AGRICULTURAL POLICIES IN OECD COUNTRIES

MONITORING AND EVALUATION 2002

HIGHLIGHTS

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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Pursuant to Article 1 of the Convention signed in Paris on 14th December 1960, and which came into force on 30th September 1961, the Organisation for Economic Co-operation and Development (OECD) shall promote policies designed:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;

- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development, and

- to contribute to the expansion of world trade on a multilateral, on-discriminatory basis in accordance with international obligations.

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FOREWORD

Each year, the OECD monitors and evaluates changes in agricultural, agri-environmental, trade and other related policies in light of the agricultural policy reform principles agreed by OECD Ministers. This booklet contains the highlights of *Agricultural Policies in OECD Countries — Monitoring and Evaluation 2002*.

The OECD Council at Ministerial level requested the OECD Secretariat to monitor annually the implementation of the principles for agricultural policy reform adopted in 1987. In 1998, OECD Agriculture Ministers agreed to a set of shared goals for the agro-food sector and operational criteria for policy instruments, which also serve as a reference for this evaluation. The Secretariat has used a comprehensive system for classifying support to agriculture in order to measure and provide insight into increasingly complex and wide ranging policies. The report was prepared by the Food, Agriculture and Fisheries Directorate of the OECD with the active participation of Member countries.

For detailed information on support to agriculture in OECD countries, please consult the yearly *OECD Producer and Consumer Support Estimates Database* on CD-ROM. Should you wish to purchase the full report or the CD-ROM, please contact the OECD Bookshop, 2 rue André-Pascal, 75775 Paris Cedex 16 (http://electrade.gfi.fr/cgi-bin/OECDBookShop.storefront/).

EXECUTIVE SUMMARY

Support to agricultural producers in OECD countries decreased for the second consecutive year, but remains above the lowest level, reached in 1997. There has been some movement towards greater market orientation and lower support and protection since the mid-80s, but wide differences remain across countries and commodities. Despite some shift away from market price support and output payments, these remain as the dominant forms of support in most countries, impeding the transmission of world market signals to producers and distorting production and trade. Although there has been some progress in agricultural policy reform, it has been slow, variable, and insufficient.

A quiet year for reform but the policy debate is changing. Few agricultural policy reform programmes were introduced in 2001 and some previously announced reforms were delayed. Policy discussion in many countries focused on areas such as sustainable development, food safety, environment, rural development, the multifunctional role of agriculture, market concentration and competition policy, but actual policy changes in these areas were few. Institutional changes in some countries reflected the increasing priority given to food safety and rural development issues. Emergency measures were applied once again in some countries in response to Bovine Spongiform Encephalopathy (BSE), Foot and Mouth Disease, market developments and crop failures. In a few OECD countries, new price support policies were introduced or existing ones extended to new products.

Total support to agriculture amounted to USD 311 billion (EUR 347 billion). About three-quarters of total support to agriculture (TSE) went to producers while the remainder was used to provide general services (*e.g.* infrastructure, inspection, research and marketing). Total support to agriculture decreased by USD 10 billion from 2000, accounting for 1.3% of the GDP in the OECD area, compared with 2.3% in 1986-88.

Support to producers decreased slightly in 2001. Support to agricultural producers accounted for 31% of total farm receipts (%PSE) in the OECD area in 2001, compared with 32% in 2000 and 38% in 1986-88. As in 2000, the decrease mainly reflected an increase in world prices, causing a fall in price support.

Market price support and output payments remain dominant. The share of market price support and output payments, which are among the most production and trade distorting measures, remained high at 69% of producer support, though down from 82% in 1986-88. Prices received by OECD farmers in 2001 were still on average 31% above world prices, compared with 58% in the mid-80s, shielding farmers in many countries from world market signals.

A smaller share of receipts from government intervention. Gross farm receipts were on average 45% higher in 2001 than they would have been at world prices without any support, compared with 62% in 1986-88. This indicates some improvement in market orientation with a bigger share of farm receipts generated at world prices and a smaller share by government intervention. Significant differences remain across countries and commodities.

Wide range of support levels across the OECD. Support levels in 2001 remained lowest in New Zealand (1% PSE) and Australia (4% PSE), and highest in Iceland, Japan, Korea, Norway and Switzerland (around or over 60% PSE). Among the high support countries, there has been a shift away from the most distorting forms of support in Iceland, Norway and Switzerland since the mid-80s. The %PSE in the European Union accession countries - Czech Republic, Hungary, Poland, Slovak Republic and Turkey, fell to under 20%, compared with 35% in the European Union. The %PSE for Mexico, Canada and the United States is around or less than 20%.

Wide variation in support levels across commodities. While support decreased for most commodities relative to the 1986-88 averages, support across commodities varies widely. The %PSE in 2001 was greater than 80% for rice, 55% for sheepmeat, 45% for sugar and milk, 36% for wheat and beef, between 15% and 30% for poultry, pigmeat, oilseeds and maize, and less than 10% for eggs and wool. Virtually all support to sugar, milk and rice is market price support, which is potentially the most production and trade distorting policy measure.

Modest progress in agricultural policy reform since the mid-80s. Overall, the level of support and protection to agriculture has decreased since the mid-80s and there has been some shift towards less distorting policy measures. These developments have the potential to cause less environmental pressure and to be more effective in transferring income to farmers and in achieving other policy goals. Nevertheless, the continued dominance of the most distorting forms of support means that farmers remain shielded from world markets signals. The current support levels impose a burden on consumers and taxpayers in the OECD countries. They also constrain agricultural growth and development opportunities in non-OECD countries. WTO Ministers recognised this in the Doha Declaration by placing the needs and interests of the developing countries at the heart of their Work Programme. Given the slow and variable pace of implementation of the agricultural policy reform agreed by OECD Ministers, greater efforts are still needed. The challenge is to further reduce support, ensure well functioning markets, implement better-targeted measures that are less production and trade distorting, and effectively address both domestic and international goals.

AGRICULTURAL POLICIES IN OECD COUNTRIES — MONITORING AND EVALUATION

I.1. Economic and agricultural market background[1]

Following real GDP growth in 2000 of 3.7% — the strongest performance in a decade — growth slowed markedly during 2001 to average only 1% for the OECD area. In fact, it is estimated that OECD output actually contracted slightly in the second half of 2001, for the first time in twenty years. The global slowdown evident at the end of 2001 left few regions or countries unscathed. Non-OECD areas that were affected and are particularly important in agricultural trade include the dynamic Asian Economies and South America. Growth in the OECD area is expected to revive during the second half of 2002, but only on the assumption that household and business confidence turn up from their current low levels. Overall, growth in 2002 is expected to remain at 1%, but are projected to rise to 3% in 2003.

Macro-economic conditions are important in determining the profitability of farm businesses. They also have a strong influence on international trade in agricultural products. In 2001, inflation was relatively low as were interest rates, factors that were favourable for farm enterprises. On the other hand, agricultural markets shared in the general weakening in merchandise trade in 2001 that resulted *inter alia*, from the macro-economic slowdown and the events of 11 September.

Table I.1. **Macro-economic indicators for selected OECD countries**

	Real GDP		Inflation [1]		Unemployment		Interest rates [2]	
	% change		% change		Percentage of labour force		Percentage	
	2000	2001	2000	2001	2000	2001	2000	2001
United States	4.1	1.1	2.3	2.1	4.0	4.8	6.5	3.8
Canada	4.4	1.3	3.7	2.6	6.8	7.3	5.8	4.0
Mexico	6.9	0.0	10.8	6.0	2.2	2.5	16.2	12.6
European Union	3.3	1.7	1.5	2.5	8.1	7.8	4.4	4.2
Japan	1.5	-0.7	1.6	-1.6	4.7	5.0	0.2	0.1
Korea	8.8	2.0	-1.5	2.0	4.1	3.9	7.1	5.2
Australia	3.4	2.0	3.9	3.6	6.3	6.9	6.2	5.0
New Zealand	3.0	1.9	2.5	4.7	6.0	5.3	6.5	5.8
OECD	3.7	1.0	2.6	2.9	6.5	7.2		

Notes
1. GDP deflator.
2. United States: 3-month eurodollars; Japan: 3-month Certificate of deposit (CDs); euro area: 3-month interbank rates.
Source: OECD *Economic Outlook,* December 2001.

Overall, trade is expected to rebound strongly in the latter half of 2002 as growth resumes in the global economy and agriculture is expected to share in this recovery. Although the underlying trend in international trade in agricultural products is upwards, with processed products increasing relative to primary commodities, the importance of agriculture in total trade has decreased since the mid-1980s (Annex Table 1). Exports of primary and processed agricultural commodities currently account for less than 7% of total OECD merchandise exports compared to over 9% in 1986-88.

International market prices for many crops and crop products, expressed in USD, increased in general during 2001, despite weakening macroeconomic conditions.[2] Prior to the slowdown in world economic growth in 2001, many agricultural products had been in the process of recovery from a prolonged period of downturn caused by large supplies and weak international demand. The price increases tended, nonetheless, to be marginal so prices remained below peak levels of the mid-1990s.

As regards meat products, animal diseases have had significant effects on trade patterns and have been the most significant factor in specific markets. The continued spread of BSE in European countries and the discovery of the disease in Japan has sharply reduced beef demand in these markets and in other countries, with implications for domestic and world markets. The domestic policy responses to the outbreaks of Foot and Mouth Disease (FMD) differed. Destruction of animals was the mechanism chosen in the European Union while vaccination was the response in Argentina. Many importing countries banned meat from countries in which FMD outbreaks had occurred.

In dairy markets, prices peaked around August at levels sufficiently high to approach internal support prices of some OECD Members, although price developments in 2001 reflected the volatility that is typical of thin world dairy markets. Following the mid-year price peaks there were sharp declines, probably due to the deteriorating macroeconomic situation in key markets and the consequent fall in demand.

OECD agricultural policies continued to affect international agricultural markets. Policies providing support prices, implemented through trade barriers and/or other export support, or deficiency payments that raise producer revenues to target levels, shield producer returns from world market signals. Thus, government intervention would seem to have dampened supply response to the relatively low prices in 2001. Other support, such as payments linked to land or other inputs, also tend to increase short-run supply and any form of support may lead to greater investment in agriculture, with long-term consequences in the form of greater production potential. These effects may also explain why, generally speaking, supply response to low prices in the past few years has been much lower than would otherwise be anticipated.

Farm incomes

In most OECD countries, aggregate farm incomes are forecast to have increased in real terms during 2001 compared to 2000. Particularly marked increases occurred in Australia, Canada, and New Zealand but the European Union and the United States also recorded increases in aggregate real net farm income. The only country where a significant fall in real farm income in 2001 is expected would seem to be Norway. The factors explaining these outcomes are complex and include not only macro-economic parameters, such as inflation and interest rates, agricultural market conditions including weather, but also government interventions. The latter have been particularly significant as emergency income support measures continued to be important in determining farm income in some countries and control or compensation mechanisms for animal disease outbreaks were important in others. These aggregate farm income outcomes should be interpreted against a background of continuously falling farm numbers which imply that aggregate farm income is shared among a declining number of families and enterprises. Also, farm households in many countries have significant off-farm income so that while farm incomes give some

indication of the economic health of the farm business they give only a partial account of the economic situation of the households involved in those businesses.

Structural developments

Agriculture's share of GDP tends to decline over time (as total economic output grows faster than agricultural output). Among the OECD countries, primary agriculture's contribution to GDP is usually quite low — below 4%. In some of the wealthiest economies, as measured by per capita GDP, the share of agriculture in national output is extremely low: 1% in Switzerland, less than 2% in the United States and Japan, and just over 2% for the OECD as a whole. On the other hand, agriculture continues to account for a significant share of GDP in Turkey, Mexico, Korea and Poland. In these countries, the share of agricultural employment also tends to be high — sometimes significantly above the GDP share. For example, it is reported that 10% of the population is engaged in agriculture in Korea, 20% in Poland, 21% in Mexico and over 40% in Turkey. Overall, primary agriculture's share in employment is about 8% on average in the OECD area.

These statistics alone tend to understate the significance of the agricultural sector in OECD economies. Increasingly, value-added is generated downstream in the processing, distribution, retail and catering sectors that together account for significant output and employment in many OECD economies. Similarly, agriculture's importance is greater in trade terms than in output terms for several countries. For example, agricultural exports are very significant in balance of trade terms for countries such as Australia, New Zealand, the United States and Canada. Agriculture also accounts a major share of land and water resources, accounting for nearly 40% of land use and over 40% of water usage in the OECD area (. Finally, the agricultural sector for many countries is distinguished from other productive sectors by the extent of government support as illustrated by the fact that in the OECD area as a whole, total transfers to the sector[3] are about 1.3% of GDP.

At the farm level the primary producing sector has been, and continues to be, subject to a continuous process of structural change. Labour leaves the sector, farm enterprises increase in size and a large and growing share of agricultural production is produced by a relatively small number of highly specialised farm businesses. Many of these businesses are corporations, and no longer family based in the traditional sense. At the other end of the spectrum is a very large number of farms that are smaller and often more diversified. Their contribution to output is small relative to their numbers but they occupy significant areas of land. Many of these farms would not be described as commercial. They include hobby or retirement and other types of part-time farms. They also include significant numbers of resource-poor farms that for various reasons have not been able to develop and grow. In OECD countries such as Mexico and Turkey, there are significant numbers of subsistence type farms.

One of the most striking structural changes is the diversification in income sources of farm households which increasingly derive a significant share of income from off-farm sources. These sources may include off-farm employment by the farmer or by other household members, on-farm non-agricultural activities, investments, retirement pensions and social security. In many countries non-agricultural income accounts for half or more of the current income of farm households. As a result, farm income alone is not an accurate indicator of the level of income, and even less a measure of welfare, of farm households. Moreover, changes in farm incomes do not accurately reflect farm household income variability, as other sources of income attenuate fluctuations in farm income. It is increasingly recognised that the observed diversity in income has impacts on the farm business. Households with diversified income sources may make different choices about resource allocation, particularly between work and leisure, than other kinds of farm households. More generally, the diversity of farm households — ranging from those running large

commercial enterprises to hobby farms and in some OECD countries subsistence farms — needs to be reflected in policy design, especially those whose stated objectives relate to income support.

I.2. Main policy developments in 2001

This section highlights the major changes or new initiatives that occurred in agricultural policy in OECD countries during 2001. The most visible policy developments focused on improving food safety and responding to BSE and FMD in some OECD countries. There were also notable developments in the areas of output support, input subsidies, agri-environmental measures and competition policy, and in the level of export subsidies. Not all policy developments described provide support to producers. Some, for example, relate to the competitive environment in which producers operate, while others refer to new laws and regulations that can have an effect on producers' costs.

Developments in domestic policy

A quiet year for reform

No major agricultural sector-wide reform programmes were announced in 2001. Conversely, previously announced reforms that were scheduled to occur in the dairy sector were delayed for the third year in the **United States** and postponed in **Iceland** until 2004. However, 2001 was the first year of implementation of the four-year Agricultural Reform Implementation Project (ARIP) in **Turkey**. Funded largely by the World Bank, the aim of ARIP is to reduce the level of support to producers and the over-production of some commodities while improving infrastructure and services. It was also the first year of the Leader+ rural development support programme in the **European Union**, provided for under Agenda 2000, which aims to encourage small-scale initiatives at the local level. **Japan** made some progress towards developing policy measures in response to the reform announced in 2000. A number of countries, including **Canada** and **Switzerland,** announced their intention to carry out further policy reform in the agricultural sector as a whole, and the **Netherlands** announced its intention to initiate a 10-year reform programme for the livestock sector. Further developments are expected in 2002 with a new **United States** Farm Bill and the mid-term review of the **European Union** Agenda 2000 programme. Structural changes to the departments of agriculture in **Mexico** and the **United Kingdom** indicate a greater focus on food safety, environment and rural issues.

Output support prices fell in some countries…

No new policies were introduced to lower or to phase out support prices over the coming period. However, support prices for some commodities were reduced, and in some cases removed, in line with previously announced reform programmes. Many of these changes affected cereals. For example, support prices were lowered for cereals and beef in the **European Union**, and government purchase prices lowered for rice, wheat and barley in **Japan**. In **Switzerland**, the price guarantees for bread wheat and rye were abolished, while in **Norway** the system of producer guaranteed prices for grains and oilseeds was replaced with a target price system at the wholesale level. **Japan** abolished stabilisation wholesale prices for dairy products and replaced the deficiency payment scheme for milk with a direct payment based on output. In 2001, the **Czech Republic** decided not to set guaranteed prices for wheat and the **United States** decided to reduce the purchase price for skim milk powder.

...were modified in a few instances…

In **Mexico,** the minimum price tender system for maize, wheat and sorghum was replaced by a per tonne payment. The **European Union** decided to continue price support for olive oil, seeds, tobacco and cotton at existing levels for a few more years, although quotas have been established for seeds, levies increased on tobacco, and penalties raised for over-quota production of cotton. More importantly, the European Union decided to extend the existing sugar regime until 2005/06, but has reduced the quota level, placed a limit on national aid and removed the storage subsidy. The European Union also agreed to replace the variable deficiency payment for sheepmeat and goatmeat with a fixed premium as from 1 January 2002.

…but rose in others

Decisions were taken in 2001 to increase support prices for dairy products in **Canada**, bread-wheat, beef and veal, and pigmeat in **Hungary**, livestock products in **Norway**, high-quality beef and pigmeat in the **Slovak Republic**, all products in **Turkey**, and barley, oats, tobacco and butter in the **United States**. Prices were increased for rice, barley and soyabeans in **Korea** with a reduction in the guaranteed quantity of rice that would be purchased. Support prices were also increased for sugar, bread-wheat and bread-rye in **Poland**, although a maximum limit on the amount of price support that a cereal farmer could receive was set. Furthermore, price support was extended for the first time to tobacco producers in **Poland** and for sheepmeat in the **Slovak Republic**. In **Hungary**, output payments to support quality production were extended from livestock products to include onions, peppers and potatoes. For the first time, storage support was provided for butter and cheese in **Poland**, and to grain and oilseed producers in the **Slovak Republic**, where area payments for some crops, wine, hops and fruit were converted into output payments. While reinstating the levy on processed sugar, the **United States** introduced three new programmes to reduce the sugar stockpile and extended support for sheepmeat production for another year.

New subsidies introduced to reduce input costs

A number of countries introduced or decided to extend support measures that reduce the cost of inputs. Several of these changes related to energy use. The **Australian** government announced it would continue providing fuel subsidies at current levels, the fuel excise duty for farmers was further reduced in **Italy** and fuel vouchers were introduced in **Poland**. A new concessional loan system was introduced in **Korea**. Interest rate subsidies to assist in planting were extended for another year to sugar producers in **Australia** and to crop farmers in **Canada**, where the maximum possible loan was increased by 150%. The **Czech Republic** introduced a payment to subsidise the cost of purchasing seeds. On the other hand, the reduction in the diesel fuel tax in **Germany** announced in 2000 will not be implemented, the gap between concessional and market interest rates narrowed in **Norway**, and the subsidy on fertilisers was abolished in **Turkey**.

Changes made to benefit small farmers…

A few countries adjusted programmes to increase support for small farmers. In **Hungary**, acreage payments for small farmers were increased by 50% but remained the same for large farms. While there was an across-the-board increase in PROCAMPO area payments in **Mexico**, the minimum payment is now the rate applied to one hectare and is provided to all farmers, including those who farm less than one hectare. In **Norway**, headage payments for the lowest size category of suckler cows will double in 2002, although headage payments for beef cattle in the largest size category will increase to the same rate as the lowest size category. The new system of direct payments in **Turkey** is limited to a maximum of 20 hectares per

farmer. In the **Czech Republic**, acreage payments were redirected to support producers in less favoured or environmentally sensitive areas.

…or to prepare for entry into the European Union

A number of changes were made to agricultural policy in the four central European OECD countries to align them more closely with policy in the European Union. The **Czech Republic** introduced payments per hectare of set-aside arable land, increased headage payments and introduced production quotas for milk and sugar while increasing the milk support price and establishing minimum prices for sugar. In **Poland**, the **Czech Republic** and the **Slovak Republic** several laws and regulations were established to conform with European Union requirements. These countries as well as Hungary continued to develop the institutional capacity, monitoring systems and project proposals required in order to receive funding from the European Union under the Special Accession Programme for Agriculture and Rural Development (SAPARD).

New policies to address environmental issues

A variety of new policies were introduced in 2001, including those setting environmental targets, reducing pollution or encouraging more sustainable agricultural production. Both **Australia** and the **European Union** announced goals for biodiversity conservation. **Belgium** introduced a retirement programme for pig producers to reduce nitrate pollution, **France** redesigned its programme for controlling livestock pollution and **Denmark** launched a plan to reduce ammonia emissions through tougher regulations. Measures to reduce pesticide levels were introduced in **France**, **Denmark** and the **Netherlands**. Fertilisers and pesticides will now be taxed in the **United States'** state of Massachusetts, but dairy producers in California will be subsidised to introduce manure methane-electricity production units. New policy initiatives to promote organic agriculture were introduced in **Austria** and **France**, while spending on current organic measures increased in the **Czech Republic**, **Norway** and **Switzerland**. Payments to compensate farmers for adopting more "environmentally-friendly" production methods were introduced in **Korea** and were increased in **Switzerland**. **Australia** will continue its current programme designed to conserve and develop natural resources for another six years and two new conservation programmes were introduced in the **United States**.

More support provided to farmers in response to low market returns…

A few countries introduced or extended "one-off" programmes to support farmers facing a reduction in farm income. In **Australia**, an additional USD 82 million was provided to dairy farmers after a larger than expected fall in farm-gate milk prices following deregulation of the domestic market and the income support package for sugar producers was extended until the end of 2001. Supplementary assistance of USD 517 million was provided to producers in **Canada** who experienced financial pressure. In the **United States**, farmers received emergency assistance for market losses for the fourth year in a row. A total of USD 5.5 billion was paid out to contract crop, oilseed, peanut, tobacco, wool and mohair, and speciality crop producers. An additional USD 15 million was paid to State governments to assist in handling commodities and to compensate cotton producers for losses associated with a warehouse bankruptcy.

...and in response to emergencies

As in 2000, a large number of policy measures were introduced in response to natural disasters or emergency animal, plant and human health concerns. As part of a broader package of measures, the **European Union** provided support to beef farmers in some member countries as the BSE crisis continued to effect consumer demand. Other measures were designed to encourage more extensive farming and to re-balance the beef market. Several European Union countries, including **Belgium**, **France**, **Germany** and **Spain,** announced additional compensation measures for beef farmers including income tax relief, interest concessions and subsidies to cover the new testing requirements, and increased funding for beef marketing programmes. In other European countries, **Switzerland** purchased beef to relieve pressure on the domestic market, while **Norway** increased headage payments and support prices to compensate producers for the compliance costs associated with new BSE-related requirements. Following the detection of BSE in **Japan**, measures were introduced to test for and control the spread of the disease. An amount of USD 358 million was provided in the **European Union** to compensate farmers hit by FMD. While livestock movement controls have been lifted, the **Netherlands** will maintain stricter controls to reduce the risk of any future outbreak. A number of countries implemented measures in response to natural disasters or emergencies, including **Austria** and **Canada** (drought), **New Zealand** (fire and hail), **Poland** (flood), and **Portugal** and **Spain** (torrential rain). Governments used a variety of measures to support farmers in such situations. These included tax and interest concessions, permission to produce on set-aside land, input subsidies and payments to compensate for lost income.

New measures to reduce income risk

In recent years, a growing number of countries have been developing policies and encouraging initiatives to assist farmers against income loses associated with market or natural risks. This trend continued in 2001. In **Korea**, a new insurance scheme for agricultural crop disasters was established for apple and pear producers, with the government paying half the insurance premium. The insurance scheme and subsidy will be extended to some other crops in 2002. The **United States** increased the premium subsidy rate as part of a new five year, USD 8 billion insurance package with additional funding being provided to research and develop new insurance measures. **Mexico** is encouraging the involvement of the private sector in the provision of insurance by switching the subsidy away from the state agency to private insurers.

Changes in competition policy and marketing programmes

There were mixed developments in the area of competition policy. In **New Zealand**, the export monopoly powers of the New Zealand Dairy Board and the New Zealand Apple and Pear Market Board were removed. **Australia** decided to maintain the single desk status of the Australian Wheat Board although it required an improvement in the export consent system for third parties. Changes were also made to the statutory organisations supporting wool, pork and horticultural producers. In **Mexico**, half the sugar mills have been re-nationalised following financial difficulties. The **United States** introduced a new mandatory price reporting system for livestock processors and meat importers. A research, market development and promotion agency for beef has been established in **Canada**, funded from levies on domestic production and imports. In the **European Union**, funding has been given to a number of programmes aimed at promoting the consumption of apples, citrus, locust beans and certain nuts. New guidelines have been established to control the promotion of regional products and regulate state marketing aid, and new marketing standards for eggs were adopted. The value-added tax applied to food in **Norway** was lowered by 50% to reduce the price differential with neighbouring countries.

Further efforts to increase food safety

A desire for more effective food safety systems is driving OECD countries to strengthen both institutional structures and regulatory frameworks. A major food safety development is the establishment in the **European Union** of the European Food Authority. The Authority will have a broad remit to make scientific assessments of any matter which may have a direct or indirect effect on the safety of the food supply including animal health, animal welfare and plant health. **Canada** has introduced a new, multi-faceted process of food safety regulation that distinguishes between the role of scientists in assessing risk and developing options, and that of policy advisors in considering the science within a broad range of international and socio-economic factors. New agencies and/or systems are also being developed in **Australia**, **Austria**, **Finland**, **Korea**, the **Netherlands**, **New Zealand**, **Spain** and **Turkey**. The budget for agencies concerned with food safety increased significantly in the **United States**. The system for monitoring some food contaminants in **Belgium** was extended to cover all contaminants. The **European Union** also introduced or modified a number of regulations to improve food safety, including those relating to BSE. Similar measures to those adopted in the European Union were implemented in the **Czech** and **Slovak Republics,** where BSE cases were identified in 2001.

New measures affect the use of biotechnology

The use of modern biotechnology in agriculture and food production continued to be a subject of intense debate, with a number of international meetings held during 2001 to consider the relationship between biotechnology and food safety, and the environment. Several countries introduced (**Japan** and **Korea**) or proposed (**European Union**) mandatory labelling of genetically modified (GM) foods in response to demands for more consumer information and choice. In general, such labelling requires identification of GM ingredients along the food chain. **Australia** and the **Czech Republic** have established new systems for approving and registering GM organisms. A two-year constraint on the release of GM organisms will apply in **New Zealand**.

Other changes focus on restructuring, rural development and animal welfare

Austria, **France**, **Greece**, **Hungary** and **Portugal** all introduced measures to assist in the restructuring of the wine grape sector, including payments to assist conversion and programmes to take wine off the market. A new scheme in the **United Kingdom** will assist pig farmers to leave the industry or to restructure existing businesses. In addition to the **European Union** Leader+ initiative, a new multi-year funding package to promote rural development began in **Australia** and budgetary support in the **United States** for rural development programmes rose by one-third. Concerning animal welfare, minimum standards for pig rearing in the **European Union** were strengthened. The **United Kingdom** announced that a ban on fur farming would take effect from 1 January 2003.

Developments in trade policy

The most significant agricultural trade policy development in 2001 was the agreement reached in Doha to begin a broad, three-year work programme and trade negotiation in the WTO (Doha Development Agenda). While agricultural negotiations were already occurring in the WTO as mandated by the Uruguay Round Agreement on Agriculture (URAA), a broader agenda is seen as necessary to ensure a successful conclusion to the agricultural negotiations and to take into account the particular interests of developing countries. In the meantime, for most OECD countries, import (tariffs and tariff quotas) and export (subsidy) commitment levels remained at the 2000 level as the implementation phase for URAA reduction commitments came to an end. However, the actual total level of expenditure on export subsidies by OECD

countries fell by over 20% in 2001 mainly due to higher world prices. In terms of market access, the most important development concerned the removal of tariffs applying to imports from the 48 least-developed countries to OECD countries. As announced in 2000, the **European Union** and **New Zealand** removed these tariffs during 2001, although the removal of tariffs on sugar, rice and bananas will be delayed for a few years in the European Union. **Poland** and **Norway** announced they would implement tariff removal programmes similar to those of the European Union in 2002.

Minor changes in market access…

In addition to the reductions for least developed countries, some additional unilateral changes were made to improve market access opportunities during 2001. Tariff quotas were established by the **European Union** (barley for malt production), **Poland** (starch syrup) and the **Slovak Republic** (sugar); expanded in the case of the **United States** (sugar); or extended for another year in the case of the **Slovak Republic** (wheat). Other changes to import access were made as a result of the WTO dispute settlement process.[4] For example, the **United States** removed the safeguard tariff-quota applying to imports of lamb from **Australia** and **New Zealand**, and the **European Union** made further changes to expand the import regime for bananas. **Poland** established a country-specific tariff-quota for the **European Union** within its current sugar tariff-quota. The **Czech Republic** created the legal and institutional framework that allows it to impose the special agricultural safeguard on imports. The only OECD countries to have notified the use of the special agricultural safeguard in 2001 are the **Czech Republic** (dextrins and modified starch), **Poland** (tomatoes) and **Japan** (food preparations, and milk and cream). **Japan** also invoked the normal WTO safeguard provisions on some vegetable imports from China and the **United States** imposed anti-dumping duties on honey imports from Canada and China. **Switzerland** reduced the threshold import price for feed barley by 10% to lower the input costs for meat and egg producers.

…and some decreases in export subsidies

The total value of export subsidies on agricultural products decreased in 2001, with declines in the total value recorded for almost all countries. Higher world prices, particularly for dairy products, were a major factor behind this development although lower intervention prices contributed in some instances. Total expenditure by the **European Union** on export subsidies in 2001 is estimated at USD 3 billion, a decline of 21% from the level in 2000. In **Switzerland**, the total value of export subsidies fell by 34% to USD 80 million and in **Hungary** export subsidies are estimated to have fallen by more than 50% to USD 39 million. In the **Slovak Republic**, the amount paid in export subsidies decreased by 60% to USD 7 million. **United States'** export subsidies under the Dairy Export Incentive Program (DEIP) decreased by 89% to USD 8 million but increased under the Export Enhancement Program (EEP)to USD 6.4 million, entirely provided for frozen poultry. Export subsidies are also estimated to have doubled in the **Czech Republic** to USD 47 million in 2001.

In most cases, the level of export subsidies provided in 2000/01 were well below the commodity commitment levels agreed to under the URAA. For a few products in some countries, however, export subsidies remain close to and in some cases constrained by the commitment levels. For example, more than 90% of the allowable subsidised quantities were used for cheese and "other milk products" in the **European Union**, while **Hungary** reached the commitment level on export subsidies for vegetables. In **Turkey**, the announced rates of export subsidy and related quantity limits for 2001 remain the same as in 2000, but these are the maximum permitted under the URAA for a number of products including fresh potatoes, vegetables and olive oil.

Developments in other export related policies

The total capital value of export credit guarantees provided by the **United States** increased by about 5% to over USD 3 billion. Concerning food aid, it is estimated that the total value has fallen in 2001. Although Australia increased its food aid by 80% to USD 48 million , the value of food aid is estimated to have decreased in **Canada** (by 23%), the **European Union** (by 4%) and the **United States** (by 15%) to USD 200 million, USD 289 million and USD 1.6 billion respectively. The **European Union** established eighteen new export promotion programmes. The **Czech Republic** announced that it will abolish all export licences in 2002.

Some new bilateral or regional trade agreements

A number of bilateral or regional trade agreements either came into force or negotiations were completed with implementation in the near future. Negotiations on further measures to liberalise agro-food trade between some members (the **Czech Republic**, **Hungary** and the **Slovak Republic**) of the Central European Free Trade Agreement were concluded in 2001. Negotiations continued between the **European Union** and a number of central European countries as part of the European Union enlargement process. In this context, the European Union concluded separate agreements to abolish tariffs on agro-food trade with the **Czech Republic**, **Poland** and the **Slovak Republic**, with exceptions for sensitive products where expanding tariff-quotas will be established. **Hungary** agreed to phase out export subsidies on pigmeat and poultry exports to the European Union. A wine and spirits trade agreement between the **European Union** and South Africa was adopted in January 2002. As part of a wider process developing a Euro-Mediterranean Free Trade Area by 2010, the **European Union** and Algeria concluded negotiations on an Association Agreement that will remove tariffs for a number of Algerian agricultural products and establish expanding tariff-quotas for more sensitive products. Negotiations between the **European Union** and the **EFTA** group of countries over a reduction in trade barriers for processed agricultural products were completed. Broader free trade agreements, including processed and some basic agricultural products were also concluded between EFTA and Jordan, and EFTA and Croatia. **Canada** concluded a free trade agreement with Costa Rica and the **United States**-Cuba trade relationship was modified to remove the sanction on agricultural products. In November 2001, **Canada** announced the launch of free trade negotiations with four Central American countries. Negotiations continued between the **European Union** and the Mercosur group of countries.

I.3. Evaluation of policy developments

This chapter evaluates policy developments in 2001 in the light of the principles for agricultural policy reform (Annex) adopted by OECD Ministers. As the results of annual policy changes are often not immediate, policies are also evaluated within the longer-term context from 1986-88. Ministers stressed the need for a progressive reduction in agricultural support and a move towards those forms of support that are less production and trade distorting in order to let agricultural sector respond more to market signals. Ministers also recognised that governments need flexibility in the choice of policy measures and in the pace of reform, taking into account the diverse situations in OECD countries, and the need to address a range of policy goals. They agreed a set of operational criteria that should apply in designing and implementing policy measures (Annex).

The Producer Support Estimate (PSE) and related indicators (Annex) are the principal tools used to monitor and evaluate agricultural policy developments. The levels of and trends in three main indicators evaluate progress towards the market orientation of agriculture. These are: the %PSE, which is a measure of ***support to producers*** as a share of farm receipts; the Nominal Protection Coefficient which is a measure

of ***market protection*** defined as the ratio between the average price received by producers and the border price; and, the Nominal Assistance Coefficient which is a measure of ***market orientation*** defined in terms of the ratio between actual farm receipts and farm receipts that would be generated at world prices without support.

Policy measures within the PSE are also classified in terms of how policies are implemented. This ***composition of support*** allows a ranking of categories of PSE measures according to their potential impacts on production and input use, consumption, trade, income and the environment. A full explanation of these relative impacts, the concepts, methodology, interpretation and guidelines for the use of the OECD support indicators in policy evaluation can be found in *Methodology for the measurement of support and use in policy evaluation*.

Overview

Overall, policy developments in 2001 were characterised by some movement towards greater market orientation and lower support and protection, but wide differences across countries and commodities remained. Compared with the 1986-1988 period, 1999-2001 was characterised by a modest reduction in the overall level of support together with some shift towards policy measures that are potentially less production and trade distorting. This progress was underpinned by the URAA, implemented since 1995. Despite the progress in 2001, however, the level of support and the degree of market protection and the lack of market orientation still remain above the lowest levels, which were reached in 1997, and indicate the need for further domestic and trade policy reform. This is a necessary step to better integrate domestic and world agricultural markets, and has the potential to reduce environmental pressure and improve the targeting of policies to various specific goals, including that of transferring income to farmers.

The main policy developments in 2001 can be evaluated as follows:

- There were no major changes in the main policy instruments used by OECD countries, and ***total support to agriculture*** (TSE) amounted to USD 311 billion (EUR 347 billion), accounting for 1.3% of GDP (%TSE), compared with USD 321 billion (EUR 348 billion) in 2000, and 2.3% on average in the 1986-88 period. The %TSE varied across countries from 0.3% in **Australia** and **New Zealand** to over 4% in **Korea** and **Turkey**.

- ***Support to producers*** (%PSE) decreased in most countries mainly due to a narrowing of the gap between prices received by farmers and world prices. For the OECD as a whole, the %PSE decreased to 31% from an average of 38% in 1986-88. The %PSE varied from 1% in **New Zealand** to 21% in the **United States**, 35% in the **European Union** and 69% in **Switzerland**, and by commodity ranged from 6% for wool, 45% for sugar and milk, and 81% for rice.

- Although budgetary payments to producers and to general services provided to agriculture decreased, ***costs to taxpayers*** increased due to a rise on assistance to domestic consumption. This rise, together with the narrowing of the gap between domestic and world prices, resulted in a reduction of ***costs to consumers***. Overall, consumers were implicitly taxed at 24% (%CSE), compared with 33% in 1986-88. The %CSE varied, however, from a small subsidy in the **United States** to an implicit tax of 59% in **Korea**.

- Although the ***rate of protection***, as measured by the NPC decreased, prices received by farmers were still, on average, 31% above those in world markets, compared to 58% in 1986-88. This reflects a reduction in market price support and output payments, of which the combined share in

producer support decreased to 70 % from 82% in 1986-88. Whereas prices received by farmers were, on average, the same as those at the border in **Australia** and **New Zealand**, they were 15% higher in the **United States**, 33% in the **European Union**, and over 100% higher in **Iceland**, **Japan, Korea, Norway**, and **Switzerland**.

- The categories of measures that potentially have the most production distorting effects (Annex 4) — ***market price support, payments based on output,*** and ***input subsidies*** (such as interest, water, fertiliser, and energy subsidies), together accounted for 78% of support to producers, which is a decrease from 91% in 1986-88, but nevertheless remains a very high proportion overall. This share varies across countries, and is highest in the countries with the highest levels of support. For example, over the period since 1986-88 it has remained above 95% in **Japan** and **Korea.** However, it decreased by 11 percentage points to 78% in **Norway**, and by 25 percentage points to 66% in **Switzerland**.

- Among the other forms of support, ***payments based on current area planted or animal numbers*** increased, accounting for 13% of support to producers, over double the average of 1986-88. ***Payments based on historical entitlements*** (past support, area, or animal numbers) decreased, but have remained stable at around 5% of support to producers since their introduction in 1996. While payments based on current area/animal numbers are relatively important in the **European Union**, **Czech Republic**, **Norway** and **Slovakia,** those based on historical entitlements are more significant in the **United States**, **Mexico**, and **Switzerland**.

- The categories of measures that potentially have the least production distorting effects — ***payments based on input constraints*** (for the withdrawal of inputs or to offset conditions placed on their use, such as land for environmental purposes) and ***payments based on overall farm income*** increased, although their combined share in support to producers (PSE) remained very low and stable at 1% of producer support. Payments based on input constraints exist mainly in the **European Union** and the **United States**, while payments based on farm income are significant only in **Canada**.

- The ***nominal rate of assistance*** to producers, as measured by the producer NAC, shows that current gross farm receipts were 45% higher in 2001 than they would be if generated at world prices without any support. This is a decrease of 17 points from the 1986-88 average, indicating some progress towards greater ***market orientation*** in the OECD area. However, while agriculture in **Australia** and **New Zealand** is largely dependent on the market as, respectively 96% and 99% of gross farm receipts are generated at world prices without support, this is not the case of **Iceland, Japan, Korea, Norway,** and **Switzerland,** where farm receipts are more than double what they would be if generated at world prices without support.

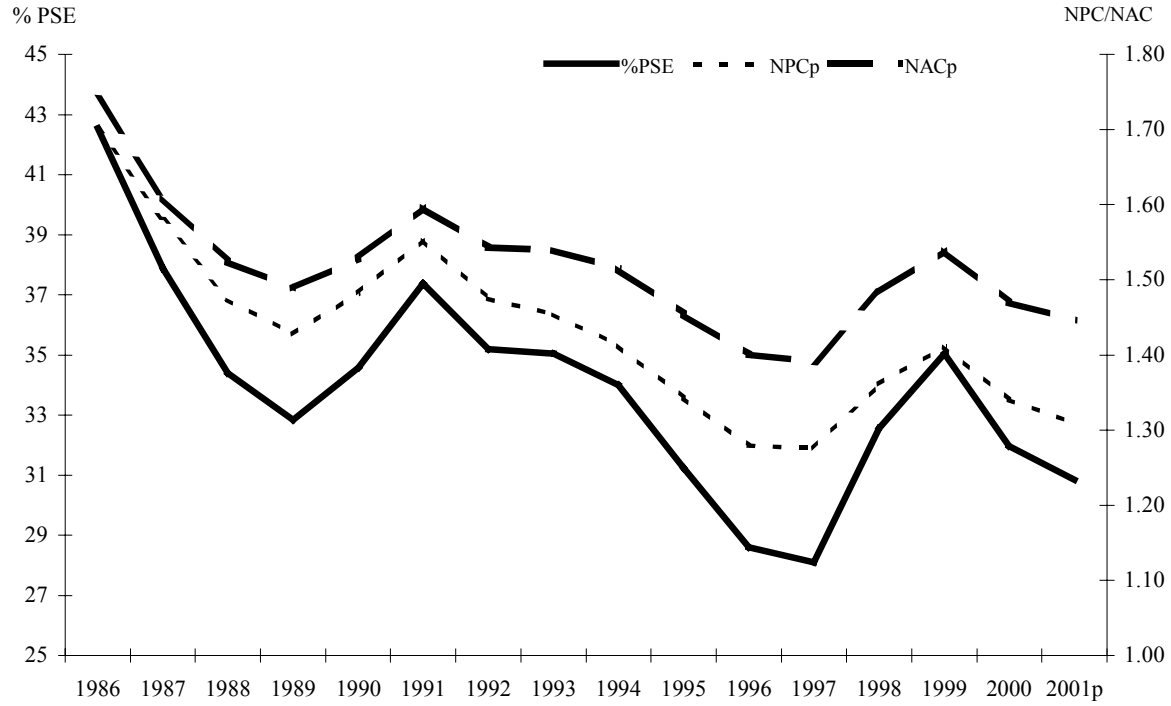
- ***Expenditure on general services*** — sector-wide policies and institutional services such as research, education, inspection and control, and marketing accounted for 17% of total support to agriculture, as measured by the %GSSE. This was only 3 percentage points above the 1986-88 average. The share of expenditure on marketing and promotion showed the largest increase and continued to be the most important component of general services, particularly in the **United States,** but also in the **European Union** and **Turkey**. Expenditure on research and development, training, and inspection services to improve long-term productivity and food quality remained low and stable, particularly in **Japan**, **Korea** and **Turkey**.

Notwithstanding some progress in reform …

Support to producers for the OECD as a whole, as measured by the %PSE, decreased from 32% in 2000 to 31% in 2001, some 7 percentage points below the average level of the 1986-88 period (Graphs I.1 and I.3). Market price support (MPS) and payments based on output decreased but continued to represent 70% of overall support to OECD producers. The combination of a MPS reduction and an increase in budgetary support to food consumption resulted in a reduction in the implicit tax on consumption, as measured by a %CSE of 24% in 2001. This is some 9 percentage points below the average level for 1986-88.

Graph I.1. **Evolution of Producer Support Estimate (%PSE), Producer Nominal Coefficient (NCPp) and Producer Nominal Assistance Coefficient (NACp)**

(OECD, 1986-2001)



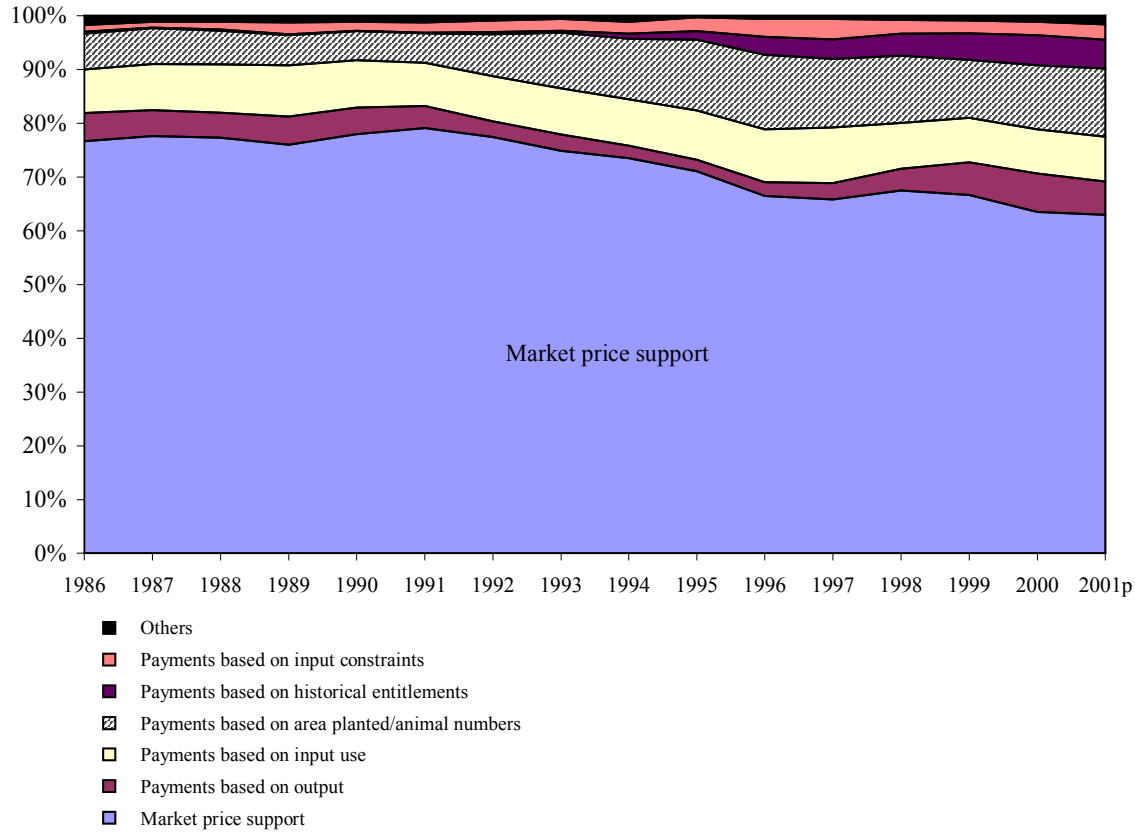
Source : OECD, PSE/CSE database, 2002.

Although both market price support and output-based payments for current production fell, they continued to limit the ability of world market prices to affect domestic production decisions, as they reduce the transmission of world price changes to producers. The **nominal rate of protection**, as measured by the producer NPC, shows that market protection has decreased as domestic prices were on average 31% above the world price in 1999-2001, while they were 58% higher in 1986-1988 (Graphs I.1 and I.4.). However, the current level of market protection is still an important factor in encouraging domestic production, distorting trade and depressing world prices of agricultural commodities. In addition, market protection continues to be regressive as it mainly benefits large farms, impacts most strongly on low-income consumers for whom food constitutes a larger share of their total household expenditure, and restricts access of agricultural inputs from developing countries to OECD markets.

For the OECD as a whole, the **nominal rate of assistance**, as measured by the producer NAC, also decreased. Total farm receipts in 1999-2001 were on average 45% higher than they would be if entirely generated at world prices without any support, compared with 62% in 1986-88 (Graphs I.1 and I.5). This is an indication of some improvement in market orientation in terms of a greater share of farm receipts generated at world prices then generated by government intervention. Moreover, there has been some move away from the more distorting forms of support, market price support, output payments and input-based payments (Graph I.2). Nevertheless, government intervention continues to be significant, may still create important spill-over effects on production, trade and the environment, and it is generally not the most effective way of transferring income to farmers.

Graph I.2. **Composition of Producer Support Estimate for the OECD**

(1986-2001)



Source : OECD, PSE/CSE database, 2002.

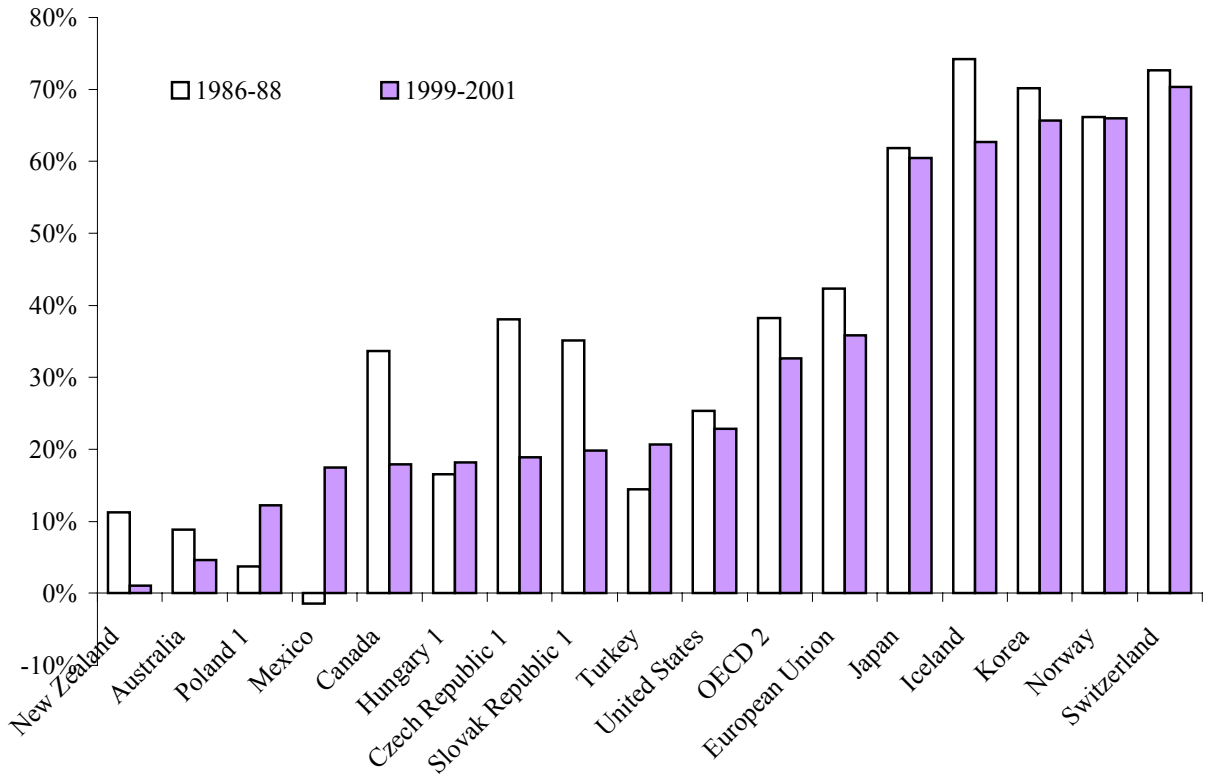
… reform varies widely between countries…

There are large and increasing differences in the levels of support and degrees of market protection and market orientation among OECD countries (Graphs I.3, I.4 and I.5).[5] This reflects not only different farm structures and practices in supporting agriculture or preferences in the use of certain policy instruments, but also the varying pace and degrees of progress in agricultural policy reform. In 2001, support to producers as measured by the %PSE, increased in the **Czech Republic**, the **European Union**, **Norway** and **Poland**, and remained unchanged in **Mexico** and **New Zealand**. The %PSE decreased for all the other countries and it remained above the OECD average in **Iceland**, **Japan**, **Korea**, **Norway** and

Switzerland. The average %PSE in 1999-2001 is lower than the 1986-1988 average in all countries, except **Mexico**, **Norway**, **Poland** (relative to 1991-1993) and **Turkey.**

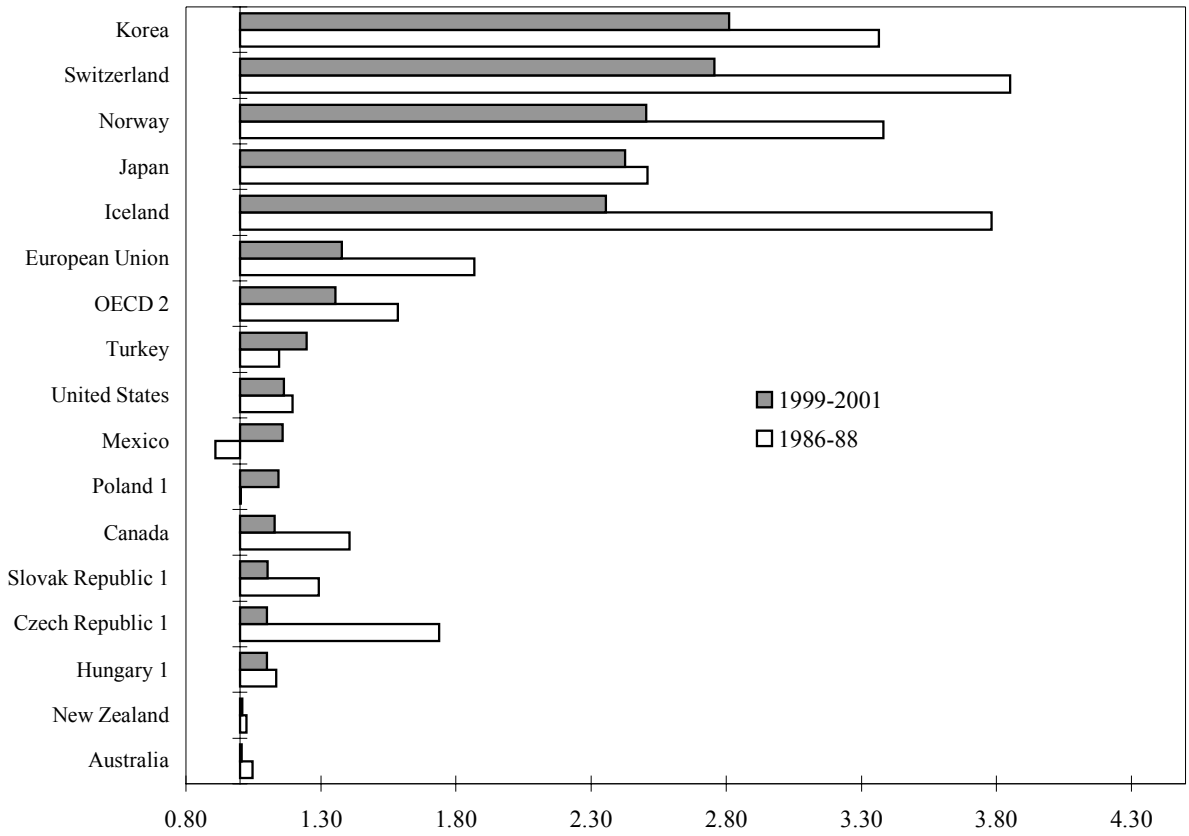
Graph I.3. **Producer Support Estimate by country**

(Percent of value of gross farm receipts)



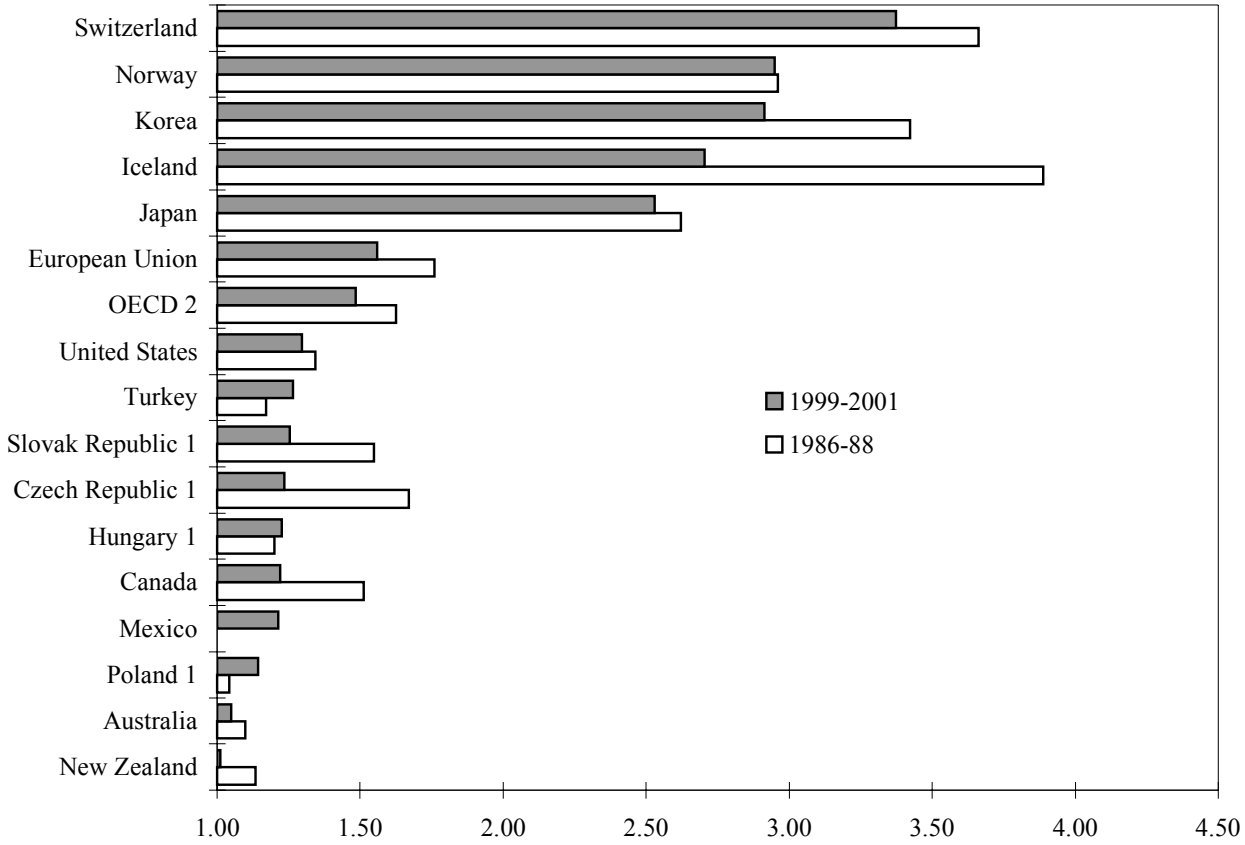
Notes:
Countries are ranked according to 1999-2001 levels. For more detail, see Table III.3.
1. For the Czech Republic, Hungary, Poland and Slovakia 1986-88 is replaced by 1991-93.
2. For 1986-88, the Czech Republic, Hungary, Poland and Slovakia are excluded.
Source: OECD, PSE/CSE database, 2002.

Graph 1.4. **Producer Nominal Protection Coefficient by country**



Notes:
Countries are ranked according to 1999-2001 levels. For more detail, see Table III.3.
1. For the Czech Republic, Hungary, Poland and Slovakia 1986-88 is replaced by 1991-93.
2. For 1986-88, the Czech Republic, Hungary, Poland and Slovakia are excluded.
Source: OECD, PSE/CSE database, 2002.

Graph 1.5. **Producer Nominal Assistance Coefficient by country**

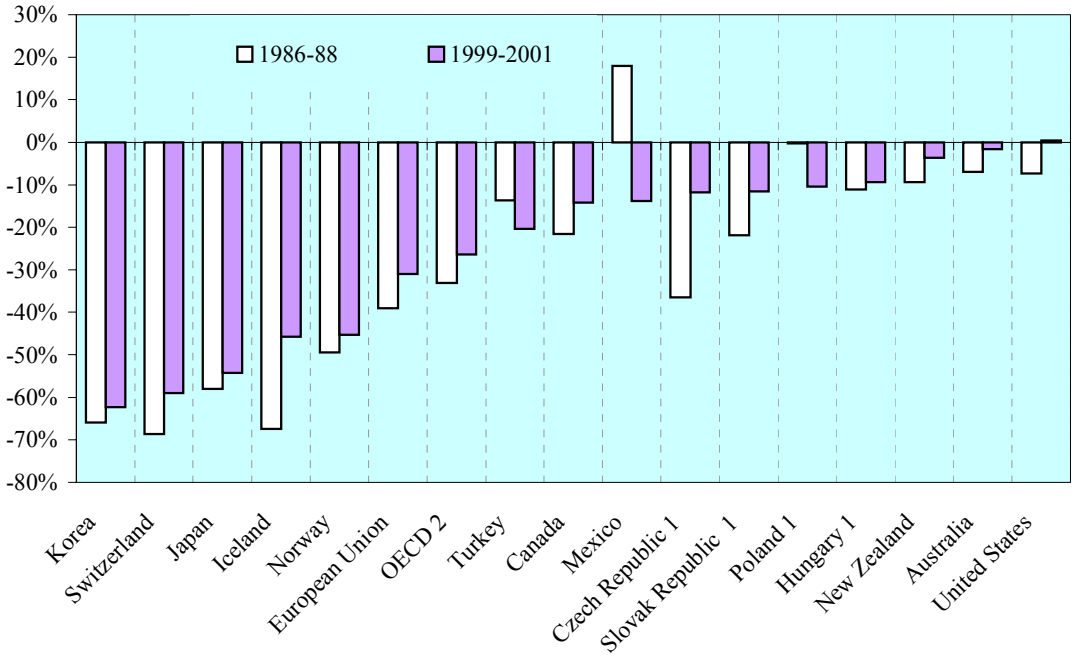


Notes:
Countries are ranked according to 1999-2001 levels. For more detail, see Table III.3.
1. For the Czech Republic, Hungary, Poland and Slovakia 1986-88 is replaced by 1991-93.
2. For 1986-88, the Czech Republic, Hungary, Poland and Slovakia are excluded.
Source: OECD, PSE/CSE database, 2002.

For the 1999-2001 period, the average %PSE was below 5% in **Australia** and **New Zealand,** below 25% in **Canada**, **Czech Republic**, **Hungary**, **Mexico**, **Poland**, **Slovak Republic**, **Turkey** and the **United States**; it was 36% in the **European Union** and 60% or above in **Japan**, **Iceland**, **Korea**, **Norway** and **Switzerland**. The countries with the highest level of support have also persistently shown the highest degree of market protection, the lowest degree of market orientation, and impose the greatest burden on consumers (Graph I.6). In these latter countries, both the prices received by producers and those paid by consumers are, on average, over twice world prices (Graph I.4), and farm receipts are also about three times higher than they would be if generated at world prices without any support (Graph I.5). However, while the share of the most distorting forms of support was stable and high in **Korea** and **Japan**, it decreased in **Iceland**, **Norway** and **Switzerland** due to a shift towards less distorting forms of support (Graph I.7). While this shift in the composition of support is in line with the long-term reform principles, the same cannot be said in relation to the persistent low degree of market orientation associated with high levels of support (Graph I.8).

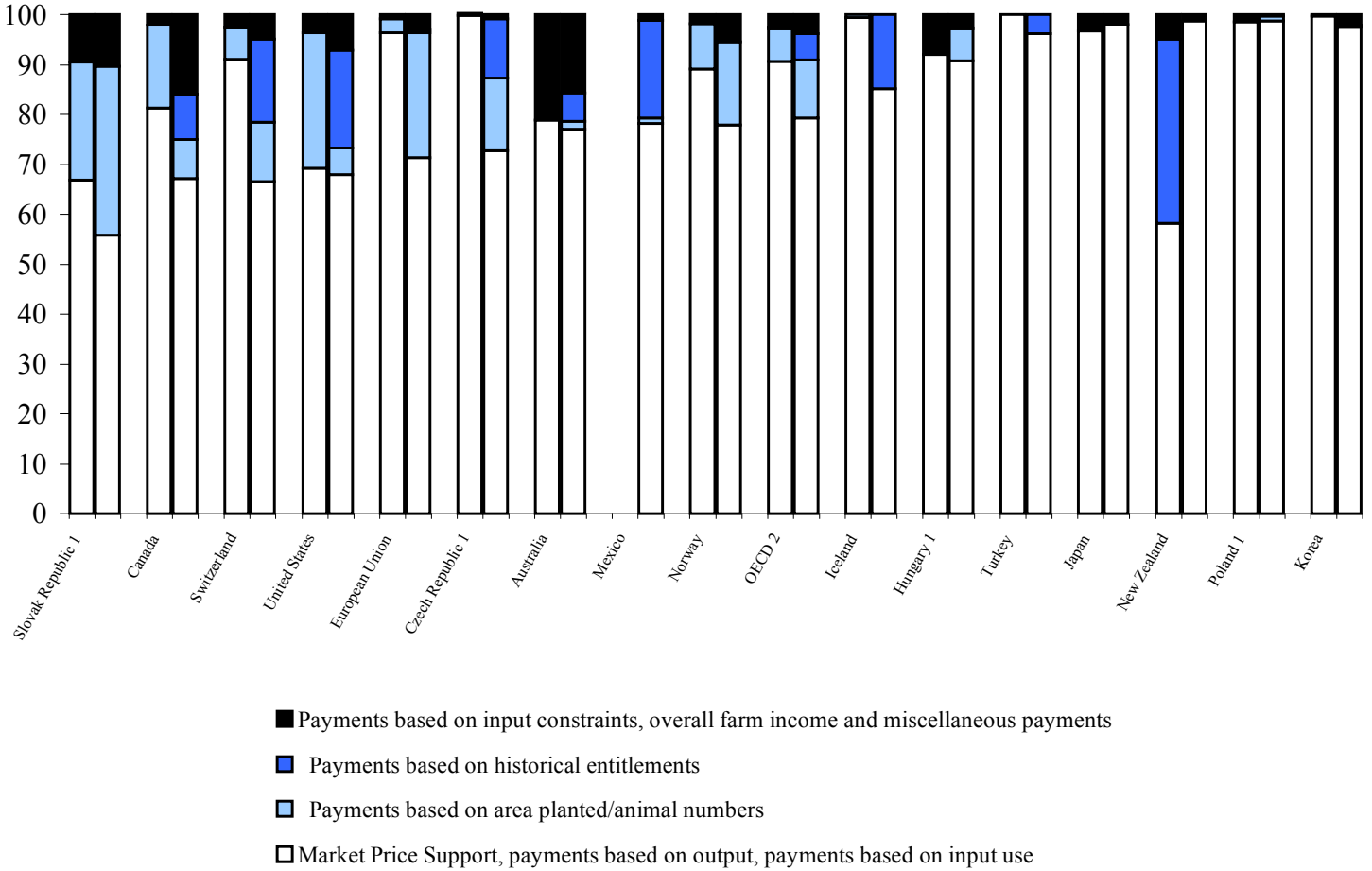
Graph I.6. **Consumer Support Estimate by country**

(Support as percentage of food consumption expenditure measured at farm gate)



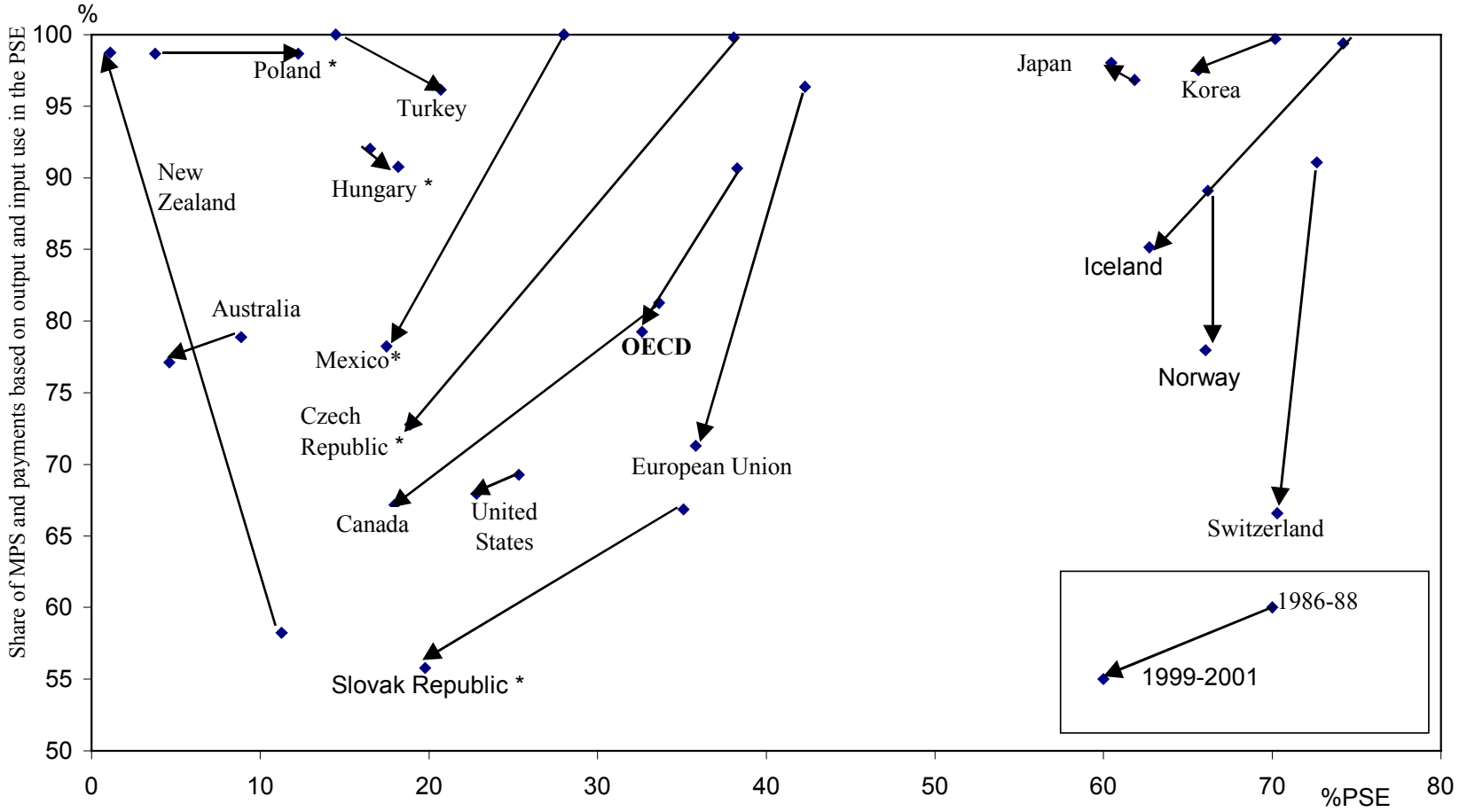
Notes:
Countries are ranked according to 1999-2001 levels. For more detail, see Table III.10. A negative CSE is an implicit tax on consumption.
1. For the Czech Republic, Hungary, Poland and Slovakia 1986-88 is replaced by 1991-93.
2. For 1986-88, the Czech Republic, Hungary, Poland and Slovakia are excluded.
Source: OECD, PSE/CSE database, 2002.

Graph I.7. **Composition of Producer Support Estimate by country**
1986-88 and 1999-2001 (Percentage share in PSE)



Notes: Countries are ranked according to 1999-2001 levels of market price support and payments based on output. For more detail, see Table III.7.
1. For the Czech Republic, Hungary, Poland and Slovak Republic 1986-88 is replaced by 1991-93.
2. For 1986-88, the Czech Republic, Hungary, Poland and Slovak Republic are excluded.
Source: OECD, PSE/CSE database, 2002.

Graph I.8. **Evolution of the %PSE and the share of market price support and payments based on output and input use in the PSE, 1986-88 and 1999-2001**



Note: * 1991-93 average for the Czech Republic, Hungary, Mexico, Poland and the Slovak Republic. Each point in the graph shows the combination of the %PSE and the share of the total of MPS, payments based on output and input use in the PSE for the years concerned. The point at the tail of an arrow refers to 1986-88 and the point at the head of an arrow refer to 1999-2001.
Source: OECD, PSE/CSE database, 2002.

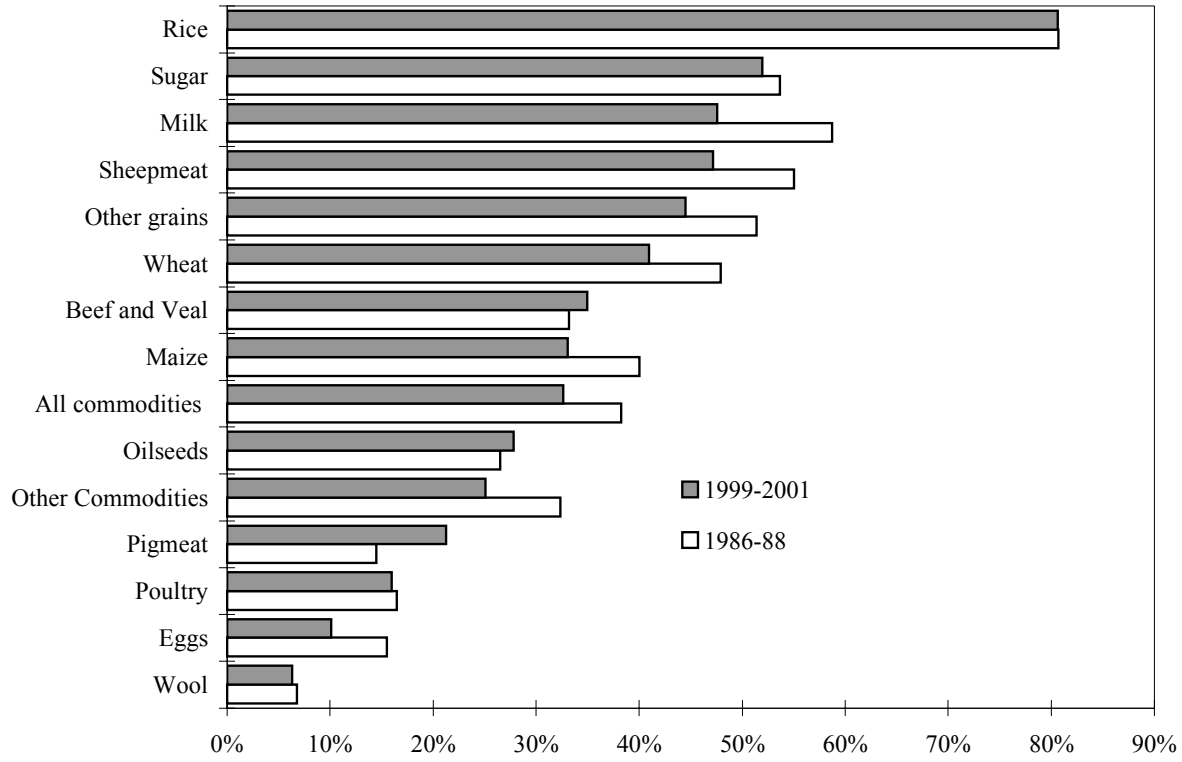
… and across commodities

There is also wide variation in the levels of support and protection across commodities for which the PSE is calculated. Average support (%PSE)levels in 1999-2001 decreased compared with 1986-1988 for all commodities except **rice**, **oilseeds**, **beef and veal**, and **pigmeat** (Graph I.9). Support (%PSE) in 2001 decreased for all commodities, except **milk**, **beef and veal**, **sheepmeat**, **wool**, and **eggs**. For 1999-2001 the average producer support was less than 20% for **wool**, **eggs** and **poultry**, between 20 and 35% for **maize**, **oilseeds**, **beef and veal**, and **pigmeat**, between 40 and 50% for **wheat**, **milk** and **sheepmeat,** and over 50% for **sugar** and **rice**.

While **sugar** and **milk** benefit from the highest levels of support in each country where they are produced, **rice** is highly supported only by Japan and Korea. As support for these three commodities is mainly provided through market price support, the associated levels of market protection (NPC) are also the highest. Prices received by producers and those paid by consumers were, on average, in 1999-2001, around twice the level of world market prices for sugar and milk and about five times higher than the world prices for rice (Graph I.10). Farm receipts from sugar and milk were also twice what they would be without support, while those of rice were five times higher. These levels of government intervention together with wide variations in the rates of support and protection across commodities are important causes of distortions in resource allocation between commodity sectors and within the agricultural sector.

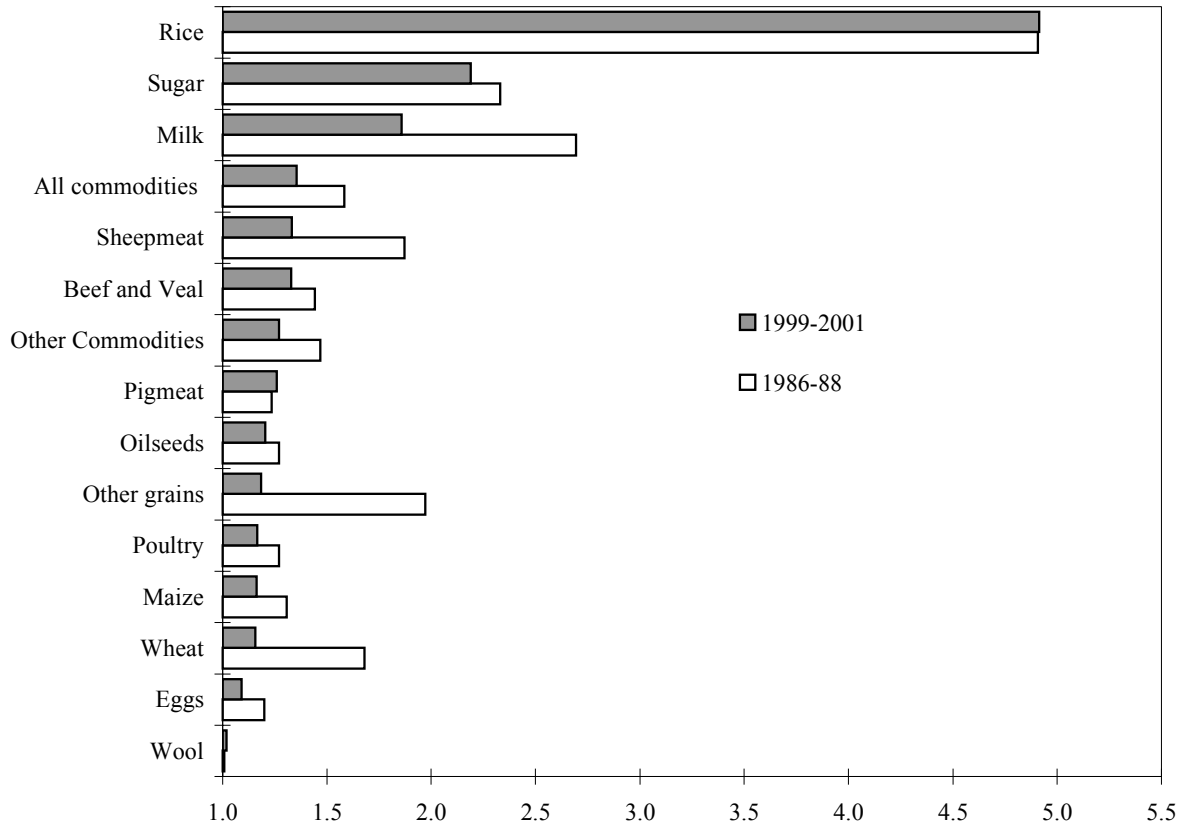
Graph I.9. **Producer Support Estimate by commodity**

(OECD, average as % of value of gross farm receipts)



Notes:
Products are ranked according to 1999-2001 levels. For more detail, see Table III.4.
Source: OECD, PSE/CSE database, 2002

Graph I.10. **Producer Nominal Protection Coefficient by commodity**



Notes:
Products are ranked according to 1999-2001 levels. For more detail, see Table III.4.
Source: OECD, PSE/CSE database, 2002.

Most distorting forms of support declined, but remained significant …

The share of market price support and output payments taken together decreased from 82% of support to producers in 1986-1988 to 70% in 1999-2001, while the share of input payments decreased by one percentage point to 8%. The combined share of these three forms of support thus decreased from 91% of support to producers in mid-1980's to 78% by the end of the 1990s. While this is a step in the direction of the long-term reform objective of reducing the most distorting support measures, these forms of support still remain dominant and potentially have the greatest effects in stimulating production and input use, which distort trade and often contribute to environmental pressure. Moreover, these measures are the least effective in transferring income to farmers or targeting the provision of environmental services. While the combined share of the most distorting forms of support continued to represent on average 98% of producer support in **Korea** and **Japan**, it decreased to 85% in **Iceland**, 78% in **Norway** and 66% in **Switzerland**.

… and have been replaced by other forms of support

To offset the reduction in these forms of support some countries have introduced other support measures, which are potentially less distorting. In 1999-2001, the share of **payments based on current area planted or animal numbers** was 12% of support to producers, compared to 7% in 1986-1988. These payments were particularly important in **Slovakia** (34% of PSE), the **European Union** (25% of PSE), and

Norway (17% of PSE). **Payments based on past entitlements** (area, animal numbers or support) were first introduced from 1996 and represented about 5% of support to producers in 1999-2001. These payments were mainly used in the **United States** (20% of PSE), **Mexico** (20% of PSE), and **Switzerland** (17% of PSE). In 2001, they doubled in **Australia** to 11% of PSE and were introduced in **Turkey** (10% of PSE); in both countries, however, were associated with the elimination of more production-linked forms of support. Although farmers do not have to plant, own animals or produce any specific commodity to receive payments based on *past* entitlements, they are required to plant specific crops or own specific animals to receive *current* area/headage payments, the latter form of support having potentially the greater production distorting impacts.

Payments based on current area/animal numbers and based on past entitlements are less distorting than output and input-linked support. However, given the size of these payments in the **European Union** and the **United States**, they may well be an important factor contributing to supply/demand imbalance and depressed prices in world markets. Although these payments can be targeted to specific income or environmental situations, they are often sector-wide and benefit larger landowners who are not always farmers. They may also encourage the use of environmentally fragile land, although payments are sometimes conditional upon farmers undertaking some type of environmental compliance.

Some countries also use **payments based on overall farming income,** which potentially are the least production and trade distorting, create less pressure on the environment, and are the most effective measures in transferring income to producers. In 1999-2001 these payments represented around 15% of PSE in **Australia** and **Canada**. However, since 1986-88 the importance of these payments has remained consistently low at around 1% of the overall support to OECD producers (Graphs I.2 and I.7).

New policies to address environmental concerns were introduced

To improve the environmental performance of agriculture, a range of agri-environmental measures continued to be used or new ones introduced in OECD countries. In some countries, including **Australia** and **New Zealand**, agri-environmental measures mainly involve incentive payments for collective actions, while in others, mainly **Japan**, **Norway**, the **European Union**, **Switzerland** and the **United States**, they mainly take the form of payments to farmers. Payments to farmers are conditional on the application of certain constraints (reduction, replacement or withdrawal) on the use of specific inputs or the choice of production techniques to reduce environmental damage, or to remunerate the provision of environmental services.

Various agri-environmental measures were introduced in 2001. These included new environmental regulations in **Denmark**, taxes in the **United States** and payments for reducing pollution or to encourage more sustainable agricultural production in **Australia**, some **European countries**, **Korea**, and the **United States**.

The payments relating to environmental concerns are included in **payments based on input constraints**, the share of which increased from 1% of the PSE in 1986-1988 to 3% in 1999-2001. Most of these payments are for sharing the costs of providing environmental services or reducing environmental damage. Due to the constraints attached to these payments, they may reduce production or be among the categories of support having fewer impacts on the production and trade of specific commodities. However, where these payments offset damaging environmental effects of production-linked policies, the costs of improving environmental quality are higher than they would be in the absence of such policies. In general, the cost of improving the environmental performance of agriculture is lower when policies in place are consistent with the Polluter Pays Principle (PPP), yet the PPP has not been effectively applied in all cases.

Support for general services to agriculture remains low relative to support to producers

For the OECD as a whole, support for general services to agriculture (GSSE), as measured by the %GSSE, increased from 14% of the total support to agriculture (TSE) in 1986-1988 to 17% in 1999-2001, with the remainder in the form of support to producers.

Support for general services to agriculture does not depend on any individual farmer's decision or actions to produce goods and services, or use factors of production, and does not affect farm receipts directly. Therefore, although it increases sector income and can in the long run improve or expand the sector's production capacity, distorting effects on production and trade are lower than many PSE measures. General services in the areas of advisory services, training, research and development, and inspection services, may be necessary to improve long-term productivity and to ensure plant, animal and human health, and thereby benefit consumers and producers alike. Moreover, environmentally targeted measures implemented through GSSE measures may be more effective and less costly in achieving specific environmental goals than PSE measures.

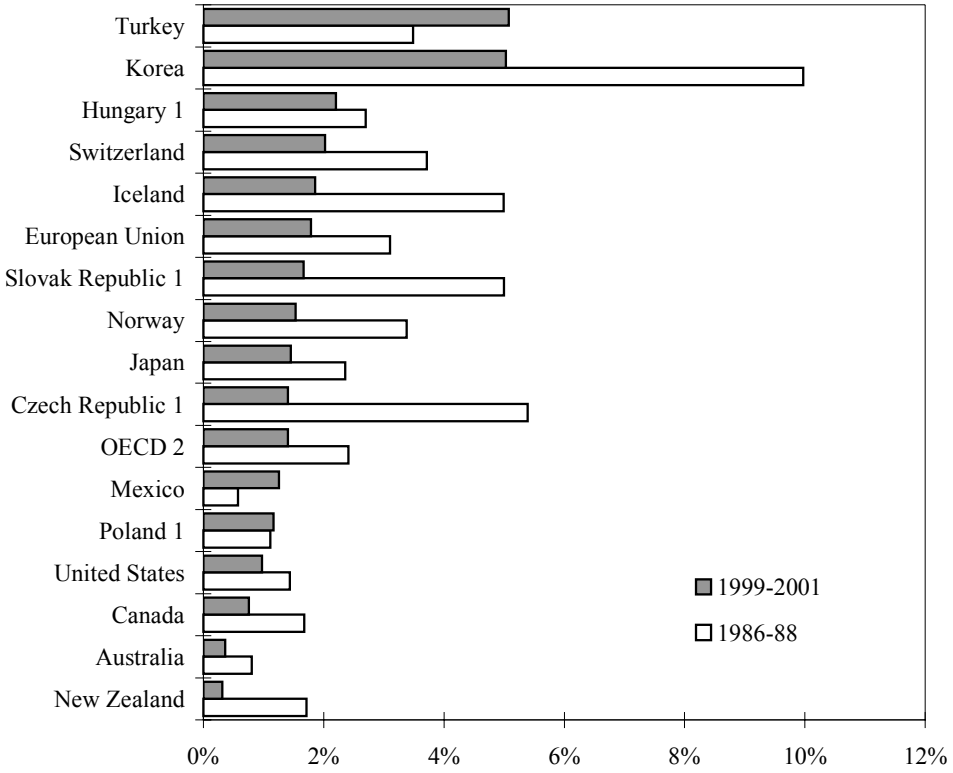
However, support for general services continues to be dominated by transfers to services related to the implementation of price support policies. Support to **marketing and promotion** has increased the most since the mid-1980's to reach 40% of the GSSE in 1999-2001. Clearly, these payments would be less with lower price support policies. Support for **public stockholding**, which also contributes to support producer prices, was cut by over half to 5% of GSSE, reflecting lower public stocks as a result of a combination of policy and market developments. About 30% of the spending on GSSE is for sector-wide actions in favour of basic **infrastructure**, including for improving environmental quality. Support for **research and development**, **education**, and **inspection services** remained stable at 16% of the GSSE.

Overall support to OECD agriculture decreased, but remained significant

For the OECD as a whole, total support to agriculture, as measured by the TSE, amounted to USD 311 billion (EUR 347 billion) or 1.3% of GDP (%TSE) in 2001, compared to an average of 2.3% in the 1986-1988 period. In 1999-2001, the %TSE ranged from 0.3% in **New Zealand** to over 4% in **Korea** and **Turkey** (Graph I.11). Despite the changes in the composition of support, about three- quarters of the total support to agriculture continues to go to individual producers (PSE), and consumers continue to pay more than half (around three-quarters in **Korea** and **Japan**) of this through higher food prices. This bears most heavily on low-income consumers, for whom food constitutes a larger share of their total household expenditure. Moreover, as most of the support provided to producers is still output- or input-linked, a high share of support goes to larger farms with the greatest potential impacts on production and trade. These factors contribute to income disparities within the sector and among food consumers.

Graph I.11. **Total Support Estimate by country**

(% of GDP)



Notes:
Countries are ranked according to 1999-2001 levels. For more detail, see Table III.12.
1. For the Czech Republic, Hungary, Poland and the Slovak Republic, 1986-88 refers to 1991-93.
2. For 1986-88, the Czech Republic, Hungary, Poland and Slovak Republic are excluded.
Source: OECD, PSE/CSE database, 2002.

Although it fluctuated over the 1986-2001 period, all support and protection indicators show modest progress in policy reform for the OECD as whole. Progress towards the long-term objective of policy reform is indicated by continuous reductions in both the %PSE *and* the most production and trade distorting forms of support (Box I.1). This was the case in the 1991-1997 period, when both reductions occurred simultaneously (Graph I.12). Given the weight of the **European Union** and the **United States** in the OECD, policy developments under both the United States 1990 Farm Act and the European Union 1992 CAP reform, underpinned by the UR negotiations, explain much of the OECD trend. This trend was reversed, however, in 1998 and 1999, mainly due to an increase in market price support and output-linked payments. Although some progress was made in 2000 and 2001, about one third of farm receipts is still generated by support, over three-quarters of this support is still generated by the most distorting forms of support, and there are still wide variations among countries and across commodities in the overall levels of support.

Box I.1. A graphical representation of key indicators of policy reform

Progress towards the long-term objective of policy reform involves a reduction in overall support and a shift towards less distorting policy measures. One measure of such progress is to show changes over time in both the share in gross farm receipts of producer support (%PSE) and of the most distorting forms of support — output and input-linked support (market price support, payments based on output and payments based on input use).

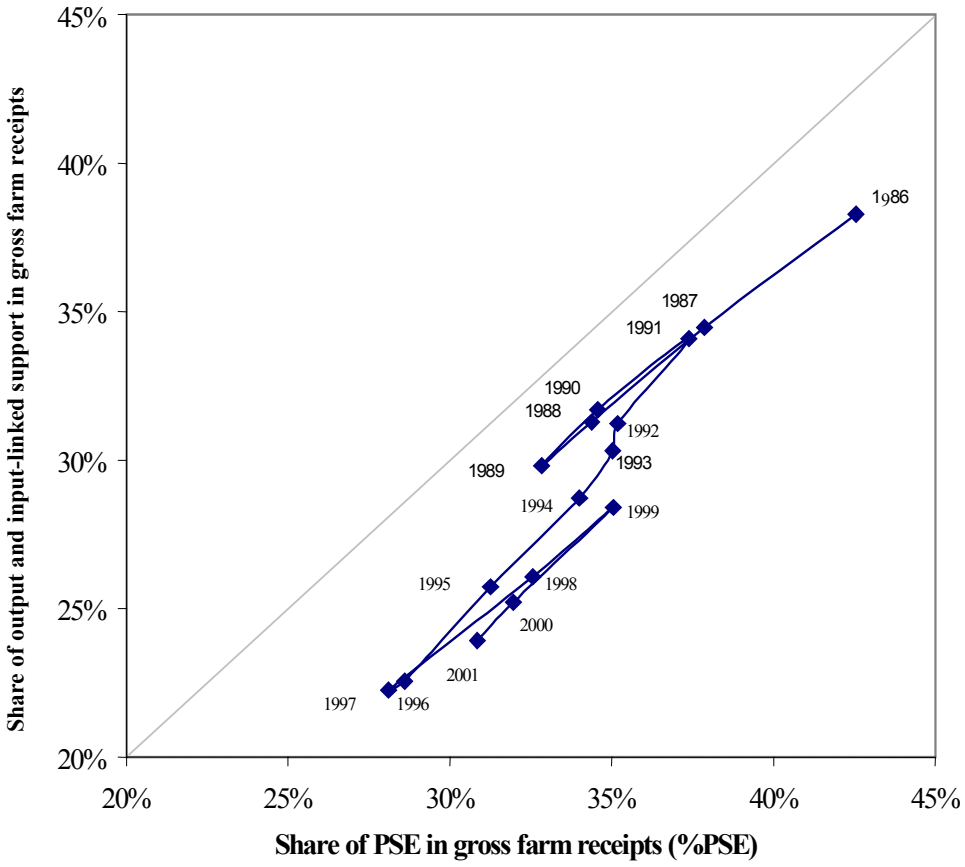
Graph I.12 attempts to show these changes and each point represents the combination of the shares of PSE and output/input-linked support in gross farm receipts for the *OECD area annually* over the 1986-2001 period. On the horizontal axis, the further a point is to the left, the lower is the share of producer support in gross farm receipts (%PSE). On the vertical axis, the further a point is towards the bottom, the lower is the share of output and input-linked support in gross farm receipts. Therefore, a movement towards the lower left hand corner indicates *both* a reduction in the level of support and in the importance of the most distorting forms of support. Points below the diagonal line indicate a reduction in the *share* of output and input-linked support in producer support.

Graphs I.13 and I.14 show percentage changes in the shares of the PSE and output/input-linked support in gross farm receipts by *country* and by *commodity* respectively between 1986-1988 and 1999-2001. The change in the %PSE is shown on the horizontal axis, and the change in the share of output and input support in total gross farm receipts on the vertical axis. Points to the right of zero on the horizontal axis show that the %PSE has increased between the two periods, while points to the left show that it has decreased. Similarly, points above zero on the vertical axis show that the share of output and input-linked support in gross farm receipts has increased, while points below indicate that the share of output and input-linked support in gross farm receipts has decreased between the two periods.

The diagonal line through the two latter graphs shows a *constant* share of output and input-linked support in the PSE. Points above the line show that the share of output and input-linked support in the PSE has increased, while points below the line show that the share has decreased. Points in Quadrant B show an increase in both the %PSE and the share of output and input-linked support in gross farm receipts, while points in Quadrant D show the opposite. In other words, a point in Quadrant D is an indication of progress in both reducing the %PSE and in the share of the most production and trade distorting from of support compared to the initial situation in 1986-1988. It should be stressed, however, that even with such reform there continued to be a wide range of %PSE in 1999-2001 (shown in brackets). Thus, the higher the level of the %PSE in 1999-2001, the greater the need for further reform.

Graph I.12. **Evolution of shares of PSE and in share of output and input support in gross farm receipts, 1986-2001**

(OECD)



Source: OECD PSE/CSE database, 2002.

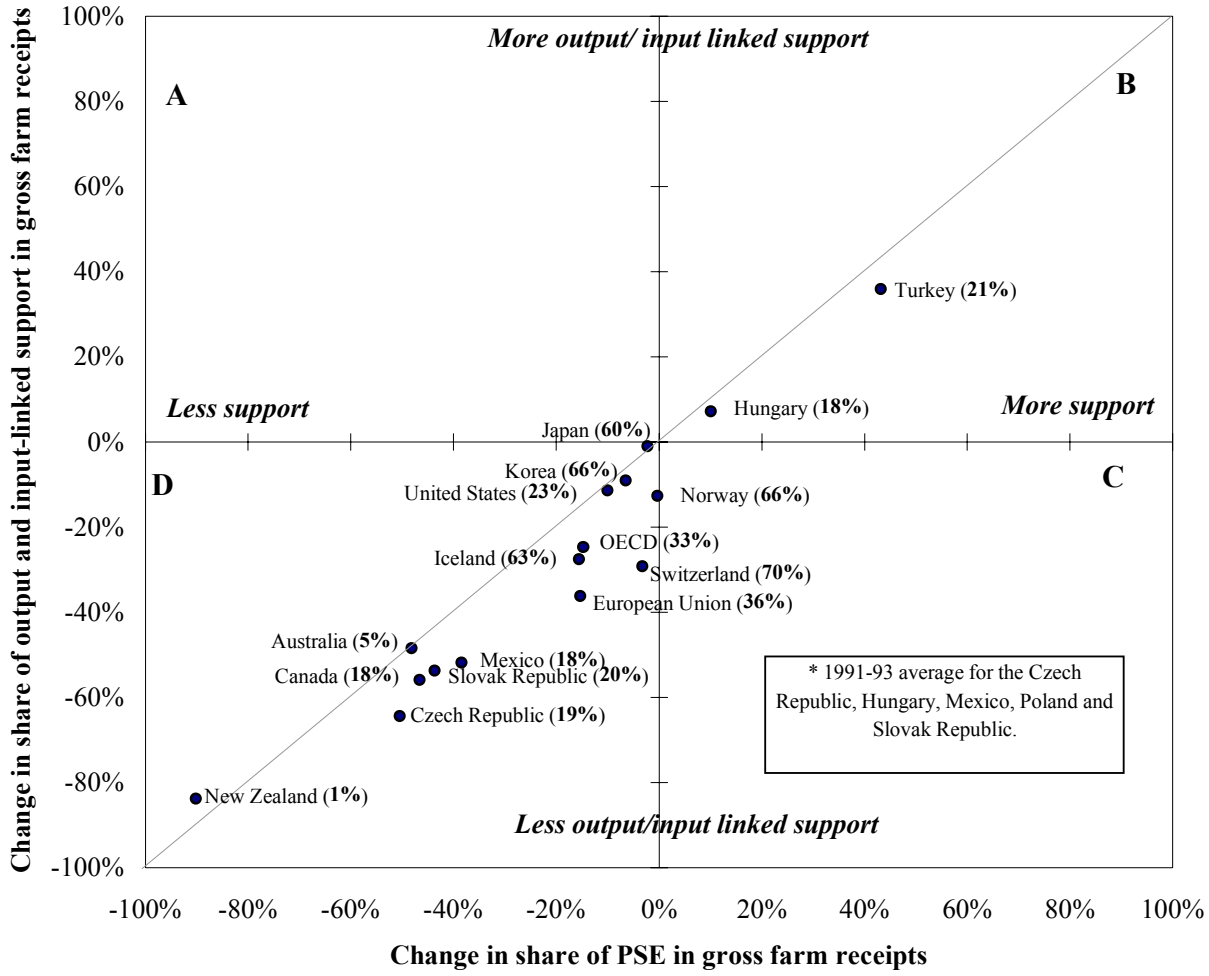
On the basis of these graphs, there has been some progress in reform (as measured by reductions in the shares of producer support and output/input-linked support in gross farm receipts) in all OECD countries, except **Hungary**, **Japan**, **Poland**[6] and **Turkey,** since 1986-88 (Graph I.13). The %PSE in Hungary and Turkey increased as did the share of output- and input-linked support in gross farm receipts, although there has been a reduction of these forms of support a share of producer support. In Japan, both shares remained virtually unchanged. In **Norway**, the %PSE remained unchanged, but the share of output- and input-linked support declined. Other countries can be classified in three groups: high, medium and *low progress in policy reform* relative to their situation in 1986-1988, with **New Zealand** in the first of these groups. Although some progress in reform has been made in all the countries in these three groups, the level of the %PSE in 1999-2001 remains high in many cases indicating that more reform is still needed.

In the **United States**, the share of producer support (in gross farm receipts) declined by 10% and the share of output/input-linked support by 11% between the two periods, while in the **European Union** these shares declined by 15% and 36% respectively. However, the %PSE in 1999-2001 was 21% in the United States and 36% in the European Union, which implies that while there has been some reform, more remains to be done in the European Union. This is also the case for **Iceland**, **Korea** and **Switzerland**, countries with higher levels of support. In the same way, **Australia** is in the same group as **Canada**, the **Czech Republic**, **Mexico** and the **Slovak Republic** in terms of the reform progress made since 1986-1988.

However, the %PSE in Australia in 1999-2001 was only 5%, while it was around 20% in the other countries, implying that more progress is required in the latter countries.

Graph I.13. **Changes in %PSE and in the share of output and input support in gross farm receipts by country between 1986-88* and 1999-2001**

(%PSE for 1999-2001 in brackets)

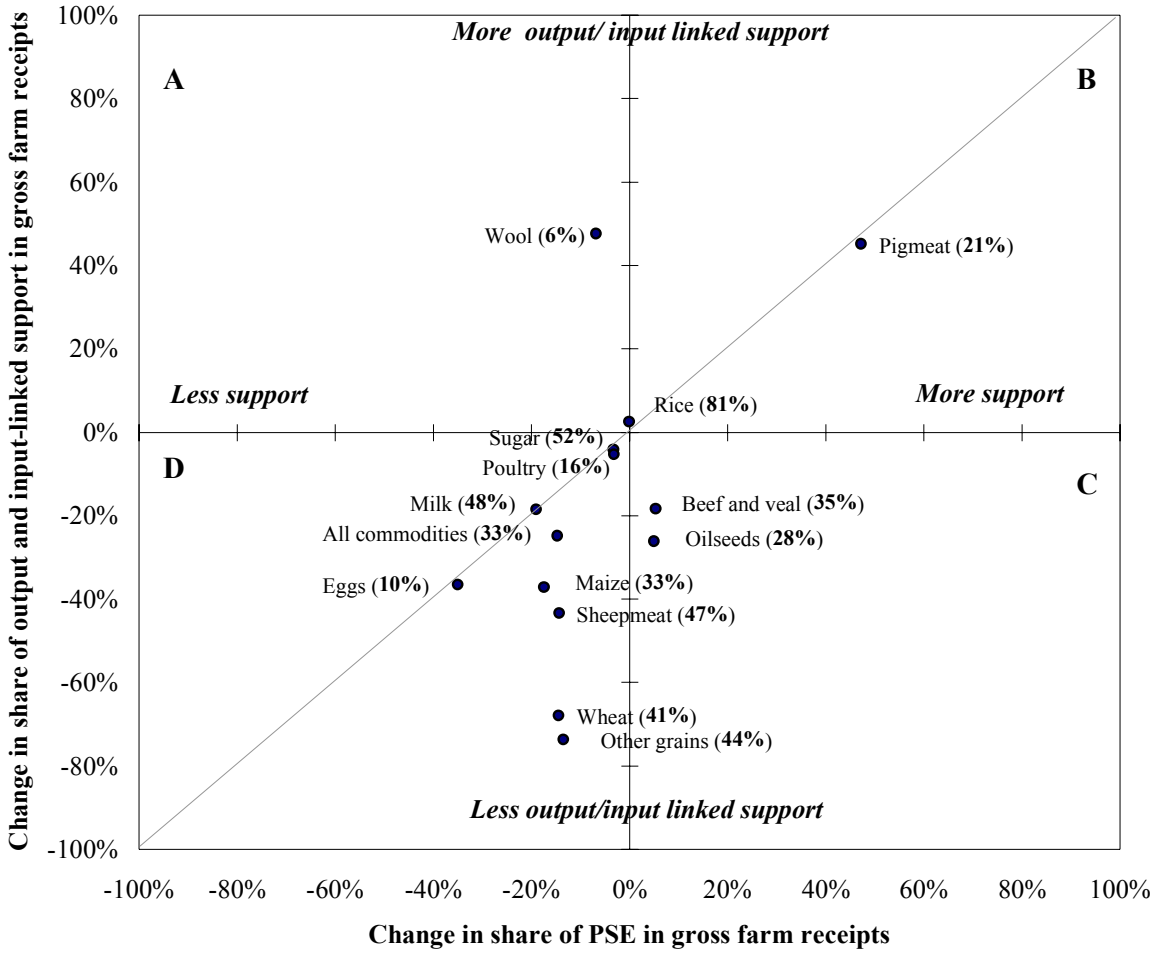


* 1991-93 average for the Czech Republic, Hungary, Mexico, Poland and Slovakia
Source: OECD PSE/CSE database, 2002.

Progress towards the long-term objective of policy reform on a commodity basis shows an even wider variation (Graph I.14). On the basis of the changes shown, there was no progress in policy reform for **rice** and the situation for **pigmeat** worsened. Both commodities continued to be supported by market price support measures but while the %PSE for rice has been persistently the highest, that for pigmeat increased from a relatively low level. Support for **wool** decreased, but the importance of output and input-linked measures increased. On the other hand, while support for **beef and veal** and for **oilseeds** increased, the importance of output and input-linked measures declined. There was some progress in policy reform for all other commodities, particularly in reducing the share of output and input-linked support in gross farm receipts for **grains** and **sheepmeat**. Progress was least for **sugar** and **milk**, despite the fact that, together with rice, these commodities have the highest levels of support and are thus in most need of reform.

Graph I.14. **Changes in %PSE and in the share of output and input support in gross farm receipts by commodity between 1986-88 and 1999-2001**

(%PSE for 1999-2001 in brackets)



Source: OECD PSE/CSE database, 2002.

NOTES

1. Information given in this section concerning agricultural markets and prices during 2001 is provisional. See *The OECD Agricultural Outlook*, OECD 2002.

2. See *The OECD Agricultural Outlook*, OECD 2002.

3. The indicator quoted here is the Total Support Estimate expressed as a percentage of GDP. For full definitions, see Annex 3.

4. For further and up-to-date information on these and other WTO disputes, visit the WTO's website (*http://www.wto.org/dispute/bulletin.htm*).

5. See also Producer Support Estimates per full-time farmer equivalent (Table III.5) and per hectare of agricultural land (Table III.6).

6. Poland could not be represented on the scale used for the graph, but it would appear in Quadrant A, above the diagonal line.

ANNEX

Policy principles

OECD Agriculture Ministers in 1998 adopted a set of policy principles, building on the agricultural policy reform principles agreed by OECD Ministers in 1987. These principles stress the need to:

— pursue agricultural policy reform in accordance with Article 20 of the Uruguay Round Agreement on agriculture and the commitment to undertake further negotiations as foreseen in that article and to the long-term goal of domestic and international policy reform to allow for a greater influence of market signals;

— address the problem of additional trade barriers, emerging trade issues and discipline on export restrictions and export credits;

— strengthen world food security;

— promote innovative policies that facilitate responsiveness to market conditions by agricultural producers;

— facilitate improvement in the structures of the agriculture and agro-food sectors;

— enhance the contribution of the agro-food sector to the viability of the rural economy;

— take actions to ensure the protection of the environment and sustainable management of natural resources in agriculture;

— take account of consumer concerns;

— encourage increased innovation, economic efficiency, and sustainability of agro-food systems;

— preserve and strengthen the multifunctional role of agriculture.

Operational criteria

OECD Agriculture Ministers in 1998 agreed that policy measures should seek to meet a number of operational criteria, to apply in both the domestic and the international contexts, which should be:*

- ***transparent****:* having easily identifiable policy objectives, costs, benefits and beneficiaries;
- ***targeted***: to specific outcomes and as far as possible decoupled;
- ***tailored****:* providing transfers no greater than necessary to achieve clearly identified outcomes;
- ***flexible***: reflecting the diversity of agricultural situations, be able to respond to changing objectives and priorities, and applicable to the time period needed for the specific outcome to be achieved;
- ***equitable***: taking into account the effects of the distribution of support between sectors, farmers and regions.

Definitions of the OECD indicators of support

Producer Support Estimate (PSE): an indicator of 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. The overall PSE monetary value depends on the size and structure of a country's agricultural sector, as well as on the monetary unit used. Support (PSE) expressed in relation to the number of farmers or area of farmland is influenced by differences among countries in factor endowment and the number, type, and size of farm holdings. By contrast, support expressed as a percentage of gross farm receipts (%PSE) shows the amount of support to farmers, irrespective of the sectoral structure of a given country. For this reason, the %PSE is the most widely used indicator for comparisons of support across countries, commodities and time.

Producer Nominal Protection Coefficient (NPCp): an indicator of the nominal rate of protection for producers measuring 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 level).

Producer Nominal Assistance Coefficient (NACp): an indicator of the nominal rate of assistance to producers measuring the ratio between the value of gross farm receipts including support and gross farm receipts valued at world market prices without support.

Consumer Support Estimate (CSE): an indicator of the annual monetary value of gross transfers to (from) consumers of agricultural commodities, measured at the farm-gate level, arising from policy instruments that support agriculture, regardless of their nature, objectives or impacts on consumption of farm products. If negative, the CSE measures the implicit burden placed on consumers by agricultural policies, from higher prices and consumer charges or subsidies that lower prices to consumers. The %CSE measures the implicit tax (or subsidy, if CSE is positive) on consumers due to agricultural policy as a share of expenditure at the farm gate.

Consumer Nominal Protection Coefficient (NPCc): an indicator of the nominal rate of protection for consumers measuring the ratio between the average price paid by consumers (at farm gate) and the border price (measured at farm gate level).

Consumer Nominal Assistance Coefficient (NACc): an indicator of the nominal rate of assistance to consumers measuring the ratio between the value of consumption expenditure on agricultural commodities domestically produced including support to producers and that valued at world market prices without support to consumers.

General Services Support Estimate (GSSE): an indicator of the annual monetary value of gross transfers to general services provided to agriculture collectively, arising from policy measures which support agriculture regardless of their nature, objectives and impacts on farm production, income, or consumption of farm products. When expressed as a percentage of TSE (the %GSSE), it gives an indication of the importance of support to general services provided to agriculture, such as research, marketing and promotion, and infrastructure, in the total support to agriculture (TSE).

Total Support Estimate (TSE): an indicator of 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. When expressed as a percentage of GDP (the %TSE), it gives an indication of the burden this overall support represents for the economy.

Annex Table 1. **OECD: Estimates of support to agriculture**
(USD million)

Total value of production (at farm gate)	**575 578**	**672 389**	**686 807**	**667 579**	**662 782**
of which share of MPS commodities (%)	*71*	*68*	*69*	*68*	*68*
Total value of consumption (at farm gate)	**533 643**	**608 065**	**610 659**	**607 695**	**605 840**
Producer Support Estimate (PSE)	**238 936**	**248 302**	**272 563**	**241 599**	**230 744**
Market price support	184 539	160 142	181 767	153 390	145 268
of which MPS commodities	*130 379*	*109 603*	*124 821*	*104 825*	*99 163*
Payments based on output	11 742	16 012	16 437	17 395	14 203
Payments based on area planted/animal numbers	15 664	29 078	29 406	28 772	29 057
Payments based on historical entitlements	515	13 179	13 480	13 609	12 448
Payments based on input use	20 328	20 671	22 713	19 794	19 505
Payments based on input constraints	2 995	6 262	6 357	5 844	6 586
Payments based on overall farming income	2 853	3 000	2 669	3 089	3 241
Miscellaneous payments	300	-41	-266	-293	436
Percentage PSE	**38**	**33**	**35**	**32**	**31**
Producer NPC	**1.58**	**1.35**	**1.41**	**1.34**	**1.31**
Producer NAC	**1.62**	**1.49**	**1.54**	**1.47**	**1.45**
General Services Support Estimate (GSSE)	**41 439**	**55 077**	**57 448**	**53 943**	**53 838**
Research and development	3 989	5 627	5 907	5 479	5 497
Agricultural schools	759	1 608	1 531	1 603	1 688
Inspection services	1 140	1 830	1 792	1 885	1 814
Infrastructure	12 579	17 174	17 403	17 364	16 753
Marketing and promotion	13 384	22 036	23 858	20 726	21 525
Public stockholding	7 416	3 019	3 488	2 864	2 704
Miscellaneous	2 173	3 782	3 469	4 022	3 856
GSSE as a share of TSE (%)	**13.7**	**16.7**	**16.1**	**16.8**	**17.3**
Consumer Support Estimate (CSE)	**-168 704**	**-153 815**	**-176 184**	**-148 136**	**-137 124**
Transfers to producers from consumers	-184 734	-158 447	-182 390	-152 106	-140 844
Other transfers from consumers	-17 452	-24 076	-25 097	-23 774	-23 356
Transfers to consumers from taxpayers	21 703	26 185	26 618	25 562	26 376
Excess feed cost	11 779	2 522	4 685	2 182	699
Percentage CSE	**-33**	**-26**	**-30**	**-25**	**-24**
Consumer NPC	**1.62**	**1.43**	**1.51**	**1.41**	**1.37**
Consumer NAC	**1.50**	**1.36**	**1.43**	**1.34**	**1.31**
Total Support Estimate (TSE)	**302 078**	**329 564**	**356 629**	**321 104**	**310 959**
Transfers from consumers	202 186	182 522	207 487	175 880	164 200
Transfers from taxpayers	117 345	171 117	174 239	168 998	170 115
Budget revenues	-17 452	-24 076	-25 097	-23 774	-23 356
Percentage TSE (expressed as share of GDP)	2.3	1.3	1.4	1.3	1.3

Notes: p: provisional. MPS commodities: See notes to country tables. MPS is net of producer levies and excess feed costs. TSE as a share of GDP for 1986-88 for the OECD excludes the Czech Republic, Hungary, Poland and Slovak Republic as GDP data is not available for this period. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

Source: OECD, PSE/CSE database 2002.

Annex Table 2. **OECD: Producer Support Estimate by country**

		1986-88	1999-2001	1999	2000	2001p
Australia	USD mn	1 285	947	1 135	878	827
	EUR mn	1 181	980	1 066	953	923
	Percentage PSE	9	5	6	4	4
	Producer NPC	1.05	1.01	1.02	1.00	1.00
	Producer NAC	1.10	1.05	1.06	1.04	1.04
Canada	USD mn	5 667	3 930	3 709	4 153	3 928
	EUR mn	5 183	4 124	3 481	4 506	4 386
	Percentage PSE	34	18	18	19	17
	Producer NPC	1.40	1.13	1.14	1.13	1.11
	Producer NAC	1.51	1.22	1.22	1.23	1.21
Czech Republic (1)	USD mn	1 670	655	849	532	585
	EUR mn	1 353	676	796	578	653
	Percentage PSE	38	19	24	16	17
	Producer NPC	1.74	1.10	1.18	1.06	1.06
	Producer NAC	1.67	1.23	1.31	1.19	1.20
European Union	USD mn	93 719	99 343	115 330	89 617	93 083
	EUR mn	84 998	103 141	108 241	97 244	103 937
	Percentage PSE	42	36	39	34	35
	Producer NPC	1.87	1.38	1.47	1.33	1.33
	Producer NAC	1.76	1.56	1.63	1.51	1.54
Hungary (1)	USD mn	891	881	1 151	912	580
	EUR mn	725	906	1 080	989	648
	Percentage PSE	17	18	23	20	12
	Producer NPC	1.14	1.10	1.17	1.12	1.01
	Producer NAC	1.20	1.23	1.30	1.25	1.13
Iceland	USD mn	193	136	161	139	108
	EUR mn	174	141	151	151	121
	Percentage PSE	74	63	67	62	59
	Producer NPC	3.78	2.35	2.68	2.27	2.11
	Producer NAC	3.89	2.70	3.05	2.61	2.45
Japan	USD mn	49 498	51 980	53 809	54 888	47 242
	EUR mn	44 869	54 270	50 502	59 559	52 750
	Percentage PSE	62	60	61	61	59
	Producer NPC	2.51	2.42	2.46	2.45	2.36
	Producer NAC	2.62	2.53	2.56	2.56	2.46
Korea	USD mn	12 120	18 170	18 335	19 337	16 838
	EUR mn	10 882	18 997	17 208	20 982	18 801
	Percentage PSE	70	66	66	67	64
	Producer NPC	3.36	2.81	2.90	2.90	2.64
	Producer NAC	3.42	2.91	2.98	3.00	2.76
Mexico	USD mn	-266	5 694	4 515	6 032	6 537
	EUR mn	- 233	6 027	4 237	6 545	7 299
	Percentage PSE	-1	18	15	19	19
	Producer NPC	0.91	1.16	1.13	1.18	1.17
	Producer NAC	0.99	1.21	1.17	1.24	1.23
New Zealand	USD mn	476	67	77	71	52
	EUR mn	453	69	73	77	58
	Percentage PSE	11	1	1	1	1
	Producer NPC	1.02	1.01	1.01	1.01	1.00
	Producer NAC	1.13	1.01	1.01	1.01	1.01

Annex Table 2. **OECD: Producer Support Estimate by country** *(cont.)*

		1986-88	1999-2001	1999	2000	2001p
Norway	USD mn	2 628	2 274	2 511	2 138	2 173
	EUR mn	2 377	2 368	2 357	2 320	2 427
	Percentage PSE	66	66	67	64	67
	Producer NPC	3.38	2.50	2.93	2.31	2.27
	Producer NAC	2.96	2.95	3.08	2.77	3.00
Poland (1)	USD mn	528	1 676	2 584	997	1 447
	EUR mn	449	1 708	2 426	1 082	1 616
	Percentage PSE	4	12	19	7	10
	Producer NPC	1.00	1.14	1.24	1.11	1.07
	Producer NAC	1.04	1.14	1.24	1.08	1.11
Slovak Republic (1)	USD mn	675	292	389	335	151
	EUR mn	549	299	365	364	169
	Percentage PSE	35	20	25	23	11
	Producer NPC	1.29	1.10	1.20	1.11	1.01
	Producer NAC	1.55	1.25	1.34	1.31	1.12
Switzerland	USD mn	5 063	4 480	4 869	4 356	4 214
	EUR mn	4 573	4 667	4 570	4 727	4 706
	Percentage PSE	73	70	72	70	69
	Producer NPC	3.85	2.76	3.17	2.71	2.39
	Producer NAC	3.66	3.37	3.61	3.30	3.21
Turkey	USD mn	2 779	6 522	7 707	7 882	3 978
	EUR mn	2 525	6 742	7 233	8 552	4 442
	Percentage PSE	14	21	23	24	15
	Producer NPC	1.15	1.25	1.28	1.31	1.15
	Producer NAC	1.17	1.26	1.30	1.32	1.18
United States	USD mn	41 839	51 256	55 433	49 333	49 001
	EUR mn	38 413	53 424	52 026	53 531	54 715
	Percentage PSE	25	23	25	22	21
	Producer NPC	1.19	1.16	1.19	1.14	1.15
	Producer NAC	1.34	1.30	1.34	1.28	1.27
OECD	USD mn	238 936	248 302	272 563	241 599	230 744
	EUR mn	217 270	258 540	255 811	262 160	257 649
	Percentage PSE	38	33	35	32	31
	Producer NPC	1.58	1.35	1.41	1.34	1.31
	Producer NAC	1.62	1.49	1.54	1.47	1.45

Notes: p: provisional. NPC: Nominal Protection Coefficient.
NAC: Nominal Assistance Coefficient. EU-12 for 1986-94, EU-15 from 1995, EU includes ex-GDR from 1990.
(1) For Czech Republic, Hungary, Poland and Slovak Republic: The figure in the first column refers to 1991-93.
Austria, Finland, and Sweden are included in the OECD totals for all years and in the EU from 1995.
Source: OECD, PSE/CSE database 2002.

Annex Table 3. **OECD: Producer Support Estimate by commodity**

		1986-88	1999-2001	1999	2000	2001p
Wheat						
	USD mn	18 699	17 331	20 135	17 524	14 332
	EUR mn	17 060	17 972	18 898	19 016	16 004
	Percentage PSE	48	41	46	41	36
	Producer NPC	1.68	1.16	1.26	1.15	1.07
	Producer NAC	1.94	1.70	1.85	1.68	1.57
Maize						
	USD mn	12 730	12 868	13 262	13 923	11 420
	EUR mn	11 666	13 435	12 447	15 108	12 752
	Percentage PSE	40	33	35	35	29
	Producer NPC	1.31	1.16	1.19	1.18	1.11
	Producer NAC	1.68	1.50	1.53	1.54	1.42
Other grains						
	USD mn	11 136	8 784	10 443	8 358	7 550
	EUR mn	10 180	9 100	9 801	9 069	8 431
	Percentage PSE	51	44	52	43	39
	Producer NPC	1.97	1.19	1.36	1.14	1.06
	Producer NAC	2.13	1.82	2.08	1.74	1.64
Rice						
	USD mn	26 908	26 350	26 654	28 057	24 340
	EUR mn	24 456	27 546	25 016	30 445	27 178
	Percentage PSE	81	81	79	82	81
	Producer NPC	4.91	4.91	4.45	5.28	5.01
	Producer NAC	5.22	5.19	4.74	5.54	5.29
Oilseeds						
	USD mn	5 384	7 069	6 452	7 642	7 114
	EUR mn	4 876	7 430	6 056	8 292	7 943
	Percentage PSE	26	28	25	30	28
	Producer NPC	1.27	1.20	1.18	1.22	1.21
	Producer NAC	1.36	1.39	1.34	1.42	1.40
Sugar						
	USD mn	5 751	6 351	7 626	6 240	5 189
	EUR mn	5 234	6 574	7 157	6 771	5 794
	Percentage PSE	54	52	59	51	45
	Producer NPC	2.33	2.19	2.58	2.11	1.87
	Producer NAC	2.18	2.11	2.44	2.05	1.83
Milk						
	USD mn	47 567	42 103	48 118	38 780	39 412
	EUR mn	43 445	43 749	45 160	42 080	44 007
	Percentage PSE	59	48	53	45	45
	Producer NPC	2.69	1.86	2.08	1.77	1.72
	Producer NAC	2.47	1.92	2.12	1.83	1.80
Beef and Veal						
	USD mn	23 825	27 184	29 821	24 318	27 413
	EUR mn	21 733	28 328	27 988	26 387	30 609
	Percentage PSE	33	35	38	32	36
	Producer NPC	1.44	1.33	1.39	1.29	1.31
	Producer NAC	1.50	1.54	1.60	1.46	1.56
Sheepmeat						
	USD mn	4 708	4 432	4 679	3 764	4 851
	EUR mn	4 236	4 631	4 392	4 085	5 417
	Percentage PSE	55	47	47	40	55
	Producer NPC	1.87	1.33	1.26	1.18	1.55
	Producer NAC	2.24	1.92	1.87	1.68	2.20

Annex Table 3. **OECD: Producer Support Estimate by commodity** *(cont.)*

		1986-88	1999-2001	1999	2000	2001p
Wool						
	USD mn	291	119	131	124	104
	EUR mn	265	124	123	134	116
	Percentage PSE	7	6	7	6	6
	Producer NPC	1.01	1.02	1.02	1.02	1.02
	Producer NAC	1.07	1.07	1.08	1.06	1.06
Pigmeat						
	USD mn	6 935	10 125	13 750	8 119	8 504
	EUR mn	6 170	10 404	12 905	8 810	9 496
	Percentage PSE	14	21	31	17	16
	Producer NPC	1.23	1.26	1.46	1.18	1.15
	Producer NAC	1.18	1.28	1.45	1.20	1.19
Poultry						
	USD mn	4 133	5 664	4 865	6 458	5 668
	EUR mn	3 668	5 967	4 566	7 008	6 328
	Percentage PSE	16	16	13	19	16
	Producer NPC	1.27	1.16	1.14	1.20	1.15
	Producer NAC	1.20	1.19	1.15	1.23	1.19
Eggs						
	USD mn	2 444	1 600	1 899	1 343	1 557
	EUR mn	2 211	1 659	1 782	1 457	1 739
	Percentage PSE	16	10	12	8	10
	Producer NPC	1.20	1.09	1.12	1.07	1.08
	Producer NAC	1.18	1.11	1.14	1.09	1.11
Other Commodities						
	USD mn	68 426	78 322	84 727	76 949	73 292
	EUR mn	62 073	81 618	79 520	83 497	81 837
	Percentage PSE	32	25	26	25	24
	Producer NPC	1.47	1.27	1.30	1.27	1.25
	Producer NAC	1.49	1.33	1.35	1.33	1.32
All commodities						
	USD mn	238 936	248 302	272 563	241 599	230 744
	EUR mn	217 270	258 540	255 811	262 160	257 649
	Percentage PSE	38	33	35	32	31
	Producer NPC	1.58	1.35	1.41	1.34	1.31
	Producer NAC	1.62	1.49	1.54	1.47	1.45

Notes: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.
The PSE for "other commodities" is the residual of the PSE for all commodities minus the PSE for the commodities listed above.
Austria, Finland and Sweden are included in the total for "all commodities" for all years, and in the commodity detail from 1995 (since joining the EU).

Source: OECD, PSE/CSE database 2002.

Annex Table 4. **OECD: composition of Producer Support Estimate**
(percentage share in PSE)

	1986-88	1999-2001	1999	2000	2001p
Australia					
Market Price Support	47	9	25	0	0
Payments based on output	0	3	3	3	3
Payments based on area planted/animal numbers	0	2	0	2	2
Payments based on historical entitlements	0	6	0	6	11
Payments based on input use	32	65	60	69	66
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	21	16	12	18	17
Miscellaneous payments	0	0	0	0	0
Canada					
Market Price Support	49	51	56	49	47
Payments based on output	17	8	9	8	6
Payments based on area planted/animal numbers	17	8	5	8	10
Payments based on historical entitlements	0	9	0	13	13
Payments based on input use	16	9	9	9	9
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	0	15	18	13	14
Miscellaneous payments	2	1	3	0	0
Czech Republic (1)					
Market Price Support	95	55	69	52	40
Payments based on output	0	1	0	2	1
Payments based on area planted/animal numbers	0	14	4	11	31
Payments based on historical entitlements	0	12	13	16	7
Payments based on input use	5	17	13	18	19
Payments based on input constraints	0	0	0	0	1
Payments based on overall farm income	0	0	0	1	0
Miscellaneous payments	0	0	0	0	0
European Union					
Market Price Support	86	61	65	59	58
Payments based on output	5	4	3	4	4
Payments based on area planted/animal numbers	3	25	22	27	27
Payments based on historical entitlements	0	1	1	1	1
Payments based on input use	5	7	7	7	6
Payments based on input constraints	1	3	3	3	4
Payments based on overall farm income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Hungary (1)					
Market Price Support	74	48	59	59	12
Payments based on output	0	11	11	6	18
Payments based on area planted/animal numbers	0	6	4	6	11
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	18	32	22	27	56
Payments based on input constraints	0	0	0	0	1
Payments based on overall farm income	1	2	3	2	2
Miscellaneous payments	7	0	0	0	1
Iceland					
Market Price Support	87	48	53	46	43
Payments based on output	1	29	27	30	31
Payments based on area planted/animal numbers	1	0	0	0	0
Payments based on historical entitlements	0	15	14	15	16
Payments based on input use	11	8	6	8	10
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0

Annex Table 4. **OECD: composition of Producer Support Estimate** *(cont.)*
(percentage share in PSE)

	1986-88	1999-2001	1999	2000	2001p
Japan					
Market Price Support	90	90	91	90	90
Payments based on output	3	3	3	3	3
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	4	5	5	5	5
Payments based on input constraints	3	2	2	2	2
Payments based on overall farm income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Korea					
Market Price Support	99	95	96	96	93
Payments based on output	0	0	0	0	0
Payments based on area planted/animal numbers	0	0	0	0	1
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	1	3	3	3	3
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	0	2	1	2	3
Miscellaneous payments	0	0	0	0	0
Mexico					
Market Price Support	n.c.	64	61	67	62
Payments based on output	n.c.	2	0	0	5
Payments based on area planted/animal numbers	n.c.	1	1	1	1
Payments based on historical entitlements	n.c.	20	22	18	19
Payments based on input use	n.c.	13	14	12	12
Payments based on input constraints	n.c.	0	0	0	0
Payments based on overall farm income	n.c.	1	2	1	1
Miscellaneous payments	n.c.	0	0	0	0
New Zealand					
Market Price Support	18	69	75	72	60
Payments based on output	0	0	0	0	0
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	37	0	0	0	0
Payments based on input use	39	29	25	25	40
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	5	1	0	3	0
Miscellaneous payments	0	0	0	0	0
Norway					
Market Price Support	45	39	42	35	40
Payments based on output	25	16	16	15	16
Payments based on area planted/animal numbers	9	17	16	17	17
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	19	23	23	24	22
Payments based on input constraints	2	4	3	6	2
Payments based on overall farm income	0	2	0	2	4
Miscellaneous payments	0	0	0	0	0
Poland (1)					
Market Price Support	22	69	78	57	63
Payments based on output	0	5	3	7	7
Payments based on area planted/animal numbers	0	1	0	1	3
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	77	25	19	35	27
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	0	0	0	0	0
Miscellaneous payments	1	0	0	0	0

Annex Table 4. **OECD: composition of Producer Support Estimate** *(cont.)*
(percentage share in PSE)

	1986-88	1999-2001	1999	2000	2001p
Slovak Republic (1)					
Market Price Support	56	28	43	13	n.c.
Payments based on output	1	8	7	9	n.c.
Payments based on area planted/animal numbers	24	27	23	32	n.c.
Payments based on historical entitlements	0	0	0	0	n.c.
Payments based on input use	10	25	25	25	n.c.
Payments based on input constraints	0	0	0	0	n.c.
Payments based on overall farm income	9	11	3	21	n.c.
Miscellaneous payments	1	0	1	0	n.c.
Switzerland					
Market Price Support	82	58	60	58	54
Payments based on output	1	4	4	4	5
Payments based on area planted/animal numbers	6	12	11	12	13
Payments based on historical entitlements	0	17	16	16	18
Payments based on input use	8	4	4	4	5
Payments based on input constraints	0	2	2	2	2
Payments based on overall farm income	0	0	0	0	0
Miscellaneous payments	3	3	3	3	3
Turkey					
Market Price Support	65	77	74	86	70
Payments based on output	0	6	4	4	11
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	0	4	0	0	10
Payments based on input use	34	13	22	10	9
Payments based on input constraints	0	0	0	0	0
Payments based on overall farm income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
United States					
Market Price Support	47	36	39	30	40
Payments based on output	7	18	18	22	15
Payments based on area planted/animal numbers	27	5	5	7	4
Payments based on historical entitlements	0	20	20	21	18
Payments based on input use	16	13	12	13	15
Payments based on input constraints	2	4	3	4	4
Payments based on overall farm income	2	3	3	4	4
Miscellaneous payments	0	0	0	0	0
OECD					
Market Price Support	77	64	67	63	63
Payments based on output	5	6	6	7	6
Payments based on area planted/animal numbers	7	12	11	12	13
Payments based on historical entitlements	0	5	5	6	5
Payments based on input use	9	8	8	8	8
Payments based on input constraints	1	3	2	2	3
Payments based on overall farm income	1	1	1	1	1
Miscellaneous payments	0	0	0	0	0

Notes: p: provisional, n.c.: not calculated. EU-12 for 1986-94, EU-15 from 1995,
EU includes ex-GDR from 1990. Austria, Finland, and Sweden are included in the OECD totals for all years, and in the EU from 1995.
(1) For Czech Republic, Hungary, Poland and Slovak Republic: The figure in the first column refers to 1991-93.
Market Price support is net of producer levies and excess feed costs.
Source: OECD, PSE/CSE database 2002.

Annex Table 5. **OECD: General Services Support Estimate by country**

		1986-88	1999-2001	1999	2000	2001p
Australia	USD mn	389	488	526	474	464
	EUR mn	352	509	494	514	518
	Percentage of TSE	23	36	32	37	39
Canada	USD mn	1 464	1 302	1 297	1 382	1 227
	EUR mn	1 328	1 362	1 217	1 499	1 370
	Percentage of TSE	20	25	26	25	24
Czech Republic (1)	USD mn	35	104	104	105	101
	EUR mn	29	108	98	114	113
	Percentage of TSE	2	14	11	16	15
European Union	USD mn	11 084	9 519	10 346	9 193	9 017
	EUR mn	6 725	9 918	9 710	9 976	10 068
	Percentage of TSE	10	8	8	9	9
Hungary (1)	USD mn	81	196	235	226	128
	EUR mn	66	203	220	245	143
	Percentage of TSE	8	18	17	20	18
Iceland	USD mn	23	18	23	17	13
	EUR mn	20	18	21	19	14
	Percentage of TSE	9	11	12	11	10
Japan	USD mn	8 775	12 732	13 088	13 274	11 832
	EUR mn	7 889	13 300	12 284	14 404	13 212
	Percentage of TSE	15	20	20	19	20
Korea	USD mn	2 011	3 238	3 521	3 353	2 839
	EUR mn	1 817	3 371	3 305	3 639	3 170
	Percentage of TSE	14	15	16	15	14
Mexico	USD mn	680	665	508	627	859
	EUR mn	637	705	477	680	959
	Percentage of TSE	63	9	9	8	11
New Zealand	USD mn	104	95	100	95	91
	EUR mn	94	100	94	103	102
	Percentage of TSE	17	59	56	57	64
Norway	USD mn	129	145	148	148	140
	EUR mn	117	152	139	160	157
	Percentage of TSE	4	6	5	6	6
Poland (1)	USD mn	244	253	193	222	345
	EUR mn	198	269	181	241	386
	Percentage of TSE	26	13	7	18	19
Slovak Republic (1)	USD mn	72	40	48	39	34
	EUR mn	58	42	45	42	38
	Percentage of TSE	10	12	11	10	18
Switzerland	USD mn	438	324	342	313	318
	EUR mn	396	338	321	340	355
	Percentage of TSE	7	6	6	7	7
Turkey	USD mn	313	3 127	4 431	2 643	2 309
	EUR mn	281	3 201	4 158	2 868	2 578
	Percentage of TSE	11	33	37	25	37
United States	USD mn	15 233	22 831	22 539	21 832	24 121
	EUR mn	352	509	21 153	23 690	26 934
	Percentage of TSE	22	24	23	24	25
OECD	USD mn	41 439	55 077	57 448	53 943	53 838
	EUR mn	37 671	57 522	53 918	58 534	60 116
	Percentage of TSE	14	17	16	17	17

Notes: p: provisional. EU-12 for 1986-94, EU-15 from 1995, EU includes ex-GDR from 1990.
Austria, Finland, and Sweden are included in the OECD totals for all years, and in the EU from 1995.
(1) For Czech Republic, Hungary, Poland and Slovak Republic: The figure in the first column refers to 1991-93.
Source: OECD, PSE/CSE database 2002.

Annex Table 6. **OECD: Consumer Support Estimate by country**

		1986-88	1999-2001	1999	2000	2001p
Australia	USD mn	-306	-101	-125	-64	-115
	EUR mn	- 282	- 105	-117	-69	-128
	Percentage CSE	-7	-2	-2	-1	-2
	Consumer NPC	1.08	1.01	1.02	1.00	1.00
	Consumer NAC	1.08	1.02	1.02	1.01	1.02
Canada	USD mn	-2 506	-2 052	-2 127	-2 113	-1 917
	EUR mn	- 2 281	- 2 143	-1 996	-2 293	-2 141
	Percentage CSE	-22	-14	-16	-14	-13
	Consumer NPC	1.32	1.17	1.18	1.17	1.15
	Consumer NAC	1.28	1.17	1.18	1.17	1.15
Czech Republic (1)	USD mn	-1 272	-339	-548	-246	-223
	EUR mn	- 1 030	- 343	-514	-266	-249
	Percentage CSE	-36	-12	-19	-9	-8
	Consumer NPC	1.71	1.11	1.20	1.06	1.06
	Consumer NAC	1.63	1.14	1.23	1.10	1.08
European Union	USD mn	-69 090	-53 626	-66 947	-46 659	-47 271
	EUR mn	- 62 679	- 55 415	-62 833	-50 630	-52 783
	Percentage CSE	-39	-31	-38	-28	-27
	Consumer NPC	1.84	1.51	1.69	1.44	1.41
	Consumer NAC	1.64	1.46	1.60	1.39	1.38
Hungary (1)	USD mn	-480	-370	-568	-472	-71
	EUR mn	- 392	- 375	-533	-513	-79
	Percentage CSE	-11	-9	-15	-11	-2
	Consumer NPC	1.13	1.09	1.16	1.12	1.00
	Consumer NAC	1.13	1.11	1.18	1.13	1.02
Iceland	USD mn	-117	-67	-88	-66	-47
	EUR mn	- 106	- 69	-82	-72	-52
	Percentage CSE	-67	-46	-54	-44	-39
	Consumer NPC	3.82	1.89	2.17	1.84	1.68
	Consumer NAC	3.12	1.87	2.16	1.80	1.64
Japan	USD mn	-55 688	-64 357	-67 514	-67 033	-58 525
	EUR mn	- 50 323	- 67 150	-63 365	-72 738	-65 349
	Percentage CSE	-58	-54	-56	-54	-53
	Consumer NPC	2.39	2.19	2.26	2.19	2.12
	Consumer NAC	2.38	2.19	2.26	2.19	2.12
Korea	USD mn	-11 817	-18 932	-19 423	-20 402	-16 971
	EUR mn	- 10 625	- 19 772	-18 229	-22 138	-18 949
	Percentage CSE	-66	-62	-64	-63	-59
	Consumer NPC	2.95	2.66	2.78	2.74	2.47
	Consumer NAC	2.94	2.66	2.77	2.73	2.47
Mexico	USD mn	2 429	-3 913	-2 977	-4 279	-4 482
	EUR mn	2 231	- 4 147	-2 794	-4 643	-5 005
	Percentage CSE	18	-14	-11	-15	-15
	Consumer NPC	0.91	1.20	1.17	1.22	1.21
	Consumer NAC	0.85	1.16	1.13	1.18	1.18
New Zealand	USD mn	-91	-46	-57	-49	-31
	EUR mn	- 83	- 47	-54	-53	-34
	Percentage CSE	-9	-4	-5	-4	-2
	Consumer NPC	1.10	1.04	1.05	1.04	1.02
	Consumer NAC	1.10	1.04	1.05	1.04	1.02

Annex Table 6. **OECD: Consumer Support Estimate by country** *(cont.)*

		1986-88	1999-2001	1999	2000	2001p
Norway	USD mn	-1 177	-883	-1 104	-765	-781
	EUR mn	- 1 069	- 913	-1 036	-830	-872
	Percentage CSE	-49	-45	-52	-42	-42
	Consumer NPC	2.73	2.15	2.54	1.98	1.94
	Consumer NAC	1.98	1.84	2.08	1.73	1.72
Poland (1)	USD mn	-132	-1 373	-2 240	-988	-891
	EUR mn	- 132	- 1 390	-2 102	-1 072	-995
	Percentage CSE	0	-10	-18	-7	-6
	Consumer NPC	1.01	1.13	1.23	1.10	1.07
	Consumer NAC	1.01	1.12	1.22	1.08	1.07
Slovak Republic (1)	USD mn	-311	-129	-224	-125	-39
	EUR mn	- 252	- 130	-210	-136	-44
	Percentage CSE	-22	-11	-19	-11	-4
	Consumer NPC	1.30	1.10	1.21	1.10	1.01
	Consumer NAC	1.29	1.14	1.24	1.13	1.04
Switzerland	USD mn	-4 629	-3 071	-3 353	-3 139	-2 722
	EUR mn	- 4 176	- 3 197	-3 147	-3 406	-3 039
	Percentage CSE	-69	-59	-62	-59	-55
	Consumer NPC	3.93	2.72	3.14	2.69	2.33
	Consumer NAC	3.18	2.45	2.67	2.47	2.21
Turkey	USD mn	-2 043	-5 276	-6 157	-6 589	-3 083
	EUR mn	- 1 865	- 5 457	-5 778	-7 150	-3 442
	Percentage CSE	-14	-20	-22	-25	-14
	Consumer NPC	1.18	1.28	1.32	1.36	1.16
	Consumer NAC	1.16	1.26	1.29	1.33	1.16
United States	USD mn	-8 801	721	-2 732	4 852	43
	EUR mn	- 8 223	917	-2 564	5 265	48
	Percentage CSE	-7	0	-2	3	0
	Consumer NPC	1.19	1.13	1.16	1.10	1.13
	Consumer NAC	1.08	1.00	1.02	0.97	1.00
OECD	USD mn	-168 704	-153 815	-176 184	-148 136	-137 124
	EUR mn	- 153 114	- 159 737	-165 355	-160 743	-153 113
	Percentage CSE	-33	-26	-30	-25	-24
	Consumer NPC	1.62	1.43	1.51	1.41	1.37
	Consumer NAC	1.50	1.36	1.43	1.34	1.31

Notes: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.
EU-12 for 1986-94, EU-15 from 1995, EU includes ex-GDR from 1990.
(1) For Czech Republic, Hungary, Poland and Slovak Republic: The figure in the first column refers to 1991-93.
Austria, Finland, and Sweden are included in the OECD totals for all years, and in the EU from 1995.
Source: OECD, PSE/CSE database 2002.

Annex Table 7. **OECD: Total Support Estimate by country**

		1986-88	1999-2001	1999	2000	2001p
Australia	USD mn	1 674	1 376	1 662	1 289	1 177
	EUR mn	1 533	1 424	1 560	1 399	1 314
	Percentage of GDP	0.8	0.4	0.4	0.3	0.3
Canada	USD mn	7 161	5 231	5 006	5 535	5 154
	EUR mn	6 541	5 486	4 698	6 006	5 755
	Percentage of GDP	1.7	0.8	0.8	0.8	0.7
Czech Republic (1)	USD mn	1 705	760	953	638	689
	EUR mn	1 382	785	894	693	769
	Percentage of GDP	5.4	1.4	1.7	1.3	1.2
European Union	USD mn	109 654	112 628	129 857	102 403	105 624
	EUR mn	99 424	116 978	121 876	111 118	117 940
	Percentage of GDP	3.1	1.8	1.9	1.7	1.7
Hungary (1)	USD mn	988	1 080	1 390	1 143	708
	EUR mn	803	1 112	1 304	1 240	791
	Percentage of GDP	2.7	2.2	2.9	2.5	1.4
Iceland	USD mn	257	156	184	159	124
	EUR mn	231	161	173	173	138
	Percentage of GDP	5.0	1.9	2.1	1.9	1.6
Japan	USD mn	58 165	64 775	66 977	68 221	59 126
	EUR mn	52 660	67 636	62 861	74 027	66 020
	Percentage of GDP	2.4	1.5	1.5	1.4	1.4
Korea	USD mn	14 204	21 489	21 950	22 780	19 736
	EUR mn	12 765	22 452	20 601	24 719	22 038
	Percentage of GDP	10.0	5.0	5.4	5.0	4.7
Mexico	USD mn	1 287	6 999	5 710	7 396	7 892
	EUR mn	1 225	7 399	5 359	8 025	8 812
	Percentage of GDP	0.6	1.3	1.2	1.3	1.3
New Zealand	USD mn	580	162	178	166	143
	EUR mn	547	169	167	180	160
	Percentage of GDP	1.7	0.3	0.3	0.3	0.3
Norway	USD mn	2 977	2 489	2 728	2 355	2 385
	EUR mn	2 696	2 593	2 561	2 555	2 663
	Percentage of GDP	3.4	1.5	1.8	1.5	1.4
Poland (1)	USD mn	775	1 934	2 782	1 224	1 797
	EUR mn	649	1 982	2 611	1 328	2 007
	Percentage of GDP	1.1	1.2	1.8	0.8	1.0
Slovak Republic (1)	USD mn	747	332	437	374	186
	EUR mn	606	341	410	406	207
	Percentage of GDP	5.0	1.7	2.2	1.9	0.9
Switzerland	USD mn	6 151	5 047	5 661	4 809	4 672
	EUR mn	5 557	5 249	5 313	5 218	5 216
	Percentage of GDP	3.7	2.0	2.2	2.0	1.9
Turkey	USD mn	3 092	9 649	12 137	10 524	6 287
	EUR mn	2 805	9 944	11 391	11 420	7 020
	Percentage of GDP	3.5	5.1	6.6	5.3	4.3
United States	USD mn	68 540	95 455	99 018	92 089	95 259
	EUR mn	62 811	99 741	92 932	99 926	106 366
	Percentage of GDP	1.4	1.0	1.1	0.9	0.9
OECD	USD mn	302 078	329 564	356 629	321 104	310 959
	EUR mn	274 662	343 453	334 710	348 431	347 217
	Percentage of GDP	2.3	1.3	1.4	1.3	1.3

Notes: p: provisional. EU-12 for 1986-94, EU-15 from 1995, EU includes ex-GDR from 1990.
Austria, Finland, and Sweden are included in the OECD totals for all years, and in the EU from 1995.
(1) For Czech Republic, Hungary, Poland and Slovak Republic: The figure in the first column refers to 1991-93.
Source: OECD, PSE/CSE database 2002.