

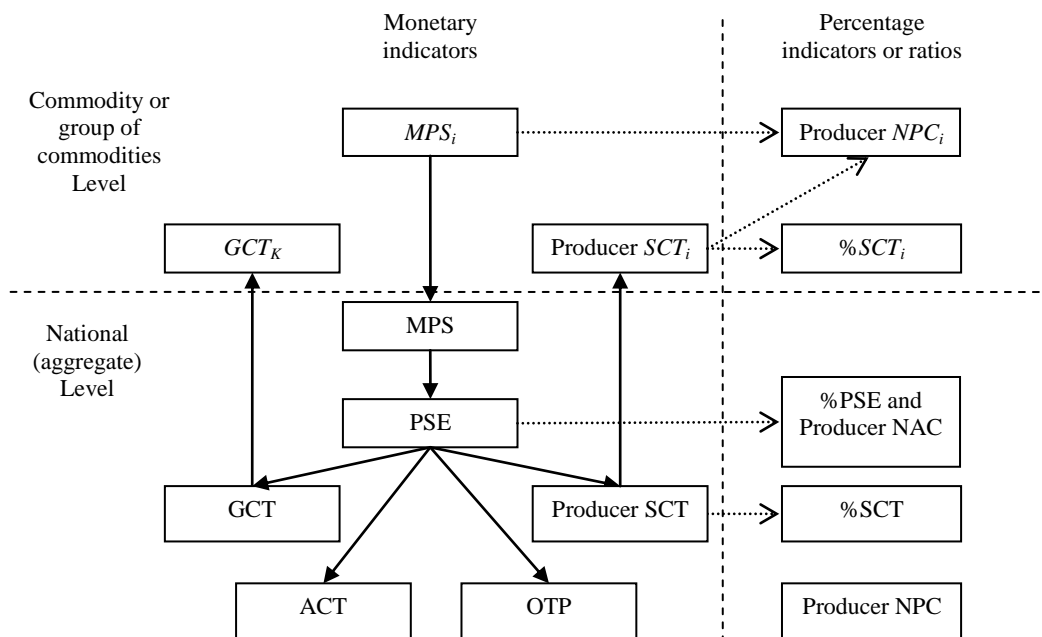
CHAPTER 6.

CALCULATING INDICATORS OF SUPPORT TO PRODUCERS

243. Indicators of support to individual producers are the most widely used of all the indicators. The procedure for calculating producer support indicators is summarised in Diagram 6.1. The process begins by calculating Market Price Support (MPS_i) for a number of individual commodities from which a national (aggregate) MPS value is extrapolated (section 6.1). This is then combined with the value of other transfers arising from policies that support individual producers to derive a value for the Producer Support Estimate (PSE) at the national level (section 6.2). From this value, the relative indicators, the %PSE and producer Nominal Assistance Coefficient (producer NAC) are derived (section 6.3).

244. As explained in [Chapter 2](#), the PSE can be separated into four components representing different degrees of commodity specificity, *i.e.* transfer provided on the basis of single commodities *e.g.* wheat (Single Commodity Transfers, SCT), a group of commodities, *e.g.* cereals (Group Commodity Transfers, GCT), all commodities (All Commodity Transfers, ACT), or without obligation on the part of recipients to produce commodities (Other Transfers to Producers, OTP). Transfers to single commodities or groups of commodities are further distinguished at the individual commodity (Producer SCT_i) or groups of commodities level (GCT_K) (section 6.4). From these values, the relative indicators, the producer Nominal Protection Coefficient (producer NPC_i) and % SCT_i , can be derived for individual commodities and at the national level (sections 6.5 and 6.6).

Diagram 6.1. Procedure for calculating indicators of support to producers



6.1. Market Price Support (MPS)

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

- MPS values are calculated for a set of individual commodities, which are selected according to rules for the inclusion or exclusion of each commodity.

245. The conceptual basis for calculating MPS is described in [sections 4.1](#) and [4.2](#). This section explains the procedure to calculate a national (aggregate) MPS based on MPS values for individual commodities.

6.1.1. MPS for individual commodities

246. The process begins by calculating MPS values for individual commodities constituting a representative sample. A standard set of fifteen individual commodities is first considered – wheat (WT), maize (MA), other grains (OG)¹⁵, rice (RI), rapeseed (RS), soybean (SB), sunflower (SF), refined sugar (RS), milk (MK), beef and veal (BF), sheepmeat (SH), wool (WL), pigmeat (PK), poultry (PT) and eggs (EG). These are termed the “standard MPS commodities” (SMC) (see Table 6.1).

247. These fifteen commodities were chosen initially because they represented a significant proportion of agricultural production in a large number of OECD countries, and support policies were mainly targeted to them. A standard set of commodities allows comparisons between countries not only at the national (aggregate) level but also at the individual commodity level or for subsets of commodities.

248. The MPS values for individual commodities are used to obtain the national (aggregate) MPS for a country using the extrapolation method (explained below). In order to reduce the associated estimation error, the MPS commodities should represent a significant share of the total value of agricultural production in a country. In general, efforts are made to ensure that the sum of the value of production of the individual commodities for which MPS is calculated represents at least 70% of the total value of agricultural production on average over the previous three years. If production of a standard MPS commodity is very small, *i.e.* less than 1% of total value of production, MPS is *not* calculated for this commodity. If the sum of the value of production for the standard MPS commodities with the individual shares above 1% is less than 70% of the total value of agricultural production in a country, additional commodities are added until this threshold is reached. The combined group of commodities for which MPS is calculated, both standard and additional, are termed “all MPS commodities” (AMC).¹⁶ *Note that this procedure for defining a representative set of commodities relates only to the MPS calculation. Other transfers (budgetary and revenue foregone) cover all agricultural commodities produced in the country.*

15. OG is considered as a single commodity. In practice, however, it is a composite commodity that includes barely (BA), sorghum (SO), oats (OT) and/or rye (RY). Similarly, wheat in case of the EU is a composite commodity that includes durum wheat (DW) and common wheat (CW).

16. As can be seen from Table 6.1, the aggregate share of “All MPS commodities” is above or close to the 70% threshold in the majority of countries for which the OECD estimates support. However, this share is relatively low for Turkey (57%) and Korea (54%). In these countries the standard MPS commodities comprise a much smaller proportion of the total agricultural output than in other monitored countries, while the structure of the remaining production is substantially diversified. As a result, the inclusion of additional MPS commodities above those in the standard set has relatively limited marginal effect on the overall coverage share.

249. Table 6.2 presents a country which produces only six of the fifteen standard commodities – wheat, other grains (*i.e.* barley and oats), milk, beef and veal, poultry and eggs, so that MPS cannot be calculated for the other nine standard commodities. Further, the value of production for both poultry and eggs is below 1% of the total value of production, and so MPS is not calculated for these two commodities either.

Table 6.2. Selection of individual commodities for MPS estimation (example)

	Value of production LC million	Shares in production %	
		Individual	Cumulative
Wheat	515	22	22
Maize	0	0	22
Other grains:	191	8	30
Barley	139	6	..
Oats	52	2	..
Rice	0	0	30
Rapeseed	0	0	30
Soybean	0	0	30
Sunflower	0	0	30
Sugar	0	0	30
Milk	400	17	47
Beef (including veal)	250	11	58
Sheepmeat	0	0	58
Wool	0	0	58
Pigmeat	0	0	58
Poultry	18	0.8	..
Eggs	16	0.7	..
Standard MPS commodities (SMC), sub-total (excluding poultry and eggs)	1 356	58	..
Cotton	180	8	66
Potatoes	160	7	73
Additional MPS commodities, sub-total	340	15	..
All MPS commodities (AMC)	1 696	73	..
Non-MPS commodities (XE)	629	27	100
Total value of agricultural production (VP)	2 325	100	..

LC: Local currency.

250. The four standard commodities for which MPS is calculated (barley and oats being treated as one commodity “other grains”) represent 58% of the total value of agricultural production. Additional commodities are thus needed to reach the 70% threshold. In this example, cotton and potatoes have important shares in the value of production. By adding these two commodities, the MPS is calculated for six commodities that together represent 73% of the total value of agricultural production. Table 6.1 shows the individual commodities for which MPS is calculated (both standard and additional MPS

commodities) for OECD and several non-OECD countries, as well as the aggregate share of these commodities in the total value of agricultural production.

251. Having defined the list of commodities, the next step is to estimate the MPS for each commodity. The process involves the estimation of Market Price Differentials (MPDs), but first it is required to determine whether there are policies in place which create a price gap between domestic market and border prices of the commodity in question. If such policies are in place, an *MPD* is estimated based on the procedures explained in [section 4.4](#). If there are no such policies in place for the commodity in question, the *MPD* for this commodity is set at zero. Note that commodities for which MPS is *not calculated* are different from those for which *MPD* is *set at zero*: the former are those with a share of production of less than 1%; the latter do not have policies affecting their market price.¹⁷ Once the MPDs have been estimated for selected commodities, the Excess Feed Cost (EFC) and then the Market Price Support (MPS) are calculated (as described in [section 4.2](#)).

252. Tables 6.3 and 6.4 illustrate the procedure for calculating MPS and EFC for individual commodities. When “data” is indicated as a source in the last column, the variable comes from an original data input. The data required for the calculations are summarised in [Chapter 10](#). The *MPD* is set to zero in the case of oats and potatoes, as no policies are in place that change the market price received by producers of these commodities. *The quantity of feed consumed by livestock producers includes only domestically produced feed* (as explained in [section 4.2](#)).

Box 6.1. Description of a PSE Country File

The OECD calculates the indicators of support for each country within individual PSE Excel file (with the EU27 treated as one country).¹ There are four standard types of worksheets within each country file:

(1) A worksheet named “TOTAL” in which most of the national (aggregate) indicators are calculated, such as the PSE, GSSE, CSE and TSE, as well as the %PSE, producer NAC, %CSE and consumer NAC. This worksheet contains all policy transfers included in the estimation of support for a country, shown under the appropriate PSE, GSSE and CSE categories. Labels are also attached to each transfer, as defined in [sub-section 3.3.3](#).

(2) A worksheet named “SCT GCT” in which the individual commodity producer SCT values are combined to calculate national (aggregate) producer SCT and %SCT indicators. This worksheet is also used to identify the Group Commodity Transfers (GCT), and calculate All Commodity Transfers (ACT) and Other Transfers to Producers (OTP) based on the labels given to each policy measure in the worksheet “TOTAL”.

(3) A group of standard worksheets named “XX SCT” in which the Producer Single Commodity Transfers (producer SCT) and %SCT indicators are calculated for each commodity, including a worksheet for “non-MPS commodities” named “XE SCT”.

(4) A group of standard worksheets named “XX MPS” in which MPS is calculated for each commodity, where XX is a two-letter commodity abbreviation, e.g. WT stands for wheat and MK for milk. This worksheet also contains the data and formulas for calculating the Consumer Single Commodity Transfers (consumer SCT) as well as the producer NPC and consumer NPC, for the commodities concerned.

The tables presented in chapters 6, 7 and 8 are based on the structure of the country-specific PSE files described above, which are available in the indicator database (www.oecd.org/tad/support/psecse) along with the country-specific documentation (*Definitions and Sources*), providing definitions of data series used and sources.

The country data are combined using a SAS programme to derive indicators at the total OECD level (see Chapter 9).

1. Separate PSE files are additionally available for EU25 aggregation.

17. *MPD* is also set to zero in some cases when it takes a negative value ([Box 4.1](#)).

Chapter 6. Calculating Indicators of Support to Producers

Table 6.3. Calculation of MPS for individual commodities (example)

Symbol	Description	Units	Wheat	Barley	Oats	Milk	Beef	Cotton	Potatoes	Source / equation
QP _i	Level of production	000 T	250	110	50	200	100	360	160	Data
VP _i	Value of production (at farm gate)	LC million	515	139	52	400	250	180	160	Data or (QP _i * PP _i)
QC _i	Level of consumption	000 T	200	160	200	300	75	400	120	Data or (QP _i + QM _i - QX _i + STK _i)
QM _i	Imports	000 T	50	40	155	100	0	55	0	Data
QX _i	Exports	000 T	80	0	0	0	25	0	60	Data
STK _i	Stock change	000 T	-20	10	-5	0	0	-15	20	Data
PP _i	Producer price (at farm gate)	LC/T	2 060	1 260	1 040	2 000	2 500	500	1 000	VP _i / QP _i or data
RP _i	Reference price	LC/T	1 890	1 200	1 040	1 350	2 000	450	1 000	Data
MPD _i	Market Price Differential	LC/T	170	60	0	650	500	50	0	RP _i - PP _i
TPC _i	Transfers to producers from consumers	LC million	34	7	0	130	38	18	0	If QC _i > QP _i then MPD _i * QP _i , otherwise MPD _i * QC _i
TPT _i	Transfers to producers from taxpayers	LC million	9	0	0	0	13	0	0	If QC > QP then 0, otherwise MPD * (QP - QC)
LV _i	Price levies	LC million	20	0	0	0	10	0	0	Data
EFC _i	Excess Feed Cost	LC million	-	-	-	13	9	-	-	Table 6.4
MPS_i	Market Price Support	LC million	23	7	0	117	31	18	0	TPC_i + TPT_i - LV_i - EFC_i

Table 6.4. Calculation of EFC for livestock commodities (example)

Symbol	Description	Units	Wheat	Barley	Oats	Total EFC for commodity	Source / equation
QC _{i feed (milk)}	Quantity of feed crop i used for milk production	000 T	50	70	30	-	Data
MPD _i	Market Price Differential for feed crop i	LC/T	170	60	0	-	Table 6.3
EFC_{i (milk)}	Excess Feed Cost for milk	LC million	9	4	0	13	MPD_i * QC_{i feed i (milk)}
QC _{i feed (beef)}	Quantity of feed crop i used for beef production	000 T	40	40	10	-	Data
MPD _i	Market Price Differential for feed crop i	LC/T	170	60	0	-	Table 6.3
EFC_{i (beef)}	Excess Feed Cost for beef	LC million	7	2	0	9	MPD_i * QC_{i feed i (beef)}

6.1.2. National (aggregate) MPS

253. Once MPS values have been calculated for individual commodities, a national (aggregate) MPS can be derived. This procedure is called “MPS extrapolation” and is based on the assumption that the ratio between the national (aggregate) MPS and the total value of production is equal to the ratio between MPS and the value of production for the commodities for which MPS has been calculated. This is expressed as:

$$\frac{MPS_C}{VP_C} = \frac{\sum_{i \in AMC} MPS_i}{\sum_{i \in AMC} VP_i} \quad [6.1]$$

where MPS_C – national (aggregate) MPS for country C

VP_C – value of agricultural production in country C

$\sum_{i \in AMC} MPS_i$ – MPS for all commodities for which MPS has been calculated (AMC)

$\sum_{i \in AMC} VP_i$ – value of production for all commodities for which MPS has been calculated

254. Therefore the formula for estimating the national (aggregate) MPS for a country is:

$$MPS_C = \frac{\sum_{i \in AMC} MPS_i}{\sum_{i \in AMC} VP_i} \times VP_C \quad [6.2]$$

255. This procedure is shown for the example country in Table 6.5. The values of MPS for each individual commodity are added together, including those for which it is zero (giving 195 million in local currency units). The result is divided by the value of production for these commodities, including those for which MPS is zero, and multiplied by the total value of production. The extrapolation yields a national (aggregate) MPS of 268 million in local currency units.

Table 6.5. Calculation of national (aggregate) MPS (example)

Symbol	Description	LC million	Source / equation
VP_C	Total value of production (at farm gate)	2 325	Table 6.2
VP_{AMC}	Value of production of all MPS commodities	1 696	Sum of VP_i of all MPS commodities
MPS_{WT}	Wheat MPS	23	Table 6.3
MPS_{BA}	Barley MPS	7	Table 6.3
MPS_{OT}	Oats MPS	0	Table 6.3
MPS_{MK}	Milk MPS	117	Table 6.3
MPS_{BF}	Beef MPS	31	Table 6.3
MPS_{SMC}	Standard MPS commodities, sub-total	177	Sum of MPS_i of standard MPS commodities
MPS_{CT}	Cotton MPS	18	Table 6.3
MPS_{PO}	Potato MPS	0	Table 6.3
MPS_{AMC}	All MPS commodities, sub-total	195	Sum of MPS_i of All MPS commodities
MPS_C	Market Price Support	268	$MPS_{AMC} / VP_{AMC} * VP_C$

256. The extrapolation procedure involves measurement bias, because it implies that for commodities for which MPS is not explicitly calculated the ratio of their aggregate MPS to their aggregate value of production is the same as for the commodities for which MPS is calculated. If the latter commodities are supported to a higher degree than the non-MPS commodities this would result in an over-estimation of the aggregate (national) MPS, while if the MPS commodities are supported to a lesser degree than the non-MPS commodities, the opposite would be true. As noted earlier, in order to reduce the error involved in the extrapolation procedure, it is important to ensure that the MPS commodities make up a sufficient share of the total country's agricultural production.

6.1.3. MPS for "other commodities"

257. To standardise the presentation of support indicators for individual commodities, the OECD presents the estimated MPS values for each of the standard MPS commodities and the residual is shown as "MPS for other commodities" (MPS_{OC}).¹⁸ This is done in order to make the MPS_{OC} comparable between countries. It is found by subtracting the value of MPS for the standard commodities from the national (aggregate) MPS:

$$MPS_{OC} = MPS_C - \sum_{i \in SMC} MPS_i \quad [6.3]$$

where: MPS_{OC} – total value of MPS for commodities other than standard MPS commodities

MPS_C – national (aggregate) MPS for country C

$\sum_{i \in SMC} MPS_i$ – sum of MPS for the standard MPS commodities (SMC)

To assist with the calculation of the producer SCT, an aggregate MPS value for non-MPS commodities (MPS_{XE}) is also calculated. It is found by subtracting the value of MPS for all MPS commodities from the national (aggregate) MPS:

$$MPS_{XE} = MPS_C - \sum_{i \in AMC} MPS_i \quad [6.4]$$

where: MPS_{XE} – total value of MPS for non-MPS commodities

MPS_C – national (aggregate) MPS for country C

$\sum_{i \in AMC} MPS_i$ – sum of MPS for all MPS commodities

258. These two calculations are shown in Table 6.6.

18. Those standard commodities for which MPS is not calculated are indicated by a "nc" symbol while those commodities for whom MPS is estimated to be zero are shown as "0".

Table 6.6. Calculation of MPS for Other Commodities (example)

Symbol	Description	LC million	Source / equation
MPS_C	Market Price Support, national aggregate	268	Table 6.5
MPS_{SMC}	MPS for Standard MPS commodities	177	Table 6.5
MPS_{OC}	MPS for Other commodities	90	$MPS_C - MPS_{SMC}$
MPS_{AMC}	MPS for All MPS commodities	195	Table 6.5
MPS_{XE}	MPS for Non-MPS commodities	72	$MPS_C - MPS_{AMC}$

6.2. Producer Support Estimate (PSE)

Producer Support Estimate (PSE): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policies that support agriculture, regardless of their nature, objectives or impacts on farm production or income.

- PSE values are calculated by adding to the MPS the value of transfers to producers from other policies.

259. To calculate the PSE for a country, the value of transfers to producers from other agricultural policies is added to the country (aggregate) *MPS* obtained in Section 6.1:

$$PSE_C = MPS_C + \sum BOT = \sum PSE(sub)Category \quad [6.5]$$

where: PSE_C – PSE for country *C*

MPS_C – national (aggregate) *MPS* for country *C*

BOT – aggregate budgetary and other transfers to producers from policies

$\sum PSE(sub)Category$ – sum of PSE (sub)categories to which policies are classified from A to G.

260. To ensure transparency and to assist with the calculation of other indicators, the name of each policy measure and the resulting value of transfer are listed under the PSE categories and sub-categories to which they have been classified according to the process set out in [section 3.3](#) (Table 6.7). A selection of the policy measures discussed in [sub-section 3.3.4](#) as worked examples are used here to illustrate. A broad policy measure is listed more than once when transfers relate to different commodities or when groups of commodities can be identified, *e.g.* Agricultural Stabilization Act and crop insurance payments.

Table 6.7. Calculation of PSE
(example)

Description	LC million	Source / equation
Producer Support Estimate (PSE)	684	A.1 + (A.2 + B + C + D + E + F + G)
A. Support based on commodity outputs	324	A.1 + A.2
A1. Market Price Support (MPS)	268	Table 6.5
A2. Payments based on output	56	Sum of payments in A.2
Agricultural Stabilization Act - Wheat	10	Data
Agricultural Stabilization Act - Milk	20	Data
Agricultural Stabilization Act - Other crops	10	Data
Loan deficiency payments	6	Data
Milk Price Supplement for Cheese Production	10	Data
B. Payments based on input use	105	B.1 + B.2 + B.3
B1. Variable input use	25	Sum of payments in B.1
Fuel tax rebates	10	Data
Irrigation maintenance payments	15	Data
B2. Fixed capital formation	60	Sum of payments in B.2
Property tax exemptions	15	Data
Interest rate concession	30	Data
Capital grants for on-farm infrastructure	15	Data
B3. On-farm services	20	Sum of payments in B.3
Extension and advisory services	10	Data
Pest and disease control	5	Data
FarmBis	5	Data
C. Payments based on current A/An/R/I, production required	70	C.1 + C.2
C1. Based on current revenue/income	15	Sum of payments in C.1
Income tax concessions	15	Data
C2. Based on current area/animal numbers	55	Sum of payments in C.2
Crop insurance payments - Wheat	10	Data
Crop insurance payments - Barley	5	Data
Crop insurance payments - Oats	5	Data
Organic crop farming	30	Data
Agri-environmental grass premium	5	Data
D. Payments based on non-current A/An/R/I, production required	50	Sum of payments in D
Structural payment to milk producers	50	Data
E. Payments based on non-current A/An/R/I, production not required	110	E.1 + E.2
E1. Variable rates	60	Sum of payments in E.1
Counter Cyclical Payments	60	Data
E2. Fixed rates	50	Sum of payments in E.2
Single Payment Scheme	50	Data
F. Payments based on non-commodity criteria	25	F.1 + F.2 + F.3
F1. long-term resource retirement	15	Sum of payments in F.1
Afforestation	5	Data
Conservation Reserve Program	10	Data
F2. a specific non-commodity output	10	Sum of payments in F.2
Payments for Hedges and Rustic Groves	5	Data
Payments for Floral Fallow	5	Data
F3. other non-commodity criteria	0	Sum of payments in F.3
G. Miscellaneous payments	0	Sum of payments in G

6.3. Percentage PSE (%PSE) and Producer Nominal Assistance Coefficient (producer NAC)

Percentage PSE (%PSE): PSE as a share of gross farm receipts.

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

261. The %PSE is calculated by dividing the PSE by the value of gross farm receipts (*GFR*), and multiplying the result by 100:

$$\%PSE_c = \frac{PSE_c}{GFR_c} \times 100 = \frac{PSE_c}{VP_c + BOT_c} \times 100 \quad [6.6]$$

262. *GFR* represents the value of production (*VP*), to which are added Budgetary and Other Transfers (*BOT*). Working through this formula in the example results in a %PSE of 25% (Table 6.8).

Table 6.8. Calculation of %PSE and Producer NAC (example)

Symbol	Description	Units	Value	Source / equation
VP_c	Total value of production (at farm gate)	LC million	2 325	Table 6.5
PSE_c	Producer Support Estimate	LC million	684	Table 6.7
MPS_c	Market Price Support	LC million	268	Table 6.7
BOT_c	Budgetary and Other Transfers to Producers	LC million	416	Table 6.7 (A2+B+C+D+E+F+G)
GFR_c	Gross Farm Receipts	LC million	2 741	$VP_c + BOT_c$
$\%PSE_c$	Percentage Producer Support Estimate	%	25	$100 * PSE_c / GFR_c$
Producer NAC_c	Producer Nominal Assistance Coefficient	Ratio	1.33	$GFR_c / (VP_c - MPS_c)$ or $1 + \%PSE_c / (100 - \%PSE_c)$

263. The producer *NAC* is calculated by dividing the value of gross farm receipts by the value of production at border prices. Expressed algebraically:

$$producerNAC_c = \frac{GFR_c}{VP_c - MPS_c} \quad [6.7]$$

264. The value of production at border prices is obtained by subtracting the value of MPS from the total value of production, e.g. LC 2 325 million in the example. The producer *NAC* is mathematically related to the %PSE, and can be alternatively derived as:

$$producerNAC_c = 1 + \frac{\%PSE_c}{(100 - \%PSE_c)} \quad [6.8]$$

265. Working through this formula in the example results in a producer *NAC* of 1.33.

6.4. Indicators of producer support based on the degree of commodity specificity

The PSE can be expressed as the sum of four mutually exclusive category indicators of support transfers, relating respectively to a single commodity (*SCT*), a group of commodities (*GCT*), all commodities (*ACT*), and whether commodity production is not required (*OTP*).

266. The PSE can be broken down into four separate indicators of support based on the degree to which policy measures deliver support on a commodity basis: *i.e.* support provided to a single commodity, a group of commodities, all commodities, or whether producers are not required to produce commodities to receive support (Table 6.9).

Table 6.9. Indicators of producer support based on the degree of commodity specificity

Indicator	Relationship with PSE categories
I. Producer Single Commodity Transfers (producer SCT) — Commodity <i>i</i> (1 to <i>n</i>) (producer SCT) _{<i>i</i>} ¹	Sum of all single commodity transfers in PSE categories A, B, C and D - Includes only specific policy measures for commodity <i>i</i>
II. Group Commodity Transfers (GCT) — Group <i>k</i> (1 to <i>m</i>) (GCT) _{<i>k</i>}	Sum of transfers to groups of commodities in PSE categories B, C, and D - Includes only specific policy measures for group <i>k</i>
III. All Commodity Transfers (ACT)	Sum of transfers to all commodities in PSE categories B, C, and D
IV. Other Transfers to Producers (OTP) Total PSE (I+II+III+IV)	Sum of transfers in PSE categories E, F and G Sum of transfers to single, group and all commodities and other transfers (producer SCT+GCT+ACT+OTP)

1. For policy measures applying to groups of commodities, the PSE/CSE database for each country contains complete information on the list of commodities included in groups (see also [Annex 6.1](#)).

267. *These four categories are mutually exclusive in the sense that payments included in one category are not included in others, e.g. transfers to wheat in the producer SCT are not included in transfers to cereals as a group in the GCT category. In this way, there are no overlaps between the categories, and they therefore add up to the total PSE.*

268. The first step in calculating these indicators is to attribute each policy measure to one of these four categories, and then within the producer SCT and GCT categories to specific commodities or groups of commodities respectively. This is part of the process of labelling policy measures as detailed in [sub-section 3.3.3](#). The following four sub-sections explain further details about these indicators.

269. Table 6.10 shows how this attribution is made for policy measures in the example. The two letter symbol in the column titled “Single commodity” indicates the commodity to which support is provided. These are policies whereby receipt of the transfer requires the production of that designated commodity. MPS is by definition included in the producer SCT, as it captures the transfers associated with policies affecting the price of a particular commodity. The label “AC” is given to policy measures which place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice. Policy measures in the last three PSE categories (E, F and G) are labelled “OTP” because by definition these provide transfers that either do not require commodity production or their commodity specificity is unknown.

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Table 6.10. Attribution of PSE policies to commodities (example)

Description	All transfers	Attribution to commodities								
		Single commodity (SCT)		Group of commodities (GCT)			All commodities (ACT)		Other transfers to producers (OTP)	
		LC million	Acronym	LC million	Group name	Acronym	LC million	Acronym	LC million	Acronym
Producer Support Estimate (PSE)	684	-	394	-	-	35	-	120	-	135
A. Support based on commodity outputs	324	-	-	-	-	-	-	-	-	-
A1. Market price support	268	-	-	-	-	-	-	-	-	-
1. MPS commodities	195	-	-	-	-	-	-	-	-	-
Wheat MPS	23	WT	23	-	-	-	-	-	-	-
Barley MPS	7	BA	7	-	-	-	-	-	-	-
Oats MPS	0	OA	0	-	-	-	-	-	-	-
Milk MPS	117	MK	117	-	-	-	-	-	-	-
Beef and veal MPS	31	BF	31	-	-	-	-	-	-	-
Cotton MPS	18	CT	18	-	-	-	-	-	-	-
Potato MPS	0	PO	0	-	-	-	-	-	-	-
2. Non-MPS commodities	72	XE	72	-	-	-	-	-	-	-
A2. Payments based on output	56	-	-	-	-	-	-	-	-	-
Agricultural Stabilization Act - wheat	10	WT	10	-	-	-	-	-	-	-
Agricultural Stabilization Act - milk	20	MK	20	-	-	-	-	-	-	-
Agricultural Stabilization Act - other crops	10	XE	10	-	-	-	-	-	-	-
Loan deficiency payment - wheat	6	WT	6	-	-	-	-	-	-	-
Milk Price Supplement for Cheese Production	10	MK	10	-	-	-	-	-	-	-
B. Payments based on input use	105	-	-	-	-	-	-	-	-	-
B1. Variable input use	25	-	-	-	-	-	-	-	-	-
Fuel tax rebates	10	-	-	-	-	-	AC	10	-	-
Irrigation maintenance payments	15	-	-	-	-	-	AC	15	-	-
B2. Fixed capital formation	60	-	-	-	-	-	-	-	-	-
Property tax exemptions	15	-	-	-	-	-	AC	15	-	-
Interest rate concession	30	-	-	-	-	-	AC	30	-	-
Capital grants for on-farm infrastructure	15	-	-	-	-	-	AC	15	-	-
B3. On-farm services	20	-	-	-	-	-	-	-	-	-
Extension and advisory services	10	-	-	-	-	-	AC	10	-	-
Pest and disease control	5	-	-	-	-	-	AC	5	-	-
FarmBis	5	-	-	-	-	-	AC	5	-	-
C. Payments based on current A/An/RI, production required	70	-	-	-	-	-	-	-	-	-
C1. Based on current revenue/income	15	-	-	-	-	-	-	-	-	-
Income tax concessions	15	-	-	-	-	-	AC	15	-	-
C2. Based on area/animal numbers	55	-	-	-	-	-	-	-	-	-
Crop insurance payments - wheat	10	WT	10	-	-	-	-	-	-	-
Crop insurance payments - barley	5	BA	5	-	-	-	-	-	-	-
Crop insurance payments - oats	5	OA	5	-	-	-	-	-	-	-
Organic crop farming	30	-	-	Crops	GCT1	30	-	-	-	-
Agri-environmental grass premium	5	-	-	Other crops	GCT5	5	-	-	-	-
D. Payments based on non-current A/An/RI, production required	50	-	-	-	-	-	-	-	-	-
Structural payment to milk producers	50	MK	50	-	-	-	-	-	-	-
E. Payments based on non-current A/An/RI, production not required	110	-	-	-	-	-	-	-	-	-
E1. Variable rates	60	-	-	-	-	-	-	-	-	-
Counter cyclical payments	60	-	-	-	-	-	-	-	OT	60
E2. Fixed rates	50	-	-	-	-	-	-	-	-	-
Single Payment Scheme	50	-	-	-	-	-	-	-	OT	50
F. Payments based on non-commodity criteria	25	-	-	-	-	-	-	-	-	-
F1. Long-term resource retirement	15	-	-	-	-	-	-	-	-	-
Afforestation	5	-	-	-	-	-	-	-	OT	5
Conservation reserve program	10	-	-	-	-	-	-	-	OT	10
F2. A specific non-commodity output	10	-	-	-	-	-	-	-	-	-
Payments for hedges and rustic groves	5	-	-	-	-	-	-	-	OT	5
Payments for floral fallow	5	-	-	-	-	-	-	-	OT	5
F3. Other non-commodity criteria	0	-	-	-	-	-	-	-	-	-
G. Miscellaneous payments	0	-	-	-	-	-	-	-	-	-

6.4.1. *Producer Single Commodity Transfers (producer SCT)*

Producer Single Commodity Transfers (producer SCT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policies linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the transfer.

270. A national (aggregate) producer *SCT* can be found by summing up all transfers arising from policies that have been attributed to single commodities (*SC*):

$$producerSCT_C = MPS_C + \sum BOT_{SC} \quad [6.9]$$

where: $\sum BOT$ – national aggregate budgetary and other transfers to producers from policies that have been labelled as based on a single commodity (*SC*).

271. This is general the sum of all transfers in category A, plus transfers in categories C, B and D labelled as going to single commodities. Based on Table 6.10, the value of producer *SCT* is LC 394 million. Note that this total includes LC 72 million of transfers to commodities other than MPS commodities (*XE*).

272. On a similar basis, a producer *SCT* can be calculated for individual commodities (Table 6.11):

$$producerSCT_i = MPS_i + \sum BOT_i \quad [6.10]$$

where: $\sum BOT_i$ – budgetary and other transfers to producers from policies that have been labelled as based on commodity *i*

273. As for MPS, a producer *SCT* for other commodities (representing commodities other than standard MPS commodities) can be found by subtracting the sum of producer *SCT* for the standard MPS commodities from the national (aggregate) value:

$$producerSCT_{OC} = producerSCT_C - \sum_{i \in SMC} producerSCT_i \quad [6.11]$$

where: $\sum_{i \in SMC} producerSCT_i$ – sum of transfers to producers for the standard MPS commodities

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**Table 6.11. Calculation of producer SCT
(example)**

Symbol	Description	LC million								Standard MPS commodities (SMC)	Other commodities (OC)	National (aggregate) (C)	Source / equation
		Wheat	Barley	Oats	Milk	Beef	Cotton	Potatoes					
MPS _i	A1. Market price support	23	7	0	117	31	18	0	177	90	268	Table 6.3	
PO _i	A2. Payments based on output	10	0	0	30	0	6	0	40	16	56	Table 6.10 (Sum of PO _i for single commodities)	
PO ₁	Agricultural Stabilization Act	10	-	-	20	-	-	-	30	10	40	Table 6.10	
PO ₂	Storage Payments	-	-	-	-	-	6	-	0	6	6	Table 6.10	
PO ₃	Milk Price Supplement for Cheese Production	-	-	-	10	-	-	-	10	0	10	Table 6.10	
PI _i	B. Payments based on input use	0	0	0	0	0	0	0	0	0	0	Table 6.10	
PC _i	C2. Payments based on current A/An, production required, single commodity	10	5	5	0	0	0	0	20	0	20	Table 6.10 (Sum of PC _i for single commodities)	
PS _i	Crop insurance payments	10	5	5	-	-	-	-	20	0	20	Table 6.10	
PHR _i	D. Payments based on non-current A/An/R/I, production required	0	0	0	50	0	0	0	50	0	50	Table 6.10 (Sum of PHR _i for single commodities)	
PHR ₁	Structural payment to milk producers	-	-	-	50	-	-	-	50	0	50	Table 6.10	
Producer SCT_i	Producer Single Commodity Transfers	43	12	5	197	31	24	0	287	106	394	MPS_i + PO_i + PI_i + PC_i + PHR_i	

6.4.2. Group Commodity Transfers (GCT)

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

274. The value of Group Commodity Transfers for a country is calculated by adding together the value of transfers that have been attributed to groups of commodities:

$$GCT_C = \sum BOT_{GCT} \quad [6.12]$$

where: $\sum BOT_{GCT}$ – aggregate budgetary and other transfers to producers from policies that have been labelled as based on a group of commodities (*GCT*)

275. Based on Table 6.10, this comes to LC 35 million.

276. On a similar basis, a GCT_k can be calculated for specific groups of commodities, where:

$$GCT_k = \sum BOT_k \quad [6.13]$$

where: $\sum BOT_k$ – budgetary and other transfers to producers from policies that have been labelled as based on a commodity group k .

277. There are nine standard commodity groups (Table 6.12). If the policy measure is targeting a group of commodities not covered by any of these nine groups, an additional group may be created to reflect actual support policies. Detailed country lists of commodity groups included in the GCT are provided in Annex 6.1. Transfers allocated to the different groups within the GCT are mutually exclusive, *e.g.* transfers to the *grains* group are not included in transfers to a *grains and oilseeds* group.

Table 6.12. Calculation of GCT
(example)

Symbol	Group Commodity Transfers (GCT)	LC million	Share of national (aggregate) GCT %
GCT ₁	All crops	30	86
GCT ₂	All arable crops	0	0
GCT ₃	Grains	0	0
GCT ₄	Oilseeds	0	0
GCT ₅	Other crops	5	14
GCT ₆	All fruits and vegetables	0	0
GCT ₇	All livestock	0	0
GCT ₈	Ruminants	0	0
GCT ₉	Non-ruminants	0	0
GCT ₁₀	Non-standard commodity group n	0	0
GCT ₁₁	Non-standard commodity group m	0	0
GCT _C	National (aggregate) GCT	35	100

278. Table 6.12 illustrates the allocation of transfers to the different groups based on the attribution done in Table 6.10. In this case, all the policy measures are targeted to the standard groups, so that no additional groups are required.

6.4.3. All Commodity Transfers (ACT)

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

279. The value of All Commodity Transfers for a country is calculated by adding together the value of transfers that have been attributed to all commodities (AC):

$$ACT_C = \sum BOT_{AC} \quad [6.14]$$

where: $\sum BOT_{AC}$ – aggregate budgetary and other transfers to producers from policies that have been labelled as based on all commodities (AC)

280. Table 6.10 shows that there were nine policies attributed to ACT. Summing up the value of transfers from these seven policies gives an ACT estimate of LC 120.

6.4.4. Other Transfers to Producers (OTP)

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

281. Other transfers to producers are calculated by summing together the total values of transfers from policies that are classified into the PSE categories E, F and G.

$$OTP_C = PSEcategory(E) + PSEcategory(F) + PSEcategory(G) \quad [6.15]$$

282. In the example, there are six such policies, providing LC 135 million in support to producers.

6.5. Producer Nominal Protection Coefficient (producer NPC)

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

- Producer NPC values may be calculated at the individual commodity and national (aggregate) levels.

283. The producer NPC indicator is calculated at the individual commodity and national (aggregate) level.

6.5.1. Producer NPC for individual commodities

284. The producer NPC for an individual commodity can be derived in two ways. First, domestic and border prices can be compared, where the domestic price is the producer price plus the per unit transfers received from payments based on output:

$$producerNPC_i = \frac{\left(PP_i + \frac{PO_i}{QP_i} \right)}{RP_i} \quad [6.16]$$

where: PP_i – producer price of commodity i

PO_i – sum of payments to commodity i based on output (PSE sub-category A.2)

QP_i – quantity produced of commodity i

RP_i – reference price of commodity i

285. The numerator in equation 6.16 adds the payments based on output to producer price in order to account for any direct supplements to producer price over and above market price support measures. Table 6.13 illustrates the calculation of producer NPC for individual commodities. Producer NPC values for individual commodities vary from 1.59 for milk to 1.00 in for oats and potatoes.

6.5.2. Producer NPC for a country

286. Once producer NPC values have been calculated for each individual commodity, a national (aggregate) NPC can be derived. As prices and quantities cannot be aggregated for different commodities, the producer NPC for a country is calculated using the value of transfers:

$$producerNPC_C = \frac{(VP_C + PO_C)}{(VP_C - TPC_C - TPT_C)} \quad [6.17]$$

where: VP_C – total value of production for country C

PO_C – total sum of transfers in PSE sub-category A.2 for country C

TPC_C – total Transfers to Producers from Consumers for country C

TPT_C – total Transfers to Producers from Taxpayers for country C

287. While the VP and PO values are known at the national level, values for TPC and TPT have to be calculated. Following the assumption and procedure for deriving a national (aggregate) MPS, these values are derived by extrapolating from TPC and TPT for the individual commodities according to:

$$TPC_C = \frac{\sum_{i \in AMC} TPC_i}{\sum_{i \in AMC} VP_i} \times VP_C \quad \text{and} \quad TPT_C = \frac{\sum_{i \in AMC} TPT_i}{\sum_{i \in AMC} VP_i} \times VP_C \quad [6.18]$$

where: $\sum_{i \in AMC} TPC_i$ – sum of TPC for all commodities for which MPS has been calculated

$\sum_{i \in AMC} TPT_i$ – sum of TPT for all commodities for which MPS has been calculated

$\sum_{i \in AMC} VP_i$ – sum of VP for all commodities for which MPS has been calculated

288. Table 6.14 shows the calculation of a national (aggregate) producer NPC, which at 1.20 is exactly the same as the aggregate producer NPC for All MPS commodities.

289. The producer NPC for individual commodities can also be calculated based on the transfer values method, by substituting the appropriate values for the individual commodity into equation 6.17.

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Table 6.13. Calculation of producer NPC for individual commodities

(example)

Symbol	Description	Units	Wheat	Barley	Oats	Milk	Beef	Cotton	Potatoes	Source / equation
QP _i	Level of production	000 T	250	110	50	200	100	360	160	Table 6.3
PP _i	Producer price (at farm gate)	LC/T	2 060	1 260	1 040	2 000	2 500	500	1 000	Table 6.3
VP _i	Value of production (at farm gate)	LC million	515	139	52	400	250	180	160	Table 6.3
RP _i	Reference Price (at farm gate)	LC/T	1 890	1 200	1 040	1 350	2 000	450	1 000	Table 6.3
PO _i	A2. Payments based on output	LC million	10	0	0	30	0	6	0	Table 6.11
POT _i	Payments based on output per tonne	LC/T	40	0	0	150	0	17	0	PO _i / QP _i
TPC _i	Transfers to producers from consumers	LC million	34	7	0	130	38	18	0	Table 6.3
TPT _i	Transfers to producers from taxpayers	LC million	9	0	0	0	13	0	0	Table 6.3
Producer NPC _i	Producer Nominal Protection Coefficient	Ratio	1.11	1.05	1.00	1.59	1.25	1.15	1.00	(PP_i + POT_i) / RP_i or (VP_i + PO_i) / (VP_i - TPC_i - TPT_i)

Table 6.14. Calculation of a national (aggregate) producer NPC
(example)

Symbol	Description	Units	All MPS commodities (AMC)	National (aggregate) (C)	Source / equation
VP _i	Value of production (at farm gate)	LC million	1 696	2 325	Table 6.2
PO _i	A2. Payments based on output	LC million	46	56	Table 6.13 and Table 6.11
TPC _i	Transfers to producers from consumers	LC million	226	310	TPC _C = TPC _{AMC} / VP _{AMC} · VP _C
TPT _i	Transfers to producers from taxpayers	LC million	21	29	TPT _C = TPT _{AMC} / VP _{AMC} · VP _C
Producer NPC	Producer Nominal Protection Coefficient	Ratio	1.2	1.2	(VP_i + PO_i) / (VP_i - TPC_i - TPT_i)

6.5.3. Producer NPC for other commodities

290. As for MPS, a producer NPC for “other commodities”, *i.e.* commodities other than standard MPS commodities, is also calculated. Again, this is estimated based on the value method in equation 6.17 rather than the price method in equation 6.16. To obtain the necessary values for other commodities, values for the standard MPS commodities for which MPS has been calculated are subtracted from the national (aggregate) values:

$$producerNPC_{oc} = \frac{\left((VP_C - \sum_{i \in SMC} VP_i) + (PO_C - PO_{sc}) \right)}{\left((VP_C - \sum_{i \in SMC} VP_i) - (TPC_C - \sum_{i \in SMC} TPC_i) - (TPT_C - \sum_{i \in SMC} TPT_i) \right)} \quad [6.19]$$

291. Table 6.15 illustrates how this calculation is performed. Note that in this instance the producer NPC for other commodities is lower than the national (aggregate) producer NPC because the producer NPC derived for the standard commodities is higher than that for national average.

6.6. Percentage Producer Single Commodity Transfers (%SCT)

Percentage Producer Single Commodity Transfers (%SCT): the commodity SCT transfers as a share of gross receipts for the specific commodity.

- %SCT values may be calculated for individual commodities, and at national (aggregate) level.

292. The general method for calculating the %SCT follows that for the %PSE, although fewer categories of support are involved in the calculation.

6.6.1. %SCT for individual commodities

293. The %SCT for an individual commodity is found by dividing the value of producer SCT for that commodity by gross receipts (GR) for that commodity and multiplying the result by 100:

$$\%SCT_i = \frac{producerSCT_i}{GR_i} \times 100 = \frac{producerSCT_i}{VP_i + producerSCT_i - MPS_i} \times 100 \quad [6.20]$$

294. GR is calculated as the sum of market receipts (VP) and policy transfers to that commodity. As for the %PSE, MPS is subtracted to avoid double-counting, since price transfers to producers are included in both the producer SCT and VP values.

295. Table 6.16 demonstrates this procedure. %SCT values range from 0% for potatoes through to 41% for milk. Note that oats, which had a producer NPC of 1.00 because it does not receive transfers through market price support or payments based on output, receives support through sub-category C.2. Payments based on A/An, production required and therefore has a %SCT of 9%.

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Table 6.15. Calculation of a producer NPC for Other Commodities (example)

Symbol	Description	Units	National (aggregate) (C)	Standard MPS commodities (SMC)	Other commodities (OC)	Source / equation
VP _i	Value of production (at farm gate)	LC million	2 325	1 356	969	VP _C and VP _{SMC} : Table 6.2 VP _{OC} = VP _C - VP _{SMC}
PO _i	A2. Payments based on output	LC million	56	40	16	Table 6.11
TPC _i	Transfers to producers from consumers	LC million	310	208	102	TPC _C and TPC _{SMC} : Tables 6.13 and 6.14 TPC _{OC} = TPC _C - TPC _{SMC}
TPT _i	Transfers to producers from taxpayers	LC million	29	21	8	TPT _C and TPT _{SMC} : Tables 6.13 and 6.14 TPT _{OC} = TPT _C - TPT _{SMC}
Producer NPC	Producer Nominal Protection Coefficient	Ratio	1.20	1.24	1.15	(VP_i + PO_i)/(VP_i - TPC_i - TPT_i)

Table 6.16. Calculation of %SCT for individual commodities (example)

Symbol	Description	Units	Wheat	Barley	Oats	Milk	Beef	Cotton	Potatoes	Source / equation
VP _i	Value of production	LC million	515	139	52	400	250	180	160	Table 6.3
PSCT _i	Producer Single Commodity Transfers	LC million	43	12	5	197	31	24	0	Table 6.11
MPS _i	A1. Market Price Support	LC million	23	7	0	117	31	18	0	Table 6.3
PO _i	A2. Payments based on output	LC million	10	0	0	30	0	6	0	Table 6.11
PI _i	B. Payments based on input use	LC million	0	0	0	0	0	0	0	Table 6.11
PC _i	C2. Payments based on current A/An, production required (single commodity)	LC million	10	5	5	0	0	0	0	Table 6.11
PHR _i	D. Payments based on non-current A/An/R/I, production required (single commodity)	LC million	0	0	0	50	0	0	0	Table 6.11
GR _i	Gross Receipts for individual commodity	LC million	535	144	57	480	250	186	160	VP _i + (PSCT _i - MPS _i)
%PSCT_i	Percentage Producer Single Commodity Transfer	%	8	8	9	41	12	13	0	100 * PSCT_i / GR_i, or 100 * PSCT_i / (PSCT_i + VP_i - MPS_i)

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Table 6.17. Calculation of a national (aggregate) %SCT and a %SCT for Other Commodities (example)

Symbol	Description	Units	National (aggregate) (C)	Standard MPS commodities (SMC)	Other commodities (OC)	Source / equation
VP _i	Value of production	LC million	2 325	1 356	969	VP _C and VP _{SMC} : Table 6.2 VP _{OC} = VP _C - VP _{SMC}
PSCT _i	Producer Single Commodity Transfers	LC million	394	287	106	Table 6.11
MPS _i	A1. Market Price Support	LC million	268	177	90	Table 6.11
PO _i	A2. Payments based on output	LC million	56	40	16	Table 6.11
PI _i	B. Payments based on input use	LC million	0	0	0	Table 6.11
PC _i	C2. Payments based on current A/An, production required (single commodity)	LC million	20	20	0	Table 6.11
PHR _i	D. Payments based on non-current A/An/R/I, production required (single commodity)	LC million	50	50	0	Table 6.11
GR _i	Gross receipts	LC million	2 451	1 466	985	GR _C = VP _C + PSCT _C - MPS _C GR _{SMC} = VP _{SMC} + PSCT _{SMC} - MPS _{SMC} GR _{OC} = GR _C - GR _{SMC}
%PSCT _i	Percentage Producer Single Commodity Transfer	%	16	20	11	100 * PSCT _i = PSCT _i / GR _i or 100 * PSCT _i / (PSCT _i + VP _i - MPS _i)

6.6.2. %SCT for a country

296. A national (aggregate) %SCT is obtained using the same formulas as for individual commodities except that the values represent the national (aggregate) values:

$$\%SCT_C = \frac{producerSCT_C}{GR_C} \times 100 = \frac{producerSCT_C}{VP_C + producerSCT_C - MPS_C} \times 100 \quad [6.21]$$

297. Table 6.17 presents the results for this calculation.

6.6.3. %SCT for other commodities

298. As for the producer NPC, the %SCT for other commodities can be found by using the producer SCT and GR values for the standard MPS commodities and for the country as a whole:

$$\%SCT_{oc} = \frac{(producerSCT_C - \sum_{i \in SMC} producerSCT_i)}{(GR_C - \sum_{i \in SMC} GR_i)} \times 100 \quad [6.22]$$

299. Table 6.17 also shows the calculation of the %Producer SCT for other commodities.

Annex 6.1.

Commodity groups applied in OECD countries

300. This annex, sourced from *Agricultural Policies in OECD Countries: Monitoring and Evaluation 2007*, provides illustrative information on the commodity groups identified in OECD countries. This grouping is based on a common (generic) set of groups which are most commonly found in the policies applied within OECD countries, but leaves flexibility to reflect specific national policy mixes. The generic groups are treated as a menu. The selection of groups for a country should provide an opportunity to categorise all programmes summed up as transfers to groups of products, and may vary from year to year as new programmes are added and continuing programmes may be modified. The Secretariat will continue to improve the consistency of the groups used in the different countries, *i.e.* the same group name should have the same meaning in terms of commodities covered.

Australia

301. Four different commodity groups have been defined for Australia, based on the policies in place over the period starting in 1986. These are:

- **All crops:** includes mostly disaster payments and weed strategy payments;
- **Fruits and vegetables:** disease control and eradication payments;
- **All livestock:** payments related to animal identification and control and disease control and eradication;
- **Ruminants:** disease control and eradication payments.

Canada

302. Three different commodity groups have been defined for Canada, based on the policies in place over the period starting in 1986. These are:

- **All crops:** includes any policy that is available to producers of any grain or oilseed crop.
- **All livestock:** includes policies directed at producers of livestock, including cattle, pigs, dairy, and poultry. Some examples are the BSE Recovery Program (2003), and the Feed Freight Assistance Program (until 1995).
- **All commodities except supply managed:** includes Canada's major agricultural support policies, including the stabilisation component of the Canadian Agricultural Income Stabilisation (CAIS) programme (started 2003) and the Net Income Stabilization Account (NISA) programme (1994-2002).

European Union

303. Twelve different commodity groups have been defined for the EU, based on the policies in place over the period starting in 1986. These commodity groups are:

- **All crops:** includes any policy that is available to producers of any crop, such as measures for irrigation, pest control or environmentally friendly crop farming.
- **All arable crops:** includes any policy that is available to producers of any crop. This group is only used for measures such as payments for crop rotation, as most area payments under Agenda 2000 were restricted to COP (see below).
- **Cereals, oilseeds and protein crops (COP):** includes any policy that is available to producers of any COP crop, such as set-aside payments and Agenda 2000 area payments after 2003.
- **Grains:** includes payments per hectare of cereals, with a rate per ha for any cereal different from that for oilseeds or protein crops. They were introduced by the 1992 reform. In 2004, these payments became part of the COP group.
- **Oilseeds:** includes payments per hectare of oilseeds, with a rate per ha for any oilseed different from that for cereals or protein crops.
- **Protein crops:** includes payments per hectare of protein crops, with a rate per ha for any protein crops different from that for cereals or oilseeds.
- **All fruits and vegetables:** includes measures for the whole fruit and vegetable sector, such as measures for orchard improvement.
- **Other crops:** includes payments to crops other than COP, including grass and forage crops.
- **All livestock:** includes policies directed at producers of livestock, including cattle, pigs, dairy, and poultry. Examples are measures for disease control, breeding improvement, compensating losses or manure handling, as well as some regional payments.
- **Ruminants:** includes payments for beef, sheep and goats such as less-favoured area payments before 2000, which were paid per livestock unit.
- **Non-ruminants:** No payment is made specifically to non-ruminants in EU member states.
- **Milk and beef:** includes payments to the dairy sector, which cannot be associated to either milk production or meat production, such as investments in stables.

Iceland

304. Three different commodity groups have been defined for Iceland, based on the policies in place over the period starting in 1986. These commodity groups are:

- **All livestock:** includes policies directed at producers of livestock, including cattle, pigs, dairy, and poultry. An example is the animal breeding programme.
- **Ruminants:** includes policies directed at producers of cattle, dairy and sheepmeat.

Japan

305. Two different commodity groups have been defined for Japan, based on the policies in place over the period starting in 1986. These commodity groups are:

- **All crops:** includes policies directed to producers of any crops. This transfer includes direct payment for environmentally friendly farming.
- **All arable crops:** includes direct (income based) payments to core farmers.
- **Livestock:** includes policy directed at producers of livestock, including cattle, pigs, dairy, and poultry. Animal disease control programme is an example.
- **Wheat, barley and soybeans:** includes policy that is available to producers of wheat, barley and soybeans.

Korea

306. Four different commodity groups have been defined for Korea, based on the policies in place over the period starting in 1986. These commodity groups are:

- **All crops:** includes any policy that is available to producers of any crop. This set of transfers includes payments based on input use such as fertilizer, seeds and pesticides. In more recent years (starting from 1999), this group includes also payments for set-aside, direct payment for environment-friendly farming practices, paddy-field environmental conservation payment and direct payment for landscape preservation.
- **All livestock:** includes policies directed at producers of livestock, including cattle, pigs, dairy, and poultry. The transfers in this category include three programmes: direct payment for environmentally-friendly livestock practices, payments for management of livestock waste, and credit concessions to livestock farmers.
- **Beef and pigmeat:** includes payments in the meat quality enhancement programme. It is the payments per head of animal to encourage good quality beef and pigmeat.
- **Beef and milk:** includes payments in the cattle reproduction programme which includes artificial insemination.

Mexico

307. Two main commodity groups have been defined for Mexico, based on the policies in place over the period starting in 1986. These commodity groups are:

- **All crops:** includes any policy that is available to producers of any grain or oilseed crop. Most of the policies in this group belong to ALIANZA.
- **Grains:** includes only a single program of ALIANZA on technical assistance, which ended in 2002.

- **All livestock:** group includes policies directed at producers of livestock, including cattle, pigs, dairy, and poultry. Some examples are ALIANZA programs such as the Livestock Improvement, and the Genetic Improvement.
- Several smaller groups of commodities emerged, such as “*Maize and beans*”, “*Fruits*”, “*Sorghum, maize and oilseeds*”, “*Alternative crops*”, “*Citruses*” and “*fruit, flowers, industrial crops, and alternative crops*”. Some of these payments are sub-national under ALIANZA. None of these payments have been provided recently

New Zealand

308. Two different commodity groups have been defined for New Zealand, based on the policies in place over the period starting in 1986. These commodity groups are:

- **All livestock:** includes the payments on animal disease control programmes that seek to safeguard the health of the agricultural animal population. These programmes include export quality assurance for live animals, the reduction of production-limiting diseases, disease surveillance and disease eradication. This payment represented 100% of GCT since 1993, when the payments for the other group (sheepmeat, wool, beef and milk) were completely stopped.
- **Sheepmeat, wool, beef and milk:** includes policies directed at producers of sheep and cattle. The transfers in this category represent payments in seven programmes; labour subsidy programme, fertilizer price subsidy programme, livestock incentive scheme, land development and encouragement loan scheme, interest concession programme from the rural bank and finance corporation, debt discounting write-off programme from the rural bank and finance corporation, the debt write-off programme for producer boards. The payments for this category were completely stopped in 1992 as the reform of these sectors was accomplished.

Norway

309. Eleven different commodity groups have been defined for Norway, based on the policies in place over the period starting in 1986. The main commodity groups are:

- **Grains:** includes payments based on output, payments per hectare of grains, transport subsidies, and regional subsidies.
- **All fruits and vegetables:** includes support for energy saving in greenhouses, investment support for greenhouses and storehouses and packaging of horticultural products, and various area payments for potatoes, vegetables, fruits and berries.
- **All livestock:** includes payments to producers of livestock, including cattle, pigs, dairy, and poultry. Examples are deficiency payments, headage payments, and the vacation and temporary substitute scheme for livestock producers, as well as some regional payments.
- **Ruminants:** includes per head payments for grazing animals.
- **Tubers:** includes various payments to root crops, including under the acreage and cultural landscape scheme.

- **Feed crops:** includes all subsidies to coarse feed, including acreage support to mountain farming, and support to meadow seed storage.

Switzerland

310. Eight different commodity groups have been defined for Switzerland, based on the policies in place over the period starting in 1986 (6 of them were used in 2005-07). These commodity groups are:

- **All livestock:** This set of transfers includes policies that are available to livestock raised in difficult conditions (livestock in mountain areas, 1986-98; livestock in difficult conditions, 1999-2006). At a later stage this group includes also payments for animal welfare (payments for animal housing systems, from 1996; payments for keeping animal outdoors, from 1999).
- **Ruminants:** The transfers in the category represent payments of two programmes base area payment for grassland (1993-98) and payments for roughage eating animals (from 1999). The programme consists of headage payments available to all producers for ruminants (beef, sheep and goats, horses, lamas, alpagas, etc.).
- **All crops:** includes any policy that is available to producers of any crop. This set of transfers includes payments based on input use such as fertilizer, seeds and pesticides. However, the most important part of transfers within this group was the payments for integrated production (1992-98).
- **Arable crops:** transfers to this group are mainly the base area payment to arable land applied in the 1992-98 period.
- **Grains:** includes mainly the base premium for coarse grains (1986-2000), relatively small amounts of payments were for extensive production of grains (1992-98).
- **Oilseeds:** Area payments for oilseeds (from 1999).
- **Grains and oilseeds:** Area payments for extensive grains and rapeseed cultivation (from 1999).
- **All crops except wine:** Payments for crop production on steep slopes.

Turkey

311. Five different commodity groups have been identified for Turkey, based on the policies in place over the period starting in 1986.

- **All Crops:** primarily includes support for input use, such as fertiliser subsidies, pesticide subsidies, hybrid seed subsidies and support for natural disasters.
- **Grains:** includes area feed crops premium.
- **All Livestock:** includes transfers to livestock producers in the form of input support, such as support for feed, capital grants, livestock replacement and control of disease.

- ***Milk, beef and sheepmeat:*** includes support to producers of cattle, dairy and sheep for animal replacement due to natural disasters through the Livestock Replacement Programme and for pasture improvement.
- ***Wheat, Sugar, Cotton, Sunflower:*** includes payments under the On-Farm Development Support Programme.
- ***Hazelnuts and tobacco:*** includes payments under the Transition Programme.

United States

312. There are five different commodity groups, based on the policies in place over the period starting in 1986:

- ***All Crops:*** primarily includes payments for environmental conservation and protection purposes. Examples of programmes in this group include the *Conservation Security Program* and *Crop Disaster Payments Program*.
- ***All Non-insured Crops:*** It includes payments under the Non-insured Crop disaster Assistance Program.
- ***Ruminants:*** This includes support to producers of cattle, dairy and sheep under the *Feed Assistance Program* and the *Grassland Reserve Program*.
- ***All Livestock:*** It includes payments under the Livestock Indemnity Program
- ***Trees and vineyards:*** includes payments under the Tree and Vineyard Disaster Payments Program.