These latter payments today represent the main form of agricultural support in the European Union, where the Single Farm Payments and the Single Area Payment Scheme are the principal instruments after the move towards more decoupled support. In contrast to the other countries of this region, market price support in the European Union now is largely limited to meat products.

Figure 2.3. **Composition of Producer Support Estimate by country, 2010-12**

Per cent of gross farm receipts



Notes: A (Area planted), An (Animal numbers), R (Receipts), I (Income).
Top of country bars may not be equivalent to the %PSE due to negative elements in support based on commodity output.
1. European Union 27.
2. The OECD total does not include the non-OECD EU member states.
Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874753

Support in the covered CIS countries – lower than for the OECD total – essentially consists of market price support and input subsidies. Price protection is strongly biased towards livestock products, while grains – with the notable exception of wheat in Kazakhstan – receive negative market price support which taxes producers and benefits consumers, both on the food and on the livestock feed side. The importance of input subsidies, particularly for the purchase of fertilizers, is a feature in all three countries, although the share of input subsidies in gross farm receipts is comparable to that in other regions.

The four East-Asian countries covered by this report – China, Indonesia, Japan and Korea – differ substantially in their level of support, but all show a strong focus on market price support, representing between almost 70% of the PSE in China and about 90% of the PSE in Indonesia and Korea. Input subsidies complement higher output prices, particularly for fertilizers in Indonesia and Korea, for credit in Japan, and for soil improvement and water in Korea. China, Japan and Korea also provide significant area payments based on both current and, in the case of Japan and Korea, non-current parameters.

As indicated above, the group of countries covered from the Southern Hemisphere region consistently provides low levels of support representing less than 5% of farmers' gross farm receipts. About half of that is provided through market price support in Brazil and South Africa, while in New Zealand, import constraints for sanitary reasons result in higher prices mainly for poultry – but the transfers involved represent only a small part of gross farm receipts. Input support subsidising credit and/or variable inputs is important in Brazil, Chile, South Africa and Australia.

Payments with variable rates have increased in several countries

Countries provide a multitude of support measures which, through their counter-cyclical implementation, tend to stabilise farmers' incomes. To a significant degree, market price support tends to be countercyclical, in particular if domestic prices are regulated or isolated from international markets through prohibitive import barriers. Budgetary measures often contain counter-cyclical elements as well. The PSE uses labels to distinguish payments with fixed rates from those with variable ones. Payments with variable rates include support measures "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" (OECD, 2010), and hence by construction counter-cyclical. Such payments can be based on various criteria, but most frequently they are related to crop area and livestock numbers, such as disaster payments, to variable inputs or capital, such as concessional loans at administered interest rates, or directly to output quantities – such as deficiency payments.

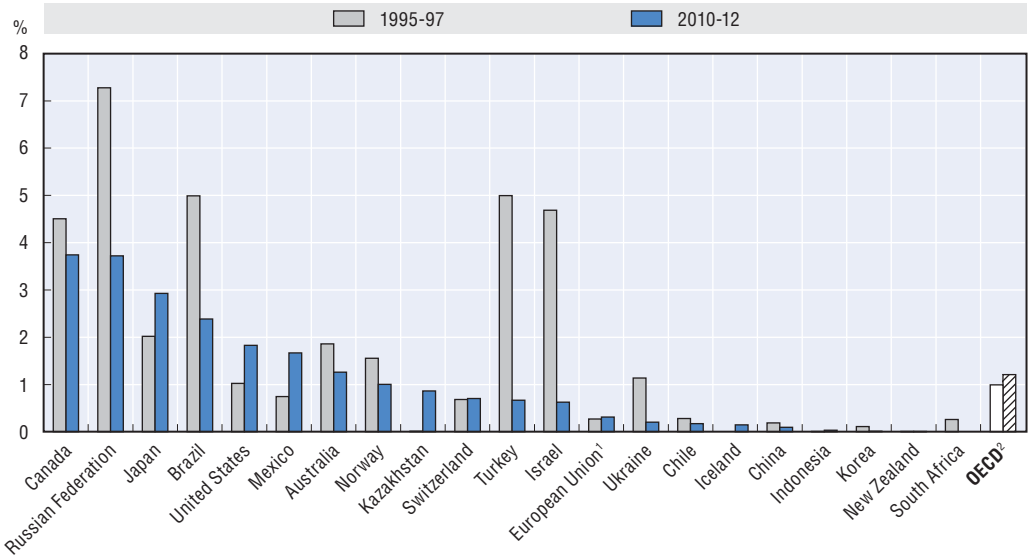
The importance of these measures varies greatly across countries, both in terms of their size and trend. Across all countries covered in this report, they represented 0.9% of farmers' gross farm receipts in 2010-12, compared to 1.2% in 1995-97. During the same period, the share of these measures increased in the OECD area from 1% to 1.2%. Such payments are most important in Canada (mainly crop insurance payments and income stabilization payments), Russia (mainly energy, loan and crop insurance subsidies), Japan (mainly deficiency and area payments) and Brazil (mainly loan subsidies and insurance payments), where they represent more than 2% of gross farm receipts. Payments with variable rates have increased as a share in gross farm receipts particularly in Mexico, Japan, Kazakhstan and the United States (Figure 2.4).[3]

A number of factors explain these developments: in several countries, the application of counter-cyclical payments has increased through new measures – such as the new direct payment scheme for beef and the new Rice Farm Income Support in Japan. In other cases, higher commodity prices (and hence increased insurance values) together with weather-related crop damages during 2010-12 and their compensation under existing schemes drove the increase – such as the crop insurance scheme in the United States. Finally, increased energy prices triggered a substantial rise in payments through the electricity and diesel subsidy programmes in Mexico. On the other hand, high commodity prices resulted in a quasi-absence of payments through the counter-cyclical payment and ACRE schemes in the United States.

As shown by earlier OECD work, farmers and government dispose of a variety of tools that can help to stabilise farmers' incomes. Payments based on output or on input use that are implemented in a counter-cyclical way may contribute to reduced fluctuations in incomes, but have been shown to have strong distorting effects on markets and a comparatively low income transfer efficiency. Payments to mitigate income risks should therefore be limited to catastrophic events.

Figure 2.4. **Payments with variable payment rates, 1995-97 and 2010-12**

Excluding market price support – per cent of gross farm receipts



Note: Countries are ranked according to the percentage shares of payments provided with variable rates in gross farm receipts in 2010-12.

1. EU15 for 1995-97; EU27 for 2010-12.
2. The OECD total does not include the non-OECD EU member states.

Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874772

Only a few countries provide support in its least distorting forms

Support payments are least likely to create distortions in the markets – and most effective in transferring income to farmers – if they are independent from farmers' decisions or market developments, and if farm production is not required to ensure eligibility, i.e. if they are based on non-current parameters without production requirements. Payments which require specific, mainly environmental services are unlikely to be distorting and do not necessarily enhance farmers' incomes.

Payments based on non-current parameters without production requirements are most relevant in Switzerland, the European Union and Japan where they represent 12%, 9% and 4% of gross farm receipts, respectively (see Figure 2.3 above). They are provided also to farmers in the Mexico and Korea (around 2%), the United States (about 1%), Australia, Canada, China, and Turkey (less than 0.5% of gross farm receipts), but have been stopped in Israel and Iceland after 2005. On the other hand, payments based on non-commodity criteria are provided only in Switzerland (1.9% of gross farm receipts), the United States, the European Union, China, Norway, Canada, Iceland and Australia (all less than 1%).

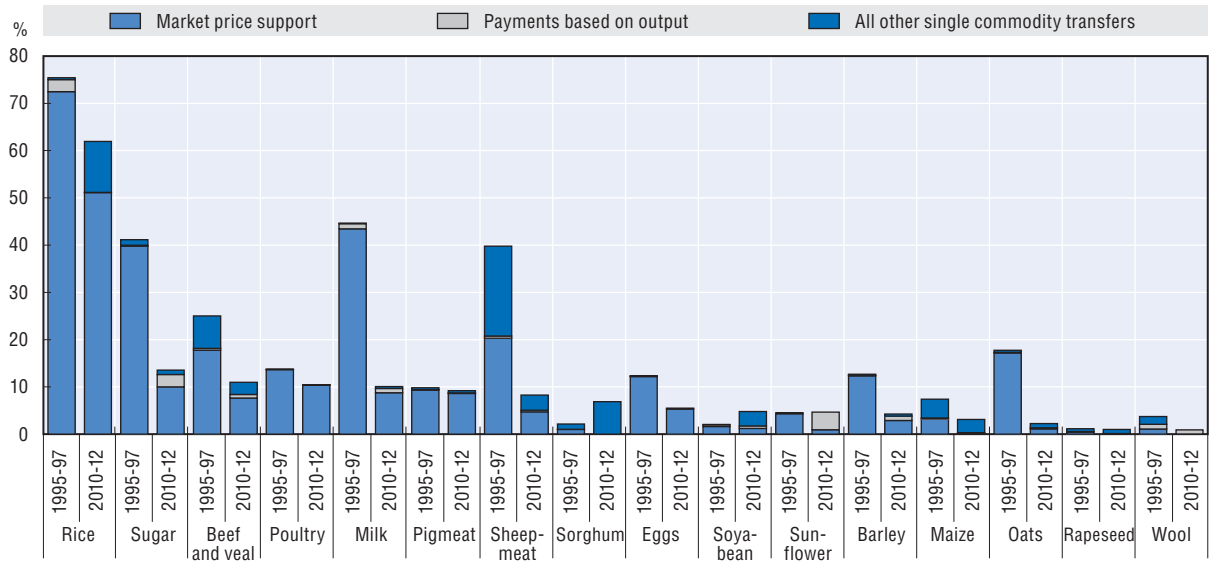
As mentioned, payments based on non-current parameters without production requirements provide for high transfer efficiency while being least likely to distort markets and trade. They are, however, not necessarily targeted to the neediest households, and often benefit large farms more than smaller ones. A range of policy options, including from other policy areas such as social-security measures, is available to help poor farm households in a targeted and efficient manner.

Commodity-specific support is falling but continues to bias the commodity mix

The general trend to move away from market price support and the introduction of payments which are more or less decoupled from production decisions result in greater flexibility of farmers in their choices of product mix. This trend is also visible in the decreasing share of production support that is linked to individual commodities (such as wheat), or groups of commodities (such as cereals), and the increasing share of payments provided to all commodities, or not linked to commodities at all. The Single Commodity Transfers (SCT) indicator measures support directed at specific commodities, and which therefore creates a particularly strong incentive to choose individual commodities. Despite a significant reduction in the share of commodity-specific support, these distortions remain strong: The share of SCTs in the total PSE of countries covered by this report has fallen from 72% in 1995-97 to 59% in 2010-12 (for the OECD total, the share has fallen from 75% to 52% during that period). As can be seen in Figure 2.5, Single Commodity Transfers are particularly biased towards rice, and less importantly towards sugar and livestock products, whereas most crops benefit less from SCTs. Most of the reduction in SCTs is due to lower market price support.

Figure 2.5. **Single Commodity Transfers, 1995-97 and 2010-12**

Per cent of gross farm receipts for each commodity across covered countries



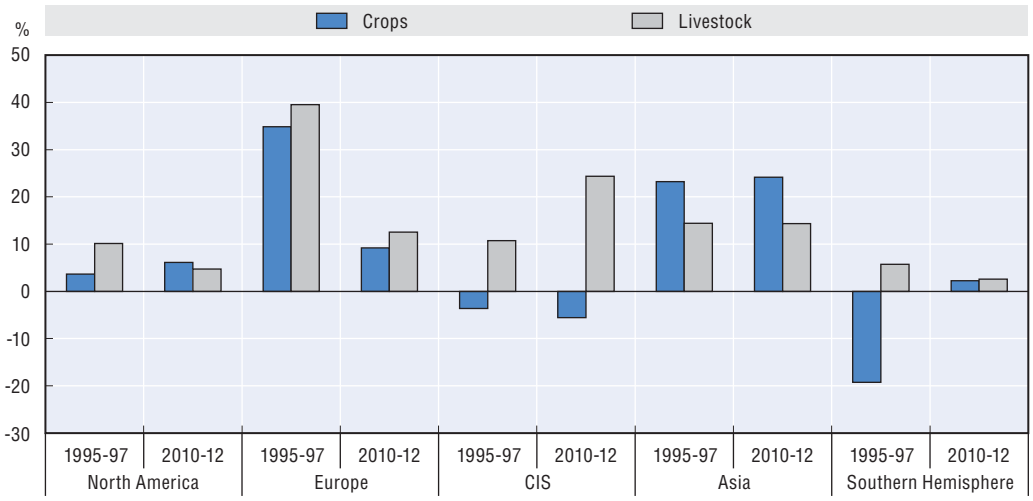
Note: Commodities are ranked according to percentage levels of Single Commodity Transfers in 2010-12.
Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874791

As SCTs have fallen, so also has the policy bias in favour of livestock products. During the 1995-97 period, and across world regions, most of the countries covered by this report provided support in a way that was more or less strongly biased towards livestock production. Exceptions included Switzerland and Norway, Ukraine, Japan and Korea. As shown in Figure 2.6, this bias had been removed by 2010-12 in both North America and in the Southern Hemisphere regions. A strong policy bias in favour of livestock production is observed only in the CIS region, and has been eliminated in Kazakhstan largely due to higher support to crop producers; a smaller bias towards livestock production also remains

Figure 2.6. **Single and Group Commodity Transfers to crops and livestock products, 1995-97 and 2010-12**

Per cent of gross farm receipts for each commodity group, by region



Note: "North America" comprises Canada, the United States and Mexico. "Europe" includes Iceland, Norway, the European Union (see note 1), Switzerland, Turkey and Israel. "CIS" includes Russia, Ukraine and Kazakhstan. "Asia" includes China, Japan, Korea and Indonesia. "Southern Hemisphere" includes Chile, Brazil, South Africa, Australia and New Zealand.

1. EU15 for 1995-97; EU27 for 2010-12.

Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874810

in "Europe". As mentioned above, market price support is mostly negative for crops in the "CIS' countries but positive for most livestock products (with the exception of milk in Ukraine). This bias clearly results from the expressed interest in these countries to rebuild the livestock industry whose output fell by half after the break-down of the Soviet Union. Within North America, the increased bias in favour of livestock production in Canada is now contrasted by crop-favouring policies in both the United States and Mexico. In "Europe", both Norway and Switzerland have reduced their support bias in favour of crop production, while Israel and Turkey have reduced their bias towards livestock production. The European Union has kept a relatively unbiased support system while reducing support levels for both crops and livestock. The Asia region, where rice is both a key agricultural output and staple food for large parts of the population, maintains a bias towards crop production, with some reduced support in Japan and Korea but growing crop support in China and Indonesia. Following the elimination of the strong negative support for sugar in Brazil, support overall is small in the Southern Hemisphere countries, with little bias towards livestock production.

General services support is gaining importance

In addition to support provided to producers individually (measured by the PSE), governments also assist the agricultural sector through public financing of research and development, agricultural education, inspection services, marketing and promotion activities and public stockholding. Monetary transfers to the agricultural sector associated with these kinds of services are measured by the General Services Support Estimate (GSSE).

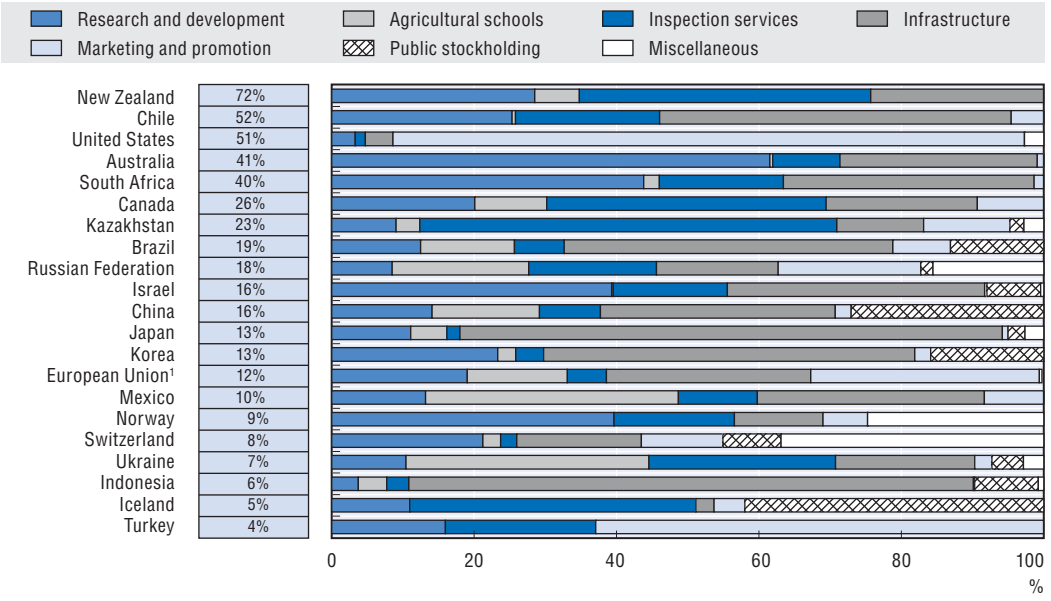
Expenditures on general services have increased steadily over time, both in absolute terms and, in many countries, as a share of total support (i.e. the combined PSE and GSSE).[4] For the OECD, the share of general services in the total support provided to the agricultural sector has increased from 12% during 1986-88 to 19% in 1995-97 and 26% in 2010-12. In addition to the increased expenditures for general services, however, the decline in support to individual producers and particularly in market price support has driven these changes in the shares.

There have been significant changes in the composition of the GSSE. Most importantly, the already important share of transfers related to marketing and promotion has further increased after 2008 and represented more than half of the total GSSE in the countries covered by this report during 2010-12 (its share reached 67% in OECD countries). Marketing and promotion was particularly dominant in the United States (89%) and Turkey (63%). In the United States, most of the funds are used to cover administrative, processing and retail costs related to food aid, while in Turkey these expenditures relate to the operation of state market agencies.

Other countries have other priorities. Infrastructure improvements account for the lion's share of general services in Indonesia, Japan, Korea, Chile and Brazil – much of these expenditures are spent on irrigation systems. In Australia, more than 60% of the GSSE is related to research and development, which represents the largest component in general services also in South Africa, Norway and Israel. The inspection services related to food safety, animal and plant health measures represents the main part of the GSSE in Kazakhstan, New Zealand and Canada (Figure 2.7).

Figure 2.7. **Composition of General Services Support Estimate by country, 2010-12**

Percentage shares in GSSE



Notes: Figures next to country names indicate the GSSE share in the Total Support Estimate.
Countries are ranked according to the percentage shares of General Service Support in Total Support in 2010-12.
1. European Union 27.
Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874829

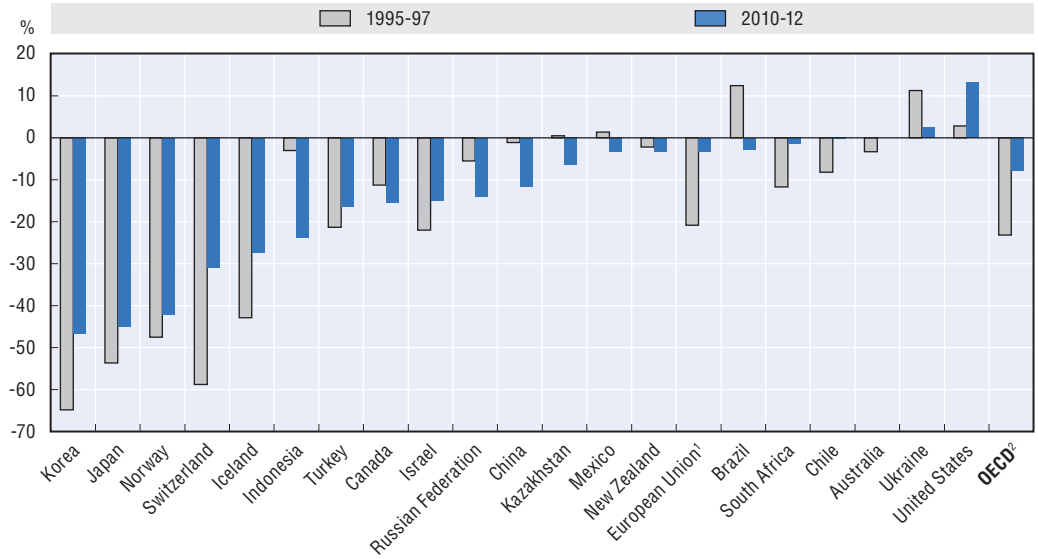
Less market price support also means lowered burdens for consumers

Agricultural policies not only affect producers, but also consumers of agricultural products. If government policies raise domestic prices above world market prices, consumers (including food processors) pay this price difference and hence support producers. Consumers may be compensated through budget payments to food processors, through different forms of food aid etc. The value of the costs from agricultural policies to consumers, expressed in percent of consumers' expenditures (measured at the farm gate level) is shown by the Consumer Support Estimate (%CSE): a negative %CSE suggests that consumers are implicitly taxed by the combined set of policies, while a positive %CSE shows net benefits for consumers.

As the main policy affecting consumers is market price support, the high prevalence of MPS is reflected in the %CSE (Figure 2.8): most countries analysed in this report tax their consumers, although the level of this taxation differs significantly. Between 1995-97 and 2010-12, most countries reduced this implicit taxation of consumers. Nonetheless, the %CSE in Korea, Japan and Norway was still less than -40% during 2010-12, while in Switzerland and Iceland it was around -30%. The implicit taxation of consumers in 2010-12 has been quite similar in Indonesia where the %CSE moved from close to zero to -24%. At the other end of the spectrum, consumers in Chile and Australia are virtually unaffected by agricultural policies – a consequence of the absence of significant market price support in these countries. Consumers benefit from depressed prices for crops in Ukraine, while market price support in the United States is more than offset by various domestic food aid programmes. Due to the reduction in price support and expanded nutrition programme spending, the positive %CSE increased from 3% in 1995-97 to more than 13% in 2010-12.

Figure 2.8. **Consumer Support Estimate by country, 1995-97 and 2010-12**

Per cent of consumption expenditure measured at the farm gate



Note: Countries are ranked according to 2010-12 levels. A negative percentage CSE is an implicit tax to consumption.
1. EU15 for 1995-97; EU27 for 2010-12.
2. The OECD total does not include the non-OECD EU member states.
Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874848

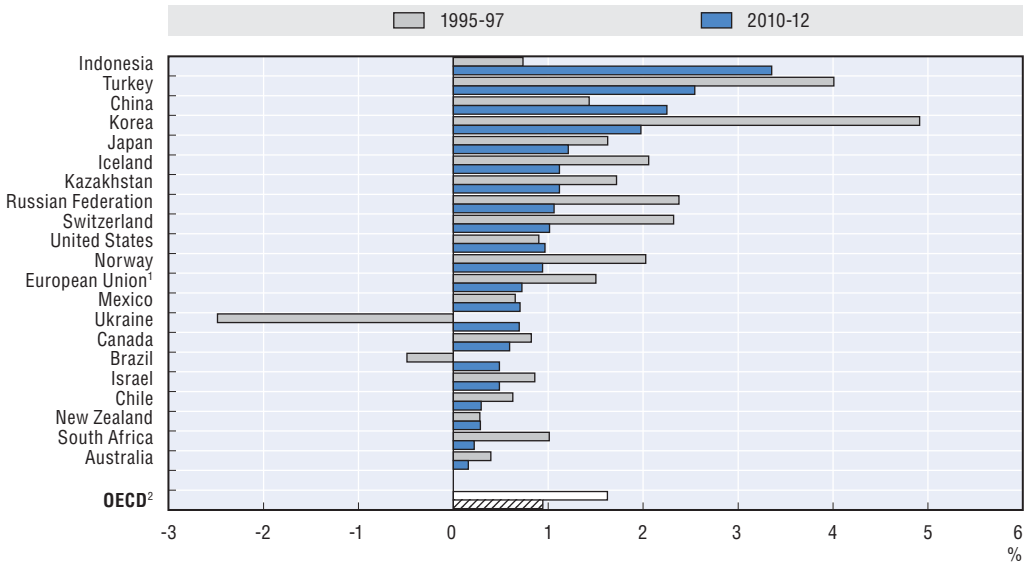
Agricultural support shrinks in most countries relative to the total economy

To measure the overall support to the agricultural sector, the Total Support Estimate (TSE) combines transfers to producers individually (the PSE), to producers collectively (the GSSE) as well as budgetary support to consumers (i.e. the CSE net of the market price element). As the total value of the TSE strongly depends on the size of the country, it is expressed relative to the country's GDP (%TSE). For the countries covered in this report, the scale of total support relative to GDP has fallen significantly from 1.5% in 1995-97 to 1.1% in 2010-12 (for the OECD average, the share has fallen from 1.6% to 0.9% in the same period (see Figure 2.9); the decline has been even more pronounced in the longer run, for 1986-88 the %TSE was estimated at 3.1%). The reduction in support levels, and in particular in the market price support, has contributed, but the main reason for the decline in the %TSE is the diminishing importance of the agricultural sectors in the countries' overall economies.

The share of total support in GDP has been falling consistently in most countries, but there are a few notable exceptions: since 1995-97, the %TSE has strongly increased in Indonesia, which with 3.4% provided the largest support to agriculture relative to its economy among the countries covered in this report. A significant increase is also estimated for China, where the %TSE went up from 1.4% to 2.3% between 1995-97 and 2010-12. While the importance of the agricultural sector in Chinese GDP has shrunk by half during that period, both countries have substantially increased their levels of support which today is close to the OECD average. Both Ukraine and Brazil, which used to tax their agricultural sectors in the mid-90s, now provide positive support to agriculture in 2010-12, with their %TSE now levelling at 0.7% and 0.5%, respectively.

Figure 2.9. **Total Support Estimate by country, 1995-97 and 2010-12**

Per cent of GDP



Note: Countries are ranked according to 2010-12 levels.

1. EU15 for 1995-97 and EU27 for 2010-12.
2. The OECD total does not include the non-OECD EU member states.

Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874867

In spite of substantial declines in the %TSE, Turkey and Korea still provide support to their agricultural sectors worth 2.5% and 2% of their GDP, respectively. For Turkey, this mainly reflects the high importance of the agricultural sector within the country's GDP. Support shares close to the average are estimated for Japan, Iceland, Kazakhstan and Russia, while the scale of agricultural support is less than 0.5% in the five southern hemisphere countries covered by this report – Chile, New Zealand, South Africa and Australia – as well as in Israel.

Assessing support and reforms

An assessment of policy reforms involves an examination on how different forms of agricultural support have evolved over time, and an estimation of what these developments imply in terms of the underlying policy objectives as well as in terms of distortions. The different PSE indicators provide insights as to how much support is provided to farmers individually or collectively, as well as to how the support is delivered. None of the PSE indicators measure impacts. In order to assess the way support affects agricultural production, trade and incomes, economic modelling is required that accounts for the various ways in which support can be provided. The OECD Policy Evaluation Model (PEM) allows for the calculation of various impact indicators which are presented below.

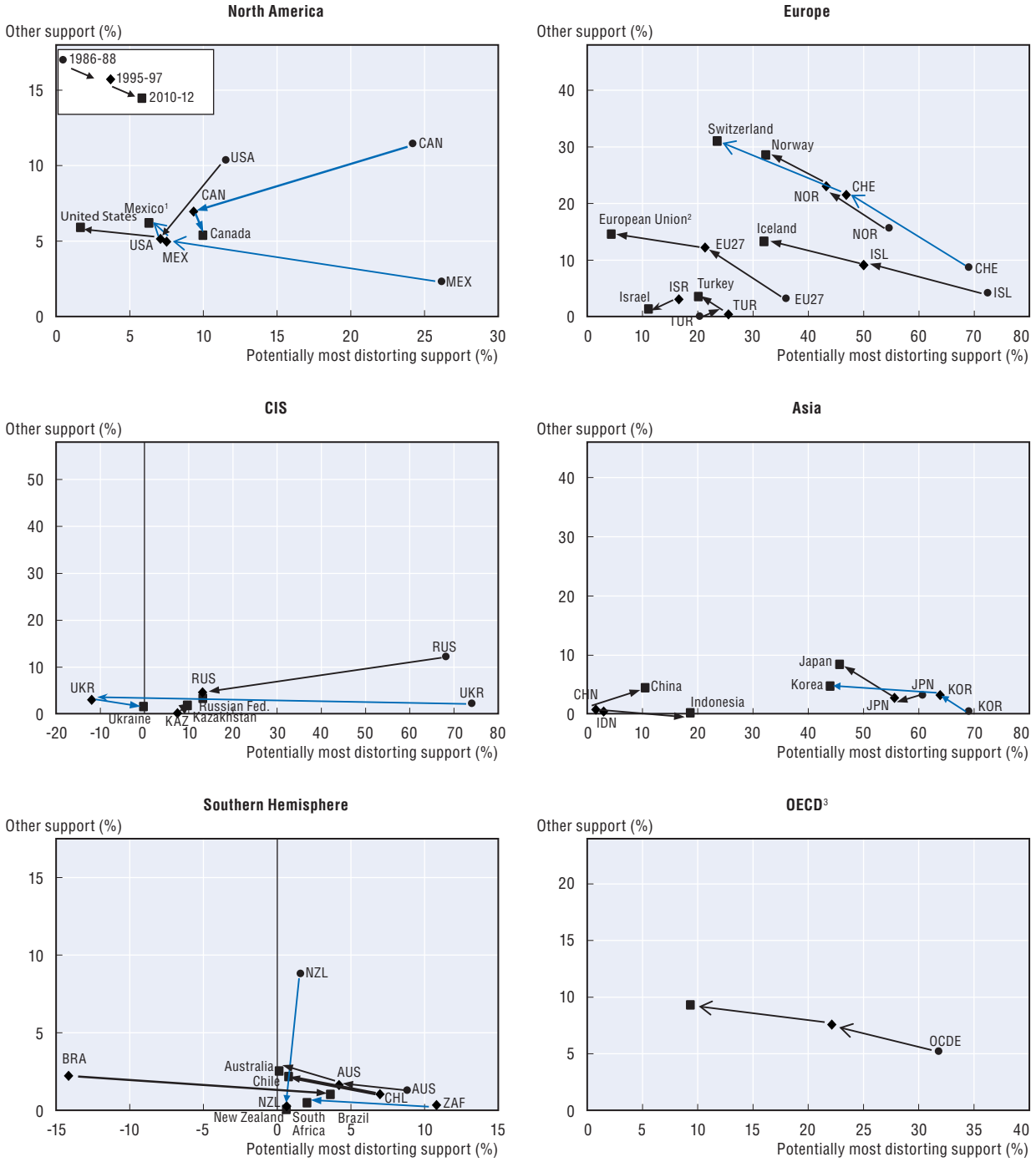
Support to agriculture is shrinking

Total support to agriculture as a whole has decreased relative to the size of the economy. This overall development is driven by reductions in most OECD countries, partly due to the falling share of agriculture in the GDP as economic output grows, but also due to declining levels of support. The key driver behind falling support has been the decline in some of the most distortive forms of support, in particular in market price support. While much of that decline is owed to rising world market prices, some policy re-orientation has helped to reduce in particular the most distorting forms of support. On the other hand, Indonesia and China have significantly increased support relative to the size of their economies, while Ukraine and Brazil have turned from net taxing their agricultural sector to net supporting them

Figure 2.10 summarises how support to farmers has developed across countries from 1986-88 (not available for some countries) through 1995-97 until 2010-12. The figure breaks the total %PSE apart and separates the most distorting policies (support based on output or on non-constrained variable input use) from other forms of support, with the sum of the two shares being equal to the %PSE. Movements towards the vertical axis signify a reduction in most distorting support, while developments towards the horizontal axis show a reduction in other forms of support. The arrows in East-West direction show that most countries have reduced most distorting support which, however, remains high in several countries in Europe and Asia. A number of countries have to some degree increased other, less distorting forms of support partially compensating for the reduction in most distorting support. These developments are visible as north-west pointing arrows in the graph, although this representation hides the sometimes significant changes within this other group of support. For instance, the change from price support towards area payments in the European Union is clearly visible, while the more recent basing of payments on non-current parameters is hidden. In consequence, total support often has changed less than support based on output and unconstrained input use alone. In contrast to most OECD countries, a significant increase in support in general, and in its most distorting forms in

Figure 2.10. **Changes in producer support, by country, 1986-88 – 2010-12**

Per cent of gross farm receipts: potentially most distorting support versus other support



Notes: Potentially most distorting support is the total of support based on commodity output and on non-constrained variable input, and is expressed in percent of gross farm receipts. Other support is the total of all other elements within the PSE, and equally expressed in percent of gross farm receipts. In consequence, the sum of the two represents the percentage PSE.

Scales are different across panels.

1. For Mexico, the change is measured between 1991-93, 1996-98 and 2010-12.
2. EU12 for 1986-88, EU15 for 1995-97 and EU27 for 2010-12.
3. The OECD total does not include the non-OECD EU member states.

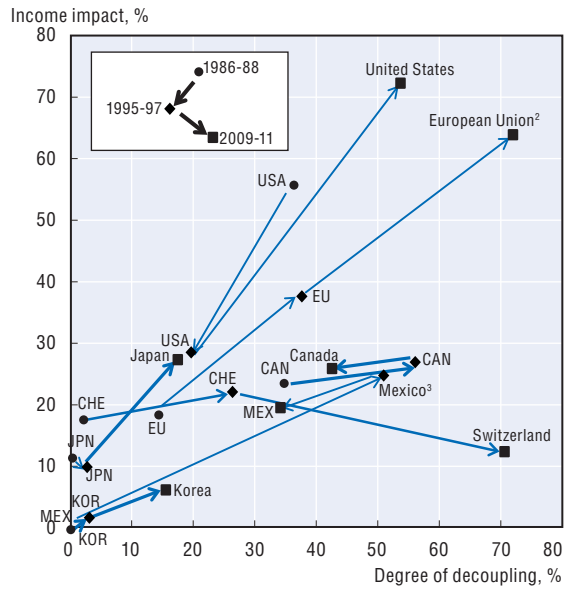
Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874886

particular, can be noted for China, Indonesia and Kazakhstan. Brazil and Ukraine eliminated large negative support for agriculture that existed during the mid-1990s, and which implied strong distortions to agricultural markets comparable to large positive levels of support.

The reduced levels of most distorting support not only produce more market-oriented agricultural sectors, but also allow a larger share of transfers ending up increasing farmers' incomes by increasing the share of less distortive support. Using the OECD Policy Evaluation Model to estimate the impact of reforms in selected OECD countries, it is possible to derive effects on market and incomes from policy efforts shown in Figure 2.10.[5] These effects are shown in Figure 2.11. Movements to the north-east of the graph imply smaller production distortions and stronger farm income effects of the policy sets.

Figure 2.11. **Changes in the degree of decoupling and in the income impact of agricultural policies, 1986-2011**



Note: The degree of decoupling is calculated from the production impact (risk, wealth or expectation effects not considered). The degree of decoupling of zero means that the production impact of the policy set is as if all support is MPS. The income impact is presented by the ratio between income-impact MPS equivalent index and the level of PSE. The income impact of zero means that the overall policy set has an income impact as if all supports were made through MPS.

1. The analysis represents only those countries, commodities and policies modelled in PEM.
2. EU12 for 1986-88, EU15 for 1995-97 and EU27 for 2009-11.
3. For Mexico the first and second periods are 1991-93 and 1996-98, respectively.

Source: OECD Policy Evaluation Model.

StatLink http://dx.doi.org/10.1787/888932874905

The figure shows that in all seven countries represented progress has been made to increase the level of decoupling of support, and to improve the efficiency of implied income transfers. Progress in decoupling support has been strongest in the European Union, Mexico and Switzerland, while the strongest improvements in income efficiencies are estimated for the EU and Mexico. The United States made significant progress on both accounts since 1995-97. For Japan and Korea, most of the progress in terms of decoupling and income efficiency took place after 1995-97 as well, but notably for Korea it remained

more limited than in other countries. Canada made some steps towards decoupling support, but the overall income transfer efficiency has changed relatively little.

Agricultural support overall has become less distortive for agricultural decisions, production and markets and more efficient in transferring income to farmers. The support of farm incomes is among the policy objectives in a number of countries. Policy objectives are, however, much more diverse than that, and often include the correction of various market failures referring to the environmental, rural amenities, land and water management, food safety and food security (OECD, 2002). Policy priorities have also been expressed by Ministers of Agriculture at their OECD Meeting in 2010, including measures to mitigate and cope with high and volatile prices potentially threatening food security in many countries and requiring risk management tools; climate change calling for both mitigation and adaptation strategies; increasingly scarce resources such as land, water and biodiversity. Agricultural and rural development policies need to be coherent with policies in other areas, and unintended effects require greater attention.

Current high agricultural prices and medium term expectations of continued high prices provide opportunities and challenges for policy adjustments. With high prices, the rationale for price support has weakened, and at a period of fiscal consolidation in numerous countries, budgetary transfers to all farms independent of their financial situation and unrelated to their provision of public goods (or the avoidance of public bads) appears to be an inefficient use of scarce financial resources. Policy priorities differ across countries and, in many cases, are specific to particular regions or groups of farms. One-size-fits-all policies will be inappropriate to deal with specific challenges, and even more so across different countries. Instead, policy objectives need to be carefully translated into targeted measures. As discussed in Box 2.2, both the extent to which governments intervene in agricultural markets and the mix of policy measures applied depends on a variety of factors, and while some generic variables can be identified that predict differences in support across countries to some degree, countries maintain a significant degree of freedom to improve policy efficiency beyond average practice. Policy discussions currently under way towards new policy framework legislations in several countries, and annual revisions of existing policies in others, provide opportunities to continue and accelerate the progress made so far, allowing agricultural policies to become more efficient, less expensive and less distortive.

Box 2.2. **Structural drivers of agricultural support and different policy choices**

Decisions to support agriculture and to reform policies are made against an economic background that varies over time and across countries. Empirical analysis (Annex 2.A1) of past developments in support levels can highlight common structural economic factors behind agricultural policies and show how each country has dealt with these structural factors by making its own policy choices.

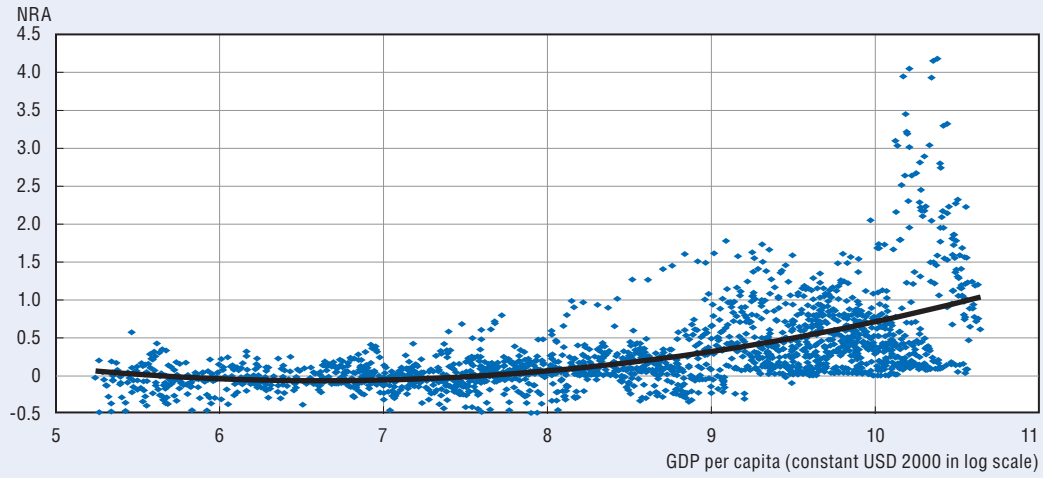
The rationales of agricultural policies have evolved in the process of economic development. In a stylized way this process can be described by three phases: at low income stages, taxing agriculture can serve to extract resources from the sector and thus facilitate non-agricultural development. As economic development takes off, rising income disparities between farm and non-farm households, driven mainly by the difficulty of reallocating labour from agriculture to non-agricultural sectors (Barrett, Carter and Timmer 2010), has often led governments to provide net support to the agricultural sector in order to mitigate these disparities. With further economic growth, other policy objectives have come increasingly to the foreground such as competitiveness of the sector, stability of farm income, environmental and resource protection and development of rural areas.

Box 2.2. **Structural drivers of agricultural support and different policy choices** *(cont.)*

Figure 2.12 plots the relationship between income level (measured by the per capita GDP at constant prices) and the level of agricultural support (measured by the Nominal Rate of Assistance, as calculated by Anderson and Nelgen, 2012) for 72 countries from 1955-2010. The fitted trend line suggests that, on average, agriculture is initially taxed but it is eventually supported as per capita GDP reaches higher levels. The cross-country heterogeneity of the support level becomes greater at higher income levels, suggesting that with development a larger array of policy choices is available across countries.

Figure 2.12. **Evolution of support at different stages of economic development 1955-2010**

Nominal Rate of Assistance



Note: The Nominal Rate of Assistance (NRA) is conceptually similar to the Nominal Assistance Coefficient (NAC), with NRA = NAC –1. There are, however, a number of differences in terms of coverage of support policies, data sources and process.
Source: Anderson and Nelgen (2012).

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To isolate this array of policy choices from structural economic factors, a regression analysis is performed on the level of support and the composition of support. The regressors are the Nominal Assistance Coefficient (NAC) and the share of potentially most distorting support in the *PSE Database* covering OECD areas and seven non-member countries between 1986 and 2010. The regression model includes three economic structural variables as potential explanatory variables of support: the *income level* measured by per capita GDP, the *relative importance of agriculture* measured by the share of agriculture in GDP, and the *comparative advantage of agriculture* estimated with the agricultural land area per capita. The model allows for the possibility that the influence of the latter two variables varies with the income level. In addition, a time trend controls for changes over time, such as the observed declining overall support levels. Note that these indicators are often imperfect proxies of the structural factors they represent. E.g., the comparative advantage of agriculture relative to other sectors depends on a range of variables of which land endowment is only one; both Australia and Kazakhstan have an exceptionally high land endowment while both have limited water availability. One could also consider additional explanatory factors that might determine levels and composition of support, such as the price index for agricultural commodities which, as discussed in Box 2 above, should be negatively correlated to market price support and possibly other support measures. The present analysis should therefore be seen as a first attempt at identifying countries' range of policy options in light of their economic and structural situation.

Using the estimated equations together with observed values of explanatory variables for each country and year, one obtains a residual that is not explained by structural factors, and thus an indication of the margin of policy choices that is not determined by the economic structural factors used here.

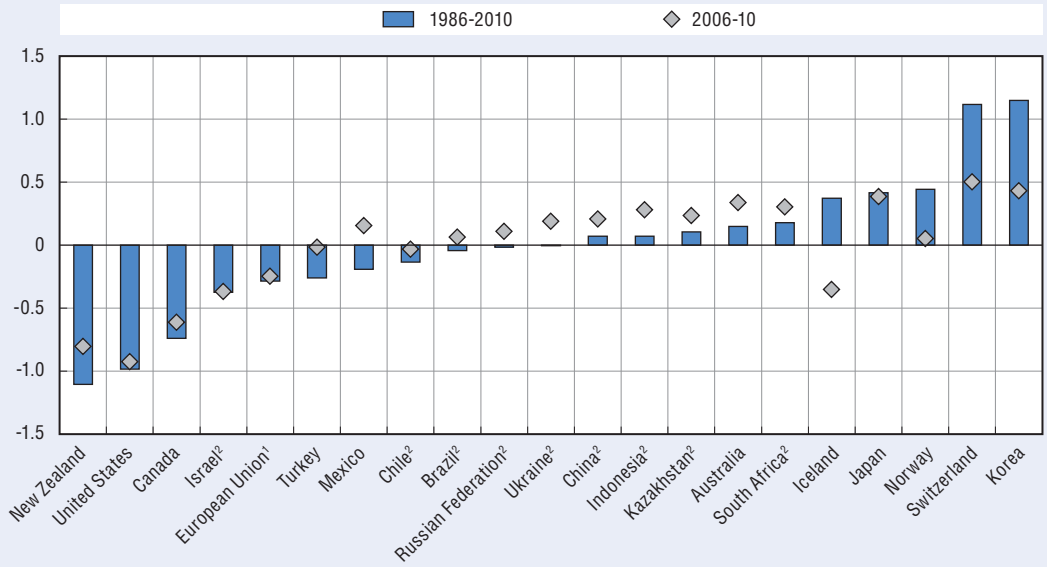
Box 2.2. **Structural drivers of agricultural support and different policy choices** *(cont.)*

The regression analysis suggests that, other factors being constant, the level of support tends to be higher in countries with higher income level. It also indicates that, as income levels increase, the countries with higher shares of agriculture in GDP and a lower comparative advantage in agriculture tend to support agriculture at a higher level. Countries where agricultural land is scarce tend to support the sector relatively more heavily.It should be clear, though, that while these estimates (see Annex 2.A1 for numerical results) show statistical correlations, they do not imply that countries with higher incomes, larger agricultural GDP shares and less land endowment need to provide higher levels of support.

Figure 2.13 compares the average residual in two periods: 1986-2010 and 2006-10. In the OECD area, the largest average differences in 1986-2010 are found for Korea, Switzerland, Norway, Japan and Iceland. Support levels in these countries are higher than what could be inferred from their land scarcity, the weight of agriculture in the overall economy, and their high income levels. However, some countries have made efforts to reduce support levels in the recent period. The average observed support level in the whole period is lower than predicted by the model in New Zealand, United States, Canada, Israel, EU, Turkey, Mexico and Chile. The recent increase in support levels in non-OECD countries cannot be explained by economic structural factors alone, such as the increase in their income level.

Figure 2.13. **Level of support unexplained by structural factors**

Differences between observed and model-predicted level of NAC, per year average in two periods



1. EU12 for 1986-88, EU15 for 1995-97 and EU27 for 2006-10.
2. Estimation is limited to1995-2010 period for Brazil, Chile, China, Indonesia, Israel, Kazakhstan, Russia, Ukraine and South Africa.

Source: Estimation based on *OECD PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874943

The regression analysis also indicates that, other factors again being constant, the share of most distorting support tends to be higher in countries with lower levels of income, lower weight of agriculture in the economy and higher level of support. However, the influence of the comparative advantage in agriculture on the share of most distorting support is found to be statistically insignificant. In comparison with the level of support, the choice of the type of policy instruments appears to be less correlated with economic structural variables and depends more on other factors that determine the policy reform process.

Figure 2.14 shows the average difference between the actual share of most distorting support and the share that is predicted by the model in two periods: 1986-2010 and 2006-10. In the OECD area, Japan, Turkey, Israel and Iceland have on average more than 5 percentage points higher shares of most distorting support.

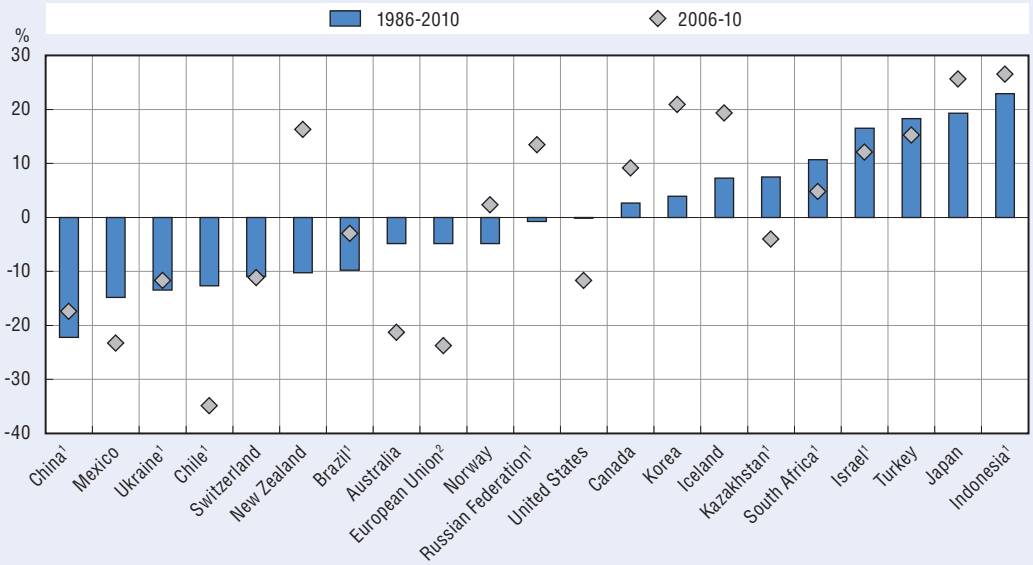
Box 2.2. **Structural drivers of agricultural support and different policy choices** *(cont.)*

This deviation becomes even larger in the recent period in Japan, Korea and Iceland, implying that these countries are falling behind the reform trend of re-instrumentation to less distorting support. In contrast, Switzerland and Norway, which also have high support levels, have started to make less use of most distorting support. Among non-OECD countries, Indonesia and South Africa have on average more than 10 percentage points higher shares of most distorting support than predicted by the model, while China, Ukraine and Brazil have more than 10 percentage points lower shares.

Almost all OECD countries are reducing the support level overtime, but the degree of re-instrumentation of support towards less distorting measures is very diverse across countries in recent periods. The choice of policy instruments appears to be less correlated with the economic structural factors and different approaches to policy reform in different countries have led to different choices of policy instruments.

Figure 2.14. **Share of potentially most distorting support unexplained by structural factors**

Differences between observed and model-predicted percentage share of potentially most distorting support, per year average in two periods



1. Estimation is limited to1995-2010 period for Brazil, Chile, China, Indonesia, Israel, Kazakhstan, Russia, Ukraine and South Africa.
2. EU12 for 1986-88, EU15 for 1995-97 and EU27 for 2006-10.

Source: Estimation based on *OECD PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874962

Notes

1. Note that the "Europe" group is somewhat heterogeneous, as Iceland, Turkey and Israel show neither much of decoupled payments, nor much payments with input constraints.
2. The distortive effect of such policy measures on production and trade was demonstrated in OECD (2001),
3. Note that ad-hoc disaster payments in several countries are labelled to be based on fixed payment rates, because while payments are triggered by changes in yields, revenues or incomes, their rates do not depend on the level of these parameters. These payments are therefore not included in the above shares.
4. For several countries, including in particular Russia, Kazakhstan and Ukraine, these shares are, however, difficult to interpret given the negative market price support provided to crop producers in these countries.

5. The PEM provides a stylised representation of agricultural markets and policies in the participating countries. It covers 7 OECD countries or regions (Canada, the European Union, Japan, Korea, Mexico, Switzerland, the United States) and models six commodity markets (wheat, coarse grain, oilseeds, rice, milk and beef) and input market, and it represents policies according to the PSE classification. It is a partial equilibrium model that measures impacts in the medium term. Therefore, the model estimates the impacts of a policy set in a specific year, assuming that the impact occurs within a 3 to 5 year period and that no other policy change or market shock occur. OECD (2011a) presents the most updated documentation of the PEM, including the method of calculating the policy impact indicators.

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ANNEX 2.A1

Structural drivers of agricultural support and different policy choices: Technical background note

Data source

The regression analysis in Box 2.2 of the Chapter 2 use the OECD PSE/CSE Database, 2013; Nominal Assistance Coefficient (NAC) and the percentage of most distorting support (based on output and variable input use without input constraints). Two economic structural variables used in explanatory variables (a percentage share of agriculture in GDP and agricultural land per capita) are constructed based on the contextual indicators presented in Chapter 2.* The level of income is approximated by per capita GDP, USD, constant prices, constant PPPs, 2005 from the OECD.stat.

Regression model

The OLS regression model on the structural drivers of the level of support is as follows.

$$LS_{i,t} = \alpha + \beta_1 X_{i,t} + \beta_2 X_{i,t} * inc_{i,t} + \beta_3 inc_{i,t} + \beta_4 \lambda_t + \varepsilon_{i,t}$$

where $LS_{i,t}$ represents the level of support measured by NAC; $X_{i,t}$ comprises variables for relative importance of agriculture (a percentage share of agriculture in GDP) and comparative advantage of agriculture (agricultural area per capita, 10 hectare); $inc_{i,t}$ represents the level of income (per capita GDP, USD 1 000), and λ_t is a time trend variable. Interaction terms between the economic structural variable and income level are added based on the assumption that the impacts of economic structural variables on the level of support differ depending on the level of per capita income. In addition, the time trend variable captures the declining trends of the level of producer support over time. The "expected" level of support from the model is the estimated average of the existing support across countries, adjusted for economic structural variables and the time trend of declining level of support on average.

Similarly, the OLS regression model on the structural drivers of the share of most distortive support in the PSE can be expressed as follows:

$$CS_{i,t} = \alpha + \beta_1 X_{i,t} + \beta_2 inc_{i,t} + \beta_3 LS_{i,t} + \beta_4 \lambda_t + \varepsilon_{i,t}$$

where $CS_{i,t}$ represent the composition of support measured by a share of most distortive support in the PSE; $X_{i,t}$ $inc_{i,t}$ and λ_t are the same vector of variables in the regression model on the level of support. In addition, the explanatory variables include the

* Annex II.1 presents the sources and definitions of contextual indicators.

contemporaneous level of support measured by the NAC. The observed data implies a positive correlation is expected between the level of support and the share of distortive support particularly at higher level of support. For example, the shares of distortive support have never been below 40% for high support countries whose level of NAC exceeding 1.5.

Regression results

Table 2.A1.1 reports the estimation results of two regression models. The regression results on the level of support indicate positive and highly significant relationship between per capita GDP and the level of support, higher level of income leads to higher level of support, keeping other factors constant. No significant impacts of economic structural variables are found on the level of support. However, the relationship between economic structural variable and the level of support depends on the income level. The coefficient on the interaction term between agricultural share of GDP and GDP per capita is positive and significant. Similarly the interaction term with agricultural land per capita is negative and significant. A negative relationship between comparative advantage of agriculture and support level and the positive impact of economic share of agriculture on support level become stronger at higher income level. The negative coefficient on the time trend variable indicates that the level of support has been declining on average by 0.033 points per year.

The regression result on the composition of support shows that the countries with higher level of income have on average lower share of most distortive support. The increase in per capita GDP of USD 1000 is associated with 1.1 percentage points reduction in the share of most distortive support. On the other hand, the level of support is positively correlated with higher share of distorting support, controlling for other factors. The coefficient on the share of agriculture in GDP is negative and significant. More economic significance of agriculture leads to less distortive support, keeping other factors constant. The coefficient indicates that the increase in agricultural share of GDP by one percentage point is associated with 0.1 percentage point lower share of distortive form of support. On the contrary, the coefficient on agricultural land per capita is found insignificant. Similar to the level of support, the coefficient on yearly trend variable is negative and significant, implying that on average the percentage of most distortive support declined at 0.4 percentage point per year.

Table 2.A1.1. **Regression results on the level of support and the composition of support**

	(1)	(2)
Dependent variables	Nominal Assistance Coefficient	Share of most distortive support in the PSE
Level of income		
GDP per capita	0.038***	-0.011***
	(8.00)	(-10.99)
Relative Importance of agriculture		
Share of agriculture in GDP	0.011	-0.010**
	(0.86)	(-2.80)
(Interaction term with GDP per capita)	0.0056***	
	(6.90)	
Comparative Advantage of agriculture		
Agricultural land per capita	0.013*	0.0010
	(0.80)	(0.50)
(Interaction term with GDP per capita)	-0.0024***	
	(-4.01)	
Level of support		
Nominal Assistance Coefficient		0.13***
		(11.80)
Time trend		
Yearly trend variable (1986=0)	-0.033***	-0.004***
	(-6.88)	(-2.45)
Constant	0.96***	0.98***
	(5.96)	(23.84)
Observations	446	446
R-squared	0.44	0.30

t values in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

StatLink http://dx.doi.org/10.1787/888932876273

ANNEX 2.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).

Box 2.A2.1. **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.

Box 2.A2.1. **Definitions of categories in the PSE classification** *(cont.)*

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.

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 constrains 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.

PART II

Developments in OECD countries and emerging economies

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PART II

Chapter 3

Trends in the OECD area

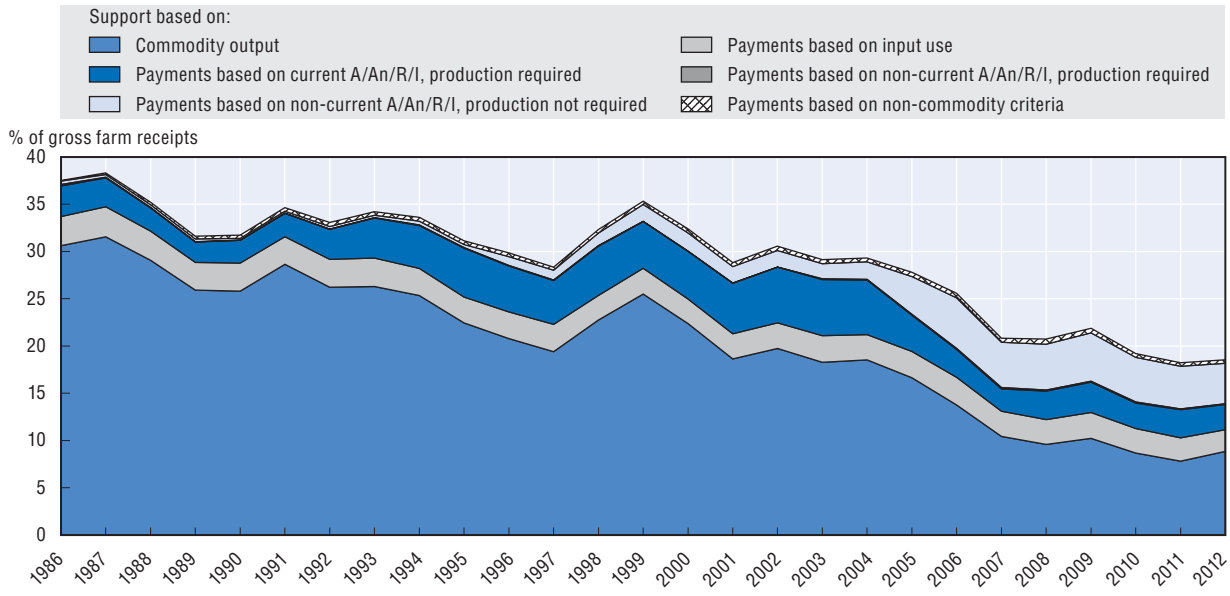
This chapter contains the information concerning the short and long-term developments of the level and structure of support in the OECD area.

This chapter provides an overview of developments in agricultural support in the OECD area as a whole, as measured by the OECD indicators of agricultural support. The main drivers behind the changes in support levels between 2011 and 2012 and a more detailed analysis and evaluation of policy developments and support across OECD countries is provided in Part I of this report, and in the following country chapters in this Part II.

The level and composition of agricultural support in the OECD area

Figure 3.1. **OECD: Level and Composition of Producer Support Estimate, 1986-2012**

Percentage of gross farm receipts



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932874981

Support to agriculture in the OECD area, as measured by the %PSE, has been declining continuously from around 40% in the beginning of the analysed period to less than 20% in the most recent years. The way support is delivered to farmers is also evolving, and this is captured by the composition of the PSE among the various categories (Figure 3.1).

Over the long term the main movement across the OECD area has been a gradual reduction of support based on commodity output, mainly Market Price Support (MPS). 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. 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 or are based on non-commodity criteria. Those have grown only in most recent years from a 1% share of the PSE in 1986-88 and 3% in 1995-97 to the second largest category of support representing 26% of support in 2010-12. At the same time the payments based on current area and animal numbers were reduced. (Figure 3.1, Tables 3.1 and 3.2).

Box 3.1. **Use of %PSE in evaluating annual changes in agricultural support**

The PSE, the total monetary value for the estimated policy transfers to producers, is expressed in the local currency of each country. It is converted into a common currency (USD, EUR) to allow aggregation into total PSE for the OECD area as a whole. Consequently, the year-on-year variation in the total level of transfers denominated in a common currency will result from both changes in the level of transfers measured in each national currency and exchange rate movements against the currency used for the aggregation.

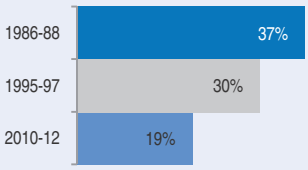
The OECD total value of agricultural policy transfers to producers, as measured by the nominal PSE, remained almost unchanged when expressed in USD – at USD 257 billion in 2011 and USD 258.6 billion in 2012 (Table 3.1). When expressed in Euros, the OECD total PSE increased from EUR 185 billion in 2011 to EUR 201 billion in 2012 (Table 3.2). How can these varying results expressed in different currencies be interpreted, when the PSE is expressed in different currencies?

Exchange rate developments are the reason for the different movements, and consequently the best way to compare levels of support in the OECD as whole (as in individual countries) is to use relative indicators such as the %PSE, which expresses the value of policy transfers as a share of gross producer receipts. The latter represent the market value of agricultural output to which are added transfers to producers from taxpayers. The %PSE solves the problem of exchange rate choice because the same exchange rates are used to convert both the denominator and the numerator into a single currency. Consequently, the %PSE is the same regardless of the currency used (see Tables 3.1 and 3.2). Since the %PSE is a relative measure, it also provides a sense of the importance of policy-induced transfers in the sector and is also appropriate for comparisons among OECD countries (as it eliminates the effects of the size of the agricultural sector) and in time (as it eliminates the effect of inflation).

Development of support to agriculture

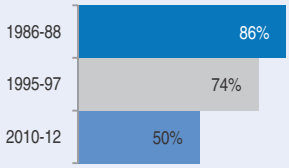
PSE as % of receipts (%PSE)

Support to farmers in the OECD area as measured by the %PSE declined from 37% of gross farm receipts in 1986-88 to 19% in 2010-12. Most of the decline is due to a reduction of Market Price Support. The support was stable around 19% in the years 2010-12. (Table 3.1 and 3.2).



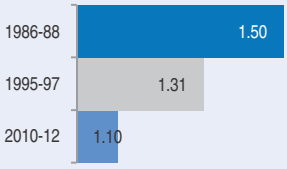
Potentially most distorting support as % of PSE

While the share of most production and trade distorting support (support based on output and variable input use – without input constraints) has decreased, it still accounts for a half of support provided to farmers in 2010-12.



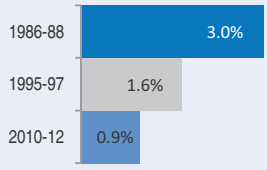
Ratio of producer price to border price (NPC)

The level of price distortions has also been reduced as prices received by farmers were 50% above those on world markets (as measured by the NPC) in 1986-88, while prices received in 2010-12 were 10% above the world market prices.

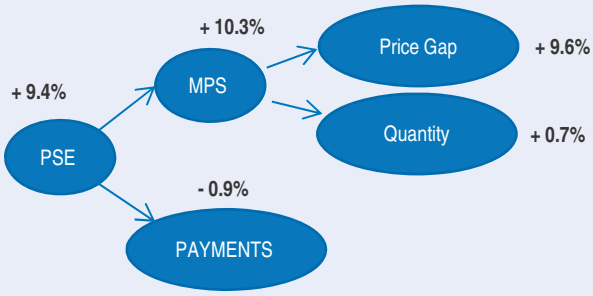


TSE as % of GDP

Total support was 3% of GDP in 1986-88, declining to less than 1% by 2011-12. The share of expenditures on general services (GSSE) in agriculture total support (TSE) has doubled from 13% in 1986-88 to 27% in 2010-12.
Single commodity transfers (SCT) represented 52% of the PSE (compared with 88% in 1986-88). The share of the SCT in the commodity gross farm receipt was highest for rice in 2010-12.



Decomposition of change in PSE, 2011 to 2012



The level of support to farmers increased in 2012 due to increase in MPS resulting almost exclusively from an increase of the price gap between domestic and world market prices (due both to increased producer prices and reduced reference prices).

Transfer to specific commodities (SCT), 2010-12

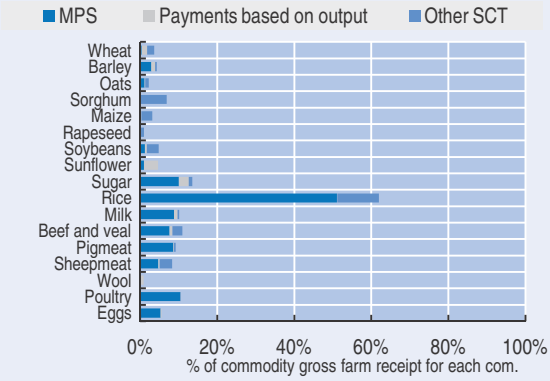


Table 3.1. **OECD: Estimates of support to agriculture (USD)**

USD million

	1986-88[3]	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**592 135**	**771 656**	**1 208 497**	**1 119 442**	**1 255 570**	**1 250 480**
of which: share of MPS commodities, percentage	72	71	67	66	67	68
Total value of consumption (at farm gate)	**559 273**	**760 864**	**1 139 527**	**1 051 433**	**1 180 557**	**1 186 591**
Producer Support Estimate (PSE)	**239 510**	**253 931**	**252 550**	**241 778**	**257 230**	**258 642**
Support based on commodity output	196 677	178 483	114 046	108 961	109 998	123 178
Market Price Support	184 078	171 448	107 991	103 916	104 105	115 950
Payments based on output	12 599	7 035	6 055	5 045	5 893	7 228
Payments based on input use	20 196	24 049	33 144	32 656	34 764	32 013
Based on variable input use	9 763	11 004	12 657	12 449	13 402	12 120
with input constraints	743	417	619	571	602	683
Based on fixed capital formation	6 869	7 385	12 220	11 195	13 315	12 151
with input constraints	1 235	743	2 319	2 339	2 223	2 394
Based on on-farm services	3 563	5 661	8 267	9 011	8 048	7 742
with input constraints	439	1 056	1 243	1 206	1 260	1 264
Payments based on current A/An/R/I, production required[1]	18 735	41 777	37 637	33 760	41 978	37 174
Based on Receipts / Income	2 052	1 435	4 847	4 312	5 176	5 053
Based on Area planted / Animal numbers	16 683	40 342	32 790	29 447	36 802	32 121
with input constraints	3 719	15 476	22 427	20 515	24 720	22 047
Payments based on non-current A/An/R/I, production required	533	459	1 155	1 458	1 038	970
Payments based on non-current A/An/R/I, production not required	2 080	6 626	61 012	59 576	63 716	59 744
With variable payment rates	181	639	307	175	404	343
with commodity exceptions	0	0	153	45	237	176
With fixed payment rates	1 899	5 988	60 705	59 401	63 312	59 401
with commodity exceptions	1 561	4 917	28 046	27 764	29 090	27 286
Payments based on non-commodity criteria	1 077	3 135	5 200	5 065	5 363	5 172
Based on long-term resource retirement	1 076	2 951	3 421	3 654	3 295	3 315
Based on a specific non-commodity output	1	183	1 572	1 186	1 842	1 687
Based on other non-commodity criteria	0	1	207	226	227	170
Miscellaneous payments	211	-599	355	301	373	391
Percentage PSE	**37**	**30**	**19**	**19**	**18**	**19**
Producer NPC	**1.50**	**1.31**	**1.10**	**1.11**	**1.09**	**1.10**
Producer NAC	**1.59**	**1.42**	**1.23**	**1.24**	**1.22**	**1.23**
General Services Support Estimate (GSSE)	**37 045**	**65 518**	**106 679**	**101 015**	**108 943**	**110 080**
Research and development	3 552	5 656	8 505	8 099	8 695	8 721
Agricultural schools	972	1 871	3 082	3 014	3 238	2 992
Inspection services	1 045	1 547	3 641	3 640	3 681	3 602
Infrastructure	10 448	23 191	16 772	17 430	17 577	15 310
Marketing and promotion	13 164	27 442	71 438	65 324	72 353	76 636
Public stockholding	5 872	3 518	713	799	656	684
Miscellaneous	1 994	2 293	2 529	2 710	2 742	2 135
GSSE as a share of TSE (%)	**12.5**	**19.0**	**26.5**	**26.4**	**26.6**	**26.5**
Consumer Support Estimate (CSE)	**-159 871**	**-171 123**	**-86 428**	**-85 073**	**-86 305**	**-87 905**
Transfers to producers from consumers	-169 187	-167 716	-103 261	-100 960	-100 632	-108 191
Other transfers from consumers	-22 093	-30 307	-26 932	-25 580	-29 035	-26 181
Transfers to consumers from taxpayers	19 870	24 759	43 302	40 524	43 071	46 311
Excess feed cost	11 540	2 141	463	943	291	156
Percentage CSE	**-30**	**-23**	**-8**	**-8**	**-8**	**-8**
Consumer NPC	**1.52**	**1.35**	**1.13**	**1.14**	**1.12**	**1.13**
Consumer NAC	**1.42**	**1.30**	**1.09**	**1.09**	**1.08**	**1.08**
Total Support Estimate (TSE)	**296 425**	**344 208**	**402 531**	**383 317**	**409 244**	**415 032**
Transfers from consumers	191 280	198 023	130 193	126 540	129 667	134 372
Transfers from taxpayers	127 237	176 493	299 270	282 357	308 612	306 842
Budget revenues	-22 093	-30 307	-26 932	-25 580	-29 035	-26 181
Percentage TSE (expressed as share of GDP)[2]	**2.96**	**1.62**	**0.94**	**0.93**	**0.96**	**0.94**

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

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

1. A (area planted) / An (animal numbers) / R (receipts) / I (income).
2. TSE as a share of GDP for 1986-88 is an estimate based on available data.
3. The OECD total for 1986-88 includes all countries except Chile, Israel and Slovenia, for which data is not available.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876292

Table 3.2. **OECD: Estimates of support to agriculture (EUR)**

EUR million

	1986-88[3]	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**536 394**	**625 221**	**907 021**	**845 227**	**902 954**	**972 881**
of which: share of MPS commodities, percentage	72	71	67	66	67	68
Total value of consumption (at farm gate)	**506 239**	**615 795**	**855 354**	**793 878**	**849 008**	**923 175**
Producer Support Estimate (PSE)	**217 302**	**205 271**	**189 589**	**182 553**	**184 989**	**201 225**
Support based on commodity output	178 363	144 127	85 737	82 270	79 106	95 834
Market Price Support	166 874	138 434	81 180	78 461	74 868	90 210
Payments based on output	11 489	5 692	4 557	3 809	4 238	5 623
Payments based on input use	18 292	19 510	24 855	24 657	25 001	24 907
Based on variable input use	8 863	8 900	9 489	9 400	9 638	9 430
with input constraints	683	334	465	431	433	531
Based on fixed capital formation	6 212	5 974	9 161	8 453	9 575	9 453
with input constraints	1 124	596	1 742	1 766	1 599	1 863
Based on on-farm services	3 217	4 636	6 205	6 804	5 787	6 024
with input constraints	397	869	933	910	906	984
Payments based on current A/An/R/I, production required[1]	17 102	33 765	28 200	25 490	30 189	28 921
Based on Receipts / Income	1 907	1 172	3 636	3 256	3 722	3 931
Based on Area planted / Animal numbers	15 195	32 594	24 564	22 234	26 467	24 990
with input constraints	3 300	12 518	16 807	15 490	17 778	17 153
Payments based on non-current A/An/R/I, production required	505	371	867	1 101	746	754
Payments based on non-current A/An/R/I, production not required	1 900	5 467	45 762	44 982	45 822	46 481
With variable payment rates	161	498	230	132	291	267
with commodity exceptions	0	0	114	34	171	137
With fixed payment rates	1 739	4 969	45 532	44 850	45 531	46 215
with commodity exceptions	1 417	4 099	21 037	20 963	20 920	21 229
Payments based on non-commodity criteria	942	2 526	3 902	3 825	3 857	4 024
Based on long-term resource retirement	941	2 376	2 569	2 759	2 370	2 579
Based on a specific non-commodity output	1	149	1 177	895	1 325	1 313
Based on other non-commodity criteria	0	0	155	170	163	132
Miscellaneous payments	198	-495	267	228	268	304
Percentage PSE	**37**	**30**	**19**	**19**	**18**	**19**
Producer NPC	**1.50**	**1.31**	**1.10**	**1.11**	**1.09**	**1.10**
Producer NAC	**1.59**	**1.42**	**1.23**	**1.24**	**1.22**	**1.23**
General Services Support Estimate (GSSE)	**33 556**	**53 023**	**80 087**	**76 271**	**78 347**	**85 643**
Research and development	3 216	4 578	6 384	6 115	6 253	6 785
Agricultural schools	880	1 533	2 311	2 276	2 329	2 328
Inspection services	946	1 261	2 733	2 749	2 647	2 802
Infrastructure	9 409	18 667	12 571	13 160	12 640	11 911
Marketing and promotion	11 959	22 233	53 660	49 322	52 033	59 623
Public stockholding	5 294	2 876	536	603	472	532
Miscellaneous	1 852	1 874	1 893	2 046	1 972	1 661
GSSE as a share of TSE (%)	**12.5**	**19.0**	**26.5**	**26.4**	**26.6**	**26.5**
Consumer Support Estimate (CSE)	**-144 686**	**-137 948**	**-64 897**	**-64 234**	**-62 067**	**-68 390**
Transfers to producers from consumers	-153 312	-135 375	-77 591	-76 229	-72 371	-84 173
Other transfers from consumers	-19 953	-24 381	-20 188	-19 314	-20 881	-20 369
Transfers to consumers from taxpayers	18 024	20 098	32 534	30 597	30 975	36 030
Excess feed cost	10 555	1 710	348	712	209	122
Percentage CSE	**-30**	**-23**	**-8**	**-8**	**-8**	**-8**
Consumer NPC	**1.52**	**1.35**	**1.13**	**1.14**	**1.12**	**1.13**
Consumer NAC	**1.42**	**1.30**	**1.09**	**1.09**	**1.08**	**1.08**
Total Support Estimate (TSE)	**268 882**	**278 392**	**302 210**	**289 421**	**294 312**	**322 898**
Transfers from consumers	173 265	159 756	97 779	95 543	93 251	104 542
Transfers from taxpayers	115 570	143 017	224 619	213 192	221 941	238 725
Budget revenues	-19 953	-24 381	-20 188	-19 314	-20 881	-20 369
Percentage TSE (expressed as share of GDP)[2]	**2.96**	**1.62**	**0.94**	**0.93**	**0.96**	**0.94**

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

Market Price Support (MPS) is net of producer levies and Excess Feed Cost. MPS commodities: see notes to individual tables in Part II.

1. A (area planted) / An (animal numbers) / R (receipts) / I (income).
2. TSE as a share of GDP for 1986-88 for the OECD is an estimate based on available data.
3. The OECD total for 1986-88 includes all countries except Chile, Israel and Slovenia, for which data is not available.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database)

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PART II

Chapter 4

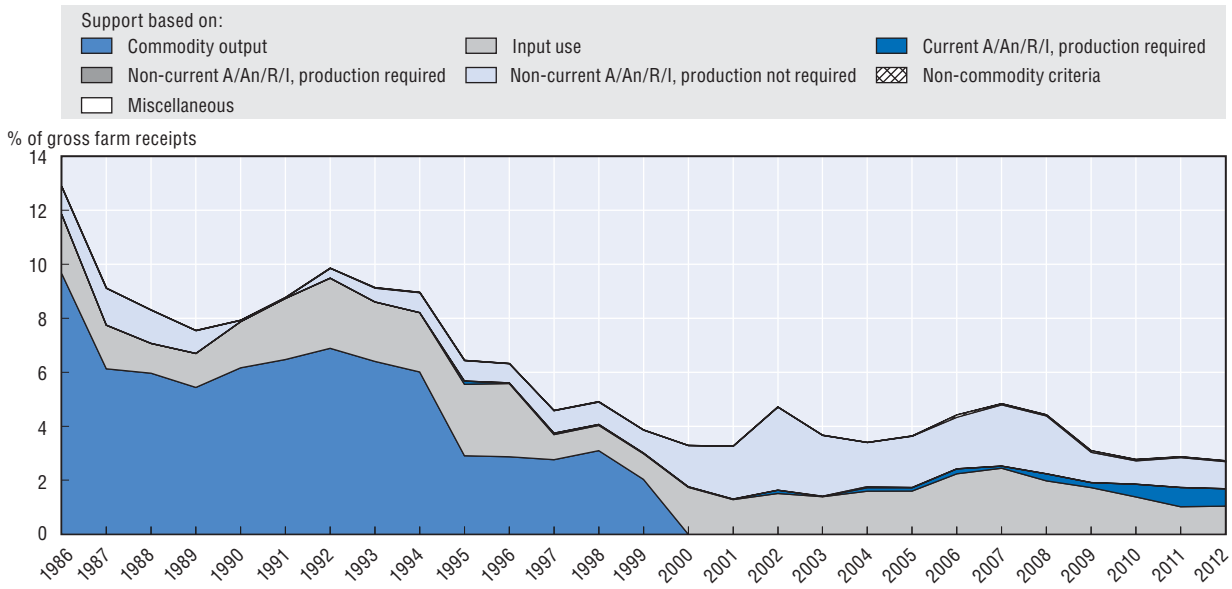
Australia

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- There has been continuous and significant reform progress since 1986-88, reducing the level of support to just 3% of gross farm receipts and removing the potentially most production and trade distorting forms of support. The remaining support programmes are related to risk management, environmental conservation and provision of general services to the sector.
- The Exceptional Circumstances (EC) programmes for droughts experienced a peak of expenditure in 2006-08. The ongoing reform of Drought Policy is refocusing this support towards risk management and preparedness as reflected in the elimination of the ex post interest rate subsidies.
- The overall challenge for the future is to improve the economic viability of farms while ensuring a sustainable use of scarce resources, in particular, water. Under the Water for the Future initiative, a water entitlements buy-back programme is being implemented to improve irrigation efficiency and restore the balance in the Murray-Darling Basin.
- The Rural Research and Development policy actively involves industry organizations that contribute to the funding through a levy system. The model is being revised to improve its accountability and priority setting, following a series of reviews, including a report from the Productivity Commission, a key driver of economy wide and agricultural policy reform.

Figure 4.1. **Australia: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Australia is the world's 12th 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 4.1. **Australia: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	393	1 540
Population (million)	18	23
Land area (thousand km^2)	7 682	7 682
Population density (inhabitants/ km^2)	2	3
GDP per capita, PPP (USD)	22 159	42 060
Trade as % of GDP	14.1	15.6
Agriculture in the economy		
Agriculture in GDP (%)	3.7	2.8
Agriculture share in employment (%)	4.7	2.8
Agro-food exports (% of total exports)	24.6	13.1
Agro-food imports (% of total imports)	4.7	4.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	10 356	20 828
Crop in total agricultural production (%)	54	57
Livestock in total agricultural production (%)	46	43
Agricultural area (AA) (thousand ha)	463 348	409 029
Share of arable land in AA (%)	9	12
Share of irrigated land in AA (%)	..	1

* or latest available year.

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

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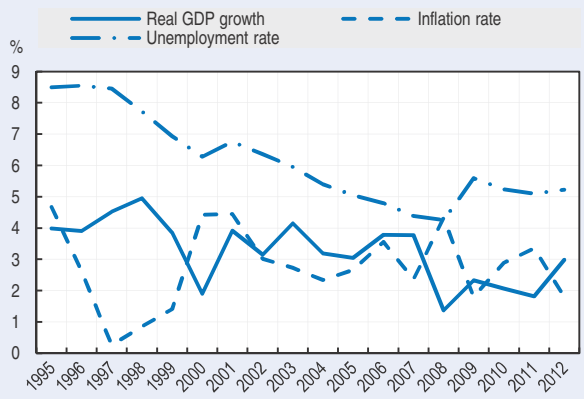
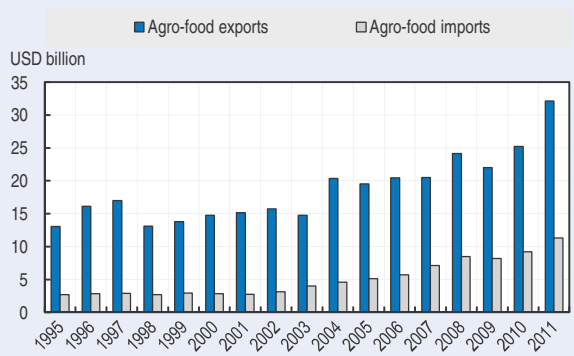
Figure 4.2. **Australia: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875019

Figure 4.3. **Australia: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875038

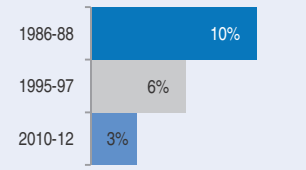
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.A.1.

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. Reform of support is also reflected in the composition of support, with a reduction of market price support to zero, a shift towards more targeted direct payments and an increase of the share of the support to general services. Producer support slightly rebounded to 5% PSE in 2006-08 due to a peak in expenditures on drought policy, but it is currently steady a 3%.

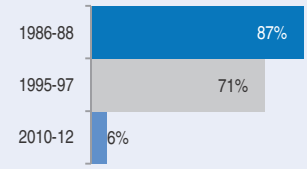
PSE as % of receipts (%PSE)

Support to farmers as measured by the %PSE declined from 10% of gross farm receipts in 1986-88 to 3% in 2010-12. Most of the decline in recent years is due to reduced payments under the Exceptional Circumstances Interest Rate Subsidy.



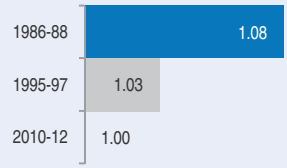
Potentially most distorting support as % of PSE

The share of most distorting support has decreased significantly, and accounts for 6% of the PSE in 2010-12. Market price support is zero.



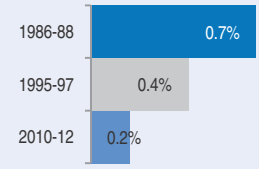
Ratio of producer price to border price (NPC)

Prices received by farmers in 1986-88 were 1.08 times higher than what they would have been on the basis of world prices, compared to parity with world prices in 2010-12.

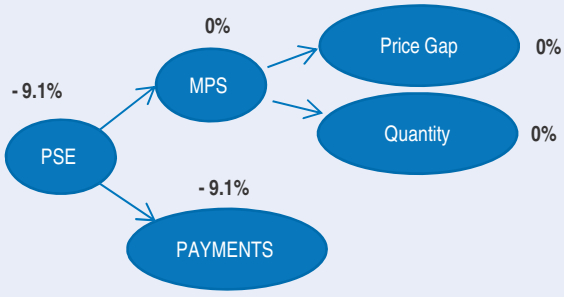


TSE as % of GDP

Total support to agriculture was 0.7% of GDP in 1986-88, declining to 0.2% by 2010-12. The share of expenditures on general services (GSSE) in total support (TSE) has increased, from 6% of TSE in 1986-88 to 41% in 2010-12.
Single commodity transfers (SCT) represented only 0.2% of the PSE.



Decomposition of change in PSE, 2011 to 2012



The level of support to farmers decreased in 2012 due exclusively to reductions in direct payments, as market price support is zero.

Transfer to specific commodities (SCT), 2010-12

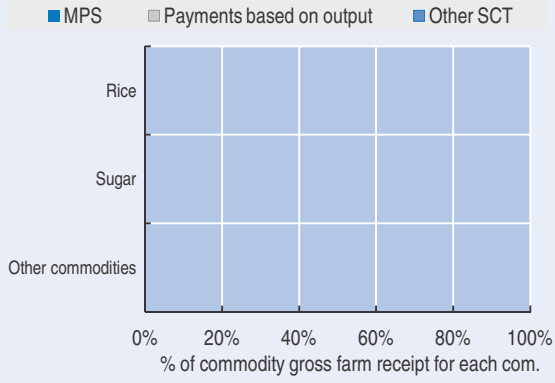


Table 4.2. **Australia: Estimates of support to agriculture**

AUD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**19 888**	**28 441**	**48 054**	**48 330**	**48 885**	**46 948**
of which: share of MPS commodities, percentage	86	75	74	73	75	73
Total value of consumption (at farm gate)	**7 364**	**11 644**	**19 633**	**20 906**	**20 090**	**17 901**
Producer Support Estimate (PSE)	**2 022**	**1 694**	**1 379**	**1 377**	**1 445**	**1 314**
Support based on commodity output	1 447	834	0	0	0	0
Market Price Support	1 447	834	0	0	0	0
Payments based on output	0	0	0	0	0	0
Payments based on input use	324	614	567	687	513	503
Based on variable input use	306	376	86	248	10	0
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	5	33	240	170	275	275
with input constraints	0	0	114	62	139	139
Based on on-farm services	13	205	241	269	227	227
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	19	301	234	359	310
Based on Receipts / Income	0	19	301	234	359	310
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	492	433	559	486
With variable payment rates	250	137	289	162	382	322
with commodity exceptions	0	0	143	30	230	170
With fixed payment rates	0	90	203	270	177	164
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	1	18	24	15	15
Based on long-term resource retirement	0	0	18	24	15	15
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**	**3**	**3**	**3**
Producer NPC	**1.08**	**1.03**	**1.00**	**1.00**	**1.00**	**1.00**
Producer NAC	**1.11**	**1.06**	**1.03**	**1.03**	**1.03**	**1.03**
General Services Support Estimate (GSSE)	**132**	**511**	**947**	**894**	**1 003**	**944**
Research and development	132	385	581	592	576	574
Agricultural schools	0	0	4	5	5	2
Inspection services	0	26	90	97	109	63
Infrastructure	0	72	264	189	305	298
Marketing and promotion	0	27	8	11	7	7
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
GSSE as a share of TSE (%)	**6.2**	**23.6**	**40.7**	**39.4**	**41.0**	**41.8**
Consumer Support Estimate (CSE)	**-848**	**-386**	**0**	**0**	**0**	**0**
Transfers to producers from consumers	-848	-386	0	0	0	0
Other transfers from consumers	0	0	0	0	0	0
Transfers to consumers from taxpayers	0	0	0	0	0	0
Excess feed cost	0	0	0	0	0	0
Percentage CSE	**-12**	**-3**	**0**	**0**	**0**	**0**
Consumer NPC	**1.13**	**1.03**	**1.00**	**1.00**	**1.00**	**1.00**
Consumer NAC	**1.13**	**1.03**	**1.00**	**1.00**	**1.00**	**1.00**
Total Support Estimate (TSE)	**2 154**	**2 204**	**2 326**	**2 271**	**2 447**	**2 258**
Transfers from consumers	848	386	0	0	0	0
Transfers from taxpayers	1 306	1 818	2 326	2 271	2 447	2 258
Budget revenues	0	0	0	0	0	0
Percentage TSE (expressed as share of GDP)	**0.67**	**0.40**	**0.16**	**0.16**	**0.16**	**0.15**
GDP deflator 1986-1988=100	**100**	**134**	**216**	**211**	**219**	**218**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Australia are: wheat, barley, oats, sorghum, rice, soyabeans, rapeseeds, sunflower, sugar, cotton, milk, beef and veal, sheep meat, wool, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database)

StatLink http://dx.doi.org/10.1787/888932876349

Policy developments

Main policy instruments

Australia's agriculture sector remains strongly market oriented. Australia's agricultural sector receives no market price support, with domestic and international prices closely aligned. Agricultural support is provided by budget-financed programmes as well as through regulatory arrangements and tax concessions. Budget-financed programmes are mainly used for natural resource and environmental management, in particular water. Other significant policy areas in Australia are innovation and biosecurity.

Rural research and development corporations (RDCs) are the Australian Government's primary vehicle for funding rural innovation. RDCs are a partnership between the government and industry created to share the funding and strategic direction setting for primary industry R&D, investment in R&D and the subsequent adoption of R&D outputs. A levy system provides for the collection of contributions from farmers to finance RDCs, while research project funding can be matched with supplementary funds from the federal budget.

Australia is a dry continent and droughts are recurrent. Water management in agriculture is crucial for the efficient management of this scarce resource and for environmental sustainability. Australia has a nationwide water entitlement and trading system that aids the transfer of scarce water resources to the most productive uses. The *Water for The Future* programme undertakes acquisitions of unencumbered water entitlements for the Commonwealth together with investments to improve water use efficiency. Drought policy is progressively being reformed moving away from *ex post* assistance, and towards risk management and preparedness.

Australia implements a public private partnership approach to biosecurity with high standards. The partnership organizations, Animal Health Australia (AHA) and Plant Health Australia (PHA), involve federal and state governments together with industry groups. Compensation for quarantine measures and cost sharing are governed by two broad agreements between Government and stakeholders: the *Emergency Animal Disease Response Agreement* (EADRA) and the *Emergency Plant Pest Response Deed* (EPPRD).

Domestic policy developments in 2012-13

Several developments and reforms in domestic agriculture in 2012 have been supported by reports from the Productivity Commission, an independent policy advisory body. These include the policy statement on rural R&D, the wheat export marketing amendment and the reform of drought policy.

In 2012, the Australian Government released a *Rural research and development (R&D) policy statement*. The policy statement responds to a review of the RDC model elaborated by the Productivity Commission. Some of the recommendations to improve the system have been agreed in the statement that deals with four themes: increased transparency and accountability in the RDCs model; improved co-ordination and priority setting across the whole rural R&D system; an increased range of ways for pursuing productivity growth; increased operational efficiencies and value for money on R&D investment. The rural R&D policy statement paves the way for the future direction of Australian rural R&D, in partnership with industry.

Addressing excessive water use and declining river health have become priorities for Australia. Under the ongoing *Water for the Future* headline initiative the *Restoring the Balance in the Murray-Darling Basin* programme, announced in early 2013 builds on purchasing unencumbered

water entitlements and enhancing irrigation efficiency to improve the health of the Basin's rivers, wetlands and floodplains. The water buy-back programme is providing immediate action for the Basin's stressed rivers and is part of a long-term strategy to provide a permanent rebalancing between consumptive water use and the environment. Water savings generated through the use of these programs are shared between proponents and the environment with at least 50% of the water savings transferred to the Australian Government.

In the last few years, Australia has been involved in the reform of drought assistance driven by the *National review of Drought Policy*. In the face of an increasingly variable climate, the Australian, state and territory ministers agreed that future drought arrangements should help farmers focus on risk management and preparedness. The objective is to better support farmers and their families to prepare for future challenges, rather than waiting until they are in crisis to offer assistance. A key step in this direction was the closure of the Exceptional Circumstances Interest Rate Subsidy on 30 June 2012.

Australia's *Carbon Farming Initiative* (CFI) commenced in late 2011, enabling farmers and land managers to earn carbon credits by storing carbon or reducing greenhouse gas emissions on the land. Credits can be sold into the voluntary carbon offset market or to offset liabilities under Australia's carbon price mechanism, which came into force in 2012. A land sector package introduced as part of the carbon price mechanism includes a number of research, demonstration and extension programmes that commenced in 2011 and 2012. These programmes underpin the development of new abatement technologies to reduce greenhouse gas emissions adapt to climate change and benefit from opportunities under the CFI.

The Australian Government continued its biosecurity reform process through 2012, moving towards a responsive system that manages biosecurity risks offshore, at the border and onshore. The *Intergovernmental Agreement on Biosecurity* was signed by the Prime Minister and all State and Territory Premiers and Chief Ministers, excluding Tasmania, in January 2012. The Agreement seeks to strengthen the working partnership between the Commonwealth, state and territory governments and improve the national biosecurity system. The aim is to help avoid unnecessary duplication and improve the efficiency of resource use across jurisdictions. Throughout 2012, the government continued work on new biosecurity legislation which replaces the Quarantine Act of 1908 and was introduced into Parliament in November 2012. The government also continued work on the transition from defined intervention targets to a flexible risk-based approach.

Following concerns on the welfare of live cattle exported to Indonesia, exports were temporarily suspended and a new regulatory framework for exports of feeder and slaughter livestock to Indonesia (the Exporter Supply Chain Assurance System ESCAS) was implemented in July 2011. The new system requires exporters to establish supply chain arrangements that deliver *animal welfare* outcomes in line with World Organization for Animal Health (OIE) standards. In October 2011, the Australian Government announced that it would extend the new regulatory framework to all its feeder and slaughter livestock markets (except cattle to Egypt) by the end of 2012, as recommended by the Independent Review of Australia's Livestock Export. Before issuing an export approval, exporters need to provide evidence that: animals will be transported, handled and processed through specified supply chains in accordance with the internationally accepted animal welfare requirements through to the point of slaughter; they have control of their supply chain; they can track or account for animals throughout the supply chain; and they have independent audits of the supply chain to assess compliance with ESCAS requirements. Exporters will work in conjunction with their commercial partners in importing countries to ensure that their supply chains meet the new regulatory requirements. The new Live Exports Business

Assistance Package provides support to appropriate investment, in particular on slaughtering facilities in importing countries, to underpin the new regulatory framework.

In March 2012, the government introduced into parliament the *Wheat Export Marketing Amendment Act 2012*. The Act, which was passed by parliament in November 2012, implemented the government response to the Australian Productivity Commission's review into wheat export marketing arrangements. Under the Act, the Wheat Export Accreditation Scheme and the Wheat Export Charge (WEC) were abolished on 10 December 2012 and Wheat Exports Australia was wound-up on 31 December 2012.

Trade Policy developments in 2012-13

Australia's trade policy combines multilateral, regional, and bilateral approaches. In addition to Australia's commitment to multilateral trade liberalization through the WTO, Australia has concluded comprehensive FTAs with ***New Zealand*** (ANZCERTA 1983), ***Singapore*** (SAFTA 2003), the ***United States*** (AUSFTA 2005), ***Thailand*** (TAFTA 2005), ***Chile*** (Australia-Chile FTA 2009) and the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). In 2012, Australia signed the ***Malaysia-***Australia Free Trade Agreement (MAFTA) which entered into force on 1 January 2013. FTA negotiations are also ongoing with ***China***, the ***Gulf Co-operation Council*** (GCC), ***Japan, Korea, Malaysia, Indonesia*** and ***India***. In November 2008, the Government announced that it would participate in negotiations for a Trans-Pacific Partnership Agreement (TPP), and Australia has expressed interest in comprehensive agreement that increases economic integration in the Asia Pacific region.

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PART II

Chapter 5

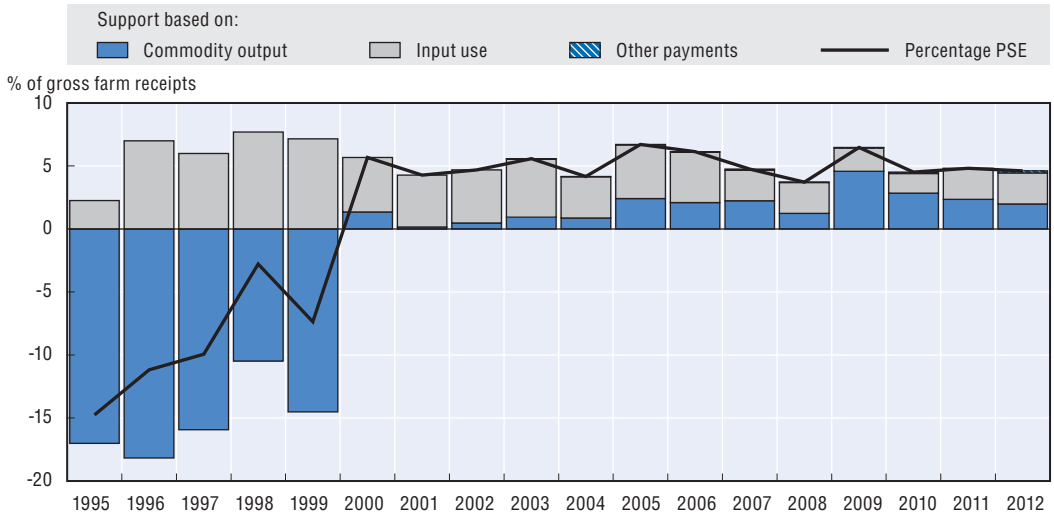
Brazil

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.

Evaluation of policy developments

- Brazil provides a relatively low level of support and protection to agriculture, reflecting its position as a competitive exporter and its relatively open trade policy. The level of producer support (PSE) has been constant at 5% of gross farm receipts for the years 2010-12. There are, nevertheless, a wide range of agricultural policy measures in place, including extensive support to stabilise prices (minimum guaranteed prices) and intervention in the credit system to provide credit to farmers at preferential rates and debt rescheduling.
- Total loans to farmers by the government (SNCR) was BRL 111.4 billion (USD 57 billion) in 2012. Credit provided to commercial farmers continues to increase, with 85% of total credit allocated to large-scale farmers and only 15% to small-scale agriculture. More support to family farms has been given via loans at subsidised rates, guaranteed prices and subsidised insurance, with the objective of improving farmer incomes. However, existing mechanisms for social protection (e.g. *Bolsa família*) could protect farmer income more effectively and direct investment in infrastructure and public investments could trigger agricultural growth, for both commercial farms and smallholders, more efficiently.
- Weak infrastructure remains a major problem, and funding for its improvement continues to be low relative to farm support. GSSE budgetary allocations are only 17% of total support to agriculture, whereas the remaining 83% is distributed to farmers via guaranteed prices, government purchases, subsidised credit, and insurance.
- Careful attention should be paid to the definition of constituencies for which programmes are designed, as both the Ministry of Agriculture (MAPA) and the Ministry of Agrarian Development (MDA) are changing their target population. There is a major risk that this could lead to an inefficient use of resources.

Figure 5.1. **Brazil: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Brazil is one of the biggest economies in the world with a GDP of USD 2 475 billion, ranking it sixth in the world in 2011. In recent years Brazil has become an upper middle income country, with a GDP per capita of more than USD 11 000 per year following strong growth that averaged 3.6% from 2005 to 2012. However, income inequality remains severe with a Gini coefficient of 0.55 and with 11% of the population living on less than USD 2 per day (WDI, 2012). Brazil's agricultural area is vast with 265 million ha, exceeded only by China, Australia and the United States. Agriculture accounts for 5.5% of GDP, but for 32% of total exports and 17% of employment. Brazil is consistently a net exporter of agricultural products with a surplus of USD 70.7 billion in 2012.

Table 5.1. **Brazil: Contextual indicators, 1995, 2011***

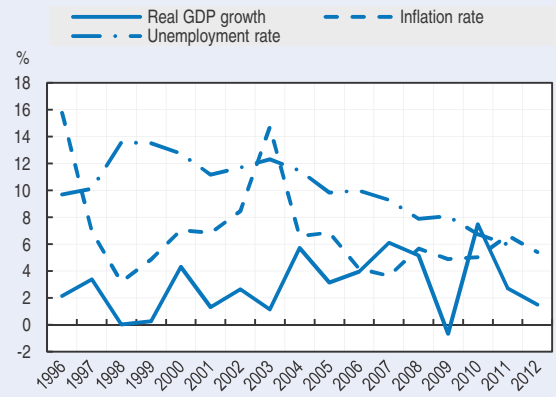
	1995	2011*
Economic context		
GDP (USD billion)	770	2 475
Population (million)	163	200
Land area (thousand km^2)	8 459	8 459
Population density (inhabitants/ km^2)	19	23
GDP per capita, PPP (USD)	6 466	11 239
Trade as % of GDP	6.5	9.7
Agriculture in the economy		
Agriculture in GDP (%)	5.8	5.5
Agriculture share in employment (%)	26.1	17.0
Agro-food exports (% of total exports)	29.3	31.9
Agro-food imports (% of total imports)	12.4	4.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	6 986	70 681
Crop in total agricultural production (%)	61	59
Livestock in total agricultural production (%)	39	41
Agricultural area (AA) (thousand ha)	258 472	264 500
Share of arable land in AA (%)	22	23
Share of irrigated land in AA (%)	..	..
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	..	..

* or latest available year.

Sources: OECD statistical Databases, UN COMTRADE, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876368

Figure 5.2. **Brazil: Main macroeconomic indicators, 1996-2012**



Source: OECD statistics.

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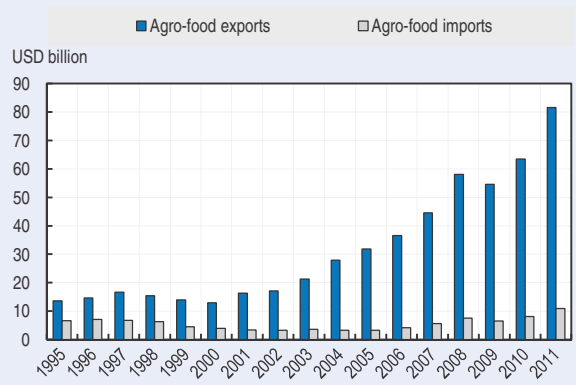
Figure 5.3. **Brazil: Agro-food trade, 1995-2011**



Source: UN COMTRADE Database.

StatLink http://dx.doi.org/10.1787/888932875095

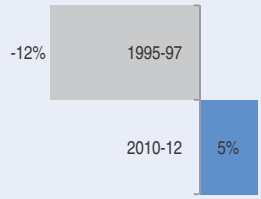
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Support to producers (%PSE) averaged 5% of gross farm receipts in 2010-12, well below the OECD average of 19%. However, more than three quarters (78%) of producer support is given through price support and input subsidies. Market price support is provided through minimum guaranteed prices and input subsidies through subsidised credit that continues to rise. NPC for 2010-12 was close to unity (1.02) suggesting that prices received by farmers were almost the same as those in the international market. This also reflects Brazil's position as competitive exporter and price maker for some commodities.

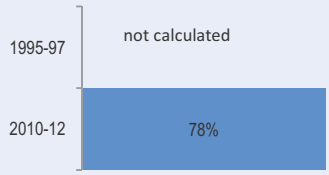
PSE as % of receipts (%PSE)

Brazil provides relatively low support to its farmers. PSE rates have been around 5-7% over the last ten years. Brazil has moved from taxing the sector in the 80s and 90s to a moderate level of support.
PSE for 2010-12 was 5% of gross farm receipts, below the OECD average of 19% for the same period.



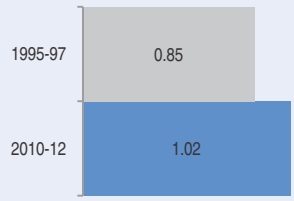
Potentially most distorting support as % of PSE

Around 80% of total support is linked to commodity output (price support) and variable input use (credit and insurance subsidies); which are considered to be the most production and trade distorting measures.



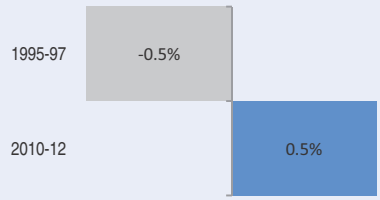
Ratio of producer price to border price (NPC)

In the long term, prices received by farmers have been closely aligned with border prices. For the years 2010-12, producer prices were only 2% higher than those observed in the world markets.

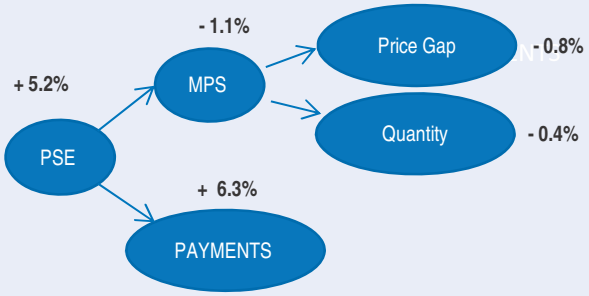


TSE as % of GDP

Total support to agriculture represents only 0.5% of GDP and the share of GSSE in TSE is 17%. Single Commodity Transfers (SCT), accounted for 69% of the total PSE. The share of the SCT in gross farm receipts was most significant for rice with 12% of commodities gross farm receipts, milk with 14% and cotton with 15.5%.



Decomposition of change in PSE, 2011 to 2012



The level of support in 2012 has increased mainly through input subsidies.

Transfer to specific commodities (SCT), 2010-12

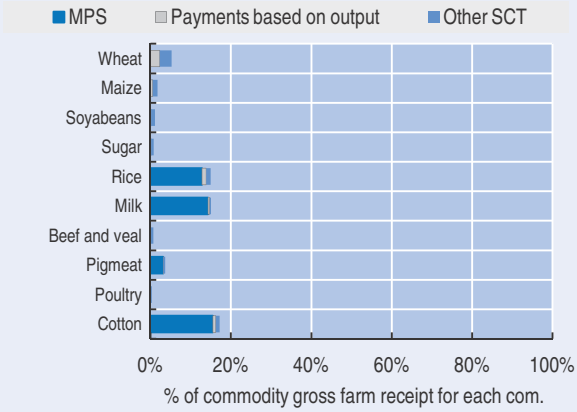


Table 5.2. **Brazil: Estimates of support to agriculture**

BRL million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**54 738**	**327 949**	**275 811**	**337 649**	**370 387**
of which: share of MPS commodities, percentage	73	82	83	83	79
Total value of consumption (at farm gate)	**52 178**	**235 463**	**199 841**	**243 163**	**263 383**
Producer Support Estimate (PSE)	**-6 818**	**15 654**	**12 670**	**16 712**	**17 579**
Support based on commodity output	-9 825	7 888	7 984	8 140	7 539
Market Price Support	-9 900	7 159	7 395	7 135	6 947
Payments based on output	75	729	588	1 005	592
Payments based on input use	3 007	7 407	4 366	8 442	9 413
Based on variable input use	1 673	4 252	2 049	4 762	5 945
with input constraints	0	0	0	0	0
Based on fixed capital formation	1 200	3 002	2 280	3 652	3 073
with input constraints	0	0	0	0	0
Based on on-farm services	134	153	37	27	394
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	359	320	130	627
Based on Receipts / Income	0	359	320	130	627
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 fixed 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	**-12**	**5**	**5**	**5**	**5**
Producer NPC	**0.85**	**1.02**	**1.03**	**1.02**	**1.02**
Producer NAC	**0.89**	**1.05**	**1.05**	**1.05**	**1.05**
General Services Support Estimate (GSSE)	**2 914**	**3 690**	**3 838**	**3 644**	**3 589**
Research and development	483	461	503	402	478
Agricultural schools	192	485	426	482	545
Inspection services	109	258	296	264	214
Infrastructure	1 697	1 707	1 899	1 762	1 461
Marketing and promotion	8	297	200	225	465
Public stockholding	425	483	514	509	425
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	**..**	**18.8**	**21.8**	**17.7**	**16.8**
Consumer Support Estimate (CSE)	**6 512**	**-6 303**	**-6 167**	**-5 579**	**-7 164**
Transfers to producers from consumers	6 603	-6 502	-6 955	-5 603	-6 947
Other transfers from consumers	-118	-313	-280	-258	-399
Transfers to consumers from taxpayers	15	511	1 068	282	182
Excess feed cost	12	0	0	0	0
Percentage CSE	**12**	**-3**	**-3**	**-2**	**-3**
Consumer NPC	**0.89**	**1.03**	**1.04**	**1.02**	**1.03**
Consumer NAC	**0.89**	**1.03**	**1.03**	**1.02**	**1.03**
Total Support Estimate (TSE)	**-3 889**	**19 855**	**17 577**	**20 638**	**21 349**
Transfers from consumers	-6 485	6 814	7 235	5 861	7 346
Transfers from taxpayers	2 714	13 353	10 622	15 035	14 403
Budget revenues	-118	-313	-280	-258	-399
Percentage TSE (expressed as share of GDP)	**-0.49**	**0.49**	**0.47**	**0.50**	**0.49**
GDP deflator 1995-1997=100	**100**	**317**	**297**	**317**	**336**

.. Not available.

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Brazil are: wheat, maize, rice, soyabeans, sugar, milk, beef and veal, pigmeat, poultry, cotton, coffee.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876387

Policy developments

Main policy instruments

Agricultural policy in Brazil is operated by two agencies: the Ministry of Agriculture, Livestock and Procurement (MAPA) that deals with commercial agriculture; and the Ministry of Agrarian Development (MDA) which deals with small-scale family farming. In general terms, agricultural policy is characterised by three main elements: minimum price guarantees, rural credit and agricultural insurance. There are, nevertheless, other important instruments that contribute to the shaping of agricultural policy, including agricultural land zoning, and support for biofuels and organic production.

Every year MAPA sets out the crop and livestock plan. Over the last two years (2011-12), the general objectives in the plan have been: *i)* to increase agricultural output from 161 million tonnes in 2010/11 to 183 million tonnes of grains, oilseed and fibre crop in 2012/13, with the underlying objective of assuring food security; *ii)* to ensure agricultural credit to farmers; *iii)* to support the commercialisation of agricultural products (minimum prices); *iv)* to increase the coverage of agricultural insurance; *v)* to strengthen biofuels and organic production; *vi)* to promote low-carbon agriculture; *vii)* to promote the use of better agricultural and livestock practices, among others. For 2012/13, the Plan has integrated new objectives, which are the creation and implementation of regional agricultural policies that focus on investments in storage and irrigation, the conservation and recovery of soils, and investment in agricultural machinery and equipment.

The basic mechanism of providing **market price support** consists of regionally announced minimum guaranteed prices (*Política de Garantia de Preços Mínimos*, PGPM) by the Secretary of Agricultural Policy (SPA) operated by the National Food Supply Agency (*Companhia Nacional de Abastecimento*, CONAB). This mechanism covers a great variety of crops from rice, wheat, maize, cotton, soybeans, to regional crops like cassava, beans, açaí, guaraná, sisal, and a few livestock products like cow and goat milk and honey. Crops and products with guaranteed prices vary year to year and region to region.

The MDA continues its objectives of managing land reform and supporting sustainable development of family agriculture. For the latter, in addition to making use of the minimum prices policy, its two centrepieces are PRONAF-Credit and family agriculture insurance. Several other programmes administered by MDA also support small-scale farmers.

Domestic policy developments in 2011-13

Total support to agriculture is shaped by price support (guaranteed prices) and budgetary allocations (mostly in the form of credit and insurance subsidies). Over the last two years price support and budgetary allocations accounted for 83% of total support, with the remaining 17% spent on general services to the sector.

Price guarantees are used to support production in nascent areas to help them become profitable. They are also used to smooth prices over time to ensure stable farm income and provide support to poor farmers. **Minimum prices** are implemented in specific regions (usually the less developed) and are applied within an auction system to limited amounts of production. Brazil has a relatively small PSE of 5%. Nevertheless, market price support on average, has accounted for 41% of the PSE for the years 2011-12. This percentage has decreased from more than 50% in previous years (2008-10), most likely due to high international prices.

Other price support mechanisms managed by MAPA are: direct government purchases (*Aquisição do Governo Federal*, AGF); the public sell option contracts (*Contratos Públicos de Opçao de Venda*); the premium for commercial buyers programme (*Prêmio para Escoamento do Produto*, PEP) which pays commercial buyers the difference between the minimum guaranteed price and the price the buyer is willing to pay as determined by regional auctions organised by CONAB; the private sell option contracts *(Contratos Privados de Opçao de Venda-Prêmio de Risco para Aquisição de Produto Agrícola, PROP)*; the price equalisation programme *(Prêmio Equalizador Pago ao Produtor*, PEPRO), a deficiency payment that pays the seller the difference between the guaranteed price and the price received at auction; and lastly the provision of storage/stocks financing by the *Empréstimo do Governo Federal* (EGF). Taxpayer outlays for the support of these instruments has increased over time and in 2012 was around BRL 5.4 billion (USD 2.7 billion), of which BRL 2.3 billion were used for government purchases and storage/stocks financing and BRL 3.1 billion for price equalisation.

Two main instruments that support prices and target small-scale agriculture administered by MDA are government purchases similar to AGF (*Programa de Aquisição de Alimentos*, PAA) and the minimum prices programme for family farms, (*Programa de Garantia de Preços para a Agricultura Familiar*, PGPAF). As concerns the PAA, CONAB makes direct acquisitions from family farms at market prices, with the product either going into stock or distributed as part of a food programme. This programme was allocated BRL 425 million (USD 218 million) in 2012. The PGPAF ensures that small-scale farmers receive a guaranteed price (based on the average regional production cost) for their product in the event of a credit transaction with PRONAF-Credit. The objective is to reduce the risk of indebtedness and capital impairment. This programme also provides a bonus to farmers if the state's average market price for a commodity falls 10% below the guaranteed price. By 2012, the programme had established more than 45 minimum prices for different crops and products, and a maximum bonus value of BRL 7 000 (USD 3 590) per farmer.

Another important area is the **budgetary allocation** resulting from **credit** subsidies. For the years 2011 and 2012, on average 30% of farmers support came from this policy measure. The provision of bank credit to agriculture is dominated by the National Rural Credit System (*Sistema Nacional do Credito Rural*, SNCR). Credit is provided to farmers at preferential interest rates. Sources of funding for SNCR come from compulsory resources *(Exigibilidade dos Recursos Obrigatórios*) where banks are obliged to either hold 34% of their sight deposits as obligatory reserves at the central bank at zero interest rate or to allocate the same proportion in loans to agricultural activities at below market interest rates, accounting for 34% of total credit in 2012. Other major sources of funding and their share in the same year were: rural savings (*Poupança Rural*) with 32%, the National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social*, BNDES) with 9%, and the constitutional state funds (*Fundos Constitucionais*) with 8%. Total credit loans under the SNCR reached BRL 111.4 billion (USD 57 billion) in 2012, surpassing for the first time the BRL 100 billion threshold.

There are two aspects to credit: credit that goes to commercial farms and credit that is provided to small-scale family farms. For the former, the SNCR system provides either direct or indirect credit for commercialization, working capital and investment. For the year 2012, total loan allocations under each category were BRL 16.7 billion (USD 8.6 billion), BRL 55 billion (USD 28.2 billion) and BRL 23.8 billion (USD 12.2 billion) respectively. Some investment credit allocations under SNCR are funded by BNDES and managed by MAPA like *Programa ABC, Moderagro, Moderinfra, Moderfrota, PSI rural, Prodecoop, Pronamp, and Procap-Agro*. Credit for family farms falls under the auspices of PRONAF-Credit of MDA and provides only working capital and investment loans. In 2012, the total amount of loans allocated were BRL 7.4 billion (USD 3.8 billion) and BRL 8.5 billion (USD 4.4 billion), respectively. Credit that is provided to small-scale agriculture was

only around 15% of the total credit under SNCR in 2012, as has been the case for the past seven years. The remaining 85% is allocated to commercial medium and large-scale agriculture.

Support is also provided to producers through **debt rescheduling**. Major debt rescheduling occurred during the late 1990s and early 2000s for both commercial and family producers. Farm debts were renegotiated on several occasions; the 2008 renegotiation involved a reduction in levies on overdue debt, extended repayment terms and discounts on due and overdue debt. The implicit subsidy continues to be more or less constant, at around BRL 1.5 billion (USD 770 million) annually for the last five years; this result could be attributed to the reduction in the market interest rates. Outstanding farm debt contributed to 8.5% of the PSE in 2011-12.

Agricultural **insurance** is the other important area of budgetary allocations that contributes significantly to the PSE. For the years 2011-12, 16% of support to farmers came from insurance subsidies. Agricultural insurance schemes operate in response to limited private sector involvement in the agricultural sector, on the other side they could also be crowding it out. Four main programmes exist that support farmers: the rural insurance premium programme (*Programa de Subvenção ao Prêmio do Seguro Rural*, PSR), the general agriculture insurance programme (*Programa de Garantia da Atividade Agropecuária*, PROAGRO, these two targeting commercial farmers and administered by MAPA, PROAGRO-Mais or family agriculture insurance *(Seguro da Agricultura Familiar*, SEAF), and crop guarantee programme (*Programa Garantía-Safra*, GS) that deal with family small-scale agriculture. In general terms, these four programmes support farmers either by paying part of the insurance premium costs or by compensating farmers for production losses due to natural disasters.

The PSR programme grants subsidies to commercial producers who establish contracts with insurance companies listed by the government. It covers all agricultural and livestock activities as well as forestry and aquaculture. This programme alone covered 5.24 million ha of major crops in 2012, 480 000 more than in 2011. PROAGRO is the traditional insurance programme that covers commercial agriculture; but for the last seven years it has reduced its payments due to an increase of indemnities paid under PROAGRO-Mais which covers small-scale farms. PROAGRO-Mais, however, increased its payments to BRL 2.6 billion (USD 1.3 billion) in 2012, more than double than its counterpart PROAGRO. *Garantía Safra* is available to family farms enrolled in PRONAF who are located in arid areas (Northeast part of the country) and are producing non-irrigated crops. *Garantía Safra* has increased fivefold from BRL 130 million (USD 66 million) in 2011 to BRL 628 million (USD 322 million) in 2012.

An important criterion to qualify for insurance support policies is that farmers must respect the agricultural **zoning** rules. The agricultural climate risk zoning is an instrument of agricultural policy and risk management. The "zoning" programme has been designed to minimise agricultural weather related risks. The programme allows each municipality to identify the best time for crop planting based on a methodology designed by the Brazilian Agricultural Research Corporation (EMBRAPA). The methodology quantifies agricultural risks using parameters like climate, soil, and crop cycles. The zoning has been adopted by MAPA and MDA, and is an important requirement not only for insurance support but also for the provision of several other farmer supports including credit. Furthermore, private providers of financial services are more often conditioning their services to the zoning rules. It was first used for wheat in 1996. By 2012, it has been applied to 40 crops, of which 15 are annual and 25 permanent and has been used by 25 of the 26 states of Brazil.

Greater emphasis on **regional agricultural policies** is a new objective of the Ministry of Agriculture (MAPA) for 2013. The idea is to target existing support programmes to regions with

particular social, environmental and economic characteristics and to the less developed regions. Some of the priorities are the financing of storage, irrigation systems, conservation and recovery of degraded soils, machinery and equipment, and infrastructure.

Several of Brazil's agricultural support programmes include **environmental and sustainability criteria**. A range of specific programmes promote sustainable agricultural practices. These include credit for plantings on unproductive and degraded soils, credit for forest planting including palm oil for biofuel, and credit to modernise production systems and preserve natural resources. Another key credit programme was introduced in 2010: the *Programa ABC*, low carbon agriculture programme, which provides an umbrella for a range of pre-existing programmes related to climate change. Practices financed by ABC include recovery of degraded pastures, nitrogen fixing, forest planting, and treatment of animal residues, among others.

The government has provided strong support for **biofuel** via measures which include: lending to construct ethanol plants and storages; 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 mandatory blending of 20% ethanol with gasoline as fuel continues to take place, as well as the mandatory blending of 5% biodiesel with diesel. Both ratios are expected to increase in 2013 to 25% and 7% respectively. Most of the biodiesel comes from soybean oil, although the use of palm oil is increasing. Other programmes like **animal and plant health** continue to be important in the agricultural policy framework. More than BRL 240 million (USD 123 million) have been spent annually in this area over the last five years.

Weak **infrastructure** is a significant bottleneck to agricultural development. Producers are typically long distances from their principal markets and face internal logistic systems that are underdeveloped. The policy challenge of developing the necessary infrastructure is made more difficult by environmental concerns associated with the potential destruction of natural ecosystems.

Careful attention should be paid to the definition of constituencies for which programmes are designed, as both MAPA and MDA are constantly changing their target population. MDA has broadened the definition of what constitutes small-scale agriculture. On the other hand, MAPA is putting more efforts and resources to support medium-size farms and less developed regions. A major risk of this is the creation of inefficiencies in the management of resources.

Trade policy developments in 2012-13

Brazil, along with ***Argentina***, ***Uruguay***, ***Paraguay*** and ***Venezuela*** is a member of MERCOSUR, ***Bolivia*** started a process of accession in December 2012. MERCOSUR has signed different agreements with almost all countries in Latin America. In 2009, MERCOSUR signed an FTA with ***Israel***, with ***Egypt*** in 2010 and with ***Palestine*** in 2011. Preferential agreements between MERCOSUR and **India** and the South African Customs Union (***SACU***) were signed in 2009.

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%. In 2012, it was proposed to raise the MERCOSUR's Common External Tariff (CET) from 22% to 35%. This measure was seen as a response to the international crisis. While the measure was never implemented, each member was allowed to increase its own national tariff above the CET for up to 200 products coming from outside the bloc.

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PART II

Chapter 6

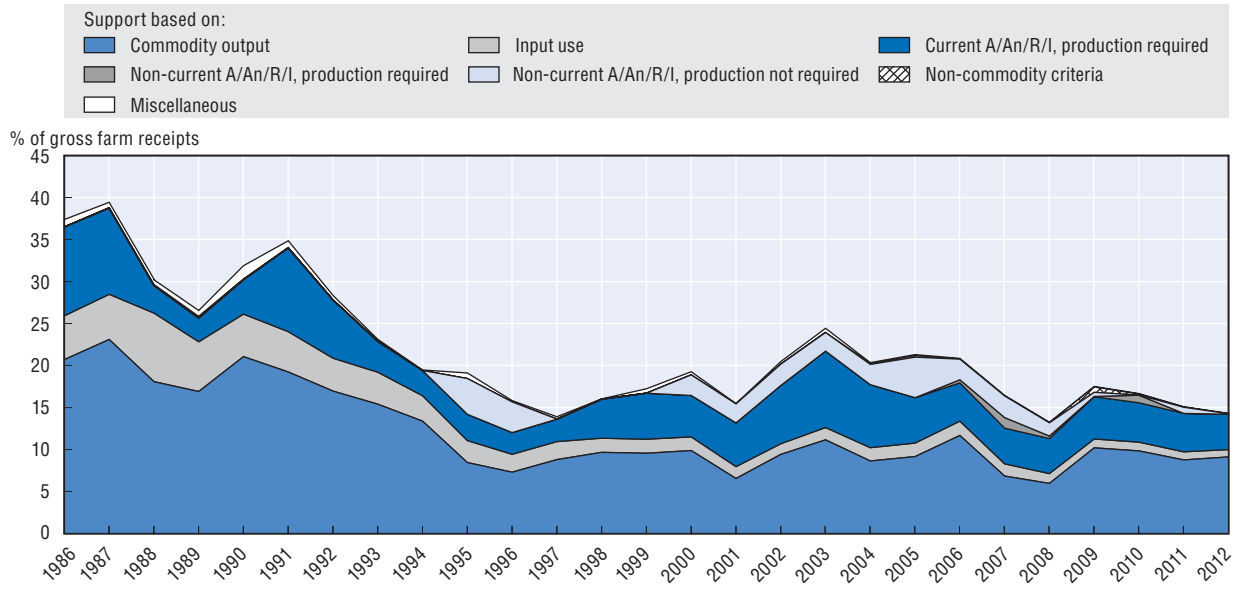
Canada

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Overall, producer support has significantly decreased since 1986-88 and the majority of agricultural markets are competitive. Approaches to support policies have become firmly established, and most reforms in the past decade have involved fine-tuning existing programmes, although the recently announced 5 year new policy framework stresses a more proactive and strategic programming approach towards innovation, competitiveness and adaptability of the sector.
- The dairy, poultry and egg sectors continue to receive high price support, distorting production and trade and establishing high rents capitalised in the quotas established 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. The recent announcement of reforms in risk management programmes (i.e. reduction of margin coverage by AgriStability) is a favourable step to reduce programme overlapping and enhance proactive risk management by farmers.
- The implementation of ad-hoc programmes should be governed by more strict protocols and disciplines that mitigate potential pressure for their use in situations that could better be handled by existing programmes.
- The removal of the monopoly of the Canadian Wheat Board on marketing wheat and barley in western Canada, and the amendments to the Canada Grain Act are positive steps to enhance market orientation of the grain policy.

Figure 6.1. **Canada: PSE Level and Composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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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 1.6% in 2012 and unemployment was 7.3%. Agriculture remains an important part of the economy in some regions, 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 9 % of total 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. The red meat industries (i.e. hog and beef cattle) maintain a significant presence across Canada, especially in Western Canada, Ontario and Quebec.

Table 6.1. **Canada: Contextual indicators, 1995, 2011***

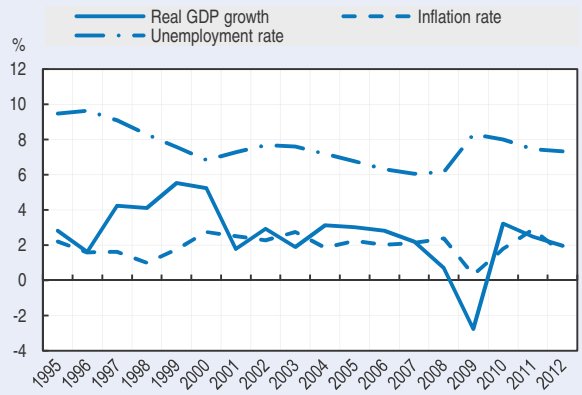
	1995	2011*
Economic context		
GDP (USD billion)	590	1 739
Population (million)	29	34
Land area (thousand km^2)	9 094	9 094
Population density (inhabitants/ km^2)	3	3
GDP per capita, PPP (USD)	22 737	40 418
Trade as % of GDP	30.1	25.9
Agriculture in the economy		
Agriculture in GDP (%)	2.9	1.9
Agriculture share in employment (%)	3.8	2.0
Agro-food exports (% of total exports)	6.8	9.2
Agro-food imports (% of total imports)	5.5	7.0
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	3 817	9 591
Crop in total agricultural production (%)	51	55
Livestock in total agricultural production (%)	49	45
Agricultural area (AA) (thousand ha)	67 994	67 600
Share of arable land in AA (%)	67	67
Share of irrigated land in AA (%)	..	2
Share of agriculture in water consumption (%)	10	6
Nitrogen Balance, Kg/ha	18	24

* or latest available year.

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

StatLink http://dx.doi.org/10.1787/888932876406

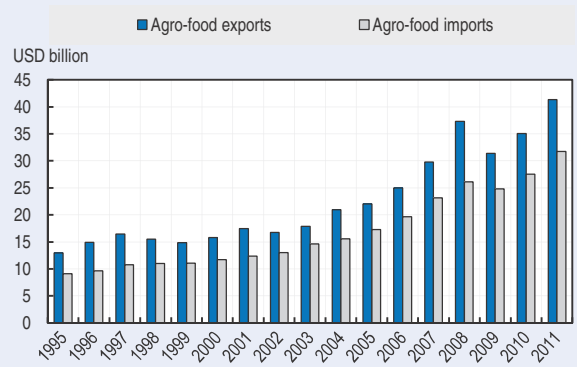
Figure 6.2. **Canada: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875133

Figure 6.3. **Canada: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875152

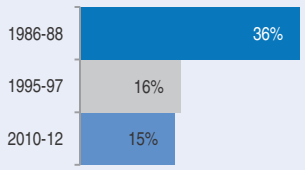
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

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 aiming at mitigating farm income fluctuations. The share of potentially 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.

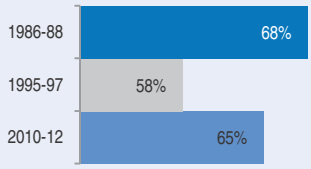
PSE as % of receipts (%PSE)

Significant reform has reduced support to farmers as a share of gross farm 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 and remains so in 2010-12.



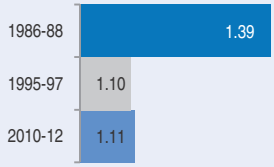
Potentially most distorting support as % of PSE

Market Price Support to grains was discontinued by 1995, reducing the share of most distorting support (based on output and variable input use – without input constraints). Currently, MPS for dairy accounts for the biggest proportion of most distorting support.



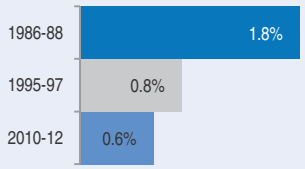
Ratio of producer price to border price (NPC)

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.

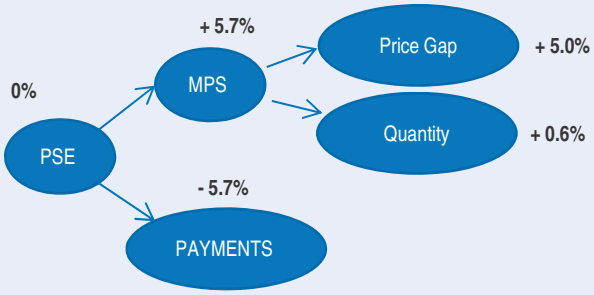


TSE as % of GDP

While the nominal TSE has been stable, but TSE relative to GDP has been declining, reaching 0.6% of GDP in 2010-12. GSSE has increased from one-eighth of the TSE in 1986-88 to more than one quarter in 2010-12.
Single Commodity Transfers were 80% of the PSE in 2012. The share of the SCT in commodity receipts is particularly higher for milk, poultry and eggs.



Decomposition of change in PSE, 2011 to 2012



Higher market price support to milk, deriving from lower border prices for dairy products, was offset by lower level of disaster payment such as AgriRecovery programme.

Transfer to specific commodities (SCT), 2010-12

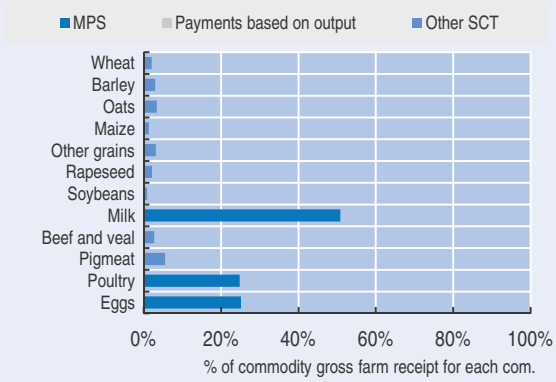


Table 6.2. **Canada: Estimates of support to agriculture**

CAD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**18 458**	**27 549**	**46 166**	**41 194**	**47 053**	**50 251**
of which: share of MPS commodities, percentage	86	84	84	83	84	85
Total value of consumption (at farm gate)	**16 601**	**21 504**	**32 867**	**30 436**	**33 031**	**35 133**
Producer Support Estimate (PSE)	**7 941**	**4 896**	**7 509**	**7 366**	**7 581**	**7 581**
Support based on commodity output	4 591	2 465	4 527	4 348	4 401	4 832
Market Price Support	4 116	2 296	4 527	4 348	4 401	4 832
Payments based on output	476	169	0	0	0	0
Payments based on input use	1 396	692	471	461	487	466
Based on variable input use	795	345	349	320	363	364
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	575	328	86	96	81	81
with input constraints	0	0	4	10	0	1
Based on on-farm services	26	19	36	44	43	21
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	1 787	840	2 199	2 074	2 294	2 228
Based on Receipts / Income	632	459	1 030	1 012	1 107	972
Based on Area planted / Animal numbers	1 155	382	1 169	1 063	1 187	1 256
with input constraints	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	133	396	2	0
Payments based on non-current A/An/R/I, production not required	0	790	135	7	366	32
With variable payment rates	0	733	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	0	58	135	7	366	32
with commodity exceptions	0	0	1	3	0	0
Payments based on non-commodity criteria	10	0	24	57	15	0
Based on long-term resource retirement	10	0	24	57	15	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	155	109	21	24	17	23
Percentage PSE	**36**	**16**	**15**	**17**	**15**	**14**
Producer NPC	**1.39**	**1.10**	**1.11**	**1.12**	**1.10**	**1.11**
Producer NAC	**1.56**	**1.20**	**1.18**	**1.20**	**1.18**	**1.17**
General Services Support Estimate (GSSE)	**1 920**	**1 997**	**2 580**	**2 531**	**2 558**	**2 650**
Research and development	332	418	519	499	506	552
Agricultural schools	274	262	260	249	274	258
Inspection services	327	358	1 013	981	1 022	1 036
Infrastructure	438	325	548	551	523	570
Marketing and promotion	549	633	240	252	233	234
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
GSSE as a share of TSE (%)	**19.6**	**29.0**	**25.6**	**25.6**	**25.2**	**25.9**
Consumer Support Estimate (CSE)	**-3 758**	**-2 415**	**-5 038**	**-4 883**	**-4 900**	**-5 329**
Transfers to producers from consumers	-4 062	-2 405	-4 520	-4 342	-4 395	-4 824
Other transfers from consumers	-48	-25	-517	-541	-505	-506
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**	**-16**	**-15**	**-15**
Consumer NPC	**1.33**	**1.13**	**1.18**	**1.19**	**1.17**	**1.18**
Consumer NAC	**1.30**	**1.13**	**1.18**	**1.19**	**1.17**	**1.18**
Total Support Estimate (TSE)	**9 902**	**6 899**	**10 089**	**9 897**	**10 139**	**10 231**
Transfers from consumers	4 111	2 430	5 038	4 883	4 900	5 329
Transfers from taxpayers	5 840	4 494	5 569	5 555	5 744	5 408
Budget revenues	-48	-25	-517	-541	-505	-506
Percentage TSE (expressed as share of GDP)	**1.78**	**0.82**	**0.59**	**0.61**	**0.59**	**0.58**
GDP deflator 1986-1988=100	**100**	**126**	**174**	**170**	**175**	**177**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Canada are: wheat, maize, barley, oats, soyabeans, rapeseed, flaxseed, potatoes, lentils, dry beans, dry peas, milk, beef and veal, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876425

Policy developments

Main policy instruments

Under the Canadian Constitution responsibility for agriculture is shared by the federal and provincial governments. Since 2003, the main policy instruments have been delivered through joint Federal, Provincial, and Territorial (FPT) agreements. A new FPT multilateral agricultural policy framework, called *Growing Forward 2* (GF2), implemented on 1 April 2013, replaced the previous policy framework, *Growing Forward*, which expired on 31 March, 2013. The new policy framework builds on previous frameworks, but stresses three broad priority areas: innovation, competitiveness and market development, and adaptability and industry capacity (Box 6.1).

Major support policies are delivered through the business risk management (BRM) heading. The four BRM programmes 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. Reforms to BRM programmes were negotiated in 2012 and will take effect in 2013. These changes are intended to address concerns about overlapping programme coverage, rising programme liabilities, and producers' responsiveness to market signals. Reforms are also intended to facilitate the increased involvement of the private sector and other risk management tools.

GF2 introduces three new federal non-BRM programmes, *AgriInnovation*, *AgriMarketing* and *AgriCompetitiveness*, based on a renewed focus on competitiveness and sustainability, with the recognition that enabling innovation and providing the right institutional and physical infrastructure are critical to the sector's success. GF2 continues to allow flexibility for provinces and territories to design and deliver non-BRM programmes that responded to regional priorities in support of shared national outcomes. Provinces can also determine the level of resources to be expended in the overall programme area of support within the agreed limits of the Framework Agreement.

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.

Domestic policy developments in 2012-13

Grain farmers in the western provinces (Alberta, Saskatchewan, Manitoba and part of British Colombia) who produce wheat or barley for export or human consumption had an obligation to market their product through the Canadian Wheat Board (CWB). The *Marketing Freedom for Grain Farmers Act* implemented by Canada removed the mandatory requirement for western Canadian wheat and barley farmers to market their crop to CWB, effective 1 August 2012. CWB is now transformed to a voluntary marketing organization. The interim CWB will be in place for a transitional period of up to five years. The Government will continue to guarantee borrowing and initial payment to the voluntary CWB during the transition period. By no later than 1 August 2017, the CWB will either be privatized or dissolved.

The *Canada Grain Act* (CGA) sets out a framework for the oversight of the Canadian grain industry. Under this framework, procedures and authorities are defined regarding: the establishment of grain grading standards, the assurance that Canadian grain meets these standards, the handling and transportation of grain, the undertaking of research into grain quality, the licensing of grain handlers and dealers, and the protection of producers in the marketplace.

Within the CGA, the Canadian Grain Commission (CGC) is established and charged with performing or overseeing many of the above activities.

In October 2012, amendments to the CGA were introduced as part of the broader *Jobs and Growth Act, 2012*. These amendments streamline certain elements of the CGA, and, by extension, the operations of the CGC. Among the changes is the elimination of certain services, such as CGC inspection of grain upon receipt by a terminal grain elevator. The amendments also include changes to the existing producer payment protection programme, allowing for a move from a system where grain companies posted security against failure to pay, to an insurance-based system. It is anticipated that the CGA changes will be implemented on 1 August 2013.

Box 6.1. **New Five-year Policy Framework in Canada: *Growing Forward 2***

Federal, provincial and territorial Ministers of agriculture reached agreement in 2012 on the five-year *Growing Forward 2* policy framework, which was implemented on 1 April 2013. This new five-year agreement intends a transformative shift away from reactive income support towards programmes that protect producers from market and natural disasters, and more proactive and strategic programming.

Federal and Provincial governments continue to share with producers the income risk through BRM programmes. The BRM suite includes the same four FPT cost-shared programmes as in the previous agreement: *AgriStability* (whole-farm margin programme providing support in years of significant income declines); *AgriInvest* (government-matched producer savings account for moderate income declines or to make investments in farming operations to mitigate risk); *AgriInsurance* (coverage for production losses due to natural perils); and *AgriRecovery* (FPT co-ordinated disaster relief framework). However, the BRM reform seeks to encourage producers to take on greater responsibility for the management of normal business risks, allowing governments to focus more on disaster situations in line with government and industry agreement that programmes should not mask market signals, or impede adaptation or the development of private sector risk management tools. To facilitate this, a new programme called *AgriRisk* is designed to enable the development and implementation of new insurance products and other private sector or industry led risk management tools.

AgriStability is a whole-farm margin programme providing support in years of significant income declines. Beginning in 2013, under GF2, margin coverage will be reduced from 85% to 70% (i.e., increasing the payment trigger from 15% to a 30% margin decline), and compensation rates under the programme will be harmonized at a flat 70% of a producer's loss (currently there are three different compensation rates depending on the degree of loss).

In addition, government contributions under *AgriInvest* will be reduced from the current 1.5% allowable net sales (ANS) to 1% of a producer's ANS up to CAD 15 000 (USD 15 000) annually. However, the maximum account balance has been increased from 25% to 400% of ANS to encourage producer savings independent of government subsidization. Also, provincial governments have the option of making participation in *AgriInvest* contingent on a producer undertaking one or more activities in areas such as food safety, environmental improvements, business development, innovation and/or other proactive on-farm actions. As part of GF2, the *AgriRecovery* Framework will be refined to ensure assistance is aimed at helping producers with the extraordinary cost of recovering from a disaster, as well as clarifying when and how *AgriRecovery* can respond to disaster events.

Investments in strategic initiatives (non-BRM) will be over CAD 3 billion in five years to cover three main priorities: innovation, competitiveness and market development, and adaptability and industry capacity. This amount includes CAD 1 billion in federal-only strategic initiatives and CAD 2 billion in FPT cost-shared strategic initiatives. This is a 50% increase in FPT cost-shared initiatives. Provinces and territories have greater flexibility to tailor programmes to regional need; however, at least 25% of their investments have to

Box 6.1. **New Five-year Policy Framework in Canada: *Growing Forward 2*** *(cont.)*

be done in innovation and 25% in competitiveness and market development. The new federal-only GF2 strategic initiatives were announced in December 2012 and came into effect in April 2013. These initiatives are *AgriInnovation*; *AgriMarketing* and *AgriCompetitiveness*.

AgriInnovation focuses on investments to expand the sector's capacity to develop and commercialize new products and technologies. It supports the industry-led streams such as R&D and commercialization through financial contributions to approved applicants, and/or access to government research scientists and experts for knowledge transfer. *AgriMarketing* helps the industry improve its capacity to adopt assurance systems, such as food safety and traceability, to meet consumer and market demands. It also supports industry in maintaining and seizing new markets for their products through branding and promotional activities. This programme consists of a combination of government initiatives and contribution funding for industry-led projects. The AgriCompetitiveness Programme will target investments to farmers and agri-food industry to help strengthen the agriculture and agri-food industry's capacity to adapt and be profitable in domestic and global markets, comprising a combination of government initiatives and contribution funding for industry-led projects.

In 2012, producers received approximately CAD 27.5 million (USD 27.5 million) through AgriRecovery Initiatives. Two new initiatives provided producers with approximately CAD 14.2 million. The *Canada New Brunswick Excess Moisture Initiative* assisted horticultural producers with the extraordinary costs they incurred in order to mitigate production losses resulting from extreme excessive moisture throughout the 2011 growing and harvesting periods. The *Canada Manitoba Forage Shortfall and Restoration Assistance Initiative* assisted livestock producers with the costs of feeding their breeding herds throughout 2011 and the spring of 2012, due to severe pasture and forage shortages resulting from overland flooding and excessive moisture. This initiative also provided livestock producers with financial assistance, to partially offset disaster-related costs incurred, to reseed pasture and forage acres heavily damaged by overland flooding and excessive moisture. The remaining CAD 13.5 million was provided through five AgriRecovery Initiatives which were implemented in 2011 in order to assist producers with disaster specific expenses resulting from severe weather, including the *Canada-British Columbia Feed Assistance and Pasture Restoration Initiative*, *Canada-British Columbia Excessive Moisture Initiative*, the *Canada-Manitoba Agricultural Recovery Programme*, *Canada-Saskatchewan Excess Moisture Initiative*, and *Canada-Alberta Excess Moisture Initiative II*.

Trade Policy developments in 2012-13

Since 2009, Canada has implemented the Canada-***EFTA*** and the Canada-***Peru*** Free Trade Agreements (FTAs), the Canada-***Colombia*** FTA, and concluded its FTA with ***Honduras.*** In 2012, Canada implemented the Canada-***Jordan*** FTA, ratified the Canada-***Panama*** FTA and launched negotiations towards a Canada-***Japan*** Economic Partnership Agreement. In October 2012, Canada, together with Mexico, joined the **Trans-Pacific partnership (TPP)** negotiations with its objective of broadening and deepening its trade relationships in the Asia-Pacific region. Canada has also been engaged in negotiations towards a Comprehensive Economic and Trade Agreement (CETA) with the ***EU,*** Canada's second largest trading partner after the United States. Canada continues to advance its other FTA initiatives with several trading partners including ***South Korea***, ***Ukraine***, ***India***, ***Morocco***, ***CARICOM*** (Caribbean community), ***Costa Rica*** (modernization of existing FTA), the Central American Countries of ***El Salvador***, ***Guatemala*** and ***Nicaragua***, ***the Dominican Republic*** and ***Singapore***; and is engaged in exploratory discussions with ***Turkey***, ***Mercosur*** and ***Thailand***.

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 Canada's request, a WTO panel was established in November 2009. The panel's report was circulated on 18 November 2011. The panel found that the COOL measure is a technical regulation under the WTO's TBT Agreement, and that it is inconsistent with the United States WTO obligations, and that the letter written by Secretary Vilsack to industry, dated 20 February 2009, constitutes unreasonable administration of the COOL measure. On 23 March 2012, the United States notified the WTO of its decision to appeal certain issues of law covered in the panel report and certain legal interpretations developed by the panel. The Appellate Panel released its report on 29 June 2012 which upheld the Panel's finding under Article 2.1 that mandatory COOL discriminates against Canadian exports of cattle and hogs. The Dispute Settlement Body adopted the Appellate Report and the Panel Report on 23 July 2012. A WTO arbitrator determined that the United States has until 23 May 2013 to bring the COOL into conformity with its WTO obligations. The US Department of Agriculture has issued a rule to modify the provisions for muscle cut commodities covered under the COOL programme that same day, with the notice of this rule published in the May 24, 2013 Federal Register.

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PART II

Chapter 7

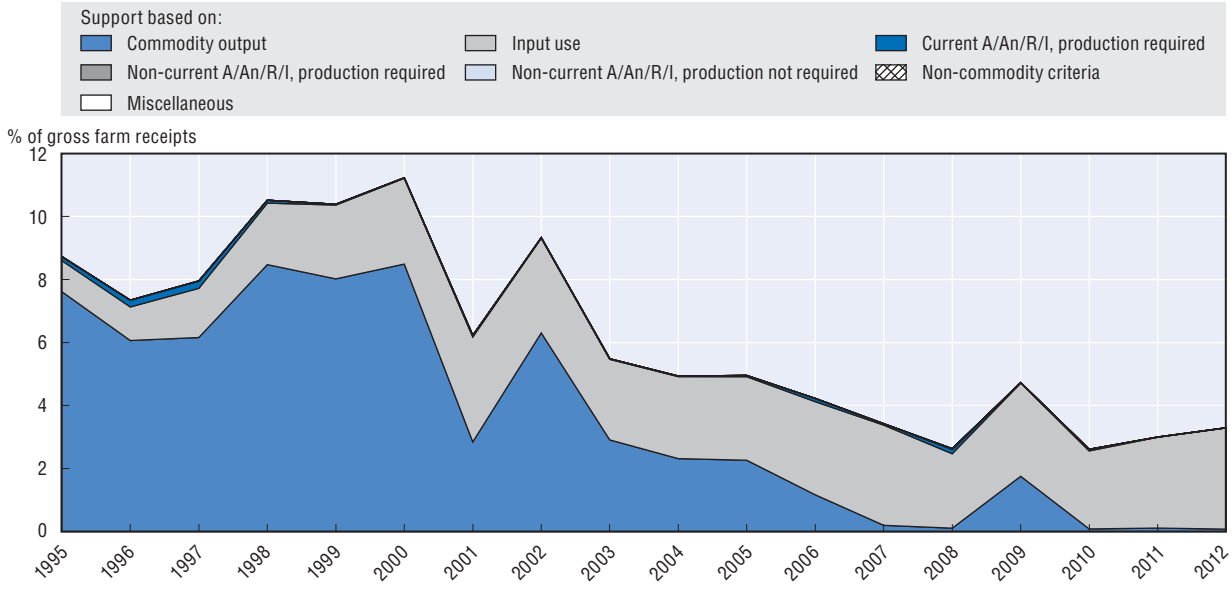
Chile

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Chilean agricultural policy creates few market distortions and its PSE averages 3% of gross farm receipts in 2010-12. Total support to agriculture imposes a smaller burden on the economy than in most OECD countries, accounting for only 0.3% of GDP in 2012. General services account for 50% of total support to this sector.
- Total budgetary allocations to the agricultural sector (i.e. payments to farmers and spending on services) remained constant for 2011-12. Direct payments comprise mostly input use outlays to improve productivity and competiveness, for rural and territorial development, for the recovery of degraded soils, and for on-farm irrigation. Most of the allocations on services consist of spending on infrastructure (irrigation), inspection services, R&D, and agricultural schools.
- Chile has ensured that its agricultural policies remain well targeted to its principal objectives of facilitating smallholder development (i.e. 70% of direct payments goes to smallholders) and improving sectoral competitiveness, e.g. half of its spending is on general services to develop agriculture as a whole; this share is nearly twice the OECD average.
- Several new developments took place in 2012, in particular with regard to improvements of infrastructure (e.g. the national irrigation channel system and market information system). Other developments include improving inspection services, food safety, animal and plant health systems, and promoting alternative energy technologies. As more projects and programmes to develop agriculture are being created across different ministries, there is a greater need for co-ordination and an efficient evaluation system of the programmes in place as they evolve.

Figure 7.1. **Chile: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Chile has had an average real GDP growth rate of 4.5% over the last eight years and the economy grew at a rate of 5.6% in 2012 despite the international economic crisis. Chile's more or less stable growth has helped it to become an upper middle income country with a GDP/capita of USD 17 312 in 2011. The unemployment rate reached its lowest level since 1998, at 6.5% in 2012. For 2011, agriculture's contribution to GDP was 3.4% and 10.3% to employment. This sector also makes an important contribution to exports, with agro-food exports (excluding fish and forestry products) accounting for 13% of all exports in 2012. Chile is a net exporter of agricultural and food products with a net surplus of USD 4.3 billion in 2012. National defined rural poverty has declined from 12.9% in 2009 to 10.8% in 2011, and extreme rural poverty decreased from 4.4% to 3.2% over the same period.

Table 7.1. **Chile: Contextual indicators, 1995, 2011***

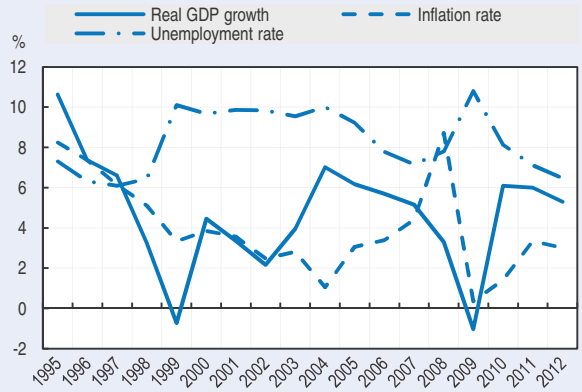
	1995	2011*
Economic context		
GDP (USD billion)	74	249
Population (million)	14	17
Land area (thousand km^2)	744	744
Population density (inhabitants/ km^2)	19	23
GDP per capita, PPP (USD)	7 655	17 312
Trade as % of GDP	20.9	31.4
Agriculture in the economy		
Agriculture in GDP (%)	8.0	3.4
Agriculture share in employment (%)	15.7	10.3
Agro-food exports (% of total exports)	18.0	13.4
Agro-food imports (% of total imports)	7.2	7.3
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	1 787	5 409
Crop in total agricultural production (%)	64	56
Livestock in total agricultural production (%)	36	44
Agricultural area (AA) (thousand ha)	15 330	15 742
Share of arable land in AA (%)	14	8
Share of irrigated land in AA (%)	..	..
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	..	..

* or latest available year.

Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876444

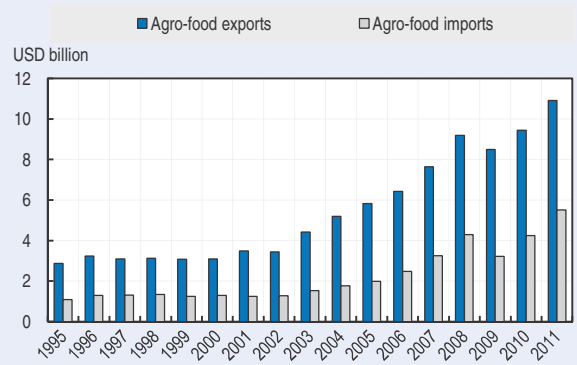
Figure 7.2. **Chile: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875190

Figure 7.3. **Chile: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875209

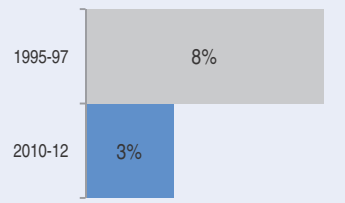
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Chile's agricultural policy implies low market distortions as observed in the low level of market price support. It promotes open markets and pursues free trade agreements with its more important trading partners. After New Zealand, Chile's PSE is the second lowest (together with Australia) in OECD, 3% in 2010-12. The Chilean government has been active in adopting policies to boost competitiveness, help small-scale farmers, protect the country's environment and natural resources, all this through the provision of public goods (50% of total support goes to GSSE) and targeted policies (70% of total support is given to smallholders).

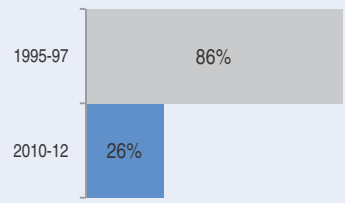
PSE as % of receipts (%PSE)

Support to farmers has declined over time and it is mostly provided through direct payments particularly to smallholders. Chile's PSE was 3% in 2011-12 and it is one of the lowest in the OECD.



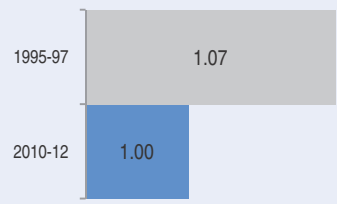
Potentially most distorting support as % of PSE

Over the years, Chile has moved away from most production and trade distorting policies (support based on output and variable input use – without input constraints). For 2010-12, 26% of Chile's support to farmers is distorting and is mostly linked to variable input use.



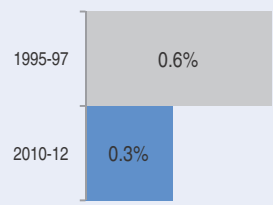
Ratio of producer price to border price (NPC)

Producer prices are aligned with world prices in 2010-12.

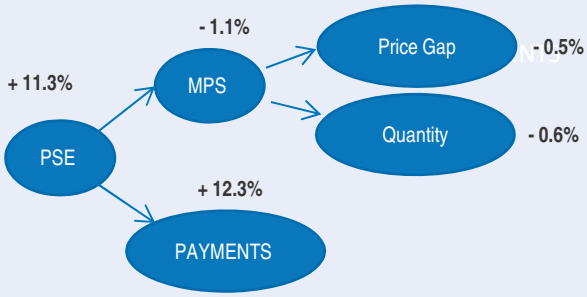


TSE as % of GDP

Total support has decreased over time from 0.6% of GDP in 1995-96 to only 0.3% in 2010-12. However, nominal spending has constantly increased and half of it has been allocated to GSSE. There are very limited transfers to Single Commodity Transfers (SCT). In 2010-12, SCT represented only 3% of the PSE.



Decomposition of change in PSE, 2011 to 2012



The level of support increased from 2011 to 2012 mainly due to increases in payments to farmers.

Transfer to specific commodities (SCT), 2010-12

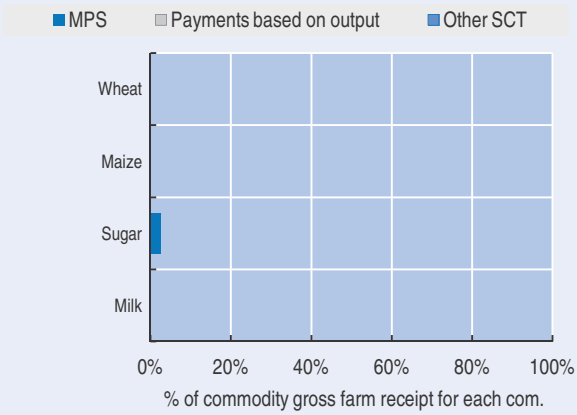


Table 7.2. **Chile: Estimates of support to agriculture**

CLP million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**2 098 835**	**5 493 792**	**5 439 219**	**5 493 611**	**5 548 547**
of which: share of MPS commodities, percentage	65	69	62	71	74
Total value of consumption (at farm gate)	**2 110 811**	**4 942 966**	**4 965 135**	**5 079 408**	**4 784 353**
Producer Support Estimate (PSE)	**170 102**	**168 041**	**145 653**	**169 688**	**188 781**
Support based on commodity output	140 034	5 055	4 598	6 202	4 366
Market Price Support	140 034	5 055	4 598	6 202	4 366
Payments based on output	0	0	0	0	0
Payments based on input use	25 910	161 793	138 198	163 185	183 996
Based on variable input use	6 697	38 838	35 199	38 213	43 103
with input constraints	0	0	0	0	0
Based on fixed capital formation	9 825	86 762	71 621	88 014	100 650
with input constraints	6 909	48 887	40 278	52 230	54 154
Based on on-farm services	9 389	36 193	31 377	36 958	40 244
with input constraints	307	11 537	9 180	12 189	13 242
Payments based on current A/An/R/I, production required[1]	4 158	1 193	2 858	301	419
Based on Receipts / Income	0	0	0	0	0
Based on Area planted / Animal numbers	4 158	1 193	2 858	301	419
with input constraints	4 158	1 193	2 858	301	419
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 fixed 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**	**3**	**3**	**3**	**3**
Producer NPC	**1.07**	**1.00**	**1.00**	**1.00**	**1.00**
Producer NAC	**1.09**	**1.03**	**1.03**	**1.03**	**1.03**
General Services Support Estimate (GSSE)	**32 672**	**181 056**	**176 874**	**192 672**	**173 621**
Research and development	8 723	45 798	45 015	45 917	46 463
Agricultural schools	362	860	953	814	812
Inspection services	400	36 581	37 016	36 915	35 811
Infrastructure	20 888	89 668	84 360	103 626	81 019
Marketing and promotion	2 078	8 130	9 478	5 397	9 516
Public stockholding	0	0	0	0	0
Miscellaneous	220	19	52	4	0
GSSE as a share of TSE (%)	**15.6**	**52.0**	**54.8**	**53.2**	**47.9**
Consumer Support Estimate (CSE)	**-172 494**	**-13 040**	**-12 032**	**-15 200**	**-11 888**
Transfers to producers from consumers	-141 015	-5 055	-4 598	-6 202	-4 366
Other transfers from consumers	-33 146	-7 985	-7 435	-8 998	-7 523
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	1 667	0	0	0	0
Percentage CSE	**-8**	**0**	**0**	**0**	**0**
Consumer NPC	**1.09**	**1.00**	**1.00**	**1.00**	**1.00**
Consumer NAC	**1.09**	**1.00**	**1.00**	**1.00**	**1.00**
Total Support Estimate (TSE)	**202 774**	**349 096**	**322 527**	**362 360**	**362 402**
Transfers from consumers	174 161	13 040	12 032	15 200	11 888
Transfers from taxpayers	61 759	344 041	317 930	356 158	358 036
Budget revenues	-33 146	-7 985	-7 435	-8 998	-7 523
Percentage TSE (expressed as share of GDP)	**0.63**	**0.29**	**0.29**	**0.30**	**0.28**
GDP deflator 1995-1997=100	**100**	**203**	**199**	**204**	**205**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Chile are: wheat, maize, apples, grapes, sugar, tomatoes, milk, beef and veal, pigmeat and poultry.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876463

Policy developments

Main policy instruments

Agricultural policies in Chile focus on agricultural productivity, competitiveness, conservation and improvement of natural resources, and food safety. Chilean agricultural policy involves few distortions on agricultural markets. **Total support** is given essentially through direct payments to farmers (around 50%) and by budget allocated to general services (the remaining 50%). Agricultural support to farmers, or PSE, comes from direct payments mostly based on input and mainly directed (around 70%) to small-scale agriculture (family farms). **Budgetary allocations** remained practically the same level from 2011 to 2012, from CLP 356 billion (USD 736 million) to CLP 358 billion (USD 735 million) respectively.

In 2012, 54% of direct payments to farmers went to improving farm **productivity and competitiveness**; this support amounted to CLP 101 billion (USD 207 million). Most programmes included in this category are designed to support small-scale agriculture and rural and territorial development, and are administered by the INDAP, the agency that works with small-scale farmers. Within this category, it is important to notice that the rural and territorial development programme for indigenous communities (PDTI) has seen an important increase of resources over the last two years from CLP 8.5 billion (USD 17.5 million) in 2010 to CLP 16.4 billion (USD 33.7 million) in 2012.

Another important category of payments to farmers goes to the **soil recovery programme**. In April 2012, an amendment was made to this programme to better define and incorporate macro zones so as to focus resources on regions with similar characteristics and to improve documentation procedures for a more efficient and clearer process for access to benefits. The amount executed for this programme in 2012 corresponded to CLP 25.5 billion (USD 60 million). Around 60% of these resources were administered by INDAP and addressed to smallholders; the remaining 40% was administered by the Ministry of Agriculture (SAG) and given to medium and large-scale agriculture.

INDAP is the government agency that provides **credit** to smallholders at preferential interest rates. Its loans reached a new high of CLP 57 billion (USD 118 million) in 2012, benefiting around 45 000 smallholders. The subsidy element in INDAP's direct lending is relatively small, just 2% of direct payments to farmers or PSE.

The **crop insurance programme** covers 50% of the premium for medium- and large-size farms, and up to 90% for small-size farms. The maximum amount of subsidy is equal to CLP 1.78 million (USD 3 698) per farmer. In 2012, two new modalities were added to the insurance programme. Livestock insurance aims to help cattle producers to better manage risks related to animal death caused by accidents and specific diseases, theft, animal remains removal, death by natural events, and civil responsibility. The other modality is the commodity price coverage that seeks to protect farmers from international price volatility. A mechanism was created to allow wheat and corn producers to receive a compensation using as a reference the international market price of the Chicago Stock Exchange. This instrument will allow farmers to recover at least their production costs.

In 2012, **irrigation** accounted for 20% of total budget allocations to the sector. Irrigation has both on-farm and off-farm components. On-farm support provides subsidies to farmers to improve or install a new irrigation system. On-farm subsidies represent 40% of spending, whereas 60% is used for community, regional or national investments; this category is part of the GSSE.

GSSE to agriculture accounts for 50% of total expenditures in the sector, approximately CLP 174 billion (USD 358 million) in 2012. It is dominated (24%) by investments on **infrastructure** basically irrigation and land and water rights for indigenous communities. **R&D and agricultural schools** contributed with 13% of total budget to GSSE in 2012, as well as **inspection services** with 13%.

Domestic policy developments in 2012-13

There have been several new agricultural initiatives in the last two years. For instance, as a response to the worst consecutive droughts over the past five years that have greatly affected the central areas of Chile (e.g. Coquimbo and Talca), the National Irrigation Commission (CNR) has developed a National Irrigation Strategy (NIS) to establish the basis on which it will develop irrigation policies to ensure infrastructure and better water management by 2022. The objectives of the NIS include: to increase reservoir capacity by 120 000 m^3 (i.e. an increase of about 30% from current capacity) with the construction of 15 dams by 2020; to add 1 000 km to the irrigation channel network; to enable 253 000 ha with irrigation; and to create 42 water user organisations. An integral part of this National Strategy is the Cloud Seeding programme, which is multiregional and multi-sectoral. This programme was carried out between May and October 2012, with a total of 1 120 hours of stimulation of precipitation between terrestrial and air methods. Improvements to the irrigation Law 18.450 will expand its coverage to more users, including irrigation associations. This should benefit irrigation works which costs go up to CLP 5.7 billion (USD 11 million). This initiative has been submitted to Congress for discussion and is expected to be approved.

In 2011, a labour bill for agricultural workers was presented to Parliament which aims to provide better flexibility to seasonal agricultural worker's contracts. It will establish an annual average of working hours, maximum monthly overtime, and amount of remuneration. This bill could benefit over 800 000 farm workers. In addition, in January 2013 a new national post-natal law took effect, benefiting approximately 63 000 temporary female agricultural workers of childbearing age. To address the deficit of workers (an expected 40 000 for 2013) during the peak of the fruit season, the ministries of Internal Affairs, Labour and Agriculture are preparing a bill to be submitted to Congress to facilitate the hiring of foreign workers, subject to certain conditions and for specific tasks.

Another new development is the introduction of the Commercial Transactions Law which has been in effect since February 2013. This Law seeks to provide more precise mechanisms and tools to standardise quality and quantity measurements of agricultural products, including equipment certification and sampling and counter sampling rules. In November 2012, at the request of the Ministry of Agriculture, the National Institute of Normalization opened the process to modify the Chilean Norm of Typification (classification) of bovine carcasses (NCh 1306). This process includes a public/stakeholder consultation and the creation of a technical committee to analyse proposals which are expected to lead to new parameters applicable to bovine carcasses away from the current classification of animal, age, fat cover and contusions. In addition, suggestions might include the modification/removal of existing categories (V,C,U,N,O).

In 2011, COTRISA (the wheat marketing enterprise) restarted the purchase of wheat in the domestic market as the price paid by the domestic milling industry to local producers was much lower than the import price. In this way, COTRISA has tried to provide better price information to both millers and producers. COTRISA only purchases wheat from small-scale producers who have sown wheat in 2012 with the support of INDAP or *Banco Estado Microempresas* (BEME). The

maximum amount of wheat purchased from each farmer in the 2011/12 season was limited to 350 quintals (35 metric tonnes) per farmer. COTRISA's purchases were expanded from CLP 147 million (USD 304 000) in 2011 to CLP 206 million (USD 423 260) in 2012.

The Scientists Food Safety Net (SFSN) was created in 2012. This initiative was fostered by the Chilean Agency for Food Quality and Safety (ACHIPIA) to design safety and quality policies with a scientific basis. The SFSN is expected to facilitate interaction between stakeholders such as government institutions, universities, research centres, the industry and consumers. ACHIPIA also co-ordinates the Integrated System of Food Laboratories (SILA), comprised of 73 public and private laboratories, which are linked to a network of official food analysis laboratories from SAG, the National Fishing Service (Sernapesca) and the Ministry of Health. Furthermore, a survey was conducted in 2012 concerning analytical capacities in the following areas: chemistry, microbiology, pesticides, dioxins, phytoplankton and marine toxins. This information was used to design a national laboratories system of reference which will be launched in the first half of 2013. This project will be advised by leading international experts.

In August 2012, the Government formally launched the Mitigation Action Plan and Scenarios initiative (MAPS-Chile) with respect to climate change. This two-year project was mandated by the Ministers of Foreign Affairs, Finance, Agriculture, Mining, Transport, Energy and Environment to build mitigation scenarios for 2020, 2030 and 2050 through a multi-stakeholder process. In November 2012, Chile was the first country to register a National Appropriate Mitigation Action (NAMA) seeking support for implementation to the United Nations Framework Convention on Climate Change (UNFCCC) Registry. NAMA would be developed and implemented by Chile's National Forestry Corporation. During the second half of 2012, the Ministry of Agriculture participated in the LECB-Chile Project (Low Emission Capacity Building). This three-year project, led by the Ministry of Environment, aims to support the design of a permanent GHG inventory system and develop a carbon management programme and a mitigation action registry to promote national public and private efforts to measure, report and verify GHG emissions.

Chile, as an OECD member, has signed the Green Growth Declaration and a working group has been created to respond to questions from the OECD about green growth. This working group is composed of representatives from the Ministry of Finance, the Ministry of Environment, the General Directorate of International Economic Relations (DIRECON), the Ministry of Energy, ODEPA, and the Undersecretary of Fishing. In January 2013, the Ministry of Agriculture and Ministry of Energy signed an agreement to promote the use of non-conventional renewable energies (NCRE) in the agricultural and forestry sectors. This agreement seeks to disseminate and promote the use of NCRE technologies, particularly in the small-scale agriculture and in agricultural sub-sectors that are highly demanding of energy. The agreement is also prioritising economic resources for projects that include alternative technologies. Additionally, the Ministry of Agriculture, through INDAP, implemented the National Program of Photovoltaic Pumping, which consists of installing 1 144 solar panels and 377 water extraction pumps, an investment of CLP 1 billion (USD 2.2 million) in 2012.

Trade policy developments in 2012-13

Chile applies a **uniform MFN tariff** of 6%. However, given that Chile has trade agreements with partners that represent 93% of the country's exports, in the past few years the average applied tariff has been less than 2% for agricultural products.

Chile has a **price band system** (PBS) for three agricultural products: wheat, wheat flour and sugar. However, in view of the high international prices, the PBS has had no tariff-rising effect in

the last several years. On the contrary, in the case of wheat, there has been a rebate of 100% applied to the MFN tariff (implying an effective tariff of zero). The PBS for sugar, which was reformed by rising the bound tariff and opening up a tariff rate quota, has resulted in tariff rebates for most years and tariff rate quotas being applied from 2007-12.

The National Customs Service updated its tariff lines in 2012 to incorporate the amendments made to the international classification of the Harmonized Commodity Description and Coding System (HS). This updating introduced a new line for organic products in the chapters concerning fruit, vegetables and wines. New tariff lines for wheat associated with grain quality were included. The openings of new tariff lines for maize imports are expected to take place in 2013, with the same distinctions made between qualities of grain.

In April 2012, the Ministry of Agriculture required the National Commission for Price Distortions to start an *ex oficio* investigation in order to face a surge on cracked maize grains imports. As a result, a **provisional safeguard measure** of 10.8% was applied on imports of this product, which lasted until September 2012, without being followed by a definitive measure. In June 2012, the Commission recommended a definitive anti-dumping duty of 9.7% on wheat flour imports from Argentina, which was imposed for a one-year period. It is to end in June 2013.

Chile has kept its strategy of economic integration with the rest of the world through bilateral **trade agreements**. In 2012, two Free Trade Agreements (FTAs) came into force: ***Malaysia*** (on 18 April) and the bilateral protocol with ***Nicaragua*** (on 19 October), which is part of the FTA between Chile and Central America. The Chilean government has finished the negotiation of FTAs with ***Viet Nam***, ***Hong Kong (China)*** and ***Thailand***. The first two have been signed, and the FTA with Viet Nam has been approved by Congress and is expected to enter into force sometime in 2013. In September 2012 an investment chapter for the FTA with ***China***, in force since 2006, was signed and is waiting Congressional approval. Currently, negotiations are taking place with ***India*** to broaden the coverage of the current Partial Scope Agreement, and they are expected to finish during 2013. Between 3 and 12 December 2012, the 15th round of the ***Trans-Pacific Partnership*** (TPP) negotiation took place in ***New Zealand***, and the 16th round was held in ***Singapore*** from 4-13 March 2013.

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PART II

Chapter 8

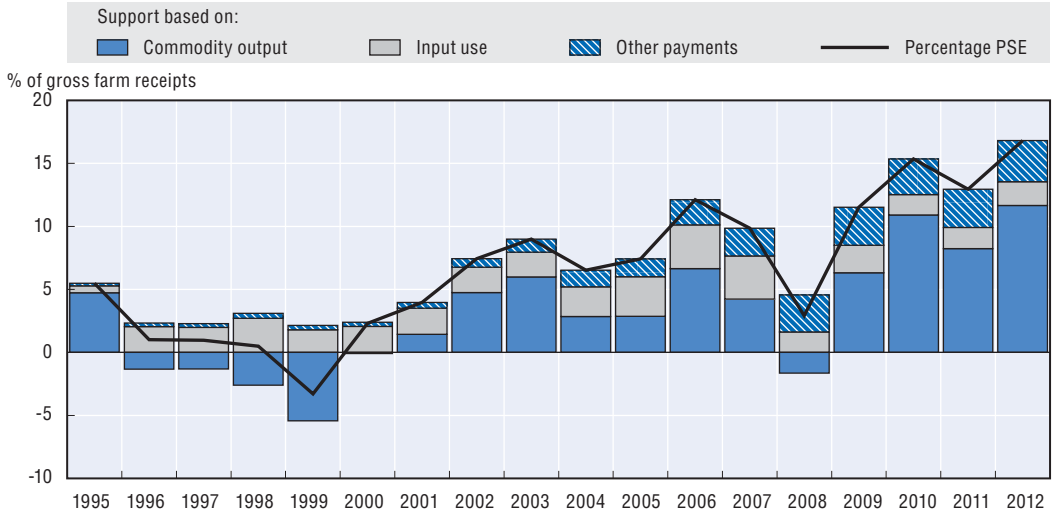
China

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.

Evaluation of policy developments

- China's support to agricultural producers increased and is approaching to the OECD average. Growing minimum purchase prices for rice and wheat and an increasing range of other commodities covered by market interventions are major factors behind mounting transfers from consumers. This trend was further accentuated by a continued appreciation of the Chinese Yuan and by a growing array of commodities for which China became a net importer which means that import tariffs and other trade measures impact on the level of domestic prices.
- To an increasing extent, budgetary transfers are paid at a flat rate per unit of land, with no enforceable requirement to purchase a given input or to produce a specific commodity. This helps decrease interference with producers' decisions and enhances farmers' incomes more effectively nevertheless, over time, consideration should also be given to shifting from decoupled direct payments to strategic investments in improving the productivity and sustainability of China's agriculture and food system.
- China's efforts to improve rural infrastructure and access to basic public services such as education, health care, pension systems and social security for the rural population, where the vast majority of the poor live, should be further enhanced. To ease resource constraints and improve long-term productivity, China should further strengthen its research and development, technology adoption and transfer, education, farm training and extension services.
- Having large monetary reserves and continued significant current account surpluses, China has the capacity to buy food on international markets. A progressive narrowing of the scope of grains covered by the 95% self-sufficiency objective would be advisable. In particular, maize used for industrial processing and for feed could be partly excluded. Increased maize imports would ease shift of land to other, more income-generating uses, such as fruit and vegetable production, but also for the needs of urbanisation and infrastructure development.
- Agricultural land-use rights should be extended to match those in urban areas so as to enhance private investment. The scope of these rights should be enlarged to include mortgaging and selling. Conversion of land from agricultural to other uses should be based on market prices, which would allow farmers to accumulate initial capital to establish a non-agricultural activity in rural areas or facilitate migration to urban areas.

Figure 8.1. **China: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875228

Contextual information

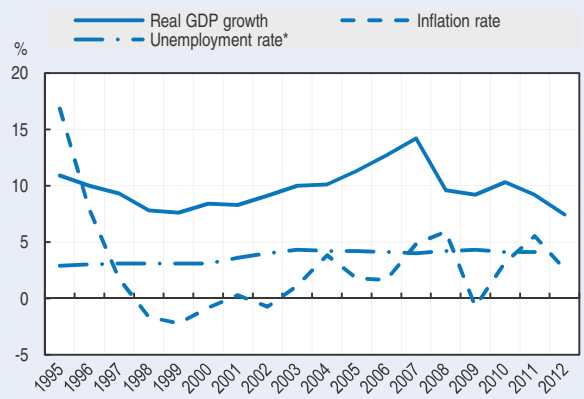
While having almost 20% of the world's population, China has only 7% of the world's potable water and 8% of the world's arable land. In terms of GDP per capita and economic structure, China is still a middle-income developing country, but is moving to high-income status. The share of the rural population fell below 50% in 2011. Agriculture is an important sector with its share in total employment at 35% and its contribution to GDP at 10% in 2011. 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 around 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 2.3% share in China's total exports and 5.1% share in imports. China has become a large net importer of agro-food products, in particular of soybeans, cotton, edible oils and sugar. Crop production is based on tiny family farms at just 0.6 hectare on average, but livestock production originates mostly from large-scale commercial units. Agriculture remains the key user of water with 61% of total water consumption.

Table 8.1. **China: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	726	7 296
Population (million)	1 211	1 347
Land area (thousand km^2)	9 327	9 327
Population density (inhabitants/ km^2)	129	144
GDP per capita, PPP (USD)	1 513	8 387
Trade as % of GDP	19.3	25.0
Agriculture in the economy		
Agriculture in GDP (%)	20.0	10.1
Agriculture share in employment (%)	52.2	34.8
Agro-food exports (% of total exports)	7.7	2.3
Agro-food imports (% of total imports)	8.7	5.1
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-54	-45 911
Crop in total agricultural production (%)	66	62
Livestock in total agricultural production (%)	34	38
Agricultural area (AA) (thousand ha)	532 716	524 321
Share of arable land in AA (%)	23	21
Share of irrigated land in AA (%)	9	12
Share of agriculture in water consumption (%)	70	61
Nitrogen Balance, Kg/ha	..	..

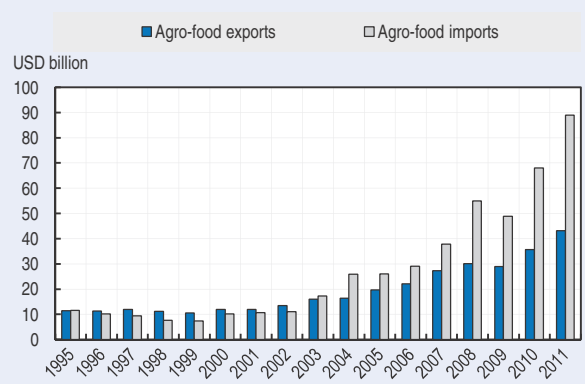
* or latest available year.
Sources: OECD statistical Databases, UN COMTRADE, World Development Indicators and national data.
StatLink http://dx.doi.org/10.1787/888932876482

Figure 8.2. **China: Main macroeconomic indicators, 1995-2012**



* Urban unemployment rate.
Source: OECD statistics.
StatLink http://dx.doi.org/10.1787/888932875247

Figure 8.3. **China: Agro-food trade, 1995-2011**



Source: UN COMTRADE Database.
StatLink http://dx.doi.org/10.1787/888932875266

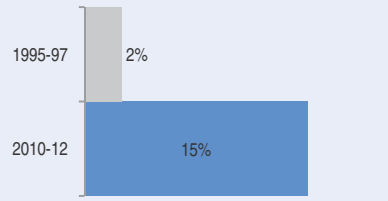
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

China has been increasing its support to agriculture through growing transfers from both consumers and taxpayers. While the share of the most production and trade distorting forms of support remains high, the flat rate payments per unit of land are becoming more important in total support to farmers. The level of support fluctuates as domestic prices for selected commodities remain subject to government interventions such as minimum prices and, occasionally, export restrictions.

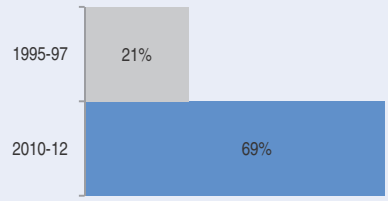
PSE as % of receipts (%PSE)

China has increased support to agriculture, which is now getting closer to the OECD average of 19%. After a fall in 2011 mostly due a stronger increase in border prices compared to the rise in domestic prices, the %PSE increased by 4 percentage points in 2012.



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) is high and represents 69% of the total.

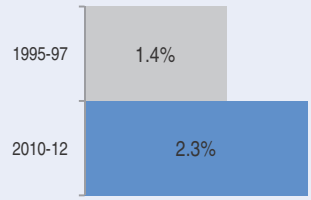


Ratio of producer price to border price (NPC)

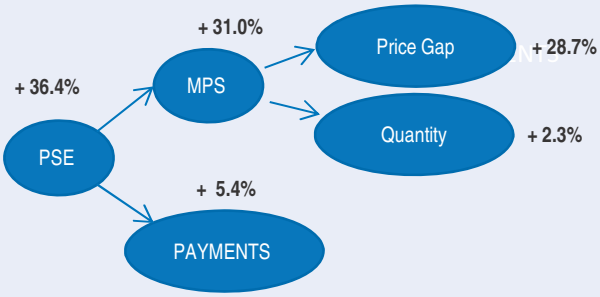
Overall, prices received by farmers were on average 13% higher than those observed on the world markets in 2010-12.The highest NPCs are for cotton, milk, wheat and sugar.

TSE as % of GDP

Despite strong GDP growth, total support to agriculture has increased to 2.3% of GDP in 2010-12. The expenditure on general services represented 16% of the TSE in 2010-12. Single Commodity Transfers were 68% of the PSE in 2010-12. The share of the SCT in commodity receipts is lowest for eggs and poultry and highest for cotton, milk and wheat.



Decomposition of change in PSE, 2011 to 2012



The level of support increased in 2012 mainly due to the significantly larger gap between domestic and border prices (MPS).

Transfer for specific commodities (SCT), 2010-12

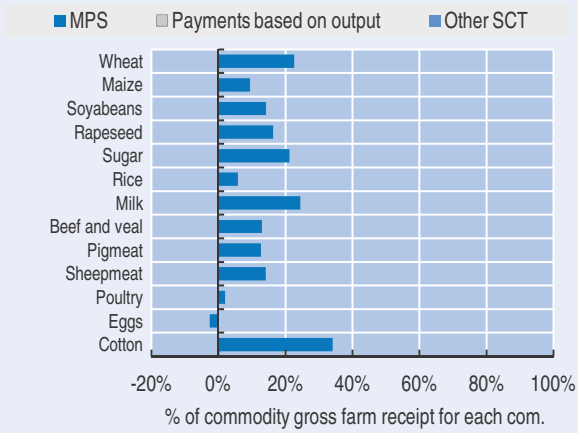


Table 8.2. **China: Estimates of support to agriculture**

CNY million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**1 997 968**	**5 558 455**	**5 143 681**	**5 638 182**	**5 893 503**
of which: share of MPS commodities, percentage	73	69	64	71	72
Total value of consumption (at farm gate)	**2 053 260**	**5 986 034**	**5 631 678**	**6 044 721**	**6 281 702**
Producer Support Estimate (PSE)	**48 052**	**878 800**	**826 089**	**765 694**	**1 044 618**
Support based on commodity output	10 805	599 514	587 021	487 100	724 421
Market Price Support	10 805	599 514	587 021	487 100	724 421
Payments based on output	0	0	0	0	0
Payments based on input use	31 931	101 327	87 394	99 886	116 701
Based on variable input use	17 115	12 860	11 188	12 813	14 580
with input constraints	0	0	0	0	0
Based on fixed capital formation	10 816	68 602	57 940	67 734	80 131
with input constraints	0	0	0	0	0
Based on on-farm services	3 999	19 865	18 267	19 339	21 989
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	3 866	145 634	117 770	148 413	170 718
Based on Receipts / Income	3 866	11 280	8 808	11 713	13 318
Based on Area planted / Animal numbers	0	134 354	108 962	136 700	157 400
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	1 450	12 311	10 205	12 221	14 507
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With fixed payment rates	1 450	12 311	10 205	12 221	14 507
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	0	20 014	23 699	18 074	18 270
Based on long-term resource retirement	0	20 014	23 699	18 074	18 270
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**	**15**	**15**	**13**	**17**
Producer NPC	**1.00**	**1.13**	**1.14**	**1.10**	**1.15**
Producer NAC	**1.03**	**1.18**	**1.18**	**1.15**	**1.20**
General Services Support Estimate (GSSE)	**46 121**	**159 986**	**146 664**	**158 028**	**175 267**
Research and development	447	22 623	19 633	21 959	26 277
Agricultural schools	3 303	24 130	22 998	23 109	26 285
Inspection services	2 214	13 688	12 269	13 252	15 545
Infrastructure	10 773	53 180	41 763	54 562	63 214
Marketing and promotion	0	3 575	3 359	3 447	3 919
Public stockholding	29 384	42 790	46 643	41 699	40 027
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	**54.7**	**15.5**	**15.1**	**17.1**	**14.4**
Consumer Support Estimate (CSE)	**-18 932**	**-692 364**	**-747 165**	**-524 857**	**-805 069**
Transfers to producers from consumers	-2 683	-621 716	-621 865	-485 748	-757 534
Other transfers from consumers	-12 321	-95 176	-155 748	-45 558	-84 222
Transfers to consumers from taxpayers	2 101	0	0	0	0
Excess feed cost	-6 029	24 528	30 448	6 449	36 687
Percentage CSE	**-1**	**-12**	**-13**	**-9**	**-13**
Consumer NPC	**1.01**	**1.14**	**1.16**	**1.10**	**1.15**
Consumer NAC	**1.01**	**1.13**	**1.15**	**1.10**	**1.15**
Total Support Estimate (TSE)	**96 275**	**1 038 786**	**972 753**	**923 722**	**1 219 885**
Transfers from consumers	15 005	716 891	777 612	531 306	841 756
Transfers from taxpayers	93 591	417 071	350 888	437 973	462 350
Budget revenues	-12 321	-95 176	-155 748	-45 558	-84 222
Percentage TSE (expressed as share of GDP)	**1.43**	**2.25**	**2.42**	**1.96**	**2.37**
GDP deflator 1995-1997=100	**100**	**162**	**153**	**165**	**168**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for China are: wheat, maize, rice, rapeseed, soyabeans, sugar, milk, beef and veal, sheep meat, pigmeat, poultry, eggs, cotton, apples and peanuts.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database)

StatLink http://dx.doi.org/10.1787/888932876501

Policy developments

Main policy instruments

China's major policy objectives related to agriculture, farmers and the countryside remain increasing grain production capacity, to exceed 540 million tonnes per year and to sustain at least 95% self-sufficiency; increasing rural households' incomes; improving food safety; enhancing environmental protection; increasing agricultural competitiveness; and improving social and technical infrastructure in rural areas. The rural economy is at the centre of China's 12th Five Year Plan (2011-15), which aims at rebalancing growth through narrowing rural-urban gaps and promoting rural-urban integration. Improving rural welfare and boosting rural income are viewed as critical to enhancing domestic demand (OECD, 2011).

For the ten consecutive years of 2004-13, the top priority documents called **"No. 1 Documents",** issued jointly by the Central Committee of the Communist Party of China (CPC) and the State Council concentrated on various aspects of agricultural and rural development issues. The 2011 edition focused on water conservation to achieve sustainable use of water resources within the next 10 years; the 2012 edition focused on investment in agricultural science and technology to help boost agricultural production and farmers' incomes; and the 2013 edition emphasised a transition to larger-scale farms through the creation of large individual-operated farms, family farms, co-operatives and contracting arrangements between farmers and companies.

In February 2012, the National Development and Reform Commission and the State Administration of Grain issued a draft **Grain Law** mainly to ensure grain security by safeguarding grain production and strengthening control and supervision over the grain market. The draft law applies to the production, distribution and consumption of grains, edible vegetable oil and oilseeds. It also aims to define the roles and responsibilities of different administrative departments in managing grain production, processing, trade, reserves and market information dissemination (GAIN, CH12023). The draft law was released for discussion, but did not provide any details on implementation and by March 2013 had not been adopted.

Market price support is the main channel for providing support to Chinese farmers. It is provided through tariffs, tariff rate quotas (TRQ) and state trading, combined with minimum guaranteed prices for rice and wheat and ad hoc interventions on a growing number of agricultural commodity markets. 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 producer and consumer interests in the context of price volatility on international markets. **Minimum prices for grains** are set every year by the National Development and Reform Commission (NDRC) in consultation with the Ministry of Agriculture and other governmental institutions. Designed to help meet the demand in grain-deficit provinces, their application is limited geographically to major grain-surplus provinces, different for each type of grain, producing about 80% of China's commercial grains, and to several months after the harvest period.

Budgetary transfers to producers have grown constantly since the end of the 1990s. Most of them are provided through four basic programmes: direct payments for grain producers, payments to compensate farmers for an increase in prices of agricultural inputs, in particular fertilisers and fuels, subsidies for improved seeds and subsidies for purchases of agricultural machinery. Direct payments for grain producers and almost all subsidies for chemicals and seeds are paid at a flat rate per unit of land. Subsidised agricultural insurance schemes have grown in importance in

recent years and entail growing budgetary transfers. Payments for returning farmland to forests and for exclusion of degraded grassland from grazing 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.

Arable land shrank in China from 127.6 million hectares in 2000 to 121.7 million hectares in 2008, but has reportedly remained unchanged since then. As grain security is 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 rural population's **social coverage** has continued to improve. In particular, the New Co-operative Medical Scheme and the New Rural Pension System were extended to reach almost full geographical coverage in 2008 and 2012, respectively.

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 (Wang and Herd, 2013). 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).

Domestic policy developments in 2011-13

In 2007-12, the **minimum prices** for **rice** and **wheat** were increased each year on the basis of the growing costs of agricultural production. Due to the ongoing appreciation of the Chinese Yuan, USD equivalents of minimum prices rose even faster, more than doubling for rice and increasing by about 70% for wheat over the last six years (Table 8.3).

Table 8.3. **Minimum purchase prices for rice and wheat in China, per tonne, 2007-12**

	2007		2008		2009		2010		2011		2012	
	CNY	USD	CNY	USD	CNY	USD	CNY	USD	CNY	USD	CNY	USD
Rice												
Early indica paddy	1 400	184	1 540	222	1 800	264	1 860	275	2 040	316	2 400	380
Middle and late indica paddy	1 440	189	1 580	227	1 840	269	1 940	287	2 140	331	2 500	396
Japonica paddy	1 500	197	1 640	236	1 900	278	2 100	310	2 560	396	2 800	444
Wheat												
White	1 440	189	1 540	222	1 740	255	1 800	266	1 900	294	2 040	323
Red and mixed	1 380	181	1 440	207	1 660	243	1 720	254	1 960	303	2 040	323

Source: NDRC, various press releases, 2007-12.

The state-owned China Grain Reserves Corporation (Sinograin) is obliged to make **intervention purchases** if the market price dips below the established support level for three consecutive days. In 2010, three other state-owned companies – China National Cereals, Oils and Foodstuffs Corporation (COFCO), Chinatex and China Grain and Logistics Corporation – were authorised to participate in the purchasing programme, but in 2012 the government reinstated Sinograin as the sole purchaser. In turn, during the periods of price hikes and to maintain sufficient market supplies, the government holds weekly auctions of grains. In early 2011, to prevent excessive purchasing and price hikes, the government explicitly excluded maize

processing plants (for industrial maize use) from attending grain auctions. Only feed millers, flour millers, or livestock and poultry producers were allowed to participate (GAIN, CH11014).

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. Intervention prices may differ across provinces and purchases are not undertaken systematically every year. In recent years, such interventions included maize, sugar cane, soybeans, rapeseed, cotton and pork. Rice is also covered by such a mechanism if the quantities procured at minimum prices in designated provinces are considered insufficient. For pork, in 2009 the government introduced a "price alert" programme based on the ratio of pork to grain prices. City meat companies are charged to buy and hold frozen pork (with subsidies for storage and interest costs) when the price ratio is low and sell pork into the market when the ratio is high.

The amounts of crops purchased by state-owned companies at minimum or intervention prices change from one year to the next, depending on the relative levels of market prices and those offered by the government. Following a strong increase in support prices in 2012, the government was the dominant buyer of grains in 2012 accounting for about two-thirds of total purchases of wheat, early-rice and rapeseed by mid-September, while in 2011 wheat was not purchased at the minimum price at all (CnAgri insight, 2012).

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). Detailed minimum grain inventory levels for each province are specified with the main grain producing provinces in north-eastern China required to maintain at least three months of sales inventory and other provinces to keep at least six months of sales inventory. The actual level of public stockholding for food security is unknown, but the International Grains Council estimates that China's reserves of wheat, coarse grains and rice are at about one-third of total domestic use, which is much more than in any other major grain producing or consuming country (IGC, 2012). The cost of public stockholding of various commodities reached around CNY 40.0 billion (USD 6.3 billion) in 2012.

Direct payments started to be implemented nationally in 2004 to support grain production and to increase grain producers' incomes. Initially, payments targeted 13 major grain producing provinces, but later they were extended to almost all provinces. In principle, payments are based on current area sown to rice, wheat or corn and are financed from the National Grain Risk Fund. However, many provinces provide subsidies based on taxable area approved in rural tax reform in 2004-06, thus they are disconnected from changes in the current area sown to grains. Moreover, it is up to the local government to determine the "major producing area" and the product eligible for the subsidy. In general, the rate is at CNY 10-15 per *mu* (1/15 ha) (USD 24-36/ha), depending on localities, but in some places like Beijing and Shanghai, the subsidy level is much higher as central government funding can be supplemented from local sources. The payment is provided to the person who holds the contract rights to the land, not to the person who cultivates the land. Central government funding for direct payments was increasing each year up to 2007, but then stabilised at CNY 15.1 billion (USD 2.3 billion) per year in 2007-12.

The centrally funded **comprehensive subsidy on agricultural inputs** was introduced in 2006 and by 2008 had become the most important single budgetary transfer supporting agriculture. While the objective of this subsidy is to compensate grain producers for an increase in prices of agricultural inputs such as fertilisers, diesel fuel, pesticides and plastic films, 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 more than doubled in 2008 and have increased each year since to reach CNY 107.8 billion (USD 17.1 billion) by 2012.

Support for improved quality seeds is provided via the **Improved Seed Variety Subsidy** programme. It tripled from CNY 6.7 billion (USD 0.9 billion) in 2007 to CNY 20.4 billion (USD 3.0 billion) in 2010 and then stabilised at CNY 22.0 billion (USD 3.4 billion) in both 2011 and 2012. The expansion resulted both from the growing number of commodities covered and from the growing area eligible for these payments. 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. Initially, subsidy funds were passed down and distributed to designated seed companies who were then to sell seeds at discounted prices. However, this practice caused waste, corruption, and attempts to monopolise local seed markets. As from March 2009, the actual implementation mechanism of this subsidy has been changed but 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, it is for the provinces to decide if the subsidy takes 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 2011 and 2012, the unit seed subsidy remained unchanged at CNY 10 per *mu* (USD 24/ha) for wheat, soybean, maize, early indica rice, rapeseed, potatoes, highland barley and peanuts and at CNY 15 per *mu* (USD 36/ha) for cotton, middle indica rice, late indica rice and Japonica rice.

The **subsidy for the purchase of agricultural machinery** continued to increase and amounted to CNY 20 billion (USD 3.2 billion) in 2012. The eligible entities are individual farmers but also so-called specialised households and agricultural machine service delivery organisations. In 2008, the geographical coverage was 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 30% of the purchase price. In principle, in 2012 the subsidy covered machines in 12 categories and 46 sub-categories at the maximum level of CNY 50 thousand (USD 7.9 thousand) per single piece. But, in practice, neither the national list of eligible items nor the ceilings of the subsidy per item are enforced. As the programme is implemented at the provincial level, it is up to local governments to decide on the types of machinery eligible and on the level of the subsidy (MoA, 2011).

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: productive sows, "large-scale standardised swine farms" with a minimum of 5 000 pigs slaughtered annually, high-quality breeds of swine, pig disease prevention, counties specialising in pig production, and pig industry enterprises integrating processing and marketing channels. In general, budgetary allocations for these programmes are relatively small and some of these payments, such as for large-scale production or for productive sows, can be suspended and then resumed, depending on the market situation. Other payments aimed at **supporting livestock production** included subsidies for livestock breeding, standardised livestock farms, animal epidemic prevention, and dairy cow genetic improvement. Transfers for these purposes are relatively small and provided within larger programmes such as "new variety extension payments for livestock", "payments for agricultural structural adjustment" or "payments to stabilize farmers' income".

Expanding livestock production leads to growing **environmental problems**. The two most recent ones affected the Shanghai area. Following the 2011 ban on selling meat from diseased pigs, dead pigs started to be dumped into rivers. In March 2013 more than 16 thousand dead pigs were

removed from the Shanghai Huangpu River. In turn, in April 2013, the government of Shanghai banned the sale of live poultry, shut markets and ordered slaughtering of birds as a new strain of bird flu started to develop.

In 2007, the government launched subsidised pilot **agricultural insurance schemes** for both livestock and crop producers. In general, the cost of the insurance premium is shared by the central government, local governments and farmers themselves. The shares vary across commodities and provinces, but on average the proportion covered by the central government subsidy is around 40%, the share of local governments is around one-third and about 20% of the premium is paid by farmers. The geographical coverage has progressively increased from 6 provinces in 2007 to 23 in 2010 and to all provinces and autonomous regions in 2012. Farmers' participation in the scheme is voluntary. There are 18 insurance corporations who are eligible to conduct the scheme. The central government subsidy increased from CNY 2.2 billion (USD 289 million) in 2007 to CNY 14.5 billion (USD 2.3 billion) in 2012.

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, compensation for retired land is paid in cash per unit of land. 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 recent years, there has been a significant slowdown in the conversion rates 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 2012, budgetary allocation for this programme amounted to CNY 17.6 billion (USD 2.8 billion).

Following experiments on a mechanism of rewards for grassland ecological protection in Tibet in 2009-10, a new "**grassland ecological protection**" programme for eight western provinces was announced in 2011. Its objective is to promote protection of grassland and to enhance incomes of animal herders. In 2011 and 2012, the government allocated CNY 13.6 billion (USD 2.2 billion) each year as compensation for the suspension for grazing (CNY 6 per mu; USD 14.3/ha), as rewards for not exceeding stock-carrying capacity of grassland (CNY 1.5 per mu; USD 3.6/ha), and as subsidies for improved breeds of animals, improved varieties of pasture grass and general input subsidy (CNY 500 per household; USD 79). It includes also financial rewards to county governments based on successful implementation of the programme.

Available data would suggest that support for **agricultural infrastructure** fell in 2010 compared to the two preceding years when a large package of infrastructure development was applied to stimulate the economy. The apparent fall could also result from the redefinition of various programmes which makes comparisons over time difficult. Since 2010, most of the expenditure has been channelled through the programme called "land consolidation", through various programmes supporting irrigation construction and through "agricultural industrialisation". Some of these programmes combine support for agricultural infrastructure and for on-farm investment. Overall, expenditures which can be defined as supporting agricultural infrastructure amounted to CNY 63.2 billion (USD 10 billion) in 2012.

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. Farmers can transfer the user rights for agricultural land to other farmers but cannot convert it into construction land for industrial or business development (OECD, 2013). The government supports the creation of larger farms by encouraging the transfer of land from small-scale farms and from migrant workers to so-called "major grain-producing farmers households", "household-run farms" and "farmers' professional co-operatives". By 2012, about 18% of land-use rights had reportedly been traded compared to just 4% in the mid-2000s. While it is not officially defined, "large grain farms" are considered those of at least 100 *mu* (6.7 ha) in northern provinces and 30 *mu* (2 ha) in the south.

In 2009, Chengdu and Chongqing were selected as the two Pilot Areas for the Comprehensive Reform for Balanced Urban-Rural Development. Land titling was undertaken which gave rural residents property rights and established a foundation for the market of rural land. Other reforms were undertaken at the same time to facilitate land market transactions, in particular local banks were encouraged to accept rural land as collateral. However, China's new Land Management Law, effective since 2005, requires a one-to-one replacement of any farmland that is converted to other uses, in terms of quantity and quality. This led to dislocations of rural population and destruction of farmers' homesteads to release "new" agricultural land as a replacement for land transferred, in particular in Chongqing. Thus, while some reports highlight positive results of the experiment, others provide a more mixed picture (Li, 2012; Li and Wang, 2011).

In November 2011, China almost doubled the level of the official **rural poverty line** to RMB 2300 per year per capita in 2010 prices (USD 1 per capita per day at current nominal exchange rate or around 1.4 USD at PPP). This resulted in a drastic increase in the number of rural residents defined as poor and eligible for government anti-poverty subsidies to 122 million, thus to 9% of the total population or 19% of the rural population (NBS, 2012a and 2012b). To address the poverty issue, at the end of 2011 the State Council promulgated a 10-year strategy **China Rural Poverty Alleviation and Development Programme** for 2011-20. It introduced a multi-dimensional approach to combat poverty in areas designated as poor, including through increased support for education, health care, pension systems, housing, and transportation. There is also a household-based Minimum Living Guarantee Programme (rural *dibao*) which aims at closing a gap between actual incomes of individual households identified as poor and the *dibao* threshold which is the minimum subsistence level. These are unconditional cash transfers paid originally exclusively to urban families but extended since 2007 to rural families and by 2012 the *dibao* covered 53.4 million rural families. There are attempts to link the area-based support with the *dibao* system to provide support in a more coherent way (Wang, 2012).

As part of government's effort to combat rural poverty, there has been substantial progress in providing pension and health coverage to the rural population, including farmers. In 2009, the **New Rural Pension System** was launched and by end-2012 almost full geographical coverage had been achieved. Given the voluntary nature of the scheme, it does not imply full coverage of all individuals, but the government is committed to maximise individual participation, especially for workers not covered by other forms of old-age income protection. The eligibility age for the rural pension is 60 and the basic benefit was CNY 55 (USD 8.7) per person per month in 2012. These benefits are totally financed by the central government in central and western provinces and are co-financed by central and local governments in coastal provinces. While these basic benefits are small, their actual level varies greatly by locality, as local authorities top them up through various matching subsidies. Additional benefits depend also on individual contributions to the system (Dorfman et al., 2013). Similarly, the **New Co-operative Medical Scheme** implemented since 2003 had covered almost the totality of rural population by the end of 2008. In 2012, the government (both central and local) provided subsidies at CNY 240 (USD 38) per person per year on top of

individual contributions of CNY 60 (USD 9.5) per year for a guaranteed minimum coverage (Wang, 2012).

Trade policy developments in 2011-13

China's **applied tariffs** on agricultural products are close to the WTO bound levels and are all in *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. Similarly, to help contain inflation, the government reduced import tariffs on 730 commodities, including agricultural machinery, fertilisers, animal feed, infant formula and frozen seafood as from 1 January 2012 (GAIN, 11066).

The average applied **MFN tariff** on agricultural products (WTO definition) has declined slightly to 15.1% in 2011 compared with the average on non-agricultural products at 8.6%. In addition, 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 to consumers are exempted from the VAT (WTO, 2012).

Imports of wheat, maize, rice sugar, wool, wool tops, 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 2011, the same as in 2009. Since WTO accession, China's TRQs for grain imports have never been filled, thus low in-quota tariffs at 1% have been charged compared to much higher out-of-quota tariffs at 65%. In turn, China's cotton imports have systematically been much larger than the quota of 0.894 million tonnes per year. China is permitted to levy a high tariff on out-of-quota cotton imports at 40% versus 1% for in-quota imports. Instead, a so-called sliding duty is applied on the above-quota imports. Under this system, China fixes a threshold price (CNY 14/kg in 2012 and 2013) against which cotton imports are charged a specific duty of CNY 0.57/kg if the actual import price is higher, or a variable levy of up to 40% if the actual import price is lower than the threshold price. Thus, effectively the tariff in *ad valorem* terms varies in a range of 5-40% for out-of-quota cotton imports. In 2012, the threshold price was increased by one-fifth, meaning an increase in import duty on cheaper cotton shipments (Bloomberg, 2011).

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. The shares of TRQs allocated to STEs remain high and have not changed in recent years. In 2011, STEs had the right to import 90% of the wheat quota, 70% of sugar, 60% of maize, 50% of rice and 33% of cotton. Imports of tobacco remain under the state monopoly (WTO, 2012).

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 is applied to monitor certain imports for statistical purposes and does not entail quantitative import restrictions. Among agro-food products it concerns mainly poultry, vegetable oils and tobacco (WTO, 2012).

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, 2012).

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. However, China continues to apply export taxes on some chemical fertilisers and their raw materials, aimed at curbing exports of these products, in particular during the time they are demanded domestically (WTO, 2012).

China continues to impose global (i.e. irrespective of destination) and destination-specific **export quotas**. In 2011, 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 fowl to the Special Administrative Regions of Hong Kong and Macao, China (WTO, 2012).

State trading is applied for the export of rice, maize, cotton and tobacco. These products are also subject to export quotas. Exports subject to state trading must always be exported by STEs.

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, and on alcohol and maize starch in July 2010 (WTO, 2012). As of March 2013, the VAT rebates on these commodities had not been reinstated, thus discouraging their exports.

The **China-ASEAN Free Trade Area (CAFTA)** came into effect on 1 January 2010 reducing tariffs on about 90% of agricultural product categories to zero on China's imports from Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. This compares with just 7% of China's tariff lines on agricultural products set at zero on imports from countries subject to the MFN rates. As a result of the agreement, China's average tariff on agricultural imports from the ASEAN members was reduced to 2.5% (only for Cambodia and Laos the rate was marginally higher at 2.6%) which compares with the 15.1% MFN average in 2011 (WTO, 2012).

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, China provides preferential tariff rates on imports from the Republic of Korea, Sri Lanka, Bangladesh, India and Laos. However, the preference is small and in 2011 an average rate on agricultural imports was 14.1%, just one percentage point below the MFN average. Moreover, only 8% of tariffs lines on agricultural imports were duty free (WTO, 2012).

China has signed a number of **bilateral FTAs**, including with ***Chile*** (in force since 2006), ***Pakistan*** (2007) ***New Zealand*** (2008), ***Singapore*** (2009), ***Peru*** (2010) and most recently with ***Costa Rica*** (2011). Negotiations on FTAs with ***Australia***, the ***Gulf Co-operation Council***, ***Iceland***, ***Norway*** and the ***Southern African Customs Union*** are in progress (MOFCOM, 2013). In addition, China applies unilateral preferential tariffs (zero rated) on certain products imported from 36 least developed countries. In 2011, China applied such tariffs on 60.5% of product categories imported from these countries, but intends to increase the coverage of this scheme to 97% (WTO, 2012).

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PART II

Chapter 9

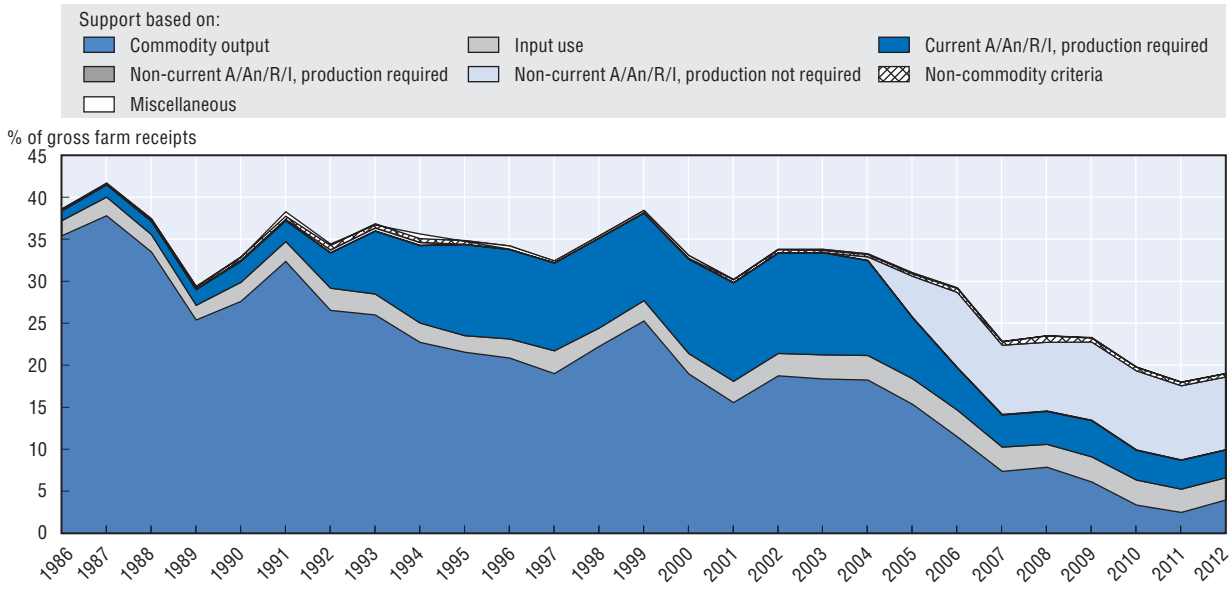
European Union

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

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 high levels of market price support and output payments and reduction in the level of support. Production and trade distorting policies now account for about 23% of support to producers as measured by the PSE. In addition, constraints to input use are attached to most payments.
- The implementation of reforms initiated in 2003 reduced market intervention and protection, and gradually increased the share of payments granted with no requirement to produce, thus allowing producers to better respond to market signals. In 2012 however, prices paid to producers were above world market prices, leading to an increase in market price support. This increase is a consequence of existing policy instruments that isolate producers in some sectors from world prices, rather than of a change in policies.
- In 2012 the share of payments with no requirement to produce slightly declined as EU member states used the flexibility to grant payments requiring specific production or specific types of farming (Article 68). Although these payments are limited to 10% of the overall envelope, they may distort competition across EU member states. Transitional Complementary National Direct Payments will be maintained in 2013 despite the end of the transition period for new member states. This opens the possibility to exceed the ceiling defined for 2013 and may distort competition in cases where payments are linked to specific commodities.
- Market access for agricultural products has improved through a number of bilateral agreements and lower applied tariffs. However Tariff Rate Quotas and special safeguards continue to apply to a number of products.
- Substantial progress has been made in reducing the level of support and the share of production and trade distorting support. However such distorting measures may occasionally materialise, as was the case in 2012. Future efforts need to anchor market orientation more deeply and focus on progress towards better targeted support to improve the long-term productivity, sustainability and efficiency of the sector.

Figure 9.1. **European Union: PSE level and composition by support categories, 1986-2012**[1]



1. EU12 in 1986-94 including ex-GDR from 1990; EU15 in 1995-2003; EU25 for 2004-06; EU27 from 2007.
Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

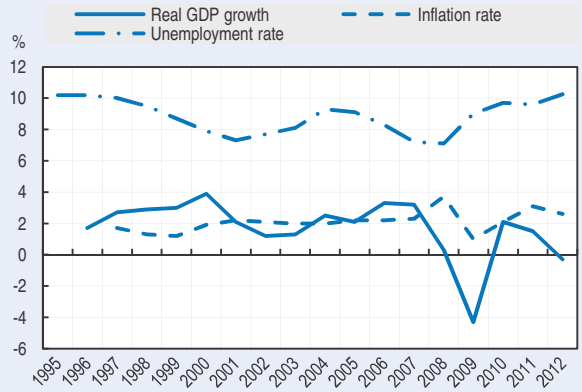
The ***European Union*** is the largest economic region in the OECD area. Its GDP per capita is below the OECD average. Agriculture accounts for 1.7% of GDP and 4.6% of employment in the EU27, with significant differences across member states. The European Union is a net importer of agro-food products. It was the second largest exporter in the world and the largest importer of agro-food products. In 2011, agro-food products accounted for 6.5% of all EU exports and 5.9% of all EU imports. There is a large diversity of farm structures and production systems in EU regions. Agriculture occupies around half of the territory and accounts for about a quarter of water consumption.

Table 9.1. **European Union: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	9 246	17 580
Population (million)	371	503
Land area (thousand km^2)	3 128	4 182
Population density (inhabitants/ km^2)	112	114
GDP per capita, PPP (USD)	18 100	25 100
Trade as % of GDP	8.8	12.1
Agriculture in the economy		
Agriculture in GDP (%)	2.9	1.7
Agriculture share in employment (%)	4.7	4.6
Agro-food exports (% of total exports)	8.3	6.5
Agro-food imports (% of total imports)	9.6	5.9
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-8 588	-7 834
Crop in total agricultural production (%)	53	57
Livestock in total agricultural production (%)	47	43
Agricultural area (AA) (thousand ha)	142 453	188 406
Share of arable land in AA (%)	53	58
Share of irrigated land in AA (%)	..	6
Share of agriculture in water consumption (%)	10	24
Nitrogen Balance, Kg/ha	..	..

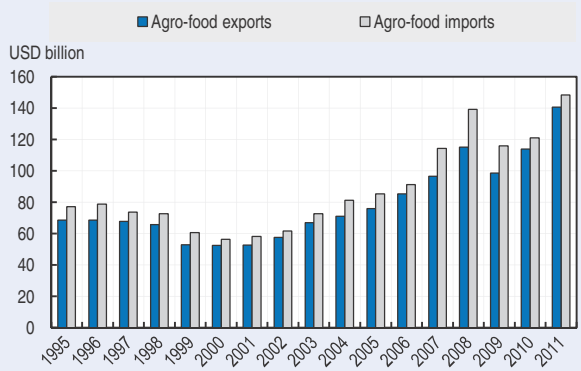
* or latest available year.
Sources: OECD statistical Databases, ITCS, World Development Indicators and national data.
StatLink http://dx.doi.org/10.1787/888932876520

Figure 9.2. **European Union: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.
StatLink http://dx.doi.org/10.1787/888932875304

Figure 9.3. **European Union: Agro-food trade, 1995-2011**



Source: International Trade by Commodity Statistics (ITCS) Database.
StatLink http://dx.doi.org/10.1787/888932875323

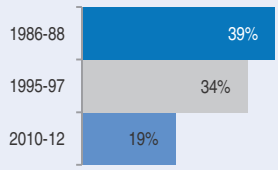
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

The European Union has gradually reduced its support to agriculture since the mid-1990s, in particular the potentially most production and trade distorting forms of support, which now represent less than a quarter of support to producers. The level of price distortions has been significantly reduced as illustrated by changes in the NPC. Nearly half of producer support is granted with no requirement to produce. The share of payments targeted to environmentally and animal friendly practices has also increased.

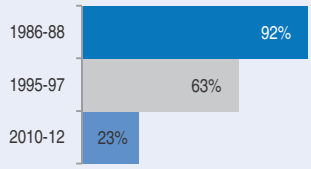
PSE as % of receipts (%PSE)

Support to producers (%PSE) has decreased gradually and consistently over the long term, in particular since the mid-90s, it is now equal to the OECD average. At 19% of gross farm receipts in 2012, it is up one percentage point from its lowest level ever, reached in 2011.



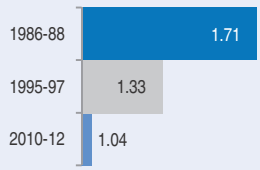
Potentially most distorting support as % of PSE

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 output and variable input use – without input constraints) now represent less than a quarter of the PSE.



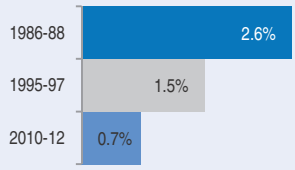
Ratio of producer price to border price (NPC)

On average, prices received by farmers were 4% higher than those on the world market in 2010-12. Domestic prices for most commodities were aligned or close to border prices, with the exception of prices received by sheep producers that were 9% higher than border prices and those received by beef and poultry farmers that were about 30% higher.

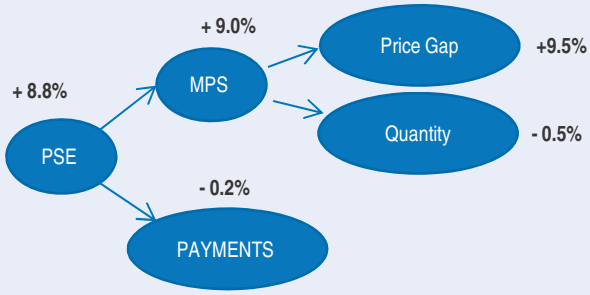


TSE as % of GDP

Total support was about 0.7% of GDP in 2010-12 and expenditure on general services represented around 12% of total support.
Single Commodity Transfers (SCT) represented 21% of total PSE in 2010-12. The share of the SCT in the commodity gross farm receipt is below 3% for most commodities, while it nears 13% for rice, 15% for sheep meat, 19% for beef and veal and 25% for poultry.



Decomposition of change in PSE, 2011 to 2012



Support increased between 2011 and 2012 as a result of a rise in market price support which reflects an increased price gap resulting from a rise of producer prices that exceeded the rise of border prices.

Transfer to specific commodities (SCT), 2010-12

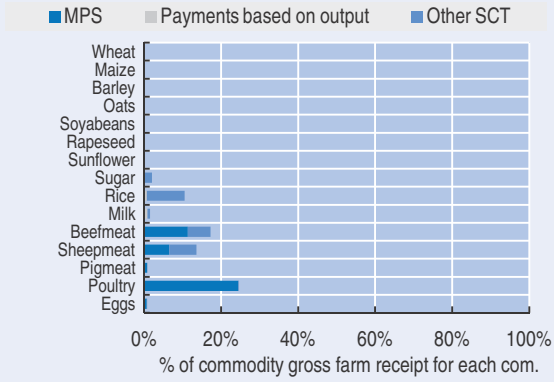


Table 9.2. **European Union: Estimates of support to agriculture (EU27)**

EUR million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**211 380**	**239 230**	**351 656**	**326 267**	**358 175**	**370 525**
of which: share of MPS commodities, percentage	75	74	74	73	75	74
Total value of consumption (at farm gate)	**188 226**	**227 942**	**344 180**	**317 457**	**349 161**	**365 921**
Producer Support Estimate (PSE)	**88 005**	**93 763**	**79 056**	**77 436**	**76 505**	**83 228**
Support based on commodity output	79 853	57 151	13 665	13 116	10 523	17 357
Market Price Support	74 791	53 636	12 881	12 326	9 717	16 600
Payments based on output	5 063	3 515	784	790	806	757
Payments based on input use	4 565	6 512	11 690	11 668	11 793	11 608
Based on variable input use	872	2 292	4 513	4 642	4 567	4 330
with input constraints	0	0	34	37	32	33
Based on fixed capital formation	2 685	2 565	5 761	5 323	5 957	6 004
with input constraints	0	86	243	412	160	157
Based on on-farm services	1 008	1 655	1 415	1 703	1 269	1 274
with input constraints	82	427	9	8	6	12
Payments based on current A/An/R/I, production required[1]	3 195	29 775	14 294	13 829	14 627	14 425
Based on Receipts / Income	132	64	823	756	845	870
Based on Area planted / Animal numbers	3 063	29 711	13 470	13 074	13 782	13 555
with input constraints	849	11 363	11 440	11 077	11 578	11 665
Payments based on non-current A/An/R/I, production required	0	0	121	176	108	80
Payments based on non-current A/An/R/I, production not required	0	24	37 452	36 880	37 573	37 901
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	0	24	37 452	36 880	37 573	37 901
with commodity exceptions	0	0	15 303	15 376	15 376	15 156
Payments based on non-commodity criteria	428	988	1 742	1 705	1 791	1 729
Based on long-term resource retirement	426	882	594	821	510	451
Based on a specific non-commodity output	1	106	1 054	785	1 191	1 185
Based on other non-commodity criteria	0	0	94	98	90	93
Miscellaneous payments	-35	-687	93	62	90	128
Percentage PSE	**39**	**34**	**19**	**20**	**18**	**19**
Producer NPC	**1.71**	**1.33**	**1.04**	**1.04**	**1.03**	**1.05**
Producer NAC	**1.65**	**1.51**	**1.23**	**1.25**	**1.22**	**1.24**
General Services Support Estimate (GSSE)	**8 391**	**8 901**	**10 656**	**10 303**	**11 045**	**10 619**
Research and development	1 059	1 555	2 035	2 006	2 074	2 025
Agricultural schools	287	878	1 506	1 486	1 530	1 501
Inspection services	171	241	582	701	540	506
Infrastructure	1 166	1 851	3 075	3 010	3 190	3 025
Marketing and promotion	1 557	2 250	3 437	3 160	3 640	3 511
Public stockholding	4 114	1 865	-21	-106	30	15
Miscellaneous	38	260	41	46	41	37
GSSE as a share of TSE (%)	**8.3**	**8.4**	**11.7**	**11.5**	**12.4**	**11.2**
Consumer Support Estimate (CSE)	**-65 589**	**-46 625**	**-11 186**	**-10 486**	**-7 770**	**-15 300**
Transfers to producers from consumers	-75 427	-51 450	-12 516	-12 002	-9 268	-16 278
Other transfers from consumers	-1 501	-481	-99	-151	-47	-99
Transfers to consumers from taxpayers	4 442	3 931	1 429	1 667	1 544	1 076
Excess feed cost	6 897	1 376	0	0	0	0
Percentage CSE	**-36**	**-21**	**-3**	**-3**	**-2**	**-4**
Consumer NPC	**1.70**	**1.30**	**1.04**	**1.04**	**1.03**	**1.05**
Consumer NAC	**1.56**	**1.26**	**1.03**	**1.03**	**1.02**	**1.04**
Total Support Estimate (TSE)	**100 838**	**106 594**	**91 141**	**89 406**	**89 094**	**94 923**
Transfers from consumers	76 928	51 932	12 615	12 153	9 314	16 377
Transfers from taxpayers	25 411	55 144	78 625	77 404	79 826	78 646
Budget revenues	-1 501	-481	-99	-151	-47	-99
Percentage TSE (expressed as share of GDP)	**2.56**	**1.50**	**0.72**	**0.73**	**0.70**	**0.73**
GDP deflator 1986-1988=100	**100**	**139**	**181**	**179**	**181**	**184**

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

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for the European Union are: wheat, maize, barley, oats, rice, rapeseed, sunflower, soyabeans, sugar, milk, beef and veal, sheep meat, pigmeat, poultry, eggs, potatoes, tomatoes, plants & flowers and wine.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database)

StatLink http://dx.doi.org/10.1787/888932876539

Policy developments

Main policy instruments

The Common Agricultural Policy (CAP) is composed of two pillars. Pillar I defines and funds market measures under the Common Market Organisation, and includes the Single Payment Scheme (SPS) and the Single Area Payment Scheme (SAPS). It is funded by the European Agricultural Guarantee Fund (EAGF). 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 (LFA) and investment assistance. Pillar II funds come from the European Agricultural Fund for Rural Development (EAFRD). The overall EU budget on agriculture and rural development (title 05) was increased from EUR 56 billion (USD 78 billion) in 2011 to EUR 57 billion (USD 73 billion) in 2012, of which 6% was for market price support measures, 71% for Pillar I payments and 23% for Pillar II measures.

Most Pillar I payments are implemented as a single payment granted with no requirement to produce. Under the Single Payment Scheme (SPS) applying in the EU15, in 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] The Single Area Payment Scheme (SAPS), a specific transitional and optional scheme that applies in other member states, is foreseen to end in 2013.[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, most payments for specific commodities are integrated into the single payment as of 2012, with some exceptions: member states can chose to maintain the ewe premium, the suckler cow premium, and payments for cotton. Moreover, member states can introduce commodity-specific payments as part of Article 68 of the *Health Check* Regulation, which gives them the option to use 10% of their national budget ceilings under EAGF for specific purposes.[3] This flexibility has been used increasingly as shown by the growing share of commodity specific payments in the PSE in the recent 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, these payments can be linked to commodity production or not.

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, purchase at the cereal intervention price is limited to 3 million tonnes, 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. Intervention purchase is limited to 30 000 tonnes for butter and 109 000 tonnes for skimmed milk powder (SMP). Above those limits, purchase is done by tender. 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 sheep meat, the market support regime comprises tariffs and TRQs, with most country-specific TRQs subject to a zero customs duty, and

provisions for private storage. For poultry and eggs, there are TRQs and export subsidies. As a result of these measures, prices paid to domestic producers were 4% above world market prices in 2010-12, and the support they generated (Market Price Support) represented 16% of the estimated support to agricultural producers.

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 80% of the PSE. Those payments were relatively stable between 2011 and 2012(-0.2%). The 9% increase in the PSE was due to the rise in market price support, explained by a rise in producer prices that was higher than the rise in world prices.

The review of the European Commission's October 2011 legislative proposals for the CAP post-2013 was carried out by the Council and the European Parliament. The review was associated with the approval process of the proposal for the Multiannual Financial Framework. Negotiations were continued into 2013. On 13 March 2013, the European Parliament voted its position on a proposal from the European Commission.[4] A compromise was agreed on 20 March 2013 by most members of the Council (Ministers of Agriculture) on the basis of which a trilogue started in April 2013 between the Council, the European Parliament and the Commission with the objective of reaching approval before June 2013.

Box 9.1. **The European Union's Common Agricultural Policy 2014-20**

In June 2013, after a series of three-way meetings between the Council, the European Parliament and the Commission, a political agreement was reached on the Common Agricultural Policy (CAP) 2014-2020. The agreement lays down the thrust of the new CAP. However remaining issues are expected to be resolved by the end of 2013.[*] When all elements are agreed by the parties, the CAP 2014-2020 will have to be formally approved by national governments and the European Parliament.

Considering the timing, the CAP 2014-2020 will only be fully implemented as of January 2015. In the meantime, transitional rules will apply that also cover Croatia, which became the EU's 28th member state on 1 July 2013. The overall budget for the CAP 2014-2020, as approved by the European Parliament in a resolution on the Multi-annual Financial Framework and yet to be formally voted, is set to EUR 363 billion at constant 2011 prices; of which EUR 278 billion are allocated to Pillar 1 and EUR 85 billion to Pillar 2. The annual allocation foresees a ten per cent decline gradually achieved over the 2014-2020 period.

Box 9.1. **The European Union's Common Agricultural Policy 2014-20** *(cont.)*

The CAP will continue to be based on the two pillar structure during the 2014-2020 period. Pillar I provides direct support to farmers and finances market measures, it is funded by the EU budget, as was the case in the past.

Pillar II delivers rural development support and will continue to be co-financed by Member States.

Under the CAP 2014-2020, greater convergence in payments between countries (external convergence) and within countries and regions (internal convergence) will be pursued. The magnitude and pace of external convergence are yet to be agreed. Under external convergence, Pillar I national envelopes would be adjusted to reduce the gap in payments per hectare between countries. Countries now receiving less than a certain percentage, to be agreed, of the EU average payment per hectare will gradually receive more, and those receiving more would see a cut in payments. Internal convergence requires all member states to progress towards a uniform rate per hectare at national or regional level by 2019.

The new Basic Payment Scheme (BP) covers 70 per cent of each member state's national envelope for Pillar 1 direct payments; it continues to be submitted to cross-compliance requirements. The remaining Thirty per cent of Pillar I direct payments will be paid per hectare conditional on the delivery of environmental benefits under the so-called "greening" conditions, as follows: 1) identification of Ecological Focus Areas, 2) crop diversification on arable farms and 3) maintenance of permanent pastures by livestock farmers. A system of "greening equivalency" exempts environmentally beneficial practices already in place from further greening requirements. The share of direct payments that can be product specific is increased proportionally to existing conditions. Public intervention for butter, skimmed milk powder (SMP), common wheat, barley, maize, rice, beef and veal and also on private storage aid is continued and may be extended to more commodities. The current regime for milk expires in 2015 and the sugar quota regime will end in 2017. The system of wine planting rights will end in 2015 and be replaced by a system of authorisations for new vine planting in 2016. The school fruit and school milk schemes are extended. A Crisis Reserve is created for emergency measures needed with regards to markets; its funding is yet to be defined. The conditions of the use of export refunds could be expanded. The rules on recognition and operation of Producer Organisations would be extended from fruit and vegetables to all farming sectors. A new feature of Pillar 1 payments is the obligation for Member states to top-up BP to young farmers (aged under 40) by 25%. A number of new optional schemes are introduced under Pillar 1 that member states may choose to implement. The Small farmers scheme sets up a simplified payment to small farms, offering a fixed annual payment regardless of farm size and waives the greening requirements. Member states may choose to grant an additional payment to Areas with Natural Constraints, in addition to options available under Pillar 2 payments for rural development.

Six main priorities have been identified for Pillar 2 payments. The European Innovation Partnership and the risk management toolkit are placed within Pillar II. An optional income stabilisation tool, funded by farmers on a voluntary basis with top-ups from Pillar II is foreseen. Also under Pillar II, the conditions for the Less Favoured Areas (LFAs) scheme would be redefined and the scheme renamed as Areas of Natural Constraints (ANCs).

* As foreseen by the 2009 Lisbon treaty, the CAP will be agreed for the first time through the "ordinary legislative procedure" that gives the same weight to the European Parliament and the Council of the European Union in the decision making process.

Domestic policy developments in 2012-13

Sugar supplies for the 2011/12 marketing year were increased for a second time in April 2012 by 250 000 tonnes of out-of-quota sugar. The first increase that had occurred in December 2011 included 400 000 tonnes of out-of-quota sugar and 191 000 tonnes of raw sugar imports. Sugar import tenders were brought forward by one month from June and July to May and early June, while January import tenders had been cancelled on the grounds of sufficient supply. For marketing year

2012/13 a duty-free import quota of 400 000 tonnes of sugar, a fixed export limit of 650 000 tonnes of out-of-quota sugar and the release of 70 000 tonnes of out-of-quota isoglucose were announced. A series of **private storage aid** tenders was granted for a total of 100 000 tonnes of **butter** between the months of February and July and private storage aid tenders for 100 million tonnes of **olive oil** were also opened in June. The EU private storage aid contributes to reducing supply when market prices are low.

As a result of reductions in **intervention prices** started with cereals in the 1990s and continued with **rice**, **sugar** and **milk** in the mid-2000s, prices paid to producers have significantly decreased and have been mostly aligned with border prices in recent years. Mainly caused by higher world prices, the share of MPS decreased from around half of the PSE in 2004 to a historical low in 2011 (18%) but it gained one percentage point in 2012

Despite a 1% raise in milk quotas for the whole EU that was agreed as part of the 2008 CAP "Health Check", quotas were exceeded in five member states. In ***France*** the levy that applied since 2005 to dairy farmers that exceeded their quotas was withdrawn in light of an EU announcement contesting its conformity with EU rules.

Under the **Single Payment Scheme**, the flexibility for countries to maintain commodity-specific payments is limited to the ewe premium, the suckler cow premium and cotton aid (at respectively 50%, 100% and 35% of the historical reference level). The beef slaughter premium and male beef premium, payments for fruits and vegetables, payments for tomatoes, 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 were discontinued in 2011 or 2012. This was the case in ***Denmark*** where in 2012 aids for starch potatoes and the ewe premium were discontinued, and the male beef premium was reduced. As a result of these changes, EUR 36 million (USD 46 million) were distributed to producers as a supplement to the single farm payment for decoupling for starch potatoes, the ewe premium and the male beef premium.

Member states also have the flexibility to introduce assistance to sectors with specific situations as part of the so-called **Article 68** measures. These are mostly used in the livestock sectors for dairy and sheep and goat. Article 68 measures supporting the crop sector are more generic in nature, encouraging crop rotation for example, but specific commodity payments to improve the quality of production are extended to protein crops, durum wheat, tobacco, olive oil and sugar. In ***Poland*** a new payment was introduced for quality improvement in the tobacco sector. Article 68 measures also cover non-commodity specific payments such as insurance subsidies and payments for organic farming and environmentally friendly production.

Phasing-in the **Single Area Payment Scheme** was continued in 2012. As a result of these measures, **single payments** increased in new member states as planned in the 10-year transition period following accession (phasing-in) and made up an increasing share of PSEs. They have stabilised at around 48% of the PSE for the past three years. In ***Estonia***, SAPS specific support was increased by 11% and a new modulation system was introduced as a result of which individual sums of direct payments above EUR 5 000 (USD 6 400) were decreased. Nearly a quarter of the overall SAPS envelope was modulated, by decreasing individual direct payments that exceed EUR 5000 (USD 6420).

Member states, which entered the European Union in 2004 and in 2007, were allowed to maintain Complementary National Direct Payments (**CNDPs**) in 2013 under the same conditions as in 2012; this opens the possibility to exceed the ceiling defined for 2013. While remaining within the boundaries of the accession agreement, CNDPs increased by 2.5% in 2012 in ***Estonia*** and by 50%

to EUR 93 million (USD 120 million) in ***Hungary***. Between 2011 and 2012, headage payments were substantially reduced in ***the Slovak Republic*** and ***the Czech Republic*** where some measures that were funded by CNDPs are now funded through Article 68. In ***the Slovak Republic*** the separate payment for tomatoes was discontinued in 2012.

In 2013, Financial Discipline may apply to confine CAP direct payments and market measures within the reduced limits foreseen for 2013 in the Multi-annual Financial Framework (MFF), see Box 9.2. The Financial Discipline concept was established in 2003 but not used until now.

Box 9.2. **The transition to the CAP 2014-20, applying the Financial Discipline**

As the CAP 2014-20 could not be fully implemented as of January 2014, the Commission proposed transitional rules in April 2013. Under these rules, external convergence and revised market management measures apply as of 2014. Existing Pillar I rules relating to the Single Payment Scheme (SPS) and Single Area Payment Scheme (SAPS) and payments under Article 68 are extended for one year. Similarly, existing cross-compliance requirements, Farm Advisory Services and the Integrated Administration and Control System under the Horizontal Regulation are also extended for one year. Rural development programmes under Pillar II already committed for 2014 and 2015 are kept. Remaining CAP 2014-20 measures will be implemented as of 2015. These include Greening, Internal convergence, the new young farmers support scheme and the small farms scheme.

The proposals also cover new transitional rules for Croatia, which will become the EU's 28th member state on July 1 2013.

The first estimates for the 2014 draft budget showed that direct payments and market related expenditure are likely to exceed the sub ceiling to which they are constrained. Therefore the level of direct payments should be reduced in order to comply with the ceiling. As foreseen by the so-called Financial Discipline, a mechanism established in 2003 that caps direct payments and market measures to available budget, all direct payments above a certain threshold would be cut to make up the funding shortfall. No decision is made yet on the threshold figure and the percentage cut.

Rules that apply under the crisis intervention for **fruit and vegetables** were revised in July 2012 to offer per unit payments to a number of products. Compensations are paid to producer organisations based on a ratio of the market value of products withdrawn.

As was the case in 2011, member states were allowed to bring forward the payment of **50% of CAP direct payments** for 2012 as early as 16 October, which is the start date of the budget year, instead of 1 December. The derogation also applied to 80% of the commodity specific beef and veal direct payments. A special measure was put in place further advancing to August 1 the payments for farmers in Northern ***Italy*** that were affected by an earthquake. Livestock aids were paid for sheep and goat and beef cattle in ***France***. In addition, compensations were granted to farmers and fruit producers affected by spring frost.

A weather disaster related action plan was setup in ***France*** allowing for a reduction of social contributions and indemnities to horticulture from the agricultural risk management national fund. Livestock farmers affected by high cereal prices were granted easier access to tax smoothing mechanisms, tax incentives to store forage and reduction of social charges. In ***the Slovak Republic*** an aid package of EUR 70 million (USD 90 million) including direct payments, environmental loans, employment assistance and contributions to fuel excise tax was announced to support farmers affected by a drought. In ***Portugal***, a range of exceptional measures were taken to alleviate the

negative impacts on farmers of the 2012 drought. These include loans at reduced interest rates, compensation for income loss, temporary reduction of taxes and social charges and priority access to farm level investment support. A vine harvest insurance system was setup for the wine sector. It is financed through the sectoral national support programme and moves wine insurance out of the integrated protection system against climate hazards.

Implementation of **rural development programmes** (RDPs) for 2007-13 was continued. The ***United Kingdom***'s Rural economy growth programme, with a total budget of GBP 165 million (USD 261 million) was reviewed in 2012. As a result of the review, the four axes of programmes were refined and GBP 15 million (USD 23 million) were allocated to setup networks for rural economic growth in five pilot regions to overcome barriers to growth in relation to jobs and businesses. Another GBP 60 million (USD 95 million) was allocated to individual grants (each from GBP 25 000 to 1 million, USD 40 000 to 1.6 million) to allow transformation of businesses and GBP 20 million (USD 32 million) to the farm and forestry improvement scheme and the same amount was allocated to the skills and knowledge transfer programme. Payments to the market production of milk in less favoured areas (LFAs) were increased in ***the Slovak Republic*** by more than 30% in 2012 as compared to 2011. LFA payments were scaled down in ***the Czech Republic***.

A one-off EUR 40 million (USD 51 million) will be paid to banana producers in 2013 in EU's outermost regions[5] to cushion the impact of the reduction of banana tariffs following the trade agreement on bananas. This is part of a set of new measures under the **POSEI** programmes for outermost EU regions.

The existing **EU quality food scheme** was revised to strengthen existing labels and introduce a new "mountain" label and also reduce the registration time for new products. From 2012 and for a period of three years, 34 programmes will benefit from EUR 63 million (USD 81 million) under the **Agricultural products programme** designed to promote agricultural products in the EU and third countries. In ***Austria***, a culinary regions license promotes collaboration between farmers, processors, retailers and the food and the tourism industry. In **Denmark** the organic food labelling system introduced in 2012 identifies the share of organic raw materials used for food provided by public kitchens, catering and restaurant services in three groups 30-60%, 60-90% or 90-100%.

Efforts to improve competitiveness were continued in a number of countries. In ***France*** EUR 1 million (USD 1.3 million) was granted to improve quality along the chain and to provide technical and economic advice to producers. In ***Ireland*** the three year Beef Technology Adoption programme was introduced to improve productivity of the beef sector by providing training in financial management, grassland management, herd health and animal breeding and welfare as well as adaptation to market requirements. A similar programme was introduced early 2013 for sheep production. In ***the United Kingdom*** GBP 5 million (USD 8 million) were budgeted to improve competitiveness of the dairy sector and support to accessing new markets and strengthening position. In ***Northern Ireland*** a third tranche of the Farm modernisation programme is foreseen. The programme supports the modernisation of holdings and the improvement of production techniques. It provides financial support for plant machinery and equipment supports and offers training programmes on farm inputs. In ***Portugal*** an inter-professional organisation was setup for the rice sector. An agreement was reached under the PARCA, a dialogue platform established in 2011 to improve food chain relations and promote equity and balance, to reduce the payment period for micro, small and medium sized producers or producer organisations. In ***Denmark*** a new support scheme for setting up organic fruit and berry production was introduced. Support to the production of perennial energy crops, to the production of selected spring crops and to the

maintenance of pasture areas were increased. In ***Austria***, a new regulation on tariffs of green electricity supports the extension of energy production based on wind, water, sun and biomass.

It was confirmed that the EU's internal **food aid scheme** will be discontinued in December 2013, until then the budget is maintained at EUR 500 million (USD 642). This follows a ruling by the European Court of Justice that CAP funding cannot be used to purchase food from the market to supply the "Aid for the Needy" food scheme. After 2013 the scheme will be financed under social-cohesion policy.

A report on the implementation of the school fruit scheme was issued that evaluates the scheme to cost about EUR 90 million (USD 115 million) annually and to benefit over 8 million children. ***Finland***, ***Sweden*** and ***the United Kingdom*** have chosen to opt out of this scheme.

Animal welfare measures were strengthened in ***Austria*** where the number of days that sows must not be confined was extended. In February 2013 the EC called on nine member states to take action to address deficiencies in the implementation of EU legislation concerning the group housing of sows that entered into force in January 2013 after a transition period started in 2001. ***Denmark*** initiated a welfare index to monitor the state of animal welfare at national level based on government run veterinary databases. ***Hungary*** has subsidised EUR 66 million (USD 85 million) in 2012 on animal welfare related investments from the national budget.

Existing agri-environmental programmes were refined in several member states. The support to the Green transition of the economy was modified in ***Denmark*** to strengthen the nature conservation and management aspects. This includes investments in environmental technology and a strengthened approach to the establishment of wetlands, investment in organic production, support to the transition to the use of organic products in public kitchens, new measures on cultivation-free buffer zones and on public afforestation of agricultural land. Agri-environmental payments were increased in 2012 in ***the Czech Republic***. In ***the United Kingdom***, as a result of the review of the Environmental Stewardship, changes have been made to improve the programme's environmental outcomes by better adapting land management to individual situations and improving wildlife protection.

A number of member states implemented measures to meet the obligations under the EU environmental directives (***Austria***, ***France***, ***Denmark*** and ***the United Kingdom***). In ***Austria*** a new four-year action programme "Nitrate 2012-15" determines time periods for the application of nitrogenous fertilisers and detailed guidelines on the appropriate storage of manure. The nitrates action programme aims to prevent and reduce nitrate deposition. In accordance with several EU directives (water, habitats and sustainable use of pesticides) ***Denmark*** announced planting additional catch crops on 140 000 ha of agricultural land, the ban on certain types of cultivation in the autumn and the ban on ploughing grass fields from June to February. This involves compensating landowners for the establishment of 50 000 ha of uncultivated buffer zones along streams and lakes, the improvement of the physical conditions of watercourses, the strengthening of the protection of various types of nature, plants and animals, and the restructuration of the pesticides taxation to promote the use of more environmental and health friendly pesticides. In ***France***, some 200 000 farmers received training on pesticide use under the Ecophyto plan. The plan includes a network of pilot farms that monitor plant health. A biodiversity observatory was launched that provides a platform for discussion for farmers who observe biodiversity on a voluntary basis. In ***Northern Ireland***, the Manure efficiency and technology scheme offers a capital grant support for investment in spreading equipment and training. GBP 2.2 million (USD 3.5 million) were spent during the first two tranches of the scheme. The scheme will be continued to cover the 2013-14 period.

The EU farm and forestry emission rules were expanded to include emissions from crops and grazing as of 2013. The National Adaptation Strategy to Climate Change was taken on board in **Austria** as part of the Federal government long term adaptation strategy which aims to include possible effects of climate change in all policy relevant planning and decision making processes (including in agriculture, forestry water management). In ***Scotland*** several programmes aiming to accompany farmers to adopt measures that reduce emissions were adopted. In ***Northern Ireland***, the GHG reduction strategy and action plan focuses on the promotion of awareness and increase production efficiency in the dairy, red meat, arable and renewable energy sectors.

Rural development plans for 2014-20 are in preparation. In ***Austria***, priority areas for agriculture were identified through a consultative process. These include the environmental programme, compensatory allowances for farmers in mountainous regions and subsidies for investment. In ***France*** priorities for the new rural development plan for 2014-20 include the renovation of the Ecophyto plan; the eco-antibio plan; the nitrogen/methanisation plan; the biodiversity-sustainable apiculture plan; and the vegetable protein plan and a country-wide "organic plan 2017". In ***Bulgaria***, consultations are on-going for the preparations of the 2014-16 national programme for bee-keeping.

Progress is made with the implementation of the European **innovation partnership for agriculture** that was announced early 2012 with planned annual spending up to EUR 2.5 million (USD 3 million).

In ***Austria***, a Ministerial Council decision modified the flat rate that applies to income taxes for agricultural holdings to include compensation payments in the rateable valuation that is considered together with an estimate of assets (land and animal stocks). Further to this, the full taxation threshold will be decreased.

Trade policy developments in 2011-12

In 2012, **export subsidy** spending was about EUR 156 million (USD 200 million), compared to EUR 192 million (USD 267 million) in 2011 and EUR 3.7 billion (USD 5 billion) in 2004. This gradual decline is due to reforms of the sugar, fruits and vegetable, wine and dairy regimes and to the rise in world prices. More recently, export refunds for frozen whole chickens were reduced (October 2012 and January 2013) and those for beef were cut to zero (May 2012) while refunds for eggs and processed pigmeat were phased out. According to the most recent EU notifications to the WTO on export subsidies commitments (March 2012), the European Union remained below its WTO commitment level for the marketing year 2009/10. Export subsidies were used for most dairy products, where they represent 10% of the outlay allowed.

On **market access**, the EU has revised its import quota rules for **frozen beef** for processing to allow for importers to apply for a share of the quota four times a year instead of once, as it had been the case since 2008. In quota import duties on **wheat**, **rye**, **maize** and **sorghum** were suspended throughout 2012 and into 2013.

Trade with Thailand resumed after the **ban** imposed on poultry imports at the outbreak of the avian influenza in 2004 was withdrawn on 1 July 2012. According to the most recent EU notifications to the WTO (December 2012), **import tariff quotas** in 2010/11were filled at 80-100% for about a quarter of quotas and zero to 5% of quota for more than 50% of them, notably for live bovine animals, swine carcasses and preserved meat and most dairy products except cheddar cheese, eggs in shell and most cereals. In 2011, nearly 50% of quotas were filled at 80-100%, while 30% of them had a fill-rate of zero to 5%. The latter was the case for live sheep, swine meat, manioc or sweet potatoes.

According to the most recent EU notifications to the WTO (October 2012), the price-based **special safeguard system** has been made operational for some **poultry meat**, **egg** and **sugar** products in marketing year 2010/11. During the same period, the volume-based special safeguard action has not been invoked. However, the system has been made operational at the level of calculation of figures for the trigger volumes for some fruit and vegetables products.

As of June 2012, certified organic products which are antibiotic free were allowed market access on an equivalent basis in the ***European Union*** and the ***United States***. The agreement covers vegetables, seeds, processed foods and animal feed.

Following the entry into force of the 2009 **Geneva agreement on trade in bananas**, a joint notification to the WTO was signed by the EU and ten Latin American countries in November 2009 thus formally ending the banana disputes. The EU's banana import regime is replaced with tariffs which decline annually down to 114 EUR/tonne (USD 147/tonne) on 1 January 2017.

In February 2013 an anti-dumping duty on imports was imposed on bioethanol originating in the ***United States***. The European Commission launched an anti-subsidy investigation on biodiesel imports from ***Indonesia*** and ***Argentina***. ***Spain*** amended its trade legislation to eliminate the ban on biodiesel imports from non-EU countries. This opens import licence applications to companies from Argentina and Indonesia that were previously excluded.

The European Commission's new import preference scheme will enter into force in January 2014. Under the new scheme, the **Generalised System of Preferences (GSP)** will offer reduced import duties and tariff-free quotas to 89 developing countries including 49 least developed countries for a large number of agricultural and industrial products. The new scheme limits the number of countries that will receive preferential treatment on an expanded number of products and a longer transition period. Specific safeguards under the scheme include ethanol.

As part of the Multiparty Trade Agreement between the European Union, ***Columbia*** and ***Peru*** that was concluded in April 2011, the FTA with Peru came into force in March 2013. This FTA was approved by the European Parliament in December 2012 along with the FTA with Colombia and a deal with a group of Central American countries. The FTA will provide for full liberalisation of a range of foodstuffs and beverages, while creating low-tariff quotas for sensitive products such as cheese and yogurt. The European Union secured access to some dairy products and pigmeat, while granting increased access to bananas, rum and sugar. No tariff reduction is foreseen for butter, fresh cheeses, beef and poultry meat.

Discussion over the reciprocal recognition of 10 European Union Geographical indications by ***China*** and 10 Chinese Geographical indications by the European Union was completed in November 2012.

The initiation of talks on a **Transatlantic Trade and Investment Partnership** was announced in February 2013. The partnership involves the EU and the ***United States***. Negotiations on free trade agreements were launched with ***Thailand*** in May 2013. Other free trade agreement negotiations are on-going between the European Union and ***Canada, India***, ***Malaysia,*** and the Mercosur. In September 2012, the European Parliament decided to postpone to 2016 the deadline by which parliaments in African, Caribbean and Pacific (ACP) countries would have to ratify the economic partnership agreement currently negotiated and to maintain current quota-free and duty-free export rights into the EU granted to ACP countries until that time.

A number of countries applied to join the European Union: ***Montenegro*** in December 2008, ***Albania*** in May 2009; ***Iceland*** in July 2009; and ***Serbia*** in December 2009. In 2012, accession negotiations with ***Montenegro*** were launched and those with ***Croatia, Iceland*** and ***Turkey*** were continued. ***Serbia*** was granted candidate status in March 2012. Following the successful ratification

of the EU accession treaty by ***Croatia*** and national parliaments of all 27 member states, Croatia will join the European Union in July 2013.

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. According to the general rules of Article 68, member states may grant specific support to farmers *a)* for: *i)* specific types of farming which are important for the protection or enhancement of the environment; *ii)* improving the quality of agricultural products; *iii)* improving the marketing of agricultural products; *iv)* practising enhanced animal welfare standards; *v)* specific agricultural activities entailing additional agri-environmental benefits; and *b)* to address specific disadvantages affecting farmers in the dairy, beef and veal, sheep meat and goatmeat and rice sectors in economically vulnerable or environmentally sensitive areas, or, in the same sectors, for economically vulnerable types of farming; or *c)* in areas subject to restructuring and/or development programmes in order to ensure against land being abandoned and/or to address specific disadvantages for farmers in those areas; *d)* in the form of contributions to crop, animal and plant insurance premiums in accordance with the conditions set out in Article 70; *e)* by way of mutual funds for animal and plant diseases and environmental incidents in accordance with the conditions set out in Article 71.
4. The Commission proposals for the CAP post-2013 were described in the 2012 *Agricultural Policy Monitoring and Evaluation* Report.
5. Guadeloupe, French Guiana, Martinique, Reunion, Saint Barthélemy, Saint-Martin, the Azores, Madeira and the Canary Islands.

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PART II

Chapter 10

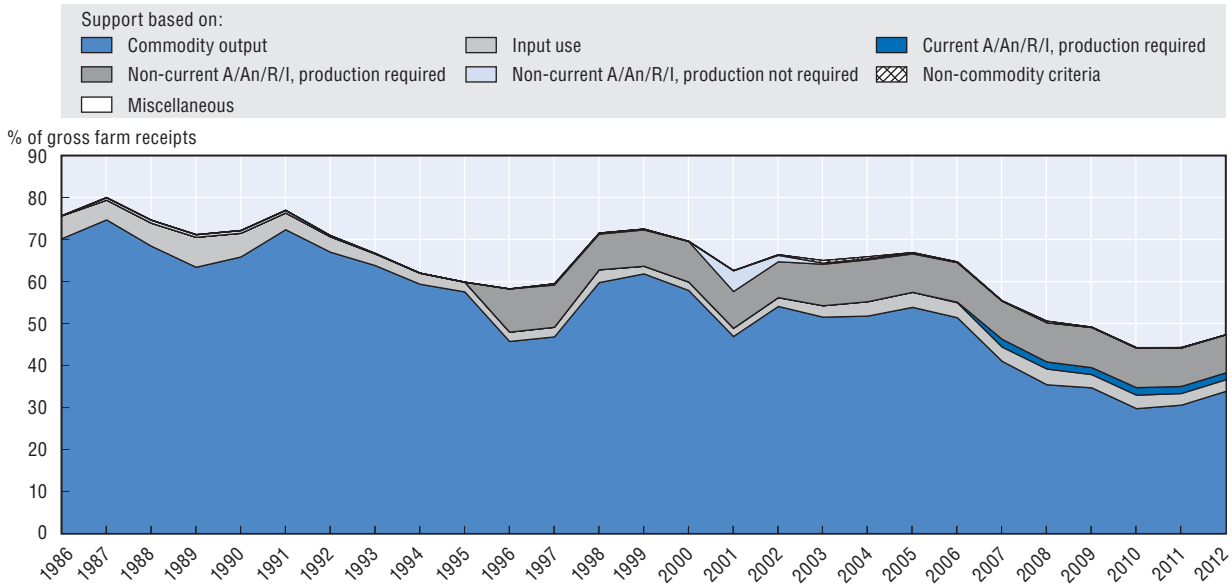
Iceland

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of Policy Developments

- Overall, there has been limited policy reform since 1986-88. The level of support remains well above the OECD average despite a significant decline notably between 2006 and 2010: After 2006, market price support and its share in gross farm receipts fell significantly, as a result of the strong devaluation of the Icelandic Króna during 2007-09 and higher international price levels. Increasing border prices denominated in local currency were particularly important to dairy. In consequence, the overall share of support to producers in gross farm receipts dropped by almost a third in that period.
- Nonetheless, policies in Iceland remain dominated by production and trade distorting measures despite some shift towards more decoupled forms of support in the sheepmeat sector where payments based on historical animal numbers have replaced output-based payments since 1996. The more recent establishment of a market for dairy quotas further helps to reduce efficiency losses.
- Further efforts are still needed to reduce the level of support and to continue the development of more efficient and coherent policy measures. The increase in the market price support in 2012 particularly in milk markets due to falling international prices shows that without shifting away from border protection a better alignment between domestic and international prices is not possible. Measures should target explicit policy objectives, including environment protection, in ways that are less production and trade distorting and that conserve natural resources.

Figure 10.1. **Iceland: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875342

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 economic downturn after 2007, however, resulted in a significant worsening of the economy with lower per capita GDP and higher inflation and unemployment rates. Both GDP growth and inflation rates have come back to more normal levels since 2011. With about 8% and 6%, respectively, the shares of agriculture (including fish) in both GDP and employment are relatively, though not particularly, high, caused by an important fishing sector. Iceland has been a consistent net importer of agro-food products (excluding fishery), with a total agro-food trade balance of USD -173 million in 2011. Agriculture in Iceland mainly consists of livestock production, with milk and sheep meat being the most important products, together accounting for about half the agricultural production. Horticulture, much of which is under glass, is an important sector, too, and together with a few other crops represented some 16% of total agricultural production in 2012.

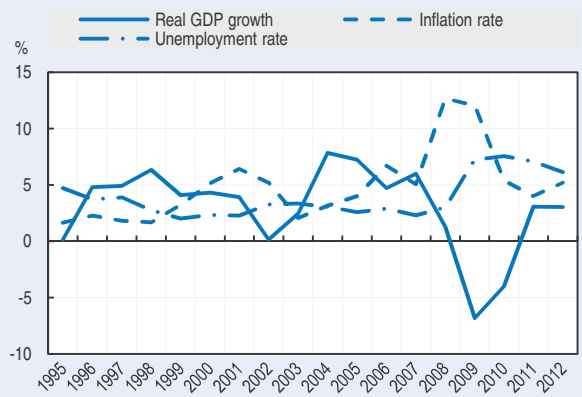
Table 10.1. **Iceland: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	7	14
Population (million)	0.27	0.32
Land area (thousand km^2)	100	100
Population density (inhabitants/ km^2)	3	3
GDP per capita, PPP (USD)	23 177	36 483
Trade as % of GDP	25.3	36.4
Agriculture in the economy		
Agriculture in GDP (%)	11.6	7.8
Agriculture share in employment (%)	9.5	5.8
Agro-food exports (% of total exports)	6.8	4.6
Agro-food imports (% of total imports)	10.0	8.6
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-53	-173
Crop in total agricultural production (%)	22	16
Livestock in total agricultural production (%)	78	84
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 (%)	..	..
Share of agriculture in water consumption (%)	42	42
Nitrogen Balance, Kg/ha	7	9

* or latest available year.
Note: Agriculture employment without fisheries is about half the percentage shown.
Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876558

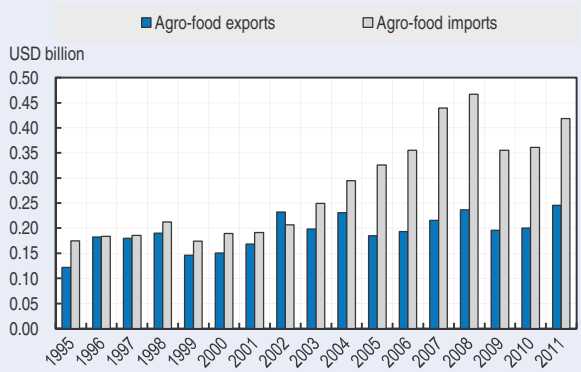
Figure 10.2. **Iceland: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875361

Figure 10.3. **Iceland: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875380

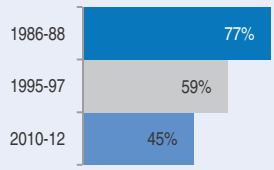
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Support to agriculture in Iceland picked up again in 2012 after several years of decline. Support remains high and the most production and trade distorting forms still present more than 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.

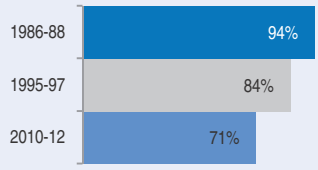
PSE as % of receipts (%PSE)

Iceland has reduced its support to farmers by 32 percentage points between 1986-88 and 2010-12. Despite a gradual reduction in the long term, overall support remains high (more than twice the OECD average) in 2010-12. The % PSE increased again between 2011 and 2012, from 44% to 47%, respectively.



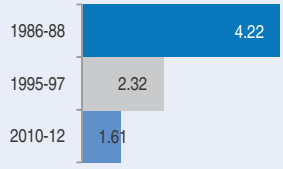
Potentially most distorting support as % of PSE

The share of most production and trade distorting support (based on output and variable input use – without input constraints) in total PSE has fallen significantly over the past decades. This reflects the change in sheepmeat payments towards historical entitlements in the mid-1990s and the strong devaluation of the Krona since 2007. Still, most distorting forms of support represent around 70% of total support.



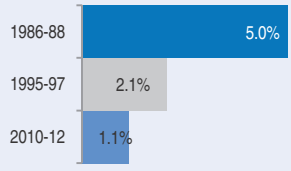
Ratio of producer price to border price (NPC)

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 1.6 in 2010-12. Poultry, milk and eggs show the highest NPC. Again, the change in sheepmeat payments and the devaluation of the Krona contributed.

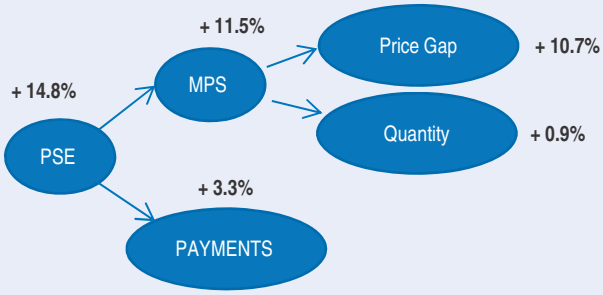


TSE as % of GDP

Total support was 1.1% of GDP in 2010-12 and the expenditure on general services represented 5% of the Total Support Estimate.
The Single Commodity Transfers (SCT) represented 96% of the total PSE. The share of the SCT in the commodity gross farm receipt is lowest for beef and veal (7%), and close to 70% for poultry.



Decomposition of change in PSE, 2011 to 2012



The level of support increased in 2012 mainly due to a widened gap between domestic and border prices (MPS) for milk following lower dairy prices on international markets.

Transfer to specific commodities (SCT), 2010-12

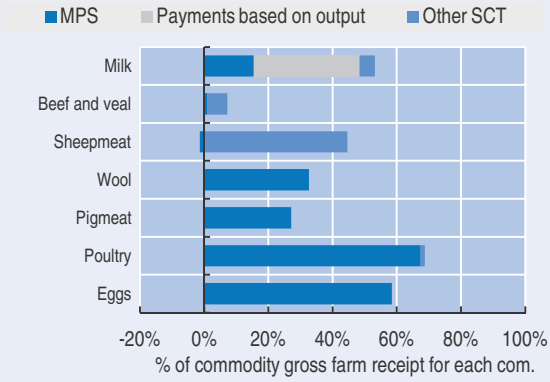


Table 10.2. **Iceland: Estimates of support to agriculture**

ISK million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**9 644**	**10 326**	**27 058**	**24 932**	**27 010**	**29 233**
of which: share of MPS commodities, percentage	80	74	83	82	84	84
Total value of consumption (at farm gate)	**8 388**	**9 706**	**23 267**	**21 704**	**22 812**	**25 286**
Producer Support Estimate (PSE)	**7 896**	**8 759**	**16 977**	**15 481**	**16 505**	**18 947**
Support based on commodity output	7 312	7 397	11 786	10 402	11 396	13 558
Market Price Support	7 246	4 286	6 610	5 441	6 242	8 147
Payments based on output	66	3 112	5 176	4 962	5 154	5 411
Payments based on input use	536	337	1 086	1 121	1 031	1 105
Based on variable input use	129	0	212	200	213	224
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	233	126	414	402	409	430
with input constraints	0	0	0	0	0	0
Based on on-farm services	174	210	459	518	409	451
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	0	639	628	628	662
Based on Receipts / Income	0	0	54	72	43	49
Based on Area planted / Animal numbers	0	0	585	556	586	614
with input constraints	0	0	4	3	5	4
Payments based on non-current A/An/R/I, production required	0	1 011	3 452	3 285	3 449	3 621
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 fixed 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	15	45	0	0
Based on long-term resource retirement	0	0	15	45	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	**77**	**59**	**45**	**44**	**44**	**47**
Producer NPC	**4.22**	**2.32**	**1.61**	**1.57**	**1.59**	**1.68**
Producer NAC	**4.34**	**2.45**	**1.83**	**1.79**	**1.79**	**1.90**
General Services Support Estimate (GSSE)	**731**	**927**	**872**	**929**	**808**	**879**
Research and development	140	232	96	122	89	77
Agricultural schools	47	95	0	0	0	0
Inspection services	40	88	350	346	329	374
Infrastructure	91	187	23	50	5	15
Marketing and promotion	54	75	38	64	21	31
Public stockholding	359	249	364	347	364	382
Miscellaneous	0	0	0	0	0	0
GSSE as a share of TSE (%)	**6.8**	**9.2**	**4.8**	**5.5**	**4.6**	**4.3**
Consumer Support Estimate (CSE)	**-4 566**	**-4 012**	**-6 274**	**-5 256**	**-5 923**	**-7 645**
Transfers to producers from consumers	-6 421	-4 340	-6 639	-5 548	-6 313	-8 055
Other transfers from consumers	-51	-35	-26	-78	0	0
Transfers to consumers from taxpayers	1 906	363	390	371	390	410
Excess feed cost	0	0	0	0	0	0
Percentage CSE	**-70**	**-43**	**-27**	**-25**	**-26**	**-31**
Consumer NPC	**4.44**	**1.82**	**1.40**	**1.35**	**1.38**	**1.47**
Consumer NAC	**3.50**	**1.75**	**1.38**	**1.33**	**1.36**	**1.44**
Total Support Estimate (TSE)	**10 533**	**10 048**	**18 240**	**16 780**	**17 702**	**20 236**
Transfers from consumers	6 472	4 375	6 665	5 627	6 313	8 055
Transfers from taxpayers	4 112	5 708	11 601	11 232	11 390	12 181
Budget revenues	-51	-35	-26	-78	0	0
Percentage TSE (expressed as share of GDP)	**5.00**	**2.06**	**1.12**	**1.09**	**1.09**	**1.17**
GDP deflator 1986-1988=100	**100**	**211**	**457**	**442**	**456**	**473**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Iceland are: milk, beef and veal, sheep meat, wool, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876577

Policy Developments

Main policy instruments

Agricultural support in Iceland continues to be provided through market price support, maintained by border measures, and through direct payments, which are based on payment entitlements, directly or indirectly coupled with production factors. The framework for the agricultural policy is set through multi-year agreements between the government and the Farmers' Association. Direct support is paid to cattle (mainly dairy) and sheep producers and, on a smaller scale, to certain greenhouse producers, while market price support is provided for all livestock products and some horticultural products.

While administered prices were phased out in the 1990s for most commodities, wholesale prices are still managed for approximately half of the dairy products. Milk producers are guaranteed a minimum price set for milk delivered within production quotas. The prices are annually decided by a government-chaired committee representing on the one hand the Farmers' Association and on the other the labour movement on behalf of the consumer side. Both production quotas and entitlements for support payments are tradable between farmers.

Payments based on historical entitlements have replaced output payments for sheep meat in the mid-1990s, and payment entitlements have become tradable among farmers. Reception of payments is, however, conditional on keeping a minimum of winter-fed sheep on the farm. Additional payments to sheep farmers are related to a quality control scheme for lamb meat, based on animal welfare, product quality and traceability, and sustainability criteria. Meat prices are freely set by slaughter companies, but the Sheep Farmers' Association is allowed to publish reference prices for sheep meat.

Agricultural revenues are subject to a levy which is distributed within and between various agricultural bodies. Among these bodies is the Emergency Relief Fund: it grants compensation payments to farmers who suffer major financial losses after national disasters or because of extreme weather conditions, animal diseases or accidents for which there are no insurances available on the market. Wool processing is supported by subsidies. While most of these subsidies are now paid directly to the producers, up to 15% are paid to wool buyers subject to meeting certain criteria of wool collection and services. Agri-environmental policies particularly focus on soil conservation and forestry: related payments aim at the reduction of desertification and sand encroachment, the promotion of sustainable land use, the reclamation and restoration of degraded land and new afforestation.

As mentioned above, Iceland maintains prices above world market levels for a range of livestock products, including the poultry and eggs sectors, milk products as well as, to a lesser extent, the pigmeat sector. MFN tariffs for most meat and egg products are at 30%, and additional specific tariffs apply depending on the product. However, products originating in partner countries of the European Economic Area or in one of the more than 20 countries with which Iceland has free trade agreements may carry lower tariffs.

Domestic policy developments in 2012-13

In the fall of 2012 the government of Iceland and the Farmers' Association made new agreements covering the production of milk, sheep meat and horticulture. These agreements will remain valid until the end of 2016, 2017 and 2015, respectively. Under the new agreements, budgetary outlays for agriculture will decrease by 1% in 2013 when compared to the previous year.

Thereafter, outlays will be linked with inflation rate throughout the term of each agreement. Each of the agreements contains a precautionary clause allowing necessary changes to be made in case that Iceland might join the European Union during the term of the agreements.

Another change in the agreement on sheep meat production relates to the outlays for marketing and stockholding costs: 5% of the payments under this title will be transferred to land cultivation, i.e. renewing hayfields and meadows by ploughing and sowing.

In October 2012, the government and the Farmers' Association renewed the so-called agricultural agreement and prolonged it to 2017. The main emphasis in the new agreement is to encourage re-cultivation of hayfields and barley production, particularly on pig farms, as well as strengthen the Agricultural Productivity Fund, which was severely cut in 2010 as a consequence of the economic crisis.

In 2012, disaster payments continued to assist farmers struck by the two volcano eruptions in 2010 (Eyjafjallajökull) and 2011 (Grimsvötn). The measures partly covered additional farm expenditures for moving livestock away from affected areas and income losses following the reduction in production volumes caused by the conditions in the affected areas.

Trade policy developments in 2012-13

Iceland is a member of the European Free Trade Association (EFTA) and the European Economic Area (EEA). While the EEA Agreement does not apply to most trade in agricultural goods, it opens trade in a number of processed agricultural products and encourages bilateral agreements on basic ones. Such a bilateral agreement between Iceland and the EU has been in force since 2007, extending the EU-Iceland Free Trade Agreement from 1972. It reduces or eliminates agricultural tariffs and establishes quotas in bilateral trade. Furthermore, EFTA has a number of Free Trade Agreements with countries in South-East Europe, North Africa and the Middle East, Latin America, and Asia, as well as with the South African Customs Union. In addition, Iceland is Party to a bilateral Free Trade Agreement with the Faroe Islands.

After Iceland's application to join the European Union, dating from 2009, accession negotiations started in July 2010, with a Screening Report on agriculture published in June 2011.* While negotiations on a number of chapters have been completed since then, and the chapters closed, other chapters, including agriculture and rural development and fisheries have not yet been opened.

* Chapter 11 – Agriculture and Rural Development – can be found at *http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening_report_11_is_internet_en.pdf*.

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PART II

Chapter 11

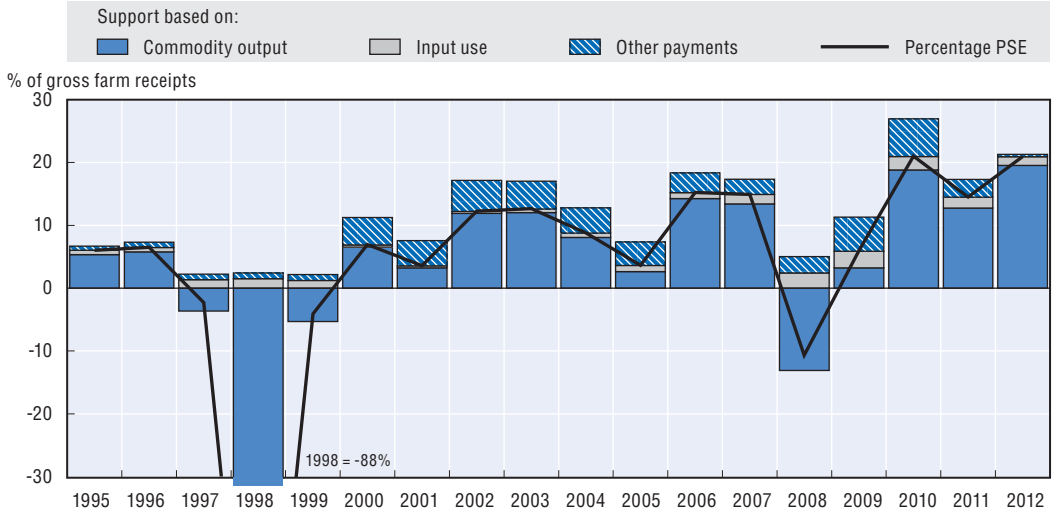
Indonesia

The Indonesia 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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.

Evaluation of Policy Developments

- The level of support to agricultural producers fluctuates, but along a rising trend and in 2010-12 it reached the OECD average. A dominant part of support is provided through price support. The level of this type of support fluctuates and depends on changes in the relative levels of domestic prices vis-à-vis those on international markets. Budgetary support has been growing, but remains relatively small.
- More than half of the support benefits rice producers. High rice prices for producers are partly offset by subsidies to provide cheap rice to poor families covered by the in-kind distribution of rice within the RASKIN system. To ease dependence on rice supplies, Indonesia might consider reforming the RASKIN system through replacing the in-kind rice distribution with conditional cash transfers proven successful in a number of countries, for example in Brazil.
- A dominant proportion of budgetary support is provided through fertiliser subsidies channelled through fertiliser companies. This reduces these companies' incentives to improve production efficiency and diminishes farmers' benefits. A more efficient scheme would be to provide vouchers to farmers who could then choose the type and quantity of inputs they wish to consume. Budgetary savings from a more efficient scheme could be re-allocated to reinforce Indonesia's Agricultural Innovation System and to improve long-term agricultural productivity.
- Indonesia's key policy objective is to improve food security. The most effective way to achieve this objective is to combat poverty and to stimulate domestic production through easing constraints on investment in agriculture. Such investment would not only increase food availability, but would also enhance agricultural productivity growth, improve resilience, create jobs and raise incomes, thus improving access to food.
- Indonesia applies a growing number of administrative requirements on agro-food imports. While many of these are justifiable from a food safety or sanitary and phytosanitary perspective, others appear to be introduced to specifically reduce the quantity of imports. These need to be reformed, at least by improving their transparency, transparent and non-discriminatory enforcement of existing regulations and proper notification to trading partners.

Figure 11.1. **Indonesia: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Indonesia is the world's 4th most populous country and the 10th largest agricultural producer. The country is scarce in agricultural land, at one-third of the world's average when measured in per capita terms, but relatively abundant in water resources. The contribution of agriculture to Indonesia's GDP has remained almost unchanged at 15-16% since the mid-1990s, but its share in total employment fell from 56% to 36% over the same period. While food crop production is based on small family farms, large commercial farms specialise in perennial crops, in particular palm oil. Palm oil and rubber account for around 60% of total agro-food exports and contribute to a significant surplus in Indonesia's agro-food trade. Indonesia has achieved significant progress in poverty eradication, but 13% of the population continues to live below the nationally-defined poverty line and around half of the population still lives on less than USD 2 at PPP/person/day. Natural resources and the environment are under strong pressure, partly due to the expansion of agricultural land leading to large-scale deforestation and soil erosion.

Table 11.1. **Indonesia: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	223	846
Population (million)	200	244
Land area (thousand km^2)	1 911	1 911
Population density (inhabitants/ km^2)	105	127
GDP per capita, PPP (USD)	2 517	4 679
Trade as % of GDP	19.3	22.5
Agriculture in the economy		
Agriculture in GDP (%)	15.5	14.7
Agriculture share in employment (%)	44.0	35.8
Agro-food exports** (% of total exports)	12.5	21.0
Agro-food imports** (% of total imports)	11.7	10.7
Characteristics of the agricultural sector		
Agro-food trade balance** (USD million)	912	23 764
Crop in total agricultural production (%)	83	84
Livestock in total agricultural production (%)	17	16
Agricultural area (AA) (thousand ha)	42 187	53 600
Share of arable land in AA (%)	41	44
Share of irrigated land in AA (%)	14	17
Share of agriculture in water consumption (%)	..	82
Nitrogen Balance, Kg/ha	..	..

* or latest available year.
** Includes natural rubber.
Sources: OECD statistical Databases, UN COMTRADE, World Development Indicators and national data.

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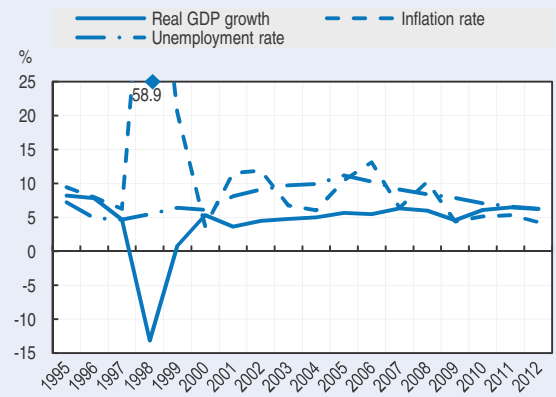
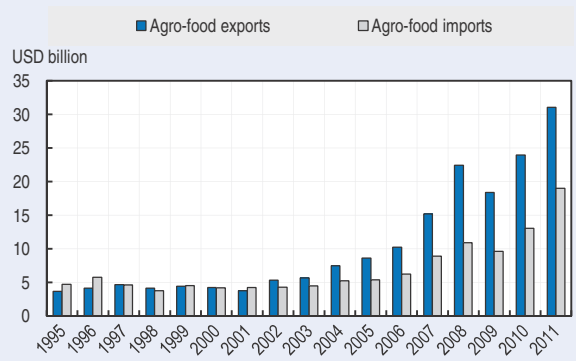
Figure 11.2. **Indonesia: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875418

Figure 11.3. **Indonesia: Agro-food trade,* 1995-2011**



* Includes natural rubber.
Source: UN COMTRADE Database.

StatLink http://dx.doi.org/10.1787/888932875437

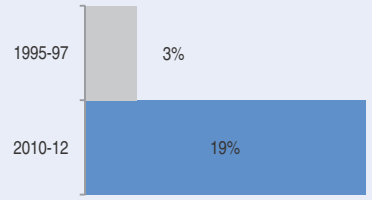
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

The level of support in Indonesia fluctuates, depending largely on a ratio of domestic prices to those on international markets. In the long term, the level of support tends to grow and is provided almost exclusively through market price support and input subsidies (mostly for preferential purchases of fertilisers and seeds). The total cost of support to agriculture as percent of GDP at 3.4% is significantly higher than the OECD average. This shows that for Indonesia, with a large agricultural sector and a relatively high level of agricultural support as measured by the PSE, the burden on the economy is relatively high and it tends to grow.

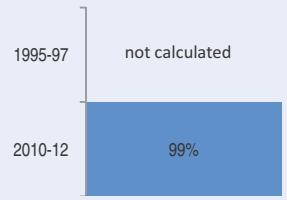
PSE as % of receipts (%PSE)

Indonesia increased support to agriculture, which is now equal to the OECD average. The level of support fell in 2011, but then increased by 6 percentage points, largely due to an increase in domestic prices relative to those on international markets.



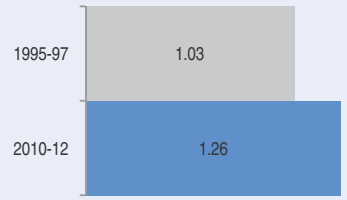
Potentially most distorting support as % of PSE

Support is provided almost exclusively through market price support and unconstrained variable input subsidies, both considered as potentially the most production and trade distorting policies.



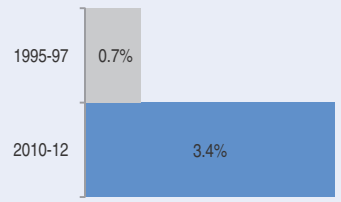
Ratio of producer price to border price (NPC)

On average, prices received by farmers were 26% higher than those observed on the world markets in 2010-12. Poultry, rice and beef and veal show the highest NPCs.

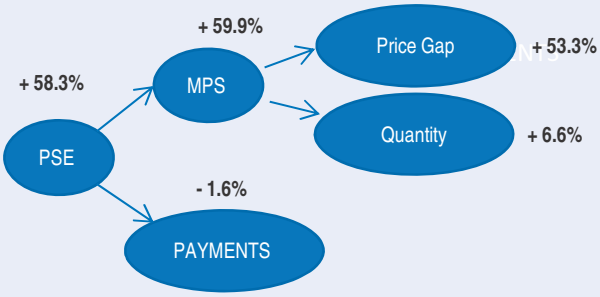


TSE as % of GDP

TSE has been increasing, reaching 3.4% of GDP in 2010-12 compared to the OECD average at 0.9%. GSSE as % of TSE remained low at just 6.2% in 2010-12.
Single Commodity Transfers were 91% of the PSE in 2010-12. The share of the SCT in commodity receipts is lowest for palm oil, milk and pigmeat and highest for poultry, rice and beef.



Decomposition of change in PSE, 2011 to 2012



Much higher domestic prices compared to those on international markets were the key factor leading to increase in PSE in 2012.

Transfer to specific commodities (SCT), 2010-12

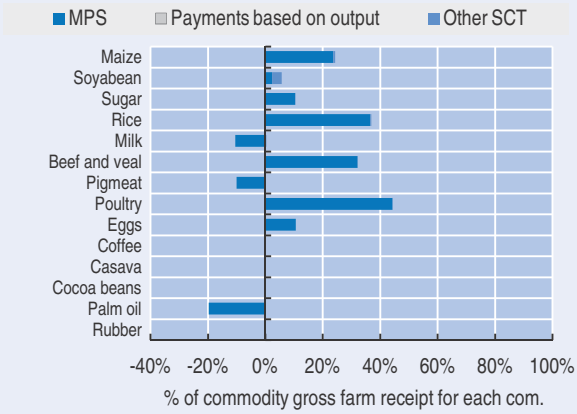


Table 11.2. **Indonesia: Estimates of support to agriculture**

IDR million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**82 758 036**	**1 119 791 479**	**1 003 428 133**	**1 120 751 992**	**1 235 194 311**
of which: share of MPS commodities, percentage	68	65	65	65	65
Total value of consumption (at farm gate)	**78 785 350**	**952 642 570**	**836 272 477**	**948 943 324**	**1 072 711 909**
Producer Support Estimate (PSE)	**2 721 434**	**214 554 578**	**215 643 218**	**165 726 873**	**262 293 643**
Support based on commodity output	1 945 016	194 397 146	193 076 076	145 439 633	244 675 729
Market Price Support	1 945 016	194 397 146	193 076 076	145 439 633	244 675 729
Payments based on output	0	0	0	0	0
Payments based on input use	769 754	19 830 349	21 953 750	19 965 482	17 571 815
Based on variable input use	429 579	18 385 922	20 707 149	18 526 910	15 923 706
with input constraints	0	0	0	0	0
Based on fixed capital formation	310 214	1 355 246	1 159 396	1 351 258	1 555 083
with input constraints	7 873	41 130	36 033	39 880	47 477
Based on on-farm services	29 961	89 182	87 205	87 314	93 026
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	6 664	327 084	613 393	321 758	46 100
Based on Receipts / Income	6 664	327 084	613 393	321 758	46 100
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 fixed 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**	**19**	**21**	**15**	**21**
Producer NPC	**1.03**	**1.26**	**1.28**	**1.22**	**1.30**
Producer NAC	**1.04**	**1.23**	**1.27**	**1.17**	**1.26**
General Services Support Estimate (GSSE)	**1 140 356**	**15 008 162**	**14 167 438**	**14 697 044**	**16 160 005**
Research and development	96 530	564 414	338 111	635 796	719 334
Agricultural schools	151 674	600 639	565 113	530 518	706 286
Inspection services	59 838	470 738	448 006	406 383	557 825
Infrastructure	829 971	11 877 161	11 563 796	11 997 100	12 070 588
Marketing and promotion	1 884	29 390	32 670	23 722	31 779
Public stockholding	0	1 357 514	1 072 541	1 000 000	2 000 000
Miscellaneous	459	108 306	147 200	103 525	74 193
GSSE as a share of TSE (%)	**..**	**6.2**	**5.8**	**7.5**	**5.4**
Consumer Support Estimate (CSE)	**-2 303 208**	**-222 369 180**	**-206 578 140**	**-191 087 349**	**-269 442 050**
Transfers to producers from consumers	-2 295 658	-233 721 660	-217 471 908	-201 060 398	-282 632 672
Other transfers from consumers	-20 907	-11 031 595	-11 397 505	-10 126 546	-11 570 733
Transfers to consumers from taxpayers	50 433	16 789 477	14 175 100	15 267 030	20 926 300
Excess feed cost	-37 076	5 594 598	8 116 174	4 832 565	3 835 055
Percentage CSE	**-3**	**-24**	**-25**	**-20**	**-26**
Consumer NPC	**1.03**	**1.35**	**1.38**	**1.29**	**1.38**
Consumer NAC	**1.03**	**1.31**	**1.34**	**1.26**	**1.34**
Total Support Estimate (TSE)	**3 912 223**	**246 352 217**	**243 985 756**	**195 690 947**	**299 379 948**
Transfers from consumers	2 316 565	244 753 254	228 869 413	211 186 944	294 203 405
Transfers from taxpayers	1 616 565	12 630 558	26 513 848	-5 369 451	16 747 276
Budget revenues	-20 907	-11 031 595	-11 397 505	-10 126 546	-11 570 733
Percentage TSE (expressed as share of GDP)	**0.74**	**3.36**	**3.80**	**2.64**	**3.63**
GDP deflator 1995-1997=100	**100**	**726**	**677**	**733**	**769**

.. Not available

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Indonesia are: Palm oil, cocoa beans, cassava, bananas, rubber, coffee, maize, rice, soyabeans, sugar, milk, beef and veal, pigmeat, poultry, eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876615

Policy Developments

Main policy instruments

Achieving self-sufficiency in the production of selected staple-food commodities is the government's main approach to assuring food security. **Self-sufficiency targets** to be achieved by 2014 are set for rice, sugar, soybeans, maize and beef. The government wants to ensure that food prices are affordable for consumers and that supply is distributed across the archipelago. Closely linked to this is an objective to diversify production and consumption away from carbohydrates (rice and wheat) towards animal-based products, and fruits and vegetables, particularly root vegetables. Another objective is to raise the level of competitiveness of agricultural production and value-added processing, and to improve the welfare of farmers through higher incomes as a way to reduce the level of rural poverty (OECD, 2012).

Domestic policy measures include the use of minimum purchase prices for rice and sugar, substantial budgetary allocations for inputs, and payments for the provision of services to agriculture generally, in particular for irrigation, research and development and marketing and promotion. A wide range of input subsidies on fertilisers, seeds and credits is used to support agricultural producers. In turn, RASKIN, a targeted "rice for the poor" programme, is based on distribution of rice at low prices to support poor consumers, including in rural areas. It has given the government flexibility to allow a steady increase in the minimum prices for rice producers, but at the cost of increasing budgetary expenditure to finance the programme. Public corporation BULOG (the Indonesian National Logistic Agency) is required to purchase rice at minimum guaranteed prices set by the government, to stabilise domestic rice prices through market operations, to manage the government rice reserve, and to distribute rice to consumers through RASKIN (OECD, 2012).

Trade policy measures include both tariff and non-tariff measures. The average applied MFN **import tariff on agro-food products**, excluding alcoholic beverages and spirits, is low at 5% in 2010. Rice and sugar are covered by specific tariffs. Import monopolies, licensing requirements and export restrictions on agricultural products were removed in 1997-98. However, in the 2000s quantitative import restrictions were reintroduced, notably for rice, sugar and beef. Import requirements imposed for food safety, SPS and cultural reasons are becoming more stringent. A variable export tax regime was introduced on crude palm oil and derived products, and more recently on cocoa (OECD, 2012).

On 18 October 2012, Indonesia's House of Representatives passed a new **Food Law**, which – after being signed by the President – was enacted on 17 November 2012. The law replaced the previous one voted in 1996. It strengthens the principles of food sovereignty (*kedaulatan pangan*) and food self-reliance (*kemandirian pangan*) as dominating approaches to food security. Accordingly, it contains provisions restricting staple food imports and exports and establishes a new food authority to ensure adequate food supplies. In particular, its Article 34 states that "state food export can only be implemented after fulfilling National Food Reserve and staple food consumption necessity". Article 36 specifies that "food import can only be implemented if domestic food production is not sufficient and/or cannot be produced domestically". In turn, Articles 126-128 provide for the creation of a new food-security "government institution" with the task to execute government's orders with regards to "production, procurement, storing and/or distribution of staple food and other food that has been determined by the government". This institution will report directly to the President. This new "super agency" must be formed and all

regulations implementing the Food Law must be stipulated at the latest three years after the promulgation of the law (MoA, 2013).

Domestic policy developments in 2011-13

Producers of rice and sugar benefit **from minimum purchase prices** set for purchases of rice by BULOG and sugar cane by millers and traders. BULOG can only buy rice from farmers when the market price is lower or equal to the government's official purchasing price (*Harga Pembelian Pemerintah*, HPP). In 2012, minimum purchase prices for various types of rice were set at levels 25-26% higher than in 2011, compared with an estimated average consumer price inflation at 4.3% year-on-year. Such a strong increase in the purchase prices pushed domestic prices for rice even further above prices of imported rice from Viet Nam and Thailand. As a result, market price support for rice was the most important contributor to a significant increase in the level of support in Indonesia, as measured by PSEs, and explained more than half of the total value of farm support in this country in 2012.

To protect poor consumers, in 2012, BULOG distributed within the **RASKIN** system a total of 3.4 million tonnes of rice to 17.5 million poor families of which about 65% live in rural areas (GAIN, ID1308 and OECD, 2012). Each family received 15 kg of rice per month at the price of IDR 1 600/kg which was less than a third of the minimum procurement price when measured at the same level of processing. This entailed large budgetary transfers to support the system. The overall budgetary cost increased by more than one-third to IDR 20.9 trillion (USD 2.2 billion) in 2012 and was larger than the sum of allocations for on-farm support and for agriculture more generally (MoA, 2013).

To secure sufficient stocks of rice, including for the distribution through RASKIN, in September 2012 BULOG signed a memorandum of understanding (MOU) to import 1.5 million tonnes of rice annually from Viet Nam, until 2017 if needed. Further MOUs will be pursued with Thailand, Laos, Cambodia and Myanmar.

Sugar production and trade remain strictly regulated by the government. Registered sugar importers are required to pay sugar cane growers a government-determined price as a condition of the preferential licences they hold to import sugar. In 2011 they were required to support the sugar price should the price fall below IDR 7 000/kg (USD 799/tonne) at the farm level. For 2012, the minimum price was lifted to IDR 8 100/kg (USD 866/tonne). To protect the level of the minimum price, sugar imports are prohibited one month prior to the milling season, during the milling season, and two months after the milling season.

In line with the self-sufficiency target for soybeans, in May 2013 a Presidential Decree No. 32 mandated BULOG to procure and distribute soybeans and to stabilise soybean prices. Pursuant to the decree, the Ministry of Trade (MoT) has been charged to prepare a ministerial decree which will establish a procurement price for soybeans and the corresponding intervention mechanism. BULOG will be mandated to manage domestic stocks of soybeans, to procure soybeans at a minimum price and to sell and distribute soybeans to co-operatives of soybean cake and tofu manufacturers (MoA, 2013).

Fertiliser subsidies remain by far the most important programme through which the government provides budgetary support to agriculture. The subsidy is paid to fertiliser manufacturers who are obliged to sell fertilisers at subsidised prices to eligible farmers – those producing on less than 2 ha. In the 2000s, the value of this subsidy increased dramatically due to the decision to hold the subsidised prices of fertilisers constant despite growing costs of fertiliser production, but then declined in 2010-12. In 2012 the value of this subsidy was IDR 14.0 trillion (USD 1.5 billion), 15% less than in 2011 and one-fourth less than in the record 2009, but still

accounting for 40% of total budgetary expenditures provided to support agriculture (both on-farm and agriculture as a whole as measured by the GSSE).

Seed subsidies are the second most important channel of budgetary transfers to agriculture. Rice, maize, soybean and sugar farmers are the major beneficiaries, but some subsidies of this kind are also provided to coffee, natural rubber, oil palm and banana producers. They can purchase seeds at subsidised prices, apply for an annual allocation of free seeds and receive seeds in response to natural disasters. The total value of these subsidies was the highest in 2010, but since then declined by almost one-fifth and amounted to IDR 1.3 trillion (USD 135 million) in 2012. Rice seed subsidies accounted for two-thirds of the total.

Farmers are able to access **preferential credits** at interest rates 5-7 percentage points below commercial rates. However, subsidised interest rate facilities have not been fully taken up by farmers due to difficulties in gaining approval from lending institutions. The major difficulty remains the lack of collateral because of the absence of the land title. To ease this problem, a credit guarantee scheme was introduced in 2005. Since 2008, a rural finance scheme has provided funds directly to federated farmers' groups as seed-money for them to on-lend to members based on the microcredit model. In 2012, total budgetary allocations for various programmes easing farmers' access to credits amounted to IDR 584 billion (USD 62 million), almost one-third more than in 2011.

Among other forms of input subsidies the most important one is assistance provided to crop producers in order to reduce **post-harvest losses** and increase yields. In 2012, total allocation for this programme amounted to IDR 260 billion (USD 28 million), out of which around three-quarters benefited rice producers.

Irrigation attracts the bulk of government's support for agricultural infrastructure. As members of Water User Associations (WUAs), farmers are supposed to be charged for the cost of operating, maintaining and rehabilitating the local (tertiary) system that supplies their water. Farmers are not charged for the cost of delivering water from the source to the tertiary system via primary and secondary canals, which are under the responsibility of central and regional governments. Government expenditure has increased during the 2000s, including finance to assist WUAs rehabilitate on-farm irrigation channels, but the Ministry of Public Works assesses that due to a lack of sufficient funding only 54% of the irrigation system in Indonesia is in good condition and the rest is damaged and needs rehabilitation (OECD, 2012).

Trade policy developments in 2011-13

As a result of unilateral tariff reduction programmes and commitments made to the International Monetary Fund during the Asian crisis, Indonesia's applied average **tariff on agro-food products**, excluding alcoholic beverages and spirits, decreased from 20% to 5% between 1990 and 2000 and have remained close to this level during the 2000s. This compares with an average bound rate at 47% in 2010. Only 7% of agricultural tariff lines have an MFN applied tariff above 10%, and these are mainly on alcoholic beverages and spirits. Rice and sugar are two significant exceptions, with specific tariffs introduced on both sectors in 2000 to protect domestic producers. The level of these tariffs is adjusted frequently in response to changing international prices for these commodities (OECD, 2012).

Tariffs for some other commodities are also adjusted occasionally to stabilise domestic prices. For example, in August 2012, to ease upward pressure on soybean prices, the Ministry of Finance reduced the import duty on soybeans from 5% to 0% for the rest of the year. As from January 2013, the level of the tariff returned to 5%. In turn, in December 2012, a 20% safeguard duty was imposed

on wheat flour imports for a period of 200 days to protect domestic wheat flour millers against imports originating mostly from Turkey.

Quantitative import restrictions were reintroduced for cloves and sugar in 2002 and rice in 2004. These limit imports to certain time periods, place restrictions on who can import products, and link import approval to producer prices. Since 2008, companies must be approved by the Ministry of Trade as registered importers to import a range of processed products manufactured from meat, cereal, sugar and cocoa. Similar restrictions were placed on animals and animal products in 2011. In line with the MoT regulation on the Import and Export of Animals and Animal Products issued in September 2011, imports of these products can only be done by a registered importer and can only be carried out if the domestic production and supply are not sufficient to meet consumer demand at an affordable price level.

Quantitative limits on beef imports are imposed as part of the set of measures introduced for the purposes of achieving self-sufficiency in beef by 2014. The quota is established annually for live cattle and, separately, for boxed beef and is based on the estimated shortfall between domestic supply and demand. The quota is allocated by the Ministry of Trade to importers in two six-month tranches: 1 January to 30 June and 1 July to 31 December, based on historical volumes. The quota has systematically been reduced from 401 thousand heads in 2011 to 283 thousand in 2012 and to 267 thousand in 2013 for live cattle. For boxed beef, the quota has also been reduced from 100 thousand tonnes in 2011 to 34 thousand in 2012 and to 32 thousand in 2013. In weight equivalent, the total level of quota has more than halved from 172 thousand tonnes in 2011 to planned 80 thousand in 2013 (MoA, 2013).

Due to a relatively high level of maize production in 2012, an unofficial import quota was applied on maize, another commodity covered by the self-sufficiency target. Only feed millers receive an import recommendation from the MoA and traders were excluded. Volumes that could be imported were based on the actual feed production by the feed millers. In addition, as from end-September 2012, the Governor of East Java requires all importers of rice, maize, soybean, wheat lower and meals of soybean, corn, feather and fish who wish to unload their commodities in East Java to obtain a permit from his office. The process of receiving of such a permit can start once the imported products arrive in East Java and it lasts one week to complete (GAIN, ID, 1308).

Import requirements for **food safety, quarantine, and standards and labelling purposes**, including *halal* certification, are becoming more stringent. Processed food imports require both product registration and import approval from the Ministry of Health. Similarly, imports of animal based products must have MoA import approval, be accompanied by a *halal* certificate and derive from a processing facility that has been inspected by the MoA.

In 2012, a number of new measures were undertaken to limit imports of **horticultural products**. In March 2012, the government limited the number of entry ports for horticultural imports to just three sea ports and one airport. Among them, only Soekarno-Hatta International Airport is located next to Jakarta, the biggest market for imported horticultural products. Tanjung Priok, the port of Jakarta, is not on the list, but Australia, Canada, New Zealand and the United States, countries considered by Indonesia as those having "recognised food safety systems for fresh foods of plant origin", retained access to this port through additional regulations issued in mid-2012 (GAIN, ID1225). In September 2012, new regulations were issued by the MoA and the MoT which require that all importers of fruits and vegetables must receive, first, an import recommendation from the MoA and, then, an import permit from the MoT, before any product is imported to Indonesia. Among other requirements, the MoA is obliged to consider interests of domestic producers and the recommendation is provided if domestic production and supplies are

considered insufficient. To receive an import permit from the MoT, horticultural products should be inspected by a surveyor at the country of origin prior to shipment (GAIN, ID1249 and GAIN, ID 1233). Furthermore, in January 2013, the MoA ceased to issue recommendations for imports of 15 types of horticultural products for the first half of 2013, meaning a temporary ban on their imports. Additional 11 horticultural products were covered by import quotas. Reduced availability led to a sharp increase in prices, in particular for garlic and onions in the first quarter of 2013. In response, in April the government reduced the list of products covered by restrictions and implemented a more integrated recommendation-import permit system to provide more transparency and to reduce the time required to clear the permit.

In 2007, a flat rate **export tax** regime **on crude palm oil (CPO)** and derived products was replaced with a variable regime. Under the variable regime, the applicable export tax rate is adjusted every month and determined by a sliding scale based on the international price of CPO in Rotterdam, a major market for vegetable oils. It increases as the international price of CPO rises, and falls when the international prices fall. It was introduced to reduce the incentive to increase exports in response to rising international prices. CPO is taxed at a higher rate than derived products to encourage further domestic processing. In percentage terms, export tax varies falling from an average of 11% in 2008 to 0.3% during global financial crisis in 2009, growing to 5.7% in 2010 and then growing again to as high as 18.8% in 2011 before falling to about 15% in 2012. The revenue from the tax hiked at IDR 28.9 trillion (USD 3.3 billion) in 2011 and remained high at IDR 8.9 trillion (USD 1 billion) in the first quarter of 2012 (MoA, 2013). Faced with a sharp fall in international prices for CPO in 2012, growing stocks and increasing competition from Malaysia, which lowered its export taxes on CPO as from January 2013, Indonesia's government was considering lowering export taxes to maintain its export competitiveness. However, as CPO prices increased in January 2013, the level of tax increased in line with the variable regime applied.

A similar but simpler variable **export tax** regime has been applied to **cocoa** since April 2010 with a sliding scale based on international prices of cocoa bean in New York. The tax varied between 5-15% since its introduction.

Export approval is required for each shipment of certain bovine animals, rice, and palm nuts and kernels, and urea fertiliser. This is done to ensure an adequate supply of these products on the domestic market. Conversely exports of certain agricultural products are **regulated** in order to maximise returns from the market: coffee and rubber exports are controlled as part of intergovernmental arrangements, while bananas and pineapple (to Japan), and cassava (to the EU) are regulated to maximise returns under country specific market access arrangements.

Indonesia is a member of the **Association of Southeast Asian Nations (ASEAN)**, Asia-Pacific Economic Co-operation (APEC), and World Trade Organisation (WTO) and participates in trade liberalisation between ASEAN members and their major trading partners in the region, including ***China, Japan, India, Korea, Australia*** and ***New Zealand***. The agreement with Australia and New Zealand entered into force for Indonesia in January 2012. Also in 2012, Indonesia signed a bilateral Preferential Trade Agreement with ***Pakistan***. A trade liberalisation agreement between **ASEAN** and the ***EU*** is under negotiations. These agreements contain clauses allowing sensitive products to be excluded from tariff reduction commitments or given a longer time period for implementation, thus their impact on agro-food trade is limited (OECD, 2012).

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PART II

Chapter 12

Israel

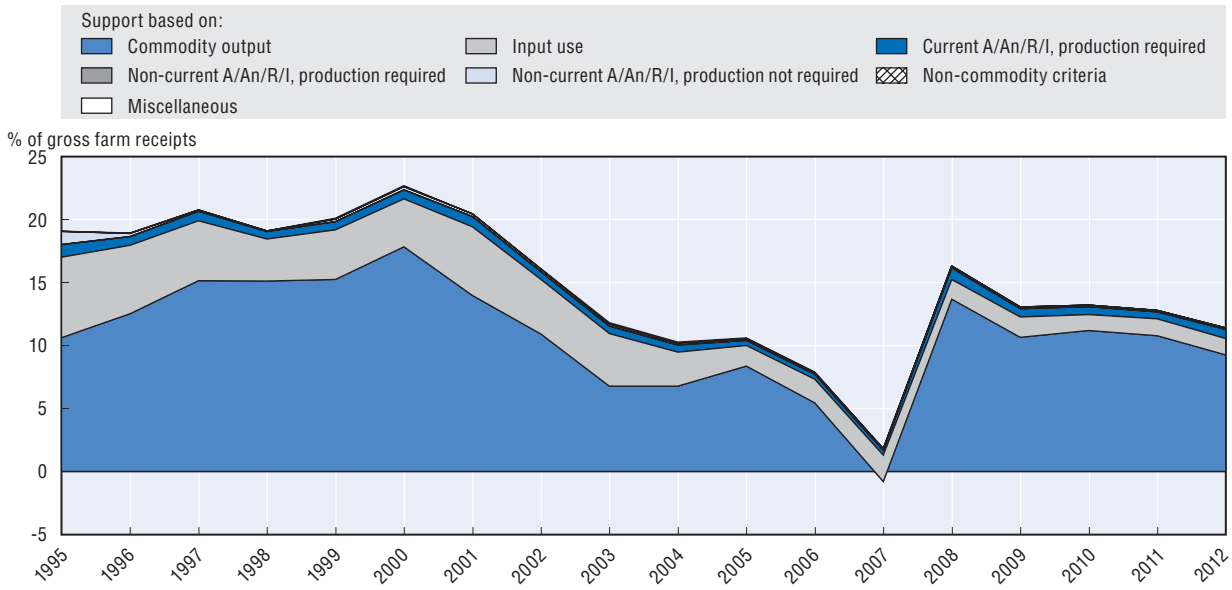
The Israel country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

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.

Evaluation of policy developments

- Israel's domestic policy reform and lower border protection resulting from bilateral trade liberalisation agreements led to a reduction in the level of support to agriculture over the last two decades. Higher prices on world markets in recent years also contributed to the decline in the relative importance of support. This fall in support was roughly at the same speed as for the OECD as a whole. As a result, Israel's level of support remains at around two-thirds of the OECD average.
- While in the longer-term the level of support to agriculture fell, it is still made up mainly of trade and production distortive measures. This mostly reflects continued high border protection for agricultural commodities maintaining domestic prices above international levels and a relatively high share of support to farm inputs.
- Transfers from consumers, through market price support policies, remain a dominant part of the total support and reflect a cost that could further be reduced. Reforms undertaken in 2012 are in the right direction, but may prove insufficient to ease pressures on consumers in the longer term.
- 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 the administrative burden on agricultural land market transactions, Israel could further reduce and simplify import tariffs on agricultural products and could take further steps to loosen the production planning system in the livestock sector.
- Israel has made a significant effort to improve the environmental performance of agriculture, but it can be further improved, in particular in water use efficiency. As agriculture uses more than half of all water consumed, meeting the conditions agreed 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 12.1. **Israel: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Israel's GDP growth rate slowed to 3.2% in 2012, but was more than double the OECD average. The share of agriculture in total employment and in domestic product is low at around 2%. Israel is unique amongst developed countries in that co-operative communities, principally the *kibbutz* and *moshav*, dominate agricultural production, accounting for about 80% of agricultural output, and in that land and water are nearly all state-owned. Agriculture accounts for 58% of annual water consumption and the use of water resources is the key environmental issue for the sector. Arable land is another scarce factor with an average availability at just 0.04 hectare per capita. Fruit and vegetables are key agro-food exports while cereals and oilseeds and selected other commodities such as beef and sugar are major agro-food imports. The negative balance of trade in agro-food products has continued to increase in recent years.

Table 12.1. **Israel: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	96	244
Population (million)	5	8
Land area (thousand km^2)	20	20
Population density (inhabitants/ km^2)	273	381
GDP per capita, PPP (USD)	18 910	27 958
Trade as % of GDP	24.6	29.0
Agriculture in the economy		
Agriculture in GDP (%)	2.1	1.8
Agriculture share in employment (%)	2.8	1.4
Agro-food exports (% of total exports)	7.0	3.6
Agro-food imports (% of total imports)	6.6	7.0
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-526	-2 715
Crop in total agricultural production (%)	61	60
Livestock in total agricultural production (%)	39	40
Agricultural area (AA) (thousand ha)	573	523
Share of arable land in AA (%)	60	58
Share of irrigated land in AA (%)	46	59
Share of agriculture in water consumption (%)	63	58
Nitrogen Balance, Kg/ha	..	..

* or latest available year.

Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

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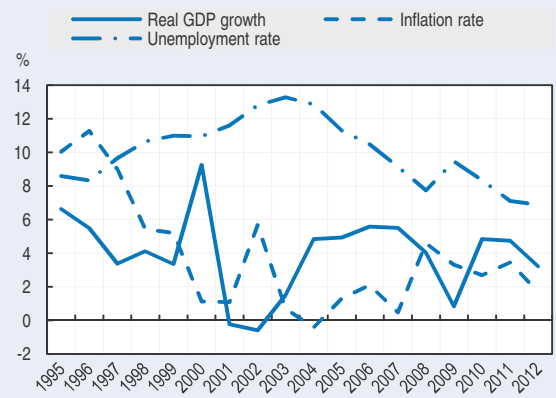
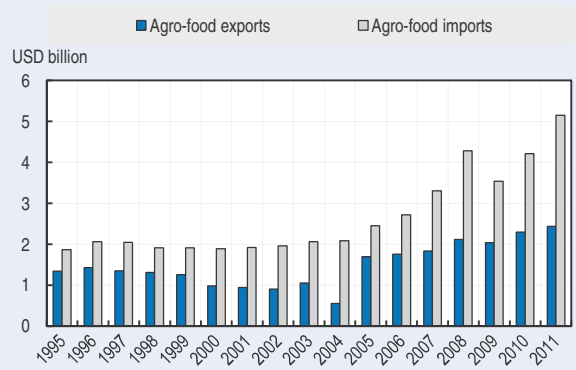
Figure 12.2. **Israel: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875475

Figure 12.3. **Israel: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875494

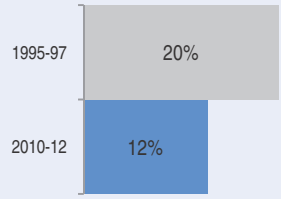
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

In the long term, Israel has reduced support to agriculture, but the share of most production and trade distorting forms of support remains very high. The level of price distortions, as measured by the NPC, has declined in the long term, but prices for selected commodities remain regulated by the government and their adjustments are either delayed or delinked from changes of prices on international markets.

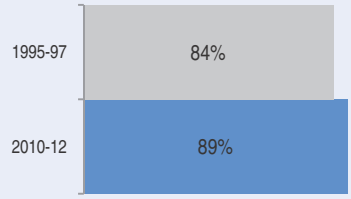
PSE as % of receipts (%PSE)

Israel reduced support to agriculture which is now at two-thirds of the OECD average. After a sharp increase in 2008, partly due to higher administered prices, the %PSE declined in 2010-12.



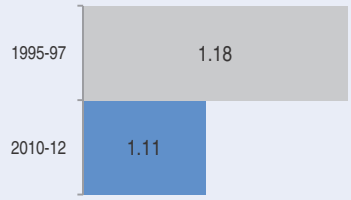
Potentially most distorting support as % of PSE

While the level of support has fallen, the most production and trade distorting policies (based on commodity output and variable input use) dominate and represent 89% of the total.



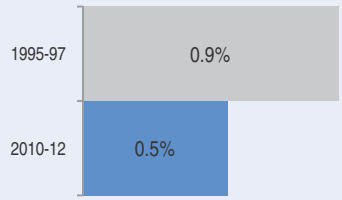
Ratio of producer price to border price (NPC)

Overall, prices received by farmers were on average 11% higher than those observed on the world markets in 2010-12. The NPCs are highest for livestock commodities, in particular for beef and veal, sheep meat and milk.

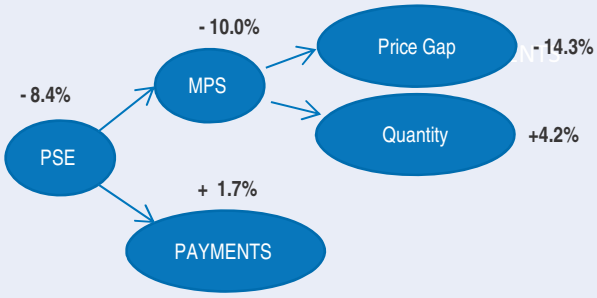


TSE as % of GDP

Total support was 0.5% of GDP in 2010-12, compared to the OECD average of 0.9%, and the expenditure on general services represented 16% of the total support.
The Single Commodity Transfers (STC) represented 83% 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, sheep meat and milk.



Decomposition of change in PSE, 2011 to 2012



The level of support declined in 2012 mainly due to a smaller gap between domestic and border prices (MPS) mainly due to reduction of domestic prices.

Transfer to specific commodities (SCT), 2010-12

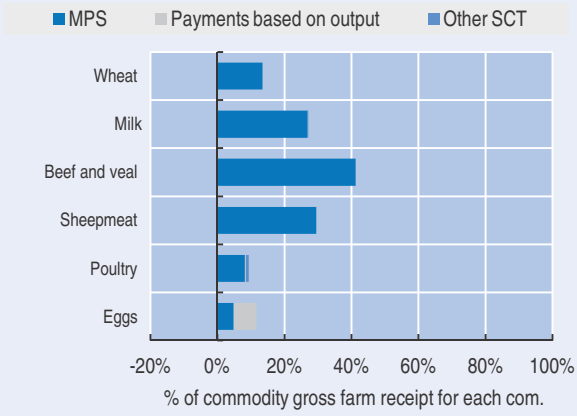


Table 12.2. **Israel: Estimates of support to agriculture**

ILS million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**11 651**	**27 973**	**26 056**	**28 552**	**29 310**
of which: share of MPS commodities, percentage	72	80	79	81	80
Total value of consumption (at farm gate)	**9 274**	**20 975**	**20 356**	**21 898**	**20 670**
Producer Support Estimate (PSE)	**2 466**	**3 560**	**3 521**	**3 737**	**3 423**
Support based on commodity output	1 617	2 971	2 985	3 149	2 781
Market Price Support	1 553	2 907	2 923	3 086	2 710
Payments based on output	65	65	61	63	70
Payments based on input use	688	371	335	390	388
Based on variable input use	457	186	155	174	228
with input constraints	0	0	0	0	0
Based on fixed capital formation	183	113	128	129	84
with input constraints	0	0	0	0	0
Based on on-farm services	48	72	52	87	77
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	102	184	169	163	219
Based on Receipts / Income	97	157	146	136	188
Based on Area planted / Animal numbers	5	27	23	27	31
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	34	32	35	35
With variable payment rates	0	34	32	35	35
with commodity exceptions	0	0	0	0	0
With fixed 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**	**13**	**13**	**11**
Producer NPC	**1.18**	**1.11**	**1.12**	**1.11**	**1.10**
Producer NAC	**1.24**	**1.14**	**1.15**	**1.15**	**1.13**
General Services Support Estimate (GSSE)	**390**	**663**	**677**	**627**	**686**
Research and development	152	260	234	282	264
Agricultural schools	3	2	2	2	2
Inspection services	56	106	104	94	121
Infrastructure	11	241	289	202	231
Marketing and promotion	59	2	2	1	3
Public stockholding	108	50	47	45	59
Miscellaneous	0	3	1	1	6
GSSE as a share of TSE (%)	**13.7**	**15.7**	**16.1**	**14.4**	**16.7**
Consumer Support Estimate (CSE)	**-2 072**	**-3 166**	**-3 135**	**-3 524**	**-2 838**
Transfers to producers from consumers	-1 705	-2 575	-2 596	-2 698	-2 431
Other transfers from consumers	-386	-609	-553	-854	-421
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	20	19	14	28	14
Percentage CSE	**-22**	**-15**	**-15**	**-16**	**-14**
Consumer NPC	**1.29**	**1.18**	**1.18**	**1.19**	**1.16**
Consumer NAC	**1.28**	**1.18**	**1.18**	**1.19**	**1.16**
Total Support Estimate (TSE)	**2 856**	**4 224**	**4 199**	**4 364**	**4 109**
Transfers from consumers	2 092	3 184	3 149	3 552	2 852
Transfers from taxpayers	1 150	1 648	1 602	1 666	1 677
Budget revenues	-386	-609	-553	-854	-421
Percentage TSE (expressed as share of GDP)	**0.86**	**0.49**	**0.52**	**0.50**	**0.44**
GDP deflator 1995-1997=100	**100**	**150**	**146**	**150**	**154**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Israel are: wheat, cotton, groundnuts, tomatoes, peppers, potatoes, avocados, bananas, oranges, grapefruit, grapes, apples , milk, beef and veal, sheep meat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876653

Policy developments

Main policy instruments

Israel's agricultural policies are mainly focused on improving food supply and achieving self-sufficiency in agricultural products that can be produced locally such as fresh dairy products, poultry and eggs, expanding existing export markets, and maintaining the rural population, particularly in the peripheral areas as part of the settlement policy. Due to growing concerns about environmental problems, the development of environmentally friendly agriculture is increasingly important (OECD, 2010).

Since the late 1980s Israel has gradually undertaken reforms in such areas as 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. **Land and water resources are nearly all state-owned**. Land is allocated to farmers for a low, nominal fee and is not allowed to be subject to market transactions. In turn, water is allocated to farmers through a quota system. 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 government also applies a yearly quota of foreign workers with permits to work in agriculture. Both the overall quota and the distribution of workers to individual farmers are strictly regulated.

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 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. **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. As from 2009, an 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 the inclusion of new crops.

As a result of the implementation of the Uruguay Round Agreement on Agriculture (URAA), Israel now maintains 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 established TRQs for wheat, fats and oils, walnuts, prunes, maize, orange and other citrus juices, beef and sheep meat and various dairy products. In addition, all of Israel's preferential trade agreements (apart from the one with EFTA) include tariff-quota commitments for agricultural products. In total, Israel carries out more than 100 MFN and preferential TRQs (WTO, 2012).

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 on agriculture is complicated, involving a large number of non-ad-valorem tariffs (specific, compound or mixed). The **simple average MFN tariff** for agricultural products (WTO

definition) was 24.5% in 2012 compared with the average for non-agricultural products at 4.2%. However, around two-thirds of agro-food imports enter Israel duty free, mostly through MFN duty-free access and under preferential agreements (the most important ones are with the EU and the US) (WTO, 2012).

Budgetary allocations for **R&D** have regularly increased and accounted for about 18-22% of the total agriculture-related budget in recent years. This allowed Israel to become a front runner in agricultural technology, particularly in farming in arid and desert conditions, and to build its comparative advantage in agriculture on knowledge and technological progress (OECD, 2010).

In reaction to the 2011 massive social protests against high living costs and continuing **rises in food prices** ("the cottage cheese protest") the government created two committees to examine the situation and to provide recommendations. The Trajtenberg Committee published its recommendations in September 2011. They covered a wide range of issues, such as housing and education, and included proposals to modify national budget priorities and to implement tax changes with minor impacts on the agro-food sector. In turn, the Committee to Examine the Competitiveness in the Food and Consumer Goods Market (Kedmi Committee), created jointly by the Ministry of Finance and the Ministry of Industry, Trade and Labor, was charged to examine food prices and the level of competitiveness within various sectors of the food market. Its sub-committee dealt specifically with the dairy industry. In January 2012, the committee recommended a series of measures to diminish the over-concentration in the supply and retail sectors, in particular through removing barriers to market entry and through encouraging small businesses. To put some pressure on domestic food prices from overseas competition, the committee proposed lower or zero duties on imports of a large number of agro-food products (see section on trade policy measures below).

Domestic policy

Proposals related to the **dairy sector** were submitted in August 2011 and again in early 2012. They included recommendations to lower the target price of raw milk paid to dairy farmers by 15% over eight years and to partially open the dairy market to increased imports (see trade section below). However, these recommendations were rejected by the dairy farmers. A new proposal submitted by the government to dairy farmers espoused Kedmi's Committee tariff reductions on cheese and some other milk products, but diminished the scale of the reduction of the target price for milk and proposed more generous compensations for smallholders who would drop out of milk production. The proposal included retirement grants for small producers (up to 0.7 million liters per year) at the total costs of ILS 200 million (USD 52 million). The freed milk quota would be reallocated to the remaining small dairy farmers to improve their efficiency. This proposal was finally approved by farmers but, as of February 2013, it is being challenged in the courts by the *moshavim* movement, representing smallholders.

Israel applies **administered prices** for milk, eggs and wheat. For milk and eggs, guaranteed prices are based on the average cost of production and while they are updated regularly, the level and direction of change diverge quite strongly from the level and evolution of prices on international markets. Following the social protests in mid-2011, consumer prices for some dairy products such as cottage cheese and fresh cheese declined, but it was due to smaller marketing and processing margins and not to lower guaranteed prices for raw milk. In fact, the latter increased in both 2011 and 2012 by 11% and 2%, respectively, and in both years remained significantly above milk prices on international markets. The guaranteed price for eggs also increased in both years and remained higher than the border reference price, but the positive price

differential was not as large as for milk. However, egg quota holders benefit also from payments within the so called Galilee Law which amounted to ILS 62 million (USD 16 million) in 2012, 15% more than in previous years. 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. In 2012, as was the case in the three preceding years, domestic price for wheat remained on average at a higher level than on international markets.

The government is planning to reduce the number of work permits allocated to the agricultural sector to 18 900 by 2015. In 2012, the approved quota for foreign workers in agriculture was 24 500 employees and, as in previous years, remained significantly lower than the number of workers requested by farmers. As compensation, farmers are offered **investment support** over 5-6 years (grants up to 40% of investment) for replacing labour with machinery. In total, budgetary expenditures for this programme are to amount to ILS 250 million (USD 65 million) during 2009-15. By 2012, the cumulative expenditure had amounted to ILS 164 million (USD 43 million). In 2012 alone, the amount budgeted was ILS 49 million (USD 13 million), but the actual payment was smaller at ILS 32 million (USD 8 million). The Chief Scientist allocated an additional ILS 30 million (USD 8 million) for research and development to improve mechanisation during 2009-15. The government also supports the employment of 1 500 Israeli workers instead of foreign workers in the agricultural sector with the payment of ILS 30 000 (USD 7 800) per worker over three years. By the end of 2012, this support had covered 650 workers at the total cost of ILS 18 million (USD 5 million).

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 amounted to ILS 77 million (USD 20 million) in 2012 and was twice the level of annual allocations in the preceding two years.

The government covers part of the costs of premiums to enhance participation of crop producers in **insurance schemes**. The rate of support is at 80% in the case of the multi-risk insurance scheme and at 35% in the case of the insurance scheme against natural damages. In 2011 and 2012, the coverage of multi-risk insurance scheme was extended to include vegetables, flowers and honey. In addition, flower producers benefited from a higher government contribution to cover the costs of premium in the insurance scheme against natural damages. The rate was temporarily raised from 35% to 50% to encourage additional flower growers to join the scheme. The budgetary support for both schemes increased quite strongly in 2012 and reached ILS 176 million (USD 46 million) in total.

Within general services, **research and development** attracted by far the highest amount of public support at ILS 264 million (USD 69 million), slightly less in the preceding year. In 2012, the Kandel Committee published its conclusions on the future of agricultural research and development in Israel. It proposed a seven-year programme entailing the cost of ILS 310 million and aiming at strengthening the Israeli agricultural R&D to face upcoming global challenges. The programme envisages co-operation of several ministries and is supposed to be launched in 2013.

Support for **investments in water projects** at ILS 174 (USD 45 million) was smaller in 2012 than in the preceding three years, but remained the most important programme supporting agricultural infrastructure.

A new **rural periphery program** to increase habitation in rural zones started to be implemented in 2011/12 to cover 124 farming communities, both *kibbutzim* and *moshavim*. A total annual expenditure of ILS 100 million (USD 26 million) was planned, but in 2012 the budgetary allocation was much smaller at ILS 15.3 million (USD 4 million) and the actual amount spent even smaller at ILS 2.5 million (USD 0.6 million).

In 2012, the **Integrated Pest Control** scheme covered about 7 000 ha treated with the method of exact and environmentally friendly pesticide application, and about 8 000 ha treated with the Sterile Insect Technique method. Total expenditure of the programme was ILS 24.5 million (USD 6.4 million). In addition, Integrated Pest Control of vegetables expanded to include pepper and strawberries. Expenditure for 2012 amounted to 3.0 million ILS (USD 0.8 million).

Trade policy

Following recommendations of the Kedmi Committee, in July 2012 the Israeli Finance Minister signed orders to reduce or eliminate customs duties on a large number of commodities, including on selected agro-food products. The list of agro-food products subject to reductions have been divided into three groups (GAIN, 2012):

i) Products manufactured locally and protected by relatively high duties, subject to a gradual reduction of customs duties: fresh and chilled beef (over four years), mutton (two years), fresh and frozen poultry (one year), sausages and juices (four years). Tariff reductions on these products will range from 30-60%.

ii) Fresh-food products not manufactured locally, subject to immediate reduction of customs duties: fish, flowers, spices, nuts, dried fruit, raspberry, berries, seeds, mushrooms, certain types of jams and coconut. Tariff reductions on these products were implemented in 2012 and ranged from 20-75%.

iii) Processed food products manufactured locally, subject to progressive tariff reduction over a three-year period: starch, oils, canned fish, halva, sweets, biscuits, ice cream, baking powder, bulgur and buckwheat. As from 2014, some of these products will be imported duty-free and on some other a 4% tariff will be charged.

In addition, the Kedmi Sub-Committee for the Review of the Dairy Market proposed to gradually open the dairy market to international competition. Customs duties on different types of cheese and other dairy products will be reduced. Duty free quotas on MFN base for different dairy products were established and will be gradually increased until 2016 or 2018, depending on the product.

The **free trade agreements** (FTA) with the ***United States*** and ***EFTA*** are under revision and current negotiations are focused on further trade liberalisation in agro-food products. Negotiations to further liberalise trade in agro-food products with the ***EU*** will probably begin in 2014. New FTAs with several other countries, including with ***India*** and ***Columbia***, are at varying stages of progress. The first round of negotiations with ***Ukraine*** took place at the end of January 2013.

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PART II

Chapter 13

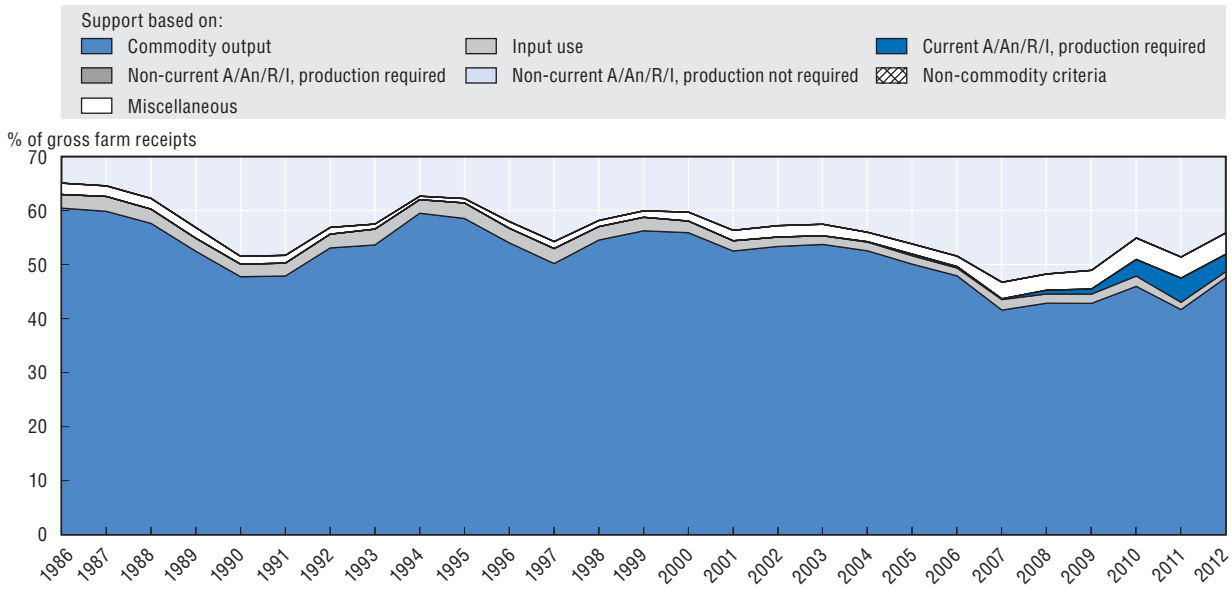
Japan

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

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 almost three times the OECD average. Approximately 90% of producer support is commodity specific, narrowing the farmer's choice of what to produce. Further efforts are needed to shift from market price supports to direct payments targeted to key policy objectives, thereby reducing the overall cost of agricultural policies and shifting the burden from consumers to taxpayers.
- A new farm income support payment in 2011 is mostly commodity-specific and available for all commercial farms. This is a step away from the recent reform initiative to re-orient support to less commodity-specific payments and to target support to bigger farms with a farm size threshold. Furthermore, the payment for rice requires participating farms to meet the quantitative production target allocated to each farmer. This production adjustment scheme needs to be ended to allow farmers to decide how much and where to produce, thus allowing efficient farmers to increase production, while reducing production costs.
- The Government's announcement in 2012 of its intention to pursue high-level economic partnerships and promote the export value of agricultural products and food is a move toward more market-oriented agricultural policy reform. As domestic agricultural reform advances, the removal of boarder measures on agricultural products would facilitate Japan's participation in comprehensive multilateral, regional and bilateral trade agreements, beneficial to the whole economy.
- A set of new policies in 2012 focusing on facilitating the consolidation of farmland and the number of young farmers is a positive step toward improved structural adjustment. However, these policies are unlikely to be fully effective as long as the other factors that impede the promotion of efficient farms remain in place. Strenuous efforts are needed to promote consolidation so as to cut production costs by lifting these obstacles.

Figure 13.1. **Japan: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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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 at 1.2% in 2011, while its share in employment is 3.4%. Japan is the largest net agro-food importer in the world. Its share of agro-food imports in total imports is around 8%, while the share of agro-food exports on total exports is less than 1%. Farm structure is based on very small family farms. The majority of farmland is irrigated paddy field. Livestock production largely depends on imported feed and its share in total agricultural production is increasing over time.

Table 13.1. **Japan: Contextual indicators, 1995, 2011***

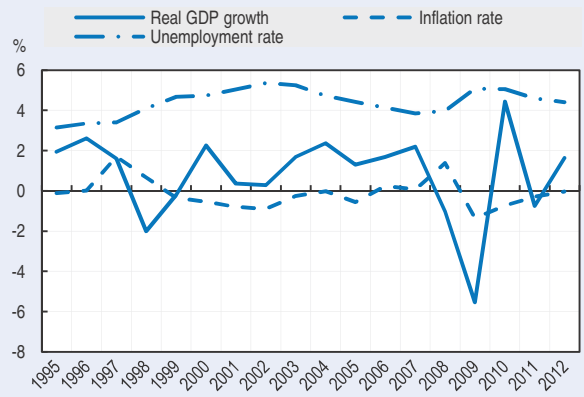
	1995	2011*
Economic context		
GDP (USD billion)	5 334	5 897
Population (million)	126	128
Land area (thousand km^2)	365	365
Population density (inhabitants/ km^2)	329	335
GDP per capita, PPP (USD)	22 869	34 051
Trade as % of GDP	7.3	14.2
Agriculture in the economy		
Agriculture in GDP (%)	1.6	1.2
Agriculture share in employment (%)	5.2	3.4
Agro-food exports (% of total exports)	0.4	0.4
Agro-food imports (% of total imports)	12.3	7.9
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-39 449	-63 837
Crop in total agricultural production (%)	79	65
Livestock in total agricultural production (%)	21	35
Agricultural area (AA) (thousand ha)	5 443	4 609
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	186

* or latest available year.

Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876672

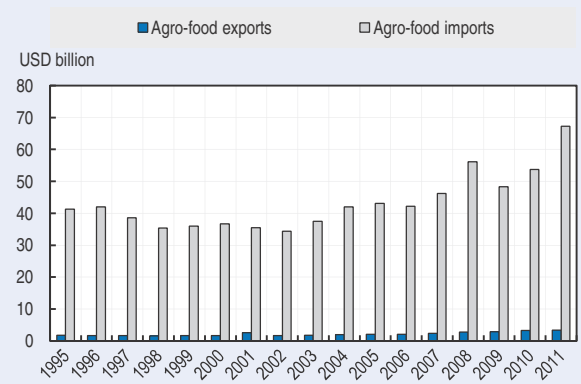
Figure 13.2. **Japan: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875532

Figure 13.3. **Japan: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875551

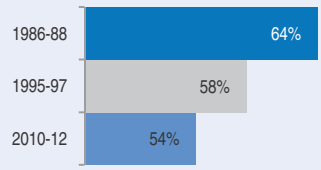
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Japan has progressively reduced its level of support to agriculture and more recently reduced the share of potentially most production and trade distorting forms of support. However, support remains 2.8 times higher than the OECD average, and most is delivered in the potentially most production and trade distorting forms. Prices received by farmers are twice the world market prices as documented by the NPC. The share of direct payments in the 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 overall support remains high compared to the 19% OECD average in 2010-12. The reduction in %PSE in recent years is mainly due to a lower domestic rice price resulting from the abolition of the administered price system and the contraction of domestic rice consumption.

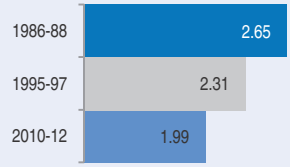


Potentially most distorting support as % of PSE

Japan reduced market price support mechanisms and increased direct payments to farmers. However, the potentially most production and trade distorting policies (based on output and variable input use – without input constraints) still represent 84% of the PSE in 2010-12. Market price support continues to be the main element of that support (93%).

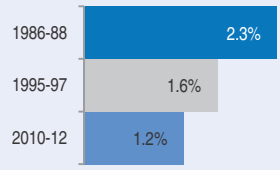
Ratio of producer price to border price (NPC)

Prices received by farmers were around 2.65 times higher than those in world markets in 1986-88, but the ratio reduced to 1.99 in 2010-12 as demonstrated by the NPC.

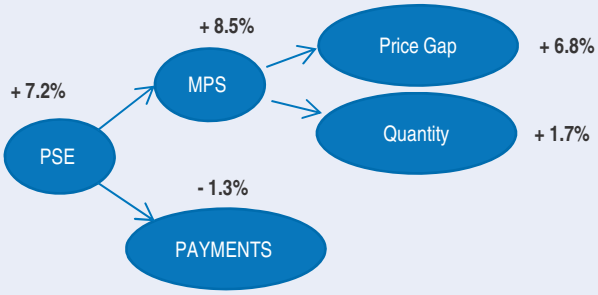


TSE as % of GDP

Total support to agriculture was about 1.2% of GDP in 2010-12 and the expenditure on general services represented around 10% of the Total support.
Single Commodity Transfers (SCT) represented 90% of the total PSE in 2010-12. Rice continued to be the most heavily supported commodity (producer SCT representing more than 70% of commodity gross farm receipt), and accounted for 34% of the total SCT in 2010-12.



Decomposition of change in PSE, 2011 to 2012



The level of support increased in 2012 due to increased market price support mostly due to the increase of the price gap affected by a combination of higher domestic prices and reduced world prices.

Transfer to specific commodities (SCT), 2010-12

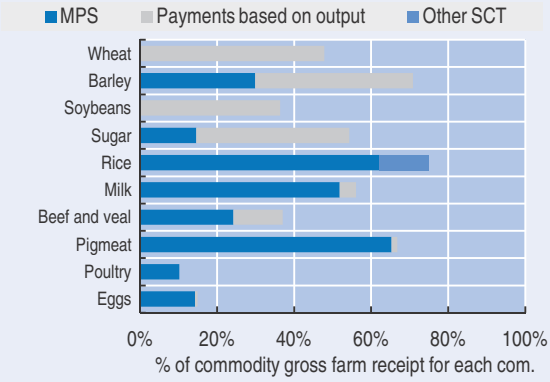


Table 13.2. **Japan: Estimates of support to agriculture**

JPY billion

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**10 610**	**10 128**	**8 185**	**8 121**	**8 246**	**8 186**
of which: share of MPS commodities, percentage	68	68	66	65	66	66
Total value of consumption (at farm gate)	**14 298**	**15 070**	**11 868**	**12 050**	**11 586**	**11 969**
Producer Support Estimate (PSE)	**7 267**	**6 239**	**4 992**	**4 988**	**4 820**	**5 169**
Support based on commodity output	6 740	5 822	4 162	4 176	3 908	4 402
Market Price Support	6 519	5 651	3 938	4 025	3 689	4 100
Payments based on output	221	171	224	151	219	302
Payments based on input use	299	298	135	174	126	104
Based on variable input use	149	124	51	52	51	51
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	129	153	32	34	41	20
with input constraints	0	0	0	0	0	0
Based on on-farm services	21	21	52	88	34	33
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	0	331	279	419	297
Based on Receipts / Income	0	0	77	76	84	72
Based on Area planted / Animal numbers	0	0	254	202	335	225
with input constraints	0	0	3	3	3	2
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	364	360	366	365
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	228	119	364	360	366	365
with commodity exceptions	228	119	229	231	228	228
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**	**54**	**55**	**51**	**56**
Producer NPC	**2.65**	**2.31**	**1.99**	**2.02**	**1.86**	**2.08**
Producer NAC	**2.78**	**2.40**	**2.18**	**2.22**	**2.06**	**2.27**
General Services Support Estimate (GSSE)	**1 267**	**2 057**	**760**	**738**	**1 004**	**538**
Research and development	46	69	80	83	83	74
Agricultural schools	29	29	36	35	36	37
Inspection services	8	10	13	11	14	14
Infrastructure	1 090	1 834	589	569	822	375
Marketing and promotion	22	27	7	2	14	4
Public stockholding	43	63	17	19	16	16
Miscellaneous	29	24	19	20	18	17
GSSE as a share of TSE (%)	**14.9**	**24.7**	**13.2**	**12.9**	**17.2**	**9.4**
Consumer Support Estimate (CSE)	**-8 910**	**-8 080**	**-5 348**	**-5 437**	**-5 122**	**-5 486**
Transfers to producers from consumers	-6 423	-5 603	-3 941	-4 027	-3 690	-4 104
Other transfers from consumers	-2 483	-2 503	-1 413	-1 415	-1 437	-1 388
Transfers to consumers from taxpayers	-16	26	1	1	1	1
Excess feed cost	11	0	4	5	4	4
Percentage CSE	**-62**	**-54**	**-45**	**-45**	**-44**	**-46**
Consumer NPC	**2.66**	**2.17**	**1.82**	**1.82**	**1.79**	**1.85**
Consumer NAC	**2.65**	**2.16**	**1.82**	**1.82**	**1.79**	**1.85**
Total Support Estimate (TSE)	**8 519**	**8 321**	**5 753**	**5 728**	**5 824**	**5 708**
Transfers from consumers	8 906	8 106	5 354	5 443	5 127	5 492
Transfers from taxpayers	2 096	2 718	1 813	1 700	2 134	1 604
Budget revenues	-2 483	-2 503	-1 413	-1 415	-1 437	-1 388
Percentage TSE (expressed as share of GDP)	**2.35**	**1.63**	**1.21**	**1.19**	**1.24**	**1.21**
GDP deflator 1986-1988=100	**100**	**109**	**92**	**93**	**91**	**91**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Japan are: wheat, barley, soybean, rice, sugar, milk, beef and veal, pigmeat, poultry, eggs, apples, chinese cabbage, cucumbers, grapes, mandarins, pears, spinach, strawberries and Welsh onions.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database)

StatLink http://dx.doi.org/10.1787/888932876691

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 Agricultural Production 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.

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 or income loss, while limiting the eligibility to certain core (potentially viable) farmers to promote structural adjustment. The new Basic Plan on Food, Agriculture and Rural Areas was elaborated in March 2010, envisioning a more ambitious self-sufficiency rate target of 50% in calorie supply by 2020 compared to 41% in 2008. It also announced the change in policy direction to include all motivated farmers rather than limiting support to certain core farmers as in the past.

Based on the new Basic Plan, in 2011 Farm Income Support Payments were formally implemented for rice following the 2010 pilot programme, and also for upland crops. The Income Support Payments for Rice are based on the current area of rice production and have two components: predetermined and price contingent payments. The predetermined rate was set at JPY 15 000 (USD 188) per 0.1 hectare. The price contingent payment is triggered when the average producer price of the current crop year falls below the average of the preceding three consecutive crop years. The price contingent payment was triggered for the 2010 crop year paying an additional JPY 15 100 (USD 189) per 0.1 hectare, but was not paid for 2011 and 2012. Approximately 1.2 million rice farms signed up for the support payments in FY 2012. The Income Support Payments for Upland Crops were implemented as a combination of non-current area payments and output payments with quality differential. The non-current area payment aims to maintain the conditions of farmland and the fixed rate of JPY 20 000 (USD 250) per 0.1 ha is paid based on the non-current area. The rate of an output payment is set to bridge, on average, the difference between standard costs and sales prices with quality differentials together with the non-current area payment. Unlike the previous policy design of targeting support to certain core farmers, all farms with sales records became eligible for income support payments, while the payments for rice require participating farms to meet the quantitative production target allocated to each farmer.

Financial support is provided mainly for infrastructure, such as irrigation and drainage facilities as well as the readjustment of agricultural land. The new Direct Payment for Environmentally Friendly Farming was implemented in 2011 to support farmers or groups of farmers who adopt farming practices that address global warming, increase biodiversity, and reduce the use of fertiliser and pesticide. The Direct Payments to Farmers in Hilly and Mountainous Areas aim to prevent cultivated areas being abandoned, and to ensure the multifunctional roles of agriculture.

Domestic policy developments in 2012-13

A set of new policies focusing on increasing the consolidation of farmland and the number of young farmers was introduced in 2012. The Basic Policy and Action Plan for Revitalising the Food, Agriculture, Forestry and Fisheries Industries introduced in 2011, aims to accelerate farm consolidation so that the majority of farms operate 20-30 hectares of land in flat areas and 10-20 hectares in hilly and mountainous areas. First, each municipality prepares an agricultural master plan through community discussions identifying core farmers and an ideal land-use pattern for the future. Second, farmers who expand their farm size will receive additional payments of JPY 20 000 (USD 250) for an additional 0.1 hectare. Third, a new financial payment was launched to support those who lease land to core farmers. The payments are based on the leased area, and the maximum payments are JPY 700 000 (USD 8 770) per household. The Basic Policy and Action Plan also calls for increasing the number of farmers, particularly young farmers. The Setting-up of Young Farmers Payments was implemented in 2012, providing income support to new young farmers during a training period (maximum 2 years) and the initial operation period (maximum 5 years). A fixed rate of JPY 1.5 million (USD 18 794) is paid annually to eligible trainees or farmers. While trainees may receive the payments to cover their living costs during the training period by fulfilling some basic conditions such as a minimum period, young farmers must meet specific requirements to receive the payments. First, farmers must be identified in the agricultural master plan prepared by a municipality. Second, there are restrictions on age (under 45 years old) and income (below JPY 2.5 million (USD 31 323). Third, farmers must develop a feasible production plan so that they can sustainably continue after the initial operation period. Both payments are subject to reimbursement or suspension, if these requirements are not met. These new policies are expected to contribute to the structural adjustment of farms.

The rice production adjustment program, which limits supply by allocating production targets to rice farms and keeps the price above the market equilibrium level, marginally reduced the quantitative target of rice production from 7 950 thousand tonnes in FY 2011 to 7 930 thousand tonnes in FY 2012 based on the demand projection. The production target was either reallocated to farmers within the same prefecture or traded across prefectures, which eventually maintained the overall production level. Due to damage caused by the 2011 Great East Japan Earthquake and the restrictions to plant imposed by the nuclear accident at Fukushima Daiichi Nuclear Power Plant, a sharp increase in the trade of production targets across prefectures was seen in FY 2011.

The administered prices for pig meat, beef and calves have remained constant since July 2008. The floor level of the price stabilization bands for pig meat and beef were JPY 400 000 (USD 5 012) and JPY 815 000 (USD 10 211) per tonne in 2012, respectively. Similarly, all guaranteed prices for calves per head remain unchanged: JPY 310 000 (USD 3 884) for Japanese Black; JPY 285 000 (USD 3 571) for Japanese Brown; JPY 204 000 (USD 2 556) for other beef breeds; JPY 181 000 (USD 2 268) for cross breeds; JPY 116 000 (USD 1 453) for dairy breeds. The Government set a ceiling of 1.83 million tonnes on manufacturing milk to be covered by direct payments in FY 2012, decreased by 20 000 tonnes from the previous year, but the payment rate was slightly increased to JPY 12 200 (USD 1 529) per tonne.

Box 13.1. **Path to recovery: two years on from the Great East Japan Earthquake**

The Great East Japan Earthquake on 11 March 2011 was the strongest earthquake in Japan's post-war history and the most expensive natural disaster in recorded history around the world. The earthquake resulted in an extensive tsunami with waves as high as 38 metres, leading to more than 19 000 persons killed or missing (as of 13 February 2013). The damage estimated by the Government is about JPY 16.9 trillion (USD 211.7 billion) to properties, including the agricultural sector (11%). The estimation excludes the damage caused by the nuclear accident at Fukushima Daiichi Nuclear Power Plant, which was triggered by the earthquake and tsunami. Since then, the Government continues its efforts to restore the agricultural sector and accelerates the revitalization process from the triple disaster.

By the end of July 2012, approximately 38% of damaged farmland was restored and 40% of farm operation lost was resumed. The Government foresees that 63% of damaged farmland will be restored by Spring 2013. A new government agency, the Reconstruction Agency, was established on 10 February 2012 to lead and accelerate the reconstruction process by promoting and co-ordinating the restoration policies and measures. The Government plans to restore agriculture in approximately 90% of farmland by FY 2014 through various support programs, including infrastructure restoration support (i.e. farmland and irrigation) and payments and credit concessions for affected farmers.

The nuclear accident raised concerns about contamination of farmland and foods by radionuclides. The Government continues to take measures to monitor the tests for food in order to prevent distribution of contaminated food as well as to decontaminate farmland. In April 2012, the Government reviewed the provisional values and announced new standards for radionuclide residues in materials for agricultural production, including fertilizer and feed to ensure that food does not exceed the values. Based on the Government's damage evaluation scheme, farmers suffering from administrative restrictions to farming, or marketing and the related industries with consequential loss through the loss of market confidence are eligible to claim financial compensation from Tokyo Electric Power. As of 5 August 2012, the power company has paid approximately JPY 194.7 billion (USD 2.4 billion) as part of the total claim of JPY 279.5 billion (USD 3.5 billion) to the sector.

Trade policy developments in 2012-13

The quantitative restrictions on rice imports were abolished and replaced by a tariff-quota system in 1999. In 2012, the over-quota tariff-rate was JPY 341 000 (USD 4 272) per tonne, the tariff-quota for rice was 767 000 tonnes (brown rice) and the maximum mark-up for rice imports was set at JPY 292 000 (USD 3 659) per tonne. Japan's tariff-rate-quotas continued to be under-filled in FY 2011 for some products, including butter and butter oil, prepared whey for infant formula, skimmed milk powder for school lunches and other purposes, and ground nuts. Japan used special safeguard measures in FY 2011 for some products, including certain starches, inulin, milk and cream, yogurt, rice flour, and certain food preparations.

In FY 2012, food aid to developing countries, including both domestically produced rice as well as imported rice, was approximately 190 thousand tonnes. On 1 February 2013, Japan relaxed the beef import restrictions aimed at preventing the spread of BSE. Under the new criteria, meat may be imported from cattle, aged up to 30 months, raised in the United States, Canada and France, and from veal calf aged up to 12 months raised in the Netherlands, rather than the previous limit of 20 months for the United States and Canada, and a total suspension for France and the Netherlands.

Japan has already concluded negotiations on the Economic Partnership Agreements with *Singapore*, *Mexico*, *Malaysia*, *Chile*, *Thailand*, *Indonesia*, *Brunei*, *ASEAN*, *the Philippines*, *Switzerland*, *Viet Nam*, *India* and *Peru*. The treatment of agricultural commodities was one of the main issues in many of these negotiations. In July 2012, Japan launched the Comprehensive Strategy for the Rebirth of Japan and announced an objective of boosting the share of Japan's trade covered by EPAs from around 19% to about 80% by 2020. To achieve this goal, the Government will push ahead with negotiations with *Australia*, *Canada*, *Colombia* and *Mongolia*, and resume negotiations with *Korea*. In spring 2013, Japan began negotiations on the *China-Japan-Korea* FTA, the *EU-Japan* EPA, and the Regional Comprehensive Economic Partnership.

The 2012 Comprehensive Strategy also indicated that the Government will proceed with consultations with countries concerned with participating in the **Trans-Pacific Partnership** (TPP) negotiations. On 15 March 2013, Japan expressed its intent to enter into formal consultations to discuss its possible participation in the negotiations which are expected to be concluded by year's end. The group currently comprising 11 countries – ***Australia***, ***Brunei Darussalam***, ***Canada***, ***Chile***, ***Malaysia***, ***Mexico***, ***New Zealand***, ***Peru***, ***Singapore***, ***the United States***, and ***Viet Nam*** – and representing together a market of nearly 658 million people with a combined GDP of USD 21 trillion, welcomed Japan as a new member in the negotiations on 20 April 2013. Japan confirmed that it will subject all goods to negotiations, including agricultural products. According to the estimate released by the Cabinet Secretariat in March 2013, the overall economic impact of the TPP due to tariff elimination is projected to be positive, with real GDP increasing by JPY 3.2 trillion (around 0.7% of GDP) in the mid to long term, including a decrease in the value of domestic agriculture produces by JPY 3.0 trillion (USD 37.6 billion) from the current JPY 8.2 trillion.

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PART II

Chapter 14

Kazakhstan

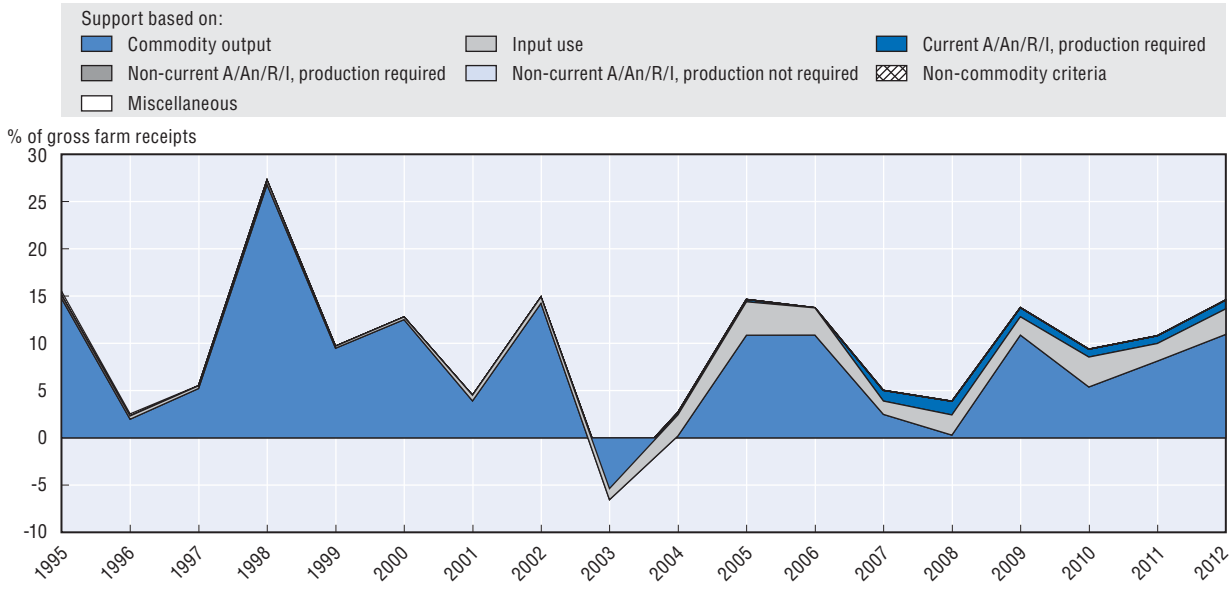
The Kazakhstan country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.*

* This chapter draws on a recent OECD study, *Review of Agricultural Policies: Kazakhstan*, OECD, Paris, 2013.

Evaluation of Policy Developments

- Since the mid-1990s, the level of producer support has fluctuated without particular trend. However, support has risen over the last two years, reflecting tightened border protection within the framework of the Customs Union with Belarus and Russia, market interventions in the wheat sector to support local prices, and increased budgetary spending.
- A new eight-year programme, Agribusiness 2020, was adopted in February 2013. It continues the orientation towards boosting agricultural production as part of a strategy to diversify the national economy and with the objective of increasing the competitiveness of agri-business. Other objectives associated with agricultural development, such as the sustainable use of resources and rural development, are not included in this programme. Agribusiness 2020 maintains the principal domestic support mechanisms from the previous programme.
- Considerable deterioration of the debt situation in the agro-food sector after the global financial crisis and other market developments led to a USD 2 billion debt relief package. This has become the most important new component of the Agribusiness 2020 programme, together with several new provisions on the functioning of the state-supported credit system.
- Redressing the considerable deficiencies in transport infrastructure, water and land management, plant and animal health and food safety systems, education, research, information, and knowledge dissemination are critical to attain the stated agricultural development goals. This would require re-focussing support from output and input subsidies to the provision of public goods and services. Such a shift would also facilitate the country's compliance with WTO criteria as a future member of that organisation.
- Policy reform should not only include a stronger emphasis on the provision of general services for the sector and the enhancement of the relevant institutions, but also requires developing new policies to manage risks in agriculture and promoting sustainable use of agricultural resources.
- Efforts to support large-scale agriculture should be complemented by helping small producers integrate local supply chains and to strengthen the capacity of rural households to earn income outside of agriculture.
- Reforming the system of state agencies in agriculture is a challenge. The objective should be to avoid crowding out private business, allow for the development of competitive markets, and increase private provision of services to agriculture.

Figure 14.1. **Kazakhstan: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Kazakhstan has the ninth largest area in the world but with 16.7 million inhabitants, it is one of the least densely populated countries. The availability of arable land per inhabitant (1.5 hectares) is the second highest in the world. The country is an upper middle-income economy and in per capita PPP terms ranks 70th in the world. Kazakhstan has seen rapid growth since the early 2000s, driven by the oil boom; GDP grew at 10% per year between 2000 and 2007. The economy slowed down considerably in 2008 and 2009 when it was hit by a local banking crisis and then by the global financial crisis, but higher growth resumed in 2010. Agriculture contributes around 5% of GDP, however it is the sector with the largest employment share at 27%. Agriculture experienced a difficult transition from a planned to a market economy; gradual recovery began in the early 2000s, but the decline has still not been fully reversed. Kazakhstan is one of the world's top ten wheat exporters, but since the mid-2000s has run an overall deficit in agro-food trade. Farm structure is polarised; large-scale, and often highly integrated operations, dominate the grain sector, while around 90% of beef and 80% of milk is produced in tiny rural households, and mostly for own consumption. Rural areas are home to 45% of the population.

Table 14.1. **Kazakhstan: Contextual indicators, 1995, 2011***

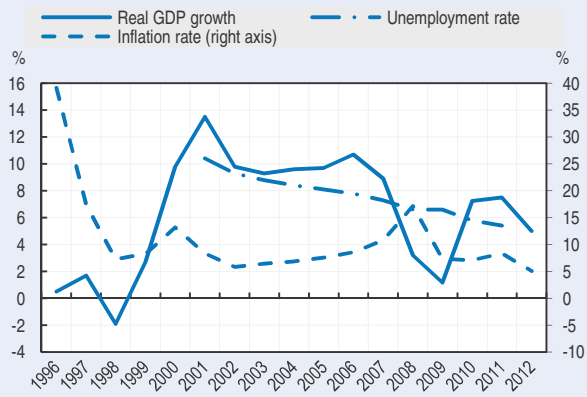
	1995	2011*
Economic context		
GDP (USD billion)	20	188
Population (million)	16	16
Land area (thousand km^2)	2 700	2 700
Population density (inhabitants/ km^2)	6	6
GDP per capita, PPP (USD)	3 661	13 189
Trade as % of GDP	22.2	33.5
Agriculture in the economy		
Agriculture in GDP (%)	12.3	5.1
Agriculture share in employment (%)	..	26.5
Agro-food exports (% of total exports)	12.4	2.1
Agro-food imports (% of total imports)	10.5	10.4
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	249	-2 105
Crop in total agricultural production (%)	54	59
Livestock in total agricultural production (%)	46	41
Agricultural area (AA) (thousand ha)	214 212	208 480
Share of arable land in AA (%)	15	11
Share of irrigated land in AA (%)	1	1
Share of agriculture in water consumption (%)	70	49
Nitrogen Balance, Kg/ha	..	..

* or latest available year.

Sources: *OECD statistical Databases*, UN COMTRADE, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876710

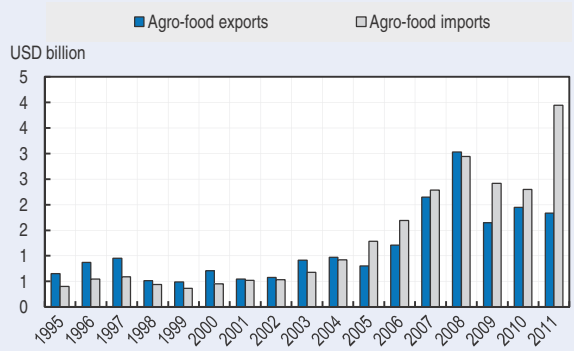
Figure 14.2. **Kazakhstan: Main macroeconomic indicators, 1996-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875589

Figure 14.3. **Kazakhstan: Agro-food trade, 1995-2011**



Source: UN COMTRADE Database.

StatLink http://dx.doi.org/10.1787/888932875608

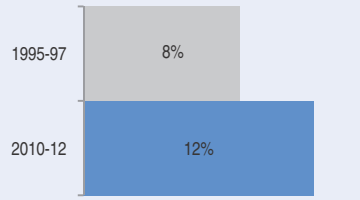
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Since the mid-1990s, the level of producer support was variable and revealed no particular trend. On aggregate, support remained moderate but this disguises strong distortions across commodities, with livestock products supported and some crop products taxed. Over two-thirds of support is provided through market price support, due to border protection for livestock products and interventions in the grain sector. Budgetary transfers to producers are dominated by payments based on current area and output, as well as subsidies to variable inputs and investments. Almost 80% of total support to agriculture (TSE) is provided to producers individually, with the rest directed for general services and support to food processors.

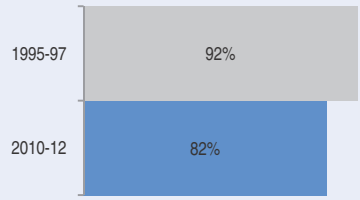
PSE as % of receipts (%PSE)

%PSE increased from 8% of gross farm receipts in 1995-97 to 12% in 2010-12, which is below the OECD average (19%). The high overall economic growth was associated with larger transfers to agriculture, while increased consumer incomes made possible the tightening of border regime.



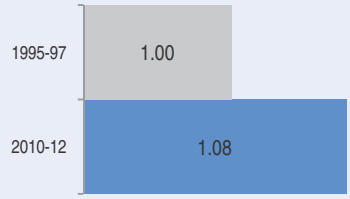
Potentially most distorting support as % of PSE

The share of the potentially most production and trade distorting forms of support (based on commodity output and variable input use) decreased from 92% to 82% of the total PSE, as part of the support was shifted to area payments and investments.



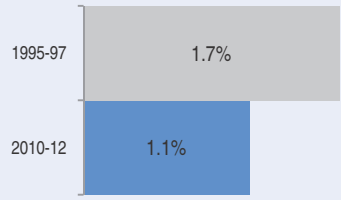
Ratio of producer price to border price (NPC)

Prices received by farmers were on average aligned with those observed on world markets in 1995-07, but were 8% above the 2010-12 levels. This reflects increased border protection for several key import competing commodities. An average NPC for beef increased from 1.00 to 1.08 between 1995-96 and 2010-12; from 1.00 to 1.47 for pigmeat; and from 1.00 to 1.03 for sheep meat.

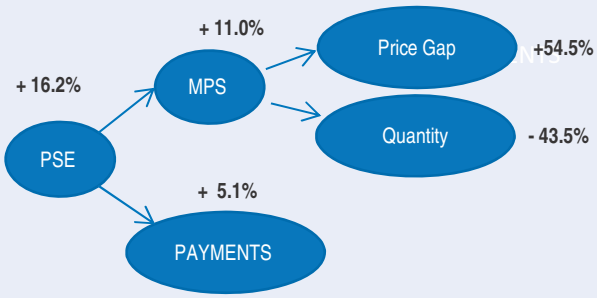


TSE as % of GDP

Total support to agriculture (TSE) as % of GDP declined from 1.7% in 1995-97 to 1.1% in 2010-12 as GDP increased stronger than total support.
Transfers to specific commodities (SCT) vary considerably, with most livestock products receiving support and crop products, except wheat, facing negative transfers.



Decomposition of change in PSE, 2011 to 2012



The PSE rose in 2012 due to higher market price support (MPS) and budgetary payments. MPS increased as the average positive price gap between domestic and world prices widened. This effect was largely offset by smaller quantities of price supported commodities produced.

Transfer to specific commodities (SCT), 2010-12

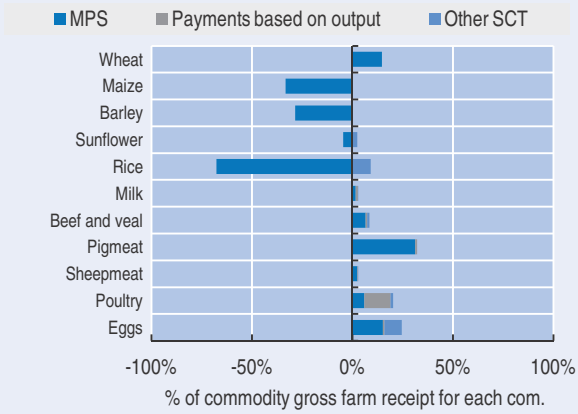


Table 14.2. **Kazakhstan: Estimates of support to agriculture**

KZT million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**269 202**	**1 889 173**	**1 442 630**	**2 286 042**	**1 938 848**
of which: share of MPS commodities, percentage	74	78	77	80	76
Total value of consumption (at farm gate)	**245 430**	**1 698 575**	**1 637 960**	**1 890 984**	**1 566 780**
Producer Support Estimate (PSE)	**19 075**	**231 769**	**142 471**	**255 754**	**297 083**
Support based on commodity output	17 670	165 559	81 726	192 304	222 647
Market Price Support	17 670	148 203	67 314	174 556	202 738
Payments based on output	0	17 356	14 412	17 748	19 909
Payments based on input use	858	48 969	48 010	44 039	54 857
Based on variable input use	373	26 592	26 283	25 225	28 269
with input constraints	0	0	0	0	0
Based on fixed capital formation	485	20 521	19 701	17 142	24 719
with input constraints	0	0	0	0	0
Based on on-farm services	0	1 856	2 027	1 671	1 869
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	17 087	12 735	19 412	19 113
Based on Receipts / Income	0	0	0	0	0
Based on Area planted / Animal numbers	0	17 087	12 735	19 412	19 113
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 fixed 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	548	155	0	0	466
Percentage PSE	**8**	**12**	**9**	**11**	**15**
Producer NPC	**1.00**	**1.08**	**1.05**	**1.08**	**1.09**
Producer NAC	**1.09**	**1.13**	**1.10**	**1.12**	**1.17**
General Services Support Estimate (GSSE)	**1 815**	**65 521**	**59 481**	**68 290**	**68 793**
Research and development	275	5 893	6 064	6 692	4 924
Agricultural schools	0	2 201	1 653	2 403	2 546
Inspection services	1 060	38 395	34 720	37 139	43 326
Infrastructure	480	8 215	2 930	10 449	11 267
Marketing and promotion	0	7 851	8 796	10 560	4 197
Public stockholding	0	1 263	1 937	910	942
Miscellaneous	0	1 703	3 381	138	1 591
GSSE as a share of TSE (%)	**11.5**	**23.1**	**29.5**	**21.1**	**18.8**
Consumer Support Estimate (CSE)	**-5 786**	**-108 188**	**-65 042**	**-97 788**	**-161 735**
Transfers to producers from consumers	-3 956	-96 649	-55 665	-83 440	-150 843
Other transfers from consumers	-861	-6 966	-9 389	-7 290	-4 220
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	-969	-4 573	12	-7 058	-6 672
Percentage CSE	**0**	**-6**	**-4**	**-5**	**-10**
Consumer NPC	**1.03**	**1.07**	**1.04**	**1.05**	**1.11**
Consumer NAC	**1.03**	**1.07**	**1.04**	**1.05**	**1.12**
Total Support Estimate (TSE)	**20 890**	**297 291**	**201 952**	**324 044**	**365 876**
Transfers from consumers	4 817	103 616	65 054	90 730	155 063
Transfers from taxpayers	16 934	200 641	146 287	240 604	215 033
Budget revenues	-861	-6 966	-9 389	-7 290	-4 220
Percentage TSE (expressed as share of GDP)	**1.72**	**1.12**	**0.93**	**1.18**	**1.25**
GDP deflator 1995-1997=100	**100**	**701**	**644**	**757**	**..**

.. Not available

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Kazakhstan are: wheat, rice, maize, barley, sunflower, potatoes, cotton, milk, beef and veal, pigmeat, sheepmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876729

Policy developments

Main policy instruments

Agricultural policy formulation is part of the national strategic planning process. The overarching policy document is the President's national development strategy. The most recent one – Strategy 2050 – was presented in December 2012. Strategic plans are prepared for each decade, further developed in sequential five-year development programmes, and five-year sectoral programmes. The current sectoral programme for agriculture – Programme for Development of Agro-Industrial Complex in the Republic of Kazakhstan in 2013-20 (Agribusiness 2020) – was approved in February 2013.

The Agribusiness 2020 programme formulates a single overarching policy objective; that is, to create conditions to enhance the competitiveness of agri-business. In contrast to the previous agricultural programme, no specific self-sufficiency targets are set. The new programme maintains the policy orientation taken since the early 2000s to boost agricultural production as part of the strategy to diversify the national economy. More recently, additional emphasis was placed on assisting local producers to face competition in view of integrating international trade. Other objectives associated with agricultural development, such as the sustainable use of resources and rural development, are not mentioned. The principal domestic support mechanisms are carried over from the previous programme, including interventions in the grain market, output subsidies for livestock producers and area payments for crop growers. Various support based on variable inputs and capital investment will continue, including concessional credit. The new components of Agribusiness 2020 are the measures concerning the financial rehabilitation of the sector, as well as proposals on the reform of the state-supported credit system. Agricultural producers will continue to benefit from considerable tax concessions, although several tax reforms are under discussion.

It is planned to allocate an aggregate of KZT 3.1 trillion (USD 21 billion) over the eight years of the programme's implementation, of which 80% will be provided from the national budget, 7% from local budgets, 10% through the emission of government securities, and 3% from the state KazAgroHolding and its daughter companies, such as the Food Credit Corporation.

Domestic policy developments in 2011-13

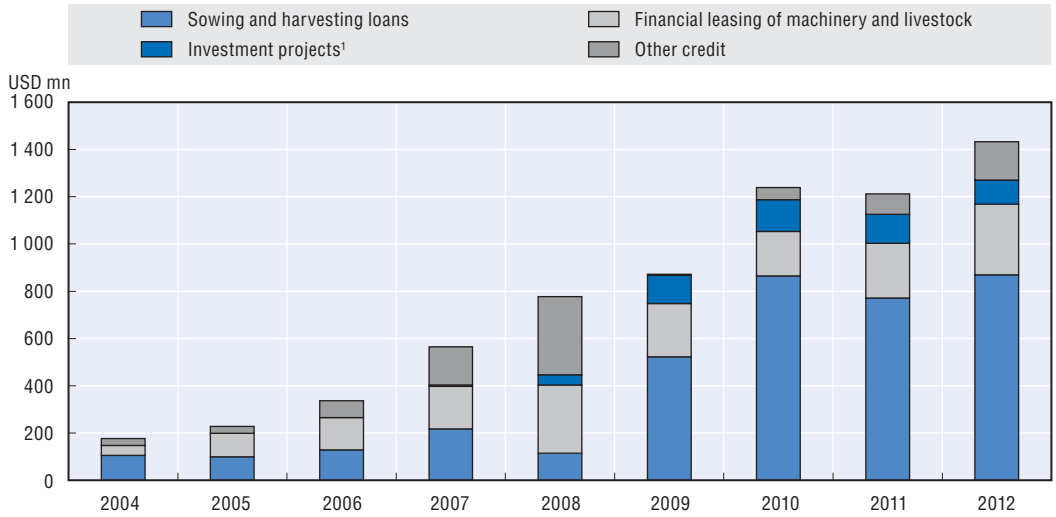
A system of **state grain resources** operates in the grain sector. These include stocks of food, feed, seed grains, as well as grain stocks for "market stabilisation." The state agency Food Contract Corporation (FCC) performs the function of the government agent responsible for the establishment, renewal and disposal of these stocks. Producers with a grain area over 250 hectares, are obliged "to participate in the establishment of state grain resources" through priority sales of grain to the FCC. The management of state grain resources and grain interventions are processes based on annual government's decisions. Purchase quantities and prices are set annually by the government on proposals by local administrations and the FCC. The FCC's mandate initially included only the management of state grain resources, but since 2002 the company also undertakes commercial grain trading. As an operator of grain resources and commercial grain purchaser, the FCC is a price leader on the domestic grain market. In 2010-12, wheat prices were supported above external market levels by high FCC purchase prices and export transportation subsidies. Part of this support is likely diminished as private actors in the grain chain incur high transactions costs due to considerable infrastructure deficiencies, while the FCC with its prior claims on elevator space and transportation crowds out private traders in access to infrastructure.

Per tonne payments were first provided in 2006 for poultry only, but coverage was rapidly extended to all livestock products. Over two-thirds of total payments in 2010-12 went to poultry and eggs. Total spending on per tonne payments during these three years amounted to 7% of the total PSE and 20% of the budgetary transfers in the PSE.

Implicit support through **concessional credit** is another key component of agricultural support, contributing in 2010-12 the same share to the total PSE (7%) as per tonne payments. The present system emerged in the early transition period amidst fundamental impediments to commercial lending for agriculture. Kazakhstan's approach was to put in place a fully administered system based on the provision of public funds at administratively fixed interest rates, with state agencies the sole providers of such concessional credit. These agencies include the Food Contract Corporation which provides loans for field works, the KazAgroFinance (KAF) which implements financial leasing of machinery and livestock, the Agrarian Credit Corporation (ACC) offering various kinds of loans to medium-size borrowers, and the Fund for Financial Support of Agriculture (FFSA) which provides loans to micro-borrowers and their associations. These agencies are the daughter companies of the state holding company KazAgro and in 2011 concentrated approximately 60% of the total agricultural credit portfolio. Concessions take the form of fixed reduced interest rates, which vary depending on the term and purpose of the loan and on the origin of credit resources (i.e. different interest rates are set for loans sourced from budgetary funds, own capital of KazAgro agencies, and funds borrowed from commercial sources). In 2012, short-term loans for sowing and harvesting were provided at interest rates varying from 4% to 11% per annum, which compares with a commercial interest of 11.5%. Longer term loans for three to seven years are typically given at interest rates that range between 4% and 9.5%, compared to the commercial interest rate at 10%-11.7%.

The annual volume of concessional credit has steadily expanded since the mid-2000s, from around KZT 24 billion (USD 175 million) in 2004 to KZT 214 billion (USD 1.4 billion) in 2012. In recent years, these funds were substantially reoriented towards credit for sowing and harvesting and state-selected investment projects (Figure 14.4).

Figure 14.4. **Kazakhstan: Concessional credit allocations in 2004-12**



1. Projects credited through KazAgro agencies.
Source: FCC, ACC, KAF, FFSA.

StatLink http://dx.doi.org/10.1787/888932875627

By late 2012, the debt situation in the agro-food sector had deteriorated considerably as a result of the 2008-09 financial crisis and other unfavourable factors. As of January 2012, bad and sub-standard loans represented over one-half of the total agricultural credit portfolios in commercial banks. Although the loan situation of KazAgro agencies developed less dramatically, it nevertheless progressively deteriorated. By January 2012, bad and sub-standard loans accounted for 42% of all KazAgro portfolios.

In this situation, agricultural financial rehabilitation has become a principal factor of the Agribusiness 2020 programme. It will concern loans provided by both commercial banks and KazAgro credit agencies. KazAgro will raise KZT 300 billion (USD 2 billion) from the financial markets through emissions of state securities. These funds will be directed to provide liquidity to KazAgro credit agencies and commercial banks, which will then implement the **restructuring of agricultural loans** to the final borrowers. At present, prolongation of loans for up to eight years is foreseen. KazAgro credit agencies and commercial banks will be liable for the repayment of the sums provided by the government for the relief package. The interest rate on restructured loans for final borrowers will be 12% per annum, which roughly corresponds to the market rate. However, final borrowers will be eligible for interest rate subsidies, effectively bringing their debt service costs down to 7% per annum on long- and short-term money loans, and to 4% per annum on leased machinery. Thus, the proposal on debt restructuring as it currently stands foresees considerable concessions to agricultural debtors. KZT 75.6 billion (USD 507 million) is budgeted for interest rate subsidies and is to be provided between 2013 and 2020.

The debt relief component is complemented by giving a new function to KazAgro Holding. It will act as the "bank of the banks" by providing financial resources to commercial banks which will direct these towards agricultural loans. This proposal is driven by the desire to strengthen the incentives of commercial banks to engage with agriculture and, in particular, to increase long-term lending. In principle, this breaks the privileged access of KazAgro's own credit agencies to budgetary funding. Another new feature is to gradually shift away from fixing concessional interest rates to providing interest rate subsidies on agricultural loans. Support for risk insurance by credit institutions and the provision of state guarantees for agricultural loans are also among the new measures foreseen.

Concessional credit is complemented by a range of direct **subsidies for variable and fixed inputs**, which constituted 13% of the total PSE in 2010-12 and over one-third of budgetary transfers in the PSE. Among the main payments for crop producers are subsidies for mineral fertilisers and chemicals, elite seeds, subsidies for delivery of water for irrigation, and maintenance of permanent plantations. Livestock producers receive subsidies to purchase feed and pedigree livestock. In addition to direct payments, **prices of diesel** for agricultural producers are regulated during the sowing and harvesting. Upper price limits and total volumes supplied at regulated prices are fixed. The Agribusiness 2020 Programme foresees to start provision of **investment grants** in 2013.

Per hectare payments is the largest single policy measure contributing 10% of the total PSE in Kazakhstan in 2010-12. These payments are provided for "priority crops" approved by the government, with the exact list of such crops determined for each region by local authorities. One reason for the introduction of per hectare payments was to ensure that support is actually going to the priority crops – in this case, plantings serve as straightforward evidence. Another reason was the concern that the current crop growing practices lead to soil depletion and water over-use. Per hectare payments were supposed to stimulate better cultivation practices. The payment rates are differentiated by crops, and further vary for some crops depending on the cultivation technology used. Producers applying drip irrigation and, in the case of grain, complying with "scientific"

requirements are eligible for higher payment rates. The administration of per hectare payments is a complex process involving substantial delays in the transfer of payments, meaning that producers made production decisions largely without factoring in the availability of payment at the time of planting. The Ministry of Agriculture's own assessment noted that the programme did not yield the expected outcomes in terms of crop diversification. A proposal to terminate or limit this support was discussed during the preparation of the Agribusiness 2020 programme. However, it is foreseen that a total KZT 240 billion (USD 1.6 billion) will be allocated for per-hectare payments during the next eight years.

The tax regime in agriculture provides for **special tax regimes** for agricultural enterprises and individual farms. Agricultural enterprises benefit from a 70% discount on six key business taxes: land tax (or land use payment for land tenants), property tax, social tax, VAT, corporate income tax, and tax on vehicles. For individual farms, these six taxes have been replaced with a Single Land Tax, which is set as a percentage of the cadastre value of land owned and/or used. Members of rural households are regarded as individuals for the purpose of taxation and are eligible for the taxes on physical persons. They are not obliged to declare personal income, and an income that rural households may generate by selling agricultural products is not registered and generally not taxed.

Taxation in agriculture has recently become an area of intense internal debate, largely focused on land tax issues. Low land taxes are viewed as an impediment to the re-allocation of agricultural lands to more efficient users and result in some agricultural lands remaining uncultivated. Current proposals to reform land taxation include a re-evaluation of agricultural land to reflect more appropriately its quality and market value. Another tax reform under discussion concerns the VAT regime, taking place within the context of current WTO negotiations. Preferential VAT treatment for domestic producers is viewed by Kazakhstan's trade partners as discriminatory. In this respect, the government is considering withdrawing the VAT from the special regime for agricultural enterprises, which would effectively mean the elimination of a 70% VAT discount for these taxpayers.

A feature of Kazakhstan's policies is that they also focus on **support to the food processing sector**. The low level of development of this industry is seen as an impediment to overall growth in the agro-food sector. Along with agricultural producers, food processors benefit from concessional credit and leasing of machinery and equipment provided by KazAgroHolding credit agencies. Direct subsidies to interest rates and leasing fees are also available if loans or leasing are provided by commercial companies. Another principal form of support is the provision of subsidised credit for investment projects related to food processing and the grain infrastructure. Since 2006, a subsidy is provided to processors who introduce modern quality control systems with 50% of the costs incurred compensated. Finally, agro-food processors are eligible for reduced VAT on processed food products. Thus, with the current standard VAT rate in Kazakhstan at 12%, agro-food processors are effectively eligible for a 3.6% VAT rate.

Trade policy developments in 2011-13

Kazakhstan's trade policy is largely formed within the framework of the **Customs Union between Belarus, Kazakhstan and Russia** (CU), which came into effect on 6 July 2010 as part of the Eurasian Economic Community (see below). On 1 July 2011, all customs borders between the three countries were removed and replaced by a single external customs border. The three countries form a common customs territory with a Unified Customs Code. The CU's tariff regime should also be viewed in the context of the WTO process in which all three CU members are engaged:

Kazakhstan is at an advanced stage of negotiations and Russia officially acceded to the Organisation in August 2012. This implies that the CU tariff will evolve in accordance with the commitments that CU members undertake within the WTO framework. The period under review was also marked by the harmonisation of SPS norms and technical regulations within the CU. The initial target was to complete the process by mid-2011, but as of March 2013 it was still on-going.

Overall, joining the Customs Union meant a substantial increase in import tariffs for Kazakhstan, as 92% of the common external tariffs were aligned with the Russian tariff system. A key change for Kazakhstan's agro-food imports was the introduction of **tariff rate quotas for meat.** The TRQ provided substantial protection with *ad valorem* over-quota tariff rates varying between 50% for beef and 80% for poultry meat (Table 14.3). The TRQ volumes for Kazakhstan (and for Belarus and Russia) are set annually by the decision of the Eurasian Commission. Kazakhstan's TRQs were at the same level in 2010 and 2011, but increased in 2012 and 2013 for frozen beef and for fresh or chilled pork. This was most likely driven by the need to ease the difficulties that local meat processors faced to procure raw meat after the introduction of the TRQs. Russia's WTO accession implied changes in the TRQ conditions applied within the CU, which also concerned Kazakhstan as its member; the most important was for pigmeat for which in-quota tariffs were brought to zero and over-quota tariffs reduced from 75% to 65%. Russia also committed to eliminating the pigmeat TRQ after 2020 and to apply a flat 25% tariff on such imports (see Chapter 19).

Table 14.3. **Kazakhstan's tariff rate quotas for meat imports under the Customs Union, 2012**

	2010	2011	2012[1]	2013[1]
Beef fresh and chilled, 0201				
TRQ, tonnes	20	20	20	20
In-quota tariff	15%, n.l.0.2 EUR/kg			15%
Over-quota tariff	50%, n.l.1.0 EUR/kg			50%, n.l.1.0 EUR/kg
Beef frozen, 0202				
TRQ, tonnes	10 000	10 000	13 900	15 380
In-quota tariff	15%, n.l. 0.2 EUR/kg			15%
Over-quota tariff	50%, n.l.1.0 EUR/kg			50%, n.l.1.0 EUR/kg
Pigmeat fresh, chilled or frozen, 0203				
TRQ, tonnes	7 400	7 400	9 400	9 700
In-quota tariff	15%, n.l. 0.25 EUR/kg			0%
Over-quota tariff	75%, n.l. 1.5 EUR/kg[1]			65%
Poultry meat fresh, chilled or frozen, 0207				
TRQ, tonnes	110 000	110 000	110 000	110 000
In-quota tariff	25%, n.l. 0.2 EUR/kg			25%, n.l. 0.2 EUR/kg
Over-quota tariff	80%, n.l. 0.7 EUR/kg			80%, n.l. 0.7 EUR/kg

n.l.: Not less than.
1. Tariff rates shown for 2012 are those effective up until 23 August 2012, and for 2013 are those effective as of 23 August 2012.
Source: EurAsEC Commission.

StatLink http://dx.doi.org/10.1787/888932876748

An import quota for **white sugar** was in place up to 2010, but did not apply to sugar imported from Russia and Belarus and was nullified by the implementation of the CU. The previous combined duty of 30% but not less than EUR 120 per tonne was replaced by a specific duty of EUR 340 per tonne. Kazakhstan's pre-CU regime allowed for tariff-free imports of **raw sugar** to supply the local sugar industry, which depended strongly on imported raw material. The CU tariff regime provides for a complex structure of varying tariffs on raw sugar. However, as a derogation

from the common CU tariff, Kazakhstan will maintain a zero import duty on raw cane sugar up to 2019 with the obligation that neither raw sugar for processing, nor white sugar would be re-directed to Russia or Belarus.

Kazakhstan's dairy processing industry is dependent on dry milk imports due to the limited and uneven supply of raw milk from rural households, the country's dominant milk producers. A large share of dairy imports consists of milk powder from Belarus, the United States and Ukraine, which is reconstituted into dairy products, e.g. almost all of the UHT milk produced in Kazakhstan is from imported milk powder. With the adoption of the CU tariff, the import tariff for **dry skim milk** was increased from 15% to 20%; however, in accordance with Russia's WTO tariff commitments it is to be brought down to 15% by 2015, along with reductions for other dairy products (see Chapter 19).

Between 2009 and mid-2012, the government provided a **transport subsidy for wheat exports**. It was available for specific periods for wheat forwarded to China or which transited through Chinese or Russian territory. The subsidy was originally set at USD 20 per tonne and increased to USD 40 per tonne in April 2011, but reduced to USD 27 in May 2012 and discontinued in August 2012. A total of KZT 11.8 billion (USD 80 million) was spent on export transportation subsidies between end-2009 and 2010, KZT 5 billion (USD 34 million) in 2011, and KZT 10 billion (USD 68 million) in 2012. As of 1 February 2012 the requirement for a grain export license was no longer applied. Before that date, individuals and companies obtained a grain export licence from the Ministry of Agriculture. In order to do so, exporters had to have production and storage facilities, and not less than 5 000 tonnes of grain for export. A year's experience in grain trading was also required.

Kazakhstan's most important regional economic integration framework is the **Eurasian Economic Community** (EurAsEC), whose member countries are ***Belarus*, *Kazakhstan*, the *Kyrgyz Republic*, *Russia***, and ***Tajikistan***. The EurAsEC aims to develop the Common Economic Space between its members. Following the implementation of the CU, other EurAsEC developments included the signing of the Declaration on Eurasian Economic Integration by the three CU members in November 2011 and the introduction of a Common Economic Space (CES) in January 2012, which, beyond the free movement of goods and services, foresees the development of a harmonised legal base, a common infrastructure, and co-ordination on tax, monetary, currency and other policies. It is in this context that preparations for an agreement on a co-ordinated CES agro-industrial policy have begun. A Eurasian Economic Commission was created within the framework of the CES on 1 February 2012. It took over the duties of the CU Commission to become a single permanent regulatory body of the CU and the CES.

Members of the CU are currently in the process of **Free Trade Agreement** (FTA) negotiations with the **European Free Trade Association** (EFTA). In January 2013, Kazakhstan hosted the seventh round of CU-EFTA negotiations. FTA negotiations between the CU and ***New Zealand*** were initiated in late 2010; nine rounds have been held, most recently in Moscow in July 2012.

Kazakhstan applied to join the **World Trade Organization** (WTO) in January 1996 and negotiations have progressed unevenly. After revisions, the Working Party submitted a draft report on Kazakhstan's Accession in June 2008. This would normally signal the final stages of the accession process, however, it was stalled in 2009 amid uncertainties related to the implementation of the CU. Subsequently, Kazakhstan's WTO negotiations re-gained momentum and are currently at an advanced stage.

Since the beginning in 2003 of bilateral negotiations on access to the commodity and services market, Kazakhstan has completed negotiations with 29 WTO members interested in access to

Kazakhstan's market, most recently with the **United States** (September 2011), the **European Union** (October 2011), **Guatemala** (December 2011), **Argentina** (March 2012), and **Saudi Arabia** (April 2012). These agreements are yet to be integrated into the country's Schedule of Concessions and Commitments, a process which started in the second half of 2012. The majority of bilateral agreements were finalised prior to the launch of the CU and, reportedly, some of the bilateral agreements incorporate lower tariff commitments than the CU tariffs. This issue is to be addressed during the process of integration of Kazakhstan's Schedule of Concessions and Commitments.

Among the outstanding multilateral issues in the area of agriculture is the amount of domestic support that Kazakhstan could provide to domestic producers after accession to the WTO and the possibility to provide export subsidies.

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PART II

Chapter 15

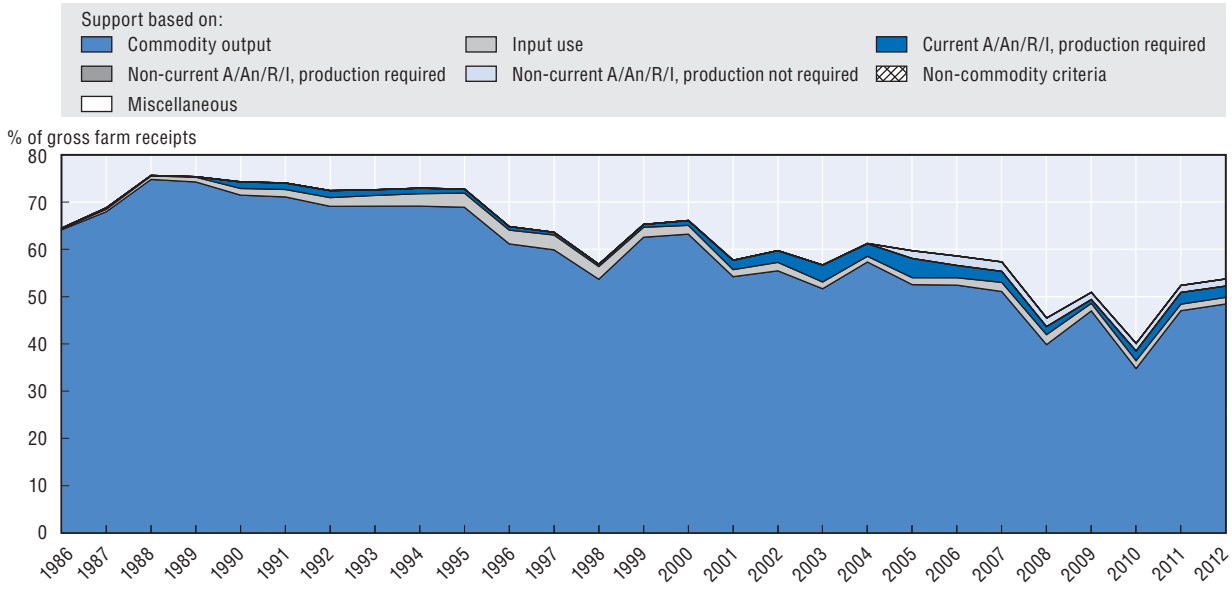
Korea

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Overall, there has been some progress towards more market oriented policies with reduction in the producer support since 1986-88, but the level is still 2.5 times higher than the OECD average and the share of potentially most distorting support remains around 90% of total support.
- After a reduction in 2010, the level of support in 2011 and 2012 increased back to the 2009 level, due to a rise in domestic rice prices and the levelling-off in world rice prices. Market price support still dominates in producer support, although the share of support through budgetary payment schemes has gradually increased in most recent years. Most producer support is commodity specific, and concentrates on a small number of products.
- The introduction of a permit and registration system in the livestock business is a strong reaction to the recent outbreak of animal diseases. The effects on the cost and restructuring of the livestock business need to be evaluated in the future. The reform of environmentally-friendly agricultural products certification and expansion of the traceability information system are responses to increasing consumer interest in organic food and food safety.
- In spite of efforts to integrate various direct payment systems so as to improve efficiency of delivery, the reorganised direct payments programme has not yet taken definite form and the discussions stalled in 2012. Further efforts are needed to reduce the level of market price support, improve the targeting of direct payments and establish an efficient delivery system.

Figure 15.1. **Korea: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Korea is a country with relatively high GDP per capita, dynamic growth and low levels of unemployment. Korea is a land-scarce country with high population density, where only 17% of the area is being used for farming. The importance of agriculture in the economy has been decreasing with its share in domestic GDP declining to 2.7% in 2011, while its share of employment is 6.2%. Korea is one of the largest net agro-food importers in the world. The share of agro-food imports in total imports is around 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 15.1. **Korea: Contextual indicators, 1995, 2011***

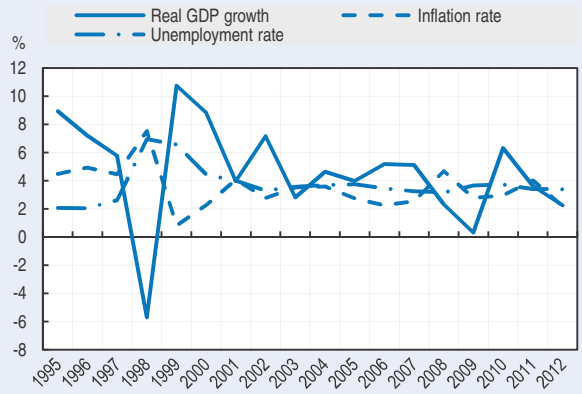
	1995	2011*
Economic context		
GDP (USD billion)	531	1 117
Population (million)	45	50
Land area (thousand km^2)	99	97
Population density (inhabitants/ km^2)	449	486
GDP per capita, PPP (USD)	12 803	30 286
Trade as % of GDP	24.5	48.3
Agriculture in the economy		
Agriculture in GDP (%)	6.2	2.7
Agriculture share in employment (%)	11.2	6.2
Agro-food exports (% of total exports)	1.3	0.9
Agro-food imports (% of total imports)	7.0	4.7
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-7 837	-19 652
Crop in total agricultural production (%)	77	64
Livestock in total agricultural production (%)	23	36
Agricultural area (AA) (thousand ha)	2 048	1 854
Share of arable land in AA (%)	87	86
Share of irrigated land in AA (%)	44	46
Share of agriculture in water consumption (%)	48	..
Nitrogen Balance, Kg/ha	258	215

* or latest available year.

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

StatLink http://dx.doi.org/10.1787/888932876767

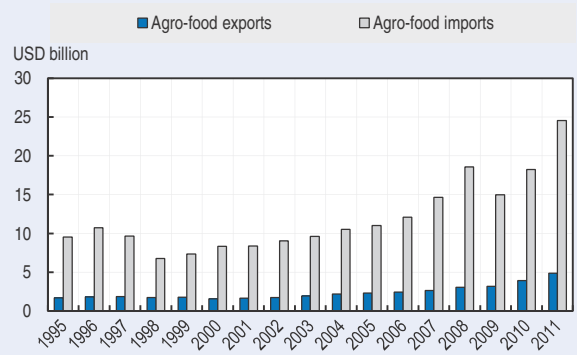
Figure 15.2. **Korea: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875665

Figure 15.3. **Korea: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875684

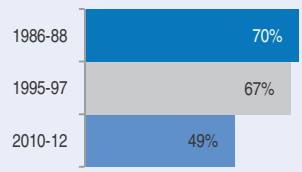
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Over the last 20 years, Korea has reduced its support to agriculture especially in the last decade. However, support remains relatively high and the potentially most production and trade distorting forms of support are still around 90% of the support. Moreover, the level and developments of the MPS reflects fluctuations of the price gap between domestic and world market prices of a few commodities, mainly rice.

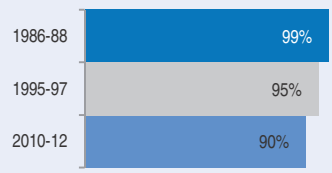
PSE as % of receipts (%PSE)

Korea has reduced its support to agriculture quite substantially between 1995-97 and 2010-12. Despite this reduction the overall support remains relatively high (2.5 times the OECD average) in 2010-12. After a sharp drop in the %PSE to 40% in 2010, the PSE increased in 2011 and 2012 back to the levels before 2010 (54%).



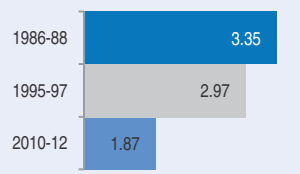
Potentially most distorting support as % of PSE

The potentially most production and trade distorting policies (based on output and unconstrained variable input use) are decreasing gradually but still dominate at around 90% of total support to farmers in 2010-12.



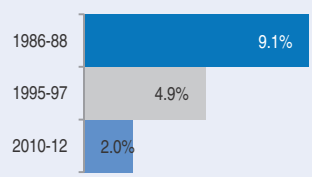
Ratio of producer price to border price (NPC)

The ratio of producer prices to border prices has been gradually reduced. Overall the prices paid to farmers were 1.9 times higher than world prices as measured by the NPC in 2010-12. The highest NPCs are for soybeans and garlic.

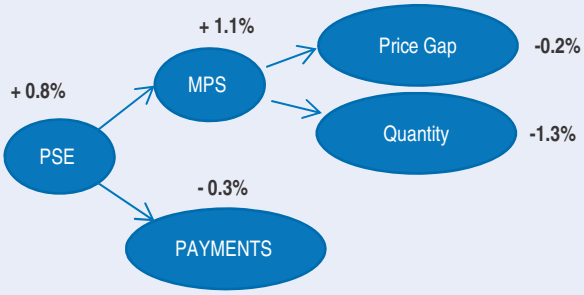


TSE as % of GDP

Total support as a share of GDP was substantially reduced and was 2.0% of GDP in 2010-12. The expenditure on general services represented 12% of the TSE in the same period.
The single commodity transfer (SCT) represented 93% of the PSE. The share of the SCT in the commodity gross farm receipt is above 80% for soybeans, and the lowest for eggs at around 10%. For the remaining commodities it is around 40%.



Decomposition of change in PSE, 2011 to 2012



The level of support slightly increased in 2012 due to a rise of market price support, which was partly offset by decreased budgetary payments.

Transfer to specific commodities (SCT), 2010-12

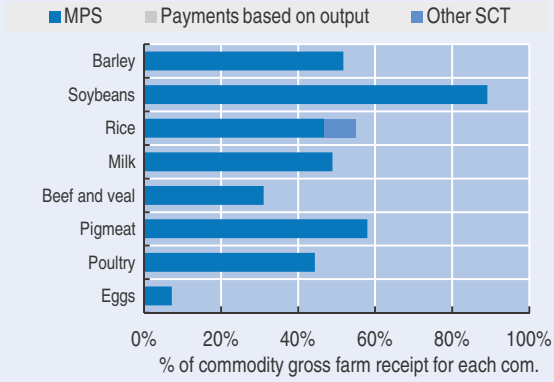


Table 15.2. **Korea: Estimates of support to agriculture**

KRW billion

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**13 624**	**27 747**	**41 200**	**41 677**	**41 308**	**40 615**
of which: share of MPS commodities, percentage	72	64	61	60	59	64
Total value of consumption (at farm gate)	**14 367**	**30 693**	**52 797**	**45 785**	**58 672**	**53 932**
Producer Support Estimate (PSE)	**9 605**	**19 277**	**21 193**	**17 658**	**22 864**	**23 056**
Support based on commodity output	9 511	18 199	18 873	15 313	20 525	20 780
Market Price Support	9 511	18 199	18 873	15 313	20 525	20 780
Payments based on output	0	0	0	0	0	0
Payments based on input use	70	871	647	735	606	602
Based on variable input use	23	136	285	332	271	252
with input constraints	3	11	79	86	76	76
Based on fixed capital formation	44	725	278	319	251	262
with input constraints	0	70	45	50	42	43
Based on on-farm services	3	10	85	84	83	87
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	24	206	1 002	903	1 080	1 024
Based on Receipts / Income	24	196	239	253	233	230
Based on Area planted / Animal numbers	0	11	763	649	847	794
with input constraints	0	0	48	54	47	44
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	671	707	653	652
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	0	0	671	707	653	652
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**	**49**	**40**	**52**	**54**
Producer NPC	**3.35**	**2.97**	**1.87**	**1.58**	**1.99**	**2.05**
Producer NAC	**3.38**	**3.09**	**1.98**	**1.67**	**2.10**	**2.16**
General Services Support Estimate (GSSE)	**1 202**	**2 876**	**3 133**	**3 478**	**2 796**	**3 124**
Research and development	52	275	723	671	740	757
Agricultural schools	5	47	81	150	43	51
Inspection services	21	80	122	110	124	131
Infrastructure	374	2 121	1 633	1 797	1 453	1 648
Marketing and promotion	0	12	70	69	69	72
Public stockholding	394	341	504	680	366	464
Miscellaneous	357	0	0	0	0	0
GSSE as a share of TSE (%)	**11.2**	**12.8**	**13.1**	**16.4**	**10.9**	**11.9**
Consumer Support Estimate (CSE)	**-9 425**	**-19 748**	**-24 843**	**-18 527**	**-28 871**	**-27 131**
Transfers to producers from consumers	-9 304	-17 861	-18 872	-15 313	-20 523	-20 779
Other transfers from consumers	-181	-2 148	-6 020	-3 261	-8 394	-6 404
Transfers to consumers from taxpayers	59	260	49	48	47	52
Excess feed cost	0	0	0	0	0	0
Percentage CSE	**-66**	**-65**	**-47**	**-41**	**-49**	**-50**
Consumer NPC	**2.94**	**2.91**	**1.89**	**1.68**	**1.97**	**2.02**
Consumer NAC	**2.93**	**2.89**	**1.89**	**1.68**	**1.97**	**2.01**
Total Support Estimate (TSE)	**10 867**	**22 413**	**24 374**	**21 183**	**25 706**	**26 232**
Transfers from consumers	9 484	20 009	24 891	18 574	28 917	27 183
Transfers from taxpayers	1 563	4 552	5 502	5 869	5 183	5 453
Budget revenues	-181	-2 148	-6 020	-3 261	-8 394	-6 404
Percentage TSE (expressed as share of GDP)	**9.13**	**4.91**	**1.98**	**1.81**	**2.08**	**2.05**
GDP deflator 1986-1988=100	**100**	**190**	**272**	**268**	**273**	**276**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Korea are: barley, garlic, red pepper, chinese cabbage, rice, soybean, milk, beef and veal, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876786

Policy developments

Main policy instruments

Tariffs and a wide range of tariff rate quotas (TRQs) are applied based on multilateral and bilateral trade agreements. Under the WTO Agreement on Agriculture, rice is the last remaining sensitive product designated by Korea.

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 have been implemented with different objectives; including rice income compensation, promotion of environmentally-friendly agriculture, maintain agriculture in less- favoured areas, and rural landscape conservation.

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 it was decided in 2009 to reorganise the various direct payment programmes into two major programmes: *Direct Payment for Public Interests* and *Direct Payment for Managerial Stabilization*. Direct Payment for Public Interests aimed to increase the basic income of small and medium-sized farmers, while Direct Payment for Managerial Stabilization focused on full-time farmers by alleviating income risks of farm households. The reorganised direct payment programmes were expected to be implemented by 2012, but the effort to trim and renew the various direct payment programmes has not achieved results yet.

The basic law for agriculture, rural area and food industry was established in 2007 and lays out the basic policy principles in agriculture. 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*. 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.

Korea gives high priority to enhancing the competitiveness of the food supply chain. A comprehensive plan to develop the food industry was established in December 2008, and announced the action plan which aimed to reduce entry barriers to agriculture for non-agricultural companies. With this strategy, the government intends to promote the supply of safe agricultural products that consumers can rely on, as well as to develop the food export industry.

Domestic policy developments in 2012-13

As a countermeasure to the Foot and Mouth Disease (FMD) found in cows and pigs in November 2010,[1] the Korean government instituted a permit system in the livestock business from December 2012. The new *Livestock Law* introduced a compulsory permit system, defined by the presidential decree, for any size of stock-breeding businesses and incubation businesses and for large livestock farms. The smaller livestock farms that are exempt from the permit system and all the livestock dealers who are frequently visit farms should register to the local governments. In addition, compulsory training programs were introduced for all people who had the permit or registered as livestock business person, farmer or dealer.

A pilot project to establish a new Pigmeat Farm Traceability System was initiated in October 2012. The government operates this project with volunteers including 427 pig farms, 13 slaughter houses and 34 retail stores. All participating farms are given an identification number and any pig

that is not marked with the identification number should not be transported or slaughtered. This program is scheduled to expand to cover all stages of pigmeat production and marketing from late 2013.

In May 2012, Korea amended the law regulating the *Environmentally-friendly Agricultural Products Certification* in order to include fishery and food products certifications in the same system and to manage consistently the various certifications which have been applied differently by each category of the products.[2] It also provides a legal basis to accept other organic food certifications which is made by governments or certification bodies of other countries as equivalent even if these certifications differ from Korea's own or from those used by other countries trading in the same product when they achieve appropriate level of credibility. This law will be implemented from June 2013, but the equivalency clause will be effective from 2014.

The Korean government started a pilot project named the *Low Carbon Agricultural Products Certification* in March 2012 which aims to become a regular program from 2014.[3] In 2012, the government invited volunteers from producers of five agricultural products; rice, sesame leaf, lettuce, apples and pears. This certificate is similar to "Carbon labelling' or "Carbon Footprint' which is applied to other industrial products and this project aims to expand product coverage to two percent of total agricultural production by 2020.

Following the comprehensive plan to develop the seed industry established in December 2011,[4] the *Seed Industry Law* was amended in June 2012. The law was divided into the new *Seed Industry Law* and the *Law for the Protection of New Varieties of Plants*. The former reinforces the legal basis for government to support R&D foundation and investment, and the latter focuses on strengthening the rights of developers of new varieties of plants, to become a member of the International Union for the Protection of New Varieties of Plants (UPOV).

Related with the *Rural Vitalization Promotion Project,* the government helps young farmers to find suitable farms to learn advanced farming skills, and facilitates land trading between preliminary retirees and young farmers. In 2012, the Korea Rural Community Corporation, which is a public corporation that constructs and manages agricultural production infrastructures, offered 2 030 ha to 2 164 young farmers who wanted to start or expand their own farms. The government encourages opening lifelong education classes for people who want to leave the city area to go back to farming. In 2013, twenty nine private agencies will schedule thirty-six back-to-farm classes to meet the increasing need of future farmers.

Trade policy developments in 2012-13

As a result of the WTO rice negotiations in 2004, the TRQ for rice is scheduled to increase by 20 347 tonnes annually, reaching 368 006 tonnes in 2012.[5]

The Free Trade Agreement (FTA) with the ***United States*** became effective on 15 March 2012. Korea currently has seven other bilateral and regional FTAs with ***Chile, Singapore, EFTA, ASEAN, India, EU*** and ***Peru***. Korea concluded FTA negotiations with ***Turkey*** in March and with ***Columbia*** in June 2012. Korea started FTA negotiations with ***China*** in May, with ***Indonesia*** in July and with ***Viet Nam*** in September 2012. The treatment of agricultural commodities was one of the most sensitive issues in the Korea-China FTA. Korea also began negotiations on the Korea-China-Japan FTA and the Regional Comprehensive Economic Partnership in East Asia in November 2012.

The FTA negotiations with ***Canada*** have struggled to find a way to proceed since March 2008, when the thirteenth meeting was held in Ottawa. The chief negotiators of the two countries exchanged views in July 2012, but the situation remains unchanged. Korea is looking for ways to

resume FTA negotiations with ***Australia, New Zealand, Japan, Mexico*** and the ***Gulf Co-operation Council*** (Saudi Arabia, UAE, Oman, Qatar, Bahrain, and Kuwait).

Notes

1. The government culled more than 3 million heads of pig and cattle in an attempt to prevent spreading of the disease 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.
2. The Environmentally-friendly Agricultural Products Certification consists of three categories: *Organic Agricultural Products; Pesticide-free agricultural products; Low-pesticide agricultural products*. 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.
3. The Korean government launched the Presidential Committee on Green Growth and set the 5-year Green Growth National Strategy in 2009 and established the Framework Act on Low Carbon and Green Growth including agriculture sector, as a part of policy for low carbon and green growth in April 2010.
4. In December 2011, the government announced the *Golden Seed* project which aims to develop high quality varieties of crops, fruits and livestock breeds with three main strategies: *Enhancing R&D foundation, Enlarging R&D investment and Encouraging private enterprises*.
5. The WTO Agreement on Agriculture (AA) provided that Korea's minimum market access for rice, known as "special treatment' for the first ten implementing years from 1995 to 2004. The WTO AA allowed that the special treatment could be extended for an additional length of time, but only after individual WTO member countries had the opportunity to negotiate concessions for the extension. In January 2004, Korean government notified the WTO and began negotiating with nine trading countries that officially expressed interest. When the negotiations ended in December 2004, Korea had been granted one more ten-year grace period for *tariffication*, while its TRQ had been doubled from 205 228 tonnes in 2004 to 408 700 tonnes in 2014.

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PART II

Chapter 16

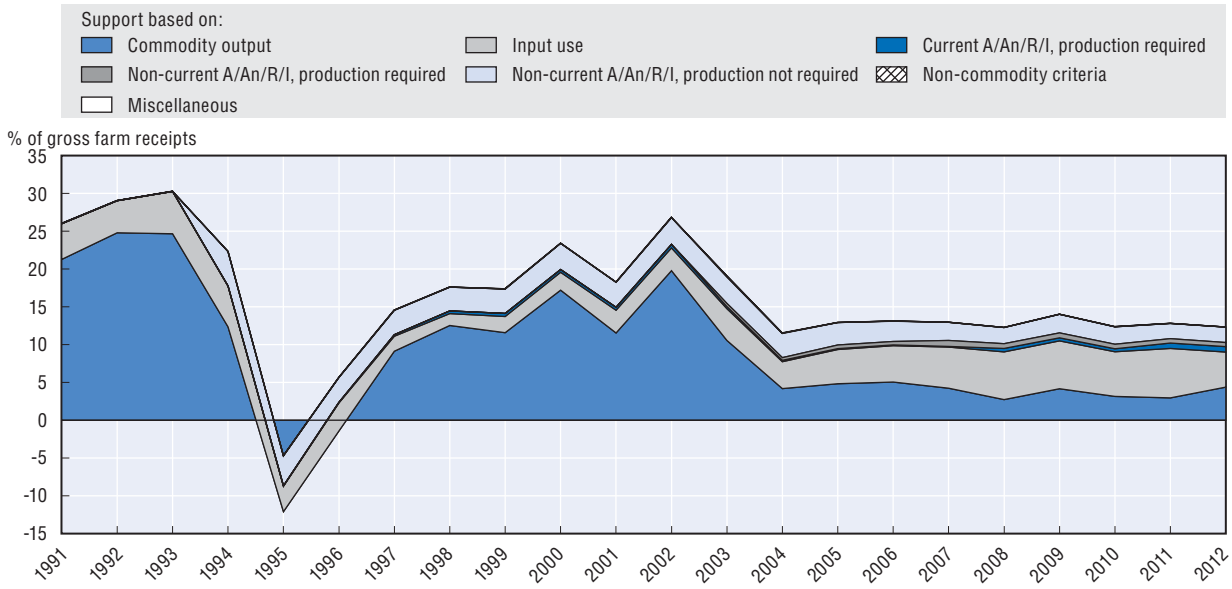
Mexico

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Mexico has significantly reformed its agricultural policies, halving its level of support measured by the %PSE as well as the share of the potentially most distorting support. Reform has been driven by trade liberalization through WTO and the North American Free Trade Agreement (NAFTA), and resulted in a policy shift towards direct payments based on historical area (PROCAMPO) and animal numbers (PROGAN).
- However, Mexico has significantly increased expenditure on variable input subsidies in the last decade, in particular subsidies to price hedging contracts and energy. The electricity and fuel subsidies create incentives for inefficient use of energy and water for irrigation, while the agricultural sector represents already 77% of Mexican water consumption.
- Agricultural policies should be made more consistent with environmental sustainability, in particular by reducing or eliminating electricity subsidies for water pumping and fuel subsidies.
- The subsidies to price hedging contracts need a rigorous evaluation, and the objectives of PROCAMPO could be clarified with a view to targeting the available funds toward more explicit goals and intended beneficiaries.
- Mexico's recent efforts to improve its agricultural innovation system through the MASAGRO initiative are very welcome. However there has been no significant increase in the share of general services in total support. Agricultural support should shift towards targeted investments in innovation and infrastructure, moving away from distorting subsidies on variable inputs in order to improve sector performance and competitiveness.

Figure 16.1. **Mexico: PSE level and composition by support categories, 1991-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875703

Contextual information

Mexico is the fourteenth largest economy in the world, and a large country in terms of population (113 million) and land area. After some years of monetary instability in the mid-1990s, the Mexican economy had been characterized by relatively low inflation and stable exchange rate. The economy shrunk in 2009, but has been growing at a rate of 4-5% every year since 2010. The agricultural sector produces 3.5% of GDP but employs 12.3% of the labour force. Mexico is a net agro-food importer (USD 5.2 billion trade deficit in 2011), and its share of agro-food import in total imports is 7%. Arable land represents 24% of total agricultural land, and irrigated land around 6%. Half of the territory of Mexico is subject to communal property (*ejidos*) which, despite reforms, constrains the sale of agricultural land.

Table 16.1. **Mexico: Contextual indicators, 1995, 2011***

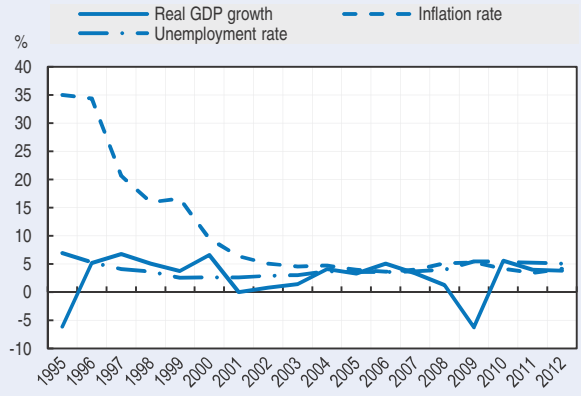
	1995	2011*
Economic context		
GDP (USD billion)	314	1 155
Population (million)	90	113
Land area (thousand km^2)	1 944	1 944
Population density (inhabitants/ km^2)	47	59
GDP per capita, PPP (USD)	7 532	15 988
Trade as % of GDP	24.2	30.3
Agriculture in the economy		
Agriculture in GDP (%)	5.4	3.5
Agriculture share in employment (%)	22.2	12.3
Agro-food exports (% of total exports)	7.3	6.1
Agro-food imports (% of total imports)	7.2	7.5
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	593	-5 234
Crop in total agricultural production (%)	56	51
Livestock in total agricultural production (%)	44	49
Agricultural area (AA) (thousand ha)	107 200	102 833
Share of arable land in AA (%)	23	24
Share of irrigated land in AA (%)	6	6
Share of agriculture in water consumption (%)	85	77
Nitrogen Balance, Kg/ha	24	21

* or latest available year.

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

StatLink http://dx.doi.org/10.1787/888932876805

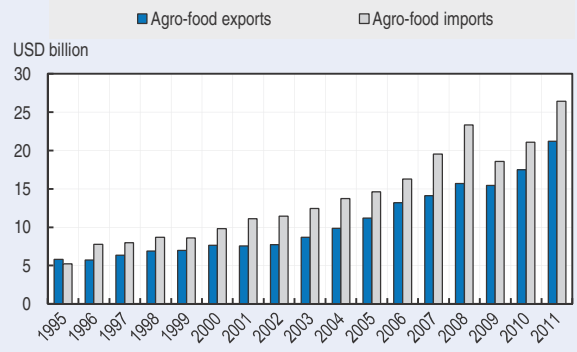
Figure 16.2. **Mexico: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875722

Figure 16.3. **Mexico: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875741

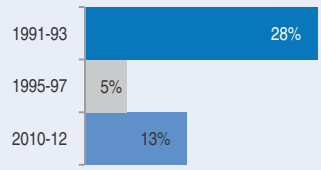
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Mexico has undertaken significant agricultural policy reform in the last two decades, reducing the amount of support by more than 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 2010-12 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.

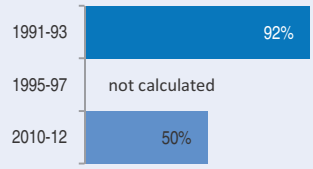
PSE as % of receipts (%PSE)

Support as measured by %PSE has fallen from 28% in the reference period 1991-93 to 13% in 2010-12, well below the OECD average of 19%. Border protection and price intervention have been significantly reduced, driven by trade liberalization policies.



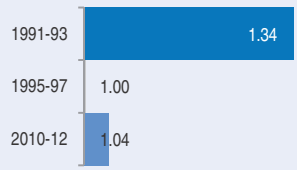
Potentially most distorting support as % of PSE

Market price support was reduced and reallocated to direct payments based on non current area and animals (PROCAMPO and PROGAN programmes) and the most production and trade distorting support (based on output and variable input use – without input constraints) has been reduced to 50% of total support to farmers in 2010-12. However, in the last decade support based on input used has increased.



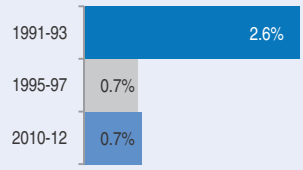
Ratio of producer price to border price (NPC)

Overall, prices received by farmers were 4% higher than world prices, compared with 34% higher in 1991-93. The commodities with relatively high NPC in 2010-12 were poultry (16%) and sugar (14%). The period 1995-97 shows very low and sometimes negative estimates of price support due to major exchange rate instability.

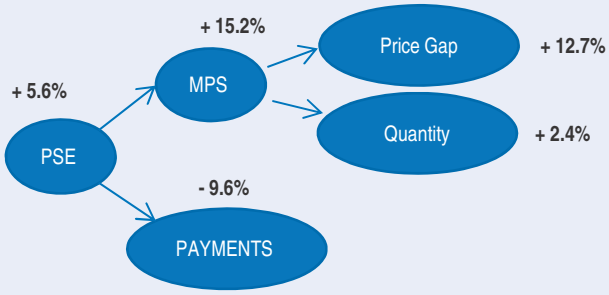


TSE as % of GDP

Total support to agriculture was 0.7% 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 26%.
Only three commodities received specific policy transfers beyond 10% of commodity gross farm receipt: wheat (16%), poultry (13%) and sugar (12%). The SCT of the main staple, maize, has been substantially reduced to 7% in 2010-12 from 43% in 1991-93.



Decomposition of change in PSE, 2011 to 2012



Despite a 10% reduction in direct payments, the level of support increased 6% in 2012 due to higher price gaps.

Transfer to specific commodities (SCT), 2010-12

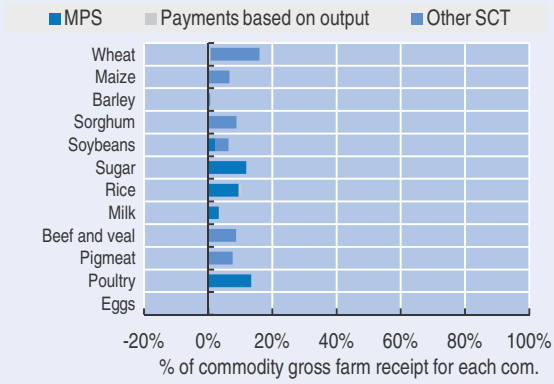


Table 16.2. **Mexico: Estimates of support to agriculture**

MXN million

	1991-93	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**86 539**	**182 276**	**631 026**	**580 102**	**618 901**	**694 074**
of which: share of MPS commodities, percentage	69	70	68	68	68	68
Total value of consumption (at farm gate)	**82 475**	**181 410**	**693 642**	**622 688**	**676 907**	**781 331**
Producer Support Estimate (PSE)	**25 995**	**12 953**	**86 764**	**79 228**	**88 083**	**92 980**
Support based on commodity output	21 540	289	24 578	20 245	20 386	33 104
Market Price Support	21 380	211	23 690	18 618	19 549	32 904
Payments based on output	160	79	888	1 628	837	200
Payments based on input use	4 445	5 729	39 269	37 853	44 961	34 993
Based on variable input use	2 296	2 373	19 172	17 738	23 161	16 618
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	1 680	2 340	14 945	15 984	17 229	11 622
with input constraints	0	0	0	0	0	0
Based on on-farm services	469	1 016	5 152	4 132	4 571	6 752
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	10	234	4 281	2 527	4 903	5 412
Based on Receipts / Income	0	100	0	0	0	0
Based on Area planted / Animal numbers	10	134	4 281	2 527	4 903	5 412
with input constraints	0	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	3 936	3 806	3 956	4 047
Payments based on non-current A/An/R/I, production not required	0	6 701	14 700	14 797	13 878	15 425
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	0	6 701	14 700	14 797	13 878	15 425
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**	**13**	**12**	**13**	**12**
Producer NPC	**1.34**	**1.00**	**1.04**	**1.04**	**1.04**	**1.05**
Producer NAC	**1.40**	**1.06**	**1.14**	**1.14**	**1.15**	**1.14**
General Services Support Estimate (GSSE)	**3 407**	**3 529**	**10 267**	**9 406**	**9 958**	**11 437**
Research and development	339	637	1 348	1 216	1 414	1 414
Agricultural schools	550	849	3 635	3 267	3 889	3 750
Inspection services	0	156	1 162	999	771	1 715
Infrastructure	809	866	3 299	2 609	3 190	4 097
Marketing and promotion	322	218	822	1 316	692	458
Public stockholding	1 210	487	1	0	1	2
Miscellaneous	177	317	0	0	0	0
GSSE as a share of TSE (%)	**10.6**	**..**	**10.2**	**10.2**	**9.8**	**10.7**
Consumer Support Estimate (CSE)	**-19 400**	**-760**	**-23 598**	**-18 493**	**-17 081**	**-35 219**
Transfers to producers from consumers	-21 871	-1 829	-23 133	-18 124	-20 187	-31 090
Other transfers from consumers	-770	-3 513	-3 865	-3 724	-884	-6 985
Transfers to consumers from taxpayers	2 629	4 515	3 372	3 356	3 904	2 856
Excess feed cost	612	67	29	0	86	0
Percentage CSE	**-24**	**1**	**-3**	**-3**	**-3**	**-5**
Consumer NPC	**1.38**	**1.02**	**1.04**	**1.04**	**1.03**	**1.05**
Consumer NAC	**1.32**	**0.99**	**1.03**	**1.03**	**1.03**	**1.05**
Total Support Estimate (TSE)	**32 032**	**20 997**	**100 403**	**91 990**	**101 945**	**107 272**
Transfers from consumers	22 642	5 342	26 998	21 848	21 071	38 075
Transfers from taxpayers	10 160	19 169	77 269	73 866	81 758	76 183
Budget revenues	-770	-3 513	-3 865	-3 724	-884	-6 985
Percentage TSE (expressed as share of GDP)	**2.63**	**0.65**	**0.70**	**0.71**	**0.71**	**0.69**
GDP deflator 1991-93=100	**100**	**202**	**665**	**631**	**668**	**695**

.. Not available

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Mexico are: wheat, maize, barley, sorghum, coffee beans, tomatoes, rice, soyabeans, sugar, milk, beef and veal, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876824

Policy developments

Main policy instruments

The broad policy objectives on rural development, food supply, farm income and improved sustainability in Mexico are determined by the *Sectoral Development Programme on Agriculture 2007-12*, the overall rural development programmes budget PEC (*Programa Especial Concurrente*) 2007-12 and the *Mexican Climate Change Strategy 2009-12*. A new programming framework will be developed during 2013, once the National Development Program 2013-2018 is published by the new government.

Mexico has significantly reformed its agricultural policies in the last two decades, reducing border protection through WTO, NAFTA and other trade agreements and implementing direct payment programmes. However, Mexico provides market price support to some commodities, and implements a programme of payments based on output (*Ingreso Objetivo*), whose budgetary allocations had been reduced as commodity prices increased. Mexico has two large payment programmes based on historical parameters: PROCAMPO that is based on historical area and was established in 1994 and PROGAN that is based on historical livestock numbers and imposes environmental conditions since 2003. Subsidies to price hedging contracts and energy consumption (electricity and fuel) have recently increased and become significant agricultural programmes. Mexico also provides payments based on on-farm investment or fixed capital and subsidies to crop insurance 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 input use.

Domestic policy developments in 2012-13

There were no significant changes in the agricultural policies in Mexico during 2012, the last year of application of the current sectoral, rural development and climate change strategies. The Sectoral Programme 2007/12 decided to continue **PROCAMPO** beyond its original deadline of 2008 until 2012, and the new government decided to keep the programme in 2013 and it is analyzing how to improve its implementation from 2014 on. Total expenditure in this direct payment is estimated to be MXN 15 425 million (USD 1 173 million) in 2012.

The Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) operates a set of programmes related to **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. The **Price Hedging programme** had expanded very rapidly since 2005 to MXN 12 346 million (USD 993 million) in 2011, but demand for this program significantly fell in 2012 and expenditure reduced to MXN 5 379 million (USD 409 million) in 2012. This programme offers farmers and buyers a contract with stable prices in US dollars, plus the opportunity of benefiting from price rises at harvest through "options". The programme supports between 40% and 100% of the costs of the options in the US futures markets.

A drought affected the centre and northern states of Mexico in 2011 and the first half of 2012. The Government made advance payments of PROCAMPO, PROGAN and diesel subsidies, and accelerated the delivery of indemnities from the insurance policies of AGROASEMEX. Additionally the government has increased its expenditure on the scheme for **disaster assistance** CADENA from MXN 1 019 million (USD 81 million) in 2010 to MXN 1 980 million (USD 159 million) in 2011

and MXN 2 424 million (USD 184 million) in 2012. This programme gives direct support to poor farmers that have no insurance and finances catastrophic insurance indemnities.

In June 2012 an *avian flu outbreak* in the state of Jalisco was reported. The National Food Health, Safety and Quality Service (SENASICA) took appropriate measures and procedures, including the slaughtering of 22 million birds and vaccination In November 2012 the outbreak was declared eradicated.

The MASAGRO innovation initiative is a joint effort between SAGARPA and the International Center for Maize and Wheat Improvement (CIMMYT). It started in 2011 and was consolidated during 2012. It combines four components: research on genetic diversity of seeds, international strategies to increase the yields of maize and wheat, and sustainable development with producers. It is an ambitious attempt to link research with technology transfers as part of a single innovation system with public and private partnership. In the last two years the number of existing institutions and programs that have been incorporated to specific MASAGRO action has significantly increased, including the national Institute of Agricultural Research (INIFAP) and several universities and research centres.

Mexico is engaged in encouraging the maintenance of biodiversity and the evaluation of genetic resources. The Genetic Resource Center, which contains a broad collection of germplasm of different species (crops, livestock, and bacteria, among others), opened in 2011; and the National Laboratory of Genomics for Biodiversity (LANGEBIO) opened in 2012.

During 2012 SAGARPA implemented a series of changes in its internal rules. In particular the Marketing and Support agency ASERCA will no longer be responsible for delivering PROCAMPO. The Ministry (SAGARPA) will directly deliver this programme.

Trade policy developments in 2012-13

In December 2008, Mexico and 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). A WTO panel was established in November 2009 and its report was circulated on 18 November 2011. After the appeal of the United States, the appellate Body report of June 2012 upholds that the COOL measure is a technical regulation under the WTO's TBT Agreement, and that it is inconsistent with the United States' WTO obligations. The United States has informed that it intends to implement the Dispute Settlement Body recommendations.

In November 2012, Mexico decided a unilateral gradual reduction of more than three hundred agro-food import tariff lines. The reductions are referred to Most Favoured Nation (MFN) tariffs of poultry, fish, dairy products, dried beans, grapes, coffee, grains, animal fat, fructose, cocoa, animal feed and potatoes. Some of these tariffs were prohibitive (e.g. above 200% for poultry) but the trade implications are likely to be limited for because imports of several of these products come from the United States at zero NAFTA tariff. The tariff reductions on wheat, maize, rice, milk powder and dried beans to confront high prices in May 2008 have remained active since.

The Free Trade Agreement between Mexico and ***Peru*** entered into force in 2012. Mexico is negotiating the **Pacific Alliance Partnership** with ***Chile***, ***Colombia*** and ***Peru***, which is expected to be completed during 2013. In October 2012, Mexico joined the **Trans-Pacific Partnership Agreement** (TPP) negotiations.

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PART II

Chapter 17

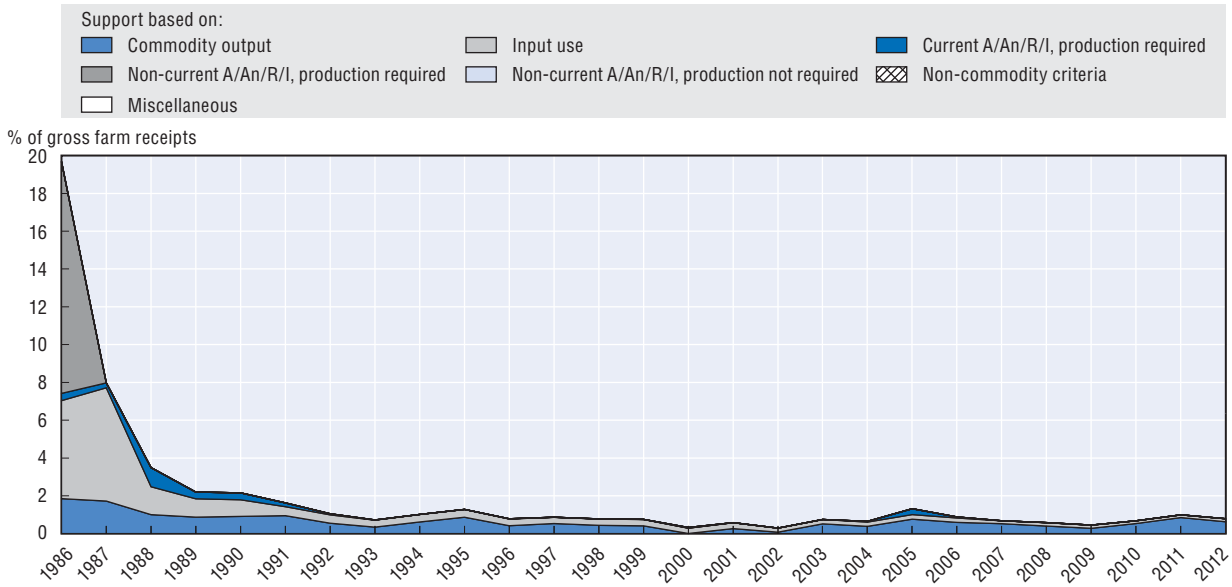
New Zealand

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Agricultural production and trade distorting policies in New Zealand have essentially disappeared with the liberalizing reforms in the mid-1980s. For the last two decades, the level of producer support has been the lowest across the OECD and today is the lowest of all countries covered in this report. Most domestic prices are aligned with the world prices. Payments are only provided for animal disease control and relief in the event of large scale natural disasters.
- Almost all sectors have been deregulated following statutory producer organisation and marketing board reforms. Restrictions on who could export dairy products have been eliminated since the end of 2010. The kiwifruit sector is an exception, as Zespri, a New Zealand company, is the only company that has automatic rights to export New Zealand produced kiwifruit to markets other than Australia. Other groups can export in collaboration with Zespri or independently to Australia.
- New Zealand has established national frameworks for land and water quality and allocation to enhance the sustainable management of biological and natural resources. Agriculture has started mandatory reporting to the Emissions Trading Scheme in 2012, and a cost is placed on carbon dioxide emissions from stationary energy, liquid fuels and industrial processes. This will encourage reduction of agriculture greenhouse gas emissions. Efforts to develop additional market-based approaches to environmental issues offer opportunities to enhance environmentally sustainable development.

Figure 17.1. **New Zealand: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875760

Contextual information

New Zealand is an economy with relatively high dependency on international trade. New Zealand is a consistent net exporter of agro-food products; its share of agro-food imports in total imports is around 11%, while more than half of the country's exports are of agro-food products. New Zealand is the world's largest dairy and sheep meat exporter. The relative importance of agriculture in the New Zealand economy is higher than in most other OECD countries, with agriculture accounting for some 5% of New Zealand's GDP and 7% of its total employment. New Zealand's farming systems are based primarily on year-round grass fed livestock.

Table 17.1. **New Zealand: Contextual indicators, 1995, 2011***

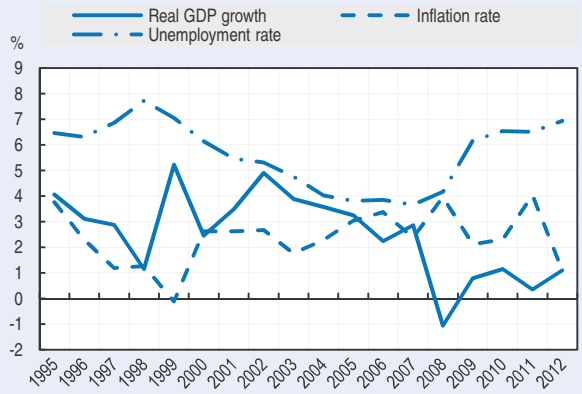
	1995	2011*
Economic context		
GDP (USD billion)	62	162
Population (million)	3.7	4.4
Land area (thousand km^2)	263	263
Population density (inhabitants/ km^2)	14	16
GDP per capita, PPP (USD)	17 535	30 164
Trade as % of GDP	22.3	22.7
Agriculture in the economy		
Agriculture in GDP (%)	7.1	5.4
Agriculture share in employment (%)	9.4	6.9
Agro-food exports (% of total exports)	49.1	56.1
Agro-food imports (% of total imports)	7.8	10.8
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	5 657	17 200
Crop in total agricultural production (%)	23	21
Livestock in total agricultural production (%)	77	79
Agricultural area (AA) (thousand ha)	14 975	11 490
Share of arable land in AA (%)	11	4
Share of irrigated land in AA (%)	..	4
Share of agriculture in water consumption (%)	24	46
Nitrogen Balance, Kg/ha	34	43

* or latest available year.

Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876843

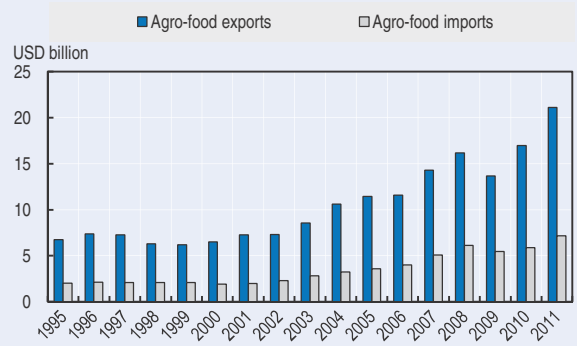
Figure 17.2. **New Zealand: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875779

Figure 17.3. **New Zealand: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875798

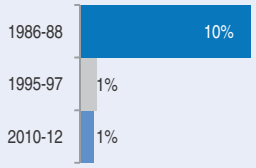
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

New Zealand's agriculture is a market- and export-oriented sector and domestic prices of virtually all agricultural products are aligned with world market prices. The level of support is consistently the lowest among OECD countries and most of policy measures are sector-wide general services improving the economic environment for agriculture.

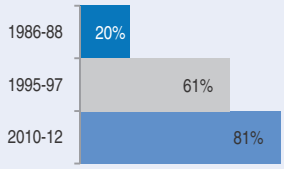
PSE as % of receipts (%PSE)

Support to producers (%PSE) was less than l% in 2010-12, down from 10% in 1986-88 and has been the lowest in the OECD since the agricultural reforms in the mid-1980s. Today, the level of support is also the lowest across all countries covered in this report.



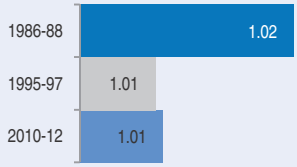
Potentially most distorting support as % of PSE

The combined share of most distorting forms of support (based on commodity output and non-constrained use of inputs) in the PSE increased from 20% in 1986-88 to 81% in 2010-12. However, this share should be seen in the context of very low levels of total support and derive exclusively from sanitary measures.



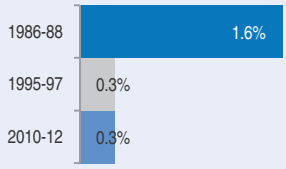
Ratio of producer price to border price (NPC)

Total receipts of the farming sector were almost identical to what they would have been at world prices in 2010-12 with the only exception being poultry, where sanitary measures result in import restrictions.

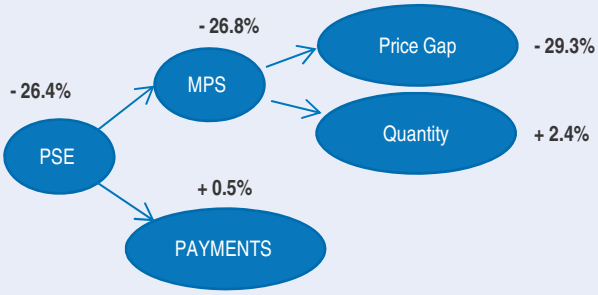


TSE as % of GDP

Total support to agriculture was about 0.3% of GDP in 2010-12 and the expenditure on general services represented around 72% of total support.
Producer SCT by commodity was 22% for poultry, 10% for egg and zero for all the other commodities in 2010-12.



Decomposition of change in PSE, 2011 to 2012



The level of support decreased in 2012 due to the smaller gap between domestic and border prices (MPS), mainly due to higher international reference prices of egg and poultry.

Transfer to specific commodities (SCT), 2010-12

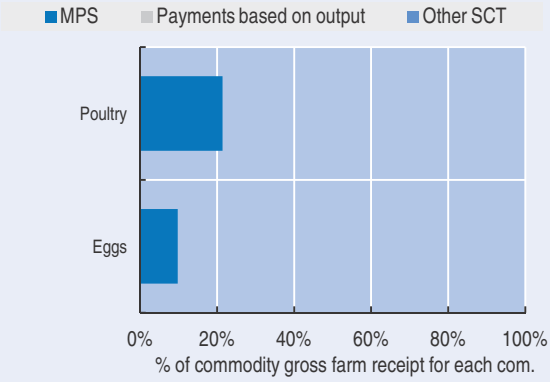


Table 17.2. **New Zealand: Estimates of support to agriculture**

NZD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**6 860**	**9 669**	**20 165**	**20 629**	**20 676**	**19 189**
of which: share of MPS commodities, percentage	72	72	75	75	75	74
Total value of consumption (at farm gate)	**1 683**	**2 333**	**3 791**	**3 555**	**3 961**	**3 857**
Producer Support Estimate (PSE)	**786**	**94**	**166**	**140**	**206**	**151**
Support based on commodity output	114	58	135	110	176	120
Market Price Support	112	58	135	110	176	120
Payments based on output	3	0	0	0	0	0
Payments based on input use	314	35	30	29	29	31
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	29	29	31
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	42	1	0	0	1	0
Based on Receipts / Income	42	1	0	0	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	0	0	0	0
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 fixed 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**	**1**	**1**
Producer NPC	**1.02**	**1.01**	**1.01**	**1.01**	**1.01**	**1.01**
Producer NAC	**1.12**	**1.01**	**1.01**	**1.01**	**1.01**	**1.01**
General Services Support Estimate (GSSE)	**203**	**183**	**419**	**379**	**442**	**437**
Research and development	102	110	119	114	112	130
Agricultural schools	0	6	26	24	25	29
Inspection services	54	43	172	145	208	163
Infrastructure	47	22	101	94	96	114
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 (%)	**26.4**	**66.2**	**71.8**	**73.0**	**68.2**	**74.2**
Consumer Support Estimate (CSE)	**-110**	**-51**	**-126**	**-103**	**-157**	**-118**
Transfers to producers from consumers	-106	-51	-126	-103	-157	-118
Other transfers from consumers	-3	0	0	0	0	0
Transfers to consumers from taxpayers	0	0	0	0	0	0
Excess feed cost	0	0	0	0	0	0
Percentage CSE	**-7**	**-2**	**-3**	**-3**	**-4**	**-3**
Consumer NPC	**1.07**	**1.02**	**1.03**	**1.03**	**1.04**	**1.03**
Consumer NAC	**1.07**	**1.02**	**1.03**	**1.03**	**1.04**	**1.03**
Total Support Estimate (TSE)	**989**	**277**	**585**	**519**	**647**	**588**
Transfers from consumers	110	51	126	103	157	118
Transfers from taxpayers	882	226	459	416	490	470
Budget revenues	-3	0	0	0	0	0
Percentage TSE (expressed as share of GDP)	**1.65**	**0.28**	**0.28**	**0.26**	**0.32**	**0.28**
GDP deflator 1986-1988=100	**100**	**131**	**184**	**180**	**185**	**188**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for New Zealand are: wheat, maize, oats, barley, milk, beef and veal, sheep meat, wool, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876862

Policy developments

Main policy instruments

New Zealand largely limits its agriculture support to expenditures on general services such as agricultural research and bio security controls for pests and diseases. A significant share of the costs of regulatory and operational functions, including border control, is charged to beneficiaries.

In the event of natural disasters beyond the response capacity of private insurance, local farmer organisations or territorial local authorities, farmers may receive restricted assistance to help replace production capacity. In the event of a medium or large scale natural disaster farmers whose income falls below a threshold level may, for a limited period and if the farmer cannot support themselves with cash assets or with other sources of income, be eligible for the equivalent of the unemployment benefit.

New Zealand requires **Import Health Standards (IHS)** for all risk goods before they can be imported into New Zealand. Some products (representing a small share of New Zealand's agricultural output: eggs, uncooked poultry and some bee products) cannot be imported for sanitary reasons. These measures lead to some market price support for the mentioned products.

Statutory marketing boards, which historically controlled most agricultural production, were disestablished during the 1980s and 1990s. Remaining restrictions on rights to export dairy products into specific tariff quota markets had been removed by the end of 2010. Regulations are maintained in exports of kiwifruit: the New Zealand company *Zespri* has the default but not sole right to export kiwifruit to all markets other than Australia, while other groups willing to export can do so independently to Australia or in collaboration with *Zespri* to other countries. In case of objection by *Zespri* to collaborative marketing applications, Kiwifruit New Zealand (the regulator) can still approve collaborative marketing applications if it expects overall wealth of New Zealand kiwifruit suppliers to increase.

"Industry good" activities (such as research and development, forming and developing marketing strategies, and providing technical advice) previously undertaken by statutory marketing boards are now managed through producer levy-funded 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.

Two key 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. RMA responsibilities are generally assigned to regional and district councils. They include environmental regulation, soil conservation, flood control and drainage works, and plant and animal pest control. The SFF, which was set up in 2000, supports community-driven projects aimed at improving the productive and environmental performance of the land-based sectors. In 2011, the SFF was expanded to include aquaculture reflecting the Ministry for Primary Industries'* new responsibility for fisheries as well as

* The Ministry for Primary Industries superseded the former Ministry of Agriculture and Forestry and the Ministry of Fisheries, taking effect on 30 April 2012.

agriculture, forestry and food safety. The Fund has backed around 800 projects over 11 years, supporting sustainability and resilience in the primary sector.

The **Primary Growth Partnership (PGP)** programme was introduced in September 2009 and is administered by the Ministry for Primary Industries. The PGP is a government-industry partnership initiative (industry contributions must be at least equal to Crown funding) that will invest in significant programmes of research and innovation to boost productivity, economic growth and the sustainability of New Zealand's primary, forestry and food sectors.

Domestic policy developments in 2012-13

The main 2011/12 policy developments that may impact on agricultural production include encouraging innovation and sustainable growth, managing water and land resources, greenhouse gas initiatives and biosecurity. These developments are discussed below.

The review of the **Dairy Industry Restructuring Act of 2001 (DIRA)** initiated in 2011 to improve transparency of Fonterra's price setting, improve tradability of Fonterra shares, and to encourage competitiveness in the New Zealand dairy market continued in 2012. Amendments to the Act were drafted to increase transparency and efficiency in New Zealand's dairy market and enable Fonterra to proceed with tradability of its shares, should it choose to. The changes passed into law in July 2012, and Fonterra launched its share trading scheme in November 2012. The DIRA raw milk regulations were also reviewed during this reporting period, and amendments have been made to the regulations with the aim of ensuring that new entrants to the dairy processing market can access raw milk. Since the DIRA regime was put in place, the share of milk collected by Fonterra Co-operative has declined from about 96% of the New Zealand total in 2002/03 to approximately 89% in the 2011/12 season.

The **Irrigation Acceleration Fund (IAF)** was announced in the 2011/12 budget. The IAF supersed the Community Irrigation Fund established in 2007 and additionally builds on the grant funding support previously provided to irrigation-related projects through the Sustainable Farming Fund. The IAF has a budget of NZD 35 million, spread over five years, and will support development of robust proposals to an investment-ready stage as well as strategic water management studies. To be eligible for funding, the projects will need to promote efficient use of water, environmental management, and demonstrate a commitment to good industry practice.

The **New Zealand Emissions Trading Scheme** (NZ ETS) requires reporting of agriculture emissions (nitrous oxide and methane). Additionally, a cost is placed on carbon dioxide emissions from stationary energy, liquid fuels and industrial processes. This cost provides an incentive to reduce emissions from farm inputs including petrol, diesel and electricity, as well as the transport and processing of farm products. The New Zealand Government continues to look at ways to develop mitigation technologies to reduce agricultural greenhouse gas emissions. This includes through the New Zealand Agricultural Greenhouse Gas Research Centre and by committing NZD 45 million out to June 2016 to fund New Zealand's participation in the Global Research Alliance. New Zealand also currently holds the Secretariat of the Global Research Alliance. The Alliance brings countries together to focus on research, development and extension of technologies and practices that will help deliver ways to grow more food (and more climate-resilient food systems) without growing greenhouse gas emissions.

The Ministry for Primary Industries is supporting the industry-led programme for **managing the kiwifruit disease Psa** (Pseudomonas syringae pv actinidiae). Since its first identification in New Zealand in 2010, Psa has spread to the majority of kiwifruit growing areas. The Government declared, in December 2012, Psa to be a biosecurity event under New Zealand's Primary Sector

Recovery Policy (which covers adverse climatic and biosecurity events). This declaration means that kiwifruit growers who have been severely impacted by Psa may be eligible for Rural Assistance Payments. Families must apply to receive the Rural Assistance Payment and are only eligible when they have no other significant income from the farm business as a result of the biosecurity event. The level of the payment provides for essential living expenses only. Payments are for a maximum of 12 months and do not cover losses of income, livestock, land or other production factors. In the event that a climatic or biosecurity event occurs on a scale that will seriously impact the regional and/or national economy, central government may provide additional support to local community and regional organisations under the Primary Sector Recovery Policy.

The implementation of New Zealand's mandatory **National Animal Identification and Tracing (NAIT)** scheme will, among other things, ensure that New Zealand keeps pace with individual animal traceability systems adopted by other countries. By 30 June 2012, over 34,000 people in charge of animals covered by NAIT – cattle and deer – had voluntarily registered with the programme. The scheme became compulsory for cattle on 1 July 2012 and will be compulsory for deer from 1 March 2013. The NAIT Act 2012 sets out the legal framework for collecting information on livestock location, movement and other history. To support the development of NAIT, the Ministry for Primary Industries has developed FarmsOnLine, a web-based system that will supply the contact and location detail of rural properties in New Zealand. This system, which became operational in March 2011, will also assist the Ministry to respond quickly to a biosecurity alert or natural disaster.

Trade policy developments 2012-13

New Zealand **agriculture trade policy** focuses on accomplishing more liberal rules-based trade in agriculture and related products, while preventing the introduction of unjustified trade barriers inconsistent with agreed trade rules. This is pursued through the WTO Doha Round negotiation and bilateral and multi-party trade agreements.

New Zealand currently has eight **Free Trade Agreements** (FTAs) in force, which account for 42% of its primary industry exports. In the past five years, New Zealand has entered into four new FTAs: China (2008); Malaysia (2009); the Association of South East Asian Nations (ASEAN) and Australia (2010); and Hong Kong, China (2011). The ASEAN Australia and New Zealand Free Trade Agreement (AANZFTA) entered into force for all signatories on 10 January 2012 following Indonesia notifying completion of its internal ratification procedures on 11 November 2011.

During the 2011/12 period, New Zealand has also been heavily involved in negotiating FTAs with: countries under the Trans-Pacific Partnership (TPP), Russia-Belarus-Kazakhstan, Korea, and India. In November 2012, the negotiation of the Regional Comprehensive Economic Partnership (RCEP) was launched. New Zealand is a negotiating party together with ASEAN members, Australia, China, India, Japan and Korea.

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PART II

Chapter 18

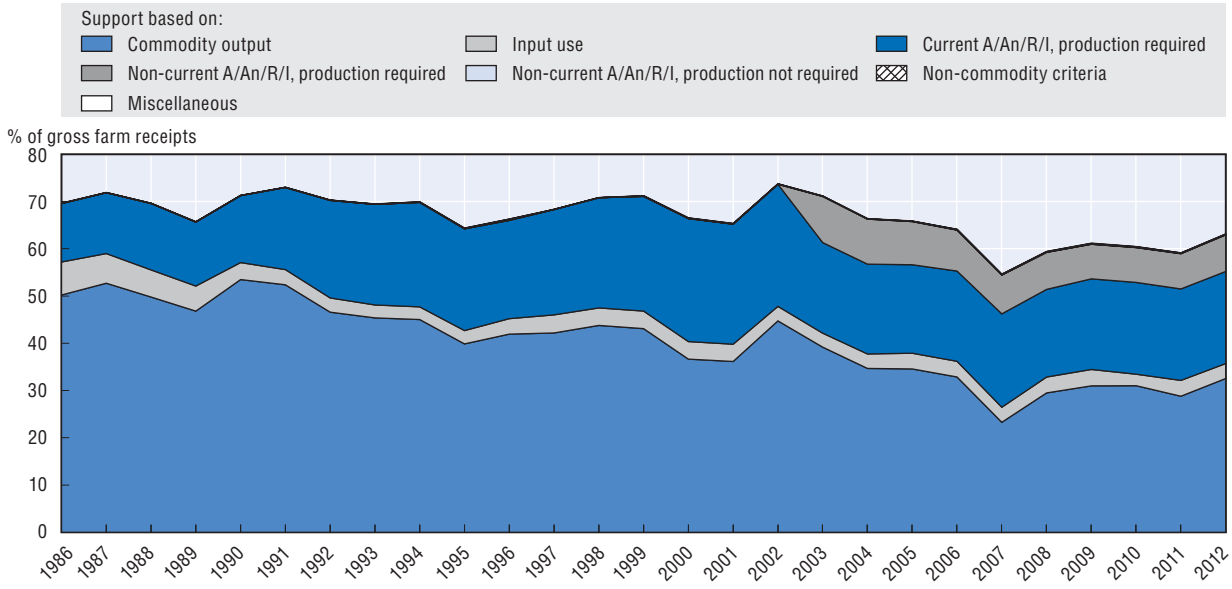
Norway

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- The move towards less support and more market orientation over the past decades has been modest. The level of support has been reduced but it is still three times higher than the OECD average and agriculture in Norway remains among the most highly protected. Greater efforts can be made to reduce the share of production-linked support and increase market access.
- There has been some move away from payments based on output (but the market price support remained a key element of support). On the other hand payments based on current production factors have increased. While the share of potentially most production and trade distorting support has declined, it continues to account for more than half of overall support.
- Policy reforms such as the removal of the administered price for beef and increased flexibility in milk quota leasing are steps to improve market orientation, and lowering border protection is another step to be considered in that direction.
- Measures to improve environmental performance of agriculture, such as the 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. Also the increased role of regional programmes within the National Environmental Programme has a potential to improve the targeting of policy measures.
- Overall, Norway should continue its effort to reach its various policy objectives (food security, maintain agriculture across the whole country, services provided by agriculture such as landscape amenities) at the lowest possible costs to consumers and taxpayers. More market orientation of the sector (reduction of import tariffs) and better targeted direct payments (related to issues such as income, environmental services and landscape) are avenues to be further explored.

Figure 18.1. **Norway: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875817

Contextual information

Norway has the second highest* GDP per capita in the OECD region and a relatively low unemployment rate. Given the cold climate and the widespread incidence of thin soils and mountainous areas, only a small fraction of the land is suitable for cultivation. Agriculture constitutes a relatively small share of GDP (1.5%) and employment (1.9%). Norway is a net agro-food importing country. Agro-food imports represent around 8% of total imports and agro-food exports represented 0.6% of total exports. The farm structure is dominated by relatively small family farms, many of which are in remote locations operating under difficult natural conditions.

Table 18.1. **Norway: Contextual indicators, 1995, 2011***

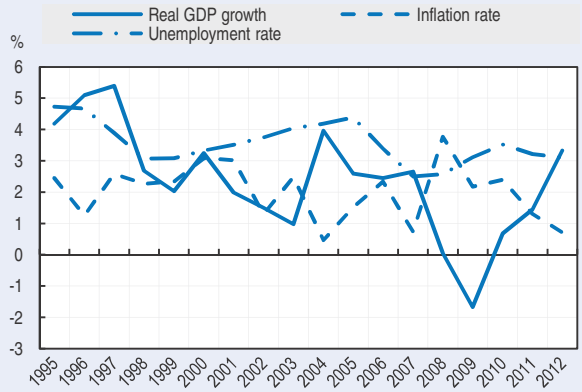
	1995	2011*
Economic context		
GDP (USD billion)	149	491
Population (million)	4	5
Land area (thousand km^2)	304	305
Population density (inhabitants/ km^2)	11	13
GDP per capita, PPP (USD)	23 553	61 047
Trade as % of GDP	25.0	25.5
Agriculture in the economy		
Agriculture in GDP (%)	3.1	1.5
Agriculture share in employment (%)	4.3	1.9
Agro-food exports (% of total exports)	1.3	0.6
Agro-food imports (% of total imports)	6.2	7.9
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-1 497	-6 289
Crop in total agricultural production (%)	25	24
Livestock in total agricultural production (%)	75	76
Agricultural area (AA) (thousand ha)	1 127	1 014
Share of arable land in AA (%)	88	82
Share of irrigated land in AA (%)	..	..
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	108	95

* or latest available year.

Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876881

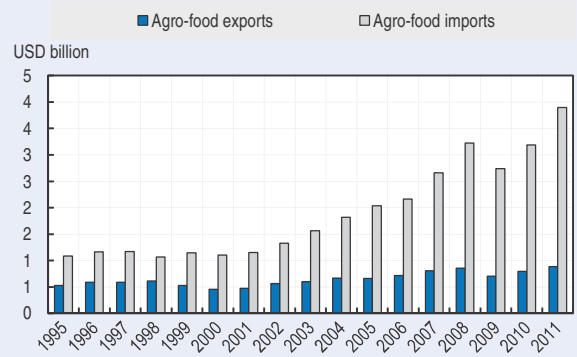
Figure 18.2. **Norway: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932875836

Figure 18.3. **Norway: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932875855

Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

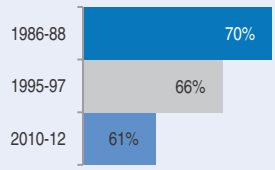
* After Luxembourg.

Development of support to agriculture

In Norway, there has been only modest progress in reducing the level and shifting the composition of support. Commodity based support (mainly market price support) still represents more than half of total support and despite the reduction in price distortions, prices received by producers are on average still twice as high as border prices. The remaining part of support consists mainly of payments based on current production factors.

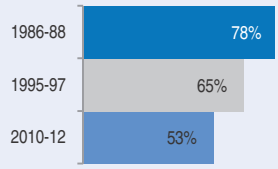
PSE as % of receipts (%PSE)

Support to farmers has been gradually reduced by 9 percentage points, from 70% in 1986-88 to 61% in 2010-12, which is still three times higher than the OECD average. The % PSE has been stable around 60% in 2010 and 2011 and increased slightly to 63% in 2012.



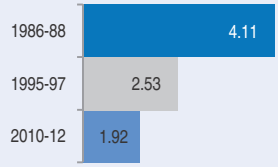
Potentially most distorting support as % of PSE

While the share of most production and trade distorting support (based on output and variable input use – without constraints) in the PSE has decreased, it nevertheless continues to account for more than half of total support. Market price support continues to be the main element of that support.



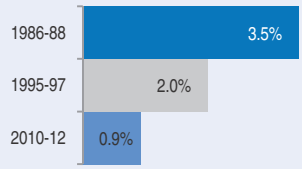
Ratio of producer price to border price (NPC)

Prices received by farmers (NPC) were 1.9 times higher than those on the world market in 2010-12. This is a significant reduction relative to 1986-88. NPC's are highest for livestock products, particularly poultry and eggs.

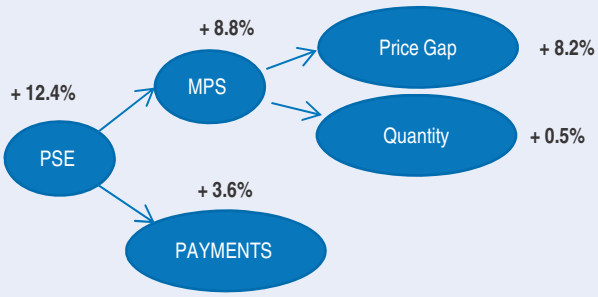


TSE as % of GDP

Total support was less than 1% of GDP in 2010-12. Expenditures on general services (GSSE) represented around 9% of the Total Support Estimate.
Single Commodity Transfers accounted for 56% of the total PSE. The share of the SCT in the commodity gross receipts was highest (above 50%) for a livestock products other than sheep meat.



Decomposition of change in PSE, 2011 to 2012



The level of support increased in 2012, due mainly to increased MPS completed with a moderate increase of budget payments. The increase in contribution from market price support reflects mainly increased price gap due to higher domestic prices and lower border prices.

Transfer to specific commodities (SCT), 2010-12

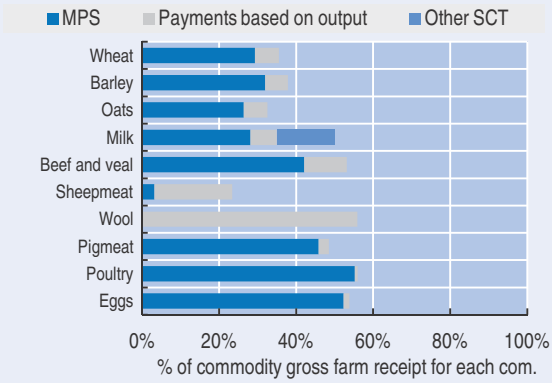


Table 18.2. **Norway: Estimates of support to agriculture**

NOK million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**17 354**	**18 232**	**24 683**	**23 999**	**24 439**	**25 612**
of which: share of MPS commodities, percentage	73	77	77	77	77	77
Total value of consumption (at farm gate)	**17 899**	**18 129**	**25 813**	**24 539**	**25 688**	**27 213**
Producer Support Estimate (PSE)	**19 175**	**19 246**	**22 983**	**21 987**	**22 112**	**24 851**
Support based on commodity output	13 877	11 997	11 626	11 287	10 773	12 818
Market Price Support	9 274	8 444	9 932	9 593	9 133	11 070
Payments based on output	4 603	3 554	1 694	1 695	1 640	1 748
Payments based on input use	1 721	960	1 129	887	1 254	1 245
Based on variable input use	1 020	551	570	332	689	687
with input constraints	0	1	0	0	0	0
Based on fixed capital formation	628	339	472	468	477	471
with input constraints	0	0	0	0	0	0
Based on on-farm services	73	70	87	87	87	88
with input constraints	2	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	3 577	6 254	7 328	7 068	7 239	7 676
Based on Receipts / Income	0	0	910	857	860	1 014
Based on Area planted / Animal numbers	3 577	6 254	6 417	6 211	6 379	6 662
with input constraints	0	104	587	560	582	617
Payments based on non-current A/An/R/I, production required	0	0	2 844	2 685	2 793	3 054
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 fixed 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	57	60	53	58
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	34	55	54	53	58
Based on other non-commodity criteria	0	0	2	6	0	0
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	**70**	**66**	**61**	**60**	**59**	**63**
Producer NPC	**4.11**	**2.53**	**1.92**	**1.96**	**1.81**	**2.01**
Producer NAC	**3.38**	**2.97**	**2.56**	**2.53**	**2.44**	**2.71**
General Services Support Estimate (GSSE)	**848**	**1 053**	**2 371**	**2 362**	**2 174**	**2 577**
Research and development	472	630	937	911	933	966
Agricultural schools	0	0	0	0	0	0
Inspection services	33	173	408	318	284	623
Infrastructure	133	78	294	305	290	288
Marketing and promotion	210	150	148	240	89	116
Public stockholding	0	22	0	0	0	0
Miscellaneous	0	0	583	587	578	584
GSSE as a share of TSE (%)	**3.9**	**5.1**	**9.2**	**9.5**	**8.8**	**9.3**
Consumer Support Estimate (CSE)	**-9 141**	**-8 343**	**-10 697**	**-10 109**	**-9 905**	**-12 076**
Transfers to producers from consumers	-11 381	-9 038	-10 867	-10 718	-9 965	-11 919
Other transfers from consumers	-959	-548	-594	-421	-559	-801
Transfers to consumers from taxpayers	1 522	542	424	441	437	393
Excess feed cost	1 677	700	340	588	181	251
Percentage CSE	**-56**	**-47**	**-42**	**-42**	**-39**	**-45**
Consumer NPC	**3.24**	**2.13**	**1.80**	**1.83**	**1.69**	**1.88**
Consumer NAC	**2.27**	**1.91**	**1.73**	**1.72**	**1.65**	**1.82**
Total Support Estimate (TSE)	**21 545**	**20 840**	**25 778**	**24 790**	**24 724**	**27 821**
Transfers from consumers	12 340	9 585	11 461	11 139	10 524	12 720
Transfers from taxpayers	10 164	11 803	14 911	14 072	14 759	15 902
Budget revenues	-959	-548	-594	-421	-559	-801
Percentage TSE (expressed as share of GDP)	**3.51**	**2.03**	**0.94**	**0.97**	**0.90**	**0.95**
GDP deflator 1986-1988=100	**100**	**128**	**254**	**240**	**256**	**265**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Norway are: wheat, barley, oats, milk, beef and veal, sheep meat, wool, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876900

Policy developments

Main policy instruments

The White paper (2011-12) *On Norwegian agriculture and food production,* approved by the Norwegian Parliament in April 2012, represents the basis for current agricultural policy. It defines the direction of Norwegian agricultural policy through four main objectives: food security; agriculture throughout all of Norway; creating more added-value; and sustainable agriculture.

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 the budgetary framework for payments to farmers, are negotiated annually between the government and farmers organisations. Marketing fees are collected from producers to finance marketing activities dealing with producer surpluses, including export subsidies for livestock products. Export subsidies of processed products to the EU and marketing activities for horticultural products are financed directly by the government.

Milk production quotas were introduced in 1983 and a system of buying and selling quotas was introduced in 1997. 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 direct payments to farmers, including area, headage, and payments based on output (meat production) continue to be implemented. Many of these payments are differentiated by region and farm size in order to provide adequate income support across all type of farms and regions. Environmental levies on agricultural pesticides are applied. These levies are differentiated according to the health and environmental risk characteristics of the product and the degree of exposure.

Domestic policy developments in 2012-13

There was no agreement on agricultural policy settings for 2012/13 between the government and the farmers' organisations during the agricultural negotiation in May 2012. The parliament then accepted the government proposal to specify the agricultural policy settings to be implemented in 2012/13. The main changes relative to the previous agreement in May 2011 were:

- An increase in **target prices** with a total budgetary effect of NOK 330 million (USD 77 million) from 1 July 2012.
- An increase in total budgetary support of NOK 230 million (USD 40 million) from 2012 to 2013.
- An extraordinary increase of budgetary support to strengthen the Agricultural Development Fund is planned for 2013.
- From 2013 Regional Rural Development Programmes are implemented. These regional programmes consist of three parts: Business Development Programme; Environmental Programme; and Forestry and Climate Programme.
- Investment support of NOK 100 million (USD 17 million) is granted to drainage of agricultural land.
- Climate change policies are strengthened through increased support to carbon sequestration in forestry and support for pilot projects for manure based biogas plants.

The **milk quota** system serves to regulate milk production. For the quota year starting 1 March 2013, the basic quotas are set at previous year level. However, the actual production possibility will be reduced by 3.7% as the 2012 waiver to produce 7% above the quota was reduced to 3% in 2013. Farmers willing to sell their quotas in 2012 were allowed to sell half of their quota to other producers within the county at free prices (the counties in South East regarded as one region), while the remaining half had to be sold to the government at a fixed price of NOK 3.5 (USD 0.6) per litre. In 2012, the government was selling those quotas back to producers at a reduced price at NOK 2.5. For 2013 both prices (government buying and selling price) will be fixed at NOK 2.5. Similar buy and sell scheme also applies for goat milk quotas. Due to limited number of goat milk producers, there are only two trade areas: Northern Norway and Southern Norway.

Marketing fees paid by producers are used to stabilise and balance the market of some agricultural products. The marketing fees may vary throughout the year. In 2012, the marketing fee for milk and poultry increased due to over production. On the other side the marketing fees for grains, sheep meat and eggs were reduced.

The *Commission to investigate the effects of recent and possible future developments in the food supply chain* delivered its report "The powerful and the powerless in the food supply chain" in 2011. In line with the recommendations from the majority of the commission, and the feedback from public hearing, the Government has appointed an expert committee to examine how the principle of fair trading practices and the interests of consumers can best be safeguarded in legislation by reviewing the current legislation, as well as considering and proposing new regulations.

The **agri-environmental measures** are mostly included in the National Environmental Programme (NEP). This programme was revised in 2012 and includes the following key measures: cultural landscape area payments to extensive grazing and for grazing animals, organic agriculture, Regional Environmental Programmes, and special environmental measures in agriculture. The role of the Regional Environmental Programmes is increasing as they have a stronger environmental focus with more measures directed towards specific (site specific) environmental challenges. In 2013 the total payments in Regional Environmental programmes is scheduled to increase to NOK 443 million (USD 76 million) and is equivalent to 10% of the NEP budget.

The regional programmes will be revised during 2012 and 2013 with a set of menus of environmental measures to be implemented in the regions. A partial evaluation of the regional programmes was due in March 2012 with a focus on measures reducing water pollution. A new agri-environmental measure is introduced in the South West of the country to support environmentally friendly manure spreading techniques in order to compensate nitrogen depletion due to acid rains.

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 (ADF). For 2012, the proposal of the total allocation of ADF was NOK 1 150 million (USD 198 million) and for 2013 the budgeted sum is of NOK 1 434 million (USD 247 million). Emphasis is given to more regionally differentiated agriculture and food policies with higher support to regions with high levels of employment in agriculture such as the mountainous regions of southern Norway and the arctic areas in northern Norway.

Trade policy developments in 2012-13

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 was implemented from 1 January 2012.

Within the EFTA, Norway has negotiated 24 free trade agreements with 33 partner countries. Two of these agreements have not yet entered into force for Norway. There are ongoing free trade negotiations between EFTA and ***Bosnia-Herzegovina***, Central American States (***Costa Rica, Guatemala, Honduras*** and ***Panama***), ***India, Indonesia, Viet Nam*** and the customs union of ***Russia, Belarus and Kazakhstan***. The most recent agreements are those entered into force in 2012 with ***Hong Kong (China), Montenegro, Peru*** and ***Ukraine***. These free trade agreements include all processed agricultural products and a range of primary agricultural products.

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PART II

Chapter 19

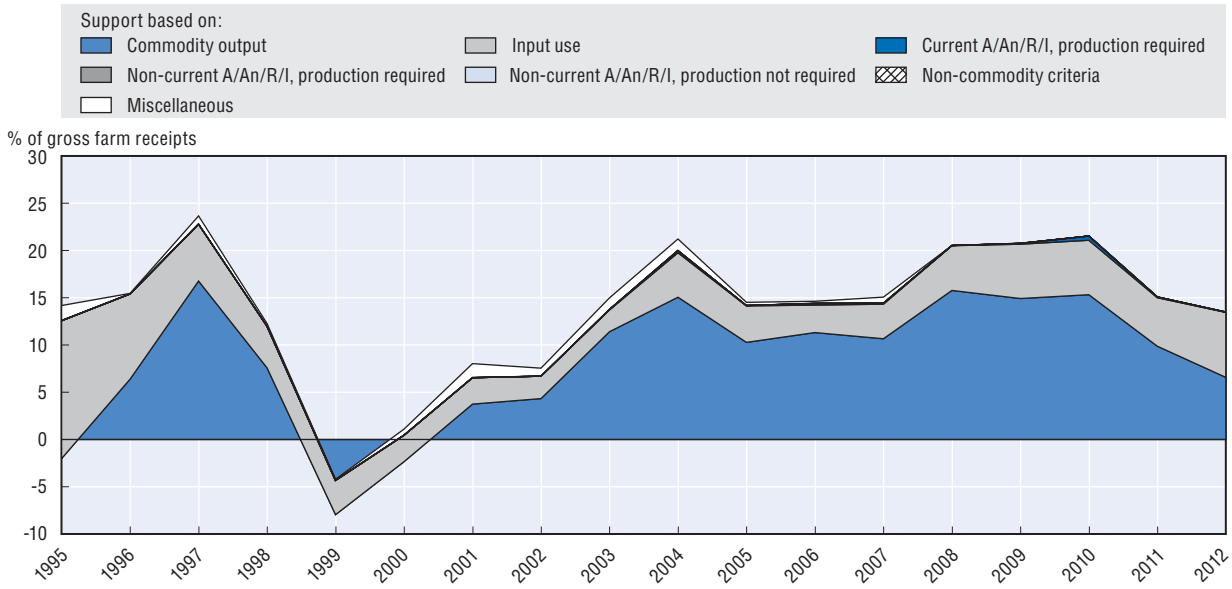
Russia

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.

Evaluation of policy developments

- Support to agricultural producers tended to increase in the 2000s, reaching the OECD average level in 2008-10. This reflected a tightening of border protection and increased budgetary transfers within the planned and exceptional measures of that period. However, in 2011 and 2012 the level of support declined to below the OECD average.
- Russia acceded to the WTO in August 2012 and began to implement its liberalisation commitments under the WTO package, although some recent SPS measures have raised concerns from trading partners about application of undue trade restrictions. The main national agricultural programme expired in 2012 and was succeeded by the next one up to 2020. The new programme maintains the orientation to production growth and import substitution, but this will have to be pursued along with the gradual lowering of trade barriers to comply with WTO conditions to accession.
- Achieving the stated growth targets in such conditions would require fundamental improvements in the international competitiveness of Russian producers. The policy directions formulated up to 2020 demonstrate some increased focus on long-term efficiency improvements, as evidenced by new measures to stimulate the adoption of modern technologies, R&D, investments in market and production infrastructure, and land improvement. However, the policy re-focussing has so far been modest and is unlikely to enable substantial improvements in the competitiveness of Russia's agriculture.
- A stronger shift is required from a policy based on subsidy and import protection to one focussed on strategic investments in long-term productivity improvements and sustainable resource use. This will also be essential to ensure that the planned high levels of agricultural spending are in compliance with Russia's WTO commitments. This policy re-orientation would also benefit consumers for whom a more competitive domestic food system would provide cheaper food.
- Risk in agriculture and its effects on consumers have become important policy concerns in Russia in recent years. Until most recently, the government responded by trade restrictions and ad hoc relief measures. Policy response to production and price risks in agriculture needs to be diversified to avoid recourse to ad hoc actions. This involves better information and knowledge systems for producers development of adapted tax and social security mechanisms to help them through difficult times. Disaster insurance may need to be complemented by the exceptional assistance, but which should be triggered and provided based on a well-defined set of rules. Adequate monitoring and encouragement of competitive insurance services and other market tools for risk management should also be part of a diversified policy response to risk in agriculture.
- The re-instrumentation of support should go along with progress on the overall business climate to attract increased private investment, including foreign investment, skills, and know-how
- Efforts to stimulate an efficient and modern agriculture must be complemented by substantial enhancement of policies and programmes to improve living conditions in rural areas and to diversify rural incomes.

Figure 19.1. **Russia: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875874

Contextual information

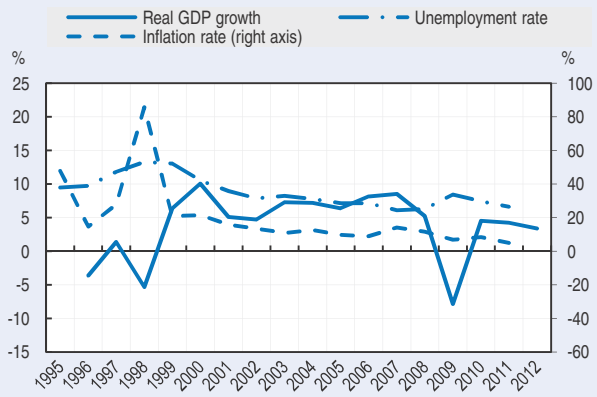
Russia has the largest land area in the world and considerable diversity in natural, economic, and social conditions. It is a federation of 83 sub-national territorial units where both federal and regional policies are implemented. Russia is the ninth largest world economy, with per capita income in purchasing parity terms (PPP) almost quadrupling since the mid-1990s. However, in per capita PPP terms it ranks 47th in the world. The economy, strongly affected by the global economic crisis, returned to growth in 2010. Agriculture contributes around 4% of GDP and 8% to employment. Russia is one of the world's top importers of meat and sugar, and is a large wheat exporter since the early 2000s. Agricultural output has recovered steadily from a deep recession in the 1990s, with the exception of an 11% fall in 2010 following a severe drought and an almost 5% fall in 2012, also due to drought. The farm structure is dual, with commercial operations co-existing with small household units, the latter oriented mostly to self-consumption. These two sectors contribute in roughly equal shares to total agricultural output. Over one-quarter of the population lives in rural areas, many of these areas are suffering economic and social decline and depopulation. Households spend around 30% of their final consumption expenditures on food.

Table 19.1. **Russia: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	310	1 856
Population (million)	152	147
Land area (thousand km^2)	16 378	16 377
Population density (inhabitants/ km^2)	9	8
GDP per capita, PPP (USD)	5 599	21 093
Trade as % of GDP[1]	19.1	22.2
Agriculture in the economy		
Agriculture in GDP (%)	7.2	4.3
Agriculture share in employment (%)	15.7	7.9
Agro-food exports (% of total exports)[1]	2.1	1.7
Agro-food imports (% of total imports)[1]	18.1	12.2
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)[1]	-9 214	-28 438
Crop in total agricultural production (%)	53	52
Livestock in total agricultural production (%)	47	48
Agricultural area (AA) (thousand ha)	216 400	215 561
Share of arable land in AA (%)	59	56
Share of irrigated land in AA (%)	..	..
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	..	..

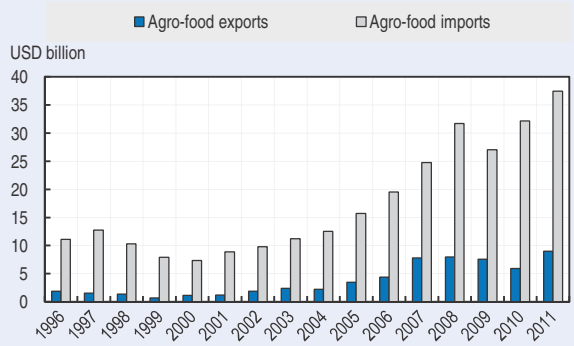
* or latest available year.
1. Data listed in 1995 refers to 1996.
Sources: OECD statistical Databases, UN COMTRADE, World Development Indicators and national data.
StatLink http://dx.doi.org/10.1787/888932876919

Figure 19.2. **Russia: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.
StatLink http://dx.doi.org/10.1787/888932875893

Figure 19.3. **Russia: Agro-food trade, 1995-2011**



Source: UN COMTRADE Database.
StatLink http://dx.doi.org/10.1787/888932875912

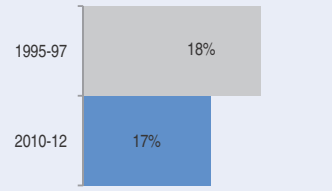
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Support to agriculture fluctuated over the long-term, but declined in 2011 and 2012. The decline in 2011 was largely due to the effects of export restrictions depressing domestic grain prices, while in 2012 developments in the livestock sector dominated: protection of this sector decreased, in part reflecting WTO-committed tariff reductions, and also because livestock producers benefitted less from cheaper feeds. Around 60% of producer support (PSE) derives from market price support, largely due to border protection. Livestock producers also benefit from domestic grain prices being below the world levels, although these benefits eroded in 2012 as domestic prices moved up closer to world levels. Budgetary transfers to producers are dominated by subsidies to variable inputs and investments. Over four-fifths of total support to agriculture (TSE) is provided to producers individually, with the rest directed to general services for agriculture.

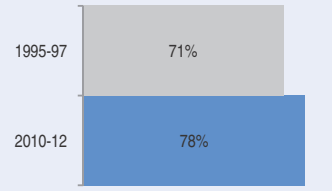
PSE as % of receipts (%PSE)

%PSE was at 17% of producer gross receipts in 2010-12 and below the OECD average (19%). This level of support is slightly below that observed in 1995-97 (18%).



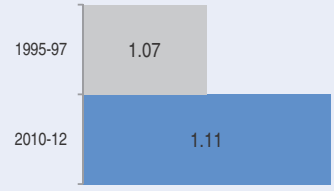
Potentially most distorting support as % of PSE

The share of the potentially most production and trade distorting forms of support increased from 71% to 78% of the total PSE. None of those transfers are provided with environmental, consumer safety, or other conditionalities.



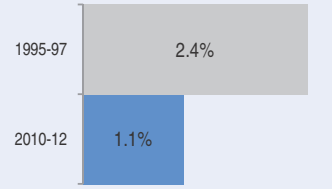
Ratio of producer price to border price (NPC)

Prices received by farmers were on average 11% above those observed on world markets in 2010-12, compared to 7% in 1995-97. This reflects an increase in border protection for several key import competing commodities over the long-term. However, protection was reduced in 2012, with the average NPC falling from 1.09 in 2011 to 1.06 in 2012.

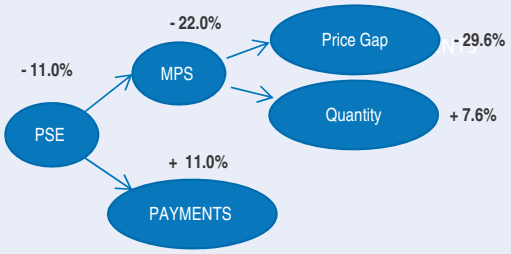


TSE as % of GDP

Total support to agriculture (TSE) as a % of GDP declined from 2.4% in 1995-97 to 1.1% in 2010-12 as GDP increased more than total support. General services account for 19% of the TSE.
Transfers to specific commodities (SCT) vary considerably, with livestock products receiving support, and crop products, except sugar and sunflower, facing negative transfers.



Decomposition of change in PSE, 2011 to 2012



The PSE decreased in 2012 due to a fall in market price support (MPS), but a half of that fall was offset by higher budgetary payments. MPS decreased as positive price gaps for livestock products narrowed. Although domestic grain prices moved up closer to world levels, less grain was produced. A decrease in quantity of grain produced and an increase of livestock output had an upward effect on the aggregate MPS.

Transfers to specific commodities (SCT), 2010-12

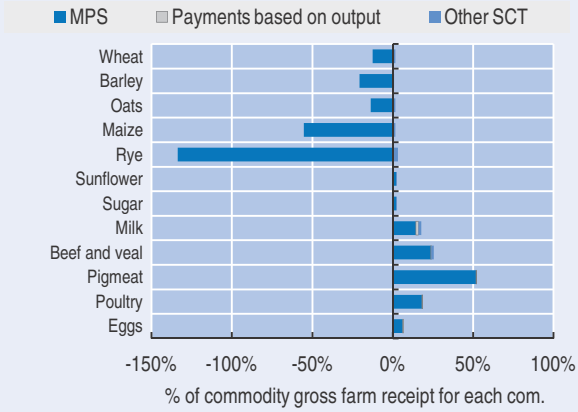


Table 19.2. **Russia: Estimates of support to agriculture**

RUB million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**179 431**	**2 610 678**	**2 104 051**	**2 895 557**	**2 832 425**
of which: share of MPS commodities, percentage	94	75	75	76	74
Total value of consumption (at farm gate)	**218 375**	**3 216 493**	**2 774 178**	**3 350 401**	**3 524 901**
Producer Support Estimate (PSE)	**36 394**	**452 851**	**485 183**	**462 070**	**411 299**
Support based on commodity output	14 858	282 860	345 295	302 495	200 791
Market Price Support	10 121	272 890	334 676	292 911	191 082
Payments based on output	4 737	9 971	10 619	9 584	9 709
Payments based on input use	19 943	165 510	129 772	157 014	209 746
Based on variable input use	11 959	74 269	55 375	78 387	89 045
with input constraints	0	0	0	0	0
Based on fixed capital formation	7 826	87 125	70 687	74 758	115 932
with input constraints	0	0	0	0	0
Based on on-farm services	159	4 116	3 710	3 869	4 769
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	4 480	10 116	2 562	762
Based on Receipts / Income	0	4 051	10 000	2 153	0
Based on Area planted / Animal numbers	0	429	116	409	762
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 fixed 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	0	0	0	0
Percentage PSE	**18**	**17**	**22**	**15**	**13**
Producer NPC	**1.07**	**1.11**	**1.18**	**1.09**	**1.06**
Producer NAC	**1.22**	**1.20**	**1.27**	**1.18**	**1.16**
General Services Support Estimate (GSSE)	**10 639**	**103 218**	**98 362**	**124 728**	**86 563**
Research and development	329	8 622	7 950	9 515	8 402
Agricultural schools	934	19 256	16 978	19 039	21 750
Inspection services	827	18 119	18 087	18 257	18 012
Infrastructure	1 639	17 002	23 004	12 576	15 426
Marketing and promotion	139	20 178	20 311	19 824	20 398
Public stockholding	0	1 679	5 038	0	0
Miscellaneous	6 771	18 362	6 994	45 518	2 576
GSSE as a share of TSE (%)	**19.2**	**18.5**	**16.9**	**21.3**	**17.4**
Consumer Support Estimate (CSE)	**-14 270**	**-438 368**	**-513 129**	**-501 270**	**-300 706**
Transfers to producers from consumers	-7 684	-243 550	-315 489	-265 620	-149 542
Other transfers from consumers	-4 151	-167 671	-182 203	-200 995	-119 816
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	-2 435	-27 147	-15 437	-34 655	-31 349
Percentage CSE	**-6**	**-14**	**-18**	**-15**	**-9**
Consumer NPC	**1.06**	**1.15**	**1.22**	**1.16**	**1.08**
Consumer NAC	**1.07**	**1.17**	**1.23**	**1.18**	**1.09**
Total Support Estimate (TSE)	**47 033**	**556 068**	**583 544**	**586 798**	**497 862**
Transfers from consumers	11 835	411 221	497 692	466 615	269 357
Transfers from taxpayers	39 349	312 518	268 056	321 179	348 321
Budget revenues	-4 151	-167 671	-182 203	-200 995	-119 816
Percentage TSE (expressed as share of GDP)	**2.38**	**1.06**	**1.29**	**1.08**	**0.81**
GDP deflator 1995-1997=100	**100**	**1 511**	**1 328**	**1 538**	**1 666**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Russia are: wheat, maize, rye, barley, oats, sunflower, sugar, potatoes, milk, beef and veal, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876938

Policy developments

Main policy instruments

The multi-year State Programme for Development of Agriculture is the main framework that establishes agricultural support measures in Russia. It is based on the principle of co-financing of measures by the federal and regional governments, with significant regional variations in the co-financing rates. In addition to support included in the State Programme, regions implement their own, strictly regional policy measures.

A sequence of developments, such as global food price surges, the global economic crisis and strong local droughts brought the issue of food security to the forefront of the policy agenda. A Doctrine on Food Security was issued in early 2010 as part of the Strategy for National Security of the Russian Federation up to 2020. The Doctrine introduced a concept of "food sovereignty" understood to be a "stable internal production of food products at levels sufficient to secure the threshold shares to be occupied by domestically produced foodstuffs in total market supplies". The Doctrine thus places the emphasis on self-sufficiency as a way to ensure the country's food security. This document appeared when the preparations of the next State Programme for Development of Agriculture begun and has had significant influence on the future agricultural policy objectives.

In August 2012, after 18 years of negotiations Russia became a WTO member having signed a comprehensive package of liberalisation commitments in agriculture to be implemented by 2020. These concern both domestic support and trade policies, including the harmonisation of domestic trade regulations and procedures with international standards, in particular in the sanitary and phyto-sanitary area.

Prior to the official WTO accession, a package of support measures for the adaptation of agriculture to WTO membership conditions was submitted to the Russian Parliament for consideration. These included proposals on an agricultural tax regime, the introduction of a concept of less favoured areas in agriculture, and a new mechanism to support the acquisition of agricultural machinery and equipment. Some of these proposals have been adopted, while others are still being considered.

Drought again hit 20 regions in 2012 – the total grain crop was the second-lowest in a decade after the historically record low of 2010. During the last quarter of 2012, grain stocks fell rapidly, while prices rose considerably leading also to significant increases in feed costs. This has become one of the arguments for the Ministry of Agriculture to seek additional funding for 2013 on top of the initial budget allocation.

A key policy challenge for the future is that production enhancement and self-sufficiency objectives set in the new State Programme must be reached in the context of agricultural trade liberalisation foreseen by the country's WTO commitments.

State Programmes for Development of Agriculture

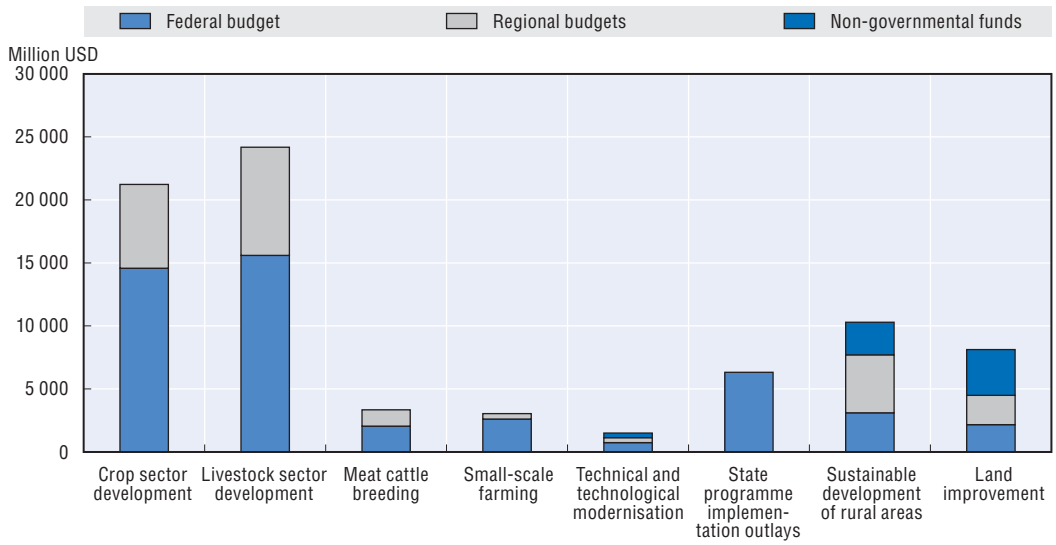
The State Programme for Development of Agriculture for 2008-12 (the State Programme) was the principal policy framework under implementation during the monitored period. Approximately RUB 861 billion (USD 29 billion) were allocated over the five-year implementation period. In 2013, this programme was succeeded by a new one for 2013-20.

The new 2013-20 State Programme is strongly inspired by the 2010 Doctrine on Food Security. Reaching the self-sufficiency targets set by the Doctrine is stated as the primary objective.* This is followed by objectives largely carried over from the previous programme, such as the sustainable development of rural areas and improving the living conditions of the rural population; enhancement of competitiveness of domestic agricultural products in the context of WTO membership; and a more efficient and ecologically sound use of natural resources in agriculture. Among the newly formulated objectives are the development of agro-food market infrastructure, promotion of innovation-based development, and the improvement of the state governance of agricultural development. Emphasis is also given to improvements in the animal and plant health systems and the environmental performance of agriculture, aspects which have emerged in view of Russia's WTO commitments. The scope of the new State Programme has been broadened, but most of the Programme's targets represent growth rates in agricultural output, investments in production, and the use of land and labour resources in agriculture. The new State Programme is fundamentally a plan to boost domestic agricultural production.

The State Programme for 2013-20 consists of six sub-programmes and has inherited most of the previous measures (Figure 19.4). A new component is the sub-programme on technical and technological modernisation of agriculture; two previously separate programmes on rural development and on land improvement will now be implemented as parts of the 2013-20 State Programme. Total outlays over the eight-year period of implementation, covering all its components and all sources of financing, are estimated to be RUB 2 498 billion (USD 78 billion), of which 61% is to be provided from the federal budget, 31% from regional budgets, and 8% from private sources (the latter will only be used for the programmes on rural development, land improvement, and modernisation).

Figure 19.4. **Budgeted outlays for the State Programme for Development of Agriculture for 2013-20 by sub-programmes and sources**

Aggregate spending for 2013-20



Source: Ministry of Agriculture of the Russian Federation, *State Programme for Development of Agriculture and Regulation of Markets for Agricultural Food and Fibre Products and Foodstuffs for 2013-20*, Moscow (2012).

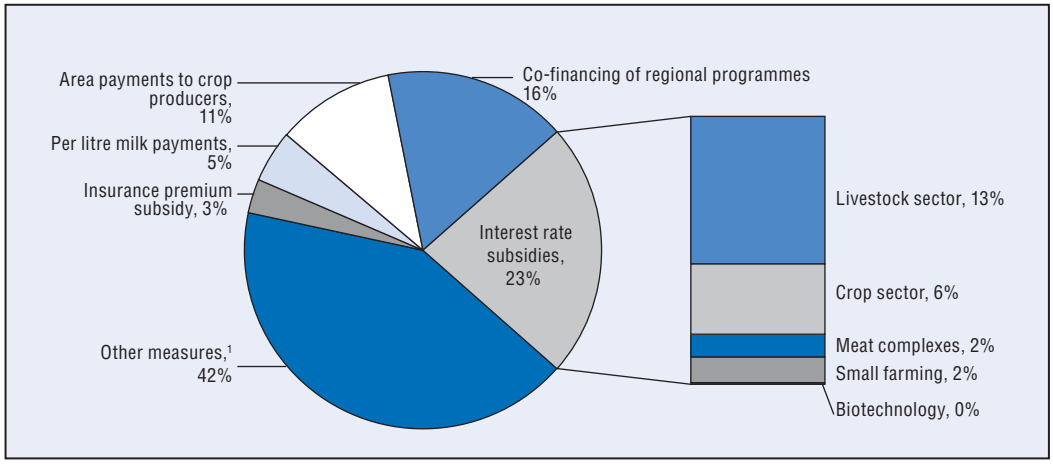
StatLink http://dx.doi.org/10.1787/888932875931

* These targets 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.

On an annual basis, the Programme's financing will rise from RUB 281 billion (USD 9 billion) in 2013 to RUB 370 billion (USD 11.5 billion) in 2020. Russia's commitments to the WTO limit most trade and production-distorting support at USD 9 billion in 2012 and 2013, which is to be gradually reduced to USD 4.4 billion by 2018. This implies that spending under the State Programme will have to be steered for compliance with WTO domestic support commitments.

Figure 19.5. **Financing of the State Programme for Development of Agriculture for 2013-20 by specific types of support**

Percentage of the aggregate spending for 2013-20



1. Measures with the share in total outlays of 2% or less each.

Source: Ministry of Agriculture of the Russian Federation, *State Programme for Development of Agriculture and Regulation of Markets for Agricultural Food and Fibre Products and Foodstuffs for 2013-20*, Moscow. (2012).

StatLink http://dx.doi.org/10.1787/888932875950

Over 50 specific support measures are foreseen across the Programme components, but more than half of total outlays are to be allocated to only five measures (Figure 19.5). The largest one will continue to be interest rate subsidies, which will absorb around one quarter of the overall Programme financing. The second largest support item is the co-financing of economically important regional programmes, defined as programmes that may "considerably contribute to sustainable social and economic development of rural territory of a region." A new area payment to crop producers is introduced driven by the considerations of compliance with the WTO limits on most distorting domestic support. Another new feature is the opening of federal co-financing for per litre milk payments. Following the recent series of droughts, subsidies to insurance premiums have also become one of the most important spending items and increased attention will be given to the grain intervention system. Of the outlays for "other measures," more than half will be allocated to rural development and land improvement programmes, mainly in the form of investment.

Summing up, the new State Programme maintains the principal objective of boosting domestic production and self-sufficiency, and largely continues the previous support structure. However, a number of changes are introduced in view of WTO commitments along with a modest increase in investments to improve the longer-term performance of the agricultural sector. The new Programme further extends the scope of support beneficiaries to cover more downstream and infrastructural activities. It also increases support for projects which will be developed by the regions. It can be expected that the initial financing targets described above may undergo adjustments in response to economic and market developments, as was the case with the previous State Programme. For example, in February 2013 the Ministry of Agriculture requested an extra

RUB 42 billion (USD 1.35 billion), or 26% of the initial federal funding target, for additional assistance in 2013.

Domestic policy developments in 2011-13

The majority of domestic policy measures described below were implemented within the framework of the State Programmes 2008-12 and are continued under the State Programme 2013-20.

The main instrument of price support in Russia is border protection (see the overview of trade policies below), but there are also several domestic policies, such as market interventions and output 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. Prices at which market interventions are implemented, however, do not play the role of price guarantees. Restrictions on imports or exports can be imposed during the intervention periods. Grain intervention has been active since the 2008/09 season, in particular in 2010/11 to mitigate the consequences of the 2010 drought on food and feed prices. The low 2012/13 grain crop (70.7 million tonnes), combined with active exports in the last quarter of 2012 (13.5 million tonnes), led to rapid depletion of grain stocks and increases in grain prices, particularly for feed grain. The government intervened to ease the effects on bread prices: between October 2012 and January 2013, 1.45 million tonnes of milling wheat were released from the Intervention Fund. Grain prices, however, were rising rapidly and by January 2013 were around double their levels a year ago. It is expected that in addition to food wheat, the Intervention Fund will start selling feed grain, while the government considered a proposal to lift the 5% duty on grain imports from non-CIS area.

Payments based on output are provided from regional budgets for marketed meat, milk, eggs and wool, with milk accounting for nearly 80% of the total output payments directed for livestock products in 2010-12. As of 2013, regional financing of per tonne milk payments will be complemented by federal funds. This measure is viewed by the government as the most efficient instrument to stimulate growth in milk output, which is, together with the increase in meat output, the top priority of the Programme. However, this represents a move towards support that is subject to WTO domestic support disciplines. The overall annual outlays on payments per tonne of milk are estimated to approximately double in 2013-20 compared to the 2008-12 period. In the crop sector, producers of flax and hemp received per tonne payments in an effort to revive this sector, while some regions also provided support for grains, potatoes and other crops. Per tonne payments were relatively small, accounting for 2% of the total PSE and 6% of the budgetary transfers in the PSE in 2010-12.

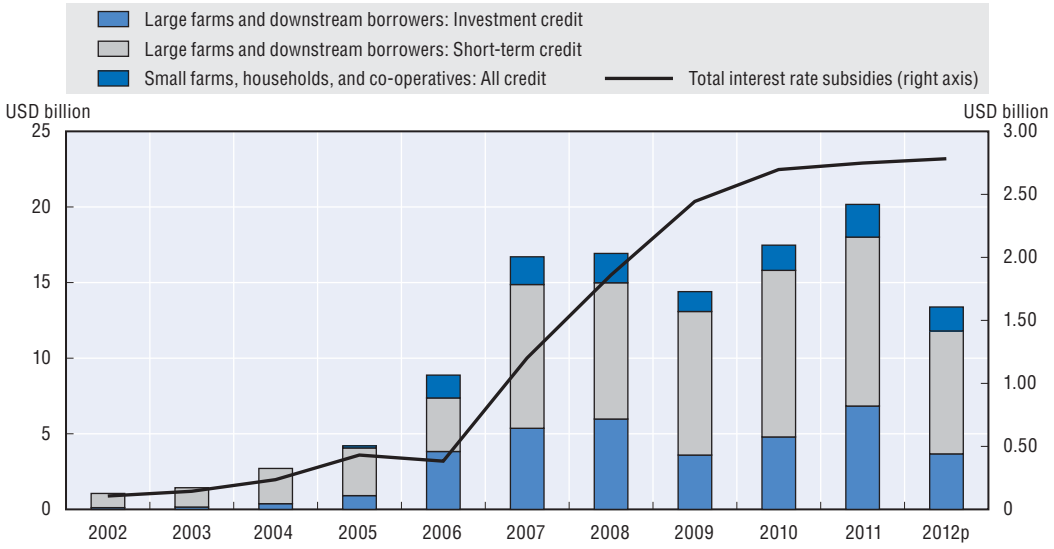
Concessional credit is one of the most important agricultural support measures, contributing 14% to the total PSE in 2010-12. It is also one of the largest budgetary transfers in the PSE, accounting for 35%. Concessions take the form of subsidies on interest payments, which are co-financed from federal and regional budgets. The subsidy is set as a fraction of the central bank refinancing rate, with the fraction varying by type of beneficiary and type of loan. The estimates for the period between 2007 and 2012 indicate that the subsidy reduced the interest rates of concessional loans by approximately two-thirds.

Originally, the 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 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 investment credit.

The amount of concessional credit provided each year increased from RUB 119 billion (USD 4.2 billion) in 2005 to RUB 595 billion (USD 20.2 billion) in 2011. However, it was reduced to RUB 416 billion (USD 13.3 billion) in 2012. About 90% of concessional credit in 2010-12 was directed to large-scale farms and downstream borrowers, with almost two-thirds representing short-term loans (Figure 19.6). The expansion of concessional lending was accompanied by a substantial increase in government outlays on interest subsidies. The total amount (including all types of borrowers, all types of credit, and federal and regional funds) rose from RUB 12 billion (USD 0.4 billion) in 2005 to approximately RUB 86 billion (USD 2.8 billion) in 2012. 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 relief assistance in 2009-12.

Figure 19.6. **Russia: Concessional credit allocations in 2002-12**



Source: Ministry of Agriculture of the Russian Federation.

StatLink http://dx.doi.org/10.1787/888932875969

In the new State Programme for 2013-20 a further broadening of beneficiaries is foreseen to include investors in downstream infrastructure, trading and processing facilities. Interest subsidies for modernisation and construction of biotechnology facilities will become newly available, although with a small budget allocated for this purpose. Nevertheless, credit support will not increase as was the case for previous state programmes. Concessions for new investment loans for poultry complexes will be stopped as of 2015, and for pig complexes as of 2017. No subsidies on new loans for planting and harvesting works will be provided; this support will shift to the new area payment (see below).

In addition to interest subsidies, a range of **subsidies for variable inputs and investments** are provided. This group of support accounted for almost one quarter of the total PSE and over one half of budgetary transfers in the PSE in 2010-12. The main payments included subsidies to purchase mineral fertilisers and chemicals, diesel fuel for seasonal works, and mixed feed, subsidies to transport seeds of feed crop to areas with adverse climatic conditions, the leasing of machinery

and livestock at preferential terms, and subsidies to crop insurance premiums. The federal law "On State Support in the Area of Agricultural Insurance" (2011) made all support payments conditional on producers being covered by catastrophic insurance. It stipulates a 50% insurance premium subsidy for insurance of catastrophic crop risks (crop losses in excess of 30% for arable crops and 40% for perennials). In the State Programme 2013-20, an insurance premium subsidy is to become available for livestock starting from 2013. Beyond direct budgetary support, agricultural producers benefit from **discounted fuel prices**. This support does not involve budgetary disbursements and is based on agreements between fuel suppliers and regional authorities whereby the former sell fuel to agricultural users at a discounted price. This measure was introduced in 2009 as part of the financial relief package, maintained following the drought in 2010, extended to 2011 and again applied in 2012 due to drought.

The sector received additional input subsidies as exceptional assistance. After the 2010 drought extra input subsidies were provided to farms that maintained their cattle numbers through the 2011 winter. In 2012, an extra RUB 14 billion (USD 0.45 billion) were allocated to drought-affected regions as relief assistance to support the purchase of seeds for winter planting and feeds. Agricultural producers, mostly small individual farmers, were able to purchase machinery from *Rosagroleasing* with a 50% discount. The company received RUB 3.7 billion (USD 126 million) from the federal budget in 2011 and approximately the same amount in 2012 as compensation for the revenue foregone.

Some input subsidies are also delivered within the economically important regional programmes. In 2011, 53 of the 83 regions received federal co-financing for their programmes, amounting to 6.5% of total federal outlays budgeted in the 2008-12 Programme for that year. Around half of that support went to projects for the development of meat and milk farming.

Up to 2013, **area payments** were insignificant, consisting of small subsidies to maintain permanent crop plantations. This support amounted to only 1% of the total PSE and 2% of the budgetary part of the PSE in 2010-12. Starting from 2013, crop producers will receive new area payments which will replace a number of previous support items: mineral fertiliser and chemicals subsidy, fuel subsidy, interest rate subsidies on sowing and harvesting loans, and the small per tonne payments for flax and hemp. The amount of federal funding to be allocated to a particular region depends on its total crop area in the previous year, its land fertility score, and its crop yields. Other things being equal, regions with higher crop yields receive higher allocation per hectare. The procedures for allocation of the funds within the regions are not yet known, but it may be expected that the majority of regions will employ a similar method as at the federal level.

Agricultural producers benefit from a number of **tax preferences**. As part of the package to assist domestic producers to adapt to WTO membership, the previously existing tax concessions have been maintained at least until 2017.

Agricultural producers that have the status of legal entities, i.e. agricultural organisations and individual entrepreneurs, can select a 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 enterprise. Those who pay the SAT are exempt from income tax, property tax, and, except in specified cases, VAT. Producers who have not opted for the SAT regime benefit from a zero income tax on earnings from primary agricultural and processed products (compared to standard rate set at 20%), but are eligible for property tax and VAT. A zero income tax concession for those who are eligible for SAT regime was initially granted up to 2012; the tax was to be raised to 18% in 2013-15 and aligned with the standard 20% rate as of 2016. However, as part of the WTO adaptation package, this concession was maintained for an indefinite period. Some additional concessions were also granted to heads

of the individual farms on income tax on physical persons. Rural households are not considered as businesses, and thus are not eligible to pay tax on income from sale of agricultural products; they can also benefit from certain concessions on land tax.

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. In 2012, this list was extended to include pedigree animals, their embryos and semen, and pedigree hatching eggs.

Trade policy developments in 2011-13

In the lead-up to the WTO accession, harmonisation and unification of the trade regime continued within the Customs Union with ***Belarus*** and ***Kazakhstan*** (CU) which came into effect on 6 July 2010. All customs borders between these three countries were removed and replaced by a single external customs border on 1 July 2011. The objective of CU members was to complete the harmonisation of SPS norms and technical regulations by mid-2011, but this process is still on-going.

Russia's WTO accession is the major development for the period under the review. The 18-year accession negotiations were formally closed on 16 December 2011 and the country officially became a member of the Organisation on 22 August 2012. Russia's main WTO commitments related to the agro-food are summarised in Box 19.1. These commitments should also be viewed within the context of the CU; in areas which fall under the competence of the CU they become part of the CU's legal system. For example, common CU tariff must not exceed the rates bound by a CU member at the accession to the WTO, except in cases specified by the WTO Agreement. Furthermore, ***Belarus*** and ***Kazakhstan*** are not yet WTO members and are currently in the process of individual WTO accession negotiations. Their future WTO commitments will also have implications for all CU participants.

Russia's meat imports are subject to **tariff rate quotas (TRQ)** on imports from the non-CIS area (Table 19.3). Between 2008 and up to mid-2012, Russia has been tightening the TRQ regime, but with different speed and intensity for different types of meat. Conditions for market access were particularly tightened for poultry imports with a significantly reduced quota and much higher over quota tariff. TRQs for all three basic meats typically remained under-filled, in particular for fresh and chilled beef and for poultry, partly due to restrictions imposed on deliveries from some suppliers on food safety grounds (see below). Upon WTO accession Russia will maintain country-specific quotas for fresh and chilled beef (72% of total quota to be allocated to the ***European Union***); frozen beef (the ***United States***, the ***European Union*** and ***Costa Rica*** altogether receiving 30% of the total); and frozen boneless poultry cuts (80% allocated to the ***European Union***).

Following WTO accession, Russia's total in-quota imports and bound tariffs will remain the same over the implementation period for all three types of meat. However, the WTO schedule of commitments contains a number of changes compared to the pre-accession conditions. In-quota imports of fresh and chilled beef are slightly increased, but with a higher tariff bound for over-quota imports. In-quota imports of chilled, fresh or frozen poultry are slightly increased as well. Tariffs on pigmeat imports are brought to 0% and over-quota tariff reduced. As of 2020, pigmeat TRQs are to be eliminated and a bound tariff rate of 25% will apply. No commitment to eliminate beef and poultry TRQs is included, but if Russia chooses to move to a tariff-only regime, bound

rates of 27.5% and 37.5% shall respectively apply, both higher than the current in-quota tariffs, but lower than the pre-accession over-quota tariffs.

Dairy products represent another of Russia's key agro-food imports. Skim milk powder is imported duty free from the CIS area, with deliveries from Belarus subject to an inter-governmental agreement (similar to sugar). At accession, tariffs for milk products were reduced, and are to be decreased further due to WTO commitments. For example, tariffs for skim milk will decrease from 20% to 15% by 2015; combined tariffs will be maintained for butter, and brought down to 15% but not less than EUR 0.22 per kg (from 20% but not less than EUR 0.29 per kg), also by 2015. Tariff reductions for imported cheeses are to be implemented by 2015-17.

Table 19.3. **Russia's meat import quotas before and after WTO accession**

	2010	2011	2012[1]	2013[1, 2]	WTO commitments		
					Bindings at accession		Final bindings
Beef fresh and chilled							
		0201			**0201 10; 0201 20; 0201 30**		
TRQ, th. tonnes	30.0	30.0	30.0	40.0	40.0	40.0	27.5% if TRQ is eliminated
In-quota tariff		15%, n.l. 0.2 EUR/kg		15%	15%	15%	
Over-quota tariff		50%, n.l. 1.0 EUR/kg		50%, n.l. 1.0 EUR/kg	55%	55%	
Beef frozen							
		0202			**0202 10; 0202 20; 0202 30**		
TRQ, th. tonnes	530.0	530.0	530.0	530.0	530.0	530.0	27.5% if TRQ is eliminated
In-quota tariff		15%, n.l. 0.2 EUR/kg		15%	15%	15%	
Over-quota tariff		50%, n.l. 1.0 EUR/kg		50%, n.l. 1.0 EUR/kg	55%	55%	
Pigmeat fresh, chilled or frozen							
		0203			**0203 11 to 02 03 29**		
TRQ, th. tonnes	472.1	472.1	400.0	400.0	400.0	400.0	25% and TRQ eliminated as of 2020
In-quota tariff		15%, n.l. 0.25 EUR/kg		0%	0%	0%	
Over-quota tariff		75%, n.l. 1.5 EUR/kg		65%	65%	65%	
Pigmeat trimmings							
TRQ, th. tonnes	27.9	27.9	30.0	30.0	30.0	30.0	25% and TRQ eliminated as of 2020
In-quota tariff		15%, n.l. 0.25 EUR/kg		0%	0%	0%	
Over-quota tariff		75%, n.l. 1.5 EUR/kg		65%	65%	65%	
Poultry meat fresh, chilled or frozen							
		0207			**02 07 14; 02 07 27**		
TRQ, th. tonnes	780.0	350.0	330.0	364.0	354.0	354.0	37.5% if TRQ is eliminated
In-quota tariff		25%, n.l. 0.2 EUR/kg		25%, n.l. 0.2 EUR/kg	25%	25%	
Over-quota tariff		80%, n.l. 0.7 EUR/kg		80%, n.l. 0.7 EUR/kg	80%	80%	

n.l.: "but not less than".

1. Tariff rates shown for 2012 are those effective up until 23 August 2012, and tariff rates shown for 2013 are those effective as of 23 August 2012.
2. The volumes shown do not include additional TRQs allocated in 2012 following WTO accession: 3.33 thousand tonnes for fresh and chilled beef, and 10 thousand tonnes for poultry meat.

Source: Resolutions of the Government of the Russian Federation.EurAsEc Commission, WTO.

StatLink http://dx.doi.org/10.1787/888932876957

Russia frequently resorts to **non-tariff restrictions on agro-food imports**, in particular with respect to livestock products. For example, measures taken shortly before and after WTO accession included: bans due to alleged violation of veterinary requirements on live animal imports from all ***EU*** countries and on meat or meat products from ***Paraguay***, ***Australia***, ***Netherlands***, ***Czech Republic***, ***Germany*** and ***Ukraine***; a ban on beef and pork imports from ***Canada*** and the ***United States*** based on concerns over ractopamine use; and ban of imports of cattle from ***Finland*** and ***Australia*** due to alleged presence of Schmallenberg virus, and most recently, a ban on imports of a broad range of

livestock products from ***Spain***. Current SPS requirements applied by Russia within the CU present considerable challenges to exporters and in general are subject to international controversy, while with respect to some SPS measures taken recently WTO trade partners expressed concerns over their undue trade restrictiveness.

Russia's imports of sugar traditionally face high border protection. For **white sugar,** a duty of USD 340 per tonne is set for imports from outside the CIS. CIS deliveries are duty free if sugar is processed from sugar beet. However, imports of white sugar from Ukraine are excluded from the CIS duty-free regime; this exclusion remains active "until the next agreement", as foreseen by a new Agreement on Free Trade in the CIS Area ratified in 2012. 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).

For **raw sugar,** imported mostly from Brazil, 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 of the New York Mercantile Exchange (NYMEX). The levy can vary between the fixed minimum and maximum boundaries. A higher NYMEX price commands a lower levy and vice versa. Prior to WTO accession, this regime underwent frequent adjustments, including within the CU framework. These concerned the range delimiting the levy variations, the parameters of the seasonal duties and the range of NYMEX prices underlying the variable levy. As a WTO member, Russia will maintain its floating levy regime indexed to the NYMEX, but in the Report of the Working Party, Russia expressed its intention to consider reforming the sugar tariff regime in 2012, with a view to its further liberalisation. In the negotiations, Russia agreed to cut the upper rate of the floating levy from USD 270 to USD 250 per tonne, if the average monthly price of raw sugar at the NYMEX is below USD 100 per tonne. The minimum rate of the floating levy remained unchanged at USD 140 per tonne. Russia's WTO Schedule of Concessions and Commitments, also includes a provision on lowering of the NYMEX price boundaries that trigger the application of the maximum and minimum levies, implying that lower rates of levies are charged at the same level of NYMEX prices.

The Russian sugar market experienced two consequent historically high sugar beet crops, amounting to 48 million tonnes in 2011 and 43 million tonnes in 2012. This was almost double the average for the decade between 2000 and 2010, and such high harvests had not been seen in any year since the mid-1980s. This abundant supply put a cap on domestic price increases; they did not follow the considerable price increase on world sugar markets in 2011, with the result that domestic prices remained below world levels both in 2011 and 2012. Reduced market price support for sugar contributed to the fall in Russia's PSE for these two years.

Russia's **grain export regulations** change between restriction and stimulation in response to fluctuations in the domestic supply of grains and in food prices on the domestic market. The typical export stimulation measure consists of temporary **reductions in railway tariffs** for transportation of grains from producing regions to Russian export outlets. As part of its WTO obligations, Russia has committed to unify its domestic and foreign operating tariffs for railways by no later than 1 July 2013. According to the Report of the Working Party on Russia's accession to the WTO, over the period between accession to the WTO and 1 July 2013, Russia would gradually reduce the existing differences in rail transportation charges.

However, the most recent period was featured by grain exports restrictions. Following the 2010 drought, a **ban on grain exports** was imposed between 15 August 2010 and 30 June 2011. It covered wheat, wheat and rye mix, barley, rye, maize, wheat flour and mixed wheat and rye flour (the ban

on flour exports was lifted in January 2011). This acted as a disincentive for domestic grain producers, and had spill-over effects on international markets. In 2012, when drought again hit Central Russia the government refrained from recourse to export limitations.

The interaction between grain trade restrictions applied and the grain supply situation in 20110/11 helps to understand the decrease in Russia's PSE in 2011. A taxing effect of the 2010/11 export ban on domestic prices was already visible in 2010. In 2011, domestic grain prices fell further below the world levels; the export ban was maintained throughout the first half of that year, followed by a high new crop in the second half, coming onto the market in the situation when above average carry-over stocks had accumulated. The negative gap between domestic and border prices opened widely, particularly for thinly produced and traded grains, such as maize and rye; the latter was also subject to local price controls because it is used to produce low-cost staple bread. In the PSE estimates this was reflected as a considerable increase in an aggregate negative market price support for grains, as stronger price taxation was coupled with the higher quantities produced. This was the principal driver of the fall in the total PSE in 2011. The fall in support was even more pronounced in relative terms (%PSE), since a smaller value of support transfers was coupled with higher value of gross producer receipts.

The price situation in 2012 was the opposite: grain export restrictions were not imposed after the drought, so that by the end of the year grain prices rose substantially. The aggregate value of the negative market price support for grains was nearly halved, but this also reduced the benefits of livestock producers for whom feed prices moved up closer to the world levels. The livestock sector also saw lower price protection, partly related to WTO accession and evidenced by the fall in nominal protection coefficients for all livestock products in 2012. Market price support for livestock products thus decreased. The effect of these changes in market price support for grains and livestock products was a reduction in the aggregate market price support and the total PSE in 2012. In relative terms (%PSE), the fall in support was not as pronounced as in 2011 as it occurred along with a reduction in the total value of gross receipts in agriculture due to the low grain harvest.

Since 1992, **export duties** have been applied on **oilseeds**. Prior to WTO accession the duties were set: for sunflower at 20% but not less than EUR 30/tonne; for rapeseed and soybeans at 20% but not less than EUR 35 per tonne; and for mustard seed at 10% but not less than EUR 25 per tonne. As part of Russia's WTO commitments, duties on sunflower seeds will be reduced from to 6.5% (but not less than EUR 9.75/tonne) within four years of accession and on rapeseed to 6.5% (but not less than EUR 11.4/tonne) within three years. Duties on soya beans will be eliminated within three years following accession and on mustard seeds within one year.

In the area of regional trade integration, Russia ratified a new **Agreement on Free Trade in the CIS Area** in 2012 (see Chapter 23), and as a member of the CU is involved in negotiations of a Free Trade Agreements with the ***European Free Trade Association (EFTA)*** and ***New Zealand*** (see Chapter 19).

Box 19.1. **Russia's key WTO commitments in agriculture**

Import tariffs: Russia will bind tariffs on all products. For agriculture, most tariff reductions will be implemented as of Russia's accession, covering over 60% of agricultural tariff lines. By 2016, final tariff bindings are to be reached on 94% of tariff lines, with all the remaining bindings (including for pigmeat) becoming effective by 2020. The average of final bound rates on agricultural goods is estimated at around 10.8%, compared to the current average applied tariff rate of 13.2% (the corresponding rates for industrial goods are 7.3% and 9.5% respectively). Zero final binding tariffs are agreed for certain live animals, soya beans, soya cake, and colza seeds. The highest final bound rate is set for over-quota imports of beef meat (55%, HS 0201 and HS 0202) and poultry meat (80%, HS 0207), provided these quotas are maintained (see below).

Tariff rate quota (TRQ): Upon accession to the WTO, Russia will maintain its meat TRQs, with pigmeat TRQs to be eliminated in 2020. No commitment to eliminate beef and poultry TRQs is included. Apart from meat, a small TRQ is also opened for whey in specific forms.

Domestic support: The total trade distorting agricultural support, as measured by an Aggregate Measurement of Support (AMS), will not exceed USD 9.0 billion in 2012 and 2013 and will then be reduced in equal parts over the following five years to USD 4.4 billion in 2018. As an additional commitment to limit trade distortions, from the date of accession to 31 December 2017, the annual sum of all product-specific support shall not exceed 30% of the agricultural support that is non-product specific.

Export competition: Russia has agreed to bind subsidies on exports of agricultural products at zero.

Quantitative export restrictions: In relation to quantitative restrictions on agricultural products, Russia has committed to act in accordance with Article XI of the GATT 1994 and Article 12 of the WTO Agreement on Agriculture. With respect to the Customs Union (CU) regulations, a CU party may unilaterally impose a temporary non-tariff measure if it, among other specified cases, is aimed at the "prevention or reduction of the critical shortage in the domestic market for food or other goods essential for the domestic market". However, the party concerned must solicit approval of the EurAsEC Commission to apply the measure across all CU territory, failing which the unilaterally introduced measure may be maintained no longer than six months since its introduction (EurAsEC, 2009).

Export duties remain outside the competence of the CU and are subject to national regulations. As far as agricultural goods are concerned (in the WTO definition), at the date of accession Russia is allowed to apply export duties on oilseeds, certain fish products, and ethanol. Depending on the product, duty reductions or eliminations will be implemented within the periods from one to four years.

Sanitary and phyto-sanitary measures (SPS): all SPS measures would be developed by Russia or the competent CU bodies in accordance with the WTO SPS Agreement. In particular, in line with Article 3.1 of the WTO SPS Agreement, Russia committed that all SPS measures, whether adopted by the Russian Federation or the competent bodies of the CU, would be based on international standards, guidelines or of the World Animal Health Organisation (OIE), the International Plant Protection Convention (IPPC), and the Codex Alimentarius (Codex), when either no mandatory domestic or CU requirements exist or when domestic standards are more stringent, but no scientific justification exists to support higher requirements (WTO, 2011). Russia's commitments in the SPS area entail substantial post-WTO accession work, most of which will be carried out within the framework of the CU. This will concern further harmonisation of SPS measures with international standards, improvements in risk assessment practices, transparency, control, inspection, and approval procedures.

Technical Barriers to Trade (TBT): Russia has agreed that all legislation related to technical regulations, standards and conformity assessment procedures would comply with the WTO TBT Agreement.

Source: Report of the Working Party on the Accession of the Russian Federation to the World Trade Organization, WT/ACC/RUS/70, WT/MIN(11)/2, 17 November 2011, WTO, Geneva; The Schedule of Concessions and Commitments on Goods Resulting from the Negotiations between the Russian Federation and WTO members, Part 2, WT/ACC/RUS/70/Add.1, WT/MIN(11)/2/Add.1, 17 November 2011, WTO, Geneva.

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PART II

Chapter 20

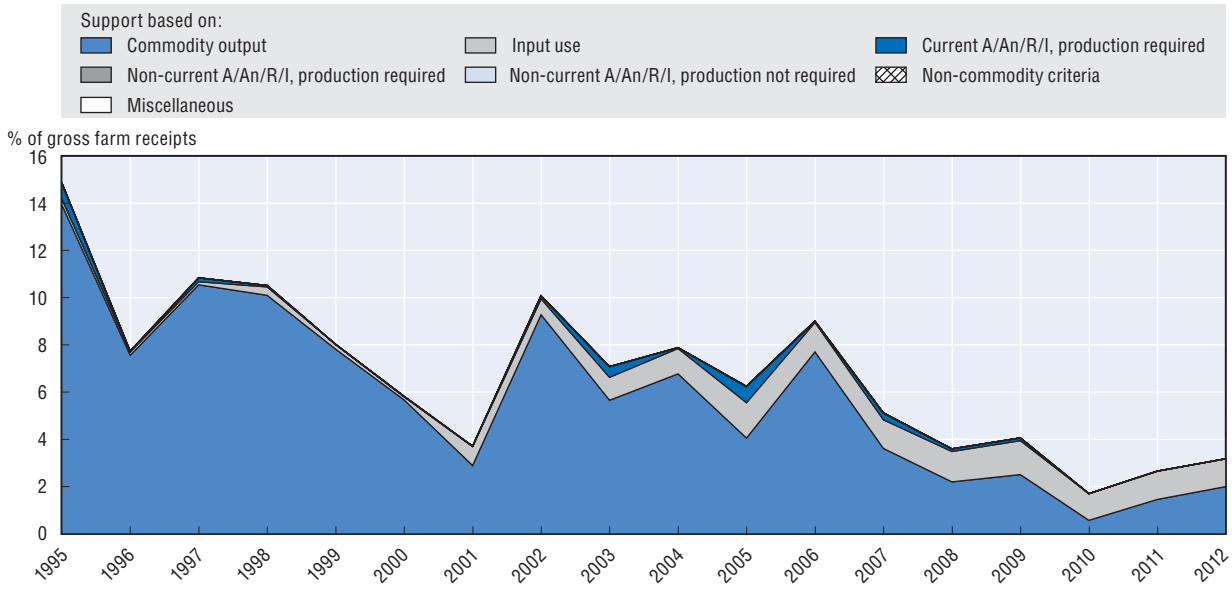
South Africa

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.

Evaluation of policy developments

- Current policies in South African agriculture are the result of deep policy reforms implemented from the mid-1990s. Policy changes 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 resulting in a substantial reduction of total support to agriculture and increased the market orientation of the commercial sector.
- At the same time increased budgetary spending went to financing the land reform process and supports the new farmers that it benefits. The main agricultural policy developments and the main challenges in most recent years are related to the implementation of the land reform programme. During 2010-12, new policies were implemented to ensure the viability of new entrants. They include the *Pro-Active Land Acquisition Strategy*, and The *Recapitalisation and Development Programme* which recapitalises the selected distressed land reform projects.
- Adequate supporting infrastructure and human capital formation are also needed if these new entrepreneurs emerging from the land reform process are to survive. The implementation and good targeting of the support programmes, tailored to the needs of emerging farmers, remain the main challenge into the future. In this regard, the involvement of private stakeholders in the process of land reform is an efficient way to engage existing resources and address weaknesses in supporting programmes and services from public authorities and should be strengthened.

Figure 20.1. **South Africa: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932875988

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, although somehow decreasing, rate of unemployment. The relative importance of agriculture in the economy is relatively low with a share of 2.4% of the GDP, and 5% of employment. The sharp reduction of employment in agriculture compared to the mid-1990s is the result of reforms and resulting reduction of labour use on commercial farms. South Africa is a net exporter of agro-food products. The share of agro-food exports in total exports is around 8%, while the share of agro-food imports is around 6%. 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 14% is arable while the remaining is mostly area suitable only for extensive pasture with limited water resources.

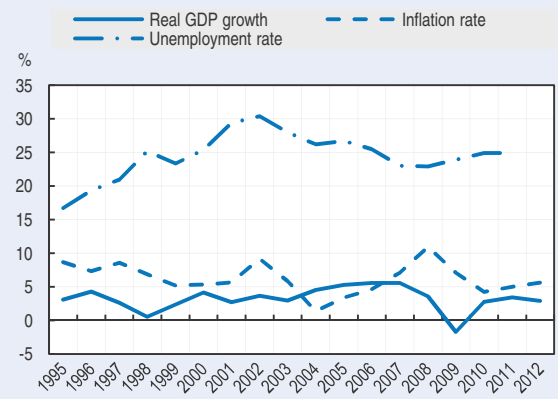
Table 20.1. **South Africa: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)	151	402
Population (million)	42	52
Land area (thousand km^2)	1 214	1 214
Population density (inhabitants/ km^2)	34	41
GDP per capita, PPP (USD)	5 897	10 798
Trade as % of GDP	18.2	23.9
Agriculture in the economy		
Agriculture in GDP (%)	3.9	2.4
Agriculture share in employment (%)[1]	15.6	5.1
Agro-food exports (% of total exports)	8.3	7.7
Agro-food imports (% of total imports)	7.4	6.3
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	383	825
Crop in total agricultural production (%)	58	53
Livestock in total agricultural production (%)	42	47
Agricultural area (AA) (thousand ha)	99 525	99 228
Share of arable land in AA (%)	15	14
Share of irrigated land in AA (%)	..	..
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	..	..

* or latest available year.
1. 2000.
Sources: OECD statistical Databases, UN COMTRADE, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932876976

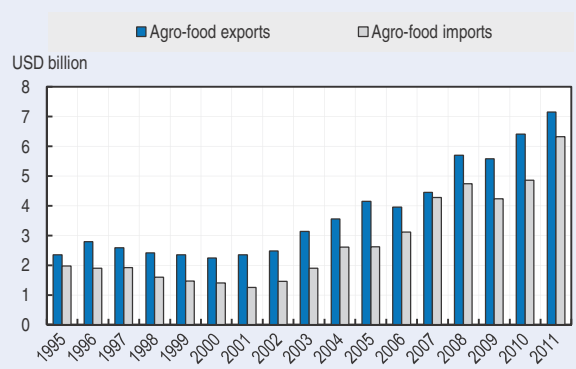
Figure 20.2. **South Africa: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932876007

Figure 20.3. **South Africa: Agro-food trade, 1995-2011**



Source: UN COMTRADE Database.

StatLink http://dx.doi.org/10.1787/888932876026

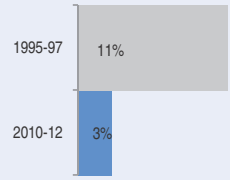
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

South Africa has a relatively low level of support which has been stable around 3% of farmer's receipts in the most recent years. 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 are almost perfectly aligned to world price levels as documented by the Nominal Protection Coefficient. Most of the budgetary payments are related to the implementation of the land reform and assistance to emerging farmers and to general services to the whole sector.

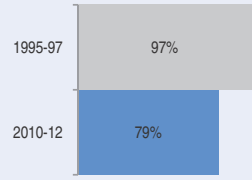
PSE as % of receipts (%PSE)

The level of support to farmers as measured by the percentage PSE is relatively low and has substantially declined. At 3% in 2010-12, it is well below the OECD average of 19%. Following a drop in support in 2010, the share of support on total farm receipts has increased slightly in 2011 and 2012, but remains at very modest levels.



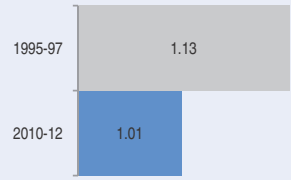
Potentially most distorting support as % of PSE

The share of the most production and trade distorting forms of support (based on output and varialbe input use – without constraints) has declined but remains relatively high. However, this relatively high share is to be interpreted in the context of the low overall level of support (total PSE).



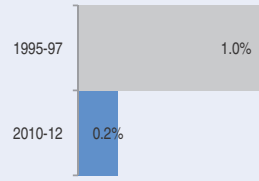
Ratio of producer price to border price (NPC)

The relatively low level of price distortions was further reduced and the level of domestic prices was almost aligned to world price levels in 2010-12, as measured by the NPC. The NPC was highest for sugar and milk.

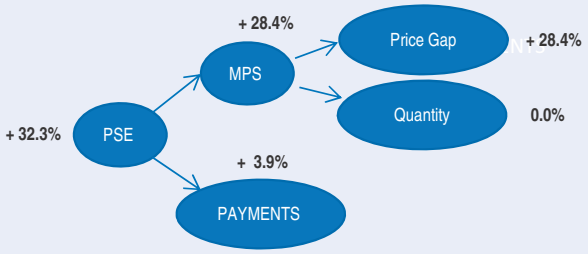


TSE as % of GDP

Total support to agriculture represented 0.2% of GDP in 2010-12, and the share of the general services in the total support estimate was around 40% in the same period.
The Single Commodity Transfer (SCT) represented 51% of the PSE. The share of the SCT in the commodity gross farm receipts was the highest for sugar (14%), around 6% for milk, and close to zero for the remaining commodities.



Decomposition of change in PSE, 2011 to 2012



The level of support increased in 2012 mainly due to a rise of market price support, related to the widening price gap between domestic and border prices, which was mainly due to a rise in domestic prices and strengthening of currency.

Transfer to specific commodities (SCT), 2010-12

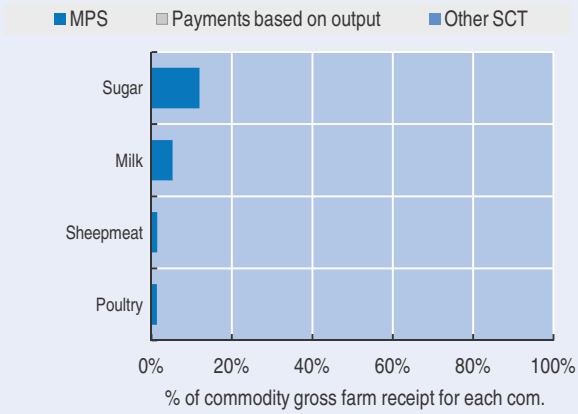


Table 20.2. **South Africa: Estimates of support to agriculture**

ZAR million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**37 243**	**147 538**	**133 583**	**146 784**	**162 248**
of which: share of MPS commodities, percentage	74	76	75	77	76
Total value of consumption (at farm gate)	**34 730**	**139 419**	**130 291**	**141 572**	**146 393**
Producer Support Estimate (PSE)	**4 064**	**3 826**	**2 303**	**3 949**	**5 225**
Support based on commodity output	3 905	2 080	779	2 170	3 292
Market Price Support	3 905	2 080	779	2 170	3 292
Payments based on output	0	0	0	0	0
Payments based on input use	62	1 746	1 524	1 780	1 933
Based on variable input use	30	975	904	967	1 055
with input constraints	0	0	0	0	0
Based on fixed capital formation	30	748	603	788	853
with input constraints	3	0	0	0	0
Based on on-farm services	1	22	17	24	25
with input constraints	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	97	0	0	0	0
Based on Receipts / Income	87	0	0	0	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 fixed 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**	**2**	**3**	**3**
Producer NPC	**1.13**	**1.01**	**1.01**	**1.02**	**1.02**
Producer NAC	**1.13**	**1.03**	**1.02**	**1.03**	**1.03**
General Services Support Estimate (GSSE)	**2 088**	**2 443**	**2 094**	**2 436**	**2 799**
Research and development	1 797	1 073	896	1 064	1 258
Agricultural schools	0	58	10	64	101
Inspection services	146	425	355	448	471
Infrastructure	141	854	816	816	930
Marketing and promotion	3	33	18	43	40
Public stockholding	0	0	0	0	0
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	**34.3**	**40.2**	**47.6**	**38.1**	**34.9**
Consumer Support Estimate (CSE)	**-4 031**	**-2 055**	**-625**	**-2 355**	**-3 184**
Transfers to producers from consumers	-3 763	-1 951	-625	-2 120	-3 108
Other transfers from consumers	-409	-105	0	-235	-78
Transfers to consumers from taxpayers	0	1	0	1	2
Excess feed cost	141	0	0	0	0
Percentage CSE	**-12**	**-1**	**0**	**-2**	**-2**
Consumer NPC	**1.14**	**1.01**	**1.00**	**1.02**	**1.02**
Consumer NAC	**1.13**	**1.01**	**1.00**	**1.02**	**1.02**
Total Support Estimate (TSE)	**6 152**	**6 270**	**4 397**	**6 386**	**8 025**
Transfers from consumers	4 172	2 056	625	2 356	3 186
Transfers from taxpayers	2 389	4 319	3 772	4 266	4 917
Budget revenues	-409	-105	0	-235	-78
Percentage TSE (expressed as share of GDP)	**1.01**	**0.22**	**0.17**	**0.22**	**0.27**
GDP deflator 1995-1997=100	**100**	**284**	**276**	**293**	**..**

.. Not available

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for South Africa are: wheat, maize, sunflower, sugar, milk, beef and veal, pigmeat, sheep meat, poultry, eggs, peanuts, grapes, oranges and apples.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932876995

Policy developments

Main policy instruments

A wide range of policy reforms was directed at achieving a stronger market orientation in agriculture and agro-food in the mid-1990s. The new Marketing of Agricultural Products Act (1996) substantially reduced state intervention in agricultural marketing through the abolition of price controls and quantitative import and export restrictions. Under the current system, there are no domestic market interventions and no export subsidies applied. The only measures supporting domestic prices are import tariffs. Other policy instruments used are input subsidies, mainly fuel tax refund, programmes supporting new farmers emerging from the land reform and general services provided to the sector, mainly research and inspection and control.

Under the Act, the *National Agricultural Marketing Council* (NAMC), a national public body, was established to provide the Minister with strategic advice on agricultural marketing issues; it undertakes investigations on agricultural marketing and marketing policy; and does annual reviews of all statutory measures implemented by the various industries in accordance with the Act.

The main objectives of the Land reform (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 a range of programmes to achieve the objectives of land reform were implemented (such as *Comprehensive Agricultural Support Programme, Illima/Letsema projects*) to address issues related to this reform such as capacity building, provision of appropriate information services and infrastructures. The *Recapitalisation and Development Programme*, introduced in 2009, is aimed at restructuring the distressed land reform projects implemented since 1994. It operates through a recapitalisation of selected farms with viable projects.

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 increase household food production by providing production support services to farmers.

The *National Land Care Programme* (NLP) is a community-based and government supported approach promoting sustainable management and use of natural agricultural resources.

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 agribusiness value chain. The main implementation mechanism of the empowerment framework is through the charter and the codes of good practice whose compliance is monitored in the course of their implementation.

Domestic policy developments in 2011-13

Price and income support policies – the new *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 regulation and income support measures are not applied in the sector. The Sugar Agreement 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 ZAR 1.30 (USD 0.18) in 2010 to ZAR 1.42 (USD 0.20) in 2011 and ZAR 1.58 (USD 0.19) in 2012.

Land reform

Land restitution and land redistribution

Attempts to rectify the racially skewed access to land and land ownership in South Africa are supported by the Provision of Land and Assistance Act (No. 126 of 1993) as amended, which addresses land restitution, land tenure reform and land redistribution. In 2009, the *Department of Rural Development and Land Affairs* (DRDLA) revised downwards the national *land redistribution* targets in delivering white owned agricultural land to land reform beneficiaries, to align them with the actual budget allocation. By the end of the FY 2012 some 6.9 million hectares were transferred under the various land reform programmes since 1994. From FY 2010 to FY 2012, around 788 thousand hectares were transferred.

A review of the *Land redistribution for agricultural development(LRAD)* projects indicated that a number of projects implemented are not sustainable for agricultural production and beneficiaries' livelihoods. The DRDLA amended the land reform regulation in order to rationalise the land redistribution process and to assist the vulnerable projects. By an amendment of the *Provision of Land and Assistance Act* (1993) in January 2009, the department placed a hold on purchasing moveable assets and game farms, introduced lease agreements to manage moveable assets and contracted strategic partners and mentors to assist and transfer skills to the lessees. Also since 2008/09 financial year, all the newly acquired land through the *Proactive Land Acquisition Strategy (PLAS)* have been registered as state owned and provided to selected beneficiaries under lease contracts, and the beneficiaries will dispose of the land after an agreed lease period, provided the project is economically viable. The *Recapitalisation and Development Programme* recapitalises the selected distressed land reform projects. In FY 2010, 504 farms were selected for recapitalisation, 387 farms in FY 2011 and for the FY 2012 the target is 416 recapitalised farms.

Programmes providing support to beneficiaries of land reform

A large part of the smallholder sub-sector continues to be underproductive and economically unsustainable. The department of Agriculture, Forestry and Fisheries (DAFF) and the DRDLA provides post settlement assistance including production loans to new and upcoming farmers. Several programmes are implemented to support the beneficiaries of land reform, in order to assist them to develop commercially viable businesses.

The *Comprehensive Agricultural Support Programme (CASP)* focuses mainly on providing support in the following areas: On and off-farm infrastructure and production inputs; targeted training, skill development and capacity building; marketing and business development and support; information and knowledge management; technical and advisory services, regulatory services and financial services. Overall, the budgetary expenditure financing CASP were ZAR 829 million

(USD 114 million) in FY 2010, ZAR 1 039 million (USD 143 million) in FY 2011, and ZAR 1 137 million (USD 139 million) budgeted for FY 2012.

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. MAFISA retailing institutions disbursed loans to 3 910 clients in FY 2010, while the number of beneficiaries reached 5 310 during the FY 2011.

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 and other infrastructure and on farm investments to support production capacity. The budget allocation to the programme has doubled from ZAR 193 million (USD 26 million) in FY 2010 to ZAR 405 million (USD 56 million) in FY 2011 and for FY 2012 the budgeted amount is ZAR 416 million (USD 51 million).

A *Comprehensive Rural Development Programme (CRDP)* was launched in June 2009 by the newly created *Department of Rural Development and Land Affairs* (previously *Department of Land Affairs*). The main focus of CRDP is on providing education and skills, small farmer development, water resources management, storage capacities, promoting co-operatives and investment in social rural infrastructure (schools, clinics). The budgetary expenditures financing the CRDP have been steadily increasing from ZAR 72 million (USD 8.6 million) in FY 2009 to ZAR 641 million (USD 78 million) budgeted for FY 2012.

Trade policy developments in 2011-13

South Africa's import protection for agricultural and food products is based 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 around 10%, which is much lower compared to the 40% average MFN tariff bound for agricultural products.

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 EU, while imports from Southern Africa Development Community (SADC) countries outside the SACU are duty free.

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.

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[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 put in place a new institutional framework for SACU. A SACU Tariff Board and Tribunal are operational from 2009. In 1994, South Africa (SACU) became a member of the

Southern African Development Community (SADC)[3]. For the implementation of the FTA, the SADC incorporated the principle of asymmetry: A phase-down of SACU tariffs in five years (by 2005); and those of other SADC countries in 12 years by 2012. The SADC free trade agreement (FTA) has now been fully implemented.

The *SADC – EU Economic Partnership Agreements* (EPA) negotiations – The aim of EPA negotiations is essentially to replace the non-reciprocal trading preferences that African, Caribbean and Pacific (ACP) countries have been receiving from the EU (under the *Lomé* Agreement) with reciprocal free trade arrangements. 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.

The *Interim Economic Partnership Agreement* (IEPA) with the EU was signed in June 2009 by Botswana, Lesotho, Mozambique and Swaziland, all of which are members of the SADC and, with exception of Mozambique, the SACU. Neither South Africa nor Namibia signed the IEPA.

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.

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PART II

Chapter 21

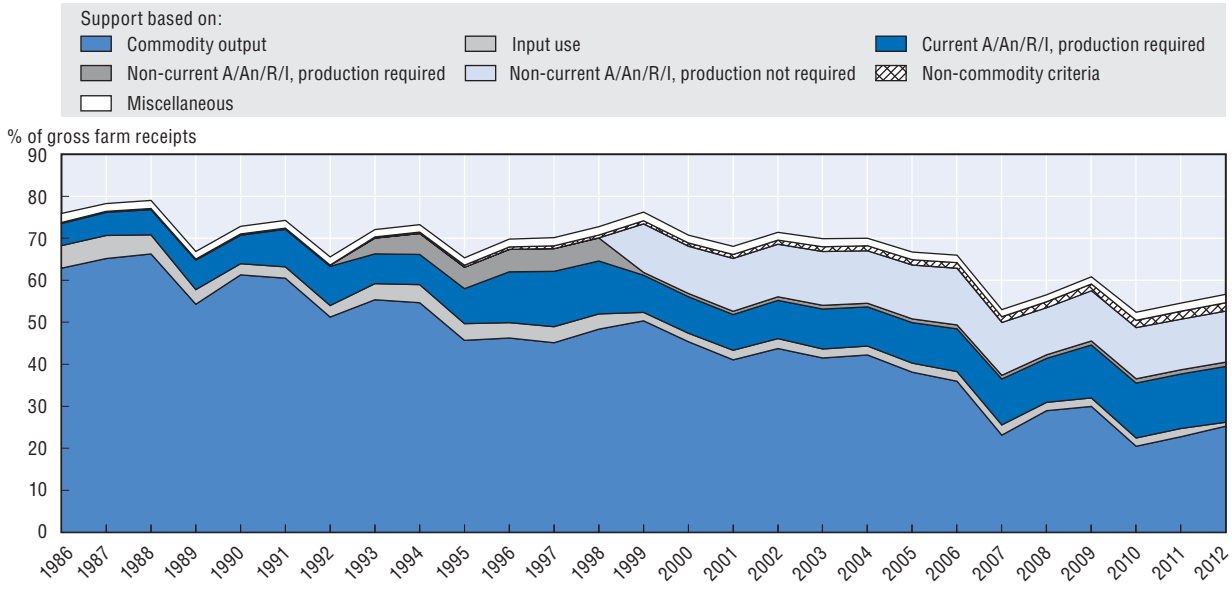
Switzerland

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- With the reforms started in the mid-1990s, gradual progress has been achieved in improved market orientation. The share of market price support and the potentially most production and trade distorting forms of support declined. Production and trade distorting policies represented 43% of total support in 2010-12, compared with 70% in the mid-1990s. Due to an increase in direct payment over the same period, the total level support to agriculture reduced at a slower pace and remains almost three times higher than the OECD average.
- The removal of milk price controls and the milk quota, together with the elimination of export subsidies on primary agricultural products and the reduction of some tariff barriers has a potential to improve economic efficiency of the sector and to contribute to the food security objective.
- The move away from market price support and the simultaneous increase in direct payments implemented by the Agricultural Policy reform 2011 (2008-13), made an increasing part of support decoupled from production. However, most of these payments are general direct payments which are rather poorly targeted to the declared policy objectives such as rural development, environmental and animal welfare issues.
- The steps outlined in the Agricultural Policy 2014, to eliminate the general area payment and to replace the headage payments by area payments for pasture area are steps in the right direction. Focus should be put on developing a set of better targeted direct payments to meet the various societal concerns more efficiently and to further reduce border protection.

Figure 21.1. **Switzerland: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Switzerland is a relatively small economy with a high 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 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 in total exports is around 4%. The farm structure is dominated by relatively small family farms. Most of farming areas in hills and mountain areas are used extensively, while most of farming areas in lowlands are used more intensively. Arable land and irrigated land represents respectively 27% and 2% of total agricultural area.

Table 21.1. **Switzerland: Contextual indicators, 1995, 2011**

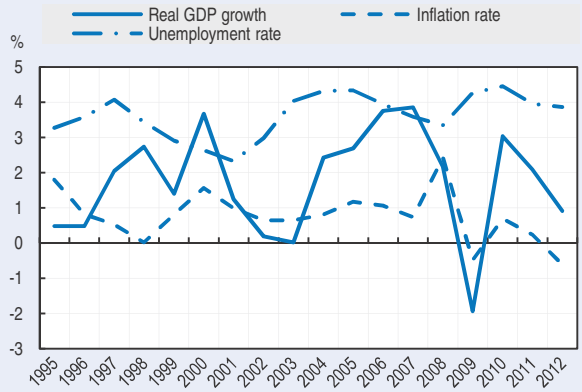
	1995	2011*
Economic context		
GDP (USD billion)	324	661
Population (million)	7	8
Land area (thousand km^2)	40	40
Population density (inhabitants/ km^2)	170	187
GDP per capita, PPP (USD)	27 248	51 507
Trade as % of GDP	25.0	33.5
Agriculture in the economy		
Agriculture in GDP (%)	1.7	0.8
Agriculture share in employment (%)	4.4	3.7
Agro-food exports (% of total exports)	3.3	3.9
Agro-food imports (% of total imports)	7.0	6.0
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	-2 937	-3 465
Crop in total agricultural production (%)	30	31
Livestock in total agricultural production (%)	70	69
Agricultural area (AA) (thousand ha)	1 581	1 525
Share of arable land in AA (%)	27	27
Share of irrigated land in AA (%)	2	2
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	73	68

* or latest available year.

Sources: *OECD statistical Databases*, ITCS, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932877014

Figure 21.2. **Switzerland: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

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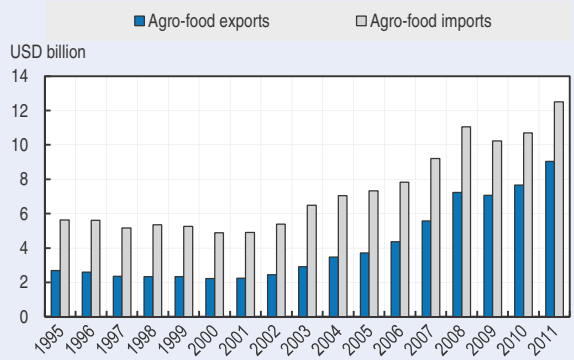
Figure 21.3. **Switzerland: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932876083

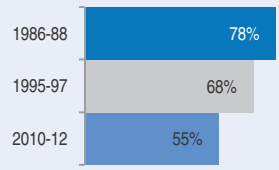
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

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 relative to the OECD average. The level of price distortions has been significantly reduced as shown by the NPC, although domestic prices remain on average 48% above world prices. Within direct payments, the general area and headage payments dominate, but the share of payments targeted towards environment and animal welfare is steadily increasing.

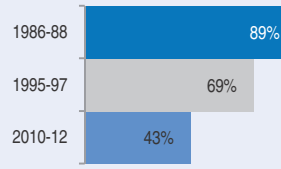
PSE as % of receipts (%PSE)

Switzerland has reduced its support to farmers by 23 percentage points between 1986-88 and 2010-12. Despite this gradual reduction, overall support remains almost three times higher than the OECD average of 19%. After an increase of 3 percentage points in 2011, the %PSE increased by another 2 percentage points in 2012.



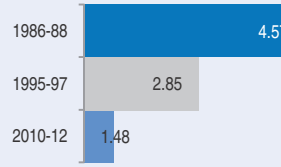
Potentially most distorting support as % of PSE

As the 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 support (based on output and variable input use – without constraints) dropped to less than half of the PSE.



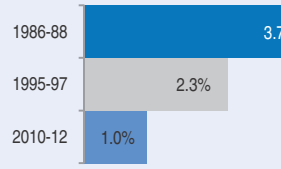
Ratio of producer price to border price (NPC)

In the long term the ratio of producer price to border price was substantially reduced. Overall, the prices paid to the farming sector were 1.5 times higher than world prices in 2010-12 as measured by the NPC. The highest NPCs are for poultry and eggs.

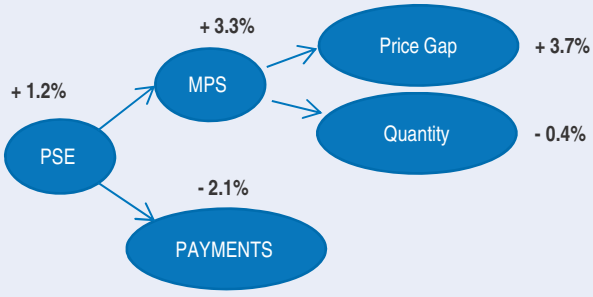


TSE as % of GDP

Total support was 1% of GDP in 2010-12 and the expenditure on general services represented 8% of the Total Support Estimate.
The Single Commodity Transfers (SCT) represented 42% of the total PSE in 2010-12. The share of the SCT in the commodity gross farm receipt is lowest for sugar at 10% of commodity receipts, and above 70% for poultry and eggs.



Decomposition of change in PSE, 2011 to 2012



The level of support increased slightly in 2012 as a combination of increased MPS (due to an increased price gap mainly due to a reduction of world prices) and reduced direct payments.

Transfer to specific commodities (SCT), 2010-12

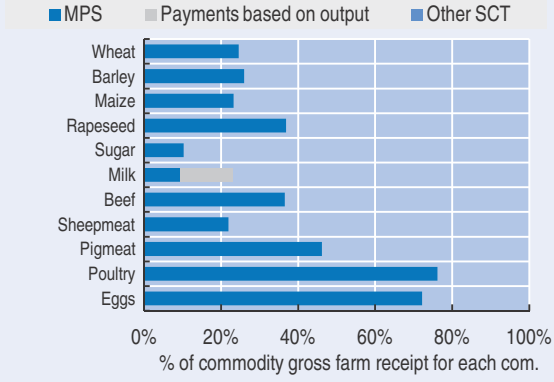


Table 21.2. **Switzerland: Estimates of support to agriculture**

CHF million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**9 482**	**8 236**	**6 527**	**6 541**	**6 590**	**6 452**
of which: share of MPS commodities, percentage	82	82	72	73	71	71
Total value of consumption (at farm gate)	**11 394**	**9 557**	**7 938**	**8 094**	**7 908**	**7 810**
Producer Support Estimate (PSE)	**8 507**	**7 362**	**5 444**	**5 253**	**5 507**	**5 573**
Support based on commodity output	7 091	4 918	2 278	2 054	2 296	2 485
Market Price Support	7 049	4 835	1 985	1 765	2 004	2 187
Payments based on output	42	83	293	289	292	298
Payments based on input use	561	411	163	198	198	92
Based on variable input use	454	309	81	81	81	81
with input constraints	0	180	14	14	14	14
Based on fixed capital formation	70	78	81	116	116	10
with input constraints	0	0	0	0	0	0
Based on on-farm services	36	25	1	1	1	1
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	612	1 203	1 309	1 311	1 309	1 307
Based on Receipts / Income	15	0	0	0	0	0
Based on Area planted / Animal numbers	597	1 203	1 309	1 311	1 309	1 307
with input constraints	340	1 050	1 298	1 300	1 297	1 295
Payments based on non-current A/An/R/I, production required	28	569	101	101	102	101
Payments based on non-current A/An/R/I, production not required	0	0	1 211	1 221	1 218	1 195
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	0	0	1 211	1 221	1 218	1 195
with commodity exceptions	0	0	0	0	0	0
Payments based on non-commodity criteria	0	61	187	175	190	195
Based on long-term resource retirement	0	0	0	0	0	0
Based on a specific non-commodity output	0	61	187	175	190	195
Based on other non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	216	200	195	192	195	197
Percentage PSE	**78**	**68**	**55**	**52**	**55**	**57**
Producer NPC	**4.57**	**2.85**	**1.48**	**1.45**	**1.45**	**1.53**
Producer NAC	**4.50**	**3.18**	**2.20**	**2.10**	**2.20**	**2.31**
General Services Support Estimate (GSSE)	**688**	**591**	**486**	**485**	**482**	**491**
Research and development	135	126	103	101	102	107
Agricultural schools	38	38	12	12	12	12
Inspection services	14	15	11	11	11	11
Infrastructure	137	84	85	85	83	87
Marketing and promotion	45	45	56	56	55	56
Public stockholding	103	83	40	40	40	39
Miscellaneous	216	200	179	179	179	179
GSSE as a share of TSE (%)	**6.7**	**6.6**	**8.2**	**8.4**	**8.0**	**8.1**
Consumer Support Estimate (CSE)	**-7 544**	**-4 995**	**-2 461**	**-2 552**	**-2 321**	**-2 511**
Transfers to producers from consumers	-7 088	-5 053	-1 901	-1 832	-1 846	-2 025
Other transfers from consumers	-1 767	-1 221	-589	-760	-496	-511
Transfers to consumers from taxpayers	1 089	1 052	4	3	5	4
Excess feed cost	221	227	25	37	16	22
Percentage CSE	**-73**	**-59**	**-31**	**-32**	**-29**	**-32**
Consumer NPC	**4.50**	**2.91**	**1.46**	**1.47**	**1.42**	**1.48**
Consumer NAC	**3.74**	**2.42**	**1.45**	**1.46**	**1.42**	**1.47**
Total Support Estimate (TSE)	**10 285**	**9 005**	**5 934**	**5 741**	**5 994**	**6 068**
Transfers from consumers	8 855	6 274	2 490	2 592	2 342	2 537
Transfers from taxpayers	3 197	3 952	4 033	3 909	4 148	4 042
Budget revenues	-1 767	-1 221	-589	-760	-496	-511
Percentage TSE (expressed as share of GDP)	**3.74**	**2.32**	**1.01**	**1.00**	**1.02**	**1.02**
GDP deflator 1986-1988=100	**100**	**125**	**142**	**142**	**143**	**143**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Switzerland are: wheat, maize, barley, colza, sugar, milk, beef and veal, sheep meat, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877033

Policy developments

Main policy instruments

The period 2011-13 are final years of implementing of policy reforms decided under the *Agricultural policy reform 2011* (AP 2011) which started in 2008. The key feature of AP 2011 was a further reduction of 30% in budgetary expenditures for market price support. The outlays were transferred to direct payments for roughage-consuming cattle, to compensate for difficult production conditions, to enhance sustainable use of natural resources and animal welfare practices. 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. For feed grains and animal feed, imports remain subject to variable custom duties based on 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 represented 36% of the total estimated support to agriculture in 2010-12.

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 contributions to stimulate voluntary adoption of practices to improve animal welfare (*ethological contributions*). There are limited payments based on output related to milk production (milk used for cheese processing and milk produced without silage). Overall, the share of direct payments in total PSE is gradually increasing and represented 64% of the support in 2010-12.

Switzerland has adopted a new policy framework for years 2014-17 (*Politique Agricole* 2014-17 – PA 14-17) and its detailed legislation is currently under discussion with adoption planned for autumn 2013. The main element of the policy framework is a system of direct payments better targeted to the various objectives. The main change is the suppression of general area payments and reallocation to payment related to specific objectives (agricultural practices) and to transition payments. Also, the headage payments to livestock will be replaced by area payments to pastures. The budgeted annual amount of these payments remains stable for the whole period (CHF 2 814 million) which is around the same level as in 2012 (CHF 2 809 million).

Domestic policy developments in 2012-13

Since the abolition of the **milk quotas** in May 2009, all dairy farmers are obliged to conclude milk delivery contracts with their milk purchasers. The obligation remains in force until 31 December 2013. For 2014 inter-branch organizations for milk are responsible for standard milk delivery contracts that may be made compulsory by the Federal Council. Exempted are those farmers who sell their milk directly to final consumers and farmers who produce cheeses and other dairy products on farm. Due to border measures the price paid to milk producers remains on average 32% above the world market prices (producer NPC) in 2010-12. **Price support** expenditures for dairy products consist from 2010 only for the allowance for milk transformed into cheese and

the additional allowance when milk was produced without silage feed. These payments reached CHF 293 million (USD 260 million) in 2011 and CHF 298 million (USD 308 million) in 2012.

Table 21.3. **Switzerland: Outlays for direct payments[1], 2010-12**

CHF million

Type of payment	2010	2011	2012p	Percentage change	
				2010 to 2011	2011 to 2012p
General direct payments	**2201**	**2192**	**2178**	**-0.4**	**-0.6**
of which:					
Area payments	1221	1218	1195	-0.3	-1.9
Holding of roughage-consuming animals	510	508	503	-0.4	-1.0
Payments for farming in difficult production locations	470	466	466	-0.7	-0.1
Holding of livestock under difficult conditions	354	352	352	-0.5	-0.1
Farming on steep slopes	104	103	102.3	-1.3	-0.3
Wine cultivation on steep slopes	11	11	11.4	0.0	0.9
Ecological payments	**598**	**618**	**631**	**3.3**	**2.1**
of which:					
Ecological compensation	128	134	139	4.3	4.3
Contributions for environmental quality	62	72	75	15.3	4.9
Extensive cereal and rapeseed farming	29	29	30	-1.0	2.4
Organic farming	30	31	33	5.1	5.8
Regularly keeping animals outdoors	164	165	165	0.7	-0.1
Animal welfare through housing systems	62	64	64	3.6	0.2
Summer pasturing	101	102	101	0.5	-0.5
Water protection, sustainable use of natural ressources	21	22	24	5.2	7.1
Total	**2799**	**2810**	**2809**	**0.4**	**0.0**

p: provisional
1. Direct payments are subject to restrictions of environmental and farm management practices.
Source: Federal Office of Agriculture, Bern, 2012

StatLink http://dx.doi.org/10.1787/888932877052

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). Also the level of these payments remained around the 2010 level in 2011 and 2012 (Table 21.3). Around 78% of the total payments is granted under *General direct payments*, which were slightly declining in 2011 and 2012. *Ecological Direct Payments* increased by 3.3% in 2011 and 2.1% in 2012, mainly reflecting the increasing payments for *Contributions for environmental quality*, *Ecological compensations* and funding of regional programmes of *Sustainable use of natural resources*.

Trade policy developments in 2012-13

Agro-food imports to Switzerland are regulated either by single tariffs or, for a number of products, by a 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. Since 1999, allocated TRQ volumes have been transferable from one importer to another. An auctioning system has been used to allocate some of the TRQs to traders.

All **export subsidies** for basic agricultural products were phased-out at the end of 2009. Nevertheless, Switzerland compensates the price handicap of exported processed products due to higher prices of incorporated domestic basic agricultural products (such as milk products, wheat flour or eggs) through a system of **import duties and price compensation mechanism for processed agricultural products** according to the products incorporated. Export refunds under this scheme have been phased out for eggs in 2012.

In November 2008, Switzerland and the EU launched negotiations on full trade liberalisation in the agro-food sector. So far, three comprehensive rounds of negotiations have taken place. The negotiations have however slowed down due among other things to open institutional issues. As a member of EFTA, Switzerland participates in ongoing free trade negotiations between EFTA and, respectively, ***India, Indonesia,Viet Nam,*** the customs union ***Russia/Belarus/Kazakhstan, and Bosnia-Herzegovina*** as well as Central American States ***(Costa Rica, Guatemala, Honduras*** and ***Panama)***. Negotiations started with ***Algeria*** and ***Thailand*** are on hold for the moment. Negotiations with ***Hong Kong, China*** and ***Montenegro*** have been completed and the agreement with Hong Kong, China came into force 1 November 2012. On a bilateral basis, Switzerland recently completed on a technical level free trade negotiations with ***China***. The mentioned Free Trade Agreements and the negotiations include all processed agricultural products and a range of 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.

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PART II

Chapter 22

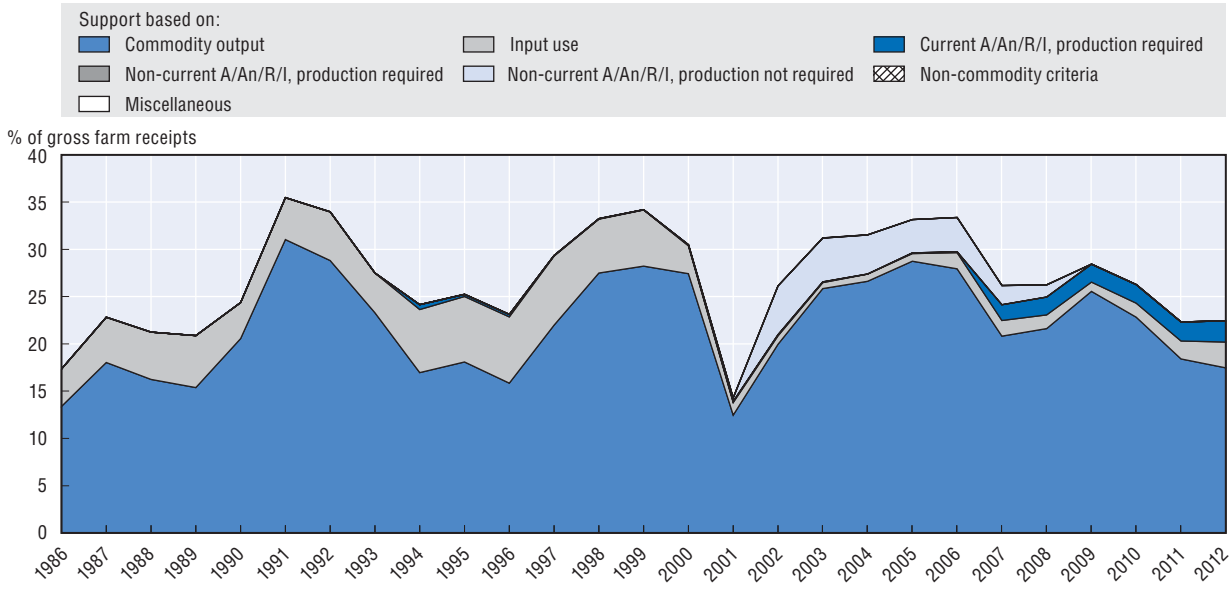
Turkey

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Since 1986-88, 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% over 1986-88 to 24% over 2010-12, which is higher than the OECD average.
- Turkey ranks amongst the largest agricultural producers in the world, and notwithstanding the remarkable progress that has been achieved in recent years towards strengthening the agricultural sector's legal and institutional framework, the increasing focus being put on commodity-based support could impede the sector's ability to realise its full potential.
- The broadened scope of the new rural development strategy, which goes beyond its traditional focus on infrastructure projects, to embrace objectives such as income diversification, development of human resources and the preservation of the environment, is a positive step towards an integrated approach to rural development.
- The "basin-based support programme" is a significant new direction in Turkish agricultural policy, as, for the first time, support is targeted to ecological conditions. Notwithstanding the spatial targeting, the programme is based on commodity production which is potentially the most distorting type of support.
- The structure of Turkey's institutional and regulatory framework for agriculture is complex and it is imperative to maintain the momentum of the ongoing reform efforts.

Figure 22.1. **Turkey: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

Growth has slowed markedly since mid-2011, with a deceleration in domestic demand only partly offset by surging exports. As a result, the large current account deficit has begun to narrow. However, the competitiveness gains, mainly stemming from the nominal exchange rate depreciation in 2011, have since been largely eroded, not least by persistently high inflation. Agricultural production, particularly crop production, has grown rapidly over the past two decades. Notwithstanding various structural bottlenecks, such as the predominance of small-sized and subsistence/semi-subsistence farms, and the high rates of illiteracy among farmers, Turkey ranks globally as a significant agricultural exporter (the world's 7th largest agricultural producer). Turkey's main trading partners are the EU, the United States and the Middle East.

Table 22.1. **Turkey: Contextual indicators, 1995, 2011***

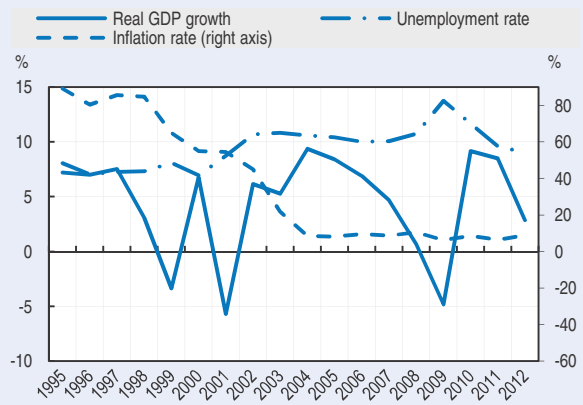
	1995	2011*
Economic context		
GDP (USD billion)	228	777
Population (million)	62	74
Land area (thousand km^2)	770	770
Population density (inhabitants/ km^2)	75	94
GDP per capita, PPP (USD)	7 113	17 038
Trade as % of GDP	12.6	24.2
Agriculture in the economy		
Agriculture in GDP (%)	11.9	9.2
Agriculture share in employment (%)	44.1	25.5
Agro-food exports (% of total exports)	19.9	10.6
Agro-food imports (% of total imports)	9.9	5.6
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	778	941
Crop in total agricultural production (%)	68	74
Livestock in total agricultural production (%)	32	26
Agricultural area (AA) (thousand ha)	39 493	38 911
Share of arable land in AA (%)	62	55
Share of irrigated land in AA (%)	8	9
Share of agriculture in water consumption (%)	75	82
Nitrogen Balance, Kg/ha	33	31

* or latest available year.

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

StatLink http://dx.doi.org/10.1787/888932877071

Figure 22.2. **Turkey: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

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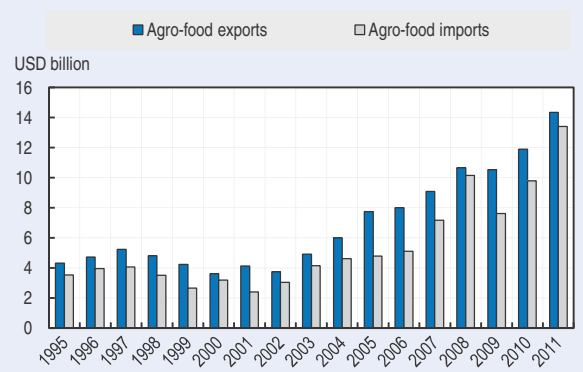
Figure 22.3. **Turkey: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932876140

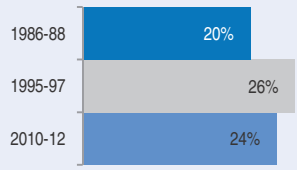
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Turkey has implemented a series of ambitious reforms since the late 1990s. However, the level of support varies from year to year and remains higher than the average for the OECD area, and the most distorting forms of support prevail. Decoupled direct payments were abolished in 2009, while payments based on commodity output have increased since then.

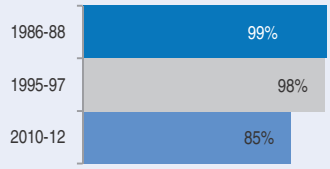
PSE as % of receipts (%PSE)

Support to producers (% PSE) in 2012 remained unchanged from 2011 at 22% of gross farm receipts. It increased from 20% in 1986-88 to 24% in 2010-12, which is 5 percentage points higher than the OECD average.



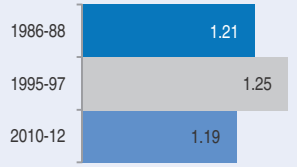
Potentially most distorting support as % of PSE

While the most production and trade-distorting support (based on commodity output and variable input use – without constraints) accounted for almost all producer support in 1986-88, in 2010-12 it was 85%. In 2012, payments based on variable inputs, particularly concessional loans, more than doubled.



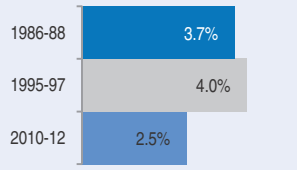
Ratio of producer price to border price (NPC)

Prices received by farmers in 2010-12 were about 19% higher than those received on the world market. They were 21% higher during 1986-88.

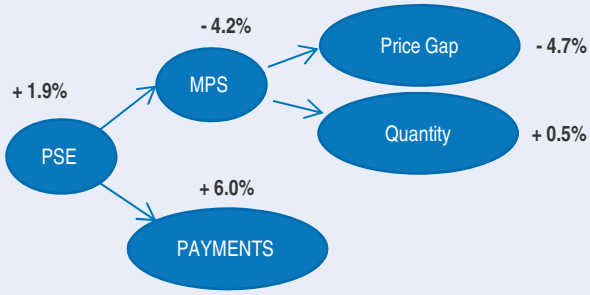


TSE as % of GDP

The ratio of total support to agriculture in GDP over 2010-12 was 2.5%, about one percentage point lower than that of the 1986-88 period. Support for general services provided to agriculture was around 4% of total support in 2010-12. In 2012 the share fell to only 0.5% as there were no payments to agricultural sale co-operatives.
The share of single commodity transfers increased from 78% of producer support in 1986-88 to 86% in 2010-12. The highest SCT was for beef at 42% of commodity farm receipts.



Decomposition of change in PSE, 2011 to 2012



The increase in the level of support in 2012 is due to higher budgetary payments, mainly attributed to increase in concessional loans and payments for livestock improvement.

Transfer to specific commodities (SCT), 2010-12

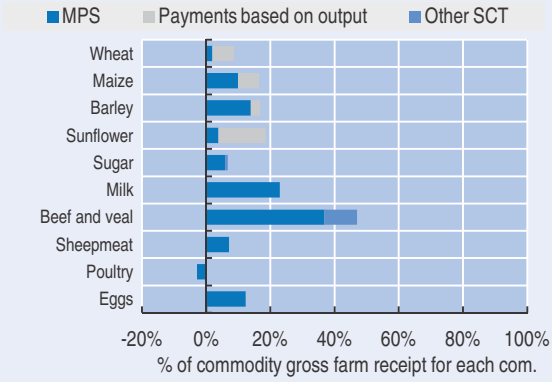


Table 22.2. **Turkey: Estimates of support to agriculture**

TRY million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**18**	**2 440**	**121 530**	**116 707**	**123 942**	**123 942**
of which: share of MPS commodities, percentage	56	75	61	59	64	61
Total value of consumption (at farm gate)	**15**	**2 227**	**102 563**	**102 102**	**99 446**	**106 140**
Producer Support Estimate (PSE)	**4**	**707**	**30 529**	**32 327**	**29 357**	**29 904**
Support based on commodity output	3	514	25 192	28 085	24 211	23 280
Market Price Support	3	505	22 767	25 975	21 776	20 550
Payments based on output	0	10	2 425	2 110	2 434	2 730
Payments based on input use	1	189	2 654	1 826	2 499	3 636
Based on variable input use	1	182	674	369	568	1 085
with input constraints	0	0	0	0	0	0
Based on fixed capital formation	0	6	1 958	1 435	1 909	2 529
with input constraints	0	0	0	0	0	0
Based on on-farm services	0	1	22	22	22	22
with input constraints	0	0	0	0	0	0
Payments based on current A/An/R/I, production required[1]	0	4	2 682	2 414	2 646	2 986
Based on Receipts / Income	0	0	204	99	249	263
Based on Area planted / Animal numbers	0	4	2 478	2 315	2 397	2 723
with input constraints	0	0	17	10	16	23
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	2	2	1	1
With variable payment rates	0	0	0	0	0	0
with commodity exceptions	0	0	0	0	0	0
With fixed payment rates	0	0	2	2	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**	**26**	**24**	**26**	**22**	**22**
Producer NPC	**1.21**	**1.25**	**1.19**	**1.28**	**1.19**	**1.09**
Producer NAC	**1.26**	**1.35**	**1.31**	**1.36**	**1.29**	**1.29**
General Services Support Estimate (GSSE)	**0**	**222**	**1 364**	**1 557**	**2 390**	**144**
Research and development	0	4	43	32	34	64
Agricultural schools	0	0	0	0	0	0
Inspection services	0	7	76	72	76	80
Infrastructure	0	1	0	0	0	0
Marketing and promotion	0	202	1 244	1 453	2 280	0
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	6	0	0	0	0
GSSE as a share of TSE (%)	**7.2**	**23.7**	**4.2**	**4.6**	**7.5**	**0.5**
Consumer Support Estimate (CSE)	**-3**	**-492**	**-16 554**	**-24 655**	**-17 236**	**-7 771**
Transfers to producers from consumers	-3	-493	-15 256	-21 728	-16 772	-7 268
Other transfers from consumers	0	-28	-1 788	-4 055	-750	-558
Transfers to consumers from taxpayers	0	0	0	0	0	0
Excess feed cost	0	29	490	1 128	286	55
Percentage CSE	**-19**	**-21**	**-16**	**-24**	**-17**	**-7**
Consumer NPC	**1.26**	**1.29**	**1.21**	**1.34**	**1.21**	**1.08**
Consumer NAC	**1.24**	**1.27**	**1.20**	**1.32**	**1.21**	**1.08**
Total Support Estimate (TSE)	**4**	**929**	**31 893**	**33 884**	**31 747**	**30 048**
Transfers from consumers	3	521	17 044	25 783	17 523	7 826
Transfers from taxpayers	1	436	16 637	12 156	14 974	22 780
Budget revenues	0	-28	-1 788	-4 055	-750	-558
Percentage TSE (expressed as share of GDP)	**3.71**	**4.01**	**2.54**	**3.08**	**2.45**	**2.10**
GDP deflator 1986-1988=100	**100**	**13 840**	**441 574**	**406 815**	**442 926**	**474 982**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Turkey are: wheat, maize, barley, sunflower, sugar, potatoes, tomatoes, grape, apple, cotton, tobacco, milk, beef and veal, sheep meat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877090

Policy developments

Main policy instruments

The strategic objectives of agricultural policies are to ensure sustainable food security and food safety and to form an agricultural structure that is harmonised with that of the EU. The 2013-17 Strategic Plan defines five strategic areas in the agricultural sector: *i)* agricultural production and supply security; *ii)* food safety; *iii)* phytosanitary and animal health; *iv)* agricultural infrastructure and rural development; and *v)* institutional capacity building.

The tools of agricultural support to be used for achieving the strategic objectives include 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.

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") are provided for the products that are in short domestic supply. Producers of oilseeds, olive oil, cotton, cereals and tea (since 2005) and pulses (in 2009) benefit from such payments, while tobacco and hazelnut farmers receive payments to compensate for their income losses due to shifting to alternative crops. Payments are also provided for fodder crops, organic farming, certified seeds, gasoline and fertiliser use implemented on the basis of area. Most farmers are exempt from income tax since the average farm size is small, and average farm income is rather low.

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, land consolidation and research and development). A number of regulations control water and soil pollution, and provide protection to wetlands. The government plays a major role in providing infrastructure investment, especially for irrigation.

A feature of Turkish agriculture is its widespread co-operative organisation, involving production co-operatives (e.g. irrigation and sugar beet co-operatives) to credit and marketing co-operatives.

For a detailed analysis of policy developments in Turkey see OECD (2011), *Evaluation of Policy Reforms in Turkey*.

Domestic policy developments in 2012-13

A "basin-based support programme", which differentiates the crops that will be eligible for ***deficiency payments*** across agricultural basins, was presented to Council of Ministers by the Minister of Food, Agriculture and Livestock in June 2012. By differentiating budgetary crop-specific supports across regions, the government aims to: *i)* to increase productivity, with crops to be produced based on the most suitable ecological conditions; and *ii)* change the crop pattern by increasing the production of imported crops, while decreasing excess supply in some other crops. Thirty basic agricultural basins were established in 2009, based on a sophisticated model developed by the Ministry of Food, Agriculture and Livestock, which takes into account ecological and production conditions.

Each farmer registered under the National Farmer Registration System (NFRS) received a so-called "diesel payment" of TRY 40 (USD 22) per hectare and a "fertiliser payment" of TRY 50 (USD 27.7) per hectare, on average, in 2012. The share of animal husbandry supports, which was 7% in total support budget in 2004, as defined by the Ministry of Food, Agriculture and Livestock, is estimated to have increased to 26% in 2012; the share of area based payments was 28.4 % in 2011 and 28.7 % in 2012.

The ***insurance support scheme***, which is in operation since 2006, continued in 2012. The scheme is open to all producers and covers crops, orchards on fields, greenhouses, cattle, poultry, apiculture and aquaculture. The government reimburses 50% of the premium costs. It is estimated that by the end of 2012 630 000 insurances were issued and TRY 263 million (USD 147 million) have been paid.

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. There were no payments for duty losses in 2012. Agricultural enterprises and farmers are entitled to benefit from interest concessions applied for various loan areas, including organic farming (50%), good farming practices (50%), irrigation (100%), livestock breeding (100%) and R&D (25%).

With regard to ***agricultural state economic enterprises***, Turkey's 9th Development Plan (2007-13) foresees the privatisation of the public enterprises of sugar, tobacco and tea processing by the end of the implementation period. In 2012, no payments were made by the Treasury to these enterprises ("duty loss").

In 2012, a new ***investment*** incentives system was put in force. Within the framework of the new system, tax reductions, incentives for employers' social security premium contributions, free land allocation, VAT exemption, customs duty exemption and interest support are being provided for selected sector projects on a regional basis, including agricultural projects. Sectoral incentives for the less-developed regions are higher compared to the relatively developed ones. The establishment of land parcel identification system, which is the main instrument of Integrated Management and Control System for agricultural supports, was started within the framework of 2011 Annual Investment Programme of the Government.

On ***rural development***, in 2010, Turkey adopted a new national Rural Development Plan (2010-13), which, in addition to traditional focus on infrastructure, includes rural employment, human resources and poverty, settlement and infrastructure, environment and natural resources. Projects involve co-financing the beneficiaries to mobilize private-sector resources. The share of Support of Rural Development Investments programme, which aims to establish institutional capacity for implementation of EU Rural Development Policies, is estimated to have increased in 2012 to 5.7% of total budgetary support, as defined by the Ministry of Food, Agriculture and Livestock. Implementation of the second phase of the (Pre-Accession Assistance Rural Development Programme (IPARD), which sets out Turkey's measures for 2007-13 to achieve consistency with EU's rural development policy and the EU Common Agricultural Policy, continues. The IPARD programme identifies the key sectors requiring further assistance to comply with EU regulations (dairy and meat, fruit and vegetables, and fisheries). IPARD measures (co-financed by the EU) include investment aid to modernize agricultural production, processing and marketing; capacity-building and support for producer groups; environmental measures, and diversification measures.

Concerning ***environmental protection***, a Climate Change Co-ordination Board had been established in order to co-ordinate tasks between public and private sector and design appropriate policies to address climate change issues. Furthermore, Action Plan and Strategy for Combating Agricultural Drought in Turkey had been prepared. Also, extension services are being carried by Agricultural Extension and Consultancy System in order to increase awareness of climate change.

Several projects are underway to harmonise domestic ***food safety***, veterinary services and phytosanitary legislation with the EU *acquis* and international standards are proceeding within the scope of the opening criteria of Chapter 12, which is the negotiation chapter on Food Safety, Veterinary and Phytosanitary in EU accession process.

Trade policy developments in 2012-13

The average rate of ***customs duties*** for agricultural products was 58.4 % in 2012 (59.5% in 2011). Customs duties on live cattle and animal feeds, such as soya-bean pellets, brans, sharps and other residues of wheat, other cereals and leguminous plants decreased, while for sheep animals and sheep meat, beef (fresh/chilled/frozen carcasses) and some seeds increased.

Export subsidies for agricultural products were announced in the Official Gazette in 2012 and were applied on exports during the 2012 calendar year. In 2012, 16 commodity groups, out of the 44 groups eligible under Turkey's WTO commitments, received export subsidies. The subsidies are provided to exporters in the form of deductions to 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.

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PART II

Chapter 23

Ukraine

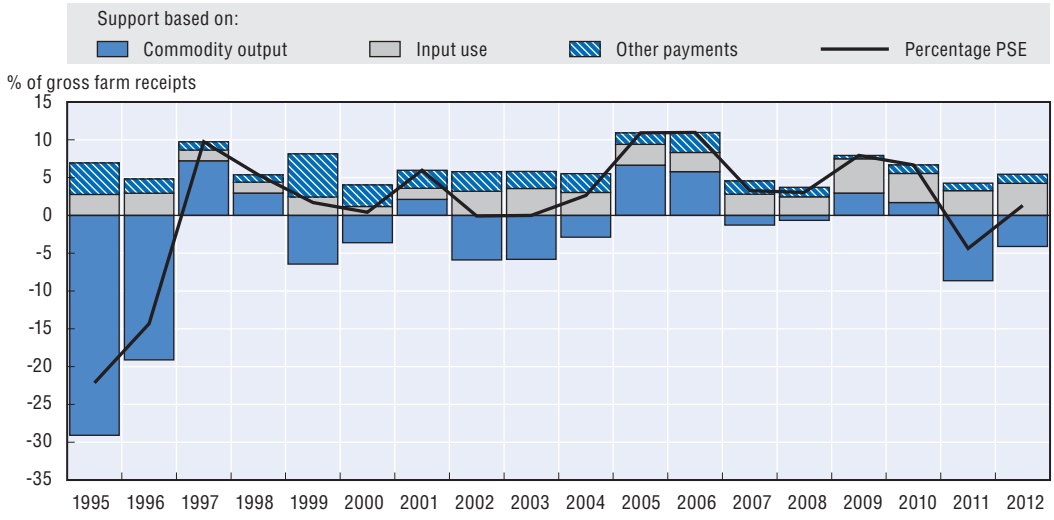
The Ukraine country chapter includes a brief evaluation of policy developments and related support to agriculture, contextual information on the framework in which agricultural policies are implemented and the main characteristics of the agricultural sector, an evaluation of support in 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2011-13.

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.

Evaluation of policy developments

- Producer support has been variable, and in 2011-12 reached the lows observed in the early 2000s. An aggregate modest level of support disguises taxation of export sectors and protection of import sectors, most support is provided in ways that are production and trade distorting.
- Ukraine's economy continued to cope with the consequences of the 2008-09 crisis, with budget austerity limiting the scope and scale of government actions in agriculture. New programmes to boost livestock and grain production were introduced, although with limited budget capacity to finance them. Policy activity was largely focussed on initiating new laws related to food security, sustainable agriculture, and food safety, however with no success due to insufficient elaboration or lack of stakeholder acceptance.
- While the new 2011 Tax Code introduced no significant changes to the system of agricultural taxes, further reforms are envisaged to reduce previous concessions. The extent to which this will change the tax burden of agricultural producers is uncertain, and discussions with stakeholders are ongoing.
- Implementation of WTO accession commitments continued, with the remaining final bindings on agricultural import tariffs due in 2013. However, recently Ukraine applied to the WTO for modification of bindings on a range of import tariff lines to reduce previously agreed concessions, most of them relating to the agro-food group.
- Progress was made to move away from ad hoc grain export restrictions with the introduction of a framework agreement between the government and business to regulate grain exports. Further efforts are also required to develop an effective safety net system in order to limit recourse to trade restrictions.
- More generally, Ukraine continues to face the challenge of making agricultural policies more stable and more predictable in order to create a friendlier environment for its agribusiness.

Figure 23.1. **Ukraine: PSE level and composition by support categories, 1995-2012**



Source: OECD, *PSE/CSE Database*, 2013.

StatLink http://dx.doi.org/10.1787/888932876159

Contextual information

Ukraine is richly endowed with resources for agriculture, particularly fertile arable lands, placing it among the world's largest grain and vegetable oil exporters. The country is classified as a lower middle income economy. Following a 15% decline in 2009, its economy grew in 2010 and 2011, but stagnated in 2012. Agriculture contributes almost 10% to GDP, while its share of total employment is almost 17%. Agriculture's performance has been variable over the years, with annual fluctuations in grain output largely driving the overall situation. Commercial large-scale production generates around half of total agricultural output, with the rest coming from smallholders. Within the large-scale sector, modern and competitive operations have been rapidly developing, while some segments continue to suffer from low efficiency and lack investment. Nearly one-third of the population lives in rural areas, which are characterised by rapid ageing, high unemployment and high poverty rates. Food accounts for around one-half of the average household's expenditures.

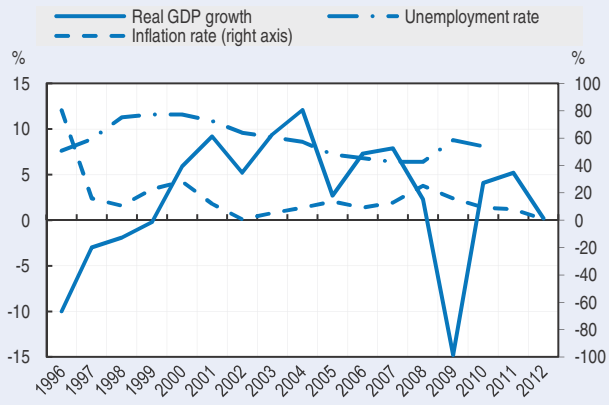
Table 23.1. **Ukraine: Contextual indicators, 1995, 2011***

	1995	2011*
Economic context		
GDP (USD billion)[1]	45	165
Population (million)	52	47
Land area (thousand km^2)	579	579
Population density (inhabitants/ km^2)	85	75
GDP per capita, PPP (USD)	3 172	7 208
Trade as % of GDP[1]	35.9	41.1
Agriculture in the economy		
Agriculture in GDP (%)	15.4	9.6
Agriculture share in employment (%)	22.5	16.8
Agro-food exports (% of total exports)[1]	21.6	18.8
Agro-food imports (% of total imports)[1]	7.6	7.1
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)[1]	1 767	6 991
Crop in total agricultural production (%)	64	65
Livestock in total agricultural production (%)	36	35
Agricultural area (AA) (thousand ha)	41 853	41 276
Share of arable land in AA (%)	80	79
Share of irrigated land in AA (%)	6	5
Share of agriculture in water consumption (%)	..	..
Nitrogen Balance, Kg/ha	..	..

* or latest available year.
1. Data listed in 1995 refers to 1996.
Sources: OECD statistical databases, UN COMTRADE, World Development Indicators and national data.

StatLink http://dx.doi.org/10.1787/888932877109

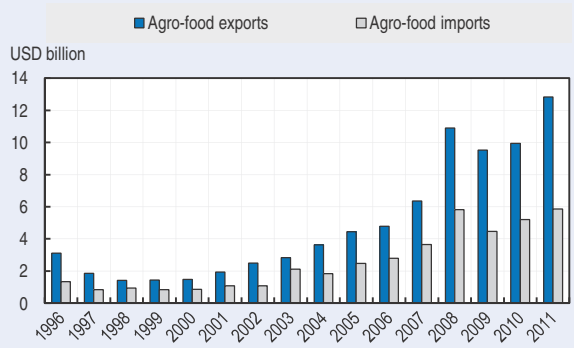
Figure 23.2. **Ukraine: Main macroeconomic indicators, 1996-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932876178

Figure 23.3. **Ukraine: Agro-food trade, 1996-2011**



Source: UN COMTRADE Database.

StatLink http://dx.doi.org/10.1787/888932876197

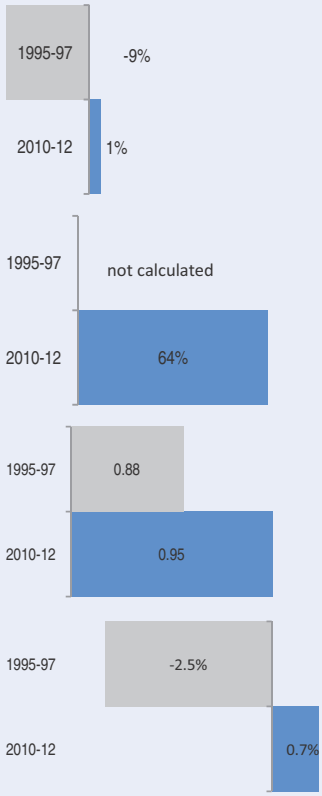
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Producer support has been variable over the long-term, largely reflecting fluctuations in market price support. Overall the %PSE was negative in 2011, as budgetary payments only partly offset negative market price support which was due to grain export restrictions; this balance became slightly positive in 2012 resulting in a %PSE of 1%. On aggregate, producer prices are below world levels, but disparities in protection across commodities are significant. Around two-thirds of producer support is provided in the most production and trade distorting forms, with budgetary transfers dominated by input subsidies.

PSE as % of receipts (%PSE)

Support to producers (%PSE) was 1% in 2010-12 compared to an implicit taxation in 1995-97 of 9%. Economic growth following the deep recession in the early transition period, has strengthened domestic prices over time and improved the government's capacity to provide budgetary support.



Potentially most distorting support as % of PSE

Potentially most production and trade distorting support accounted for almost the totality of support in 1995-97. Because the value of market price support was negative and partly offset budgetary transfers, the share of most distorting support in the PSE exceeded 100% during this period. With the introduction of per hectare and per animal payments in the 2000s, the share of most distorting support fell to 64% in 2010-12.

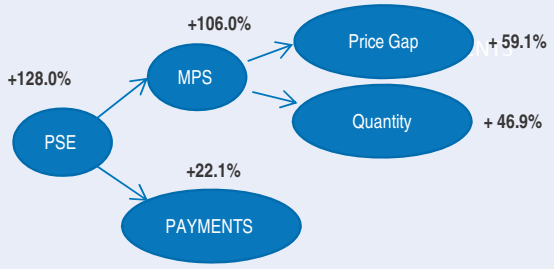
Ratio of producer price to border price (NPC)

Prices received by farmers were on average 5% below those observed on world markets in 2010-12; they were 12% below such levels in 1995-97. Average NPC disguises price protection for pigmeat, poultry, and sugar, and taxation of milk, grains and oilseeds.

TSE as % of GDP

Total support to agriculture (TSE) was 0.7% of GDP in 2010-12, with around 7% of the TSE provided for support to general services for agriculture.
Transfers to specific commodities (SCT) vary considerably, with pigmeat, poultry and sugar receiving support, and grains, oilseeds and milk characterised by negative transfers.

Decomposition of change in PSE, 2011 to 2012



PSE changed from negative to positive in 2012, largely due to the fact that aggregate market price support (MPS) became less negative. On average, domestic prices moved up closer to border prices. This price effect was almost doubled by the changes in the quantities, mainly because less wheat was produced, a product characterised by negative transfers.

Transfer to specific commodities (SCT), 2010-12

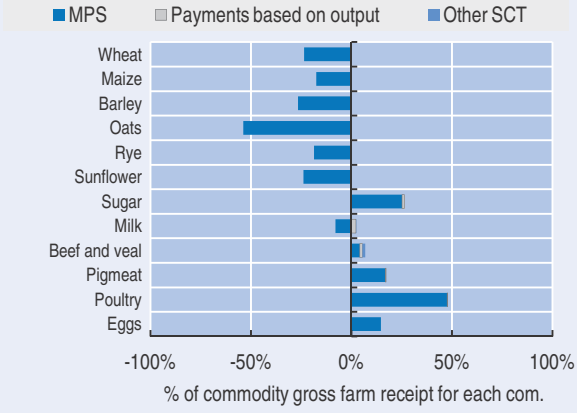


Table 23.2. **Ukraine: Estimates of support to agriculture**

UAH million

	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**22 623**	**271 467**	**234 360**	**302 663**	**277 377**
of which: share of MPS commodities, percentage	88	83	82	83	82
Total value of consumption (at farm gate)	**15 842**	**175 663**	**154 328**	**179 548**	**193 112**
Producer Support Estimate (PSE)	**-1 775**	**2 216**	**16 602**	**-13 834**	**3 879**
Support based on commodity output	-2 850	-11 731	4 261	-27 339	-12 115
Market Price Support	-2 866	-12 627	2 208	-27 374	-12 714
Payments based on output	16	896	2 053	36	599
Payments based on input use	551	10 805	9 541	10 373	12 502
Based on variable input use	391	9 811	8 463	9 429	11 541
with input constraints	0	0	0	0	0
Based on fixed capital formation	139	994	1 078	944	961
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]	525	3 142	2 801	3 132	3 492
Based on Receipts / Income	525	3 000	2 800	3 100	3 100
Based on Area planted / Animal numbers	0	142	1	32	392
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 fixed 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	**-9**	**1**	**7**	**-4**	**1**
Producer NPC	**0.88**	**0.95**	**1.01**	**0.89**	**0.94**
Producer NAC	**0.93**	**1.01**	**1.07**	**0.96**	**1.01**
General Services Support Estimate (GSSE)	**521**	**5 481**	**4 867**	**5 384**	**6 191**
Research and development	52	568	536	582	586
Agricultural schools	78	1 881	1 561	1 830	2 251
Inspection services	40	1 433	1 341	1 367	1 592
Infrastructure	329	1 069	1 012	997	1 197
Marketing and promotion	5	133	49	214	137
Public stockholding	0	245	193	237	305
Miscellaneous	17	152	175	158	123
GSSE as a share of TSE (%)	**..**	**6.8**	**22.7**	**..**	**61.5**
Consumer Support Estimate (CSE)	**3 108**	**4 999**	**-4 629**	**14 387**	**5 240**
Transfers to producers from consumers	3 210	10 354	-2 437	21 899	11 598
Other transfers from consumers	245	-789	-1 152	-358	-856
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	-346	-4 566	-1 040	-7 155	-5 502
Percentage CSE	**24**	**3**	**-3**	**8**	**3**
Consumer NPC	**0.83**	**0.95**	**1.02**	**0.89**	**0.95**
Consumer NAC	**0.84**	**0.98**	**1.03**	**0.93**	**0.97**
Total Support Estimate (TSE)	**-1 253**	**7 696**	**21 469**	**-8 449**	**10 070**
Transfers from consumers	-3 454	-9 565	3 589	-21 541	-10 742
Transfers from taxpayers	1 957	18 050	19 032	13 450	21 668
Budget revenues	245	-789	-1 152	-358	-856
Percentage TSE (expressed as share of GDP)	**-2.49**	**0.69**	**1.98**	**-0.64**	**0.74**
GDP deflator 1996-1997=100	**100**	**1 009**	**936**	**1 082**	**..**

.. Not available

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for Ukraine are: wheat, maize, rye, barley, oats, sunflower, sugar, potatoes, milk, beef and veal, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877128

Policy developments

Main policy instruments

The key documents outlining agricultural policy objectives in Ukraine are the 1990 *Law on Priority Development of the Agricultural Sector and Social Development of Rural* Areas (with the most recent amendments in 2012) and the 2004 *Law on State Support to Agriculture*. These objectives include: *i)* balanced development of agricultural production and improvement of social conditions in rural areas; *ii)* achieving food security based on production, productivity and efficiency improvements; and *iii)* enhancement of agro-food exports. The *State Targeted Programme for Development of the Ukrainian Countryside up to 2015*, introduced in 2007 and currently in effect, was the first effort at a co-ordinated approach to develop and implement the stated agricultural policy objectives. Although the programme identifies financing requirements for the implementation of measures in each area, it does not have the status of an obligatory budget plan.

In 2011-12, there were several failed initiatives to introduce new framework laws related to agriculture. In December 2011, Parliament approved the *Law on Food Security*, but it was vetoed by the President on the grounds that it had only declarative character and did not contain provisions for direct actions. According to the Ministry of Agriculture, the work on this law continues. A new draft *Law on Agriculture*, in preparation since 2011, was finally withdrawn from Parliamentary consideration in 2012 and no future initiatives are to be taken. This draft law was strongly criticised by agribusiness as interfering excessively in business activity; for example, it prescribed obligatory compliance with established production standards, such as crop rotation or cattle density, with violation of these standards leading to sanctions, such as loss of eligibility for state support, or removal of the status of an agricultural enterprise. Another lingering initiative is in the area of food quality and safety. A draft law was submitted to Parliament in 2012 containing changes to 12 legislative acts and proposals on the re-organisation of the relevant agencies. These changes generally implied a tightening of food quality and safety regulations and stronger liability for violations. However, the draft was withdrawn amid strong objections from the health protection bodies.

Other policy initiatives were focussed on boosting specific agricultural sectors. In 2011, a *National Project of Revived Livestock Husbandry* was launched. A similar initiative concerned the grain sector. In 2011, the government approved a *Programme Grain of Ukraine-2015* to increase grain production to 80 million tonnes by 2017. This Programme has not been approved by any legislative act, and currently has no earmarked budget. In 2011, Ukraine adopted a new Tax Code, which in general maintained the previous system of taxes in agriculture, but further reform of agricultural taxes is intended. The reform proposals are currently coming from various sources and their direction is not yet clear. Government's proposals are directed to reducing certain tax concessions, however, this is opposed by business.

The scope and scale of government actions continued to be limited by budgetary constraints. 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 in 2008, followed by a new IMF loan signed in mid-2010. On the fiscal side, this involved budget cuts to deal with the deficit, and budgetary funding for agricultural support programmes was substantially reduced in 2009; the level of funding was increased in the following three years, but large cuts are again foreseen in 2013. It is important to highlight that budgetary disbursements constitute only a part of budgetary support in Ukraine, since some types of support are based on budgetary revenue foregone (see

below). Considering both these sources, the aggregate budgetary support in 2010-12 was above its level in 2007-09.

Trends in trade policy were mixed. The monitored period was featured by important moves towards regional free trade. However, within the WTO framework Ukraine's most recent initiative was to request modification of tariff concessions for a number of lines, of which almost two-thirds relate to agro-food trade.

Ukraine's principal instruments of support in 2010-12 were input subsidies. The bulk of this support was based on the budgetary revenue foregone, i.e. 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. Output payments, area and per animal payments, previously representing other principal forms of support, have become marginal. Most likely, this is a transitory feature reflecting the current budget austerity rather than intended policy re-instrumentation. 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.

Domestic policy developments in 2011-13

The state agency Agrarian Fund was created in 2005 to implement **domestic price interventions** through the operation of a state intervention fund. Initially dealing only with grain, the Agrarian Fund has become progressively involved in other activities, 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 2011, UAH 2.7 billion (USD 344 million) were allocated to the Agrarian Fund for the purchase operations and coverage of storage costs, and UAH 5.9 billion (USD 748 million) in 2012 – amounts below the initial budget targets.

For purchases of the Agrarian Fund, the official minimum and maximum intervention prices are set and cover commodities that are "objects of state regulation." The exact list of such products and the periods during which these administered prices will be in effect are defined by specific government decrees. For example, in 2012 this list included wheat, rye, buckwheat, maize, oats, millet, peas, flour, sugar, butter, and dried milk. 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 intervention prices should not exceed market levels to comply with the country's AMS commitment.

Price interventions are applied in the grain sector (along with recourse to border measures). In 2011/12 and 2012/13, Agrarian Fund purchased, respectively, 0.8 million and 1.9 million tonnes of grain for the state intervention fund. In addition to purchases for the state intervention fund, the Agrarian Fund provided **grain pledge loans**. According to this mechanism, grain producers can receive concessional loans against pledged grain. In 2011/12, for example, the loan rate was set at 80% of the minimum intervention price with an interest rate of 6.8% per annum. The Agrarian Fund was also involved in operations to maintain low bread prices through the processing and sale of flour at administered prices to a list of authorised bakeries, which in turn were determined by regional authorities. Regional authorities are empowered to limit the wholesale and retail mark-ups for "socially important" types of bread. Beyond flour, the Agrarian Fund purchased sugar, butter and dry milk.

The **sugar quota regime** is another key element of the price support system in Ukraine. A national marketing quota for sugar produced from sugar beet and sold on the domestic market (quota A) is set annually, together with the minimum in-quota prices for sugar beet and sugar.* This quota does not account for sugar processed from imported raw cane sugar. Producers supplying sugar beet under the quota, in addition to minimum prices, are also eligible to receive payments per sown hectare; however, such payments were effectively paid only in 2010. Due to the high crops of sugar beet, both in 2011/12 and 2012/13, sugar quota volumes were reduced, as were minimum in-quota prices. Total domestic sugar production in these seasons exceeded quota A, with imports of raw cane sugar virtually nullified in 2012/13. A draft law was submitted to Parliament in the late 2012, which proposed some changes to the quota A mechanism; this draft was rejected, but may be submitted again after revision.

In 2012, the government returned to the practice of making **minimum prices for raw milk** compulsory. Minimum milk prices were also compulsory in 2005-06, but were effectively disregarded by the industry, not least due to a lack of enforcement mechanism. Between 2007 and 2011, the government continued to announce minimum prices, but only as "recommended" to processors.

Previously important **output payments** were substantially curtailed due to budget constraints. Marginal allocations were made in 2011; they were slightly increased in 2012, but amounted to 15% of their level in 2008. Another reason for the reduction in output payments is that in addition to actual budgetary outlays, some part of these payments is based on the budgetary revenue foregone. Thus, 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 that processors provide to their primary suppliers of raw milk and animals. With Ukraine's WTO accession, concerns emerged about the impact of this subsidy on the country's AMS commitment. The previous mechanism was changed several times between 2010 and 2012, which meant that it functioned with interruptions and uncertainty. According to the latest agreed procedure to be in place until 1 January 2015, dairy and meat processors transfer their VAT in proportions fixed for each year to the state budget and to a special account they open. The part transferred to the state budget will be directed to new animal payments for household producers (see below), while the part transferred to the processors' special accounts will continue to be used for top-ups to producers delivering animals and milk.

Ukrainian producers receive a range of **input subsidies**. By far the largest component, accounting for 86% of all input support in 2010-12 and the largest single payment in the Ukrainian PSE, is based on the so-called **VAT accumulation mechanism**. Agricultural producers can accumulate the VAT due on their primary and processed products on a special account. Accumulated funds should be directed to cover the VAT on purchased inputs, while the residual sum can be used for any other production purposes. Following rises in agricultural prices, VAT-based transfers have been steadily increasing in 2010-12: from UAH 7.9 billion (USD 996 million) in 2010 to UAH 8.9 billion (USD 1.1 billion) in 2011 and around UAH 11.2 billion (USD 1.4 billion) in 2012.

Several other types of input subsidies are available, which are financed through actual budgetary outlays. **Concessional credit** is a traditional programme, which provides interest subsidies for short, medium and long-term loans. This is a relatively modest component,

* With Ukraine's accession to the WTO, sugar quotas B and C were eliminated 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).

comprising 5% of all input subsidies in 2010-12. Concessional loans were partly restructured in 2010 and 2011 and continue to be repaid at subsidised interest rates. There are also **investment grants** for the purchase of complex agricultural machinery, construction of greenhouses, and construction and renovation of animal farms and complexes. Other input payments in 2010-12 included subsidies for purchased seeds, establishment and maintenance of orchards and vineyards, and cost compensation to farms involved in seed production and pedigree animal breeding. Fertiliser subsidies that were also among the traditional input subsidies have not been funded since 2008.

Recently, the government began efforts towards stimulating small and medium livestock producers and launched a *National Project of Revived Livestock Husbandry*. Starting from 2011, **payments per head** for keeping young cattle are available to these producers and as of 2013 these will be complemented by per tonne subsidy for young cattle and pigs delivered to slaughter.

Agricultural enterprises are eligible for a **Fixed Agricultural Tax (FAT)**, which is set as a proportion of the "normative" 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 FAT was intended to ease the producer tax burden in an effort to resolve the problem of chronic tax arrears in agriculture. Originally FAT was to be in effect up to 31 December 2009, but it has been maintained in the new 2011 Tax Code. According to some Ukrainian analysts, the benefits of the tax have eroded since of the original twelve taxes only four are now incorporated in the FAT (profit tax, land tax, water use fee, and a fee on specific types of entrepreneurial activity, e.g. commerce if practised). Up to 2009, those who paid the FAT benefitted 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) was compensated by the state budget. Starting from 2010, this compensation is no longer provided. Recently, the State Tax Service has proposed changes to the FAT regime with the view to increase the revenue from that tax. Thus, it is proposed to apply indexation to the "normative" agricultural land value which is currently used as a taxable base for the FAT. It is also proposed to base the FAT for livestock producers on the value of their net revenue, instead of land value. The argument is that these producers, in particular poultry factories, use little land and thus pay very low FATs given their agricultural revenue.

Around 65% of total agricultural land, including 85% of arable land was privatised during the land reform in Ukraine. A total of 6.9 million persons acquired titles (land shares), of which 98% received official acts of ownership. The **moratorium on the sale of agricultural land**, originally imposed until 1 January 2008, was extended for the fifth time, now to January 2016. A change from this *status quo* does not seem to be perceived as urgent by agribusiness or the rural population, which may be partly explained by the existence of an active land rental market. However, amendments to the official valuation of agricultural land introduced in October 2011 had as an effect an increase in the levels of lease and other payments – the average land rent almost doubled, rising from UAH 350 (USD 44) per hectare of arable land in 2011 to UAH 650 (USD 81) in 2012. Another development related to land issues was the creation of the State Land Bank in 2012, which is supposed to provide concessional loans to agricultural producers under land mortgage. In early 2013, the bank had not yet started its operations.

Trade policy developments in 2011-13

Ukraine has been a **member of WTO** since 16 May 2008. The country's WTO commitments foresee an important reduction in the average level of import protection for agro-food products,

with the majority of bindings reached by 2011 and the remaining by 2012 and 2013. By the end of the transition period, an average final bound import tariff on agricultural goods is to equal 10.1%, compared to a 4.85% tariff for industrial goods. For 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 were sizeable but with a potentially small impact on the domestic market as they concern products which Ukraine exports. Ukraine's most recent move was to initiate a WTO process for a reduction of concessions committed in the area of market access having referred to Article XXVIII of GATT on modification of schedules. This was notified to the WTO in September 2012 and concerned 371 tariff lines, of which 224 were for agricultural goods. This request raised concern among WTO members, resulting in a joint statement of 23 delegations in which they proposed that Ukraine withdraw its request and noted the unprecedented scope of potential re-negotiation, as well as the lack of clarity about the extent to which Ukraine would be able to compensate other members for potential concessions, as provided for by Article XXVIII. By December 2012, 31 WTO members have requested consultation on the issue, as provided for by WTO procedures.

Ukraine's WTO commitments also limit domestic support: in any given year, the country's total Aggregate Measurement of Support (AMS) cannot exceed UAH 3.043 billion (USD 381 million at the annual average official exchange rate in 2012). According to Ukraine's notifications to the WTO, current AMS support was 35% of its base AMS in 2009, and 72% in 2010.

In its WTO agreement, Ukraine reserved the right to apply a **Tariff Rate Quota** (TRQ) **for raw cane sugar** (260 000 tonnes annually, increasing to 267 800 tonnes by 2010, at 2% in-quota and 50% over-quota tariffs). In 2010 and 2011, the quota was filled at 97%, but remained virtually unused in 2012 due to high sugar beet harvest.

Since 2008, Ukraine had implemented its WTO commitments on gradual **reduction of export duties**. Export duty rates were decreased for sunflower seeds from 14% in 2008 to 10% by 2012. Prior to WTO accession, a 50% duty was imposed on live cattle exports, which is to be reduced by 5 percentage points per year to reach 10% (in 2013 the duty rate was 25%). Raw hide duty is to be scaled down by 1% per year from the pre-accession 30% to the final bound rate of 20% (it was 25% in 2013). Nevertheless, along with scheduled duty reductions following WTO commitments, in 2011/12 the government had ad hoc recourse to duties on grain exports on the grounds of food security (see below).

Another principal WTO commitment concerns **quantitative restrictions on exports**. Ukraine undertook to comply with WTO requirements with regard to 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. Following the drought in 2010, the government again applied a grain export quota between October 2010 and June 2011. Subsequently the export quota was replaced by **export duties**, which were to be applied between 1 July 2011 and until 1 January 2012 (for wheat – 9%, but not less than EUR 17 per tonne, for barley – 14%, but not less than EUR 23 per tonne, for maize – 12%, but not less than EUR 20 per tonne). Towards the latter part of 2012, grain stocks accumulated and given the lack of sufficient modern storage facilities, the grain quality deteriorated. The duties for wheat and maize were abolished in October 2012, two months ahead of schedule, but were applied up to 1 January 2012 for barley.

Overall, export restrictions 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. This led the government and grain business to look for an arrangement that would make grain export regulation more predictable and taking into account stakeholder's interests. As a result, a **Memorandum of Understanding** was signed in October 2011 between the Ministry of Agricultural Policy and Food and key representatives of grain exporters and producers. According to this document, "agreed" export volumes for each of the main exported grains – wheat, barley, maize – were to be determined at the beginning of the marketing year. If exports of any type of grain reached 80% of the agreed level, the Ministry could "review" conditions of trade (implying possible introduction of export restrictions). This Memorandum was in effect until 1 July 2012, and a similar one was signed for the 2012/13 marketing year. It set the following "agreed" export quantities: 5.0 million tonnes for wheat, 12.4 million tonnes for maize, and 3.0 million tonnes for barley. This new arrangement can be regarded as a step towards providing more stable conditions for the grain business in Ukraine. Uncertainty returned, however, when in October 2012 the volume of contracted wheat exports exceeded the "agreed" level. Official statements first invoked the possibility of an export ban or export quota, and soon after, a possibility of increasing the "agreed" volume of wheat exports.

Another area where developments were taking place concerned the **VAT regime on exports** of grains, oilseeds and fibre crops. The regime effective up until 2011, provided for a "zero VAT" on the exports of these products. Exporters were obliged to pay the VAT at a standard rate at the moment of export, and subsequently receive refunds of the VAT payments made. The VAT refunding was done with substantial arrears and this mechanism was strongly criticised by businesses. Following tumultuous legislative process, a provision exempting eligible exporters from VAT payment was finally adopted. This meant that they became free from VAT payments for exports, thus making VAT refunds unnecessary. This regime is to remain effective until January 2014.

Ukraine advanced bilateral and regional trade agreements. Negotiations on the **Association Agreement with the European Union**, which began in 2008, have progressed. The Agreement is to succeed the current Partnership and Co-operation Agreement, in force since 1998, and the provisions of the Generalised System of Preferences. In 2012, Ukraine and the ***European Union*** initialled an agreement on a Deep and Comprehensive Free Trade Area (DCFTA), forming a trade component of the Association Agreement. The liberalisation of mutual trade is to be implemented within a transition period. The European Union will open zero-tariff rate quotas for Ukraine's principal agro-food products, such as grains, meat and milk products, and sugar, and will grant free access for the others. Ukraine will implement phased market opening for goods originating from the European Union for around four-fifths of its agricultural tariff lines, including almost one-third when the DCFTA comes into effect. Ukraine has also secured the right to use safeguard measures and additional trading conditions; for example, to apply entry prices for a certain number of tariff lines. The parties will apply no export subsidies for mutually traded agricultural goods. The main barrier for trade integration remains Ukraine's ability to comply with EU food safety, veterinary and phyto-sanitary requirements. Thus, the DCFTA contains provisions for approximation of technical regulations, standards and conformity assessments, as well as technical co-operation in the field of technical regulations, standards and related issues between Ukraine and the European Union.

In August 2012, Ukraine completed the official ratification process of a new **Agreement on Free Trade in the CIS Area**. This agreement was signed in October 2011 by eight countries of the CIS (Commonwealth of Independent States), and has been ratified to date by ***Armenia***, ***Belarus***, ***Kazakhstan***, ***Russia*** and ***Moldova***, in addition to Ukraine. Beyond maintaining the existing duty free trade, the parties committed not to increase import duties on goods exempted from free trade; to apply no new restrictions in mutual trade; to abolish all quantitative restrictions from free trade according to established schedules, except those specified in Article XI of the GATT; and

implement scheduled removal of export duties. Under this agreement, exceptions on Ukraine's agro-food exports concern: white sugar entering the Customs Union of Belarus, Kazakhstan and Russia, which is levied a duty of EUR 340 per tonne, as well as exports of all cane and beet sugar, and other types of sugar to Moldova, which pay a 75% duty until 2015, and then be exported duty-free within a TRQ. With respect to these goods and these countries, Ukraine applies a 50% MFN import duty. Other exceptions concern mutual trade between Ukraine and Moldova in sugar beet seeds; Kazakhstan and Moldova also unilaterally apply import duties to imports of vodka and ethyl alcohol from Ukraine.

In 2012, a Free Trade Agreement between Ukraine and the ***European Free Trade Association (EFAT)*** and Ukraine and ***Montenegro*** came into effect. Negotiations and consultations on possible free trade agreements were on-going with ***Canada***, ***Croatia***, ***Israel***, ***Serbia, Singapore***, and ***Turkey***.

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PART II

Chapter 24

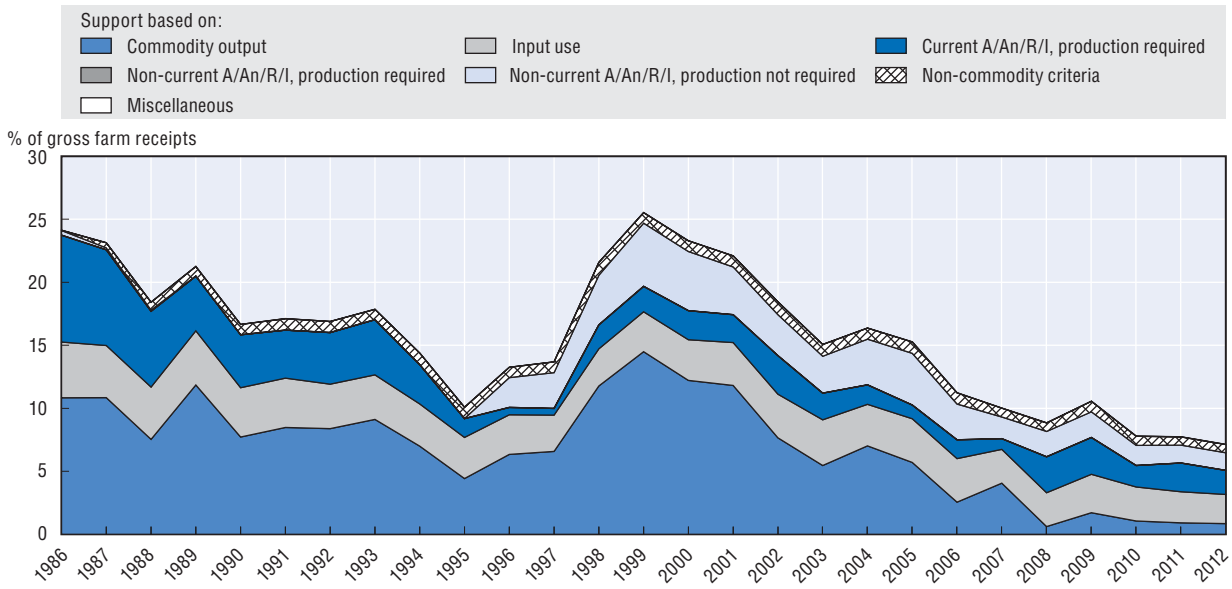
United States

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 2011-12 and in the longer term perspective, and a brief description of the main policy developments in 2012-13.

Evaluation of policy developments

- Levels of producer support and border protection have fallen substantially since 1986-88 and the level of producer support is now the fourth-lowest in the OECD area. Since 2002, however, the decline has been largely attributable to higher world commodity prices.
- Disaster assistance became more comprehensive under the 2008 Farm Bill. Potential overlap with crop insurance and ACRE programmes may result in economic distortions.
- The use of crop insurance by farmers and the cost of corresponding programmes to the taxpayer have both risen sharply over time, making evaluation of their cost-effectiveness in reducing risks for farmers a key policy priority.
- Policy efforts to promote environmentally friendly agriculture have been increased and the process of monitoring and evaluating agri-environmental programmes is now highly developed. But greater use of auction-based approaches for the allocation of funds and performance-based payments would reduce the costs of agri-environmental programmes and improve their efficiency, as it would enable scarce funds to be targeted to those uses and regions where the environmental benefits would be the greatest.
- While the extension of the 2008 farm bill was successful in averting the necessity to institute a fall-back policy of reverting to outdated legislation, reaching a consensus on new, comprehensive farm legislation would reduce uncertainty and facilitate farmers making production and investment decisions.
- The policy debate concerning the new Farm Bill, which is taking place in a context of high farm incomes and budgetary stringency, is an opportunity for fostering the reform process towards better-targeted support in order to improve the long-term competitiveness of the sector in a sustainable way; addressing issues of equity across the agricultural sectors; and enhancing compliance with multilateral trade obligations.

Figure 24.1. **United States: PSE level and composition by support categories, 1986-2012**



Source: OECD, *PSE/CSE Database*, 2013.

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Contextual information

The gradual economic recovery is continuing. While the labour market has recovered very slowly, reducing the large federal budget deficit is necessary to restore fiscal sustainability. The United States is one of the most important producers of agricultural commodities in the world, and in addition to having a very large domestic market, it is the world's largest exporter of ago-food products. On the other hand, the agricultural sector plays only a minor (and declining) role in the US economy as a whole. Agriculture is dominated by grains, oilseeds, cattle, dairy, poultry, and fruits and vegetables.

Table 24.1. **United States: Contextual indicators, 1995, 2011***

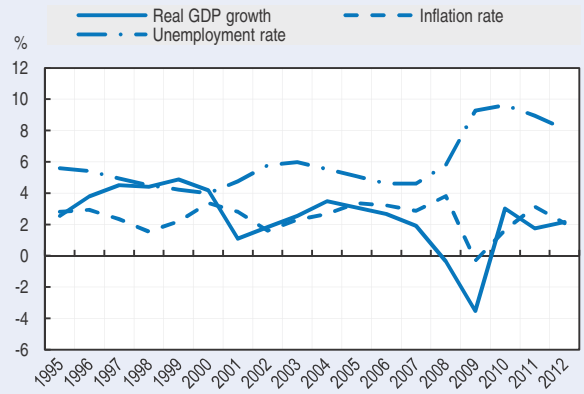
	1995	2011*
Economic context		
GDP (USD billion)	7 338	15 022
Population (million)	263	312
Land area (thousand km^2)	9 159	9 147
Population density (inhabitants/ km^2)	28	33
GDP per capita, PPP (USD)	27 606	48 043
Trade as % of GDP	9.2	12.5
Agriculture in the economy		
Agriculture in GDP (%)	1.6	1.2
Agriculture share in employment (%)	2.9	1.6
Agro-food exports (% of total exports)	10.9	9.8
Agro-food imports (% of total imports)	4.4	4.7
Characteristics of the agricultural sector		
Agro-food trade balance (USD million)	29 671	39 240
Crop in total agricultural production (%)	53	59
Livestock in total agricultural production (%)	47	41
Agricultural area (AA) (thousand ha)	420 139	403 451
Share of arable land in AA (%)	43	40
Share of irrigated land in AA (%)	5	5
Share of agriculture in water consumption (%)	41	40
Nitrogen Balance, Kg/ha	37	28

* or latest available year.

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

StatLink http://dx.doi.org/10.1787/888932877147

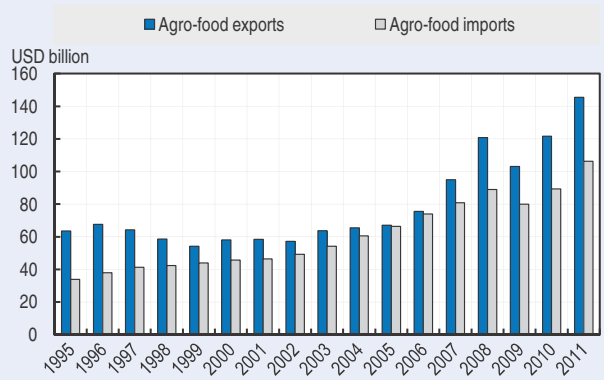
Figure 24.2. **United States: Main macroeconomic indicators, 1995-2012**



Source: OECD statistics.

StatLink http://dx.doi.org/10.1787/888932876235

Figure 24.3. **United States: Agro-food trade, 1995-2011**



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

StatLink http://dx.doi.org/10.1787/888932876254

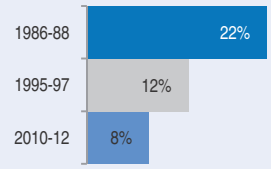
Note: Detailed definitions of contextual indicators and their sources are provided in Annex II.1.

Development of support to agriculture

Support to farmers in the United States is low in comparison with other OECD countries. Over the 2010-12 period, producer support in the US was the fourth-lowest in the OECD area, and less than half the OECD average. The reform process has been characterised by a shift towards the adoption of less production- and trade-distorting forms of support.

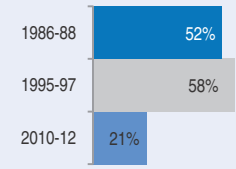
PSE as % of receipts (%PSE)

Support to producers (%PSE) declined from 22% of gross farm receipts in 1986-88 to 8% in 2010-12, which is less than half the OECD average. It was 7% in 2012.



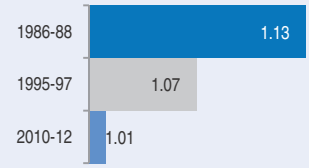
Potentially most distorting support as % of PSE

The share of the potentially most production and distorting types of policies (support based on commodity output and non-constrained variable input-based payments) in the PSE decreased from 53% in 1986-88 to 21% in 2010-12.



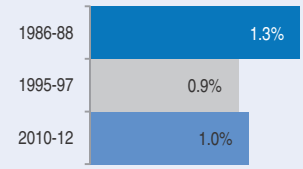
Ratio of producer price to border price (NPC)

Producer prices were 13% higher than world prices in 1986-88 and only 1% higher in 2010-12.

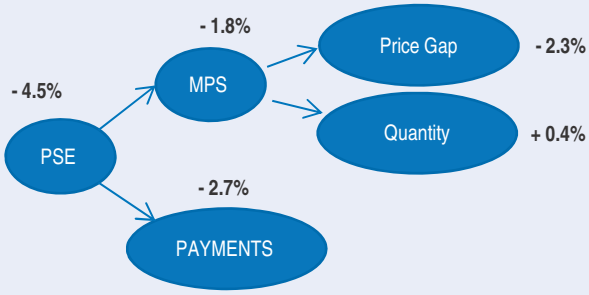


TSE as % of GDP

Total support to agriculture represented 1% of GDP in 2010-12. Support for general services provided to agriculture increased from 23% of total support in 1986-88 to 51% in 2010-12, mainly due to the increase in the Supplemental Nutrition Assistance Program (formerly Food Stamps).
The share of single commodity transfers to producers decreased from 71% of PSE in 1986-88 to 33% in 2010-12. The highest shares of SCT in commodity farm receipts were for sugar and sheep meat.



Decomposition of change in PSE, 2011 to 2012



The level of support decreased in 2012 mainly due to lower budget payments. The lower gap between domestic and border prices (MPS) reflects decrease in domestic prices, particularly dairy.

Transfer to specific commodities (SCT), 2010-12

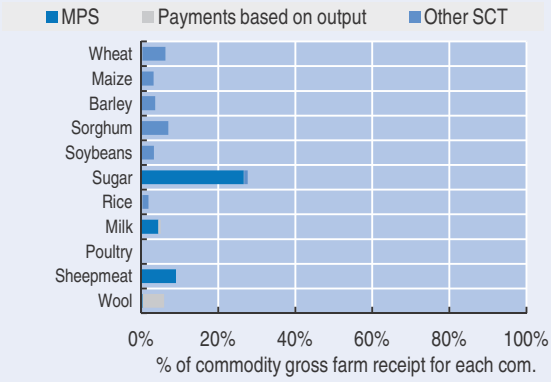


Table 24.2. **United States: Estimates of support to agriculture**

USD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Total value of production (at farm gate)	**143 469**	**200 325**	**370 717**	**334 931**	**380 773**	**396 447**
of which: share of MPS commodities, percentage	72	70	76	75	76	76
Total value of consumption (at farm gate)	**132 032**	**176 428**	**316 003**	**282 289**	**323 357**	**342 363**
Producer Support Estimate (PSE)	**36 411**	**26 614**	**29 913**	**27 973**	**31 596**	**30 170**
Support based on commodity output	16 188	12 488	3 705	3 799	3 721	3 596
Market Price Support	13 077	12 337	3 382	3 435	3 645	3 066
Payments based on output	3 111	151	324	364	77	530
Payments based on input use	7 061	6 638	9 869	9 712	10 087	9 808
Based on variable input use	3 697	3 088	3 192	3 069	3 319	3 189
with input constraints	739	264	495	440	480	564
Based on fixed capital formation	1 233	553	1 785	1 682	1 766	1 906
with input constraints	1 233	536	1 738	1 605	1 712	1 898
Based on on-farm services	2 131	2 997	4 892	4 961	5 002	4 713
with input constraints	349	543	1 209	1 178	1 226	1 222
Payments based on current A/An/R/I, production required[1]	12 231	1 825	7 840	6 119	9 321	8 081
Based on Receipts / Income	912	721	956	791	912	1 166
Based on Area planted / Animal numbers	11 319	1 104	6 884	5 328	8 408	6 915
with input constraints	2 565	557	6 698	5 250	8 132	6 713
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	5 814	5 735	5 800	5 907
With variable payment rates	0	0	6	17	0	0
with commodity exceptions	0	0	6	17	0	0
With fixed payment rates	338	3 824	5 808	5 718	5 800	5 907
with commodity exceptions	0	3 824	4 852	4 764	4 846	4 947
Payments based on non-commodity criteria	592	1 839	2 685	2 608	2 668	2 779
Based on long-term resource retirement	592	1 839	2 603	2 513	2 567	2 729
Based on a specific non-commodity output	0	0	0	0	0	0
Based on other non-commodity criteria	0	0	82	95	101	50
Miscellaneous payments	0	0	0	0	0	0
Percentage PSE	**22**	**12**	**8**	**8**	**8**	**7**
Producer NPC	**1.13**	**1.07**	**1.01**	**1.01**	**1.01**	**1.01**
Producer NAC	**1.28**	**1.14**	**1.08**	**1.08**	**1.08**	**1.08**
General Services Support Estimate (GSSE)	**13 682**	**25 678**	**74 277**	**69 846**	**71 539**	**81 446**
Research and development	1 131	1 479	2 433	2 293	2 324	2 683
Agricultural schools	0	0	0	0	0	0
Inspection services	384	570	1 063	1 065	1 079	1 044
Infrastructure	422	395	2 897	4 297	320	4 074
Marketing and promotion	10 645	21 715	65 916	60 015	65 664	72 068
Public stockholding	0	52	9	24	1	1
Miscellaneous	1 100	1 468	1 960	2 152	2 151	1 576
GSSE as a share of TSE (%)	**22.8**	**36.8**	**51.1**	**51.4**	**49.8**	**52.1**
Consumer Support Estimate (CSE)	**-3 794**	**4 452**	**36 483**	**32 797**	**35 694**	**40 959**
Transfers to producers from consumers	-12 746	-12 129	-3 312	-3 382	-3 562	-2 991
Other transfers from consumers	-1 432	-1 243	-1 349	-1 870	-1 387	-789
Transfers to consumers from taxpayers	10 089	17 816	41 144	38 050	40 643	44 739
Excess feed cost	294	8	0	0	0	0
Percentage CSE	**-3**	**3**	**13**	**13**	**13**	**14**
Consumer NPC	**1.12**	**1.08**	**1.02**	**1.02**	**1.02**	**1.01**
Consumer NAC	**1.03**	**0.97**	**0.88**	**0.88**	**0.89**	**0.88**
Total Support Estimate (TSE)	**60 182**	**70 108**	**145 334**	**135 869**	**143 778**	**156 356**
Transfers from consumers	14 177	13 372	4 661	5 253	4 949	3 780
Transfers from taxpayers	47 436	57 979	142 022	132 486	140 216	153 364
Budget revenues	-1 432	-1 243	-1 349	-1 870	-1 387	-789
Percentage TSE (expressed as share of GDP)	**1.28**	**0.90**	**0.97**	**0.94**	**0.96**	**1.00**
GDP deflator 1986-1988=100	**100**	**128**	**175**	**171**	**175**	**178**

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

Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities for the United States are: wheat, maize, barley, sorghum, cotton, rice, soyabeans, sugar, milk, beef and veal, sheep meat, wool, pigmeat, poultry and eggs.

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877166

Policy developments

Main policy instruments

The Food, Conservation and, Energy Act of 2008 (the 2008 Farm Act), provides the basic legislation governing farm policy for the period 2008-12. Discussions for preparing the next Farm Act are under way. The 2008 Farm Act largely maintains the structure of the farm commodity price and income support of the 2002 Farm Act for 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 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 (small and large 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 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. Milk and dairy products are supported by minimum prices with government purchases of butter, SMP and cheddar cheese, as well as by tariffs, TRQs and export subsidies. In addition, 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 sheep meat. 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 part 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 problems. While land retirement remains a key strategy, increasingly the emphasis has shifted towards the environmental protection of agricultural lands that are in production (working lands). Ethanol production is mainly supported in the form of mandated fuel use, tax incentives, loan and grant programmes. Technical assistance is 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 2008 Farm Act also mandates increased funding for most domestic food assistance programmes, particularly the former food stamps, now renamed the Supplemental Nutrition Assistance Program (SNAP). For a detailed analysis of the 2008 Farm Act see OECD (2011), *Evaluation of Agricultural Policy Reforms in the United States*.

The 2008 Farm Act expired at the end of 2012 and as consensus on new legislation could not be reached, the current farm law was extended for one additional year under, as part of the American Taxpayer Relief Act of 2012 (ATRA) (or "fiscal cliff" bill) (see Box 24.1).

Domestic policy developments in 2012-13

The most significant policy development during 2012 was the passing of the American Taxpayer Relief Act of 2012. Title VII of that Act extended provisions of the 2008 Farm Act, most of which had expired as of 30 September 2012, and others of which were due to expire at the end of

Box 24.1. **The 2012 Farm Bill policy debate**

The policy debate of the 2012 Farm Bill has been taken in the context of thriving farm economy – with historically high farm incomes, very high – but volatile – commodity prices, reduced farm debt and debt-to-asset ratios to historically low levels – and an austere federal budget that calls for deficit reduction and fiscal restraint.

The legislative process for setting a new farm bill is largely under the control of the US Congress – Senate and House of Representatives. The Senate adopted its own version of the 2012 omnibus Farm Bill in June 2012 and the Agriculture Committee of the House passed its version in July 2012, but the bill was not considered by the full House. Although considerable agreement exists among the two bills, because the House did not pass its own bill or consider the Senate Bill, no reconciliation of the differences between the chambers was attempted and the Congress, as part of the package to avert the so-called "fiscal cliff", voted on New Year's Day to extend most provisions of the 2008 Farm Bill through the end of 2013.

Overall, both farm bills tabled targeted the nutrition programme (food stamps), the direct payments and the conservation programmes for large budget cuts. The measures that were proposed to be cut are part of the WTO "green box" measures, which are the ones that generate the smallest international distortions.

Both farm bills proposed to restructure the farm programmes by eliminating fixed direct payments and the existing counter-cyclical price and revenue programmes. Some of the savings from eliminating direct payments would be used to offset the cost of new farm programmes and enhance crop insurance. The insurance provisions in both bills generally were the same, although entitlement criteria are less binding in the House Agriculture Committee Bill than in the Senate Bill. Differences exist between the two Bills concerning the limits that would be applied for various programmes, such as marketing loan benefit, Adjusted Gross Income limit and conservation compliance for crop insurance. Both farm bills proposed replacing the current US dairy programmes that rely on a simple price trigger (i.e. the Dairy Product Price Support program and the Milk Income Loss Contract Program) with the Dairy Production Margin Protection Program, a new income support programme based on the monthly difference (i.e. the margin) between the national average farm al-milk price and a formula-derived estimate of feed costs.

Among the major differences in the two farm bills is how each would restructure the farm safety net. The House farm bill is similar to the current mix of farm programmes in that it retains producer choice between a counter-cyclical price programme and a revenue enhancement programme, while the Senate farm bill provides for a revised revenue programme.

On natural disaster, both the House and Senate farm bills would re-authorise the four programmes covering livestock and tree assistance for FY2012-17. The crop disaster programme, Supplemental Revenue Assistance (SURE), – which was established by the 2008 Farm Bill – was not re-authorised in either bill, but elements of it were folded into the Senate bill, by allowing producers to protect against farm-level revenue losses. The Senate farm bill also provided disaster benefits to tree fruit producers who suffered crop losses in 2012.

Without new legislation, or another extension of the current law, the authority to appropriate funds will end, and, in some cases, all programme authority could terminate. Moreover, notably in the area of farm commodity support programmes, permanent law (statutes) would have to take effect. Most of these statutes were enacted decades ago and are no longer compatible with current national economic objectives, global trading rules and federal budgetary or regulatory policies. In particular, the permanent legislation would re-introduce higher government price supports for milk, maize, rice, wheat and other crops and could lead to higher consumer prices and federal spending.

The American Taxpayer Relief Act of 2012 (ATRA) (or "fiscal cliff" bill), which came into force in January 2013, extends the 2008 Farm Bill for one additional year until 30 September 2013, or, in the case of the farm commodity programmes that are on a different calendar, through crop year 2013. (A crop year refers to the year in which a commodity is harvested. Thus, the extension will apply to the farm commodity

Box 24.1. **The 2012 Farm Bill policy debate** *(cont.)*

programmes in the 2008 Farm Bill to covered commodities harvested in 2013. The dairy price support programme is extended until 31 December 2013). An extension to a farm bill is rare and since 1973, only the 2002 farm bill needed an extension.

It should be noted that, the provisions included in the fiscal cliff deal were not a straight extension of the 2008 Farm Bill, and the legislation provides no mandatory funding for the energy title, specialty crop and organic provisions, and beginning farmer and rancher programmes, among others. In fact, almost all of the 37 programmes whose baseline expired 30 September 2012 or sooner were renewed, but receive no mandatory funding from the extension, meaning funding must be provided through the annual appropriations process.

Although the deal means that the US averted having to institute a fall-back policy of reverting to the 1949 "permanent law", the farm bill extension also means that the new Congress will have to start the entire process of re-authorising a new, full five-year farm bill from scratch as the proposals debated in 2012, and nearly agreed upon, are no longer valid.

the 2012 crop year (varies by commodity). With the exception of changes detailed below, all provisions were extended without change through 2013 (crop year, fiscal year, or calendar year, depending on the original provisions of the 2008 Farm Act). Other policy developments included enhanced programme flexibility in response to the 2012 drought and new provisions for beginning and socially disadvantaged farmers and ranchers.

Policy changes brought about by the American Taxpayer Relief Act (ATRA) of 2012:

- ***Market price support*** and ***commodity loans***: the *Marketing Assistance Loan Program*, the *sugar price support program* and the marketing allotments associated with the sugar price support program are extended without change through crop year 2013; the *Dairy Product Price Support Program* is extended without change through 31 December 2013.
- ***Direct income payments***: *Direct and Countercyclical Payments* (DCP) and the ACRE program are extended without change through crop year 2013, except that all eligible participants in 2013 may choose to enrol in either DCP or ACRE for the 2013 crop year. Eligible producers who were enrolled in ACRE in 2012 may elect to enrol in DCP in 2013 or may re-enrol in ACRE in 2013 (and vice versa). The *Milk Income Loss Contract* program is extended without change through 30 September 2013.
- ***Disaster assistance***: the *Livestock Indemnity Program, Livestock Forage Assistance Program, Emergency Livestock Assistance Program* and *Tree Assistance Program* are extended through FY 2013, but with additional discretionary spending authority only. The *Supplemental Revenue Insurance Program* and the *Market Loss Assistance for Asparagus* are not extended.
- ***Research***: the Organic Agriculture Research and Extension Initiative, Specialty Crop Research Initiative and Beginning Farmer and Rancher Development Program are extended through 2013, but with additional discretionary spending authority only.
- ***Renewable energy***: the *Biomass Crop Assistance Program* is extended through FY 2013 with additional discretionary spending authority (USD 20 million) and *Biodiesel Fuel Education Program* (USD 1 million). The Act also extends the following programmes without additional funding: *Biobased Market Program, Biorefinery Assistance program, Repowering Assistance program, Bioenergy Program for Advanced Biofuels; Biodiesel Fuel Education Program; the Rural Energy for America Program; the Biomass Research and Development Program; the Rural Energy Self-Sufficiency Initiative; the Feedstock*

Flexibility Program for Bioenergy Producers; Forest Biomass for Energy and Community Wood Energy Program. The Act also re-instated retroactively to 1 January 2012 the biodiesel blenders credit, which had expired on 31 December 2011, and extended the cellulosic biofuels producer tax credit. More specifically, it extended the USD 1.01-per-gallon tax credit for cellulosic ethanol made from maize plants, grasses, wood and sources other than maize kernels (which had expired on 31 December 2011). The bill adds algae as another source material that will be eligible for the tax credit. The bill extends biodiesel production tax incentives for two years.

- ***Domestic food assistance***: domestic food assistance programmes under the 2008 Farm Act were extended without change through FY 2013, except for funding for a survey and report regarding foods purchased by school food authorities (which has been completed). The *Employment and Training* program under the *Supplemental Nutrition Assistance Program* and the *Nutrition Education* program were extended, but with authorised spending levels reduced.
- ***Marketing*** and ***promotion***: the *Farmers Market Promotion Program*, *Organic Certification Cost-Share Program* and *Organic Production and Market Data Initiatives* are extended through FY 2013, but with additional discretionary spending authority only.
- ***Environmental measures***: the *Conservation Reserve Program* was extended without change through 2013. The *Voluntary Public Access* program was extended with additional discretionary spending authority. Other environmental programmes were previously extended through 2014.
- ***Rural development***: rural development programmes under the 2008 Farm Act were extended through FY 2013, except that additional mandatory funding was not allowed for the *Rural Micro-entrepreneur Assistance Program*, *Pending Rural Development Loan and Grant Applications*, *Value-added Agricultural Market Development Program Grants*, *National Sheep Industry Improvement Centre*, *Rural Energy for America Program, Biorefinery Assistance* and *Repowering Assistance*.
- ***International food aid programmes*** under the 2008 Farm Act were extended without changes through FY 2013, except the *McGovern-Dole Food for Education and Child Nutrition* program was extended without additional mandatory funding and the *Local and Regional Food Aid Procurement* project, a pilot project intended to run only through 2012, was not renewed.
- ***Export credits***: commercial export credit programmes under the 2008 Farm Act were extended without change through FY 2013.

In order to help producers with cash flow problems due to natural disasters, the United States Department of Agriculture encouraged ***crop insurance*** companies to voluntarily forego charging interest on unpaid crop insurance premiums for an extra 30 days, to 1 November 2012, for spring crops. Policy holders who are unable to pay their premiums in a timely manner accrue an interest penalty of 1.25% per month until payment is made. To assist the crop insurance companies, USDA did not require crop insurance companies to pay uncollected producer premiums until one month later than normal.

In response to the 2012 ***drought***, the interest rate for *Emergency Loans* was effectively reduced from 3.75% to 2.25%. On ***finance*** and ***farm credit***, a new micro-loan programme was introduced that is designed to help small and family operations, and beginning and socially disadvantaged farmers secure loans under USD 35 000. Final rulemaking was completed during 2012, with the programme set to begin operation in 2013. On ***domestic food assistance***, school meals under the *Child Nutrition Programs* were required beginning in July 2012 to meet new nutritional standards provided for under the Healthy, Hunger-Free Kids Act of 2010

The US *Food and Drug Administration* (FDA) and ***New Zealand***'s Ministry for Primary Industries signed an arrangement recognising each other's ***food safety*** systems as comparable to each other.

This leads the way to a new level of regulatory co-operation to enhance food safety while facilitating trade between the two countries. This is the first time that FDA has recognised a foreign food safety system as comparable. In June 2012, the WTO Appellate Board upheld the initial Panel finding that the US country of original ***labelling*** provisions under the 2002 and 2008 Farm Acts are not in compliance with WTO rules. In December 2012, a WTO Arbitrator determined that the US has until May 2013 to implement the Dispute Settlement Body recommendations and rulings in the case.

On ***natural resources*** and ***environmental measures***, in response to the 2012 drought, the payment reduction on land enrolled in the *Conservation Reserve Program* (CRP) that qualified for emergency haying and grazing was reduced from 25% to 10%. In addition, lands that were not yet classified as "under severe drought" but that were "abnormally dry" were allowed to be used for haying and grazing. Especially sensitive lands such as wetlands, stream buffers and rare habitats were not eligible. Haying and grazing was allowed on *Wetland Reserve Program* easement areas in drought-affected areas where such haying and grazing is consistent with conservation of wildlife habitat and wetlands under the Compatible Use Authorization process.

Farmers and ranchers were allowed to modify current *Environmental Quality Incentives Program* (EQIP) contracts, in close consultation with the Natural Resources Conservation Service, to allow for prescribed grazing, livestock watering facilities, water conservation and other conservation activities to address drought conditions, and to reapply conservation activities that failed because of drought. In the short term, funding will be targeted towards hardest hit drought areas. Under the Consolidated and Further Continuing Appropriations Act of 2012, the *Conservation Stewardship Program, Farmland Protection Program, EQIP,* and *Wildlife Habitat Incentives Program* were extended without change through FY 2014.

Trade policy developments in 2012-13

The ***European Union*** and the ***United States*** completed an agreement on an equivalency in organic products in June 2012. Previously, growers and companies had to obtain separate certifications to two standards, which meant a double set of fees, inspections, and paperwork. This partnership eliminates significant barriers, especially for small and medium-sized organic producers. Certified organic products which meet the terms of the partnership will be allowed market access on an equivalent basis in both markets.

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ANNEX II.1

Sources and definitions of contextual indicators

Table X.1. Contextual indicators

Gross Domestic Product – GDP (USD million): OECD National Accounts, Gross domestic product, national currency, current prices. 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 EU member countries, data come from EUROSTAT, population/demography/demography national data/population. For new and non member countries, the source is UNDP, Population Div. Demographic projections.

Land area (thousands km^2): FAO, *Land use Database*, Land area (000 ha) recalculated to thousands km^2. Land area excludes water areas.

Population density (habitants/ km^2): U.N. *World population prospects, 2010 Revision*, Population density by major area, region and country, 1950-2010 (persons per square km). for EU members calculated from EUROSTAT population and area.

GDP per capita, PPP (USD): OECD.stat, National accounts, Main aggregates, Gross domestic product (output approach), Per head, US $, current prices, current PPPs. EU countries, EUROSTAT, GDP and main components – Current prices.

Trade as % of GDP: Trade data from *OECD ITCS Database*. Customs data; Average trade: (exports+imports)/2. EU does not account for intra-EU trade.

Agriculture share in GDP (%): OECD.stat, Country statistical profiles 2011; Value added in agriculture, hunting, forestry and fishing as % total value added. EU countries: EUROSTAT, Gross value added – Agriculture and fishing – % of all branches (NACE).

Agriculture share in employment (%): OECD.stat, Employment by activities and status (ALFS), share of Agriculture, hunting, forestry (ISIC rev.3,A), Employment ('000) (which does not include fishing) in Employment in all activities (ISIC rev.3, A-X) ('000). EUROSTAT for the EU corresponds to the share of employed persons aged 15-64, in agriculture, hunting and forestry in total NACE activities.

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 Israelisettlements in the West Bank under the terms of international law.

Agro-food exports in total exports (%): Comtrade SAS extraction (March 2012) from *OECD ITCS Database*. Extraction does not include fish and fish products.

Agro-food imports in total imports (%): Comtrade SAS extraction (March 2012) from *OECD ITCS Database*. Extraction does not include fish and fish products.

Agro-food trade balance (USD million): Comtrade SAS extraction (March 2012) 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.

Share of agriculture in water consumption (%): OECD, Environmental indicators.

Nitrogen balance (Kg/ha): OECD, Environmental indicators.

Figure X.2 Main macroeconomic indicators

Real GDP growth (%): OECD.stat, Country statistical profiles 2012, real GDP growth

Inflation rate (%): *OECD Analytical Database* (ADB), Annual average rate of change in Harmonized Indices of Consumer Prices (HICPs), EUROSTAT for the European Union

Unemployment rate (%): *OECD Analytical Database* (ADB), labour force statistics; EUROSTAT for the European Union.

Figure X.3. Agro-food trade

Agro-food exports (USD billion): Comtrade SAS extraction (March 2012) from *OECD ITCS Database*. Extraction does not include fish and fish products.

Agro-food imports (USD billion): Comtrade SAS extraction (March 2012) from *OECD ITCS Database*. Extraction does not include fish and fish products.

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Statistical annex: Summary Tables of Estimation of Support

A.1. Producer Support Estimate by country 300
A.2. Consumer Support Estimate by country. 302
A.3. General Services Support Estimate by country 304
A.4. Total Support Estimate by country 306
A.5. Composition of Producer Support Estimate by country 308
A.6. Characteristics of policy support by country 312
A.7. Composition of General Services Support Estimate 314
A.8. OECD: Producer Single Commodity Transfers (USD). 317
A.9. OECD: Producer Single Commodity Transfers (EUR) 318
A.10. Australia: Producer Single Commodity Transfers 319
A.11. Brazil: Producer Single Commodity Transfers 320
A.12. Canada: Producer Single Commodity Transfers 321
A.13. Chile: Producer Single Commodity Transfers. 322
A.14. China: Producer Single Commodity Transfers 323
A.15. European Union: Producer Single Commodity Transfers 324
A.16. Iceland: Producer Single Commodity Transfers. 326
A.17. Indonesia: Producer Single Commodity Transfers 327
A.18. Israel: Producer Single Commodity Transfers 328
A.19. Japan: Producer Single Commodity Transfers 329
A.20. Kazakhstan: Producer Single Commodity Transfers. 331
A.21. Korea: Producer Single Commodity Transfers 332
A.22. Mexico: Producer Single Commodity Transfers 333
A.23. New Zealand: Producer Single Commodity Transfers. 334
A.24. Norway: Producer Single Commodity Transfers 335
A.25. Russia: Producer Single Commodity Transfers 336
A.26. South Africa: Producer Single Commodity Transfers 337
A.27. Switzerland: Producer Single Commodity Transfers. 338
A.28. Turkey: Producer Single Commodity Transfers 339
A.29. Ukraine: Producer Single Commodity Transfers 340
A.30. United States: Producer Single Commodity Transfers 341
A.31. OECD: Consumer Single Commodity Transfers (USD) 342
A.32. OECD: Consumer Single Commodity Transfers (EUR). 343
A.33. Australia: Consumer Single Commodity Transfers 344
A.34. Brazil: Consumer Single Commodity Transfers 345
A.35. Canada: Consumer Single Commodity Transfers 346
A.36. Chile: Consumer Single Commodity Transfers 347
A.37. China: Consumer Single Commodity Transfers. 348

A.38. European Union: Consumer Single Commodity Transfers (EU27) 349
A.39. Iceland: Consumer Single Commodity Transfers 350
A.40. Indonesia: Consumer Single Commodity Transfers 351
A.41. Israel: Consumer Single Commodity Transfers 352
A.42. Japan: Consumer Single Commodity Transfers 353
A.43. Kazakhstan: Consumer Single Commodity Transfers 354
A.44. Korea: Consumer Single Commodity Transfers 355
A.45. Mexico: Consumer Single Commodity Transfers. 356
A.46. New Zealand: Consumer Single Commodity Transfers 357
A.47. Norway: Consumer Single Commodity Transfers 358
A.48. Russia: Consumer Single Commodity Transfers 359
A.49. South Africa: Consumer Single Commodity Transfers 360
A.50. Switzerland: Consumer Single Commodity Transfers 361
A.51. Turkey: Consumer Single Commodity Transfers 362
A.52. Ukraine: Consumer Single Commodity Transfers 363
A.53. United States: Consumer Single Commodity Transfers 364
A.54. Australia: Payments made on the basis of area, animal numbers, receipts or income. 365
A.55. Brazil: Payments made on thebasis of area, animalnumbers, receipts or income 365
A.56. Canada: Payments made on the basis of area, animal numbers, receipts or income 366
A.57. Chile: Payments made on the basis of area, animal numbers, receipts or income 366
A.58. China: Payments made on the basis of area, animal numbers, receipts or income 367
A.59. European Union: Payments made on the basis of area, animal numbers, receipts or income (EU27) 367
A.60. Iceland: Payments made on the basis of area, animalnumbers, receiptsor income 368
A.61. Indonesia: Payments made on the basis of area, animal numbers, receiptsor income 368
A.62. Israel: Payments made on the basis of area, animal numbers, receipts or income 369
A.63. Japan: Payments made on the basis of area, animal numbers, receipts or income 369
A.64. Kazakhstan: Payments made on the basisof area, animal numbers, receiptsor income 370
A.65. Korea: Payments made on the basis of area, animalnumbers, receipts or income 370
A.66. Mexico: Payments made on the basis of area, animal numbers, receipts or income 371
A.67. New Zealand: Payments made on the basis of area, animal numbers, receipts or income 371
A.68. Norway: Paymentsmade on the basis of area,animalnumbers, receipts or income 372

A.69. Russia: Payments made on the basis of area, animal numbers, receipts or income 372
A.70. South Africa: Payments made on the basis of area, animal numbers, receipts or income 373
A.71. Switzerland: Payments made on the basis of area, animal numbers, receipts or income 373
A.72. Turkey: Payments made on the basis of area, animal numbers, receipts or income 374
A.73. Ukraine: Payments made on the basis of area, animal numbers, receipts or income 374
A.74. United States: Payments made on the basis of area, animal numbers, receipts or income 375
A.75. Contribution to change in Producer Support Estimate by country, 2011 to 2012. 376
A.76. Contribution of Market Price Support to change in Producer Support Estimate, by country, 2011 to 2012 377
A.77. Contribution to change in Border Price by country, 2011 to 2012.. 378

Table A.1. Producer Support Estimate by country

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
USD mn	1 444	1 282	1 371	1 263	1 491	1 360
EUR mn	1 318	1 031	1 028	954	1 072	1 058
Percentage PSE	10	6	3	3	3	3
Producer NPC	1.08	1.03	1.00	1.00	1.00	1.00
Producer NAC	1.11	1.06	1.03	1.03	1.03	1.03
Canada						
USD mn	6 024	3 566	7 467	7 150	7 664	7 587
EUR mn	5 490	2 874	5 604	5 398	5 512	5 903
Percentage PSE	36	16	15	17	15	14
Producer NPC	1.39	1.10	1.11	1.12	1.10	1.11
Producer NAC	1.56	1.20	1.18	1.20	1.18	1.17
Chile[1]						
USD mn	..	416	342	286	351	388
EUR mn	..	338	257	216	252	302
Percentage PSE	..	8	3	3	3	3
Producer NPC	..	1.07	1.00	1.00	1.00	1.00
Producer NAC	..	1.09	1.03	1.03	1.03	1.03
European Union[2]						
USD mn	97 318	116 083	105 305	102 558	106 381	106 976
EUR mn	88 005	93 763	79 056	77 436	76 505	83 228
Percentage PSE	39	34	19	20	18	19
Producer NPC	1.71	1.33	1.04	1.04	1.03	1.05
Producer NAC	1.65	1.51	1.23	1.25	1.22	1.24
Iceland						
USD mn	193	130	140	127	142	151
EUR mn	174	105	105	96	102	118
Percentage PSE	77	59	45	44	44	47
Producer NPC	4.22	2.32	1.61	1.57	1.59	1.68
Producer NAC	4.34	2.45	1.83	1.79	1.79	1.90
Israel[1,3]						
USD mn	..	765	959	943	1 045	889
EUR mn	..	622	719	712	752	692
Percentage PSE	..	20	12	13	13	11
Producer NPC	..	1.18	1.11	1.12	1.11	1.10
Producer NAC	..	1.24	1.14	1.15	1.15	1.13
Japan						
USD mn	49 757	58 891	60 687	56 837	60 467	64 759
EUR mn	45 112	47 302	45 594	42 914	43 485	50 383
Percentage PSE	64	58	54	55	51	56
Producer NPC	2.65	2.31	1.99	2.02	1.86	2.08
Producer NAC	2.78	2.40	2.18	2.22	2.06	2.27
Korea						
USD mn	12 040	23 080	18 803	15 282	20 648	20 477
EUR mn	10 803	18 630	14 107	11 539	14 849	15 932
Percentage PSE	70	67	49	40	52	54
Producer NPC	3.35	2.97	1.87	1.58	1.99	2.05
Producer NAC	3.38	3.09	1.98	1.67	2.10	2.16
Mexico[4]						
USD mn	8 437	1 589	6 809	6 272	7 084	7 071
EUR mn	6 867	1 395	5 110	4 736	5 095	5 501
Percentage PSE	28	5	13	12	13	12
Producer NPC	1.34	1.00	1.04	1.04	1.04	1.05
Producer NAC	1.40	1.06	1.14	1.14	1.15	1.14
New Zealand						
USD mn	435	63	129	101	162	123
EUR mn	416	51	96	76	117	95
Percentage PSE	10	1	1	1	1	1
Producer NPC	1.02	1.01	1.01	1.01	1.01	1.01
Producer NAC	1.12	1.01	1.01	1.01	1.01	1.01
Norway						
USD mn	2 801	2 910	3 952	3 638	3 945	4 274
EUR mn	2 530	2 358	2 970	2 746	2 837	3 325
Percentage PSE	70	66	61	60	59	63
Producer NPC	4.11	2.53	1.92	1.96	1.81	2.01
Producer NAC	3.38	2.97	2.56	2.53	2.44	2.71
Switzerland						
USD mn	5 436	5 748	5 730	5 038	6 207	5 944
EUR mn	4 899	4 644	4 298	3 804	4 464	4 625
Percentage PSE	78	68	55	52	55	57
Producer NPC	4.57	2.85	1.48	1.45	1.45	1.53
Producer NAC	4.50	3.18	2.20	2.10	2.20	2.31

Table A.1. Producer Support Estimate by country *(cont.)*

	1986-88	1995-97	2010-12	2010	2011	2012p
Turkey						
USD mn	3 952	7 428	18 606	21 566	17 561	16 691
EUR mn	3 558	6 052	13 966	16 284	12 629	12 986
Percentage PSE	20	26	24	26	22	22
Producer NPC	1.21	1.25	1.19	1.28	1.19	1.09
Producer NAC	1.26	1.35	1.31	1.36	1.29	1.29
United States						
USD mn	36 411	26 614	29 913	27 973	31 596	30 170
EUR mn	33 299	21 765	22 439	21 121	22 723	23 473
Percentage PSE	22	12	8	8	8	7
Producer NPC	1.13	1.07	1.01	1.01	1.01	1.01
Producer NAC	1.28	1.14	1.08	1.08	1.08	1.08
OECD[5]						
USD mn	239 510	253 931	252 550	241 778	257 230	258 642
EUR mn	217 302	205 271	189 589	182 553	184 989	201 225
Percentage PSE	37	30	19	19	18	19
Producer NPC	1.50	1.31	1.10	1.11	1.09	1.10
Producer NAC	1.59	1.42	1.23	1.24	1.22	1.23
Brazil[1]						
USD mn	..	-6 887	8 728	7 198	9 984	9 001
EUR mn	..	-5 549	6 539	5 435	7 180	7 003
Percentage PSE	..	-12	5	5	5	5
Producer NPC	..	0.85	1.02	1.03	1.02	1.02
Producer NAC	..	0.89	1.05	1.05	1.05	1.05
China[1]						
USD mn	..	5 749	135 386	122 096	118 470	165 591
EUR mn	..	4 514	102 073	92 188	85 199	128 831
Percentage PSE	..	2	15	15	13	17
Producer NPC	..	1.00	1.13	1.14	1.10	1.15
Producer NAC	..	1.03	1.18	1.18	1.15	1.20
Indonesia[1]						
USD mn	..	1 251	23 570	23 754	18 917	28 038
EUR mn	..	947	17 784	17 936	13 604	21 813
Percentage PSE	..	3	19	21	15	21
Producer NPC	..	1.03	1.26	1.28	1.22	1.30
Producer NAC	..	1.04	1.23	1.27	1.17	1.26
Kazakhstan[1]						
USD mn	..	291	1 565	967	1 744	1 985
EUR mn	..	233	1 176	730	1 254	1 544
Percentage PSE	..	8	12	9	11	15
Producer NPC	..	1.00	1.08	1.05	1.08	1.09
Producer NAC	..	1.09	1.13	1.10	1.12	1.17
Russia[1]						
USD mn	..	6 949	14 979	15 974	15 715	13 247
EUR mn	..	5 686	11 223	12 061	11 302	10 306
Percentage PSE	..	18	17	22	15	13
Producer NPC	..	1.07	1.11	1.18	1.09	1.06
Producer NAC	..	1.22	1.20	1.27	1.18	1.16
South Africa[1]						
USD mn	..	1 036	499	315	545	637
EUR mn	..	836	375	238	392	496
Percentage PSE	..	11	3	2	3	3
Producer NPC	..	1.13	1.01	1.01	1.02	1.02
Producer NAC	..	1.13	1.03	1.02	1.03	1.03
Ukraine[1]						
USD mn	..	-1 169	280	2 092	-1 736	485
EUR mn	..	-855	236	1 580	-1 249	378
Percentage PSE	..	-9	1	7	-4	1
Producer NPC	..	0.88	0.95	1.01	0.89	0.94
Producer NAC	..	0.93	1.01	1.07	0.96	1.01

.. Not available

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

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.2. Consumer Support Estimate by country

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
USD mn	-608	-292	0	0	0	0
EUR mn	-553	-236	0	0	0	0
Percentage CSE	-12	-3	0	0	0	0
Consumer NPC	1.13	1.03	1.00	1.00	1.00	1.00
Consumer NAC	1.13	1.03	1.00	1.00	1.00	1.00
Canada						
USD mn	-2 860	-1 758	-5 009	-4 740	-4 954	-5 333
EUR mn	-2 586	-1 429	-3 764	-3 579	-3 563	-4 149
Percentage CSE	-23	-11	-15	-16	-15	-15
Consumer NPC	1.33	1.13	1.18	1.19	1.17	1.18
Consumer NAC	1.30	1.13	1.18	1.19	1.17	1.18
Chile[1]						
USD mn	..	-422	-26	-24	-31	-24
EUR mn	..	-342	-20	-18	-23	-19
Percentage CSE	..	-8	0	0	0	0
Consumer NPC	..	1.09	1.00	1.00	1.00	1.00
Consumer NAC	..	1.09	1.00	1.00	1.00	1.00
European Union[2]						
USD mn	-72 556	-57 825	-14 786	-13 888	-10 805	-19 666
EUR mn	-65 589	-46 625	-11 186	-10 486	-7 770	-15 300
Percentage CSE	-36	-21	-3	-3	-2	-4
Consumer NPC	1.70	1.30	1.04	1.04	1.03	1.05
Consumer NAC	1.56	1.26	1.03	1.03	1.02	1.04
Iceland						
USD mn	-112	-59	-52	-43	-51	-61
EUR mn	-102	-48	-39	-32	-37	-48
Percentage CSE	-70	-43	-27	-25	-26	-31
Consumer NPC	4.44	1.82	1.40	1.35	1.38	1.47
Consumer NAC	3.50	1.75	1.38	1.33	1.36	1.44
Israel[1,3]						
USD mn	..	-637	-854	-840	-986	-737
EUR mn	..	-523	-639	-634	-709	-573
Percentage CSE	..	-22	-15	-15	-16	-14
Consumer NPC	..	1.29	1.18	1.18	1.19	1.16
Consumer NAC	..	1.28	1.18	1.18	1.19	1.16
Japan						
USD mn	-61 284	-76 199	-64 984	-61 951	-64 261	-68 738
EUR mn	-55 383	-61 242	-48 823	-46 776	-46 214	-53 479
Percentage CSE	-62	-54	-45	-45	-44	-46
Consumer NPC	2.66	2.17	1.82	1.82	1.79	1.85
Consumer NAC	2.65	2.16	1.82	1.82	1.79	1.85
Korea						
USD mn	-11 786	-23 777	-22 068	-16 035	-26 073	-24 096
EUR mn	-10 594	-19 120	-16 535	-12 107	-18 751	-18 747
Percentage CSE	-66	-65	-47	-41	-49	-50
Consumer NPC	2.94	2.91	1.89	1.68	1.97	2.02
Consumer NAC	2.93	2.89	1.89	1.68	1.97	2.01
Mexico[4]						
USD mn	-6 298	61	-1 839	-1 464	-1 374	-2 678
EUR mn	-5 126	-48	-1 392	-1 105	-988	-2 084
Percentage CSE	-24	1	-3	-3	-3	-5
Consumer NPC	1.38	1.02	1.04	1.04	1.03	1.05
Consumer NAC	1.32	0.99	1.03	1.03	1.03	1.05
New Zealand						
USD mn	-63	-34	-98	-74	-124	-95
EUR mn	-58	-28	-73	-56	-89	-74
Percentage CSE	-7	-2	-3	-3	-4	-3
Consumer NPC	1.07	1.02	1.03	1.03	1.04	1.03
Consumer NAC	1.07	1.02	1.03	1.03	1.04	1.03
Norway						
USD mn	-1 333	-1 261	-1 839	-1 672	-1 767	-2 077
EUR mn	-1 207	-1 022	-1 383	-1 263	-1 271	-1 616
Percentage CSE	-56	-47	-42	-42	-39	-45
Consumer NPC	3.24	2.13	1.80	1.83	1.69	1.88
Consumer NAC	2.27	1.91	1.73	1.72	1.65	1.82
Switzerland						
USD mn	-4 829	-3 914	-2 581	-2 448	-2 616	-2 679
EUR mn	-4 345	-3 155	-1 938	-1 848	-1 881	-2 084
Percentage CSE	-73	-59	-31	-32	-29	-32
Consumer NPC	4.50	2.91	1.46	1.47	1.42	1.48
Consumer NAC	3.74	2.42	1.45	1.46	1.42	1.47

Table A.2. Consumer Support Estimate by country *(cont.)*

	1986-88	1995-97	2010-12	2010	2011	2012p
Turkey						
USD mn	-2 931	-5 186	-10 365	-16 448	-10 311	-4 338
EUR mn	-2 640	-4 224	-7 736	-12 419	-7 415	-3 375
Percentage CSE	-19	-21	-16	-24	-17	-7
Consumer NPC	1.26	1.29	1.21	1.34	1.21	1.08
Consumer NAC	1.24	1.27	1.20	1.32	1.21	1.08
United States						
USD mn	-3 794	4 452	36 483	32 797	35 694	40 959
EUR mn	-3 494	3 550	27 433	24 763	25 669	31 866
Percentage CSE	-3	3	13	13	13	14
Consumer NPC	1.12	1.08	1.02	1.02	1.02	1.01
Consumer NAC	1.03	0.97	0.88	0.88	0.89	0.88
OECD[5]						
USD mn	-159 871	-171 123	-86 428	-85 073	-86 305	-87 905
EUR mn	-144 686	-137 948	-64 897	-64 234	-62 067	-68 390
Percentage CSE	-30	-23	-8	-8	-8	-8
Consumer NPC	1.52	1.35	1.13	1.14	1.12	1.13
Consumer NAC	1.42	1.30	1.09	1.09	1.08	1.08
Brazil[1]						
USD mn	..	6 493	-3 502	-3 504	-3 333	-3 668
EUR mn	..	5 277	-2 632	-2 645	-2 397	-2 854
Percentage CSE	..	12	-3	-3	-2	-3
Consumer NPC	..	0.89	1.03	1.04	1.02	1.03
Consumer NAC	..	0.89	1.03	1.03	1.02	1.03
China[1]						
USD mn	..	-2 253	-106 419	-110 431	-81 207	-127 618
EUR mn	..	-1 611	-80 356	-83 380	-58 401	-99 288
Percentage CSE	..	-1	-12	-13	-9	-13
Consumer NPC	..	1.01	1.14	1.16	1.10	1.15
Consumer NAC	..	1.01	1.13	1.15	1.10	1.15
Indonesia[1]						
USD mn	..	-1 081	-24 456	-22 756	-21 812	-28 802
EUR mn	..	-810	-18 425	-17 182	-15 686	-22 408
Percentage CSE	..	-3	-24	-25	-20	-26
Consumer NPC	..	1.03	1.35	1.38	1.29	1.38
Consumer NAC	..	1.03	1.31	1.34	1.26	1.34
Kazakhstan[1]						
USD mn	..	-29	-730	-441	-667	-1 081
EUR mn	..	-57	-551	-333	-480	-841
Percentage CSE	..	0	-6	-4	-5	-10
Consumer NPC	..	1.03	1.07	1.04	1.05	1.11
Consumer NAC	..	1.03	1.07	1.04	1.05	1.12
Russia[1]						
USD mn	..	-2 349	-14 543	-16 894	-17 048	-9 685
EUR mn	..	-2 116	-10 851	-12 756	-12 261	-7 535
Percentage CSE	..	-6	-14	-18	-15	-9
Consumer NPC	..	1.06	1.15	1.22	1.16	1.08
Consumer NAC	..	1.07	1.17	1.23	1.18	1.09
South Africa[1]						
USD mn	..	-1 042	-266	-85	-325	-388
EUR mn	..	-837	-200	-64	-234	-302
Percentage CSE	..	-12	-1	0	-2	-2
Consumer NPC	..	1.14	1.01	1.00	1.02	1.02
Consumer NAC	..	1.13	1.01	1.00	1.02	1.02
Ukraine[1]						
USD mn	..	1 950	626	-583	1 806	656
EUR mn	..	1 481	456	-440	1 299	510
Percentage CSE	..	24	3	-3	8	3
Consumer NPC	..	0.83	0.95	1.02	0.89	0.95
Consumer NAC	..	0.84	0.98	1.03	0.93	0.97

.. Not available

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

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.3. General Services Support Estimate by country

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
USD mn	95	385	944	820	1 035	977
EUR mn	86	315	708	619	744	760
Percentage of TSE	6	24	41	39	41	42
Canada						
USD mn	1 464	1 454	2 565	2 457	2 587	2 652
EUR mn	1 328	1 175	1 926	1 855	1 860	2 063
Percentage of TSE	20	29	26	26	25	26
Chile[1]						
USD mn	..	79	367	347	399	357
EUR mn	..	66	275	262	287	278
Percentage of TSE	..	16	52	55	53	48
European Union[2]						
USD mn	9 318	10 912	14 218	13 646	15 358	13 649
EUR mn	8 391	8 901	10 656	10 303	11 045	10 619
Percentage of TSE	8	8	12	12	12	11
Iceland						
USD mn	18	14	7	8	7	7
EUR mn	16	11	5	6	5	5
Percentage of TSE	7	9	5	6	5	4
Israel[1,3]						
USD mn	..	121	178	181	175	178
EUR mn	..	98	134	137	126	139
Percentage of TSE	..	14	16	16	14	17
Japan						
USD mn	8 775	19 447	9 250	8 414	12 594	6 741
EUR mn	7 889	15 611	6 885	6 353	9 057	5 244
Percentage of TSE	15	25	13	13	17	9
Korea						
USD mn	1 475	3 378	2 770	3 010	2 525	2 774
EUR mn	1 368	2 762	2 082	2 273	1 816	2 158
Percentage of TSE	11	13	13	16	11	12
Mexico[4]						
USD mn	1 105	488	805	745	801	870
EUR mn	900	392	605	562	576	677
Percentage of TSE	11	..	10	10	10	11
New Zealand						
USD mn	119	122	325	273	349	354
EUR mn	108	100	244	206	251	275
Percentage of TSE	26	66	72	73	68	74
Norway						
USD mn	124	160	407	391	388	443
EUR mn	112	129	306	295	279	345
Percentage of TSE	4	5	9	10	9	9
Switzerland						
USD mn	438	462	510	465	543	523
EUR mn	396	373	383	351	391	407
Percentage of TSE	7	7	8	8	8	8
Turkey						
USD mn	309	2 303	850	1 039	1 430	80
EUR mn	277	1 878	625	784	1 028	62
Percentage of TSE	7	24	4	5	8	0
United States						
USD mn	13 682	25 678	74 277	69 846	71 539	81 446
EUR mn	12 450	20 786	55 850	52 737	51 448	63 366
Percentage of TSE	23	37	51	51	50	52
OECD[5]						
USD mn	37 045	65 518	106 679	101 015	108 943	110 080
EUR mn	33 556	53 023	80 087	76 271	78 347	85 643
Percentage of TSE	12	19	26	26	27	27
Brazil[1]						
USD mn	..	2 901	2 065	2 181	2 177	1 838
EUR mn	..	2 366	1 547	1 647	1 566	1 430
Percentage of TSE	..	..	19	22	18	17
China[1]						
USD mn	..	5 530	24 637	21 677	24 450	27 783
EUR mn	..	4 527	18 522	16 367	17 584	21 615
Percentage of TSE	..	55	16	15	17	14
Indonesia[1]						
USD mn	..	468	1 655	1 561	1 678	1 727
EUR mn	..	376	1 243	1 178	1 206	1 344
Percentage of TSE	..	..	6	6	8	5
Kazakhstan[1]						
USD mn	..	26	443	404	466	460
EUR mn	..	22	332	305	335	358
Percentage of TSE	..	12	23	29	21	19

Table A.3. General Services Support Estimate by country *(cont.)*

	1986-88	1995-97	2010-12	2010	2011	2012p
Russia[1]						
USD mn	..	1 930	3 423	3 238	4 242	2 788
EUR mn	..	1 643	2 555	2 445	3 051	2 169
Percentage of TSE	..	19	18	17	21	17
South Africa[1]						
USD mn	..	535	321	286	336	341
EUR mn	..	427	241	216	242	265
Percentage of TSE	..	34	40	48	38	35
Ukraine[1]						
USD mn	..	303	688	613	676	775
EUR mn	..	245	517	463	486	603
Percentage of TSE	..	..	7	23	..	61

.. Not available

Note: p: provisional. TSE: Total support estimate.

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.4. Total Support Estimate by country

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
USD mn	1 538	1 666	2 315	2 083	2 525	2 338
EUR mn	1 404	1 345	1 736	1 573	1 816	1 819
Percentage of GDP	0.7	0.4	0.2	0.2	0.2	0.1
Canada						
USD mn	7 518	5 024	10 032	9 606	10 251	10 239
EUR mn	6 848	4 052	7 530	7 253	7 372	7 966
Percentage of GDP	1.8	0.8	0.6	0.6	0.6	0.6
Chile[1]						
USD mn	..	495	709	632	750	745
EUR mn	..	403	532	478	539	579
Percentage of GDP	..	0.6	0.3	0.3	0.3	0.3
European Union[2]						
USD mn	111 547	131 848	121 436	118 411	123 887	122 008
EUR mn	100 838	106 594	91 141	89 406	89 094	94 923
Percentage of GDP	2.6	1.5	0.7	0.7	0.7	0.7
Iceland						
USD mn	257	149	151	137	153	162
EUR mn	230	121	113	104	110	126
Percentage of GDP	5.0	2.1	1.1	1.1	1.1	1.2
Israel[1,3]						
USD mn	..	886	1 138	1 125	1 221	1 067
EUR mn	..	721	852	849	878	830
Percentage of GDP	..	0.9	0.5	0.5	0.5	0.4
Japan						
USD mn	58 424	78 578	69 949	65 264	73 071	71 511
EUR mn	52 904	63 106	52 488	49 277	52 550	55 636
Percentage of GDP	2.3	1.6	1.2	1.2	1.2	1.2
Korea						
USD mn	13 588	26 767	21 616	18 333	23 215	23 298
EUR mn	12 236	21 643	16 221	13 842	16 695	18 126
Percentage of GDP	9.1	4.9	2.0	1.8	2.1	2.0
Mexico[4]						
USD mn	10 395	2 686	7 880	7 282	8 199	8 157
EUR mn	8 458	2 287	5 914	5 499	5 896	6 347
Percentage of GDP	2.6	0.7	0.7	0.7	0.7	0.7
New Zealand						
USD mn	554	185	454	374	511	476
EUR mn	524	150	340	282	368	370
Percentage of GDP	1.6	0.3	0.3	0.3	0.3	0.3
Norway						
USD mn	3 145	3 151	4 432	4 101	4 411	4 784
EUR mn	2 844	2 554	3 330	3 097	3 172	3 722
Percentage of GDP	3.5	2.0	0.9	1.0	0.9	0.9
Switzerland						
USD mn	6 569	7 038	6 245	5 506	6 756	6 472
EUR mn	5 923	5 682	4 684	4 157	4 858	5 035
Percentage of GDP	3.7	2.3	1.0	1.0	1.0	1.0
Turkey						
USD mn	4 260	9 731	19 456	22 605	18 991	16 771
EUR mn	3 835	7 929	14 591	17 068	13 658	13 048
Percentage of GDP	3.7	4.0	2.5	3.1	2.4	2.1
United States						
USD mn	60 182	70 108	145 334	135 869	143 778	156 356
EUR mn	54 918	57 025	109 211	102 587	103 399	121 646
Percentage of GDP	1.3	0.9	1.0	0.9	1.0	1.0
OECD[5]						
USD mn	296 425	344 208	402 531	383 317	409 244	415 032
EUR mn	268 882	278 392	302 210	289 421	294 312	322 898
Percentage of GDP	3.0	1.6	0.9	0.9	1.0	0.9
Brazil[1]						
USD mn	..	-3 971	11 082	9 986	12 330	10 932
EUR mn	..	-3 171	8 304	7 540	8 867	8 505
Percentage of GDP	..	0	0	0	0	0
China[1]						
USD mn	..	11 532	160 023	143 773	142 921	193 374
EUR mn	..	9 245	120 595	108 555	102 783	150 446
Percentage of GDP	..	1.4	2.3	2.4	2.0	2.4
Indonesia[1]						
USD mn	..	1 739	27 072	26 877	22 337	32 002
EUR mn	..	1 340	20 418	20 293	16 064	24 898
Percentage of GDP	..	0.7	3.4	3.8	2.6	3.6
Kazakhstan[1]						
USD mn	..	317	2 008	1 371	2 210	2 444
EUR mn	..	254	1 509	1 035	1 589	1 902
Percentage of GDP	..	1.7	1.1	0.9	1.2	1.2

Table A.4. Total Support Estimate by country *(cont.)*

	1986-88	1995-97	2010-12	2010	2011	2012p
Russia[1]						
USD mn	..	8 879	18 402	19 213	19 957	16 035
EUR mn	..	7 329	13 778	14 506	14 353	12 475
Percentage of GDP	..	2.4	1.1	1.3	1.1	0.8
South Africa[1]						
USD mn	..	1 571	820	601	881	978
EUR mn	..	1 263	616	453	634	761
Percentage of GDP	..	1.0	0.2	0.2	0.2	0.3
Ukraine[1]						
USD mn	..	-866	968	2 705	-1 060	1 260
EUR mn	..	-610	753	2 043	-763	980
Percentage of GDP	..	-2.5	0.7	2.0	-0.6	0.7

.. Not available

Note: p: provisional.

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.5. Composition of Producer Support Estimate by country

Percentage share in PSE

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
Percentage PSE	10	6	3	3	3	3
Support based on commodity output	71	50	0	0	0	0
Payments based on input use	16	35	41	50	35	38
Payments based on current A/An/R/I, production required	0	1	22	17	25	24
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	36	31	39	37
Payments based on non-commodity criteria	0	0	1	2	1	1
Miscellaneous payments	0	0	0	0	0	0
Canada						
Percentage PSE	36	16	15	17	15	14
Support based on commodity output	58	51	60	59	58	64
Payments based on input use	18	14	6	6	6	6
Payments based on current A/An/R/I, production required	22	17	29	28	30	29
Payments based on non-current A/An/R/I, production required	0	0	2	5	0	0
Payments based on non-current A/An/R/I, production not required	0	15	2	0	5	0
Payments based on non-commodity criteria	0	0	0	1	0	0
Miscellaneous payments	2	2	0	0	0	0
Chile[1]						
Percentage PSE	..	8	3	3	3	3
Support based on commodity output	..	82	3	3	4	2
Payments based on input use	..	15	96	95	96	97
Payments based on current A/An/R/I, production required	..	2	1	2	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
Payments based on non-commodity criteria	..	0	0	0	0	0
Miscellaneous payments	..	0	0	0	0	0
European Union[2]						
Percentage PSE	39	34	19	20	18	19
Support based on commodity output	91	61	17	17	14	21
Payments based on input use	5	7	15	15	15	14
Payments based on current A/An/R/I, production required	4	32	18	18	19	17
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	47	48	49	46
Payments based on non-commodity criteria	0	1	2	2	2	2
Miscellaneous payments	0	-1	0	0	0	0
Iceland						
Percentage PSE	77	59	45	44	44	47
Support based on commodity output	93	84	69	67	69	72
Payments based on input use	7	4	6	7	6	6
Payments based on current A/An/R/I, production required	0	0	4	4	4	3
Payments based on non-current A/An/R/I, production required	0	12	20	21	21	19
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	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Israel[1,3]						
Percentage PSE	..	20	12	13	13	11
Support based on commodity output	..	65	83	85	84	81
Payments based on input use	..	28	10	10	10	11
Payments based on current A/An/R/I, production required	..	4	5	5	4	6
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	..	2	1	1	1	1
Payments based on non-commodity criteria	..	0	0	0	0	0
Miscellaneous payments	..	0	0	0	0	0
Japan						
Percentage PSE	64	58	54	55	51	56
Support based on commodity output	93	93	83	84	81	85
Payments based on input use	4	5	3	3	3	2
Payments based on current A/An/R/I, production required	0	0	7	6	9	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	7	8	7
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0

Table A.5. Composition of Producer Support Estimate by country *(cont.)*

Percentage share in PSE

	1986-88	1995-97	2010-12	2010	2011	2012p
Korea						
Percentage PSE	70	67	49	40	52	54
Support based on commodity output	99	94	89	87	90	90
Payments based on input use	1	5	3	4	3	3
Payments based on current A/An/R/I, production required	0	1	5	5	5	4
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	3	4	3	3
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
Mexico[4]						
Percentage PSE	28	5	13	12	13	12
Support based on commodity output	83	98	28	26	23	36
Payments based on input use	17	3	45	48	51	38
Payments based on current A/An/R/I, production required	0	1	5	3	6	6
Payments based on non-current A/An/R/I, production required	0	0	5	5	4	4
Payments based on non-current A/An/R/I, production not required	0	-1	17	19	16	17
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	1	1
Support based on commodity output	20	61	81	79	85	80
Payments based on input use	48	38	19	21	14	20
Payments based on current A/An/R/I, production required	11	1	0	0	0	0
Payments based on non-current A/An/R/I, production required	21	0	0	0	0	0
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	61	60	59	63
Support based on commodity output	72	62	51	51	49	52
Payments based on input use	9	5	5	4	6	5
Payments based on current A/An/R/I, production required	19	33	32	32	33	31
Payments based on non-current A/An/R/I, production required	0	0	12	12	13	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	78	68	55	52	55	57
Support based on commodity output	83	67	42	39	42	45
Payments based on input use	7	6	3	4	4	2
Payments based on current A/An/R/I, production required	7	16	24	25	24	23
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	22	23	22	21
Payments based on non-commodity criteria	0	1	3	3	3	4
Miscellaneous payments	3	3	4	4	4	4
Turkey						
Percentage PSE	20	26	24	26	22	22
Support based on commodity output	78	72	82	87	82	78
Payments based on input use	22	28	9	6	9	12
Payments based on current A/An/R/I, production required	0	1	9	7	9	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	0	0	0	0
Payments based on non-commodity criteria	0	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0	0
United States						
Percentage PSE	22	12	8	8	8	7
Support based on commodity output	44	47	12	14	12	12
Payments based on input use	20	26	33	35	32	33
Payments based on current A/An/R/I, production required	34	8	26	22	29	27
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	19	21	18	20
Payments based on non-commodity criteria	2	7	9	9	8	9
Miscellaneous payments	0	0	0	0	0	0

Table A.5. Composition of Producer Support Estimate by country *(cont.)*

Percentage share in PSE

	1986-88	1995-97	2010-12	2010	2011	2012p
OECD[5]						
Percentage PSE	37	30	19	19	18	19
Support based on commodity output	82	70	45	45	43	48
Payments based on input use	8	10	13	14	14	12
Payments based on current A/An/R/I, production required	8	16	15	14	16	14
Payments based on non-current A/An/R/I, production required	0	0	0	1	0	0
Payments based on non-current A/An/R/I, production not required	1	3	24	25	25	23
Payments based on non-commodity criteria	0	1	2	2	2	2
Miscellaneous payments	0	0	0	0	0	0
Brazil[1]						
Percentage PSE	..	-12	5	5	5	5
Support based on commodity output	..	146	52	63	49	43
Payments based on input use	..	-46	46	34	51	54
Payments based on current A/An/R/I, production required	..	0	2	3	1	4
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[1]						
Percentage PSE	..	2	15	15	13	17
Support based on commodity output	..	-61	68	71	64	69
Payments based on input use	..	140	12	11	13	11
Payments based on current A/An/R/I, production required	..	15	17	14	19	16
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	1	1	2	1
Payments based on non-commodity criteria	..	0	2	3	2	2
Miscellaneous payments	..	0	0	0	0	0
Indonesia[1]						
Percentage PSE	..	3	19	21	15	21
Support based on commodity output	..	112	90	90	88	93
Payments based on input use	..	-12	10	10	12	7
Payments based on current A/An/R/I, production required	..	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
Payments based on non-commodity criteria	..	0	0	0	0	0
Miscellaneous payments	..	0	0	0	0	0
Kazakhstan[1]						
Percentage PSE	..	8	12	9	11	15
Support based on commodity output	..	89	69	57	75	75
Payments based on input use	..	7	23	34	17	18
Payments based on current A/An/R/I, production required	..	0	8	9	8	6
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	..	4	0	0	0	0
Russia[1]						
Percentage PSE	..	18	17	22	15	13
Support based on commodity output	..	33	62	71	65	49
Payments based on input use	..	62	37	27	34	51
Payments based on current A/An/R/I, production required	..	0	1	2	1	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	..	5	0	0	0	0

Table A.5. Composition of Producer Support Estimate by country *(cont.)*

Percentage share in PSE

	1986-88	1995-97	2010-12	2010	2011	2012p
South Africa[1]						
Percentage PSE	..	11	3	2	3	3
Support based on commodity output	..	96	51	34	55	63
Payments based on input use	..	2	49	66	45	37
Payments based on current A/An/R/I, production required	..	2	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
Payments based on non-commodity criteria	..	0	0	0	0	0
Miscellaneous payments	..	0	0	0	0	0
Ukraine[1]						
Percentage PSE	..	-9	1	7	-4	1
Support based on commodity output	..	113	-30	26	198	-312
Payments based on input use	..	-6	102	57	-75	322
Payments based on current A/An/R/I, production required	..	-7	28	17	-23	90
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

.. Not available

Note: p: provisional. A: area planted. An: animal numbers. R: receipts. I: income.

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.6. Characteristics of policy support by country

Percentage share in PSE

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
Proportion of support with output and payment limits	0.0	2.4	34.6	39.3	31.5	32.9
Proportion of support with input constraints	0.0	2.4	19.8	14.5	21.4	23.5
Proportion of support based on single commodities	71.4	52.6	0.1	0.0	0.2	0.2
Proportion of support not requiring production	12.6	13.9	37.0	33.2	39.7	38.1
Canada						
Proportion of support with output and payment limits	35.9	43.8	73.5	73.1	74.7	72.6
Proportion of support with input constraints	0.1	0.0	0.4	0.9	0.2	0.0
Proportion of support based on single commodities	71.4	59.0	75.7	73.2	73.7	80.1
Proportion of support not requiring production	2.1	17.3	2.4	1.2	5.2	0.7
Chile[1]						
Proportion of support with output and payment limits	..	0.0	0.2	0.0	0.0	0.6
Proportion of support with input constraints	..	6.6	36.7	35.9	38.1	35.9
Proportion of support based on single commodities	..	82.4	3.0	3.2	3.7	2.3
Proportion of support not requiring production	..	0.0	0.0	0.0	0.0	0.0
European Union[2]						
Proportion of support with output and payment limits	31.7	49.9	56.7	57.3	58.7	54.1
Proportion of support with input constraints	1.5	13.8	65.0	65.3	67.4	62.2
Proportion of support based on single commodities	93.2	70.2	21.1	21.0	17.8	24.4
Proportion of support not requiring production	0.5	0.3	49.7	49.9	51.6	47.8
Iceland						
Proportion of support with output and payment limits	0.0	47.1	52.7	55.0	53.9	49.3
Proportion of support with input constraints	0.0	0.0	0.1	0.3	0.0	0.0
Proportion of support based on single commodities	94.1	97.4	95.8	94.8	96.1	96.6
Proportion of support not requiring production	0.6	0.2	0.1	0.3	0.0	0.0
Israel[1,3]						
Proportion of support with output and payment limits	..	2.6	2.8	2.7	2.6	3.1
Proportion of support with input constraints	..	0.0	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	..	66.9	84.4	85.2	85.6	82.4
Proportion of support not requiring production	..	2.5	1.0	0.9	0.9	1.0
Japan						
Proportion of support with output and payment limits	2.1	2.2	7.6	6.5	9.6	6.6
Proportion of support with input constraints	0.0	0.0	5.9	5.2	6.6	6.0
Proportion of support based on single commodities	92.7	93.3	88.4	87.7	88.0	89.5
Proportion of support not requiring production	3.1	1.9	7.3	7.2	7.6	7.1
Korea						
Proportion of support with output and payment limits	0.0	0.0	3.2	4.0	2.9	2.8
Proportion of support with input constraints	0.0	0.4	4.1	5.1	3.6	3.5
Proportion of support based on single commodities	99.0	94.4	92.2	90.1	93.3	93.4
Proportion of support not requiring production	0.0	0.0	3.2	4.0	2.9	2.8
Mexico[4]						
Proportion of support with output and payment limits	0.5	-2.0	29.9	30.4	29.5	29.8
Proportion of support with input constraints	0.0	0.0	4.5	4.8	4.5	4.4
Proportion of support based on single commodities	84.4	99.6	46.0	44.6	44.2	49.2
Proportion of support not requiring production	0.0	-1.4	17.0	18.7	15.8	16.6
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	19.9	60.8	81.2	78.6	85.4	79.5
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	32.3	34.9	27.5	25.9	27.0	29.5
Proportion of support with input constraints	0.0	0.7	9.9	10.1	10.2	9.5
Proportion of support based on single commodities	72.4	62.4	55.8	56.3	54.1	57.1
Proportion of support not requiring production	0.0	0.2	0.2	0.3	0.2	0.2
Switzerland						
Proportion of support with output and payment limits	33.6	28.3	9.0	5.3	9.5	12.1
Proportion of support with input constraints	4.8	26.1	52.3	54.1	51.8	50.8
Proportion of support based on single commodities	85.7	69.0	42.0	39.3	41.9	44.8
Proportion of support not requiring production	2.5	3.5	29.3	30.2	29.1	28.5
Turkey						
Proportion of support with output and payment limits	77.6	72.4	83.3	87.2	83.6	79.0
Proportion of support with input constraints	0.0	0.0	0.1	0.0	0.1	0.1
Proportion of support based on single commodities	77.8	72.7	85.4	88.9	85.8	81.4
Proportion of support not requiring production	0.0	0.0	0.0	0.0	0.0	0.0
United States						
Proportion of support with output and payment limits	72.6	66.6	43.5	45.7	40.8	44.0
Proportion of support with input constraints	24.0	28.1	60.2	58.0	60.6	61.9
Proportion of support based on single commodities	71.3	51.4	33.3	30.5	35.1	34.2
Proportion of support not requiring production	2.6	20.0	28.5	29.8	26.8	28.8
OECD[5]						
Proportion of support with output and payment limits	27.8	34.7	39.4	41.5	39.8	36.8
Proportion of support with input constraints	4.3	10.1	35.9	36.0	37.1	34.6
Proportion of support based on single commodities	87.7	75.1	51.8	51.0	50.4	54.1
Proportion of support not requiring production	1.4	3.7	26.4	26.9	27.0	25.2

Table A.6. Characteristics of policy support by country *(cont.)*

Percentage share in PSE

	1986-88	1995-97	2010-12	2010	2011	2012p
Brazil[1]						
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	..	121.4	68.5	77.3	72.5	55.8
Proportion of support not requiring production	..	0.0	0.0	0.0	0.0	0.0
China[1]						
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	2.3	2.9	2.4	1.7
Proportion of support based on single commodities	..	-60.8	68.0	71.1	63.6	69.3
Proportion of support not requiring production	..	6.4	3.7	4.1	4.0	3.1
Indonesia[1]						
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	..	111.4	91.0	90.4	88.8	93.9
Proportion of support not requiring production	..	0.0	0.0	0.0	0.0	0.0
Kazakhstan[1]						
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	..	89.1	72.7	63.0	77.9	77.1
Proportion of support not requiring production	..	4.0	0.1	0.0	0.0	0.2
Russia[1]						
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	..	33.2	66.3	74.4	70.9	53.7
Proportion of support not requiring production	..	5.1	0.0	0.0	0.0	0.0
South Africa[1]						
Proportion of support with output and payment limits	..	0.0	0.0	0.0	0.0	0.0
Proportion of support with input constraints	..	0.1	0.0	0.0	0.0	0.0
Proportion of support based on single commodities	..	96.3	50.6	33.8	54.9	63.0
Proportion of support not requiring production	..	0.0	0.0	0.0	0.0	0.0
Ukraine[1]						
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	..	113.0	-26.1	25.7	197.2	-301.2
Proportion of support not requiring production	..	0.0	0.0	0.0	0.0	0.0

.. Not available

Note: p: provisional. NB: The shares may add to more than 100% as different characteristics may apply to the same payment.

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932877280*

Table A.7. Composition of General Services Support Estimate

Percentage share in GSSE

	1986-88	1995-97	2010-12	2010	2011	2012p
Australia						
Research and Development	100	77	62	66	57	61
Agricultural schools	0	0	0	1	0	0
Inspection services	0	5	9	11	11	7
Infrastructure	0	13	28	21	30	32
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	20	20	20	21
Agricultural schools	14	13	10	10	11	10
Inspection services	17	18	39	39	40	39
Infrastructure	23	16	21	22	20	22
Marketing and promotion	29	32	9	10	9	9
Public stockholding	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Chile[1]						
Research and Development	..	34	25	25	24	27
Agricultural schools	..	1	0	1	0	0
Inspection services	..	1	20	21	19	21
Infrastructure	..	58	49	48	54	47
Marketing and promotion	..	5	5	5	3	5
Public stockholding	..	0	0	0	0	0
Miscellaneous	..	1	0	0	0	0
European Union[2]						
Research and Development	13	18	19	19	19	19
Agricultural schools	3	10	14	14	14	14
Inspection services	2	3	5	7	5	5
Infrastructure	14	21	29	29	29	28
Marketing and promotion	19	25	32	31	33	33
Public stockholding	49	21	0	-1	0	0
Miscellaneous	0	3	0	0	0	0
Iceland						
Research and Development	20	25	11	13	11	9
Agricultural schools	7	10	0	0	0	0
Inspection services	6	9	40	37	41	43
Infrastructure	13	19	3	5	1	2
Marketing and promotion	8	8	4	7	3	4
Public stockholding	47	28	42	37	45	43
Miscellaneous	0	0	0	0	0	0
Israel[1,3]						
Research and Development	..	39	39	34	45	39
Agricultural schools	..	1	0	0	0	0
Inspection services	..	14	16	15	15	18
Infrastructure	..	3	36	43	32	34
Marketing and promotion	..	15	0	0	0	1
Public stockholding	..	28	8	7	7	9
Miscellaneous	..	0	0	0	0	1
Japan						
Research and Development	4	3	11	11	8	14
Agricultural schools	2	1	5	5	4	7
Inspection services	1	1	2	1	1	3
Infrastructure	86	89	76	77	82	70
Marketing and promotion	2	1	1	0	1	1
Public stockholding	3	3	2	3	2	3
Miscellaneous	2	1	3	3	2	3
Korea						
Research and Development	5	10	23	19	26	24
Agricultural schools	0	2	2	4	2	2
Inspection services	2	3	4	3	4	4
Infrastructure	37	74	52	52	52	53
Marketing and promotion	0	0	2	2	2	2
Public stockholding	35	11	16	20	13	15
Miscellaneous	21	0	0	0	0	0
Mexico[4]						
Research and Development	10	19	13	13	14	12
Agricultural schools	16	25	36	35	39	33
Inspection services	0	5	11	11	8	15
Infrastructure	25	23	32	28	32	36
Marketing and promotion	9	6	8	14	7	4
Public stockholding	35	14	0	0	0	0
Miscellaneous	5	9	0	0	0	0

Table A.7. Composition of General Services Support Estimate
(cont.)

Percentage share in GSSE

	1986-88	1995-97	2010-12	2010	2011	2012p
New Zeland						
Research and Development	51	60	29	30	25	30
Agricultural schools	0	3	6	6	6	7
Inspection services	26	24	41	38	47	37
Infrastructure	23	12	24	25	22	26
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	40	39	43	37
Agricultural schools	0	0	0	0	0	0
Inspection services	4	16	17	13	13	24
Infrastructure	16	7	12	13	13	11
Marketing and promotion	25	14	6	10	4	4
Public stockholding	0	2	0	0	0	0
Miscellaneous	0	0	25	25	27	23
Switzerland						
Research and Development	20	21	21	21	21	22
Agricultural schools	6	6	2	2	2	2
Inspection services	2	2	2	2	2	2
Infrastructure	20	14	18	18	17	18
Marketing and promotion	7	8	11	12	11	11
Public stockholding	15	14	8	8	8	8
Miscellaneous	31	34	37	37	37	36
Turkey						
Research and Development	18	2	16	2	1	44
Agricultural schools	1	0	0	0	0	0
Inspection services	16	3	21	5	3	56
Infrastructure	3	1	0	0	0	0
Marketing and promotion	28	90	63	93	95	0
Public stockholding	0	0	0	0	0	0
Miscellaneous	35	4	0	0	0	0
United States						
Research and Development	8	6	3	3	3	3
Agricultural schools	0	0	0	0	0	0
Inspection services	3	2	1	2	2	1
Infrastructure	3	2	4	6	0	5
Marketing and promotion	78	85	89	86	92	88
Public stockholding	0	0	0	0	0	0
Miscellaneous	8	6	3	3	3	2
OECD[5]						
Research and Development	10	9	8	8	8	8
Agricultural schools	3	3	3	3	3	3
Inspection services	3	2	3	4	3	3
Infrastructure	28	35	16	17	16	14
Marketing and promotion	36	42	67	65	66	70
Public stockholding	16	5	1	1	1	1
Miscellaneous	5	4	2	3	3	2
Brazil[1]						
Research and Development	..	17	12	13	11	13
Agricultural schools	..	7	13	11	13	15
Inspection services	..	4	7	8	7	6
Infrastructure	..	58	46	49	48	41
Marketing and promotion	..	0	8	5	6	13
Public stockholding	..	15	13	13	14	12
Miscellaneous	..	0	0	0	0	0
China[1]						
Research and Development	..	1	14	13	14	15
Agricultural schools	..	7	15	16	15	15
Inspection services	..	5	9	8	8	9
Infrastructure	..	23	33	28	35	36
Marketing and promotion	..	0	2	2	2	2
Public stockholding	..	64	27	32	26	23
Miscellaneous	..	0	0	0	0	0
Indonesia[1]						
Research and Development	..	9	4	2	4	4
Agricultural schools	..	13	4	4	4	4
Inspection services	..	5	3	3	3	3
Infrastructure	..	72	79	82	82	75
Marketing and promotion	..	0	0	0	0	0
Public stockholding	..	0	9	8	7	12
Miscellaneous	..	0	1	1	1	0

Table A.7. Composition of General Services Support Estimate
(cont.)

Percentage share in GSSE

	1986-88	1995-97	2010-12	2010	2011	2012p
Kazakhstan[1]						
Research and Development	..	19	9	10	10	7
Agricultural schools	..	0	3	3	4	4
Inspection services	..	51	59	58	54	63
Infrastructure	..	30	12	5	15	16
Marketing and promotion	..	0	12	15	15	6
Public stockholding	..	0	2	3	1	1
Miscellaneous	..	0	3	6	0	2
Russia[1]						
Research and Development	..	5	8	8	8	10
Agricultural schools	..	14	19	17	15	25
Inspection services	..	14	18	18	15	21
Infrastructure	..	18	17	23	10	18
Marketing and promotion	..	3	20	21	16	24
Public stockholding	..	0	2	5	0	0
Miscellaneous	..	47	16	7	36	3
South Africa[1]						
Research and Development	..	85	44	43	44	45
Agricultural schools	..	0	2	0	3	4
Inspection services	..	8	17	17	18	17
Infrastructure	..	7	35	39	34	33
Marketing and promotion	..	0	1	1	2	1
Public stockholding	..	0	0	0	0	0
Miscellaneous	..	0	0	0	0	0
Ukraine[1]						
Research and Development	..	10	10	11	11	9
Agricultural schools	..	15	34	32	34	36
Inspection services	..	8	26	28	25	26
Infrastructure	..	62	20	21	19	19
Marketing and promotion	..	1	2	1	4	2
Public stockholding	..	0	4	4	4	5
Miscellaneous	..	3	3	4	3	2

.. Not available

Note: p: provisional.

1. Data are presented from 1995 onwards.
2. EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 from 2007.
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. For Mexico, 1986-88 is replaced by 1991-93.
5. OECD EU countries are included individually in the OECD total for all years prior to their accession to the EU. Slovenia is only included from 1992. The OECD total does not include the non-OECD EU member states.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.8. OECD: Producer Single Commodity Transfers (USD)

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (USD mn)	**239 510**	**253 931**	**252 550**	**241 778**	**257 230**	**258 642**
Total Producer SCT (USD mn)	**210 081**	**190 833**	**130 913**	**123 209**	**129 714**	**139 817**
Share of Producer SCT in Total PSE (%)	**88**	**75**	**52**	**51**	**50**	**54**
Wheat						
Producer SCT (USD mn)	16 022	3 674	2 536	2 563	2 606	2 439
Percentage SCT	43.2	8.8	3.6	4.2	3.4	3.2
Producer NPC	1.67	1.05	1.02	1.03	1.01	1.01
Maize						
Producer SCT (USD mn)	11 012	2 724	3 081	2 722	3 586	2 934
Percentage SCT	36.2	7.4	3.1	3.2	3.4	2.8
Producer NPC	1.30	1.04	1.00	1.01	1.00	1.00
Barley						
Producer SCT (USD mn)	8 340	1 824	743	1 098	611	518
Percentage SCT	52.3	12.7	4.3	7.3	3.1	2.4
Producer NPC	2.21	1.15	1.04	1.07	1.03	1.02
Oats						
Producer SCT (USD mn)	620	326	53	77	48	33
Percentage SCT	33.3	17.4	2.3	4.0	1.6	1.2
Producer NPC	1.54	1.21	1.01	1.03	1.01	1.01
Sorghum						
Producer SCT (USD mn)	871	50	264	225	307	258
Percentage SCT	31.0	2.2	6.9	6.4	8.2	6.0
Producer NPC	1.18	1.01	1.00	1.00	1.00	1.00
Rice						
Producer SCT (USD mn)	25 346	31 241	22 366	19 302	22 955	24 842
Percentage SCT	79.8	75.4	62.0	58.1	62.5	65.3
Producer NPC	4.90	4.17	2.36	2.17	2.29	2.62
Rapeseed						
Producer SCT (USD mn)	1 833	51	197	132	136	322
Percentage SCT	47.5	1.2	1.0	0.8	0.6	1.5
Producer NPC	1.88	1.01	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (USD mn)	1 161	76	177	156	248	126
Percentage SCT	47.3	4.5	4.7	5.2	5.4	3.4
Producer NPC	1.92	1.05	1.05	1.05	1.06	1.03
Soyabean						
Producer SCT (USD mn)	1 101	355	2 169	1 559	2 645	2 303
Percentage SCT	8.7	2.0	4.8	3.7	6.0	4.7
Producer NPC	1.09	1.02	1.02	1.01	1.02	1.02
Sugar						
Producer SCT (USD mn)	4 988	5 727	1 936	2 167	1 654	1 987
Percentage SCT	50.8	41.2	13.6	16.2	11.0	13.5
Producer NPC	2.31	1.81	1.15	1.18	1.11	1.15
Milk						
Producer SCT (USD mn)	45 278	42 245	14 189	13 565	13 712	15 289
Percentage SCT	59.3	44.7	10.1	10.5	9.1	10.7
Producer NPC	2.83	1.84	1.11	1.11	1.10	1.12
Beef and Veal						
Producer SCT (USD mn)	18 065	19 786	13 147	10 199	11 238	18 006
Percentage SCT	27.9	25.0	11.0	9.6	9.1	14.2
Producer NPC	1.41	1.25	1.10	1.08	1.07	1.14
Sheepmeat						
Producer SCT (USD mn)	4 285	4 085	968	1 321	528	1 055
Percentage SCT	51.7	39.8	8.3	11.9	4.1	8.8
Producer NPC	1.81	1.37	1.06	1.10	1.01	1.06
Wool						
Producer SCT (USD mn)	112	97	27	30	25	26
Percentage SCT	2.9	3.7	0.9	1.1	0.7	0.9
Producer NPC	1.01	1.02	1.01	1.01	1.01	1.01
Pigmeat						
Producer SCT (USD mn)	4 211	5 911	7 677	7 684	8 013	7 334
Percentage SCT	9.0	9.8	9.2	10.3	9.1	8.3
Producer NPC	1.20	1.13	1.10	1.11	1.10	1.09
Poultry						
Producer SCT (USD mn)	3 232	5 012	6 865	6 760	7 293	6 543
Percentage SCT	13.3	13.7	10.4	10.9	11.0	9.4
Producer NPC	1.26	1.17	1.12	1.13	1.12	1.10
Eggs						
Producer SCT (USD mn)	3 352	2 373	1 672	1 910	1 572	1 533
Percentage SCT	21.4	12.3	5.5	6.8	5.1	4.5
Producer NPC	1.34	1.16	1.06	1.08	1.06	1.05
Other Commodities						
Producer SCT (USD mn)[1]	60 252	65 278	52 848	51 739	52 537	54 270
Percentage SCT	26.3	21.0	11.5	11.5	11.1	11.8
Producer NPC	1.57	1.33	1.12	1.12	1.11	1.11

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877318

Table A.9. OECD: Producer Single Commodity Transfers (EUR)

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (EUR mn)	**217 302**	**205 271**	**189 589**	**182 553**	**184 989**	**201 225**
Total Producer SCT (EUR mn)	**190 636**	**154 098**	**98 364**	**93 028**	**93 285**	**108 779**
Share of Producer SCT in Total PSE (%)	**88**	**75**	**52**	**51**	**50**	**54**
Wheat						
Producer SCT (EUR mn)	14 649	2 955	1 903	1 936	1 874	1 898
Percentage SCT	43.2	8.8	3.6	4.2	3.4	3.2
Producer NPC	1.67	1.05	1.02	1.03	1.01	1.01
Maize						
Producer SCT (EUR mn)	10 121	2 193	2 306	2 056	2 579	2 283
Percentage SCT	36.2	7.4	3.1	3.2	3.4	2.8
Producer NPC	1.30	1.04	1.00	1.01	1.00	1.00
Barley						
Producer SCT (EUR mn)	7 627	1 460	557	829	440	403
Percentage SCT	52.3	12.7	4.3	7.3	3.1	2.4
Producer NPC	2.21	1.15	1.04	1.07	1.03	1.02
Oats						
Producer SCT (EUR mn)	574	262	40	58	34	26
Percentage SCT	33.3	17.4	2.3	4.0	1.6	1.2
Producer NPC	1.54	1.21	1.01	1.03	1.01	1.01
Sorghum						
Producer SCT (EUR mn)	806	38	197	170	221	201
Percentage SCT	31.0	2.2	6.9	6.4	8.2	6.0
Producer NPC	1.18	1.01	1.00	1.00	1.00	1.00
Rice						
Producer SCT (EUR mn)	23 037	25 136	16 803	14 574	16 508	19 327
Percentage SCT	79.8	75.4	62.0	58.1	62.5	65.3
Producer NPC	4.90	4.17	2.36	2.17	2.29	2.62
Rapeseed						
Producer SCT (EUR mn)	1 662	41	149	100	97	251
Percentage SCT	47.5	1.2	1.0	0.8	0.6	1.5
Producer NPC	1.88	1.01	1.00	1.00	1.00	1.00
Sunflower						
Producer SCT (EUR mn)	1 054	63	131	118	179	98
Percentage SCT	47.3	4.5	4.7	5.2	5.4	3.4
Producer NPC	1.92	1.05	1.05	1.05	1.06	1.03
Soyabean						
Producer SCT (EUR mn)	1 001	285	1 624	1 177	1 902	1 792
Percentage SCT	8.7	2.0	4.8	3.7	6.0	4.7
Producer NPC	1.09	1.02	1.02	1.01	1.02	1.02
Sugar						
Producer SCT (EUR mn)	4 544	4 662	1 457	1 636	1 189	1 546
Percentage SCT	50.8	41.2	13.6	16.2	11.0	13.5
Producer NPC	2.31	1.81	1.15	1.18	1.11	1.15
Milk						
Producer SCT (EUR mn)	41 115	34 215	10 666	10 242	9 861	11 895
Percentage SCT	59.3	44.7	10.1	10.5	9.1	10.7
Producer NPC	2.83	1.84	1.11	1.11	1.10	1.12
Beef and Veal						
Producer SCT (EUR mn)	16 427	16 079	9 930	7 701	8 082	14 009
Percentage SCT	27.9	25.0	11.0	9.6	9.1	14.2
Producer NPC	1.41	1.25	1.10	1.08	1.07	1.14
Sheepmeat						
Producer SCT (EUR mn)	3 843	3 282	732	997	379	821
Percentage SCT	51.7	39.8	8.3	11.9	4.1	8.8
Producer NPC	1.81	1.37	1.06	1.10	1.01	1.06
Wool						
Producer SCT (EUR mn)	105	77	20	23	18	20
Percentage SCT	2.9	3.7	0.9	1.1	0.7	0.9
Producer NPC	1.01	1.02	1.01	1.01	1.01	1.01
Pigmeat						
Producer SCT (EUR mn)	3 634	4 742	5 757	5 801	5 762	5 706
Percentage SCT	9.0	9.8	9.2	10.3	9.1	8.3
Producer NPC	1.20	1.13	1.10	1.11	1.10	1.09
Poultry						
Producer SCT (EUR mn)	2 850	4 029	5 146	5 104	5 245	5 090
Percentage SCT	13.3	13.7	10.4	10.9	11.0	9.4
Producer NPC	1.26	1.17	1.12	1.13	1.12	1.10
Eggs						
Producer SCT (EUR mn)	3 032	1 897	1 255	1 442	1 131	1 192
Percentage SCT	21.4	12.3	5.5	6.8	5.1	4.5
Producer NPC	1.34	1.16	1.06	1.08	1.06	1.05
Other Commodities						
Producer SCT (EUR mn)[1]	54 554	52 679	39 690	39 065	37 783	42 222
Percentage SCT	26.3	21.0	11.5	11.5	11.1	11.8
Producer NPC	1.57	1.33	1.12	1.12	1.11	1.11

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877337

Table A.10. Australia: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (AUD mn)	**2 022**	**1 694**	**1 379**	**1 377**	**1 445**	**1 314**
Total Producer SCT (AUD mn)	**1 447**	**873**	**2**	**0**	**2**	**2**
Share of Producer SCT in Total PSE (%)	**71**	**53**	**0**	**0**	**0**	**0**
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
Barley						
Producer SCT (AUD mn)	1	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
Oats						
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
Sorghum						
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	0	0	0	0
Percentage SCT	11.1	2.3	0.0	0.0	0.0	0.0
Producer NPC	1.13	1.02	1.00	1.00	1.00	1.00
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	0	0	0	0
Percentage SCT	10.4	2.6	0.0	0.0	0.0	0.0
Producer NPC	1.12	1.03	1.00	1.00	1.00	1.00
Milk						
Producer SCT (AUD mn)	971	515	0	0	0	0
Percentage SCT	62.2	18.3	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)	-2	-1	2	0	2	2
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
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)	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
Poultry						
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
Eggs						
Producer SCT (AUD mn)	43	1	0	0	0	0
Percentage SCT	14.3	0.6	0.0	0.0	0.0	0.0
Producer NPC	1.18	1.01	1.00	1.00	1.00	1.00
Cotton						
Producer SCT (AUD mn)	10	0	0	0	0	0
Percentage SCT	2.7	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.03	1.00	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (AUD mn)[1]	201	206	0	0	0	0
Percentage SCT	6.2	2.9	0.0	0.0	0.0	0.0
Producer NPC	1.07	1.03	1.00	1.00	1.00	1.00

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877356

Table A.11. Brazil: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (BRL mn)	**-6 818**	**15 654**	**12 670**	**16 712**	**17 579**
Total Producer SCT (BRL mn)	**-8 194**	**10 573**	**9 789**	**12 120**	**9 809**
Share of Producer SCT in Total PSE (%)	**121**	**69**	**77**	**73**	**56**
Wheat					
Producer SCT (BRL mn)	52	135	112	186	105
Percentage SCT	10.9	5.3	5.2	6.2	4.4
Producer NPC	1.01	1.02	1.02	1.03	1.02
Maize					
Producer SCT (BRL mn)	412	415	310	567	367
Percentage SCT	8.7	1.8	1.9	2.3	1.2
Producer NPC	1.01	1.01	1.01	1.01	1.00
Rice					
Producer SCT (BRL mn)	353	1 035	971	1 042	1 091
Percentage SCT	17.0	14.9	13.8	15.7	15.3
Producer NPC	1.14	1.16	1.15	1.17	1.17
Soyabean					
Producer SCT (BRL mn)	332	579	412	802	523
Percentage SCT	5.6	1.1	0.9	1.5	0.8
Producer NPC	1.00	1.00	1.00	1.00	1.00
Sugar					
Producer SCT (BRL mn)	-8 204	357	217	673	180
Percentage SCT	-175.4	0.8	0.6	1.4	0.4
Producer NPC	0.36	1.00	1.00	1.00	1.00
Milk					
Producer SCT (BRL mn)	902	3 710	3 487	2 974	4 669
Percentage SCT	18.1	15.0	15.9	12.0	17.2
Producer NPC	1.21	1.17	1.19	1.13	1.20
Beef and Veal					
Producer SCT (BRL mn)	126	358	224	514	337
Percentage SCT	1.4	0.7	0.5	1.0	0.7
Producer NPC	1.00	1.00	1.00	1.00	1.00
Pigmeat					
Producer SCT (BRL mn)	32	477	1 278	88	66
Percentage SCT	1.5	3.7	9.8	0.7	0.5
Producer NPC	1.00	1.04	1.11	1.00	1.00
Poultry					
Producer SCT (BRL mn)	50	88	55	123	85
Percentage SCT	1.4	0.3	0.2	0.4	0.3
Producer NPC	1.00	1.00	1.00	1.00	1.00
Coffee					
Producer SCT (BRL mn)	86	228	159	342	181
Percentage SCT	2.9	1.3	1.3	1.7	0.9
Producer NPC	1.00	1.00	1.00	1.01	1.00
Cotton					
Producer SCT (BRL mn)	84	1 121	778	2 507	78
Percentage SCT	13.1	17.2	21.1	29.2	1.3
Producer NPC	1.02	1.22	1.25	1.40	1.01
Other Commodities					
Producer SCT (BRL mn)[1]	-2 420	2 070	1 786	2 300	2 126
Percentage SCT	-16.4	3.5	3.8	3.9	2.8
Producer NPC	0.85	1.02	1.03	1.02	1.02

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877375

Table A.12. Canada: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (CAD mn)	**7 941**	**4 896**	**7 509**	**7 366**	**7 581**	**7 581**
Total Producer SCT (CAD mn)	**5 682**	**2 840**	**5 684**	**5 393**	**5 585**	**6 075**
Share of Producer SCT in Total PSE (%)	**71**	**59**	**76**	**73**	**74**	**80**
Wheat						
Producer SCT (CAD mn)	1 274	54	115	87	69	188
Percentage SCT	33.2	1.2	2.1	1.7	1.3	3.3
Producer NPC	1.32	1.00	1.00	1.00	1.00	1.00
Maize						
Producer SCT (CAD mn)	169	32	43	33	24	71
Percentage SCT	20.6	2.7	1.4	1.3	0.9	2.0
Producer NPC	1.13	1.00	1.00	1.00	1.00	1.00
Barley						
Producer SCT (CAD mn)	536	26	43	37	35	58
Percentage SCT	47.4	1.9	3.0	2.9	2.7	3.4
Producer NPC	1.76	1.00	1.00	1.00	1.00	1.00
Oats						
Producer SCT (CAD mn)	27	10	23	26	31	11
Percentage SCT	7.5	1.7	3.5	4.9	4.0	1.5
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Rapeseed						
Producer SCT (CAD mn)	170	36	171	112	102	299
Percentage SCT	17.0	1.6	2.2	1.7	1.3	3.6
Producer NPC	1.11	1.00	1.00	1.00	1.00	1.00
Soyabean						
Producer SCT (CAD mn)	8	9	23	5	15	49
Percentage SCT	3.1	1.0	0.9	0.3	0.7	1.8
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Milk						
Producer SCT (CAD mn)	2 591	1 909	3 004	3 097	2 710	3 205
Percentage SCT	73.6	48.2	50.7	54.5	45.1	52.7
Producer NPC	6.33	2.03	2.04	2.20	1.82	2.11
Beef and Veal						
Producer SCT (CAD mn)	-17	73	146	131	174	134
Percentage SCT	-0.5	1.7	2.8	2.6	3.4	2.4
Producer NPC	1.03	1.00	1.00	1.00	1.00	1.00
Pigmeat						
Producer SCT (CAD mn)	-39	84	215	200	219	227
Percentage SCT	-1.7	3.1	5.6	5.7	5.4	5.7
Producer NPC	1.02	1.00	1.00	1.00	1.00	1.00
Poultry						
Producer SCT (CAD mn)	123	50	603	353	791	667
Percentage SCT	12.2	3.4	24.8	15.6	32.7	26.2
Producer NPC	1.19	1.04	1.34	1.19	1.49	1.35
Eggs						
Producer SCT (CAD mn)	78	135	201	160	206	236
Percentage SCT	16.5	23.6	25.2	21.9	26.0	27.6
Producer NPC	1.28	1.31	1.34	1.28	1.35	1.38
Dried Beans						
Producer SCT (CAD mn)	7	2	1	2	1	0
Percentage SCT	9.5	1.8	0.6	1.0	0.7	0.1
Producer NPC	1.13	1.00	1.00	1.00	1.00	1.00
Dried peas						
Producer SCT (CAD mn)	2	3	19	15	14	27
Percentage SCT	3.7	0.9	2.2	2.0	1.7	2.8
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Flax						
Producer SCT (CAD mn)	4	3	5	5	5	6
Percentage SCT	2.9	0.8	2.2	2.1	2.3	2.3
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Lentils						
Producer SCT (CAD mn)	2	2	29	55	16	16
Percentage SCT	8.8	1.0	3.6	6.1	2.1	2.5
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Potatoes						
Producer SCT (CAD mn)	6	5	25	20	22	32
Percentage SCT	1.3	0.8	2.1	1.7	1.9	2.5
Producer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (CAD mn)[1]	739	409	1 018	1 054	1 152	848
Percentage SCT	54.6	120.7	19.2	27.3	17.1	13.2
Producer NPC	2.51	1.13	1.17	1.26	1.12	1.13

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877394

Table A.13. Chile: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (CLP mn)	**170 102**	**168 041**	**145 653**	**169 688**	**188 781**
Total Producer SCT (CLP mn)	**140 034**	**5 055**	**4 598**	**6 202**	**4 366**
Share of Producer SCT in Total PSE (%)	**82**	**3**	**3**	**4**	**2**
Wheat					
Producer SCT (CLP mn)	7 631	0	0	0	0
Percentage SCT	6.1	0.0	0.0	0.0	0.0
Producer NPC	1.07	1.00	1.00	1.00	1.00
Maize					
Producer SCT (CLP mn)	3 166	0	0	0	0
Percentage SCT	4.6	0.0	0.0	0.0	0.0
Producer NPC	1.05	1.00	1.00	1.00	1.00
Sugar					
Producer SCT (CLP mn)	27 124	3 489	2 846	4 391	3 229
Percentage SCT	27.7	2.7	2.6	2.8	2.6
Producer NPC	1.39	1.03	1.03	1.03	1.03
Milk					
Producer SCT (CLP mn)	35 564	0	0	0	0
Percentage SCT	19.1	0.0	0.0	0.0	0.0
Producer NPC	1.24	1.00	1.00	1.00	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
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
Apples					
Producer SCT (CLP mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Grapes					
Producer SCT (CLP mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Tomatoes					
Producer SCT (CLP mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (CLP mn)[1]	49 623	1 566	1 752	1 810	1 136
Percentage SCT	6.7	0.1	0.1	0.1	0.1
Producer NPC	1.07	1.00	1.00	1.00	1.00

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877413

Table A.14. China: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (CNY mn)	**48 052**	**878 800**	**826 089**	**765 694**	**1 044 618**
Total Producer SCT (CNY mn)	**10 805**	**599 514**	**587 021**	**487 100**	**724 421**
Share of Producer SCT in Total PSE (%)	**-61**	**68**	**71**	**64**	**69**
Wheat					
Producer SCT (CNY mn)	8 703	54 058	64 404	29 964	67 806
Percentage SCT	5.7	22.6	28.2	12.3	27.2
Producer NPC	1.07	1.30	1.39	1.14	1.37
Maize					
Producer SCT (CNY mn)	-8 443	35 144	49 986	6 552	48 892
Percentage SCT	-7.3	9.4	15.9	1.6	10.8
Producer NPC	1.01	1.11	1.19	1.02	1.12
Rice					
Producer SCT (CNY mn)	-26 788	33 812	-10 615	30 813	81 239
Percentage SCT	-9.2	5.8	-2.3	5.7	13.9
Producer NPC	0.92	1.07	0.98	1.06	1.16
Rapeseed					
Producer SCT (CNY mn)	3 830	9 361	10 146	7 550	10 388
Percentage SCT	15.5	16.3	19.4	12.2	17.3
Producer NPC	1.19	1.20	1.24	1.14	1.21
Soyabean					
Producer SCT (CNY mn)	308	7 857	10 063	5 500	8 008
Percentage SCT	0.9	14.2	18.0	9.5	14.9
Producer NPC	1.01	1.17	1.22	1.11	1.18
Sugar					
Producer SCT (CNY mn)	3 265	11 390	13 271	6 593	14 306
Percentage SCT	17.8	21.1	26.5	11.8	25.1
Producer NPC	1.22	1.28	1.36	1.13	1.33
Milk					
Producer SCT (CNY mn)	7 853	30 326	17 879	27 594	45 504
Percentage SCT	60.9	24.4	16.0	22.2	35.0
Producer NPC	2.55	1.35	1.21	1.29	1.56
Beef and Veal					
Producer SCT (CNY mn)	520	29 583	23 522	29 961	35 267
Percentage SCT	1.6	13.0	12.7	13.3	12.9
Producer NPC	1.00	1.16	1.16	1.16	1.16
Sheepmeat					
Producer SCT (CNY mn)	3 417	22 980	18 236	23 872	26 831
Percentage SCT	16.2	14.1	13.9	14.4	14.1
Producer NPC	1.17	1.17	1.17	1.17	1.17
Pigmeat					
Producer SCT (CNY mn)	3 676	130 802	96 413	156 163	139 830
Percentage SCT	1.1	12.6	12.1	13.5	12.3
Producer NPC	1.00	1.16	1.16	1.16	1.16
Poultry					
Producer SCT (CNY mn)	699	7 227	5 483	11 041	5 156
Percentage SCT	0.5	2.0	1.7	3.0	1.3
Producer NPC	1.00	1.04	1.04	1.03	1.03
Eggs					
Producer SCT (CNY mn)	724	-5 481	-7 164	-1 280	-8 000
Percentage SCT	0.5	-2.7	-3.8	-0.6	-3.6
Producer NPC	1.00	1.00	1.00	1.00	1.00
Apples					
Producer SCT (CNY mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Cotton					
Producer SCT (CNY mn)	11 787	47 122	86 104	12 101	43 163
Percentage SCT	18.1	34.0	58.3	10.2	33.6
Producer NPC	1.22	1.67	2.40	1.11	1.51
Peanuts					
Producer SCT (CNY mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (CNY mn)[1]	1 254	185 334	209 293	140 675	206 032
Percentage SCT	0.7	10.8	11.4	8.6	12.3
Producer NPC	1.00	1.13	1.14	1.10	1.15

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.15. European Union:[1] Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (EUR mn)	**88 005**	**93 763**	**79 056**	**77 436**	**76 505**	**83 228**
Total Producer SCT (EUR mn)	**82 020**	**65 820**	**16 734**	**16 295**	**13 605**	**20 303**
Share of Producer SCT in Total PSE (%)	**93**	**70**	**21**	**21**	**18**	**24**
Wheat						
Producer SCT (EUR mn)	7 228	1 558	34	36	31	35
Percentage SCT	49.3	11.2	0.1	0.2	0.1	0.1
Producer NPC	2.13	1.02	0.91	0.91	0.92	0.91
Maize						
Producer SCT (EUR mn)	2 696	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	0.82	0.91	0.80	0.76
Barley						
Producer SCT (EUR mn)	4 568	734	0	0	0	0
Percentage SCT	57.5	12.6	0.0	0.0	0.0	0.0
Producer NPC	2.58	1.17	0.97	0.94	0.98	0.98
Oats						
Producer SCT (EUR mn)	291	201	0	0	0	0
Percentage SCT	33.3	24.6	0.0	0.0	0.0	0.0
Producer NPC	1.58	1.33	0.93	0.97	0.89	0.94
Rice						
Producer SCT (EUR mn)	412	290	111	165	163	5
Percentage SCT	58.9	33.5	10.6	16.3	14.8	0.6
Producer NPC	2.50	1.50	0.84	0.81	0.93	0.77
Rapeseed						
Producer SCT (EUR mn)	1 267	4	2	2	2	0
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)	971	2	1	1	1	0
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	0	0	0	0
Percentage SCT	60.9	0.3	0.0	0.0	0.0	0.0
Producer NPC	2.63	1.00	1.00	1.00	1.00	1.00
Sugar						
Producer SCT (EUR mn)	2 582	2 800	73	80	64	76
Percentage SCT	58.8	49.7	2.0	2.5	1.6	2.0
Producer NPC	22.22	15.69	5.23	4.82	5.08	5.77
Milk						
Producer SCT (EUR mn)	21 363	18 689	776	720	676	931
Percentage SCT	69.6	50.1	1.6	1.6	1.3	1.8
Producer NPC	4.56	2.07	0.98	0.96	0.97	1.00
Beef and Veal						
Producer SCT (EUR mn)	10 505	12 171	4 824	3 078	3 069	8 326
Percentage SCT	50.6	48.5	17.3	12.4	11.1	28.3
Producer NPC	2.07	1.66	1.15	1.07	1.06	1.32
Sheepmeat						
Producer SCT (EUR mn)	3 568	3 093	698	895	363	838
Percentage SCT	69.1	56.1	13.6	19.2	6.8	14.7
Producer NPC	2.70	1.71	1.08	1.14	1.00	1.09
Pigmeat						
Producer SCT (EUR mn)	-270	1 381	286	799	24	35
Percentage SCT	-1.4	5.3	0.9	2.5	0.1	0.1
Producer NPC	1.13	1.08	1.01	1.02	1.00	1.00
Poultry						
Producer SCT (EUR mn)	963	2 399	3 609	3 858	3 484	3 485
Percentage SCT	13.3	30.6	24.6	28.7	23.1	22.1
Producer NPC	1.46	1.51	1.33	1.40	1.30	1.28
Eggs						
Producer SCT (EUR mn)	1 682	456	69	67	80	58
Percentage SCT	32.7	9.4	0.8	0.9	1.0	0.5
Producer NPC	1.64	1.14	1.01	1.01	1.01	1.00
Flowers						
Producer SCT (EUR mn)	714	784	451	469	437	446
Percentage SCT	8.0	5.9	2.4	2.5	2.4	2.4
Producer NPC	1.09	1.06	1.02	1.03	1.02	1.02
Potatoes						
Producer SCT (EUR mn)	616	940	1 027	1 018	1 225	837
Percentage SCT	14.4	12.1	9.3	9.6	9.6	8.8
Producer NPC	1.17	1.14	1.10	1.10	1.10	1.10
Tomatoes						
Producer SCT (EUR mn)	935	72	614	933	712	197
Percentage SCT	13.5	0.7	5.1	6.8	6.8	1.6
Producer NPC	1.16	1.01	1.05	1.07	1.07	1.02

Table A.15. European Union:[1] Producer Single Commodity Transfers *(cont.)*

	1986-88	1995-97	2010-12	2010	2011	2012p
Wine						
Producer SCT (EUR mn)	751	704	28	24	30	29
Percentage SCT	8.3	4.9	0.2	0.2	0.2	0.2
Producer NPC	1.09	1.05	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (EUR mn)[2]	20 697	17 339	4 130	4 147	3 242	5 002
Percentage SCT	32.0	27.2	4.4	4.4	3.6	5.2
Producer NPC	1.56	1.39	1.04	1.04	1.03	1.05

Note: p: provisional. PSE: Producer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. EU12 for 1986-94, including ex GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06 and EU27 for 2007.
2. The producer SCT for Other Commodities is the Total Producer SCT minus the sum of Producer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.16. Iceland: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (ISK mn)	**7 896**	**8 759**	**16 977**	**15 481**	**16 505**	**18 947**
Total Producer SCT (ISK mn)	**7 434**	**8 534**	**16 282**	**14 682**	**15 866**	**18 296**
Share of Producer SCT in Total PSE (%)	**94**	**97**	**96**	**95**	**96**	**97**
Milk						
Producer SCT (ISK mn)	2 623	3 909	7 955	7 188	7 779	8 900
Percentage SCT	87.8	72.3	53.1	49.9	51.0	58.5
Producer NPC	9.45	3.89	2.10	1.95	2.00	2.35
Beef and Veal						
Producer SCT (ISK mn)	323	292	173	258	103	158
Percentage SCT	57.4	32.9	7.2	10.9	4.8	5.9
Producer NPC	2.40	1.58	1.03	1.08	1.00	1.02
Sheepmeat						
Producer SCT (ISK mn)	2 157	1 724	3 481	3 333	3 434	3 675
Percentage SCT	71.3	53.5	43.2	46.7	42.0	41.0
Producer NPC	3.57	1.51	1.00	1.00	1.00	1.00
Wool						
Producer SCT (ISK mn)	26	129	143	144	99	185
Percentage SCT	15.0	45.0	32.6	36.1	21.9	40.0
Producer NPC	1.20	2.05	1.56	1.63	1.33	1.72
Pigmeat						
Producer SCT (ISK mn)	346	446	593	359	636	784
Percentage SCT	73.8	48.9	27.2	20.5	29.1	32.0
Producer NPC	4.08	2.05	1.41	1.28	1.44	1.49
Poultry						
Producer SCT (ISK mn)	225	489	1 909	1 562	1 807	2 358
Percentage SCT	83.5	83.2	68.8	68.1	67.4	70.8
Producer NPC	6.38	6.39	3.28	3.19	3.15	3.49
Eggs						
Producer SCT (ISK mn)	304	410	678	595	785	653
Percentage SCT	81.4	73.4	58.4	60.7	63.2	51.4
Producer NPC	5.63	4.00	2.54	2.65	2.86	2.11
Other Commodities						
Producer SCT (ISK mn)[1]	1 429	1 135	1 350	1 245	1 223	1 583
Percentage SCT	73.1	41.5	28.2	25.8	27.2	31.6
Producer NPC	3.96	1.78	1.43	1.38	1.41	1.49

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877470

Table A.17. Indonesia: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (IDR mn)	**2 721 434**	**214 554 578**	**215 643 218**	**165 726 873**	**262 293 643**
Total Producer SCT (IDR mn)	**2 088 172**	**196 134 833**	**194 983 996**	**147 142 380**	**246 278 124**
Share of Producer SCT in Total PSE (%)	**111**	**91**	**90**	**89**	**94**
Maize					
Producer SCT (IDR mn)	-78 159	13 408 449	19 611 075	11 294 209	9 320 064
Percentage SCT	-1.6	24.3	37.1	20.5	15.2
Producer NPC	0.99	1.33	1.57	1.25	1.18
Rice					
Producer SCT (IDR mn)	-1 300 662	101 591 111	72 089 811	91 576 399	141 107 123
Percentage SCT	-4.9	36.9	30.5	34.3	46.1
Producer NPC	0.96	1.60	1.43	1.52	1.85
Soyabean					
Producer SCT (IDR mn)	44 619	338 804	382 997	296 026	337 390
Percentage SCT	2.6	5.7	6.1	5.0	5.9
Producer NPC	1.03	1.03	1.03	1.03	1.03
Sugar					
Producer SCT (IDR mn)	-359 420	1 868 915	3 634 310	-313 857	2 286 292
Percentage SCT	-18.7	10.4	21.2	-2.0	12.0
Producer NPC	0.86	1.13	1.27	0.98	1.14
Milk					
Producer SCT (IDR mn)	10 500	-314 773	-563 290	-520 114	139 086
Percentage SCT	4.5	-10.2	-18.5	-16.0	4.0
Producer NPC	1.03	0.93	0.87	0.88	1.06
Beef and Veal					
Producer SCT (IDR mn)	1 844 319	8 334 829	7 915 630	9 272 807	7 816 049
Percentage SCT	63.0	32.1	34.1	34.6	27.6
Producer NPC	2.69	1.57	1.67	1.61	1.43
Pigmeat					
Producer SCT (IDR mn)	7 728	-703 680	-1 002 313	-618 456	-490 271
Percentage SCT	0.4	-10.0	-15.4	-8.4	-6.1
Producer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Producer SCT (IDR mn)	1 844 906	28 449 230	32 505 454	24 189 318	28 652 919
Percentage SCT	31.5	44.3	52.9	38.0	42.1
Producer NPC	1.46	1.92	2.32	1.67	1.78
Eggs					
Producer SCT (IDR mn)	10 337	2 076 145	2 236 106	1 520 382	2 471 946
Percentage SCT	2.0	10.6	12.3	7.8	11.8
Producer NPC	1.07	1.29	1.42	1.21	1.23
Bananas					
Producer SCT (IDR mn)	492	1 812	1 009	1 482	2 944
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Cassava					
Producer SCT (IDR mn)	4 709	13 975	19 820	10 386	11 720
Percentage SCT	0.2	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Cocoa Beans					
Producer SCT (IDR mn)	13 650	19 857	21 528	18 165	19 878
Percentage SCT	1.9	0.1	0.1	0.1	0.1
Producer NPC	1.00	1.00	1.00	1.00	1.00
Coffee					
Producer SCT (IDR mn)	1 178	15 060	14 235	18 886	12 059
Percentage SCT	0.1	0.2	0.1	0.2	0.1
Producer NPC	1.00	1.00	1.00	1.00	1.00
Palm oil					
Producer SCT (IDR mn)	-601 658	-26 750 119	-8 684 035	-39 948 772	-31 617 549
Percentage SCT	-12.6	-19.8	-8.0	-29.4	-21.9
Producer NPC	0.89	0.84	0.93	0.77	0.82
Rubber					
Producer SCT (IDR mn)	11 844	15 906	21 293	14 691	11 735
Percentage SCT	0.5	0.0	0.1	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (IDR mn)[1]	633 788	67 769 311	66 780 367	50 330 827	86 196 739
Percentage SCT	2.6	17.4	19.3	13.0	19.9
Producer NPC	1.03	1.23	1.26	1.16	1.26

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877489

Table A.18. Israel: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (ILS mn)	**2 466**	**3 560**	**3 521**	**3 737**	**3 423**
Total Producer SCT (ILS mn)	**1 664**	**3 006**	**3 002**	**3 197**	**2 820**
Share of Producer SCT in Total PSE (%)	**67**	**84**	**85**	**86**	**82**
Wheat					
Producer SCT (ILS mn)	20	19	14	28	14
Percentage SCT	16.2	13.4	13.3	20.3	6.8
Producer NPC	1.22	1.16	1.15	1.25	1.07
Milk					
Producer SCT (ILS mn)	800	704	454	722	935
Percentage SCT	58.1	27.1	19.1	26.8	35.2
Producer NPC	2.48	1.39	1.24	1.38	1.54
Beef and Veal					
Producer SCT (ILS mn)	135	656	582	713	671
Percentage SCT	29.1	41.2	40.3	41.8	41.5
Producer NPC	1.42	1.71	1.68	1.73	1.71
Sheepmeat					
Producer SCT (ILS mn)	51	253	271	266	221
Percentage SCT	32.3	29.5	33.0	32.6	22.9
Producer NPC	1.50	1.43	1.50	1.50	1.30
Poultry					
Producer SCT (ILS mn)	248	303	724	180	5
Percentage SCT	16.7	9.4	22.5	5.4	0.2
Producer NPC	1.26	1.13	1.31	1.07	1.00
Eggs					
Producer SCT (ILS mn)	35	97	58	94	139
Percentage SCT	7.7	11.6	7.7	11.4	15.9
Producer NPC	1.11	1.15	1.10	1.16	1.20
Apples					
Producer SCT (ILS mn)	0	79	125	86	24
Percentage SCT	0.0	11.8	18.3	12.6	4.5
Producer NPC	1.00	1.14	1.22	1.14	1.05
Avocado					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Bananas					
Producer SCT (ILS mn)	-36	104	26	185	101
Percentage SCT	-21.7	25.1	9.5	42.1	23.6
Producer NPC	0.85	1.38	1.10	1.73	1.31
Cotton					
Producer SCT (ILS mn)	-36	2	15	10	-19
Percentage SCT	-11.9	3.7	19.0	5.8	-13.7
Producer NPC	0.90	1.06	1.23	1.06	0.88
Grapefruit					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Grapes					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Orange					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Peppers					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Peanuts					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Potatoes					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Tomatoes					
Producer SCT (ILS mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (ILS mn)[1]	446	790	731	911	728
Percentage SCT	8.5	6.4	7.0	7.2	5.2
Producer NPC	1.10	1.06	1.07	1.05	1.04

Note: p: provisional. PSE: Producer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

Note: 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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877508

Table A.19. Japan: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (JPY bn)	**7 267**	**6 239**	**4 992**	**4 988**	**4 820**	**5 169**
Total Producer SCT (JPY bn)	**6 740**	**5 822**	**4 413**	**4 375**	**4 240**	**4 625**
Share of Producer SCT in Total PSE (%)	**93**	**93**	**88**	**88**	**88**	**89**
Wheat						
Producer SCT (JPY bn)	135	61	34	28	37	37
Percentage SCT	84.7	81.2	47.8	48.1	51.5	43.8
Producer NPC	6.56	5.34	1.92	1.93	2.06	1.78
Barley						
Producer SCT (JPY bn)	52	24	14	11	16	16
Percentage SCT	84.1	77.3	70.9	67.9	72.8	71.9
Producer NPC	6.30	4.49	3.45	3.11	3.67	3.56
Rice						
Producer SCT (JPY bn)	2 720	2 385	1 468	1 389	1 439	1 576
Percentage SCT	82.6	79.9	75.1	72.8	75.1	77.5
Producer NPC	5.81	5.12	3.52	3.29	3.32	3.96
Soyabean						
Producer SCT (JPY bn)	29	5	18	7	25	24
Percentage SCT	64.7	19.8	36.4	18.7	46.7	43.8
Producer NPC	2.96	1.26	1.63	1.23	1.87	1.78
Sugar						
Producer SCT (JPY bn)	81	54	41	41	37	45
Percentage SCT	65.1	58.6	54.3	53.8	50.6	58.7
Producer NPC	2.88	2.42	2.20	2.16	2.02	2.42
Milk						
Producer SCT (JPY bn)	621	501	378	369	370	394
Percentage SCT	86.0	69.8	56.0	55.4	55.2	57.6
Producer NPC	7.43	3.40	2.28	2.24	2.23	2.36
Beef and Veal						
Producer SCT (JPY bn)	357	155	191	150	179	244
Percentage SCT	71.5	34.4	37.0	32.0	36.0	43.0
Producer NPC	3.65	1.53	1.60	1.47	1.56	1.76
Pigmeat						
Producer SCT (JPY bn)	285	255	343	342	342	343
Percentage SCT	41.5	50.5	66.8	67.4	65.9	67.2
Producer NPC	1.73	2.07	3.03	3.08	2.94	3.07
Poultry						
Producer SCT (JPY bn)	45	29	27	28	27	28
Percentage SCT	11.3	10.5	10.2	10.2	10.2	10.2
Producer NPC	1.13	1.12	1.12	1.12	1.12	1.12
Eggs						
Producer SCT (JPY bn)	70	71	65	63	68	64
Percentage SCT	17.0	16.1	14.9	14.4	15.0	15.4
Producer NPC	1.21	1.19	1.18	1.17	1.18	1.18
Apples						
Producer SCT (JPY bn)	36	25	29	20	48	19
Percentage SCT	24.9	17.8	22.2	14.9	36.8	14.8
Producer NPC	1.36	1.22	1.31	1.18	1.58	1.17
Chinese cabbage						
Producer SCT (JPY bn)	10	50	77	86	72	74
Percentage SCT	10.0	51.5	75.2	76.0	75.5	74.2
Producer NPC	1.12	2.09	4.03	4.16	4.08	3.87
Cucumbers						
Producer SCT (JPY bn)	36	33	24	50	4	17
Percentage SCT	20.5	18.9	16.8	34.7	3.0	12.7
Producer NPC	1.26	1.24	1.24	1.53	1.03	1.15
Grapes						
Producer SCT (JPY bn)	39	62	67	70	65	66
Percentage SCT	35.7	50.9	66.0	66.8	65.8	65.3
Producer NPC	1.56	2.04	2.94	3.01	2.93	2.88
Mandarins						
Producer SCT (JPY bn)	29	75	74	84	74	63
Percentage SCT	17.5	33.4	48.7	54.3	48.3	43.4
Producer NPC	1.21	1.56	1.96	2.19	1.93	1.77
Pears						
Producer SCT (JPY bn)	23	31	45	53	36	47
Percentage SCT	25.9	27.5	55.0	63.3	44.4	57.4
Producer NPC	1.36	1.43	2.29	2.73	1.80	2.35
Spinach						
Producer SCT (JPY bn)	48	80	3	3	3	3
Percentage SCT	54.0	71.3	3.2	3.3	3.0	3.2
Producer NPC	2.20	4.20	1.03	1.03	1.03	1.03
Strawberries						
Producer SCT (JPY bn)	14	39	27	26	31	24
Percentage SCT	10.0	22.0	17.6	17.0	20.0	15.8
Producer NPC	1.11	1.29	1.21	1.21	1.25	1.19

Table A.19. Japan: Producer Single Commodity Transfers *(cont.)*

	1986-88	1995-97	2010-12	2010	2011	2012p
Welsh Onion						
Producer SCT (JPY bn)	33	65	109	122	98	107
Percentage SCT	37.4	48.4	75.0	77.5	73.0	74.3
Producer NPC	1.65	1.94	4.02	4.44	3.71	3.90
Other Commodities						
Producer SCT (JPY bn)[1]	2 077	1 822	1 379	1 436	1 269	1 432
Percentage SCT	62.3	53.1	46.4	49.7	39.9	49.5
Producer NPC	2.66	2.15	1.88	1.99	1.67	1.98

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877527

Table A.20. Kazakhstan: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (KZT mn)	**19 075**	**231 769**	**142 471**	**255 754**	**297 083**
Total Producer SCT (KZT mn)	**17 670**	**172 669**	**89 691**	**199 202**	**229 113**
Share of Producer SCT in Total PSE (%)	**89**	**73**	**63**	**78**	**77**
Wheat					
Producer SCT (KZT mn)	-13 917	60 790	15 517	117 576	49 276
Percentage SCT	-23.8	14.6	7.4	17.8	18.6
Producer NPC	0.81	1.18	1.08	1.22	1.23
Maize					
Producer SCT (KZT mn)	-236	-4 368	-2 228	-6 195	-4 681
Percentage SCT	-26.9	-33.3	-21.4	-47.4	-31.1
Producer NPC	0.81	0.75	0.82	0.68	0.76
Barley					
Producer SCT (KZT mn)	-377	-11 885	-462	-20 101	-15 092
Percentage SCT	1.5	-28.5	-2.6	-45.6	-37.2
Producer NPC	1.06	0.80	0.97	0.69	0.73
Rice					
Producer SCT (KZT mn)	-1 618	-8 490	-4 193	-11 281	-9 996
Percentage SCT	-57.3	-58.7	-22.7	-84.3	-69.0
Producer NPC	0.66	0.59	0.77	0.49	0.53
Sunflower					
Producer SCT (KZT mn)	-128	515	-4 684	4 468	1 761
Percentage SCT	-12.6	-2.2	-30.3	16.4	7.3
Producer NPC	0.89	1.01	0.77	1.20	1.08
Milk					
Producer SCT (KZT mn)	26 197	8 830	2 963	4 696	18 832
Percentage SCT	56.8	2.8	1.1	1.4	5.8
Producer NPC	2.44	1.03	1.01	1.01	1.06
Beef and Veal					
Producer SCT (KZT mn)	137	23 687	9 212	9 732	52 119
Percentage SCT	0.4	8.4	4.2	3.9	17.0
Producer NPC	1.00	1.08	1.02	1.03	1.20
Sheepmeat					
Producer SCT (KZT mn)	25	3 174	200	394	8 927
Percentage SCT	0.2	2.6	0.3	0.4	7.3
Producer NPC	1.00	1.03	1.00	1.00	1.08
Pigmeat					
Producer SCT (KZT mn)	147	34 175	27 638	27 686	47 200
Percentage SCT	1.3	32.2	30.4	27.8	38.4
Producer NPC	1.00	1.47	1.44	1.36	1.60
Poultry					
Producer SCT (KZT mn)	1 037	7 524	6 221	8 275	8 076
Percentage SCT	31.3	20.2	19.6	23.4	17.6
Producer NPC	1.37	1.21	1.22	1.24	1.17
Eggs					
Producer SCT (KZT mn)	1 876	11 670	13 652	14 133	7 225
Percentage SCT	29.5	24.6	29.9	28.7	15.1
Producer NPC	1.78	1.28	1.43	1.30	1.11
Cotton					
Producer SCT (KZT mn)	-605	3 750	9 752	-2 024	3 521
Percentage SCT	-12.9	14.7	38.8	-6.1	11.3
Producer NPC	0.89	1.16	1.55	0.89	1.05
Potatoes					
Producer SCT (KZT mn)	412	9 117	87	14 920	12 345
Percentage SCT	1.4	5.5	0.1	8.0	8.5
Producer NPC	1.01	1.06	1.00	1.08	1.09
Other Commodities					
Producer SCT (KZT mn)[1]	4 718	34 180	16 016	36 924	49 599
Percentage SCT	7.4	7.8	4.9	7.9	10.7
Producer NPC	1.20	1.03	1.02	1.07	1.00

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877546

Table A.21. Korea: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (KRW bn)	**9 605**	**19 277**	**21 193**	**17 658**	**22 864**	**23 056**
Total Producer SCT (KRW bn)	**9 511**	**18 199**	**19 587**	**15 909**	**21 324**	**21 530**
Share of Producer SCT in Total PSE (%)	**99**	**94**	**92**	**90**	**93**	**93**
Barley						
Producer SCT (KRW bn)	220	208	37	49	36	26
Percentage SCT	72.8	79.4	51.7	59.0	49.0	47.2
Producer NPC	3.69	4.89	2.10	2.44	1.96	1.89
Rice						
Producer SCT (KRW bn)	4 509	6 886	4 823	3 690	5 102	5 678
Percentage SCT	82.0	82.1	54.9	46.9	56.4	61.4
Producer NPC	5.59	5.89	2.07	1.74	2.09	2.38
Soyabean						
Producer SCT (KRW bn)	156	235	616	457	792	597
Percentage SCT	78.7	85.2	89.2	88.9	90.8	87.7
Producer NPC	4.75	6.97	9.36	9.02	10.91	8.14
Milk						
Producer SCT (KRW bn)	306	512	880	773	754	1 113
Percentage SCT	67.8	59.9	48.9	45.6	45.7	55.4
Producer NPC	3.11	2.50	1.97	1.84	1.84	2.24
Beef and Veal						
Producer SCT (KRW bn)	496	1 294	1 225	1 243	1 042	1 390
Percentage SCT	53.8	64.9	31.0	30.8	31.2	31.0
Producer NPC	2.23	2.89	1.45	1.45	1.45	1.45
Pigmeat						
Producer SCT (KRW bn)	307	775	2 329	2 052	2 877	2 059
Percentage SCT	32.2	39.5	57.9	58.0	63.9	52.0
Producer NPC	1.50	1.69	2.41	2.38	2.77	2.08
Poultry						
Producer SCT (KRW bn)	132	385	627	657	711	512
Percentage SCT	49.4	56.5	44.4	46.6	49.0	37.4
Producer NPC	2.09	2.33	1.81	1.87	1.96	1.60
Eggs						
Producer SCT (KRW bn)	-28	63	96	74	180	33
Percentage SCT	-10.8	10.7	7.2	6.2	12.7	2.7
Producer NPC	0.92	1.12	1.08	1.07	1.15	1.03
Chinese Cabbage						
Producer SCT (KRW bn)	76	108	170	147	151	211
Percentage SCT	23.1	22.7	21.3	21.3	21.3	21.3
Producer NPC	1.30	1.29	1.27	1.27	1.27	1.27
Garlic						
Producer SCT (KRW bn)	261	534	322	-84	453	597
Percentage SCT	71.5	56.1	45.7	-19.4	72.9	83.4
Producer NPC	3.50	2.62	3.52	0.84	3.69	6.04
Red pepper						
Producer SCT (KRW bn)	398	702	1 112	648	911	1 775
Percentage SCT	63.6	59.8	76.8	77.9	70.4	81.9
Producer NPC	2.75	2.55	4.48	4.53	3.38	5.53
Other Commodities						
Producer SCT (KRW bn)[1]	2 679	6 497	7 351	6 201	8 313	7 538
Percentage SCT	76.8	64.6	43.9	31.0	48.5	52.2
Producer NPC	9.17	2.91	1.83	1.45	1.94	2.09

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877565

Table A.22. Mexico: Producer Single Commodity Transfers

	1991-93	1995-97	2010-12	2010	2011	2012p
Total PSE (MXN mn)	**25 995**	**12 953**	**86 764**	**79 228**	**88 083**	**92 980**
Total Producer SCT (MXN mn)	**21 975**	**630**	**39 990**	**35 342**	**38 905**	**45 724**
Share of Producer SCT in Total PSE (%)	**84**	**100**	**46**	**45**	**44**	**49**
Wheat						
Producer SCT (MXN mn)	492	-176	2 404	1 932	3 798	1 481
Percentage SCT	22.0	-7.6	16.0	16.2	21.4	10.3
Producer NPC	1.29	0.95	1.01	1.03	1.00	1.00
Maize						
Producer SCT (MXN mn)	5 225	-732	4 361	5 263	5 842	1 979
Percentage SCT	42.9	-2.7	6.6	8.3	8.6	2.8
Producer NPC	1.75	0.99	1.00	1.00	1.00	1.00
Barley						
Producer SCT (MXN mn)	144	26	13	31	9	0
Percentage SCT	38.4	1.2	0.6	1.3	0.5	0.0
Producer NPC	1.64	1.04	1.00	1.00	1.00	1.00
Sorghum						
Producer SCT (MXN mn)	458	109	1 854	1 787	2 140	1 634
Percentage SCT	24.8	4.2	8.8	10.7	9.2	6.6
Producer NPC	1.33	1.05	1.00	1.00	1.00	1.00
Rice						
Producer SCT (MXN mn)	17	2	69	55	86	65
Percentage SCT	6.9	1.2	10.4	7.6	12.9	10.8
Producer NPC	1.08	1.02	1.12	1.08	1.15	1.12
Soyabean						
Producer SCT (MXN mn)	75	-15	72	83	130	4
Percentage SCT	14.4	-7.1	6.3	8.9	9.7	0.4
Producer NPC	1.17	0.94	1.02	1.00	1.07	1.00
Sugar						
Producer SCT (MXN mn)	2 114	1 745	3 754	3 431	962	6 869
Percentage SCT	56.1	19.5	11.8	11.7	3.2	20.4
Producer NPC	2.07	1.28	1.14	1.13	1.03	1.26
Milk						
Producer SCT (MXN mn)	2 236	1 075	2 002	4	-130	6 133
Percentage SCT	35.6	4.5	3.4	0.0	-0.3	10.5
Producer NPC	1.62	1.07	1.04	1.00	1.00	1.12
Beef and Veal						
Producer SCT (MXN mn)	1 795	397	4 311	4 440	4 043	4 450
Percentage SCT	24.6	-0.9	8.6	9.1	8.4	8.4
Producer NPC	1.34	1.04	1.00	1.00	1.00	1.00
Pigmeat						
Producer SCT (MXN mn)	25	-1 305	2 181	1 681	1 981	2 881
Percentage SCT	0.6	-17.6	7.4	6.6	6.8	8.8
Producer NPC	1.06	0.86	1.00	1.00	1.00	1.00
Poultry						
Producer SCT (MXN mn)	1 685	1 992	8 511	7 131	9 418	8 983
Percentage SCT	33.1	11.2	13.3	12.0	15.3	12.7
Producer NPC	1.62	1.14	1.16	1.14	1.18	1.15
Eggs						
Producer SCT (MXN mn)	88	26	-48	0	-144	1
Percentage SCT	2.5	0.2	-0.1	0.0	-0.4	0.0
Producer NPC	1.05	1.00	1.00	1.00	1.00	1.00
Dried Beans						
Producer SCT (MXN mn)	665	-650	2 483	2 938	4 037	473
Percentage SCT	29.1	-29.3	26.4	24.6	51.4	3.3
Producer NPC	1.45	0.85	1.47	1.33	2.06	1.03
Coffee						
Producer SCT (MXN mn)	-55	-593	32	97	0	0
Percentage SCT	-5.2	-13.0	0.6	1.7	0.0	0.0
Producer NPC	0.95	0.88	1.00	1.00	1.00	1.00
Tomatoes						
Producer SCT (MXN mn)	308	-1 400	0	0	0	0
Percentage SCT	13.2	-48.4	0.0	0.0	0.0	0.0
Producer NPC	1.17	0.75	1.00	1.00	1.00	1.00
Other Commodities						
Producer SCT (MXN mn)[1]	6 703	129	7 991	6 469	6 733	10 769
Percentage SCT	19.2	-1.2	3.2	2.8	2.7	4.0
Producer NPC	1.23	1.02	1.03	1.03	1.03	1.04

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877584

Table A.23. New Zealand: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (NZD mn)	**786**	**94**	**166**	**140**	**206**	**151**
Total Producer SCT (NZD mn)	**114**	**58**	**135**	**110**	**176**	**120**
Share of Producer SCT in Total PSE (%)	**20**	**61**	**81**	**79**	**85**	**80**
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
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	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	1.6	0.0	0.0	0.0	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	88	65	110	89
Percentage SCT	17.4	9.0	21.4	17.3	26.4	20.4
Producer NPC	1.25	1.10	1.28	1.21	1.36	1.26
Eggs						
Producer SCT (NZD mn)	40	26	13	17	21	0
Percentage SCT	48.5	29.6	9.8	13.2	16.1	0.0
Producer NPC	1.97	1.43	1.11	1.15	1.19	1.00
Other Commodities						
Producer SCT (NZD mn)[1]	32	16	34	28	44	31
Percentage SCT	1.7	0.6	0.7	0.5	0.8	0.6
Producer NPC	1.02	1.01	1.01	1.01	1.01	1.01

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877603

Table A.24. Norway: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (NOK mn)	**19 175**	**19 246**	**22 983**	**21 987**	**22 112**	**24 851**
Total Producer SCT (NOK mn)	**13 877**	**12 013**	**12 839**	**12 378**	**11 956**	**14 184**
Share of Producer SCT in Total PSE (%)	**72**	**62**	**56**	**56**	**54**	**57**
Wheat						
Producer SCT (NOK mn)	330	320	246	337	192	207
Percentage SCT	73.1	51.6	35.6	44.1	28.6	33.9
Producer NPC	3.47	2.07	1.49	1.70	1.34	1.43
Barley						
Producer SCT (NOK mn)	1 136	609	490	575	410	487
Percentage SCT	83.1	52.4	37.9	48.6	31.8	33.2
Producer NPC	5.30	2.12	1.56	1.85	1.41	1.42
Oats						
Producer SCT (NOK mn)	701	334	178	313	91	129
Percentage SCT	68.5	54.4	32.6	51.6	19.8	26.4
Producer NPC	2.90	2.18	1.48	1.97	1.19	1.28
Milk						
Producer SCT (NOK mn)	4 575	5 002	4 058	3 508	3 730	4 936
Percentage SCT	71.2	65.8	50.0	44.6	47.1	58.2
Producer NPC	3.38	2.36	1.68	1.53	1.55	1.96
Beef and Veal						
Producer SCT (NOK mn)	2 174	1 941	2 038	2 039	2 073	2 003
Percentage SCT	69.3	60.6	53.1	53.5	54.0	51.9
Producer NPC	3.40	2.35	2.02	2.06	2.05	1.97
Sheepmeat						
Producer SCT (NOK mn)	531	399	285	379	166	311
Percentage SCT	54.1	45.4	23.4	31.6	14.2	24.6
Producer NPC	3.64	2.05	1.39	1.58	1.21	1.39
Wool						
Producer SCT (NOK mn)	104	175	136	139	128	140
Percentage SCT	48.7	66.4	55.9	60.6	53.2	53.9
Producer NPC	2.01	2.98	2.28	2.54	2.14	2.17
Pigmeat						
Producer SCT (NOK mn)	1 138	732	1 656	1 589	1 590	1 789
Percentage SCT	46.3	33.5	48.5	48.8	47.0	49.7
Producer NPC	2.99	1.80	2.18	2.26	2.07	2.22
Poultry						
Producer SCT (NOK mn)	136	283	870	839	859	912
Percentage SCT	43.2	57.8	56.0	57.6	55.4	55.0
Producer NPC	3.96	3.14	2.49	2.73	2.36	2.39
Eggs						
Producer SCT (NOK mn)	447	225	526	424	513	642
Percentage SCT	52.6	38.4	53.8	47.0	54.1	60.4
Producer NPC	4.48	2.45	2.65	2.42	2.57	2.94
Other Commodities						
Producer SCT (NOK mn)[1]	2 604	1 993	2 356	2 237	2 204	2 628
Percentage SCT	54.7	47.7	40.9	40.6	38.0	44.0
Producer NPC	3.34	2.18	1.82	1.85	1.71	1.91

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877622

Table A.25. Russia: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (RUB mn)	**36 394**	**452 851**	**485 183**	**462 070**	**411 299**
Total Producer SCT (RUB mn)	**15 053**	**303 136**	**361 097**	**327 453**	**220 856**
Share of Producer SCT in Total PSE (%)	**33**	**66**	**74**	**71**	**54**
Wheat					
Producer SCT (RUB mn)	-1 601	-26 029	-16 938	-45 279	-15 870
Percentage SCT	-13.5	-10.8	-10.4	-15.5	-6.4
Producer NPC	0.90	0.89	0.89	0.85	0.92
Maize					
Producer SCT (RUB mn)	-570	-20 967	-6 326	-26 076	-30 499
Percentage SCT	-45.7	-53.8	-42.4	-62.8	-56.1
Producer NPC	0.68	0.64	0.68	0.61	0.64
Barley					
Producer SCT (RUB mn)	-1 550	-14 384	-3 705	-26 044	-13 402
Percentage SCT	-37.2	-19.9	-12.9	-30.7	-16.2
Producer NPC	0.78	0.83	0.88	0.76	0.85
Oats					
Producer SCT (RUB mn)	6	-2 768	345	-5 879	-2 771
Percentage SCT	-7.7	-12.0	2.9	-24.1	-14.7
Producer NPC	0.98	0.89	1.01	0.79	0.86
Rye					
Producer SCT (RUB mn)	504	-13 002	-5 226	-22 642	-11 139
Percentage SCT	13.0	-130.4	-90.0	-189.6	-111.6
Producer NPC	1.15	0.43	0.51	0.34	0.46
Sunflower					
Producer SCT (RUB mn)	-879	4 170	-4 734	12 942	4 302
Percentage SCT	-35.3	2.6	-8.3	11.7	4.3
Producer NPC	0.74	1.03	0.92	1.13	1.04
Sugar					
Producer SCT (RUB mn)	892	974	2 041	477	405
Percentage SCT	31.5	2.7	6.7	0.6	0.6
Producer NPC	1.48	1.02	1.06	1.00	1.00
Milk					
Producer SCT (RUB mn)	13 255	77 848	87 267	117 565	28 713
Percentage SCT	33.4	17.7	21.4	25.4	6.4
Producer NPC	1.48	1.18	1.24	1.27	1.03
Beef and Veal					
Producer SCT (RUB mn)	-2 197	48 820	49 553	54 987	41 920
Percentage SCT	-19.8	25.6	28.8	28.6	19.3
Producer NPC	0.93	1.29	1.37	1.32	1.19
Pigmeat					
Producer SCT (RUB mn)	2 529	126 422	123 377	130 324	125 564
Percentage SCT	16.7	52.0	57.2	53.2	45.5
Producer NPC	1.15	1.96	2.23	1.92	1.72
Poultry					
Producer SCT (RUB mn)	2 282	42 696	45 808	50 336	31 944
Percentage SCT	31.4	18.5	22.3	21.3	11.9
Producer NPC	1.35	1.19	1.26	1.21	1.10
Eggs					
Producer SCT (RUB mn)	2 027	6 701	3 466	9 373	7 262
Percentage SCT	17.6	6.6	3.6	8.9	7.2
Producer NPC	1.18	1.00	1.00	1.00	1.00
Potatoes					
Producer SCT (RUB mn)	36	788	675	832	856
Percentage SCT	0.1	0.3	0.3	0.2	0.4
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (RUB mn)[1]	318	71 867	85 494	76 536	53 570
Percentage SCT	6.9	11.4	16.4	10.8	7.1
Producer NPC	1.06	1.11	1.18	1.09	1.05

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877641

Table A.26. South Africa: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (ZAR mn)	**4 064**	**3 826**	**2 303**	**3 949**	**5 225**
Total Producer SCT (ZAR mn)	**3 905**	**2 080**	**779**	**2 170**	**3 292**
Share of Producer SCT in Total PSE (%)	**96**	**51**	**34**	**55**	**63**
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	0	0	0	0
Percentage SCT	9.0	0.0	0.0	0.0	0.0
Producer NPC	1.11	1.00	1.00	1.00	1.00
Sunflower					
Producer SCT (ZAR mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Sugar					
Producer SCT (ZAR mn)	584	706	583	493	1 043
Percentage SCT	27.3	11.9	11.0	8.3	16.5
Producer NPC	1.40	1.14	1.12	1.09	1.20
Milk					
Producer SCT (ZAR mn)	716	487	0	0	1 461
Percentage SCT	33.2	5.2	0.0	0.0	15.7
Producer NPC	1.54	1.06	1.00	1.00	1.19
Beef and Veal					
Producer SCT (ZAR mn)	322	0	0	0	0
Percentage SCT	8.3	0.0	0.0	0.0	0.0
Producer NPC	1.11	1.00	1.00	1.00	1.00
Sheepmeat					
Producer SCT (ZAR mn)	387	91	0	274	0
Percentage SCT	32.5	1.4	0.0	4.3	0.0
Producer NPC	1.52	1.01	1.00	1.04	1.00
Pigmeat					
Producer SCT (ZAR mn)	-18	0	0	0	0
Percentage SCT	-2.8	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Producer SCT (ZAR mn)	485	299	0	897	0
Percentage SCT	9.3	1.3	0.0	3.9	0.0
Producer NPC	1.12	1.01	1.00	1.04	1.00
Eggs					
Producer SCT (ZAR mn)	-35	0	0	0	0
Percentage SCT	-3.3	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Apples					
Producer SCT (ZAR mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Grapes					
Producer SCT (ZAR mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Oranges					
Producer SCT (ZAR mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Peanuts					
Producer SCT (ZAR mn)	0	0	0	0	0
Percentage SCT	0.0	0.0	0.0	0.0	0.0
Producer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (ZAR mn)[1]	1 022	497	196	506	788
Percentage SCT	10.7	1.4	0.6	1.5	2.0
Producer NPC	1.13	1.01	1.01	1.02	1.02

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877660

Table A.27. Switzerland: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (CHF mn)	**8 507**	**7 362**	**5 444**	**5 253**	**5 507**	**5 573**
Total Producer SCT (CHF mn)	**7 292**	**5 073**	**2 290**	**2 065**	**2 308**	**2 496**
Share of Producer SCT in Total PSE (%)	**86**	**69**	**42**	**39**	**42**	**45**
Wheat						
Producer SCT (CHF mn)	417	333	63	88	44	58
Percentage SCT	76.0	54.1	24.6	34.6	16.5	22.7
Producer NPC	4.02	3.10	1.34	1.53	1.20	1.29
Maize						
Producer SCT (CHF mn)	102	63	13	17	8	13
Percentage SCT	70.9	52.8	23.3	31.7	15.2	22.9
Producer NPC	3.46	2.13	1.31	1.46	1.18	1.30
Barley						
Producer SCT (CHF mn)	153	102	16	25	10	12
Percentage SCT	78.9	57.9	26.0	41.7	15.0	21.3
Producer NPC	4.80	2.50	1.39	1.72	1.18	1.27
Rapeseed						
Producer SCT (CHF mn)	80	57	23	21	26	21
Percentage SCT	83.9	76.8	36.8	39.3	36.6	34.5
Producer NPC	6.45	4.32	1.58	1.65	1.58	1.53
Sugar						
Producer SCT (CHF mn)	95	111	12	23	8	7
Percentage SCT	72.9	71.4	10.3	20.4	5.4	5.1
Producer NPC	4.51	3.51	1.12	1.26	1.06	1.05
Milk						
Producer SCT (CHF mn)	2 775	2 132	492	280	521	676
Percentage SCT	85.7	65.0	23.1	13.1	23.9	32.2
Producer NPC	9.85	3.27	1.14	1.01	1.14	1.28
Beef and Veal						
Producer SCT (CHF mn)	1 312	646	423	427	449	392
Percentage SCT	75.0	55.5	36.6	37.7	38.5	33.6
Producer NPC	4.21	2.40	1.58	1.61	1.63	1.51
Sheepmeat						
Producer SCT (CHF mn)	36	42	9	12	5	10
Percentage SCT	68.5	63.4	21.9	28.2	13.1	24.4
Producer NPC	5.08	3.70	1.30	1.41	1.16	1.33
Pigmeat						
Producer SCT (CHF mn)	717	458	418	449	396	409
Percentage SCT	44.8	39.4	46.2	47.5	44.8	46.2
Producer NPC	2.45	2.17	1.92	2.01	1.85	1.91
Poultry						
Producer SCT (CHF mn)	112	133	117	114	118	119
Percentage SCT	73.5	74.9	76.2	76.0	76.7	75.9
Producer NPC	6.08	6.10	4.58	4.77	4.55	4.43
Eggs						
Producer SCT (CHF mn)	185	135	131	125	134	134
Percentage SCT	78.9	72.4	72.2	69.4	73.8	73.5
Producer NPC	6.87	5.28	4.02	3.76	4.11	4.19
Other Commodities						
Producer SCT (CHF mn)[1]	1 308	862	573	486	588	646
Percentage SCT	82.0	65.9	33.9	28.3	34.7	38.7
Producer NPC	4.50	2.90	1.36	1.38	1.32	1.38

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877679

Table A.28. Turkey: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (TRY mn)	**4**	**707**	**30 529**	**32 327**	**29 357**	**29 904**
Total Producer SCT (TRY mn)	**3**	**520**	**26 086**	**28 727**	**25 181**	**24 350**
Share of Producer SCT in Total PSE (%)	**78**	**73**	**85**	**89**	**86**	**81**
Wheat						
Producer SCT (TRY mn)	1	54	1 054	1 522	827	814
Percentage SCT	23.9	11.0	8.7	14.0	6.1	6.0
Producer NPC	1.36	1.14	1.10	1.16	1.07	1.06
Maize						
Producer SCT (TRY mn)	0	8	406	727	311	180
Percentage SCT	13.6	17.6	16.5	32.3	11.0	6.2
Producer NPC	1.16	1.23	1.22	1.48	1.12	1.07
Barley						
Producer SCT (TRY mn)	0	21	550	1 124	369	158
Percentage SCT	23.1	13.0	16.8	36.1	9.9	4.5
Producer NPC	1.36	1.16	1.24	1.56	1.11	1.05
Sunflower						
Producer SCT (TRY mn)	0	11	290	232	413	225
Percentage SCT	12.9	29.3	18.5	18.5	22.8	14.1
Producer NPC	1.16	1.43	1.23	1.23	1.29	1.16
Sugar						
Producer SCT (TRY mn)	0	49	141	202	17	202
Percentage SCT	12.6	38.9	6.7	9.8	0.8	9.5
Producer NPC	1.11	1.67	1.07	1.10	1.00	1.10
Milk						
Producer SCT (TRY mn)	0	97	2 727	3 624	2 985	1 573
Percentage SCT	52.9	50.3	23.0	31.5	24.8	12.7
Producer NPC	2.49	2.16	1.34	1.52	1.34	1.15
Beef and Veal						
Producer SCT (TRY mn)	0	44	3 607	3 146	3 942	3 731
Percentage SCT	8.1	29.3	47.0	53.8	45.1	42.2
Producer NPC	1.19	1.54	1.78	2.13	1.66	1.55
Sheepmeat						
Producer SCT (TRY mn)	0	1	67	235	-28	-7
Percentage SCT	11.2	4.8	7.1	23.9	-2.1	-0.5
Producer NPC	1.17	1.09	1.18	1.53	1.00	1.00
Poultry						
Producer SCT (TRY mn)	0	14	-84	-204	-48	-1
Percentage SCT	-15.9	23.1	-2.9	-7.2	-1.4	0.0
Producer NPC	0.93	1.40	1.00	1.00	1.00	1.00
Eggs						
Producer SCT (TRY mn)	0	18	391	1 023	-44	195
Percentage SCT	10.6	30.5	12.3	31.4	-1.8	7.4
Producer NPC	1.21	1.59	1.22	1.59	1.00	1.08
Apples						
Producer SCT (TRY mn)	0	3	1 989	1 420	2 056	2 491
Percentage SCT	4.1	6.6	59.5	53.1	61.4	64.1
Producer NPC	1.04	1.07	2.50	2.13	2.59	2.79
Cotton						
Producer SCT (TRY mn)	0	0	810	519	792	1 120
Percentage SCT	0.0	0.0	15.3	11.2	14.1	20.7
Producer NPC	1.00	1.00	1.18	1.13	1.16	1.26
Grapes						
Producer SCT (TRY mn)	0	8	3 000	2 553	3 308	3 139
Percentage SCT	4.1	4.4	50.1	46.2	52.4	51.7
Producer NPC	1.05	1.05	2.01	1.86	2.10	2.07
Potatoes						
Producer SCT (TRY mn)	0	17	1 791	1 359	2 016	1 999
Percentage SCT	16.6	24.9	59.0	55.8	62.0	59.2
Producer NPC	1.23	1.39	2.45	2.26	2.63	2.45
Tobacco						
Producer SCT (TRY mn)	0	45	72	63	63	91
Percentage SCT	11.8	38.4	18.0	17.4	19.8	16.8
Producer NPC	1.14	1.57	1.20	1.19	1.22	1.20
Tomatoes						
Producer SCT (TRY mn)	0	11	56	169	0	0
Percentage SCT	28.2	5.3	0.6	1.7	0.0	0.0
Producer NPC	1.41	1.06	1.01	1.02	1.00	1.00
Other Commodities						
Producer SCT (TRY mn)[1]	1	120	9 217	11 011	8 201	8 440
Percentage SCT	16.1	19.1	19.5	22.2	17.6	18.6
Producer NPC	1.21	1.25	1.18	1.31	1.22	1.00

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877698

Table A.29. Ukraine: Producer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total PSE (UAH mn)	**-1 775**	**2 216**	**16 602**	**-13 834**	**3 879**
Total Producer SCT (UAH mn)	**-2 850**	**-11 566**	**4 261**	**-27 278**	**-11 682**
Share of Producer SCT in Total PSE (%)	**113**	**-26**	**26**	**197**	**-301**
Wheat					
Producer SCT (UAH mn)	-243	-6 107	-1 525	-8 826	-7 969
Percentage SCT	-24.8	-23.5	-8.3	-29.7	-32.6
Producer NPC	1.09	0.82	0.92	0.77	0.75
Maize					
Producer SCT (UAH mn)	-138	-5 120	-1 075	-9 525	-4 760
Percentage SCT	-22.5	-17.6	-7.2	-30.5	-15.0
Producer NPC	0.82	0.86	0.93	0.77	0.87
Barley					
Producer SCT (UAH mn)	-62	-3 047	-422	-5 258	-3 460
Percentage SCT	-11.6	-26.6	-5.2	-42.8	-31.6
Producer NPC	0.91	0.80	0.95	0.70	0.76
Oats					
Producer SCT (UAH mn)	41	-439	-55	-651	-611
Percentage SCT	36.9	-53.9	-15.5	-81.9	-64.2
Producer NPC	1.73	0.67	0.87	0.55	0.61
Rye					
Producer SCT (UAH mn)	36	-168	44	-269	-279
Percentage SCT	18.6	-18.6	11.9	-36.3	-31.4
Producer NPC	1.24	0.88	1.14	0.73	0.76
Sunflower					
Producer SCT (UAH mn)	-143	-6 597	-2 061	-11 119	-6 611
Percentage SCT	-23.3	-23.9	-10.1	-39.5	-22.1
Producer NPC	0.81	0.81	0.91	0.72	0.82
Sugar					
Producer SCT (UAH mn)	4	2 030	2 186	1 464	2 440
Percentage SCT	-1.4	26.2	32.4	15.1	31.0
Producer NPC	1.09	1.37	1.48	1.18	1.45
Milk					
Producer SCT (UAH mn)	-1 235	-1 694	-597	-2 585	-1 899
Percentage SCT	-42.5	-5.8	-2.0	-8.5	-6.8
Producer NPC	0.72	0.93	0.98	0.89	0.91
Beef and Veal					
Producer SCT (UAH mn)	-193	605	366	581	867
Percentage SCT	-17.8	6.8	4.6	6.5	9.3
Producer NPC	0.88	1.01	1.04	1.00	1.00
Pigmeat					
Producer SCT (UAH mn)	-968	2 471	1 512	2 413	3 489
Percentage SCT	-60.0	17.2	13.1	17.2	21.2
Producer NPC	0.63	1.10	1.12	1.04	1.14
Poultry					
Producer SCT (UAH mn)	111	7 006	4 785	7 908	8 324
Percentage SCT	15.2	47.6	37.3	59.3	46.3
Producer NPC	1.15	1.62	1.53	1.74	1.59
Eggs					
Producer SCT (UAH mn)	228	1 596	684	3 078	1 025
Percentage SCT	24.4	14.7	7.4	28.3	8.4
Producer NPC	1.34	1.08	1.05	1.18	1.00
Potatoes					
Producer SCT (UAH mn)	60	0	0	0	0
Percentage SCT	1.1	0.0	0.0	0.0	0.0
Producer NPC	1.01	1.00	1.00	1.00	1.00
Other Commodities					
Producer SCT (UAH mn)[1]	-349	-2 102	420	-4 488	-2 238
Percentage SCT	-14.7	-3.7	0.9	-8.1	-4.0
Producer NPC	0.88	0.95	1.00	0.90	0.94

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877717

Table A.30. United States: Producer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total PSE (USD mn)	**36 411**	**26 614**	**29 913**	**27 973**	**31 596**	**30 170**
Total Producer SCT (USD mn)	**26 190**	**13 550**	**9 978**	**8 531**	**11 092**	**10 309**
Share of Producer SCT in Total PSE (%)	**71**	**51**	**33**	**30**	**35**	**34**
Wheat						
Producer SCT (USD mn)	4 337	545	1 005	802	1 140	1 074
Percentage SCT	46.5	5.2	6.3	6.0	7.3	5.7
Producer NPC	1.33	1.01	1.00	1.01	1.00	1.00
Maize						
Producer SCT (USD mn)	7 217	120	2 421	1 771	2 894	2 597
Percentage SCT	34.8	0.5	3.2	2.7	3.6	3.2
Producer NPC	1.13	1.00	1.00	1.00	1.00	1.00
Barley						
Producer SCT (USD mn)	412	18	37	21	40	51
Percentage SCT	41.1	1.8	3.7	2.9	4.6	3.4
Producer NPC	1.81	1.01	1.00	1.00	1.00	1.00
Sorghum						
Producer SCT (USD mn)	765	30	118	83	135	134
Percentage SCT	36.2	1.8	7.1	4.6	9.5	7.1
Producer NPC	1.17	1.00	1.00	1.00	1.00	1.00
Rice						
Producer SCT (USD mn)	816	168	56	61	58	48
Percentage SCT	50.2	8.2	1.9	1.9	2.1	1.6
Producer NPC	1.45	1.01	1.00	1.00	1.00	1.00
Soyabean						
Producer SCT (USD mn)	172	25	1 365	1 076	1 597	1 423
Percentage SCT	1.7	0.2	3.3	2.8	4.0	3.2
Producer NPC	1.01	1.00	1.00	1.00	1.00	1.00
Sugar						
Producer SCT (USD mn)	1 036	744	939	1 157	990	671
Percentage SCT	55.9	36.6	27.7	35.0	29.6	18.4
Producer NPC	2.31	1.60	1.38	1.52	1.41	1.21
Milk						
Producer SCT (USD mn)	6 340	7 500	1 820	1 601	1 751	2 109
Percentage SCT	34.9	35.2	5.0	5.1	4.4	5.6
Producer NPC	1.56	1.57	1.05	1.05	1.05	1.05
Beef and Veal						
Producer SCT (USD mn)	258	-3	0	0	0	0
Percentage SCT	1.1	0.0	0.0	0.0	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	39	38	46	34
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	2	6	1	0
Percentage SCT	47.8	12.9	5.9	15.1	2.3	0.4
Producer NPC	1.01	1.01	1.07	1.18	1.02	1.00
Pigmeat						
Producer SCT (USD mn)	-66	-2	0	0	0	0
Percentage SCT	-0.7	0.0	0.0	0.0	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	5	14	0	0
Percentage SCT	8.8	0.4	0.0	0.0	0.0	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
Cotton						
Producer SCT (USD mn)	208	343	578	339	813	582
Percentage SCT	6.2	5.4	8.1	4.4	10.6	9.2
Producer NPC	1.06	1.03	1.00	1.00	1.00	1.01
Other Commodities						
Producer SCT (USD mn)[1]	3 749	3 848	1 591	1 562	1 626	1 586
Percentage SCT	9.1	6.7	1.8	1.9	1.8	1.7
Producer NPC	1.11	1.07	1.01	1.01	1.01	1.01

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.31. OECD: Consumer Single Commodity Transfers (USD)

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (USD mn)	**-159 871**	**-171 123**	**-86 428**	**-85 073**	**-86 305**	**-87 905**
Total Consumer SCT (USD mn)[1]	**-173 067**	**-190 256**	**-129 251**	**-125 078**	**-128 862**	**-133 812**
Wheat						
Consumer SCT (USD mn)	-12 472	-8 446	-300	-565	-168	-166
Consumer NPC	2.06	1.31	1.01	1.01	1.00	1.00
Maize						
Consumer SCT (USD mn)	-1 979	-304	-59	-124	-35	-16
Consumer NPC	1.24	1.04	1.00	1.01	1.00	1.00
Barley						
Consumer SCT (USD mn)	-4 112	-3 166	-910	-1 084	-844	-803
Consumer NPC	2.39	1.35	1.08	1.12	1.06	1.05
Oats						
Consumer SCT (USD mn)	-190	-49	9	5	11	11
Consumer NPC	1.52	1.24	1.01	1.02	1.00	1.01
Sorghum						
Consumer SCT (USD mn)	0	33	0	0	0	0
Consumer NPC	1.07	1.01	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (USD mn)	-23 427	-29 660	-19 760	-17 195	-19 359	-22 726
Consumer NPC	4.96	4.32	2.45	2.27	2.36	2.72
Rapeseed						
Consumer SCT (USD mn)	-515	-189	-131	-115	-148	-129
Consumer NPC	1.35	1.06	1.01	1.01	1.01	1.01
Sunflower						
Consumer SCT (USD mn)	-61	-160	-49	-25	-121	0
Consumer NPC	1.07	1.07	1.01	1.01	1.02	1.00
Soybeans						
Consumer SCT (USD mn)	-216	-432	-568	-432	-738	-535
Consumer NPC	1.02	1.02	1.01	1.01	1.02	1.01
Sugar						
Consumer SCT (USD mn)	-7 285	-7 515	-4 280	-4 733	-3 931	-4 176
Consumer NPC	2.46	1.92	1.34	1.40	1.29	1.32
Milk						
Consumer SCT (USD mn)	-38 507	-38 969	-15 122	-14 252	-15 077	-16 038
Consumer NPC	2.79	1.88	1.13	1.13	1.12	1.14
Beef and Veal						
Consumer SCT (USD mn)	-18 231	-16 496	-12 689	-10 932	-10 650	-16 484
Consumer NPC	1.41	1.27	1.12	1.11	1.10	1.15
Sheepmeat						
Consumer SCT (USD mn)	-3 561	-2 597	-778	-1 389	-164	-781
Consumer NPC	2.06	1.47	1.09	1.16	1.01	1.08
Wool						
Consumer SCT (USD mn)	-8	0	2	2	2	2
Consumer NPC	1.04	1.02	1.01	1.01	1.00	1.01
Pigmeat						
Consumer SCT (USD mn)	-7 121	-7 981	-11 208	-10 818	-12 193	-10 613
Consumer NPC	1.20	1.16	1.17	1.18	1.17	1.15
Poultry						
Consumer SCT (USD mn)	-4 509	-5 303	-7 283	-7 211	-7 750	-6 888
Consumer NPC	1.25	1.18	1.13	1.14	1.14	1.12
Eggs						
Consumer SCT (USD mn)	-3 849	-2 631	-1 754	-1 894	-1 765	-1 603
Consumer NPC	1.35	1.17	1.07	1.08	1.07	1.05
Other Commodities						
Consumer SCT (USD mn)[2]	-47 023	-66 389	-54 371	-54 315	-55 931	-52 866
Consumer NPC	1.31	1.30	1.15	1.15	1.15	1.14

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.32. OECD: Consumer Single Commodity Transfers (EUR)

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (EUR mn)	**-144 686**	**-137 948**	**-64 897**	**-64 234**	**-62 067**	**-68 390**
Total Consumer SCT (EUR mn)[1]	**-156 656**	**-153 484**	**-97 073**	**-94 439**	**-92 672**	**-104 107**
Wheat						
Consumer SCT (EUR mn)	-11 289	-6 820	-226	-427	-121	-129
Consumer NPC	2.06	1.31	1.01	1.01	1.00	1.00
Maize						
Consumer SCT (EUR mn)	-1 796	-239	-44	-94	-25	-12
Consumer NPC	1.24	1.04	1.00	1.01	1.00	1.00
Barley						
Consumer SCT (EUR mn)	-3 723	-2 541	-684	-819	-607	-625
Consumer NPC	2.39	1.35	1.08	1.12	1.06	1.05
Oats						
Consumer SCT (EUR mn)	-177	-40	7	4	8	8
Consumer NPC	1.52	1.24	1.01	1.02	1.00	1.01
Sorghum						
Consumer SCT (EUR mn)	0	27	0	0	0	0
Consumer NPC	1.07	1.01	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (EUR mn)	-21 229	-23 846	-14 862	-12 983	-13 922	-17 681
Consumer NPC	4.96	4.32	2.45	2.27	2.36	2.72
Rapeseed						
Consumer SCT (EUR mn)	-465	-151	-98	-87	-107	-100
Consumer NPC	1.35	1.06	1.01	1.01	1.01	1.01
Sunflower						
Consumer SCT (EUR mn)	-58	-132	-35	-19	-87	0
Consumer NPC	1.07	1.07	1.01	1.01	1.02	1.00
Soybeans						
Consumer SCT (EUR mn)	-193	-349	-424	-326	-531	-416
Consumer NPC	1.02	1.02	1.01	1.01	1.02	1.01
Sugar						
Consumer SCT (EUR mn)	-6 632	-6 099	-3 217	-3 574	-2 827	-3 249
Consumer NPC	2.46	1.92	1.34	1.40	1.29	1.32
Milk						
Consumer SCT (EUR mn)	-34 956	-31 581	-11 360	-10 761	-10 843	-12 478
Consumer NPC	2.79	1.88	1.13	1.13	1.12	1.14
Beef and Veal						
Consumer SCT (EUR mn)	-16 575	-13 390	-9 580	-8 254	-7 659	-12 825
Consumer NPC	1.41	1.27	1.12	1.11	1.10	1.15
Sheepmeat						
Consumer SCT (EUR mn)	-3 205	-2 079	-591	-1 049	-118	-608
Consumer NPC	2.06	1.47	1.09	1.16	1.01	1.08
Wool						
Consumer SCT (EUR mn)	-7	0	1	1	2	1
Consumer NPC	1.04	1.02	1.01	1.01	1.00	1.01
Pigmeat						
Consumer SCT (EUR mn)	-6 302	-6 380	-8 398	-8 168	-8 769	-8 257
Consumer NPC	1.20	1.16	1.17	1.18	1.17	1.15
Poultry						
Consumer SCT (EUR mn)	-4 017	-4 263	-5 459	-5 444	-5 573	-5 359
Consumer NPC	1.25	1.18	1.13	1.14	1.14	1.12
Eggs						
Consumer SCT (EUR mn)	-3 487	-2 106	-1 316	-1 430	-1 269	-1 247
Consumer NPC	1.35	1.17	1.07	1.08	1.07	1.05
Other Commodities						
Consumer SCT (EUR mn)[2]	-42 543	-53 494	-40 788	-41 010	-40 223	-41 130
Consumer NPC	1.31	1.30	1.15	1.15	1.15	1.14

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.33. Australia: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (AUD mn)	**-848**	**-386**	**0**	**0**	**0**	**0**
Total Consumer SCT (AUD mn)	**-848**	**-386**	**0**	**0**	**0**	**0**
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
Barley						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Oats						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Sorghum						
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	0	0	0	0
Consumer NPC	1.13	1.02	1.00	1.00	1.00	1.00
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)	-590	-246	0	0	0	0
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
Cotton						
Consumer SCT (AUD mn)	0	0	0	0	0	0
Consumer NPC	1.03	1.00	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (AUD mn)[1]	-120	-98	0	0	0	0
Consumer NPC	1.13	1.03	1.00	1.00	1.00	1.00

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877793

Table A.34. Brazil: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (BRL mn)	**6 512**	**-6 303**	**-6 167**	**-5 579**	**-7 164**
Total Consumer SCT (BRL mn)	**6 512**	**-6 303**	**-6 167**	**-5 579**	**-7 164**
Wheat					
Consumer SCT (BRL mn)	11	163	272	59	158
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Maize					
Consumer SCT (BRL mn)	-1	253	760	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Rice					
Consumer SCT (BRL mn)	-277	-1 074	-1 054	-870	-1 297
Consumer NPC	1.14	1.15	1.14	1.15	1.16
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)	5 886	0	0	0	0
Consumer NPC	0.36	1.00	1.00	1.00	1.00
Milk					
Consumer SCT (BRL mn)	-831	-3 536	-3 363	-2 712	-4 533
Consumer NPC	1.21	1.17	1.18	1.12	1.20
Beef and Veal					
Consumer SCT (BRL mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Pigmeat					
Consumer SCT (BRL mn)	0	-342	-1 026	0	0
Consumer NPC	1.00	1.04	1.11	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
Coffee					
Consumer SCT (BRL mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Cotton					
Consumer SCT (BRL mn)	0	-543	-552	-1 077	0
Consumer NPC	1.00	1.21	1.24	1.39	1.00
Other Commodities					
Consumer SCT (BRL mn)[1]	1 724	-1 225	-1 204	-979	-1 493
Consumer NPC	0.89	1.03	1.04	1.02	1.03

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877812

Table A.35. Canada: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (CAD mn)	**-3 758**	**-2 415**	**-5 038**	**-4 883**	**-4 900**	**-5 329**
Total Consumer SCT (CAD mn)	**-3 758**	**-2 415**	**-5 038**	**-4 883**	**-4 900**	**-5 329**
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
Barley						
Consumer SCT (CAD mn)	11	0	0	0	0	0
Consumer NPC	1.83	1.00	1.00	1.00	1.00	1.00
Oats						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
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
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
Milk						
Consumer SCT (CAD mn)	-2 566	-1 850	-3 412	-3 533	-3 098	-3 605
Consumer NPC	5.81	1.94	2.04	2.20	1.82	2.11
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
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	-623	-362	-821	-687
Consumer NPC	1.19	1.03	1.34	1.18	1.49	1.36
Eggs						
Consumer SCT (CAD mn)	-90	-139	-202	-158	-208	-239
Consumer NPC	1.28	1.31	1.34	1.28	1.35	1.38
Dried Beans						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Dried Peas						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Flax						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Lentils						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Potatoes						
Consumer SCT (CAD mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (CAD mn)[1]	-588	-384	-800	-829	-773	-799
Consumer NPC	1.23	1.11	1.17	1.19	1.16	1.16

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877831

Table A.36. Chile: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (CLP mn)	**-172 494**	**-13 040**	**-12 032**	**-15 200**	**-11 888**
Total Consumer SCT (CLP mn)	**-172 494**	**-13 040**	**-12 032**	**-15 200**	**-11 888**
Wheat					
Consumer SCT (CLP mn)	-9 500	0	0	0	0
Consumer NPC	1.07	1.00	1.00	1.00	1.00
Maize					
Consumer SCT (CLP mn)	-3 946	0	0	0	0
Consumer NPC	1.05	1.00	1.00	1.00	1.00
Sugar					
Consumer SCT (CLP mn)	-39 910	-9 002	-7 449	-10 763	-8 794
Consumer NPC	1.39	1.03	1.03	1.03	1.03
Milk					
Consumer SCT (CLP mn)	-34 353	0	0	0	0
Consumer NPC	1.24	1.00	1.00	1.00	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
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
Apples					
Consumer SCT (CLP mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Grapes					
Consumer SCT (CLP mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Tomatoes					
Consumer SCT (CLP mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (CLP mn)[1]	-61 749	-4 038	-4 584	-4 437	-3 094
Consumer NPC	1.09	1.00	1.00	1.00	1.00

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877850

Table A.37. China: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (CNY mn)	**-18 932**	**-692 364**	**-747 165**	**-524 857**	**-805 069**
Total Consumer SCT (CNY mn)	**-21 034**	**-692 364**	**-747 165**	**-524 857**	**-805 069**
Wheat					
Consumer SCT (CNY mn)	-9 580	-53 118	-59 922	-30 345	-69 087
Consumer NPC	1.07	1.30	1.39	1.14	1.37
Maize					
Consumer SCT (CNY mn)	2 410	-14 285	-22 415	-2 537	-17 903
Consumer NPC	1.01	1.11	1.19	1.02	1.12
Rice					
Consumer SCT (CNY mn)	25 275	-32 192	10 094	-29 453	-77 216
Consumer NPC	0.92	1.07	0.98	1.06	1.16
Rapeseed					
Consumer SCT (CNY mn)	-3 852	-10 913	-11 098	-8 716	-12 925
Consumer NPC	1.19	1.20	1.24	1.14	1.21
Soybeans					
Consumer SCT (CNY mn)	-422	-37 788	-42 359	-26 106	-44 899
Consumer NPC	1.01	1.17	1.22	1.11	1.18
Sugar					
Consumer SCT (CNY mn)	-3 441	-12 401	-13 975	-6 914	-16 315
Consumer NPC	1.22	1.28	1.36	1.13	1.33
Milk					
Consumer SCT (CNY mn)	-11 834	-30 838	-17 151	-27 070	-48 293
Consumer NPC	2.55	1.35	1.21	1.29	1.56
Beef and Veal					
Consumer SCT (CNY mn)	0	-25 661	-21 228	-25 854	-29 903
Consumer NPC	1.00	1.16	1.16	1.16	1.16
Sheepmeat					
Consumer SCT (CNY mn)	-3 032	-25 778	-21 082	-27 086	-29 166
Consumer NPC	1.17	1.17	1.17	1.17	1.17
Pigmeat					
Consumer SCT (CNY mn)	0	-140 497	-111 133	-157 684	-152 673
Consumer NPC	1.00	1.16	1.16	1.16	1.16
Poultry					
Consumer SCT (CNY mn)	0	-14 042	-13 692	-14 055	-14 378
Consumer NPC	1.00	1.04	1.04	1.03	1.03
Eggs					
Consumer SCT (CNY mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Apples					
Consumer SCT (CNY mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Cotton					
Consumer SCT (CNY mn)	-14 662	-71 487	-145 959	-15 594	-52 908
Consumer NPC	1.22	1.67	2.40	1.11	1.51
Peanuts					
Consumer SCT (CNY mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (CNY mn)[1]	-1 896	-223 364	-277 246	-153 442	-239 403
Consumer NPC	1.01	1.14	1.16	1.10	1.15

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877869

Table A.38. European Union: Consumer Single Commodity Transfers (EU27)

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (EUR mn)	**-65 589**	**-46 625**	**-11 186**	**-10 486**	**-7 770**	**-15 300**
Total Consumer SCT (EUR mn)	**-66 496**	**-47 426**	**-12 475**	**-12 009**	**-9 160**	**-16 257**
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
Barley						
Consumer SCT (EUR mn)	-1 121	-201	0	0	0	0
Consumer NPC	2.58	1.17	1.00	1.00	1.00	1.00
Oats						
Consumer SCT (EUR mn)	-150	-41	0	0	0	0
Consumer NPC	1.58	1.33	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (EUR mn)	-398	-252	0	0	0	0
Consumer NPC	2.50	1.50	1.00	1.00	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	0	2	0	0
Consumer NPC	3.35	2.33	1.00	1.00	1.00	1.00
Milk						
Consumer SCT (EUR mn)	-17 622	-16 027	69	108	113	-15
Consumer NPC	4.56	2.07	1.00	1.00	1.00	1.00
Beef and Veal						
Consumer SCT (EUR mn)	-9 696	-7 185	-3 179	-1 429	-1 410	-6 698
Consumer NPC	2.07	1.66	1.15	1.07	1.06	1.32
Sheepmeat						
Consumer SCT (EUR mn)	-2 993	-1 914	-369	-610	0	-496
Consumer NPC	2.70	1.71	1.08	1.14	1.00	1.09
Pigmeat						
Consumer SCT (EUR mn)	-1 675	-1 727	-241	-723	0	0
Consumer NPC	1.13	1.08	1.01	1.02	1.00	1.00
Poultry						
Consumer SCT (EUR mn)	-2 078	-2 382	-3 427	-3 693	-3 307	-3 282
Consumer NPC	1.46	1.51	1.33	1.40	1.30	1.28
Eggs						
Consumer SCT (EUR mn)	-1 958	-552	-58	-57	-69	-48
Consumer NPC	1.64	1.14	1.01	1.01	1.01	1.00
Flowers						
Consumer SCT (EUR mn)	-684	-778	-449	-464	-437	-445
Consumer NPC	1.09	1.06	1.02	1.03	1.02	1.02
Potatoes						
Consumer SCT (EUR mn)	-572	-704	-903	-921	-933	-856
Consumer NPC	1.17	1.14	1.10	1.10	1.10	1.10
Tomatoes						
Consumer SCT (EUR mn)	-963	-60	-620	-906	-747	-207
Consumer NPC	1.16	1.01	1.05	1.07	1.07	1.02
Wine						
Consumer SCT (EUR mn)	-691	-606	-2	-5	-2	0
Consumer NPC	1.09	1.05	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (EUR mn)[1]	-17 531	-11 765	-3 297	-3 311	-2 369	-4 210
Consumer NPC	1.70	1.30	1.04	1.04	1.03	1.05

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.39. Iceland: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (ISK mn)	**-4 566**	**-4 012**	**-6 274**	**-5 256**	**-5 923**	**-7 645**
Total Consumer SCT (ISK mn)	**-4 566**	**-4 012**	**-6 274**	**-5 256**	**-5 923**	**-7 645**
Milk						
Consumer SCT (ISK mn)	-1 664	-1 369	-2 130	-1 686	-1 987	-2 718
Consumer NPC	9.45	2.01	1.37	1.28	1.32	1.51
Beef and Veal						
Consumer SCT (ISK mn)	-208	-281	-66	-154	0	-44
Consumer NPC	2.40	1.58	1.03	1.08	1.00	1.02
Sheepmeat						
Consumer SCT (ISK mn)	-747	-3	0	0	0	0
Consumer NPC	3.57	1.11	1.00	1.00	1.00	1.00
Wool						
Consumer SCT (ISK mn)	98	106	237	216	278	216
Consumer NPC	1.20	2.05	1.56	1.63	1.33	1.72
Pigmeat						
Consumer SCT (ISK mn)	-316	-456	-600	-376	-650	-775
Consumer NPC	3.81	2.05	1.41	1.28	1.44	1.49
Poultry						
Consumer SCT (ISK mn)	-192	-466	-1 905	-1 610	-1 762	-2 344
Consumer NPC	5.80	6.39	3.28	3.19	3.15	3.49
Eggs						
Consumer SCT (ISK mn)	-261	-383	-696	-611	-806	-670
Consumer NPC	5.37	4.00	2.54	2.65	2.86	2.11
Other Commodities						
Consumer SCT (ISK mn)[1]	-1 277	-1 160	-1 114	-1 035	-996	-1 310
Consumer NPC	4.44	1.82	1.40	1.35	1.38	1.47

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932877907*

Table A.40. Indonesia: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (IDR mn)	**-2 303 208**	**-222 369 180**	**-206 578 140**	**-191 087 349**	**-269 442 050**
Total Consumer SCT (IDR mn)	**-2 303 208**	**-222 452 513**	**-206 828 140**	**-191 087 349**	**-269 442 050**
Maize					
Consumer SCT (IDR mn)	35 221	-8 422 590	-13 532 923	-6 286 159	-5 448 688
Consumer NPC	0.99	1.33	1.57	1.25	1.18
Rice					
Consumer SCT (IDR mn)	1 415 485	-86 680 124	-57 671 209	-80 825 231	-121 543 930
Consumer NPC	0.96	1.60	1.43	1.52	1.85
Soybeans					
Consumer SCT (IDR mn)	-44 721	-113 124	-317 406	-18 989	-2 978
Consumer NPC	1.03	1.03	1.03	1.03	1.03
Sugar					
Consumer SCT (IDR mn)	465 401	-3 577 898	-6 028 976	689 590	-5 394 308
Consumer NPC	0.86	1.13	1.27	0.98	1.14
Milk					
Consumer SCT (IDR mn)	-5 505	287 867	541 434	551 612	-229 446
Consumer NPC	1.03	0.93	0.87	0.88	1.06
Beef and Veal					
Consumer SCT (IDR mn)	-1 919 154	-11 058 246	-11 273 072	-11 468 795	-10 432 872
Consumer NPC	2.69	1.57	1.67	1.61	1.43
Pigmeat					
Consumer SCT (IDR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Poultry					
Consumer SCT (IDR mn)	-1 833 339	-30 085 882	-34 909 211	-25 597 290	-29 751 144
Consumer NPC	1.46	1.92	2.32	1.67	1.78
Eggs					
Consumer SCT (IDR mn)	4 359	-4 211 278	-5 342 571	-3 360 307	-3 930 955
Consumer NPC	1.07	1.29	1.42	1.21	1.23
Bananas					
Consumer SCT (IDR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Cassava					
Consumer SCT (IDR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Cocoa Beans					
Consumer SCT (IDR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Coffee					
Consumer SCT (IDR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Palm Oil					
Consumer SCT (IDR mn)	329 904	6 812 345	866 215	8 863 167	10 707 654
Consumer NPC	0.89	0.84	0.93	0.77	0.82
Rubber					
Consumer SCT (IDR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (IDR mn)[1]	-750 860	-85 403 584	-79 160 421	-73 634 948	-103 415 383
Consumer NPC	1.03	1.35	1.38	1.29	1.38

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877926

Table A.41. Israel: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (ILS mn)	**-2 072**	**-3 166**	**-3 135**	**-3 524**	**-2 838**
Total Consumer SCT (ILS mn)	**-2 072**	**-3 166**	**-3 135**	**-3 524**	**-2 838**
Wheat					
Consumer SCT (ILS mn)	-57	-123	-98	-211	-59
Consumer NPC	1.22	1.16	1.15	1.25	1.07
Milk					
Consumer SCT (ILS mn)	-783	-717	-436	-791	-925
Consumer NPC	2.48	1.39	1.24	1.38	1.54
Beef and Veal					
Consumer SCT (ILS mn)	-309	-1 004	-920	-1 142	-949
Consumer NPC	1.42	1.71	1.68	1.73	1.71
Sheepmeat					
Consumer SCT (ILS mn)	-63	-229	-276	-240	-170
Consumer NPC	1.50	1.43	1.50	1.50	1.30
Poultry					
Consumer SCT (ILS mn)	-304	-256	-599	-179	9
Consumer NPC	1.24	1.12	1.30	1.07	1.00
Eggs					
Consumer SCT (ILS mn)	-8	-49	-13	-56	-78
Consumer NPC	1.02	1.07	1.02	1.08	1.11
Apples					
Consumer SCT (ILS mn)	0	-65	-106	-67	-24
Consumer NPC	1.00	1.14	1.22	1.14	1.05
Avocado					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Bananas					
Consumer SCT (ILS mn)	32	-76	-19	-150	-60
Consumer NPC	0.85	1.38	1.10	1.73	1.31
Cotton					
Consumer SCT (ILS mn)	4	0	0	0	0
Consumer NPC	0.90	1.06	1.23	1.06	0.88
Grapefruit					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Grapes					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Orange					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Peppers					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Peanuts					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Potatoes					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Tomatoes					
Consumer SCT (ILS mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (ILS mn)[1]	0	0	0	0	0
Consumer NPC	1.29	1.18	1.18	1.19	1.16

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

Note: 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 Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877945

Table A.42. Japan: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (JPY bn)	**-8 910**	**-8 080**	**-5 348**	**-5 437**	**-5 122**	**-5 486**
Total Consumer SCT (JPY bn)	**-8 910**	**-8 080**	**-5 348**	**-5 437**	**-5 122**	**-5 486**
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
Barley						
Consumer SCT (JPY bn)	-304	-269	-65	-78	-59	-58
Consumer NPC	6.18	4.36	2.01	2.26	1.89	1.89
Rice						
Consumer SCT (JPY bn)	-2 559	-2 230	-1 267	-1 251	-1 163	-1 387
Consumer NPC	5.61	4.93	3.52	3.29	3.32	3.96
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	-152	-144	-147	-167
Consumer NPC	2.50	2.34	-5.35	6.23	6.51	-28.79
Milk						
Consumer SCT (JPY bn)	-776	-679	-538	-517	-546	-551
Consumer NPC	7.06	3.27	2.18	2.15	2.15	2.25
Beef and Veal						
Consumer SCT (JPY bn)	-558	-355	-296	-289	-300	-300
Consumer NPC	3.65	1.46	1.39	1.39	1.39	1.39
Pigmeat						
Consumer SCT (JPY bn)	-356	-414	-625	-620	-634	-621
Consumer NPC	1.73	2.07	2.98	3.05	2.89	3.01
Poultry						
Consumer SCT (JPY bn)	-51	-42	-37	-37	-36	-38
Consumer NPC	1.13	1.12	1.12	1.12	1.12	1.12
Eggs						
Consumer SCT (JPY bn)	-71	-73	-66	-65	-69	-63
Consumer NPC	1.20	1.19	1.17	1.17	1.17	1.17
Apples						
Consumer SCT (JPY bn)	-35	-24	-28	-19	-47	-18
Consumer NPC	1.34	1.21	1.31	1.17	1.58	1.17
Chinese Cabbage						
Consumer SCT (JPY bn)	-9	-50	-78	-86	-73	-75
Consumer NPC	1.11	2.09	4.02	4.14	4.07	3.86
Cucumbers						
Consumer SCT (JPY bn)	-34	-33	-23	-49	-4	-17
Consumer NPC	1.24	1.23	1.23	1.53	1.03	1.14
Grapes						
Consumer SCT (JPY bn)	-38	-64	-72	-74	-71	-70
Consumer NPC	1.54	2.04	2.93	3.00	2.92	2.87
Mandarins						
Consumer SCT (JPY bn)	-27	-74	-75	-84	-76	-64
Consumer NPC	1.20	1.55	1.96	2.18	1.93	1.76
Pears						
Consumer SCT (JPY bn)	-21	-30	-45	-52	-36	-46
Consumer NPC	1.34	1.43	2.28	2.71	1.80	2.34
Spinach						
Consumer SCT (JPY bn)	-47	-80	-3	-3	-3	-3
Consumer NPC	2.17	4.19	1.03	1.03	1.03	1.03
Strawberries						
Consumer SCT (JPY bn)	-13	-40	-27	-25	-31	-24
Consumer NPC	1.10	1.29	1.21	1.20	1.25	1.18
Welsh Onion						
Consumer SCT (JPY bn)	-32	-65	-108	-121	-98	-107
Consumer NPC	1.63	1.94	4.00	4.42	3.70	3.88
Other Commodities						
Consumer SCT (JPY bn)[1]	-2 816	-2 607	-1 843	-1 922	-1 730	-1 878
Consumer NPC	2.66	2.17	1.82	1.82	1.79	1.85

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932877964

Table A.43. Kazakhstan: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (KZT mn)	**-5 786**	**-108 188**	**-65 042**	**-97 788**	**-161 735**
Total Consumer SCT (KZT mn)	**-5 786**	**-108 188**	**-65 042**	**-97 788**	**-161 735**
Wheat					
Consumer SCT (KZT mn)	9 186	-35 106	-15 794	-44 185	-45 339
Consumer NPC	0.81	1.18	1.08	1.22	1.23
Maize					
Consumer SCT (KZT mn)	52	2 561	1 260	4 195	2 229
Consumer NPC	0.81	0.75	0.82	0.68	0.76
Barley					
Consumer SCT (KZT mn)	338	1 355	106	1 970	1 989
Consumer NPC	1.06	0.80	0.97	0.69	0.73
Rice					
Consumer SCT (KZT mn)	1 480	10 222	6 335	12 734	11 597
Consumer NPC	0.66	0.59	0.77	0.49	0.53
Sunflower					
Consumer SCT (KZT mn)	132	33	5 218	-3 773	-1 346
Consumer NPC	0.89	1.00	0.71	1.20	1.08
Milk					
Consumer SCT (KZT mn)	-26 641	-5 548	0	0	-16 644
Consumer NPC	2.44	1.02	1.00	1.00	1.05
Beef and Veal					
Consumer SCT (KZT mn)	0	-19 014	-3 387	-5 152	-48 503
Consumer NPC	1.00	1.07	1.01	1.02	1.19
Sheepmeat					
Consumer SCT (KZT mn)	0	-2 827	0	0	-8 480
Consumer NPC	1.00	1.02	1.00	1.00	1.07
Pigmeat					
Consumer SCT (KZT mn)	0	-35 433	-32 489	-26 699	-47 112
Consumer NPC	1.00	1.45	1.42	1.35	1.58
Poultry					
Consumer SCT (KZT mn)	-913	-2 045	-2 889	-3 247	0
Consumer NPC	1.37	1.05	1.09	1.05	1.00
Eggs					
Consumer SCT (KZT mn)	-1 429	-5 528	-10 322	-6 263	0
Consumer NPC	1.78	1.16	1.31	1.16	1.00
Cotton					
Consumer SCT (KZT mn)	444	-1 218	-6 342	3 821	-1 133
Consumer NPC	0.89	1.16	1.55	0.89	1.05
Potatoes					
Consumer SCT (KZT mn)	-400	-8 620	0	-14 236	-11 623
Consumer NPC	1.01	1.06	1.00	1.08	1.09
Other Commodities					
Consumer SCT (KZT mn)[1]	11 966	-7 020	-6 738	-16 954	2 630
Consumer NPC	1.39	1.27	1.02	1.04	1.75

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932877983*

Table A.44. Korea: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (KRW bn)	**-9 425**	**-19 748**	**-24 843**	**-18 527**	**-28 871**	**-27 131**
Total Consumer SCT (KRW bn)	**-9 481**	**-20 002**	**-24 862**	**-18 545**	**-28 888**	**-27 153**
Barley						
Consumer SCT (KRW bn)	-210	-209	-39	-50	-38	-29
Consumer NPC	3.42	3.50	1.30	1.44	1.26	1.22
Rice						
Consumer SCT (KRW bn)	-4 452	-6 933	-4 894	-3 391	-5 276	-6 017
Consumer NPC	5.59	5.89	2.07	1.74	2.09	2.38
Soybeans						
Consumer SCT (KRW bn)	-175	-264	-640	-499	-817	-603
Consumer NPC	1.72	1.65	1.70	1.67	1.81	1.61
Milk						
Consumer SCT (KRW bn)	-302	-604	-1 459	-1 182	-1 406	-1 791
Consumer NPC	3.11	2.50	1.97	1.84	1.84	2.24
Beef and Veal						
Consumer SCT (KRW bn)	-495	-2 046	-1 829	-1 835	-1 812	-1 839
Consumer NPC	2.23	2.89	1.45	1.45	1.45	1.45
Pigmeat						
Consumer SCT (KRW bn)	-303	-781	-2 867	-2 470	-3 830	-2 302
Consumer NPC	1.50	1.69	2.41	2.38	2.77	2.08
Poultry						
Consumer SCT (KRW bn)	-132	-398	-769	-787	-883	-638
Consumer NPC	2.09	2.33	1.81	1.87	1.96	1.60
Eggs						
Consumer SCT (KRW bn)	28	-63	-96	-74	-181	-33
Consumer NPC	0.92	1.12	1.08	1.07	1.15	1.03
Chinese Cabbage						
Consumer SCT (KRW bn)	-74	-104	-169	-147	-150	-210
Consumer NPC	1.30	1.29	1.27	1.27	1.27	1.27
Garlic						
Consumer SCT (KRW bn)	-257	-542	-398	105	-603	-697
Consumer NPC	3.50	2.62	3.52	0.84	3.69	6.04
Red Pepper						
Consumer SCT (KRW bn)	-395	-713	-1 999	-691	-2 177	-3 128
Consumer NPC	2.75	2.55	4.48	4.53	3.38	5.53
Other Commodities						
Consumer SCT (KRW bn)[1]	-2 713	-7 344	-9 702	-7 524	-11 715	-9 867
Consumer NPC	2.94	2.91	1.89	1.68	1.97	2.02

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878002

Table A.45. Mexico: Consumer Single Commodity Transfers

	1991-93	1995-97	2010-12	2010	2011	2012p
Total CSE (MXN mn)	**-19 400**	**-760**	**-23 598**	**-18 493**	**-17 081**	**-35 219**
Total Consumer SCT (MXN mn)	**-19 403**	**-765**	**-25 721**	**-20 479**	**-19 668**	**-37 015**
Wheat						
Consumer SCT (MXN mn)	189	375	0	0	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	0	0	0	0
Consumer NPC	1.70	0.99	1.00	1.00	1.00	1.00
Barley						
Consumer SCT (MXN mn)	-147	-26	0	0	0	0
Consumer NPC	1.51	1.02	1.00	1.00	1.00	1.00
Sorghum						
Consumer SCT (MXN mn)	79	253	0	0	0	0
Consumer NPC	1.17	1.03	1.00	1.00	1.00	1.00
Rice						
Consumer SCT (MXN mn)	-30	-66	-63	-55	-68	-65
Consumer NPC	1.06	1.06	1.02	1.02	1.02	1.02
Soybeans						
Consumer SCT (MXN mn)	-229	-857	0	0	0	0
Consumer NPC	1.19	1.13	1.00	1.00	1.00	1.00
Sugar						
Consumer SCT (MXN mn)	-1 699	-2 724	-5 730	-5 602	-1 333	-10 256
Consumer NPC	1.98	1.51	1.26	1.24	1.06	1.47
Milk						
Consumer SCT (MXN mn)	-1 013	1 516	-844	1 170	1 180	-4 883
Consumer NPC	1.51	1.06	1.03	1.00	1.00	1.10
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
Pigmeat						
Consumer SCT (MXN mn)	-275	1 302	0	0	0	0
Consumer NPC	1.07	0.86	1.00	1.00	1.00	1.00
Poultry						
Consumer SCT (MXN mn)	-1 955	-1 966	-8 607	-7 131	-9 585	-9 105
Consumer NPC	1.58	1.13	1.13	1.12	1.16	1.12
Eggs						
Consumer SCT (MXN mn)	-152	0	-1	0	0	-3
Consumer NPC	1.05	1.00	1.00	1.00	1.00	1.00
Dried Beans						
Consumer SCT (MXN mn)	-667	627	-1 897	-2 002	-3 218	-472
Consumer NPC	1.44	0.85	1.33	1.21	1.75	1.03
Coffee						
Consumer SCT (MXN mn)	55	681	0	0	0	0
Consumer NPC	0.90	0.64	1.00	1.00	1.00	1.00
Tomatoes						
Consumer SCT (MXN mn)	-308	1 400	0	0	0	0
Consumer NPC	1.21	0.60	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (MXN mn)[1]	-6 777	-2 908	-8 578	-6 861	-6 643	-12 231
Consumer NPC	1.36	1.05	1.04	1.04	1.03	1.05

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878021

Table A.46. New Zealand: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (NZD mn)	**-110**	**-51**	**-126**	**-103**	**-157**	**-118**
Total Consumer SCT (NZD mn)	**-110**	**-51**	**-126**	**-103**	**-157**	**-118**
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
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	-84	-63	-100	-87
Consumer NPC	1.25	1.10	1.28	1.21	1.36	1.26
Eggs						
Consumer SCT (NZD mn)	-40	-22	-10	-14	-17	0
Consumer NPC	1.97	1.43	1.11	1.15	1.19	1.00
Other Commodities						
Consumer SCT (NZD mn)[1]	-31	-14	-32	-26	-39	-31
Consumer NPC	1.07	1.02	1.03	1.03	1.04	1.03

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878040

Table A.47. Norway: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (NOK mn)	**-9 141**	**-8 343**	**-10 697**	**-10 109**	**-9 905**	**-12 076**
Total Consumer SCT (NOK mn)	**-9 141**	**-8 343**	**-10 697**	**-10 109**	**-9 905**	**-12 076**
Wheat						
Consumer SCT (NOK mn)	-121	-332	-204	-261	-133	-218
Consumer NPC	2.05	2.21	1.53	1.75	1.36	1.48
Barley						
Consumer SCT (NOK mn)	-521	-313	-180	-145	-179	-216
Consumer NPC	5.30	2.12	1.56	1.85	1.41	1.42
Oats						
Consumer SCT (NOK mn)	-88	61	51	28	61	63
Consumer NPC	2.90	2.18	1.48	1.97	1.19	1.28
Milk						
Consumer SCT (NOK mn)	-700	-2 654	-2 553	-2 155	-2 230	-3 273
Consumer NPC	3.37	2.36	1.68	1.53	1.55	1.96
Beef and Veal						
Consumer SCT (NOK mn)	-1 665	-1 436	-2 005	-1 907	-2 028	-2 079
Consumer NPC	3.40	2.35	2.02	2.06	2.05	1.97
Sheepmeat						
Consumer SCT (NOK mn)	-356	-171	-95	-209	38	-115
Consumer NPC	2.53	1.44	1.11	1.26	0.96	1.12
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)	-1 487	-969	-1 754	-1 718	-1 688	-1 857
Consumer NPC	2.99	1.80	2.18	2.26	2.07	2.22
Poultry						
Consumer SCT (NOK mn)	-256	-321	-920	-904	-902	-955
Consumer NPC	3.96	3.14	2.49	2.73	2.36	2.39
Eggs						
Consumer SCT (NOK mn)	-590	-299	-586	-505	-573	-681
Consumer NPC	4.48	2.45	2.65	2.42	2.57	2.94
Other Commodities						
Consumer SCT (NOK mn)[1]	-3 302	-1 909	-2 450	-2 333	-2 272	-2 746
Consumer NPC	3.24	2.13	1.80	1.83	1.69	1.88

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878059

Table A.48. Russia: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (RUB mn)	**-14 270**	**-438 368**	**-513 129**	**-501 270**	**-300 706**
Total Consumer SCT (RUB mn)	**-14 270**	**-438 368**	**-513 129**	**-501 270**	**-300 706**
Wheat					
Consumer SCT (RUB mn)	1 253	15 835	10 376	21 348	15 781
Consumer NPC	0.90	0.89	0.89	0.85	0.92
Maize					
Consumer SCT (RUB mn)	233	2 799	1 121	2 958	4 318
Consumer NPC	0.68	0.64	0.68	0.61	0.64
Barley					
Consumer SCT (RUB mn)	475	4 548	1 871	7 061	4 713
Consumer NPC	0.78	0.83	0.88	0.76	0.85
Oats					
Consumer SCT (RUB mn)	31	1 063	-63	2 077	1 177
Consumer NPC	0.98	0.89	1.01	0.79	0.86
Rye					
Consumer SCT (RUB mn)	-408	13 027	6 316	21 987	10 778
Consumer NPC	1.15	0.43	0.51	0.34	0.46
Sunflower					
Consumer SCT (RUB mn)	588	-3 215	5 129	-10 946	-3 826
Consumer NPC	0.74	1.03	0.92	1.13	1.04
Sugar					
Consumer SCT (RUB mn)	-2 367	-1 029	-3 087	0	0
Consumer NPC	1.48	1.02	1.06	1.00	1.00
Milk					
Consumer SCT (RUB mn)	-12 390	-67 993	-85 284	-111 854	-6 841
Consumer NPC	1.40	1.16	1.21	1.25	1.01
Beef and Veal					
Consumer SCT (RUB mn)	4 317	-78 792	-84 745	-87 620	-64 012
Consumer NPC	0.90	1.29	1.36	1.32	1.19
Pigmeat					
Consumer SCT (RUB mn)	-2 528	-185 935	-189 326	-197 543	-170 937
Consumer NPC	1.11	1.96	2.23	1.92	1.72
Poultry					
Consumer SCT (RUB mn)	-3 487	-43 200	-53 842	-48 280	-27 477
Consumer NPC	1.25	1.19	1.26	1.21	1.10
Eggs					
Consumer SCT (RUB mn)	-1 362	0	0	0	0
Consumer NPC	1.14	1.00	1.00	1.00	1.00
Potatoes					
Consumer SCT (RUB mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (RUB mn)[1]	1 377	-95 477	-121 594	-100 457	-64 380
Consumer NPC	1.06	1.15	1.22	1.16	1.08

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878078

Table A.49. South Africa: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (ZAR mn)	**-4 031**	**-2 055**	**-625**	**-2 355**	**-3 184**
Total Consumer SCT (ZAR mn)	**-4 031**	**-2 055**	**-625**	**-2 355**	**-3 184**
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	0	0	0	0
Consumer NPC	1.11	1.00	1.00	1.00	1.00
Sunflower					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Sugar					
Consumer SCT (ZAR mn)	-372	-608	-468	-455	-903
Consumer NPC	1.40	1.14	1.12	1.09	1.20
Milk					
Consumer SCT (ZAR mn)	-712	-506	0	1	-1 518
Consumer NPC	1.54	1.06	1.00	1.00	1.19
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	-95	0	-286	0
Consumer NPC	1.52	1.01	1.00	1.04	1.00
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	-355	0	-1 064	0
Consumer NPC	1.12	1.01	1.00	1.04	1.00
Eggs					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Apples					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Grapes					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Oranges					
Consumer SCT (ZAR mn)	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00
Peanuts					
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)[1]	-1 099	-490	-157	-550	-763
Consumer NPC	1.14	1.01	1.00	1.02	1.02

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.50. Switzerland: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (CHF mn)	**-7 544**	**-4 995**	**-2 461**	**-2 552**	**-2 321**	**-2 511**
Total Consumer SCT (CHF mn)	**-7 759**	**-5 116**	**-2 464**	**-2 553**	**-2 324**	**-2 514**
Wheat						
Consumer SCT (CHF mn)	-538	-399	-113	-156	-76	-106
Consumer NPC	4.02	3.10	1.34	1.53	1.20	1.29
Maize						
Consumer SCT (CHF mn)	-139	-32	-15	-21	-10	-15
Consumer NPC	3.46	2.13	1.31	1.46	1.18	1.30
Barley						
Consumer SCT (CHF mn)	-207	-44	-16	-26	-9	-13
Consumer NPC	4.80	2.50	1.39	1.72	1.18	1.27
Rapeseed						
Consumer SCT (CHF mn)	-313	-252	-124	-120	-132	-121
Consumer NPC	6.45	4.32	1.58	1.65	1.58	1.53
Sugar						
Consumer SCT (CHF mn)	-143	-146	-18	-37	-8	-9
Consumer NPC	4.51	3.51	1.12	1.26	1.06	1.05
Milk						
Consumer SCT (CHF mn)	-1 900	-1 102	-209	-21	-229	-376
Consumer NPC	9.85	3.27	1.14	1.01	1.14	1.28
Beef and Veal						
Consumer SCT (CHF mn)	-1 382	-712	-471	-473	-502	-439
Consumer NPC	4.21	2.40	1.58	1.61	1.63	1.51
Sheepmeat						
Consumer SCT (CHF mn)	-106	-102	-19	-24	-11	-22
Consumer NPC	5.08	3.70	1.30	1.41	1.16	1.33
Pigmeat						
Consumer SCT (CHF mn)	-908	-651	-451	-503	-421	-429
Consumer NPC	2.45	2.17	1.92	2.01	1.85	1.91
Poultry						
Consumer SCT (CHF mn)	-301	-298	-236	-236	-236	-236
Consumer NPC	6.08	6.10	4.58	4.77	4.55	4.43
Eggs						
Consumer SCT (CHF mn)	-399	-299	-263	-263	-262	-263
Consumer NPC	6.87	5.28	4.02	3.76	4.11	4.19
Other Commodities						
Consumer SCT (CHF mn)[1]	-1 423	-1 080	-529	-674	-427	-485
Consumer NPC	4.34	2.99	1.36	1.45	1.29	1.34

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878116*

Table A.51. Turkey: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (TRY mn)	**-3**	**-492**	**-16 554**	**-24 655**	**-17 236**	**-7 771**
Total Consumer SCT (TRY mn)	**-3**	**-492**	**-16 554**	**-24 655**	**-17 236**	**-7 771**
Wheat						
Consumer SCT (TRY mn)	0	-54	-173	-519	0	0
Consumer NPC	1.36	1.14	1.02	1.07	1.00	1.00
Maize						
Consumer SCT (TRY mn)	0	-4	-66	-157	-40	0
Consumer NPC	1.16	1.23	1.14	1.37	1.05	1.00
Barley						
Consumer SCT (TRY mn)	0	-1	-69	-154	-46	-6
Consumer NPC	1.36	1.16	1.20	1.51	1.08	1.02
Sunflower						
Consumer SCT (TRY mn)	0	-20	-80	-38	-203	0
Consumer NPC	1.16	1.43	1.05	1.03	1.12	1.00
Sugar						
Consumer SCT (TRY mn)	0	-41	-112	-167	0	-168
Consumer NPC	1.11	1.67	1.07	1.10	1.00	1.10
Milk						
Consumer SCT (TRY mn)	-1	-104	-2 370	-3 362	-2 473	-1 275
Consumer NPC	2.46	2.11	1.34	1.52	1.34	1.15
Beef and Veal						
Consumer SCT (TRY mn)	0	-53	-3 833	-4 819	-3 542	-3 139
Consumer NPC	1.19	1.54	1.78	2.13	1.66	1.55
Sheepmeat						
Consumer SCT (TRY mn)	0	-4	-219	-656	0	0
Consumer NPC	1.17	1.09	1.18	1.53	1.00	1.00
Poultry						
Consumer SCT (TRY mn)	0	-18	0	0	0	0
Consumer NPC	0.93	1.39	1.00	1.00	1.00	1.00
Eggs						
Consumer SCT (TRY mn)	0	-21	-295	-760	0	-124
Consumer NPC	1.21	1.59	1.22	1.59	1.00	1.08
Apples						
Consumer SCT (TRY mn)	0	-3	-1 843	-1 256	-1 931	-2 342
Consumer NPC	1.04	1.07	2.50	2.13	2.59	2.79
Cotton						
Consumer SCT (TRY mn)	0	0	0	0	0	0
Consumer NPC	1.00	1.00	1.00	1.00	1.00	1.00
Grapes						
Consumer SCT (TRY mn)	0	-6	-1 374	-1 148	-1 509	-1 463
Consumer NPC	1.05	1.05	2.01	1.86	2.10	2.07
Potatoes						
Consumer SCT (TRY mn)	0	-16	-961	-708	-1 097	-1 078
Consumer NPC	1.23	1.39	2.45	2.26	2.63	2.45
Tobacco						
Consumer SCT (TRY mn)	0	-17	-85	-78	-92	-84
Consumer NPC	1.14	1.54	1.20	1.19	1.22	1.20
Tomatoes						
Consumer SCT (TRY mn)	0	-10	-51	-153	0	0
Consumer NPC	1.41	1.06	1.01	1.02	1.00	1.00
Other Commodities						
Consumer SCT (TRY mn)[1]	-1	-121	-5 025	-10 680	-6 303	1 908
Consumer NPC	1.26	1.29	1.17	1.34	1.21	0.96

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878135

Table A.52. Ukraine: Consumer Single Commodity Transfers

	1995-97	2010-12	2010	2011	2012p
Total CSE (UAH mn)	**3 108**	**4 999**	**-4 629**	**14 387**	**5 240**
Total Consumer SCT (UAH mn)	**3 108**	**4 999**	**-4 629**	**14 387**	**5 240**
Wheat					
Consumer SCT (UAH mn)	148	2 481	724	3 156	3 562
Consumer NPC	1.09	0.82	0.92	0.77	0.75
Maize					
Consumer SCT (UAH mn)	21	442	161	712	452
Consumer NPC	0.82	0.86	0.93	0.77	0.87
Barley					
Consumer SCT (UAH mn)	25	644	60	1 187	685
Consumer NPC	0.91	0.80	0.95	0.70	0.76
Oats					
Consumer SCT (UAH mn)	-18	161	-1	239	246
Consumer NPC	1.73	0.67	0.87	0.55	0.61
Rye					
Consumer SCT (UAH mn)	-33	152	-40	257	239
Consumer NPC	1.24	0.88	1.14	0.73	0.76
Sunflower					
Consumer SCT (UAH mn)	103	6 408	2 006	10 819	6 399
Consumer NPC	0.81	0.81	0.91	0.72	0.82
Sugar					
Consumer SCT (UAH mn)	-64	-1 723	-2 057	-1 076	-2 035
Consumer NPC	1.09	1.35	1.44	1.18	1.45
Milk					
Consumer SCT (UAH mn)	1 258	2 858	2 074	3 421	3 080
Consumer NPC	0.72	0.91	0.93	0.89	0.89
Beef and Veal					
Consumer SCT (UAH mn)	289	0	0	0	0
Consumer NPC	0.88	1.00	1.00	1.00	1.00
Pigmeat					
Consumer SCT (UAH mn)	1 335	-1 518	-1 505	-598	-2 453
Consumer NPC	0.63	1.09	1.11	1.04	1.14
Poultry					
Consumer SCT (UAH mn)	-108	-5 894	-4 972	-5 862	-6 848
Consumer NPC	1.15	1.62	1.53	1.74	1.59
Eggs					
Consumer SCT (UAH mn)	-206	-626	-440	-1 439	0
Consumer NPC	1.34	1.08	1.05	1.18	1.00
Potatoes					
Consumer SCT (UAH mn)	-65	0	0	0	0
Consumer NPC	1.01	1.00	1.00	1.00	1.00
Other Commodities					
Consumer SCT (UAH mn)[1]	423	1 616	-638	3 571	1 913
Consumer NPC	1.13	0.91	0.97	1.15	0.62

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878154

Table A.53. United States: Consumer Single Commodity Transfers

	1986-88	1995-97	2010-12	2010	2011	2012p
Total CSE (USD mn)	**-3 794**	**4 452**	**36 483**	**32 797**	**35 694**	**40 959**
Total Consumer SCT (USD mn)	**-13 856**	**-13 284**	**-4 570**	**-5 138**	**-4 862**	**-3 709**
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
Barley						
Consumer SCT (USD mn)	-100	-4	0	0	0	0
Consumer NPC	1.73	1.01	1.00	1.00	1.00	1.00
Sorghum						
Consumer SCT (USD mn)	0	0	0	0	0	0
Consumer NPC	1.00	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
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	-1 875	-2 488	-1 951	-1 188
Consumer NPC	3.18	2.00	1.63	1.87	1.68	1.35
Milk						
Consumer SCT (USD mn)	-6 164	-7 576	-1 557	-1 380	-1 688	-1 602
Consumer NPC	1.56	1.57	1.05	1.05	1.05	1.05
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	-76	-71	-91	-66
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	1.00	1.01	1.00	1.00
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
Cotton						
Consumer SCT (USD mn)	0	-16	81	104	77	62
Consumer NPC	1.00	1.03	1.00	1.00	1.00	1.00
Other Commodities						
Consumer SCT (USD mn)[1]	-3 983	-3 865	-1 142	-1 303	-1 209	-914
Consumer NPC	1.12	1.08	1.02	1.02	1.02	1.01

Note: p: provisional. CSE: Consumer Support Estimate. SCT: Single Commodity Transfers. NPC: Nominal Protection Coefficient.

1. The Consumer SCT for Other Commodities is the Total Consumer SCT minus the sum of Consumer SCTs for the commodities listed above.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878173*

Table A.54. Australia: Payments made on the basis of area, animal numbers, receipts or income

AUD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**19**	**301**	**234**	**359**	**310**
Share in total PSE (%)	0	1	22	17	25	24
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	301	234	359	310
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**	**492**	**433**	**559**	**486**
Share in total PSE (%)	13	14	36	31	39	37
Payments based on area	0	34	144	114	162	157
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	250	193	348	319	396	329

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).
Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878192*

Table A.55. Brazil: Payments made on the basis of area, animal numbers, receipts or income

BRL million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**359**	**320**	**130**	**627**
Share in total PSE (%)	0	2	3	1	4
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	359	320	130	627
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878211*

Table A.56. Canada: Payments made on the basis of area, animal numbers, receipts or income

CAD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**1 787**	**840**	**2 199**	**2 074**	**2 294**	**2 228**
Share in total PSE (%)	22	17	29	28	30	29
Payments based on area	1 075	223	856	731	866	972
Payments based on animal numbers	81	159	312	332	321	284
Payments based on farm receipts	632	396	374	372	341	409
Payments based on farm income	0	63	656	640	765	563
Payments based on non-current A/An/R/I, production required	**0**	**0**	**133**	**396**	**2**	**0**
Share in total PSE (%)	0	0	2	5	0	0
Payments based on area	0	0	105	312	2	0
Payments based on animal numbers	0	0	28	84	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**	**790**	**135**	**7**	**366**	**32**
Share in total PSE (%)	0	15	2	0	5	0
Payments based on area	0	755	132	3	361	34
Payments based on animal numbers	0	0	2	0	7	0
Payments based on farm receipts	0	35	0	0	0	0
Payments based on farm income	0	0	0	4	-2	-2

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).
Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878230

Table A.57. Chile: Payments made on the basis of area, animal numbers, receipts or income

CLP million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**4 158**	**1 193**	**2 858**	**809**	**419**
Share in total PSE (%)	2	1	2	0	0
Payments based on area	4 158	1 193	2 858	809	419
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878249

Table A.58. China: Payments made on the basis of area, animal numbers, receipts or income

CNY million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**3 866**	**145 634**	**117 770**	**148 413**	**170 718**
Share in total PSE (%)	15	17	14	19	16
Payments based on area	0	133 211	107 972	135 510	156 150
Payments based on animal numbers	0	1 143	990	1 190	1 250
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	3 866	11 280	8 808	11 713	13 318
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	**1 450**	**12 311**	**10 205**	**12 221**	**14 507**
Share in total PSE (%)	6	1	1	2	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	1 450	12 311	10 205	12 221	14 507

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

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878268*

Table A.59. European Union: Payments made on the basis of area, animal numbers, receipts or income (EU27)

EUR million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**3 195**	**29 775**	**14 294**	**13 829**	**14 627**	**14 425**
Share in total PSE (%)	4	32	18	18	19	17
Payments based on area	515	20 609	10 147	10 096	10 340	10 006
Payments based on animal numbers	2 548	9 101	3 323	2 978	3 442	3 549
Payments based on farm receipts	91	47	428	339	439	508
Payments based on farm income	41	18	395	417	406	362
Payments based on non-current A/An/R/I, production required	**0**	**0**	**121**	**176**	**108**	**80**
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	121	176	108	80
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**	**37 452**	**36 880**	**37 573**	**37 901**
Share in total PSE (%)	0	0	47	48	49	46
Payments based on area	0	24	14 248	13 408	14 091	15 244
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	23 204	23 472	23 482	22 657
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878287*

Table A.60. Iceland: Payments made on the basis of area, animal numbers, receipts or income

ISK million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**0**	**639**	**628**	**628**	**662**
Share in total PSE (%)	0	0	4	4	4	3
Payments based on area	0	0	4	3	5	4
Payments based on animal numbers	0	0	581	553	581	610
Payments based on farm receipts	0	0	54	72	43	49
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**	**3 452**	**3 285**	**3 449**	**3 621**
Share in total PSE (%)	0	12	20	21	21	19
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	1 011	3 452	3 285	3 449	3 621
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	**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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878306

Table A.61. Indonesia: Payments made on the basis of area, animal numbers, receipts or income

IDR million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**6 664**	**327 084**	**613 393**	**321 758**	**46 100**
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	6 664	327 084	613 393	321 758	46 100
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878325

Table A.62. Israel: Payments made on the basis of area, animal numbers, receipts or income

ILS million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**102**	**184**	**169**	**163**	**219**
Share in total PSE (%)	4	5	5	4	6
Payments based on area	5	27	23	27	31
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	157	146	136	188
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**	**34**	**32**	**35**	**35**
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	34	32	35	35

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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878344

Table A.63. Japan: Payments made on the basis of area, animal numbers, receipts or income

JPY billion

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**0**	**331**	**279**	**419**	**297**
Share in total PSE (%)	0	0	7	6	9	6
Payments based on area	0	0	254	202	335	225
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	77	76	84	72
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**	**364**	**360**	**366**	**365**
Share in total PSE (%)	3	2	7	7	8	7
Payments based on area	228	119	364	360	366	365
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878363

Table A.64. Kazakhstan: Payments made on the basis of area, animal numbers, receipts or income

KZT million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**17 087**	**12 735**	**19 412**	**19 113**
Share in total PSE (%)	0	8	9	8	6
Payments based on area	0	16 935	12 592	19 244	18 968
Payments based on animal numbers	0	152	143	168	145
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).
Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878382

Table A.65. Korea: Payments made on the basis of area, animal numbers, receipts or income

KRW billion

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**24**	**206**	**1 002**	**903**	**1 080**	**1 024**
Share in total PSE (%)	0	1	5	5	5	4
Payments based on area	0	0	763	649	847	794
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	239	253	233	230
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**	**671**	**707**	**653**	**652**
Share in total PSE (%)	0	0	3	4	3	3
Payments based on area	0	0	671	707	653	652
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878401

Table A.66. Mexico: Payments made on the basis of area, animal numbers, receipts or income

MXN million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**10**	**234**	**4 281**	**2 527**	**4 903**	**5 412**
Share in total PSE (%)	0	1	5	3	6	6
Payments based on area	10	134	2 473	1 508	2 922	2 988
Payments based on animal numbers	0	0	1 808	1 019	1 980	2 424
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**	**3 936**	**3 806**	**3 956**	**4 047**
Share in total PSE (%)	0	0	5	5	4	4
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	0	0	3 936	3 806	3 956	4 047
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**	**14 700**	**14 797**	**13 878**	**15 425**
Share in total PSE (%)	0	-1	17	19	16	17
Payments based on area	0	6 701	14 700	14 797	13 878	15 425
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878420

Table A.67. New Zealand: Payments made on the basis of area, animal numbers, receipts or

NZD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**42**	**1**	**0**	**0**	**1**	**0**
Share in total PSE (%)	11	1	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	42	1	0	0	1	0
Payments based on non-current A/An/R/I, production required	**315**	**0**	**0**	**0**	**0**	**0**
Share in total PSE (%)	21	0	0	0	0	0
Payments based on area	0	0	0	0	0	0
Payments based on animal numbers	315	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**	**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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878439

Table A.68. Norway: Payments made on the basis of area, animal numbers, receipts or income

NOK million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**3 577**	**6 254**	**7 328**	**7 068**	**7 239**	**7 676**
Share in total PSE (%)	19	33	32	32	33	31
Payments based on area	974	3 335	2 332	2 306	2 309	2 380
Payments based on animal numbers	2 603	2 920	4 086	3 905	4 070	4 282
Payments based on farm receipts	0	0	0	0	0	0
Payments based on farm income	0	0	910	857	860	1 014
Payments based on non-current A/An/R/I, production required	**0**	**0**	**2 844**	**2 685**	**2 793**	**3 054**
Share in total PSE (%)	0	0	12	12	13	12
Payments based on area	0	0	1 631	1 594	1 610	1 689
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	1 213	1 090	1 183	1 366
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878458

Table A.69. Russia: Payments made on the basis of area, animal numbers, receipts or income

RUB million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**4 480**	**10 116**	**2 562**	**762**
Share in total PSE (%)	0	1	2	1	0
Payments based on area	0	429	116	409	762
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	4 051	10 000	2 153	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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878477

Table A.70. South Africa: Payments made on the basis of area, animal numbers, receipts or income

ZAR million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**97**	**0**	**0**	**0**	**0**
Share in total PSE (%)	2	0	0	0	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	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).
Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878496

Table A.71. Switzerland: Payments made on the basis of area, animal numbers, receipts or income

CHF million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**612**	**1 203**	**1 309**	**1 311**	**1 309**	**1 307**
Share in total PSE (%)	7	16	24	25	24	23
Payments based on area	259	804	221	221	219	223
Payments based on animal numbers	338	399	1 088	1 090	1 090	1 084
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**	**101**	**101**	**102**	**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	101	101	102	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**	**1 211**	**1 221**	**1 218**	**1 195**
Share in total PSE (%)	0	0	22	23	22	21
Payments based on area	0	0	1 211	1 221	1 218	1 195
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878515

Table A.72. Turkey: Payments made on the basis of area, animal numbers, receipts or income

TRY million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**0**	**4**	**2 682**	**2 414**	**2 646**	**2 986**
Share in total PSE (%)	0	1	9	7	9	10
Payments based on area	0	4	1 677	1 720	1 539	1 774
Payments based on animal numbers	0	0	801	596	858	949
Payments based on farm receipts	0	0	204	99	249	263
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**	**2**	**2**	**1**	**1**
Share in total PSE (%)	0	0	0	0	0	0
Payments based on area	0	0	2	2	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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878534

Table A.73. Ukraine: Payments made on the basis of area, animal numbers, receipts or income

UAH million

	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**525**	**3 142**	**2 801**	**3 132**	**3 492**
Share in total PSE (%)	-7	28	17	-23	90
Payments based on area	0	9	0	0	26
Payments based on animal numbers	0	133	1	32	366
Payments based on farm receipts	0	0	0	0	0
Payments based on farm income	525	3 000	2 800	3 100	3 100
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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink http://dx.doi.org/10.1787/888932878553

Table A.74. United States: Payments made on the basis of area, animal numbers, receipts or income

USD million

	1986-88	1995-97	2010-12	2010	2011	2012p
Payments based on current A/An/R/I, production required	**12 231**	**1 825**	**7 840**	**6 119**	**9 321**	**8 081**
Share in total PSE (%)	34	8	26	22	29	27
Payments based on area	11 053	1 104	6 879	5 314	8 408	6 915
Payments based on animal numbers	267	0	5	14	0	0
Payments based on farm receipts	0	0	10	11	10	9
Payments based on farm income	912	721	946	780	902	1 156
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**	**5 814**	**5 735**	**5 800**	**5 907**
Share in total PSE (%)	1	13	19	21	18	20
Payments based on area	338	3 824	4 858	4 781	4 846	4 947
Payments based on animal numbers	0	0	0	0	0	0
Payments based on farm receipts	0	0	956	954	954	960
Payments based on farm income	0	0	0	0	0	0

Note: A (area planted) / An (animal numbers) / R (receipts) / I (income).
Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

StatLink *http://dx.doi.org/10.1787/888932878572*

Table A.75. Contribution to change in Producer Support Estimate by country, 2011 to 2012

	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, 2011	% change[1]	% change in PSE if all other variables are held constant								
Australia	1 360	-9.1	0.0	-9.1	0.0	-0.7	-3.3	0.0	-5.0	0.0	0.0
Canada	7 587	0.0	5.7	-5.7	0.0	-0.3	-0.9	0.0	-4.4	-0.2	0.1
Chile	388	11.3	-1.1	12.3	0.0	12.3	0.1	0.0	0.0	0.0	0.0
European Union[2]	98 757	8.8	9.0	-0.2	-0.1	-0.2	-0.3	0.0	0.4	-0.1	0.0
Iceland	151	14.8	11.5	3.3	1.6	0.4	0.2	1.0	0.0	0.0	0.0
Israel[3]	889	-8.4	-10.0	1.7	0.2	-0.1	1.5	0.0	0.0	0.0	0.0
Japan	64 759	7.2	8.5	-1.3	1.7	-0.5	-2.5	0.0	0.0	0.0	0.0
Korea	20 477	0.8	1.1	-0.3	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Mexico	7 071	5.6	15.2	-9.6	-0.7	-11.3	0.6	0.1	1.8	0.0	0.0
New Zealand	123	-26.4	-26.8	0.5	0.0	0.8	-0.3	0.0	0.0	0.0	0.0
Norway	4 274	12.4	8.8	3.6	0.5	0.0	2.0	1.2	0.0	0.0	0.0
Switzerland	5 944	1.2	3.3	-2.1	0.1	-1.9	0.0	0.0	-0.4	0.1	0.0
Turkey	16 691	1.9	-4.2	6.0	1.0	3.9	1.2	0.0	0.0	0.0	0.0
United States	30 170	-4.5	-1.8	-2.7	1.4	-0.9	-3.9	0.0	0.3	0.4	0.0
OECD[4]	258 642	9.4	10.3	-0.9	0.6	-0.5	-1.1	0.0	0.1	0.0	0.0
Brazil	9 001	5.2	-1.1	6.3	-2.5	5.8	3.0	0.0	0.0	0.0	0.0
China	165 591	36.4	31.0	5.4	0.0	2.2	2.9	0.0	0.3	0.0	0.0
Indonesia	28 038	58.3	59.9	-1.6	0.0	-1.4	-0.2	0.0	0.0	0.0	0.0
Kazakhstan	1 985	16.2	11.0	5.1	0.8	4.2	-0.1	0.0	0.0	0.0	0.2
Russia	13 247	-11.0	-22.0	11.0	0.0	11.4	-0.4	0.0	0.0	0.0	0.0
South Africa	637	32.3	28.4	3.9	0.0	3.9	0.0	0.0	0.0	0.0	0.0
Ukraine	485	128.0	106.0	22.1	4.1	15.4	2.6	0.0	0.0	0.0	0.0

1. Per cent changes 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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.76. Contribution of Market Price Support to change in Producer Support Estimate by country, 2011 to 2012

	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[2]	-9.1	-9.1	0.0	0.0	0.0
Canada	0.0	-5.7	5.7	0.6	5.0
Chile	11.3	12.3	-1.1	-0.6	-0.5
European Union[3]	8.8	-0.2	9.0	-0.5	9.5
Iceland	14.8	3.3	11.5	0.9	10.7
Israel[4]	-8.4	1.7	-10.0	4.2	-14.3
Japan	7.2	-1.3	8.5	1.7	6.8
Korea	0.8	-0.3	1.1	1.3	-0.2
Mexico	5.6	-9.6	15.2	2.4	12.7
New Zealand	-26.4	0.5	-26.8	2.4	-29.3
Norway	12.4	3.6	8.8	0.5	8.2
Switzerland	1.2	-2.1	3.3	-0.4	3.7
Turkey	1.9	6.0	-4.2	0.5	-4.7
United States	-4.5	-2.7	-1.8	0.4	-2.3
OECD[5]	9.4	-0.9	10.3	0.7	9.6
Brazil	5.2	6.3	-1.1	-0.4	-0.8
China	36.4	5.4	31.0	2.3	28.7
Indonesia	58.3	-1.6	59.9	6.6	53.3
Kazakhstan	16.2	5.1	11.0	-43.5	54.5
Russia	-11.0	11.0	-22.0	7.6	-29.6
South Africa	32.3	3.9	28.4	0.0	28.4
Ukraine	128.0	22.1	106.0	46.9	59.1

Note: BP = Budgetary payments; MPS = Market price support.

1. Percent changes of nominal values expressed in national currency.
2. The percentage change is equal to zero because the MPS for Australia is equal to zero for all commodities in both years.
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 percent changes in individual countries' MPS, weighted by the shares of the countries' MPS in the OECD total MPS in the previous year; not equivalent to the variation in OECD MPS in any common currency.

Source: OECD (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Table A.77. Contribution to change in Border Price by country, 2011 to 2012

	Producer Price	Border Price	Contribution to % change in Border Price[1] of:	
			Exchange Rate	Border Price (USD)
	%change[2]	%change[2]	if all other variables are held constant	
Australia[3]	0.0	0.0	0.0	0.0
Canada	1.3	-6.8	1.0	-7.8
Chile	-5.7	-5.4	0.7	-6.1
European Union[4]	3.4	0.3	7.4	-7.1
Iceland	6.4	1.8	7.6	-5.8
Israel[5]	-4.0	-2.2	6.4	-8.7
Japan	4.4	-4.5	0.1	-4.6
Korea	-2.6	-5.0	1.6	-6.7
Mexico	12.6	34.9	6.6	28.4
New Zealand	0.6	10.7	-2.7	13.3
Norway	4.2	-4.0	3.6	-7.6
Switzerland	0.1	-0.1	5.5	-5.6
Turkey	1.3	7.2	7.2	0.0
United States	-5.6	-0.1	0.0	-0.1
OECD[6]	3.5	-3.0	3.6	-6.6
Brazil	-3.9	3.7	15.8	-12.1
China	0.8	-4.6	-2.4	-2.3
Indonesia	8.4	-7.2	6.3	-13.6
Kazakhstan	-5.5	-6.5	2.0	-8.5
Russia	-3.3	38.5	6.5	32.0
South Africa	4.7	4.8	12.7	-7.8
Ukraine	16.4	-14.0	0.3	-14.3

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. The percentage change is equal to zero because the MPS for Australia is equal to zero for all commodities in both years (see footnote 2).
4. European Union 27.
5. 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 under the terms of international law.
6. 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 (2013), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database).

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Contents

Executive summary

Part I. Developments in agricultural policy and support

Chapter 1. Developments of agricultural policies

Chapter 2. Evaluation of agricultural policies

Part II. Developments in OECD countries and emerging economies:

- The OECD area
- Australia
- Brazil
- Canada
- Chile
- China
- European Union
- Iceland
- Indonesia
- Israel
- Japan
- Kazakhstan
- Korea
- Mexico
- New Zealand
- Norway
- Russian Federation
- South Africa
- Switzerland
- Turkey
- Ukraine
- United States

Statistical Annex: Summary tables of estimation of support

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