

## CHILE: ESTIMATES OF SUPPORT TO AGRICULTURE

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### DEFINITIONS AND SOURCES

Country Total Support Estimate (TSE) and derived indicators in

**Table 1. Agricultural Support Estimates / Total Transfers** contains country Total Support Estimate (TSE) and derived indicators, which cover all agricultural production, i.e. all agricultural commodities produced in the country. Definitions of basic data sets refer to the specific programmes applied in the country. For the Producer Support Estimate (PSE) and Consumer Support Estimate (CSE), each policy measure is classified according to implementation criteria, which include: the *transfer basis* of support (output, input, area/animal numbers/receipts/income, and non-commodity criteria); whether support is based on *current* or *non-current* basis; whether production *is required* or *not* to receive payment. Each policy measure is also assigned several “labels” indicating additional implementation criteria. "MPS commodities", which vary across countries, are those for which market price support is explicitly calculated in Tables 4.1-4.10.

**Table 2. Breakdown of PSE by Commodity and Other Transfers** provides a breakdown of the total PSE into four categories reflecting the flexibility in production choices given to producer receiving support. These categories are: Single Commodity Transfers (SCT); Group Commodity Transfers (GCT); All Commodity Transfers (ACT); and Other Transfers to Producers (OTP). All data sets in Table 2 come from Tables 1 and 3.1-3.11 where definitions are included.

**Tables 3.1.-3.11 Producer Single Commodity Transfers** contain producer SCT by commodity, which are calculated for Chile for the following commodities: wheat, maize, apples, grapes, sugar, tomatoes, milk, beef and veal, pigmeat, and poultry. (Tables 3.1-3.10) provided that the value of production of that commodity exceeds 1% of the total value of agricultural production. In addition, SCT for “other commodities” is also calculated (Table 3.11), which covers transfers *to single commodities other than MPS commodities*. All data sets in the calculation of producer SCT by commodity come from Tables 1 and 4.1-4.10 where definitions are included.

**Tables 4.1-4.10** contain **Market Price Support (MPS)** and **Consumer Single Commodity Transfers** (consumer SCT) by commodity, calculated for the same set of commodities as in **Tables 3.1 to 3.11**. Definitions are provided only for basic data sets from which all the other data sets in this table are derived.

Definitions of the indicators, criteria for classification of policy transfers included in support estimates, and methods of calculation are contained in the PSE Manual (*OECD's Producer Support Estimate and Related indicators of Agricultural Support: Concepts, Calculations, Interpretation and Use*) [<http://www.oecd.org/tad/support/psecse>].

## **TABLE 1. CHILE: Total Support Estimate**

### ***Definitions:***

**I. Total value of production (at farm gate):** Total agricultural production valued at farm gate prices, i.e. value (at farm gate) of all agricultural commodities produced in the country [**1**].

*I.1. Of which share of MPS commodities (%):* Share of commodities for which MPS is explicitly calculated (in Tables 4.1-4.10) in the total value of agricultural production.

**II. Total value of consumption (at farm gate):** Consumption of all commodities domestically produced valued at farm gate prices, and estimated by increasing the value of consumption (at farm gate) of the MPS commodities according to their share in the total value of agricultural production [ $(II.1) / (I.1) \times 100$ ].

*II.1. Of which MPS commodities:* Sum of the value of consumption (at farm gate prices) of the MPS commodities as indicated in Tables 4.1-4.10.

**III.1 Producer Support Estimate (PSE):** Associated with total agricultural production, i.e. for all commodities domestically produced [Sum of A to G; when negative, the amounts represent an implicit or explicit tax on producers].

### ***A. Support based on commodity output***

*A.1. Market Price Support:* On quantities domestically produced (excluding for on-farm feed use -- Excess Feed Cost) of all agricultural commodities, estimated by increasing the MPS for the MPS commodities according to their share in the total value of agricultural production [ $(\sum \text{MPS for MPS commodities listed in the rows below}) / (I.1) \times 100$ ].

*A.2. Payments based on output:*

### ***B. Payments based on input use***

*B.1. Based on variable input use [1, 7, 8]*

*Incentives for the development of agricultural investment* (since 1992): subsidies only granted to smallholders, to acquire variable inputs in order to enhance production and productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT .

*Services for the Development of Poor Areas* (since 2004): subsidies only granted to the less favoured smallholders, to acquire variable inputs in order to enhance production and productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Support for the Training of Rural Women* (The programme exists since 1992, but disaggregated data was available only from 2000-2003. From 2004 and on, it is again incorporated in another item): subsidies

granted only to poor smallholder women, for their development of technical, managerial and organisational capabilities, as well as for the acquisition of inputs.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Support for the family agricultural production (2001-2005):* A fixed direct payment granted to the less favoured smallholders, with the objective to acquire inputs to enhance productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Financial Coordination Subsidy (since 1996):* This instrument covers the transaction costs involved in a loan operation and it is granted to financial institutions that channel credit to smallholders.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Seed Programme Transfers (2005):* Subsidy available only for 2005, to acquire improved seeds.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES, only for acquisition of improved seeds. Payments are included in GCT for all crops.

*National Quality Programme (since 2002):* Instruments that promote good agricultural practices.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Production and productivity enhancement programmes/MINAGRI-CORFO (since 1998):* Subsidies provided to all scale of farmers to acquire variable inputs.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Agricultural Insurance Programme (since 2000):* subsidy that partially (85% for smallholders and up to 50% for medium and large scale farmers) pays the premium of agricultural insurance.

Use of labels: Production limits: NO; Variable payment rates: YES because it is an insurance subsidy; Input constraints: NO. Payments are included in GCT for all crops.

*Fund for Indigenous Farmers Development/Subsidies for Agricultural Productive Activities (since 2000):* Subsidies given only to indigenous farmers who recently have acquired agricultural land. The Fund provides support for inputs acquisition, technical assistance, and financing for on-farm irrigation works.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Subsidy for auto-consumption agriculture (since 2006):* A fixed direct payment granted to poor smallholders that produced only for auto-consumption, with the aim to enhance productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Subsidy in Credit* (data available since 1995): Implicit credit from preferential interest rates granted to smallholders. This credit has been provided by INDAP, an agency of the Ministry of Agriculture that deals only with smallholders by providing subsidies, services and credit. Around 70% of loans are short term (1 year) and are mainly used as working capital. The implicit subsidy is calculated as the difference between the average annual commercial interest rate and the average annual rate charged by INDAP, multiplied by the total credit allocated in each year.

Use of labels: Production limits: NO; Variable payment rates: YES; Input constraints: NO. Payments are included in ACT.

*Write-off to Capital* (data available since 1994): INDAP have constantly applied write-off policies to capital and interests.

Use of labels: Production limits: NO; Variable payment rates: YES; Input constraints: NO. Payments are included in ACT.

*Write-off to Interests* (data available since 1994): INDAP have constantly applied write-off policies to capital and interests.

Use of labels: Production limits: NO; Variable payment rates: YES; Input constraints: NO. Payments are included in ACT.

## *B.2 Based on fixed capital formation [1, 7, 8]*

*Incentives for the development of agricultural investment* (since 1992): subsidies only granted to smallholders, to improve production systems and enhance productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Soil recovery programme* (since 1992): the programme comprises a set of subsidies used to finance activities to recover and/or improve degraded soils. Some activities these are: phosphate fertiliser applications to restore the natural level of soil fertility; calcium fertiliser applications; establishment and regeneration of grassland; soil conservation practices; soil rehabilitation and crop rotation. This is one the Chile's most important agricultural programmes.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in ACT.

*Associative Irrigation Works Programme* (since 1993): subsidies provided only to smallholders who are associated or organised for the investment in irrigation or drainage works.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in ACT.

*Services for the Development of Poor Areas* (since 2004): subsidies only granted to the less favoured smallholders, to improve production systems and enhance productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Indigenous Development Programme/Origenes Programme* (since 2004): Subsidies for productive investment and granted only to indigenous smallholders.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Support for the Training of Rural Women* (The programme exists since 1992, but disaggregated data was available only from 2000-2003, from 2004 and on, it is again incorporated in other item): subsidies granted only to poor smallholder women, for their development of technical, managerial and organisational capabilities as well as to acquire inputs.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Supports for the improvement of productive activities in region IV* (2000-2002): subsidies for the improvement of productive activities in poor communities of the Region IV.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Supports for the improvement of productive activities in regions VI, VII, VIII* (1995-2002): subsidies for the improvement of productive activities in poor communities of Regions VI, VII, VIII.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Support for the family agricultural production* (2001-2005): A fixed direct payment granted to the less favoured smallholders, with the objective to invest in agricultural activities and enhance productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Subsidies for the diversification of economic-productive activities* (1994-1997; 2001-2003): subsidies to invest in new agricultural activities granted only to smallholders.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Livestock improvement programme* (1998-2003): subsidies for the investment of livestock activities granted only to smallholders.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES, only for investment in livestock. Payments are included in GCT7.

*Fund for the Improvement of Sanitary Conditions* (since 1999): subsidies to up-grade sanitary conditions of farms provided by the Agriculture and Livestock Service agency (SAG), institution responsible for plant and animal health inspection services.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES, only for up-grading livestock sanitary conditions. Payments are included in GCT7.

*Irrigation Programmes (On-farm)/Law 18.450* (since 1990): this law provides subsidies for on-farm irrigation investments. Farmers receive the support once the irrigation work has been done.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES only irrigation investments. Payments are included in ACT.

*Irrigation Programmes (Off-farm)/Law 18.540* (since 1990): subsidies for off-farm irrigation investments. Farmers must be associated or organised in order to receive the payments.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES only irrigation investments. Payments are included in ACT.

*Subventions for the Irrigation Development of Poor Communities* (2002-2006): Subsidies given to smallholders in poor communities to improve their on-farm irrigation works.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES only irrigation investments. Payments are included in ACT.

*Production and productivity enhancement programmes/MINAGRI-CORFO* (since 1998): Subsidies provided to farmers to invest in their production systems.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Irrigation Programme (PIR-CORFO)* (since 2001): subsidies given to cover the technical and economic feasibility evaluations of irrigation investments.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES only irrigation investments. Payments are included in ACT.

*Fund for Indigenous Farmers Development/Subsidies for Agricultural Productive Activities* (since 2000): Subsidies given only to indigenous farmers who recently have acquired agricultural land. The Fund provides support for inputs acquisition, technical assistance, and financing for on-farm irrigation works.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Rural Productive Development/FOSIS* (2000): Subsidies for the improvement of production systems.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

### *B.3. Based on use of on-farm services [1, 7, 8]*

*Services for the development of productive and entrepreneurial capacities* (since 1990): different policy instruments granted only to smallholders with the goal to improve productive, managerial and entrepreneurial capabilities. These instruments comprise different type of subsidies that fully or partially pay the technical assistance needed.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO.  
Payments are included in ACT?

*Services for the Development of Poor Areas* (since 2004): subsidies only granted to the less favoured smallholders, to acquire technical assistance and enhance productivity.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Support for the Training of Rural Women* (The programme exists since 1992, but disaggregated data was available only from 2000-2003, from 2004 and on, it is again incorporated in other item): subsidies granted only to poor smallholder women, for their development of technical, managerial and organisational capabilities as well as to acquire inputs.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Foot and Mouth Disease Transfers* (2002-2003): Transfers used in on-farm services to prevent the emergence of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT7.

*Brucellosis Bovine Transfer* (2001-2003): Transfers used in on-farm services to prevent the emergence and/or control of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT7.

*Fruit Fly Transfers* (1999-2004): Transfers used in on-farm services to prevent the emergence and/or control of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT6.

*Fruit Fly Control-Region Arica* (since 2004): Transfers used in on-farm services to prevent the emergence and/or control of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT6.

*Livestock Development Programme/animal health programme* (since 2004): on-farm services given to farmers for the improvement of sanitary conditions of their animals.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT7.

*Plant Health Programme* (since 2005): on-farm services given to farmers for the improvement of sanitary conditions of their farms.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT1.

*Seed Programme* (since 1999): lab services granted to farmers for the improvement of seeds.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT1.

*Food Safety Programme* (since 2006): on-farm services to farmers.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in ACT.

*Genetic Improvement Programme* (2001-2003): on-farm services to farmers

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in ACT.

*Foot and Mouth Disease Control* (since 2001): Transfers used in on-farm services to prevent the emergence of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT7.

*Brucellosis Bovine Control* (since 1999): Transfers used in on-farm services to prevent the emergence and/or control of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT7.

*Fruit Fly Control* (since 2005 ): Transfers used in on-farm services to prevent the emergence and/or control of the disease.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in GCT6.

*Studies for the Feasibility of Irrigation Works* (since 1990): transfers to pay the costs of feasibility study of on-farm irrigation works.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: YES. Payments are included in ACT.

*Fund for Promoting Farmer Associations* (2002 and 2004): Subsidies to promote farmer organisations.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Production and productivity enhancement programmes/MINAGRI-CORFO* (since 1998): Subsidies provided to farmers to pay technical assistance services.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Partnership Project for Development/CORFO* (since 2001): subsidies to pay the costs of training in managerial and commercialisation areas.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Technical Assistance Fund/FAT-CORFO* (since 2001): Transfers to partial of fully pay technical assistance costs.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Suppliers Development Programme/PDP-CORFO* (since 2001): Transfers to partial of fully pay technical assistance costs

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Quality promotion/FOCAL-CORFO* (since 2004): Transfers to partial of fully pay technical assistance costs

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

*Training Subsidies for Agricultural Workers/SENCE* (since 2006): Transfers to partial of fully pay technical assistance costs

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO. Payments are included in ACT.

***C. Payments based on current area planted/animal numbers/receipts/income – production required [1, 7, 8]***

Sanitary Emergencies (1998; since 2001): compensations for diseases and pests outbreaks.  
Use of labels: Production limits: NO; Variable payment rates: YES; Input constraints: NO.  
Payments are included in ACT.

Emergency subsidy (2006): Compensations for natural disasters. Such compensations are only available when the problem exists.

Use of labels: Production limits: NO; Variable payment rates: YES; Input constraints: NO.  
Payments are included in ACT.

Agricultural Emergencies (1993-2001; 2006) Compensations for natural disasters.

Use of labels: Production limits: NO; Variable payment rates: YES; Input constraints: NO.  
Payments are included in ACT.

***D. Payments based on non-current area planted/animal numbers/receipts/income – production required***

***E. Payments based on non-current area planted/animal numbers/receipts/income – production not required [1, 7, 8]***

*Poverty alleviation programme* (since 1993): payments targeting poor farmers.

Use of labels: Production limits: NO; Variable payment rates: NO; Input constraints: NO.

***F. Payments based on non-commodity criteria***

*F.1. Long-term resource retirement*

*F.2. Specific non-commodity output*

*F.3. Other non-commodity criteria*

***G. Miscellaneous payments***

**III.2 Percentage PSE**  $[100 \times (\text{III.1}) / ((\text{I}) + (\text{Sum of A2 to G}))]$

**III.3 Producer NPC:** For all agricultural commodities the producer NPC is estimated as a weighted average of the producer NPC calculated for the individual MPS commodities and shown in Table 4. For each commodity Producer NPC = [domestic price received by producers (at the farm gate) + unit payments based on output] / border price (also at the farm gate).

**III.4 Producer NAC**  $[1 / (100 - (\text{III.2})) \times 100]$

**IV. General Services Support Estimate (GSSE):** total budgetary expenditure to support general services provided to agriculture [Sum of H to N]. [1, 7, 8]

***H. Research and development***

*National Institute of Agricultural Research/INIA* (since 1990): public finance allocations.

*Foundation for Agrarian Innovation/FIA* (1990; since 1992): public finance allocations.

*Fudación-Chile* (data since 1998): public finance allocations.

*Forestry Research Institute/INFOR* (since 1997): public finance allocations.

*Natural Resources Information Centre/CIREN* (since 1996): public finance allocations.

### **I. Agricultural schools**

*Fund for agricultural communication, training and culture/FUCOA* (since 1990): public finance allocations

*Institute of rural education/IER* (since 2000): public finance allocations

### **J. Inspection services**

*Agricultural and Forestry Export Inspection Programme* (since 1995): public finance allocations

*Export Certification Programmes* (since 1999): public finance allocations

*Border Control Inspections* (since 2003): public finance allocations

*Plant Health Committee of Southern Areas* (since 2003): public finance allocations

*Labs for Residuals Control* (2002-2003; 2006-2007): public finance allocations

*Reference Labs EU* (2004): Public finance allocations

*Homologation Standards* (2004): public finance allocations

### **K. Infrastructure**

*Irrigation Programmes (Off-farm)/Law 18.540* (since 1990): off-farm irrigation investments at community and regional levels.

*Large-Scale Irrigation Works/MOP* (since 1996): off-farm irrigation investments at regional and national levels.

*Fund for Indigenous Land and Water/Land & Water Purchases-CONADI* (since 1994): purchases of land at market prices for indigenous communities.

### **L. Marketing and promotion**

*Agricultural export promotion fund/PROCHILE* (since 1996): public finance allocations to link farmers to markets and develop new markets

*Export promotion for subsistence agriculture* (2003 and 2004): public finance allocations to link smallholders to markets and develop new markets

### ***M. Public stockholding***

*Public stockholding for food security purposes* (since 1993): public finance allocations for public stockholding of agricultural commodities.

### ***N. Miscellaneous***

*International Organizations* (since 1997): public finance allocations.

*Legal Obligations/Law 18.755* (1991-1998; 2002- 2007): public finance allocations.

**V.1 Consumer Support Estimate (CSE):** Associated with agricultural production, i.e. for the quantities of commodities domestically produced, excluding the quantities used on-farm as feed -- excess feed cost. [Sum of O to R; when negative, the amounts represent an implicit tax on consumers].

***O. Transfers to producers from consumers:*** Associated with market price support on all domestically produced commodities, estimated by increasing the transfers calculated for the MPS commodities according to their share in the total value of production  $[(O.1) / (I.1) \times 100]$ .

*O.1. Of which MPS commodities:* Sum of the values of transfers from consumers to producers associated with market price support for the MPS commodities as calculated in Tables 4.1 to 4.10.

***P. Other transfers from consumers:*** Transfers to the budget associated with market price support on the quantities imported of domestically produced commodities, estimated by increasing the transfers calculated for the MPS commodities according to their share in the total value of production  $[(P.1) / (I.1) \times 100]$ .

*P.1. Of which MPS commodities:* Sum of the transfers to the budget associated with market price support on the quantities imported of the MPS commodities as calculated in Tables 4.1 to 4.10.

### ***Q. Transfers to consumers from taxpayers***

*Q.1. Commodity specific transfers to consumers:* Sum of commodity specific transfers from taxpayers to consumers (farm gate level) from commodity MPS tables.

*Q.2. Non-commodity specific transfers to consumers:* Sum of non-commodity specific transfers from taxpayers to consumers.

### ***R. Excess Feed Cost:***

### **V.2 Percentage CSE $[100 \times (V.1) / ((II) + (Q))]$**

**V.3 Consumer NPC:** For all agricultural commodities the consumer NPC is estimated as a weighted average of the consumer NPC calculated for the individual MPS commodities and shown in Table 2. For each commodity consumer NPC = domestic price paid by consumers (at the farm gate)/ border price (also at the farm gate).

**V.4 Consumer NAC**  $[(1 / (100 - (V.2)) \times 100]$

**VI. Total Support Estimate**  $[(III.1) + (IV) + (Q)]$  and  $[(S) + (T) - (U)]$

**S. Transfers from consumers**  $[(O)+(P)]$

**T. Transfers from taxpayers**  $[(III.1)-(O)+(IV)+(Q)]$

**U. Budget revenues**  $[(P)]$

**TABLE 2. CHILE: Breakdown of PSE by commodity specificity and other transfers**

All data sets in Table 2 come from Tables 1 and 3 where definitions are included.

**Definitions:**

**I. Producer Single Commodity Transfers (producer SCT):** the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm level, arising from policy measures directly linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes policies where payments are specified on a per-commodity basis [Sum of SCTs for individual commodities from Tables 3.1-3.11].

**Percentage producer SCT:** is the commodity SCT expressed as a share of gross farm receipts for the specific commodities (including support in the denominator). This indicator can be expressed for the total SCT (Table 2), or for a specific commodity (Table 3.1 to 3.11).

$$\%SCT = 100 * SCT / (\text{value of production}_{COM} + A.2_{COM} + B_{COM} + C_{COM} + D_{COM})$$

$$\text{Share in Total PSE (\%): } SCT_{SHARE} = 100 * SCT / PSE$$

**II. 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 policy measures whose payments are made on the basis that one or more of a designated list of commodities is produced. That is, a producer may produce from a set of allowable commodities and receive a transfer that does not vary with respect to this decision [GCT = B<sub>GROUP</sub> + C<sub>GROUP</sub> + D<sub>GROUP</sub>].

$$\text{Share in Total PSE (\%): } GCT_{SHARE} = 100 * GCT / PSE$$

**Transfers to specific groups of commodities:** The GCT are broken down to the following groups of commodities: all crops; all grains; wheat, maize and soybean; wheat, maize, rice, soybean, cotton and rapeseed; all livestock.

**III. 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 policy measures that place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice [ACT = C<sub>ALL</sub> + B<sub>ALL</sub> + D<sub>ALL</sub>].

$$\text{Share in Total PSE (\%): } ACT_{SHARE} = 100 * ACT / PSE$$

**IV. Other Transfers to Producers (OTP):** the annual monetary value of gross transfers made under policies that do not fall in the above three cases (SCT, GCT, ACT). That is, payments that do not require any commodity production at all. [OTP = E + F + G]

$$\text{Share in Total PSE (\%): } OTP_{SHARE} = 100 * OTP / PSE$$

$$\text{V. Total PSE: } PSE = A+B+C+D+E+F+G = SCT + GCT +ACT + OTP$$

**Percentage PSE:** %PSE = 100 \* PSE / Total Value of Production at farm gate + A.2. + B + C + D + E + F + G)

**TABLE 3. CHILE: Producer Single Commodity Transfers** (by commodity)

Tables 3.1 to 3.11, provide information on Producer Single Commodity Transfers (PSCT) for the following commodities: wheat, maize, rice, rapeseed, soybean, peanuts, apple, cane sugar, cotton, milk, beef and veal, pigmeat, sheep meat, poultry, eggs and “other commodities”. All data sets in the calculation SCT by commodity come from Tables 1 and 4.1 -4.10 where definitions are included.

**Definitions:**

**I. Level of production:** Data from respective commodity Tables 4.1 to 4.10 (Market Price Support tables)

**II. Value of production (at farm gate):** Data from respective commodity Tables 4.1 to 4.10 (Market Price Support tables)

**III. Producer Single Commodity Transfers:** Sum of transfers to respective single-commodity in categories A, B, C and D.

**A. Support based on commodity output**

A1. *Market Price Support* [Data for respective commodity from Table 4.1 to 4.10]

A2. *Payments based on output*

Payments based on output (A.2) provided to respective single commodity [Data from Table 1]

**B. Payments based on input use, single commodity** [B<sub>1COM</sub>+B<sub>2COM</sub>+B<sub>3COM</sub>]

B1. *Based on Variable input use*

Payments based on variable input use (B.1<sub>COM</sub>) provided to respective single commodity [Data from Table 1].

B2. *Based on Fixed capital formation*

Payments based on fixed capital formation (B.2<sub>COM</sub>) provided to respective single commodity [Data from Table 1].

B3. *Based on on-farm services*

Payments based on on-farm services (B.3<sub>COM</sub>) provided to respective single commodity [Data from Table 1].

**C1. Payments based on current A/An/R/I, production required, single commodity"**

Payments based on current A/An/R/I (C<sub>COM</sub>) provided to respective single commodity [Data from Table 1].

**D. Payments based on non-current A/An/R/I, production required**

Payments based on non-current A/An/R/I (D<sub>COM</sub>) provided to respective single commodity [Data from Table 1]

**IV. Percentage producer SCT :** %SCT =100\*(III)/((II)+(A.2)+(B<sub>COM</sub>)+(C<sub>COM</sub>)+(D<sub>COM</sub>))

#### **TABLE 4. CHILE: Market Price Support and Consumer Support Estimate**

Tables 4.1 to 4.10, contain calculations of the Market Price Support (MPS) and Consumer Single Commodity Transfers (consumer SCT) for the following commodities: wheat, maize, rice, rapeseed, soybean, peanuts, apple, cane sugar, cotton, milk, beef and veal, pigmeat, sheep meat, poultry, eggs and “other commodities”. The data sets used in calculations of the MPS and consumer SCT by commodity are described below.

#### **Definitions:**

##### **I. Level of production**

*Wheat, maize, apple, grapes, tomatoes* [1, 2]: Total domestic production, no specific standard. [1]

*Sugar*: Total production of sugar from sugar-beet, derived by multiplying production of sugar-beet by a conversion rate of 0.15. [1]

*Milk*: Total production of milk, with the conversion factor 1 litre = 1.036 kg. [1]

*Beef and veal*: Total production of beef and veal, in carcass weight equivalent. [1, 2]

*Pigmeat*: Total production of pigmeat, in carcass weight equivalent. [1]

*Poultry*: Total production of poultry, in carcass weight equivalent. [1]

##### **II. Producer prices (at farm gate)**

*Wheat, maize, apple, grapes, tomatoes, sugar, milk*: Annual average price received by producers of all types and through all marketing channels, all qualities. [1]

*Beef and Veal*: Annual average price received by farmers, live weight, converted into carcass equivalent (conversion factor of 0.57). [1]

*Pigmeat*: Annual average price received by farmers, carcass weight. [1]

*Poultry*: Annual average price received by farmers, carcass weight. [1]

##### **III. Value of production (at farm gate) [(I)\*(II)]**

##### **IV. Level of consumption (at farm gate)**

*Wheat, maize, apples, grapes, tomatoes, milk*: Total domestic use (total production, plus net trade, plus change in stocks) [1,2,3,4]

*Sugar-beet*: Total domestic use expressed in white sugar equivalent (total production, plus net trade, plus change in stocks) [1].

**Beef and veal, pigmeat and poultry:** Total domestic use (total production, plus net trade, plus change in stocks), expressed in carcass weight [1, 2, 5].

**V. Consumption prices (at farm gate)**

Implicit prices corresponding to reference prices plus the unit value of market transfers.

**VI. Value of consumption (at farm gate) [(IV)\*(V)]**

**VII. Reference prices**

**Wheat:** C.i.f. price, import unit value (USD/ton) all other soft wheat (HS 10019000) except durum wheat (HS 10011000). [1]

**Maize:** C.i.f. price, import unit value (USD/ton) all other maize (HS 10059000) except for seed (HS 10051000). [1]

**Apple:** F.o.b. export unit values of apples, fresh (HS 0808 1000) [1].

**Grapes:** F.o.b. export unit values of apples, fresh (HS 0806 1000) [1]

**Tomatoes:** F.o.b. export unit values of apples, fresh (HS 0702 0000) [1]

**Sugar-beet:** C.i.f. price, import unit value (USD/ton) (HS 1701 1100) [1]

**Milk:** border price of milk is a calculated implicit value [1, 6]. The calculation method is based on two assumptions. First, world markets for tradable dairy commodities are competitive, which allows the formation of a single price for each of the solid components of raw milk, milk fat and protein, used to make dairy products. Secondly, each type of dairy product contains a unique and fixed amount of each of those solid components of milk. Under this method, the implicit price of milk at the border ( $P_b$ ) is calculated from the prices of those components:

$$P_b = \left(\frac{a}{b}\right)P_{wb} + \left(\frac{c}{d}\right)P_{ws} \text{ where:}$$

$a$  and  $b$  are milk fat contained in one ton of raw milk and butter respectively,  $c$  and  $d$  are non-fat-solids contained in one ton of milk and skimmed milk powder respectively,  $P_{wb}$  and  $P_{ws}$  are Chilean unit import values of butter (HS 0405 1000) and skimmed milk powder (HS 0402 1000) respectively. The reference price of milk at farm gate ( $P_r$ ) is the implicit milk border price net of processing costs ( $C$ ):

$$P_r = P_b - C$$

**Beef and veal:** C.i.f. price, import unit value (USD/ton) boneless fresh/chilled or frozen (HS 0201 3000). [1]

**Pigmeat:** F.o.b. export unit values (USD/ton) swine carcasses and half carcasses, fresh, chilled or frozen (HS 0203 2200) [1].

**Poultry:** F.o.b. export unit values (USD/ton) poultry cuts and offal frozen (HS 0207 1400). [1]

**Sources:**

[1] Office of Agricultural Policies and Studies (ODEPA).

[2] FAOSTAT.

[3] OECD-FAO Agricultural Outlook Database.

[4] USDA Economics and Statistics System: The Foreign Agricultural Service's Production, Supply and Distribution (PS&D).

[5] Chilean Association of Pig Producers (ASPROCER) and Chilean Association of Poultry Producers (APA).

[6] OECD PSE/CSE database.

[7] Information directly provided by different agencies of the Chilean Ministry of Agriculture (MINAGRI).

[8] Budget Department (DIPRES), Chilean Ministry of Finance.