



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

# Measurement of Agricultural Support in Non-OECD Economies: Some Old and New Issues

Olga Melyukhina

Directorate for Food, Agriculture and Fisheries

Global Forum, 20-21 November 2006



# Outline

- Measurement and interpretation of Market Price Support (MPS)
- Some distinct features of budgetary support
- Summary

# MPS measurement and interpretation

- MPS is based on domestic-to-world price gaps
  - to reflect all types of policy interventions in market prices
- *... but with that:*
  - non-policy distortions may be also captured
  - weaknesses of market infrastructure and institutions
  - macroeconomic instability
- Some care is needed in interpreting the MPS and PSE estimates

## Measurement of budgetary support

- Important cases when support is an estimated value, but not an actual disbursement
  - Preferential credit based on interest rate control and directed funds - Brazil, Romania
  - Debt forgiveness – Brazil, Russia, Ukraine, Romania
- Poverty alleviation and social assistance are major concerns and addressed through agriculture
  - Land and small farmer programmes
  - Need to capture accurately only agricultural expenditures

## Summary

- The method is consistent with that applied to OECD countries
- However - need to interpret support estimates with care
- Budgetary support is often provided in forms implying no actual disbursements
- Poverty alleviation and social assistance pursued through agricultural support
- Improvement of estimates is an ongoing process
- Co-operation from the governments is essential

# MPS measurement and interpretation

## *Example: Brazil's beef prices*

