

## UNITED STATES: ESTIMATES OF SUPPORT TO AGRICULTURE

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### DEFINITIONS AND SOURCES

Country Total Support Estimate (TSE) and derived indicators in **Table 1** 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 Estimates (PSE) and Consumer Support Estimates (CSE), where relevant the description of policy measures indicates where the policies are related to specific commodities. "MPS commodities", which vary across countries, are those for which market price support is explicitly calculated in Table 4.

**Table 2** provides a breakdown of the total PSE into four categories reflecting the flexibility given to farmers regarding which commodity to produce within the various policy measures. 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 where definitions are included.

Producer Single Commodity Transfers (PSCT) by commodity in **Table 3** are calculated only for the commodities produced in the country within a common set of commodities (wheat, maize, barley, oats, rice, sorghum, soybeans, sunflower, rapeseed, sugar, milk, beef and veal, pigmeat, poultry meat, sheep meat, wool, and eggs), provided that the value of production of that commodity exceeds 1% of the total value of production in the country concerned. All data sets in the calculation of PSE by commodity come from Tables 1 and 4 where definitions are included.

Market Price Support (MPS) and Consumer Single Commodity Transfers (CSCT) by commodity in **Table 4** are calculated for the following commodities: wheat, maize, barley, rice, sorghum, soybeans, sugar, milk, beef and veal, pig meat, poultry meat, sheep meat, wool, and eggs. Definitions are provided only for basic data sets from which all the other data sets in this table are derived, following the formula indicated in each commodity table. Specific sources are indicated in square brackets.

An [Explanatory Note](#) contains a brief description of the country data files and definitions of support indicators. The [PSE Manual](#) provides comprehensive explanation of concepts, calculation, interpretation and use of the Producer Support Estimate (PSE) and related indicators of agricultural support provided in the database. Both sources are available as PDF files on [www.oecd.org/tad/support/psecse](http://www.oecd.org/tad/support/psecse).

**Conversion factors:** The US data are supplied in imperial measurements – pounds (lbs), hundred weight (cwt), bushels (bu), etc. and are converted by the OECD Secretariat into their metric equivalents. The following conversion factors have been employed in the estimates of support to agriculture:

One hectare equals 2.4710 *acres*.

One *pound* is equal to 0.0004536 tonne.

One *metric tonne* is equal to:

45.9296 *bu* for barley  
68.8944 *bu* for oats  
36.7437 *bu* for wheat and soybeans  
39.3679 *bu* for maize and sorghum  
1.1023 *short tons* for raw sugar  
22.046 *cwt* for rice  
2204.6 *lbs* for milk  
Eggs: divide '000 *dozen* by 1412.4 to convert it to '000 tonnes.  
Raw sugar: multiply raw sugar by 0.935 to convert it to *refined* sugar.

**Fiscal year:** 1 October 1994-30 September 1995 is attributed to calendar year 1995.

**Crop years:** Vary according to commodities -- crop year ending 31st May for wheat, 31st July for rice, 31st August for maize and sorghum, and 30th September for soybeans -- but, for example 1994-95 crop year is attributed to calendar year 1994 for all crops.

**Marketing years:** Vary according to commodities, but for example 1994-95 marketing year is attributed to calendar year 1994 for grains and calendar year 1995 for poultry and eggs. For cattle, sheep, turkeys and dairy products marketing years are equal to calendar year.

## **Table 1. UNITED STATES: 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].

*1. Of which share of MPS commodities (%):* Share of commodities for which MPS is explicitly calculated (in Table 4) 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) x100].

*1. Of which MPS commodities:* Sum of the value of consumption (at farm gate prices) of the MPS commodities as indicated in Table 4.

**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 (sum of the MPS for the MPS commodities listed in the rows below) according to their share in the total value of agricultural production  $[(\sum \text{MPS commodities}) / (I.1) \times 100]$ .

**A.2. Payments based on output**

*Marketing loan gains:* Marketing loan provisions allow contract crop producers to repay price support loans at the lower of the announced loan rate or the prevailing world market price, represented by the "daily posted county prices" (PCP, which is generally the market price less transportation costs between the market and the county). If a marketing loan is taken up, all of the interest otherwise owed is forgiven. The gain is the difference between the announced loan rate and the PCP, multiplied by the quantity of each specific commodity for which the loan was requested on a crop year basis [1]. Up to 1995 the payments were subject to production limits. Payments are subject to mandatory input constraints, limited and rates variable.

*Commodity Loan forfeit:* Price support associated with the *commodity loan rate* (payment per tonne at which the Commodity Credit Corporation (CCC) will provide a loan to farmers, using the harvested loan crops as collateral for the loan. If producers want, the Government will take the crop under loan as repayment of the loan principal plus interest. When the domestic market price is below the loan rate, farmers may realise a gain by forfeiting the crop used as collateral. The gain is the difference between the announced loan rate and the domestic market price, multiplied by the quantity of each specific commodity forfeited at the loan rate on a crop year basis. The commodity list changed over time: (up to 1995 included: wheat, maize, sorghum and rice; and from 1995 included: wheat, maize, rice, sorghum, barley, flaxseed, oats, sugar, oilseeds, cotton, tobacco, peanuts, and wool; and from 2002 also dry peas, lentils and small chickpeas). Up to 1995 the payments were subject to production limits. Payments are subject to mandatory input constraints, limited and rates variable

*Certificate exchange gains:* Net gain to producers due to settlement of commodity loans at a rate lower than the original per-unit loan rate, where certificates are used for the repayment [1]. Payments are subject to mandatory input constraints, rates are variable and there are no production or payment limits.

*Commodity loan interest subsidy:* Interest gain on CCC commodity loans, calculated on a crop year basis, is the difference between the market and the CCC interest rates multiplied by loan outstanding for each crop placed under loan net of growers' assessment for sugar and oilseeds. It also includes the additional estimated interest gain when commodities are forfeited to settle the loan, or when the loan is paid back under a marketing loan arrangement, or with genetic certificates, in which cases loans are interest free. For sugar the loan interest gain is 60% for cane growers, with the remaining 40% plus 100% of the gain for beet

attributed to processors and included under *R. Transfers to consumers from taxpayers* in the CSE [1]. Up to 1995 the payments were subject to production limits. Payments are subject to mandatory input constraints and rates are variable.

*Loan deficiency payments:* Available to producers who are eligible to receive price support loans but who agree to forgo the loan. The payment is the difference between the loan rate and the domestic market price, multiplied by the quantity of each specific commodity for which the loan deficiency payment is requested or otherwise eligible for on a crop year basis [1]. Payments are subject to: production and payment limits; mandatory input constraints; and rates are variable.

*Storage payments:* Payments encouraging producers to store wheat, maize and sorghum (up to 1995), cotton (from 1996) and peanuts (from 2002), while prices are low and sell later when prices are higher. Under the Farmer-Owned Reserve Program cereal producers may extend a regular 9-month loan beyond its regular term and receive storage payments per tonne of cereal under the loan for the extended period (on a crop year basis) [1]. Up to 1995 the payments were subject to production limits. Payments are subject to mandatory input constraints and rates are variable.

*Ad hoc market loss payments:* Payments per tonne authorized by emergency legislation in 1998-2001 to compensate for market losses due to low prices.

- *Oilseeds:* Payments were based on 1997 or 1998, and on 1999 for new producers [1]. Payment rates are *ex post* and variable. Payments are subject to input constraints (conservation compliance) and there are not commodity production and payment limits.
- *Dairy:* payment per tonne of milk on quantities marketed [1]. Payment rates are *ex post* and variable. Payments are subject to input constraints (conservation compliance) and limited to certain level of commodity production.
- *Wool and mohair:* Cash payments to compensate producers of wool and mohair [1]. Payment rates are *ex ante* and fixed. Payments are subject to input constraints (conservation compliance), there are not commodity production and payment limits, and rates are variable.

*Sugar payment in kind (2000-01):* A share (60%) of the expenditure on the Payment-in-kind Diversion Program attributed to sugar beet and sugarcane farmers to assist them deal with low prices caused by excess of sugar on the domestic market. The remaining 40% are attributed to processors and are included under *R. Transfers to consumers from taxpayers* in the CSE [1]. Payment rates are *ex ante* and fixed. Payments are not subject to input constraints, there are not commodity production and payment limits, and rates are fixed.

*Trade Adjustment Assistance Program (TAA):* The TAA provides output payments and technical assistance to eligible farmers if increased imports are found to contribute to a price decline of at least 20% in the current marketing year compared to a historical period. The TAA covers farmers, ranchers, fish farmers and fishermen competing with imported aquaculture products. The

technical assistance part is included in category *B.3 Farm Services*. Payment rates are variable and there are not commodity production and payment limits. Payments are not subject to input constraints.

*Cottonseed disaster payments*: Payments to producers and first handlers to compensate for losses due to natural disasters. The payment rate is calculated by dividing the total available programme funds by the total eligible payment quantity of cottonseed. Eligible applicants may not receive more than the national average price of cottonseed as determined by CCC, or USD98 per ton, multiplied by the applicant's total eligible payment quantity (ton basis). The total payment quantity of cottonseed (ton-basis) will be: (1) the average weight of cotton lint (ton-basis) for which payment is requested by all applicants; (2) multiplied by the Olympic average of estimated pounds of cottonseed per pound of ginned cotton lint, as determined by CCC for the five years preceding the 2005 crop. Payments are subject to production and payment limits, there are not input constraints and rates are variable.

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

### ***B.1. Variable inputs use***

*Farm operating & emergency loans*: Provides direct and guaranteed farm operating loans to owner-operators of family-sized farms unable to obtain credit elsewhere. A share of program funds is dedicated to loans for beginning farmers and ranchers, youth, and socially disadvantaged farmers. Boll weevil eradication loans are also available to eliminate the cotton boll weevil pest from infested areas, but there has not been any loan activity in recent years. Emergency loans are also available to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. The total subsidy reported is the interest rate differential for the fiscal year multiplied by loan obligations for that year, for each category of loan. The interest rate differential takes account of preferential government borrowing costs for direct loans, as well as interest rate buy down and anticipated losses for guaranteed loans. [2] Payments are subject to input constraints and there are not production limits. Payment rates are variable, there are not commodity production and payment limits.

*Energy payments*: Value of Federal and State exemptions or reductions in excise and sales taxes on diesel fuel for farmers relative to the standard rate taxes on fuel. Payments are not subject to input constraints or to production and payment limits. Payment rates are fixed. [Data used are problematic and need revision].

*Irrigation support*: Irrigators are obligated to pay a share of the long-term debt for construction of reclamation projects from which they benefit, but pay no interest on that debt. [2] The Government cost of financing the debt is considered support and is calculated using a "debt financing method." A long-term interest rate (30-year treasury bond) is applied to the outstanding unpaid balance of capital investment by the Government to obtain the support level. Payments are not subject to input constraints or to production limits and payment. Payment rates fixed.

*Grazing payments:* Budget expenditure for livestock grazing on public range land in 16 Western States operated by the Forest Service and Bureau of Land Management, net of fees paid by livestock producers. Payments are subject to mandatory input constraints; there are limits on animal units per acre and rates are fixed.

*Feed assistance:* Public expenditure for compensating livestock producers for feed crop disasters and pasture damaged by drought (Emergency Feed Assistance Program, Forage Assistance Program, Livestock Assistance Program, Disaster Reserve Assistance Program, American Indian Livestock feed, Pasture recovery program and Flood compensation program). Payments are subject to voluntary input constraints, there are not production and payment limits, and rates are fixed.

*Conservation Security Program (CSP) (from 2004):* A voluntary programme that provides payments to producers for adopting or maintaining a wide range of farm practices that address one or more resources of concern, such as soil, water or wildlife habitat. It provides equitable access to benefits to all producers, regardless of size of operation, crops produced, or geographic location. In contrast to other conservation programs, CSP is focused on operations that already have addressed environmental problems, while keeping the land in production. All agricultural land (cropland and grazing land) is eligible: i) cropland must have been cropped in 4 of the 6 years prior to 2002; ii) lands enrolled in the Conservation Reserve Program, Wetlands Reserve Program and Grassland Reserve Program are not eligible; iii) forestland that is an incidental part of agricultural operation may be included; iv) animal waste storage or treatment facilities are not eligible. The program provides three tiers of participation that differ in contract length and total payments according to the amount of treatment and the portion of the agricultural operation being offered: i) Tier I: the farmer is obliged to address soil and water quality on at least part of the farm. Contracts are for 5 years; ii) Tier II: the farmer must address the above issues on the entire farm and agree to treat an additional significant local resource concern. Contracts are for 5-10 years and can be renewed; iii) Tier III: the farmer must fully address all natural resource concerns on the entire farm. Contracts are for 5-10 years and can be renewed. CSP contract payments include one or more of the following components subject to the described limits: i) an annual per acre stewardship component for the benchmark conservation treatment; ii) an annual existing practice component for maintaining existing conservation practices, calculated as 25% of the stewardship payment to offset the cost of maintaining pre-existing or new conservation practices; iii) one-time new practice component for additional practices on the watershed specific list. This is a cost-share payment with rates varying between 50% to 60% of the cost and are limited to a USD10 000 cumulative total of the contract; and iv) an annual enhancement component for exceptional conservation effort and additional conservation practices that provide increased resource benefits beyond minimum requirements. Payment limits are: USD 20 000 for Tier I; USD 35 000 for Tier II; and USD 45 000 for Tier III. The farmer must be in compliance with highly erodible and wetland compliance provisions. There is no limitation in the number of acres a landowner can offer. The technical assistance part is included in category *B.3 Farm services*. Payments are not subject to current commodity

production and payment limits, and to voluntary input constraints. Rates are fixed.

## ***B.2. Fixed capital formation***

*Farm ownership loans:* Provides direct and guaranteed farm ownership loans to individuals unable to obtain credit elsewhere. A share of program funds is dedicated to loans for beginning farmers and ranchers, youth, and socially disadvantaged farmers. Indian tribes and tribal corporations are eligible for Indian land acquisition loans, but there has not been any loan activity in recent years. The total subsidy reported is the interest rate differential for the fiscal year multiplied by loan obligations for that year, for each category of loan. The interest rate differential takes account of preferential government borrowing costs for direct loans, as well as interest rate buy down and anticipated losses for guaranteed loans. Payments are subject to current commodity production and payment limits, and to mandatory input constraints. Rates are variable. [2]

*Livestock Indemnity Program:* Payments to compensate producers for livestock losses due to natural disasters [1]. For the 2005 hurricanes, payments were calculated by multiplying the national payment rate established for each livestock kind/type/weight range by the number of applicable eligible livestock. Separate payment rates were established for livestock owners and contract growers. Payments are no subject to input constraints, but there are current production and payment limits. Rates are fixed.

*Farmland Protection Program (FPP):* Payments by State, tribe or local government agencies for the purchase of conservation plans and easements to protect topsoil by limiting conversion to non-agricultural uses (i.e. urban development). Conservation plans must be carried out over the 30 years or more of the easement term. Only the share of expenditure for cost-share payments is included under this category, the share for technical assistance is included under *B.3. Payments based on farm services* [1]. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Environmental Quality Incentive Program (EQIP):* Created in 1996, this programme includes the ACP, FFP and Colorado River Basin Salinity programmes. It provides cost-share payments and technical assistance to producers for animal waste facilities and implementing farm practices for reducing soil, water, and related natural resources problems, including grazing land, wetland, and wildlife habitat. At least half of the funds are targeted to livestock production practices. Cost-sharing may pay up to 75% of the costs of certain water conservation practices (e.g. irrigation water management). The cost share rates for limited resource producers and beginning farmers and ranchers may be up to 90%. Only the share of expenditure for cost-share payments is included under this category, the share for technical assistance is included under *B.3. Payments based on farm services* [1]. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable. In addition to separate funding, EQIP combines the functions of the ACP, GPCP, CRBSCP and Water Quality Incentive Program.

*Great Plains Conservation Program (GPCP):* Cost-share contracts for 3 to 10 years and technical assistance to help producers in the 10 Great Plains States implement long term conservation measures. The technical assistance component is included in category *B.3. Farm Services*. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Agricultural Management Program (AMA):* It provides cost-share and incentive payments to agricultural producers to voluntarily address issues such as water management, water quality, and erosion control by incorporating conservation practices into their farming operations. Producers may construct or improve water management structures or irrigation structures; plant trees for windbreaks or to improve water quality; and mitigate risk through production diversification or resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming. The Federal cost-share rate shall be 75% of the cost of an eligible practice, based on the percent of actual cost, or percent of actual cost with not-to-exceed limits, or flat rates. A conservation plan is required for the area covered in the application and becomes the basis for developing the AMA contract. NRCS will work with the landowner to develop a conservation plan. Landowners must agree to maintain cost-shared practices for the life of the practice. Contracts are three to ten years in length. The total AMA payments shall not exceed USD 50 000 per participant for any fiscal year. The annual authorised funding is USD 20 million through the fiscal year 2007. AMA is limited to producers in 15 states where participation in the Federal Crop Insurance Program historically has been low. The share for technical assistance is included in category *B.3 Farm Services*. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Colorado River Basin Salinity Control Program:* Cost-share payments and technical assistance to producers to improve water quality for downstream users. The technical assistance part is included in category *B.3. Farm services*. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Klamath Basin:* Technical assistance and incentive payments to farmers for water-conservation projects to conserve and restore biodiversity of the 10.5 million-acre Klamath Basin in Southern Oregon and Northern California. It excludes payments for technical assistance which are included in category *B.3. On-farm services*. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Ground and Surface Water (GSWC):* The GSWC portion of the EQIP is a voluntary program that provides technical assistance and cost-share payments to farmers (through contracts of up to 10 years) to carry out eligible water conservation activities to improve groundwater and surface water conservation in their agricultural operations. Activities may include improving irrigation systems, enhancing irrigation efficiencies, converting to the production of less water intensive agricultural commodities, converting to dryland farming, improving the storage of water through such measures as water banking and groundwater recharge, and mitigating the effects of drought. Activities must result in a net

savings of groundwater or surface water resources in the agricultural operation of the producer. The GSWC limits eligible conservation practices to those that will result in a net savings of ground and surface water. To be eligible, farmers must, inter alia, have irrigated eligible land two out of the last five years and develop an EQIP plan of operations. The total amount of cost-share and technical assistance payments paid to an individual is limited to an aggregate of \$450 000 for all contracts entered into during FY2002-07. It excludes payments for technical assistance which are included in category *B.3. On-farm services*. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Grassland Reserve Program (GRP)*: Voluntary programme to help landowners and operators restore and protect grassland, including rangeland, pastureland, shrubland, and certain other lands, while maintaining the areas as grazing lands. GRP is authorized by the Food Security Act of 1985, as amended by the 2002 Farm Bill. It provides for up to USD 254 million in program funding through 2007. There is no national maximum limitation on the amount of land that may be enrolled by a participant for the program. However, there is a minimum requirement established in law. Offers for enrolment must contain at least 40 contiguous acres, unless special circumstances exist to accept a lesser amount. Enrolment options are: 30-year and permanent easements; 10-year, 15-year, 20-year, or 30-year rental agreements; and cost-share restoration agreements which may be used in conjunction with any easement or rental agreement. Not more than 60% of funds can be used for 30-year contracts or 30-year permanent easements; not more than 40% are available for 10-, 15-, and 20-year contracts. For contracts, annual rental payments equal 75% of grazing value. Permanent easements are to be purchased at market value, less grazing value, while 30-year easements are to be purchased at 30% of market value, less grazing value. Cost sharing is up to 75% of restoration costs on restored grassland, and up to 90% on virgin grassland. All enrolment options permit: common grazing practices that maintain the viability of the grassland; haying, mowing, or harvesting for seed production, subject to certain restrictions during the nesting season, as determined by NRCS; and fire rehabilitation and the construction of fire breaks and fences. GRP contracts and easements prohibit the production of crops (other than hay), fruit trees, and vineyards that require breaking the soil surface and other activities that would disturb the surface of the land, except for appropriate land management activities included in a grassland resource management plan. The technical assistance part is included in category *B.3 Farm services*. Payments are subject to input constraints, but there are not production limits. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Emergency Conservation Program (ECP)*: Provides cost-share and technical assistance payments to enable farmers to perform emergency conservation measures to restore farmland damaged by natural disasters. It excludes payments for technical assistance which are included in category *B.3. On-farm services*. Payments are not subject to current commodity production limits. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

*Agricultural Conservation Program (ACP):* Cost-share and incentive payments to producers to carry out farming practices reducing soil erosion, improving water conservation and quality, enhancing forest resources, and treating other natural resource problems. Only the share of expenditure for cost-share payments is included under this category, the share for technical assistance is included under *B.3. Payments based on farm services* [1]. Payments are subject to input constraints, but there are not production limits. Payments are subject to voluntary input constraints, there are current production and payment limits, and rates are variable.

### ***B.3. Farm services***

*Extension:* Budget expenditure of the Extension Service, the Agricultural Cooperative Service, and on Outreach for Socially Disadvantaged Farms under the Farm Service Agency and the Natural Resource Conservation Service. Payments under the Natural Resource Conservation Service are subject to input constraints. All payments in this category are subject to production and payment limits, there are not input constraints and rates are variable.

#### *Extension Service Conservation Activities*

- *Conservation Technical Assistance (CTA):* CTA is a voluntary program that provides technical assistance to farmers for planning and implementing soil and water conservation and water quality practices. Farmers adopting practices under USDA conservation programs and other producers who request aid in adopting approved USDA practices are eligible for technical assistance. Technical assistance may include the inventory and evaluation of soil, water, animal, plant, air, and other resources. The program, which has been in place since 1936, is available nationwide.
- *Great Plains Conservation Program (GPCP):* see category *B.2 Variable input use* above. Only the technical assistance component is included.
- *Watershed Protection/Flood Prevention and Emergency:* Through this program, the Natural Resources Conservation Service (NRCS) provides technical and payments to States, local governments, tribes, and other sponsoring organizations to voluntarily plan and install watershed-based projects on private lands. Purposes of watershed projects include watershed protection, flood prevention, water quality, soil erosion, water supply, irrigation water management, sedimentation control, fish and wildlife habitat enhancement, and wetland restoration.
- *Colorado River Basin Salinity Control Program:* Only the technical assistance part is included in this category. The rest is included in category *B.2 Payments based on fixed capital formation*. Payments are subject to input constraints (conservation compliance).
- *Environmental Quality Incentive Program (EQIP):* See Category *B.2* above. Only the share of expenditure for technical assistance is included under this category, the share for cost-share payments is included under *B.2. Payments based on fixed capital formation* [1].

- *Ground and Surface Water (GSWC)*: see category B.2 above This category includes only the technical assistance part. The rest is included under *B.2. Payments based on fixed capital formation* [1].
- *Klamath Basin*: see category B.2 above. Only the technical assistance part is included here. The rest is included under *B.2. Payments based on fixed capital formation* [1].
- *Farmland Protection Program (FPP)*: See category B.2 above. Only the share of expenditure for technical assistance is included under this category, the share for cost-share payments is included under *B.2. Payments based on fixed capital formation*.
- *Grassland Reserve Program (GRP)*: See category B.2 above. Only the technical assistance part is included in this category.
- *Conservation Security Program (CSP)*: See category B.1 above. Only the technical assistance part is included in this category.
- *Agricultural Management Program (AMA)*: see category B.2 above. Only the share for technical assistance is included in this category.
- *Agricultural Conservation Program (ACP)*: See B.2 above. Only the share for technical assistance is included in this category.
- *Emergency Conservation Program (ECP)*: see category B.2 above. Only the share for technical assistance is included in this category.
- *State technical assistance*: half of the estimates of State expenditure on agriculture is considered as being essentially for financing on-farm services, especially extension and technical assistance for environmental protection (the other half is considered as being used to support State general services to agriculture and included in GSSE under *O. Miscellaneous*) [1]. Payments are not subject to current production and payment limits, there are not input constraints and rates are fixed.

*Pest and disease control*: budget expenditure of the Animal and Plant Health Inspection Service and on pesticide and disease control under the Environmental Protection Agency. Payments are not subject to current production and payment limits, there are not input constraints and rates are fixed.

***C. Payments based on current area planted/animal numbers/receipts/ income, production required***

*Crop insurance* (individual commodities): Indemnity payment that eligible producers receive if their crop loss qualifies under the Federal Crop Insurance Program. Per unit indemnities are paid whenever the yield of each commodity insured is below the guaranteed yield level. The guaranteed yield level is selected by producers as 50, 65, or 75% of their average yield. The annual amount of the payment for a specific commodity is the indemnity paid by the USDA for the commodity, minus the premium the producer pays for the insurance coverage of

the commodity. Commodity specific data is on a crop year basis [1]. Eligible producers are required to comply with conservation provisions. There are not current production and payment limits, and rates are variable (Tables 3.1 to 3.6).

*Diversion payments:* Payments under Acreage Reduction Program and Paid Land Diversion Program for land temporarily withdrawn from a specific crop production (excluding long-term land withdraw under Conservation Reserve Program). Eligible producers (wheat, feed grains, rice and upland cotton) are required to comply with conservation provisions. The programme was abandoned by the Farm for Freedom Act after the 1998 crop year. There are current production and payment limits, and rates are fixed (Tables 3.1, 3.2, 3.3b).

*Deficiency payments:* (up to 1995) Per hectare payments made to producers of "contract crops" (wheat, feed grains, upland cotton, and rice), defined as the national payment rate for each specific crop times the producer's payment base yield and multiplied by the producer's payment eligible base area. A rate per tonne (calculated as the difference between the target price and the higher of the loan rate or market price) is used to obtain the per hectare rate. The base yields are fixed reflecting the simple average of programme yields for 1981-85. The base area is the average of the area planted for the 5 preceding crop years. Eligible producers are required to comply with acreage reduction and conservation provisions. There are current production and payment limits, are not subject to input constraints and rates are variable. Calculated on a crop year basis (Tables 3.1, 3.2, 3.3b, 3.4 and 3.12) [1].

*Lamb Meat Adjustment Assistance Program (LMAAP):* This is a 4-year program started in 2000 to help stabilize the lamb market [1]. The program has four program years and each program year has various types of payments and eligibility requirements. Funds not used during one year are carried into the following years. Year 1 of LMAAP included payments for rams, sheep improvement and facility improvement. The maximum combined total payment to a sheep and lamb operation was USD 5500. In Year 2, producers were eligible for payments of USD 3 for each feeder lamb and USD 5 for each slaughter lamb. Producers were eligible for a total payment of USD 8 for each marketed slaughter lamb. For Years 3 and 4, additional incentives payments of USD 18 per each ewe lamb purchased or retained for breeding purposes were available. There are no maximum payments or herd limits, but feeder lamb producers whose gross income for calendar year 2001 or 2002 exceed USD 2.5 million are ineligible for payments. Payments are not subject to production and payment or to input constraints and rates are fixed (Table 3.11).

*Ewe Lamb Replacement and Retention Program:* Payments per ewe lamb. To be eligible for the payments, the lamb operation must: have purchased or retained ewe lambs for breeding purposes between 1 August 2003 and 31 July 2004; have retained the qualifying ewe lambs in the herd for at least one complete offspring lambing season; and not have received funds under the Lamb Meat Adjustment assistance Program for the same ewe lamb. The total amount of payment is USD 18 million and the payment rate is USD 18 for each qualifying ewe lamb. Payments are not subject to production and payment or to input constraints and rates are fixed (Table 3.11).

*Hogs production assistance* (in 1990): Payment per hog under the Small Hog Operation Payment Program to producers who marketed less than 2 500 hogs during the second half of 1998 [1]. Payments are not subject to production and payment or to input constraints and rates are fixed (Table 3.8).

*Dairy disaster payments*: Payment per head to dairy producers [1]. Payments are not subject to production and payment limits or to input constraints and rates are variable (Table 3.7).

*Dairy indemnities*: Payments per producing cow per day to dairy farmers for the period during which the milk was considered contaminated and had to be removed from commercial markets [2]. Payment rates are fixed, not subject to input constraints and there are not commodity production and payment limits (Table 3.7).

*Sugar beet disaster payments*: Payments to producers who suffered 2001- or 200-crop year sugar beet production losses due to adverse weather conditions. To be eligible, producers must have sustained at least 35% loss in sugar beet production [1]. Payments are not subject to production and payment limits or to input constraints and rates are variable (Table 3.6).

*Crop disaster payments*: Under the Food Security Act of 1985, the Disaster Assistance Acts of 1988 and subsequently payments are provided to crop producers suffering from natural disasters when there were production yield losses of at least 30%. For "program crops"(wheat, feed grains, cotton, rice, oilseeds, tobacco, peanuts, sugar) the payment has been 65% of the target price (loan rate) for producers participating in the commodity programmes. Payments for the loss of cropland due to flooding were added for 2000 [1]. Eligible producers are required to comply with conservation provisions. Payments are not subject to production and payment limits and rates are fixed (Table 2).

*Non-insured Crop Disaster Assistance Program*: Payments based on area and average historical yields to producers of crops not currently insurable under other programmes and with yield losses greater than 35% of the average yield for the area where the farm is located, and greater than 50% for the individual farm [1]. The area loss requirement was eliminated in 2000. Eligible producers are required to comply with conservation provisions. Payments are not subject to production and payment limits or to input constraints and rates are fixed (Table 2).

*Tree and vineyard disaster payment*: Payments to compensate producers for loss of trees and fruit vines due to natural disasters (1998 Tree Assistance Program) [1]. Payments are not subject to production and payment limits or to input constraints and rates are variable (Table 2).

*Income tax concessions*: Value of concessions to agriculture relatively to the standard income tax provisions. It includes deductions from taxable incomes from farming; farmers' marketing and purchasing co-operatives; and export transactions of agricultural commodities. Payments are not subject to production and payment or to input constraints and rates are fixed (Table 1).

*Adjusted gross revenue insurance (AGR)* (from 1999): It is a whole farm-revenue protection insurance plan. It provides insurable revenue protection against losses due to natural disasters or market price fluctuations that occur during the insurance year. Covered farm revenue includes income from agricultural commodities, including incidental amounts of income from animals and animal products, and aquaculture reared in a controlled environment. However, no more than 35% of expected income may be obtained from livestock, animal or aquaculture products. If more than 50% of expected income is obtained from insurable commodities, other traditional Federal crop insurance must be purchased. Eligible producers must have liability not exceeding USD 9.5 million. AGR coverage is calculated by multiplying the approved adjusted gross revenue by the selected coverage level and payment rate percentage. Coverage levels and payment rate eligibility vary with the number of commodities produced. The period of insurance is the farmer's tax year. Eligible producers are required to comply with conservation provisions. Payment rates are variable. Payments are not subject to production and payments (Table 1).

***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***

*Counter cyclical payments* (from 2002): Payment for wheat, feed grains, upland cotton, rice, oilseeds and peanuts defined as the national payment rate for each specific crop times the producer's payment base yield and multiplied by 85% of the producer's payment eligible base area. Base area and yields may be those from the 1996 Farm Act or the 1998-2001 averages. For each commodity, the rate per tonne is the difference between the *target price* and the *trigger level*, which is the return per tonne (i.e. the higher the market price or loan rate) plus the *Direct Payment* per tonne. Eligible producers are required to comply with conservation provisions. Payments are limited and rates variable.

*Production Flexibility Contract Payments (PFC)* (from 1996): Payments to farmers during 1996-2002 based on acreage, as specified in the Federal Agricultural Improvement and Reform Act of 1996 [1]. The annual total amount was first determined for all contract crops combined (wheat, rice, feed grains, and upland cotton) and then allocated to specific crops based on percentage allocation factors established in the 1996 Act. Each participating producer of a contract crop received payments equal to the product of their production flexibility contract payment quantity and the national average production flexibility contract payment rate. The quantity of production eligible for production flexibility contract payments is calculated as the farm's program yield (per acre) multiplied by 85% of the farm's contract acreage. Eligible producers are required to comply with conservation and planting flexibility provisions. Some restrictions are placed on land use: land could not be put to a non-agricultural use; the land could be fallowed, converted from cropland to pasture or forest, or planted to any crop, except for fruits and vegetables unless it was used that way in the past. Payments are limited and rates fixed.

*Direct payments for crops* (from 2002): Replaces the PFC payments provided under the 1996 Farm Act and cover the same crops plus oilseeds and peanuts [1]. Payments computed using the fixed rates for each specific crop times the producer's payment base yield and multiplied by 85% of the producer's payment eligible base area. Base yields are those previously used for PFC payments (1998-2001 average for oilseeds). Producers have the option to use the base areas as for PFC payments, or to update them to their average area planted during 1998-2001 for each eligible crop. Payments are not tied to current or future production of specific crops, the level of production, or the price of the crop. Eligible producers are not confined to producing crops for which they are receiving payments, and can choose not to produce any crop. Eligible producers are required to comply with conservation provisions. Payments are limited and rates fixed.

*Crop market loss assistance payments* (1998-2001): Total amount of "market loss assistance payment" added to the annual PFC payments [1]. Eligible producers are required to comply with conservation provisions. Payments are limited and rates variable.

*Dairy Termination Program* (1986-88): Payments made to milk producers agreeing to terminate production for at least a 5-year period [3]. Payments are limited, rates fixed and are not subject to input constraints.

*Peanut quota buy out* (from 2002): Payments to farmers to cover the loss associated with the removal of marketing quotas. Based on 2001 quota levels, the payment is made in 5 annual installments during the 2002-06, but quota owners may opt to take the total amount in a lump sum [1]. Total cost of the measure is approximately USD 1.2 billion. Payments are not tied to current or future production or prices of peanuts or any other crop. The peanut price support program was also terminated. Payments are limited, rates fixed and are not subject to input constraints.

*Tobacco quota buy out* (from 2005): Payment, to be made in 10 installments over FY 2005-14, to eligible tobacco quota holders and farmers to cover the loss associated with the removal of marketing quotas [1]. Transition payments will be based on the Basic Quota Levels determined for each farm. For quota holders, payments are based on ownership shares in the farm, while for producers payments are based on shares in the risk of producing quota tobacco on the farm during the years 2002-04. Payments, which are funded by a levy on tobacco manufacturers and importers, are limited to a maximum of USD 10.140 billion (with approximately USD540 million to cover CCC losses on loan stocks and other eligible expenses). Payments are not based on current or future tobacco production or prices of tobacco or any other crop and there is no requirement to produce any commodity. The legislation also terminated the tobacco price and income support program at the end of the 2004 marketing season. Payments are limited, rates are fixed, and are not subject to input constraints.

## ***F. Payments not based on commodity criteria, but based on:***

### ***F.1. Long-term resources retirement***

*Conservation Reserve Program (CRP):* The CRP, which was established in the 1985 Farm Bill and amended in the 2002 Farm Bill, is a voluntary programme that provides annual rental, cost-share payments and technical assistance to producers for converting and retaining highly erodible and/or environmentally sensitive cropland in approved conservation uses for 10-15 years [1]. Rental payments are based on the agricultural rental value of the land and cost-share support covers up to 50% of the farmer's costs. The CRP is limited to a maximum of 392000 000 acres. There are not current production and payment limits.

*Water Bank Program (WBP):* Annual payments and technical assistance to producers who agree not to drain, burn, fill, or otherwise destroy wetland and not to use it for agricultural purposes for 10 years. There are not current production and payment limits.

*Wetland Reserve Program (WRP):* Annual cost-share payments or lump-sum payments and technical assistance to producers for implementing an approved wetland restoration and conservation plan and providing a permanent or long-term easement. Producers must retire crop acreage base. There are not current production and payment limits.

#### ***F.2. A specific non-commodity output***

#### ***F.3. Other non-commodity criteria***

*Wildlife Habitat Incentive Program:* A voluntary programme that provides cost-share and technical assistance payments to landowners to apply an array of wildlife practices to develop habitat that will support for upland wildlife, wetlands wildlife, endangered species, fish, and other wildlife. In general, there no limits on the number of acres that can be enrolled in the programme or the amount of payment. There are not current production and payment limits.

### ***G. Miscellaneous***

**III.2 Percentage PSE** [(III.1) / ((I) + (Sum of A2 to G)) x 100]

**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  $\text{Producer NPC} = [\text{domestic price received by producers (at the farm gate)} + \text{unit payments based on output}] / \text{border price (also at the farm gate)}$ .

**III.4 Producer NAC** [1 / (100 - (III.2)) x 100]

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

### ***H. Research and development***

*Research Institutions:* USDA budget expenditure on Co-operative State Research Service, National Agricultural Statistic Service, Economic Research Service,

Agricultural Research Service, and Office of International Co-operation and Development, and expenditure under the Tennessee Valley Authority and Bureau of the Census budgets [2].

*Resource Conservation and Development Programs:* Financial assistance for individuals (including farmers) and areas to develop area-wide plans for resource conservation and development [2].

*Conservation Operations (soil surveys, snow surveys, plant material centers):* USDA budget expenditure on Natural Resources Conservation Service for the preparation of conservation plans and establishment of measures to conserve soil and water, including administration of watersheds research, investigation, surveys, and planning, and for technical assistance to carry out preventive measures (Watershed Planning, and River Basin Surveys and Investigation), as well as Miscellaneous Contributed Funds available for work under co-operative agreements for soil survey, watershed protection, and resource conservation development activities [2].

*Biomass Research and Development Act (2002-07):* Payments, funding by USDA the Departments of Energy, to promote research and development leading to the production of bio-based industrial products [2]. There are authorized to be appropriated USD 49 million annually for fiscal years 2002-07.

*Rural Clean Water Program (RCWP):* Cost-share payments and technical assistance for carrying out approved plans in project areas to develop and test means of controlling agricultural non-point source water pollution in rural areas [2].

### ***I. Agricultural schools***

*Agricultural Resource Conservation and Demonstration Program:* Information, education, and technical assistance to the public about natural resource management issues.

[Some expenditure on agricultural schools is also included in PSE under *Payments based on use of on-farm services* (Extension) as it could not be disaggregated].

### ***J. Inspection services***

USDA budget expenditure on Federal Grain Inspection Service, Food Safety Inspection Service, and Packers and Stockyard Administration [2].

### ***K. Infrastructure***

*Risk Management Agency (RMA):* USDA budget expenditure on administrative and operating expenses of the RMA.

*Crop Insurance Corporation:* USDA budget expenditure on administrative and operating expenses of the Federal Crop Insurance Corporation [2].

*Rural Utilities Service:* USDA budget expenditure on grants, direct loans, and guarantees loans made by qualified lenders, to suppliers of electric, telecommunications, and water/wastewater/waste disposal services in rural areas [2].

*Rural Housing Service:* USDA budget expenditure on grants, direct loans, and loan guarantee provided through rural housing and community facility programmes [2].

*Rural Business Co-operative Service:* USDA budget expenditure on loan and grant programmes and technical assistance to co-operatives and rural businesses [2].

*Watershed and Flood Prevention Operations:* Payments and technical assistance to local communities for planning and installing infrastructure for flood prevention and for conservation, development, utilisation and disposal of water [2].

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

*Marketing Services:* USDA budget expenditure on the Agricultural Marketing Service for assisting producers and handlers of agricultural commodities by providing marketing services, including market news service, inspection, grading and standardisation, market protection and promotion, wholesale market development, transportation services, and payments to States [2].

*Perishable commodities:* USDA budget expenditure on the Agricultural Marketing Service for controlling (through licenses, arbitrage of informal agreements, etc.) marketing of fresh and frozen fruits and vegetables in interstate and foreign commerce to ensure equitable treatment to farmers, and licensed commission merchants, dealers, and brokers [2].

*Strengthening Markets, Income, and Supply:* USDA budget expenditure on the Agricultural Marketing Service for expanding outlets for non-basic commodities [2].

*Commodity Grading Programs:* USDA budget expenditure on the Agricultural Marketing Service under Miscellaneous Trust Funds for providing grading, examining, and certifying services for a wide variety of fresh and processed food commodities, including poultry, livestock, meat, dairy products, and fresh and processed fruits and vegetables [2].

*Foreign Assistance Programs:* USDA budget expenditure on the Commodity Credit Corporation Fund (Export Loans Program Account and Export Guarantee Financing Account) under the "Export donations ocean transportation"[5] and under the Foreign Agricultural Service and General Sales Manager (Public Law 480) for financing programmes opening, expanding and maintaining global market opportunities through international trade [2].

*Domestic Food Assistance Programs:* USDA budget expenditure on administrative expenses on domestic food assistance programmes (Food Program Administration) [2], , and the "delivery cost" of the Food Stamp Program, calculated as 64 per cent of the total budgetary expenditure (see *V.I.R. Transfers to consumers from taxpayers*).

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

USDA budget expenditure on the Commodity Credit Corporation Fund for financing the operational and maintenance costs of the Food Security Commodity Reserve (excluding the buying value of acquisitions) - "Processing, storage and transportation" [5].

## ***N. Miscellaneous***

### ***1. National expenditure***

***2. Sub-national expenditure:*** Half of total amount of the estimated State expenditure on agriculture as a proxy of the share of it used to support State general services to agriculture (specially, to support agricultural associations, fairs, and shows, agricultural schools and experiment stations, to promote improvement and control of livestock production and dairy products, to promote improved methods of storing, packing, labelling and marketing of farm products, and regulatory activities such as inspection and licensing), for which the Secretariat does not have enough information to allocate it to the previous categories of payments. (The other half is included in PSE under *B.3. Payments based on use of on-farm services*).

**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  $[(O.1) / (I.1) \times 100]$ .

***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 Table 4.

***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  $[(P.1) / (I.1) \times 100]$ .

***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 Table 4.

### ***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 (Table 4). The descriptions of policies providing commodity specific transfers are provided below:

***Sugar cane loan interest gain:*** Processor share (40%) of total interest gain on CCC commodity loan for cane plus 100% of the gain for beet, net of 40% of the total production levy paid by sugar processors to the CCC. (The remaining 60% of the cane total interest gain is in the PSE under *A.2. Payments based on output*; and 60% of total production levy paid by the cane and beet growers is included in Table 4 under MPS) [1].

*Sugar cane loan rate gain:* Processor share (40%) of total loan rate gain on CCC sugar loan for cane and beet (the remaining 60% of the total loan rate gain is in the PSE under A.2. *Payments based on output* [1].

*Sugar Payment in Kind (2000-01):* Share (40%) of the expenditure on the Payment-in-kind Diversion Program attributed to sugar processors, the remaining 60% is attributed to farmers and included in the PSE under A.2. *Payments based on output* [1].

*Bioenergy Program (from 2003):* Payments to bioenergy (ethanol and biodiesel) producers to increase purchases of eligible commodities and convert that commodity into increased commercial fuel grade ethanol and biodiesel production. Eligible commodities include: barley, maize, grain sorghum, oats, rice, wheat, soybeans, sunflower seed, canola, crambe, rapeseed, safflower, sesame seed, flaxseed, mustard seed, and cellulosic crops (switchgrass and short rotation trees) grown on farms, for the purpose of producing ethanol and/or biodiesel or any other commodity or commodity by-product as determined and announced by CCC used in ethanol and biodiesel production. Eligible producers are paid up to USD150 million each FY. Payments to each producer are capped at 5% of available funding (up to USD7.5 million) each FY. Producers with total annual production of: (a) less than 65 million gallons are reimbursed 1 feedstock unit for every 2.5 used for increased production; (b) 65 million gallons or more are reimbursed 1 feedstock unit for every 3.5 used for increased production. In addition, biodiesel producers are reimbursed for base production at 50% the rate of increased production. The program is funded at up to USD 150 million each FY for FYs 2003 through 2006.

*Q.2. Non-commodity specific transfers to consumers:* Sum of non-commodity specific transfers from taxpayers to consumers (farm gate level). The descriptions of policies inducing non-commodity specific transfers are provided below:

*Food Stamp Program:* USDA budget expenditure on domestic food assistance through coupons redeemable at retail food stores, multiplied by 0.36 (farm value per dollar of retail food expenditure of food stamp households) to express it at the farm gate level, plus Nutrition Assistance to Puerto Rico and Food Distribution Program on Indian reservations. [2], [4].

*Child Nutrition Programs:* USDA budget expenditure on domestic food assistance, including School Lunch and Breakfast Programs, Child and Adult Care Feeding Program, Summer Feeding and Special Milk Programs. Calculated on a budget year basis. [2], [4].

*WIC Nutrition Program:* USDA budget expenditure on the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Calculated on a budget year basis. [2], [4].

*Commodity Assistance Program:* USDA budget expenditure on domestic food assistance, including Commodity Supplemental Food Program, Nutrition Program for the Elderly, Emergency Food Assistance,

Temporary Assistance and Donation Program for Selected Groups.  
Calculated on a budget year basis [2], [4].

**R. Excess Feed Cost:** Associated with market price support on quantities domestically produced and used on-farm as feed as calculated in Table 4. [Sum of excess feed costs in the MPS tables (Table 4) for feed crops.]

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

**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 4. 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)]

**Sources:**

[1] Information directly provided by USDA

[2] *The Budget of the United States Government*. Appendix: Department of Agriculture. Annual.

[3] WTO, United States notifications.

[4] USDA, *The Economic Impact of Food Assistance Program. Modifications on Agriculture and the Economy*. ERS, January 1995.

[5] Table 35 - CCC Net Outlays by Commodity & Function. Agricultural Outlook. E.R.S., USDA various issues.

**Table 2. UNITED STATES: 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. Single commodity transfers (SCT):** the annual monetary value of gross transfers from policies linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes broader policies where payments are specified on a per-commodity basis. SCT is also available by commodity. [Sum of commodity SCTs from Table 3]

**Percentage 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).

$$\%SCT = 100 * SCT / (\text{value of production}_{COM} + A2_{COM} + B_{COM} + C_{COM} + D_{COM})$$

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

**II. Group commodity transfers (GCT):** the annual monetary value of gross transfers from policies whose payments are made on the basis that one or more of a designated list of commodities is produced. That is, a producer can choose among a set of allowable commodities to produce and receive a payment 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 involve to the following groups of commodities:

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

- **All Crops.** This 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*.
- **All Grazing Livestock (ruminant).** 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*
- **Tree and vineyard:** It includes payments under the *Tree and Vineyard Disaster Payments Program*.

**III. All commodity transfers (ACT):** the annual monetary value of gross transfers from policies 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>]

*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]

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

**V. Total PSE:**  $PSE = A+B+C+D+E+F+G = SCT + GCT +ACT + OTP$

*Percentage PSE:*  $\%PSE = 100 * PSE / \text{value of agricultural production} + A.2. + B + C + D + E + F + G)$

### TABLE 3. UNITED STATES : Producer Single Commodity Transfers

Tables 3.1 to 3.13, provide information on Producer Single Commodity Transfers (PSCT) for the following commodities: wheat, maize, barley, rice, sorghum, soybeans, sugar, milk, beef and veal, pig meat, poultry meat, sheep meat, wool, and eggs. All data sets in the calculation SCT by commodity come from Tables 1 and 4 where definitions are included.

#### *Definitions:*

**I. Level of production:** Data from Table 4 (Market price support table)

**II. Value of production (at farm gate):** Data from Table 4 (Market price support table)

**III. Producer Single commodity transfers:** Sum of transfers to specific commodity in categories A, B, C and D.

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

*A1. Market Price Support* [Data from Table 4]

*A2. Payments based on output:*

Data from Table 1 – see the policies providing payments based on output (A.2) to the specific PSE commodity, in the definitions in Table 1.

*B. Payments based on input use* [B1+B2+B3]

*B1. Variable input use*

Data from Table 1 – see the policies providing payments based on variable input use (B.1) to the specific PSE commodity, in the definitions in Table 1.

*B2. Fixed capital formation*

Data from Table 1 – see the policies providing payments based on fixed capital formation (B.2) to the specific PSE commodity, in the definitions in Table 1.

*B3. On-farm services*

Data from Table 1 – see the policies providing payments based on on-farm services (B.3) to the specific PSE commodity, in the definitions in Table 1.

*C: Payments based on current A/An/R/I, production required*

Data from Table 1 – see the policies providing payments based on current A/An/R/I, single commodity to the specific PSE commodity, in the definitions in Table 1.

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

Data from Table 1 – see the policies providing payments based on non-current A/An/R/I, production required (D) to the specific PSE commodity, in the definitions in Table 1.

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

**TABLE 4. UNITED STATES: Market Price Support and Consumer Single Commodity Transfers**

**Definitions:**

**I. Level of production**

*Cereals, oilseeds and rice:* Total farm level production during the crop year under "Crops & Products -- Supply & Utilization" in the reference data source [1].

*Sugar:* Total farm level production during the calendar year under "US sugar supply and use" in the reference data source [2]. Total sugar cane and sugar beet production in raw sugar equivalent is multiplied by 0.935 to be expressed in refined sugar equivalent.

*Milk:* Total milk production during the calendar year under "US Milk Supply and Use" in the reference data source [1].

*Meats:* Total farm level production in carcass weight during the calendar year under "US Meat Supply and Use" in the reference data source [1].

*Wool:* Total scoured wool production during the calendar year corresponding to the sum of the data sets labelled "Shorn wool" and "Pulled wool" under "US wool supply and use" in the reference data source [3].

*Eggs:* Total production of eggs in the shell during the year ending 30th November under "US Egg Supply and Use" in the reference data source [1].

**II. Producer price**

*Cereals, rice, oilseeds, pig meat, poultry meat, and sheep meat:* Marketing year weighted average price received by farmers. For the most recent year of calculation, where a price-range in the data source is given, the mid-point value is used [1].

*Sugar:* Implicit production price for beet in refined equivalent, obtained by dividing the production value of sugar beet and sugar cane in raw equivalent by the production of sugar un-refined equivalent [2].

*Milk:* Average price of all milk delivered to dairies and dealers, not including any deductions under levies [1].

*Beef and veal:* Implicit production price derived by dividing the published value of production at farm gate prices [2] by the level of production.

*Wool:* Price of wool delivered to wool mills [1].

*Eggs:* Average wholesale price of cartoned grade A eggs, New York [1].

**IV. Level of consumption**

*Cereals, rice and oilseeds:* Total consumption during the crop year, including consumption on farms where grown. The level of consumption is the sum of the columns labelled "Other

domestic use" and "Feed and residual" under "Crops & Products -- Supply & Utilization" in the reference data source [1].

**Sugar:** Total consumption of refined sugar during the calendar year, under "US total consumption of caloric sweeteners"-- "Sugar, refined basis" in the reference data source [2].

**Milk:** Total consumption of liquid milk and dairy products in milk equivalents during the calendar year. It corresponds to domestic disappearance and is the sum of data sets labelled "Human" and "feed to calves" under "Milk: Supply and utilisation of all dairy products" in the reference data source [5].

**Beef and veal, pig meat, poultry meat and sheep meat:** Total consumption, carcass weight, during the calendar year (year ending 30th November for pig meat), corresponding to data under "US Meat Supply and Use" in the reference data source [1].

**Wool:** Total consumption of scoured wool, measured at the mill, during the calendar year. It corresponds to the sum of the data sets labelled "Apparel wool" and "Carpet wool" in the reference data source [1].

**Eggs:** Total consumption of eggs in the shell during year ending 30th November corresponding to data set "US Egg Supply and Use" in the reference data source [1].

## VII. Reference prices

**Wheat, barley, rice, pig meat, poultry meat and eggs:** Implicit price derived by subtracting the average unit value of export subsidy for the specific commodity (total value of export subsidies for the crop year divided by total exports of the specific commodity) from the producer price [6].

**Sugar:** Export price of raw sugar fob Caribbean price plus charges for transport and handling from Caribbean ports to New York [2].

**Milk:** Border prices of butter and SMP converted into a milk equivalent border price using technical coefficients minus a processing margin, calendar year. The border price of butter is the unit c.i.f. import value for the period 1986-1997 and the unit f.o.b. export value from 1998 (code HS040510) [11]. The border price of SMP is the unit f.o.b. export value (code HS040210) [11]. The processing margin is calculated as the difference between the domestic wholesale price (domestic wholesale prices of butter and SMP converted into milk equivalent price using technical coefficients) and the manufacturing milk price, manufacturing grade, 3.5% fat, Minnesota-Wisconsin. The domestic wholesale prices are the "grade A Chicago" for butter and the "at plant, central states, extra grade" for SMP. [12].

**Beef and veal:** Australian saleyard cow price, Queensland, minus by-product value, plus processing cost, plus transport cost. To calculate MPS, the reference price is compared to the US cow price (cutter cow, Sioux Falls live weight multiplied by 2.04 to converted to carcass equivalent) under "Selected price statistics for meat animals and meat" in the reference data source [8].

**Sheep meat and wool:** Implicit price derived by subtracting the tariff from the producer price [9].

## **X. Budgetary transfers**

### ***Price levies***

*Sugar:* 60 per cent of total production fee paid by cane and beet growers to the CCC ( 40% are paid by sugar processors and included in Table 1 under V.1.R transfers to consumers from taxpayers.)[10].

*Milk:* Deductions imposed on the milk price in response to the level of CCC purchases [10].

### ***Sources:***

[1] USDA, *Agricultural Outlook*, various issues.

[2] USDA, *Sugar and Sweetener Situation and Outlook Report*, various issues.

[3] USDA, *Cotton and Wool Situation and Outlook year book*, August issue.

[4] USDA, *Livestock, Dairy and Poultry Situation and Outlook*, various issues.

[5] USDA, *Dairy Situation and Outlook*, Year-book.

[6] Foreign Agricultural Service, unpublished data on the Export Enhancement Program.

[7] Data provided by New Zealand authorities.

[8] Australian Meat and Livestock Corporation, *Statistical review*, various issues.

[9] USDA, *Report on Agricultural Concessions in the Multilateral Trade Negotiations*.

[10] Information directly provided by USDA.

[11] Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics.

[12] USDA, *U.S. Dairy Situation at Glance*.