



Global Food Security and Policy Coherence

Measuring PCD

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Aspects of policy coherence

- The spill-over effects of OECD countries' policies
 - Including food and agricultural policies
 - Other policies affecting food security indirectly (e.g. consumer waste, over-consumption, innovation)
- Knowledge sharing
 - Innovation, effectiveness of different policies
 - More about processes than incidence and impact

What can we measure?

1. Identify coherent and incoherent policies
2. Quantify the *incidence* of policies, or policy *effort* – using regularly available data (e.g. OECD's calculations of farm support)
3. Can quantify their impacts on developing countries using ex post (econometric) analysis, or ex ante analysis (simulation models)
4. Can compute indicators of intermediate or final outcomes

Can do 1, 2 and 4 on a regular basis but 3 tends to be more ad hoc

Identification of spill-over policies

- Market distorting policies
 - Market price support, food subsidies
 - Associated trade policies: import protection, export subsidies and taxes
 - Production and trade distorting subsidies
- Other policies that affect supply and demand on world food markets
 - Agricultural productivity (R&D, innovation)
 - Land and water use
 - Biofuel policies
 - Producer & consumer waste
 - Over-consumption, meat demand

Measuring market distorting policies

- OECD's Producer Support Estimate (PSE) methodology
 - Categorises and quantifies support to farmers, and to the sector more generally, according to the tendency of that support to distort markets
 - Applied to OECD & larger emerging economies
- Other IOs also seek to measure market distorting policies for developing countries
 - World Bank's Agricultural Distortions project; FAO's MAFAP; APO, IADB; IICA.

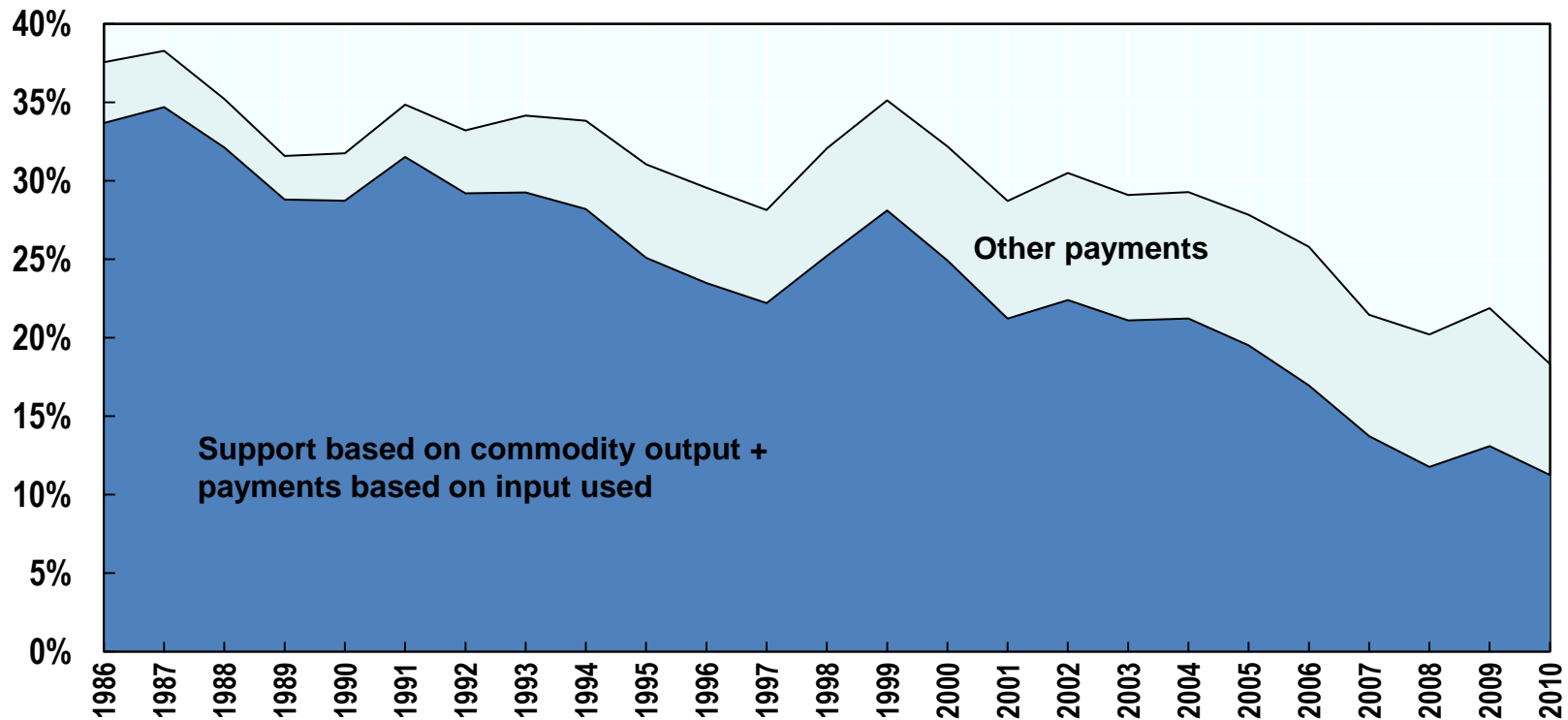
What does OECD support measure?

| | 2008-10 average, USD billion |
|------------------------------|-------------------------------------|
| Support to farmers (PSE) | 246 |
| <i>Market price support</i> | 109 |
| <i>Budgetary payments</i> | 137 |
| General services (GSSE) | 91 |
| Transfers to consumers (CSE) | 37 |
| Total support (TSE) | 374 |

Support includes market price support as well as budgetary transfers

How support to farmers has evolved...

Composition of PSE, 1986-2010



Other policies that affect world markets

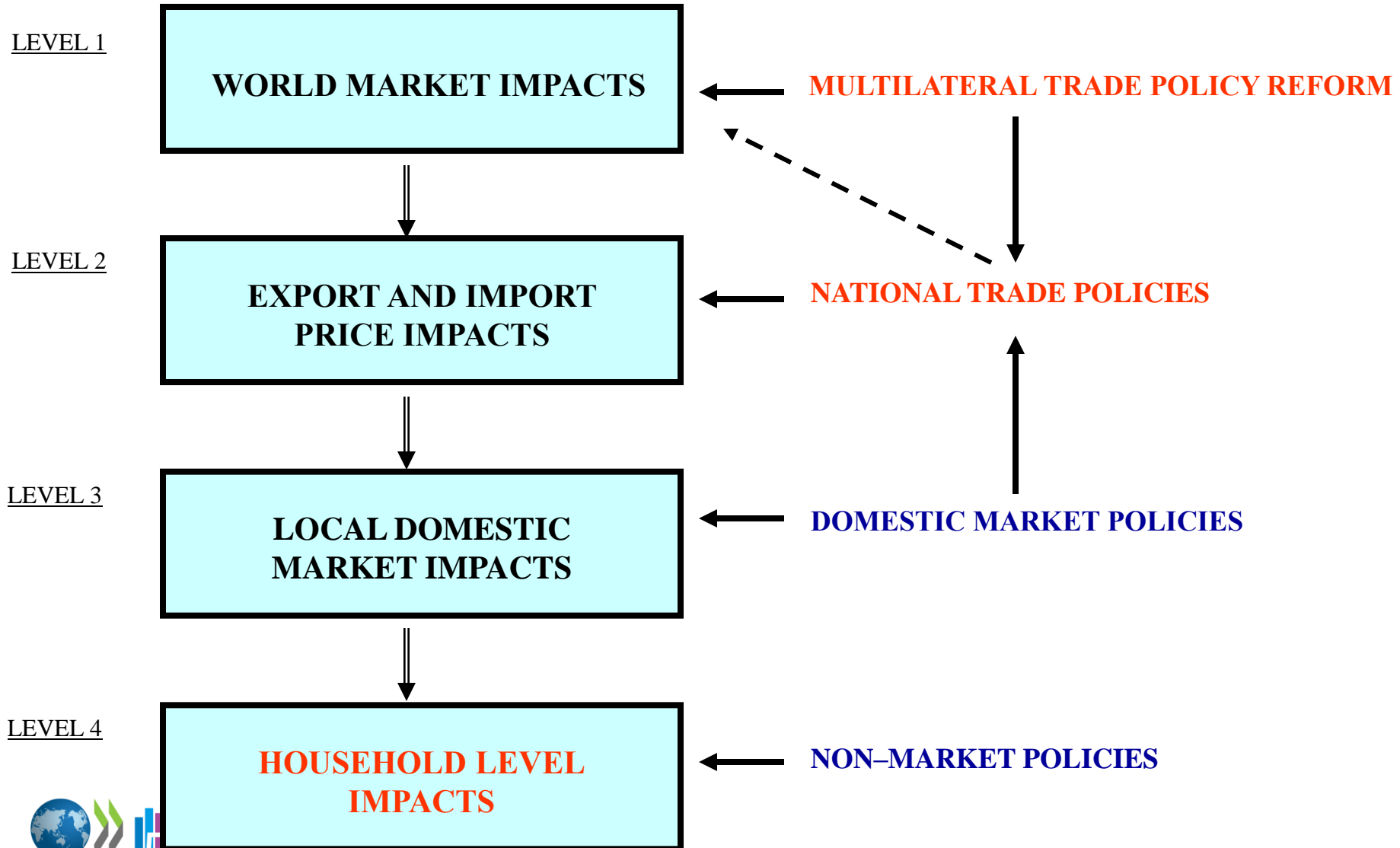
- OECD-FAO Agricultural Outlook – 10 years
- Long-term scenario analysis (AGMIP) – out to 2050 and beyond

Can gauge the effect of supply and demand shifters

- Can also measure inputs and policy effort
 - E.g. agricultural productivity – spending on R&D
 - Land and water – pricing for sustainable use

MARKET LINKAGES

POLICY IMPACTS



Measuring impacts

Difficult to capture all the causal links

- Policy changes
- Effects on world markets
- Cross border price transmission
- Within country effects

Modelling efforts

- Global and partial equilibrium models (GTAP, DEVEPM)
- Case studies of impacts (e.g. NTMs, import surges)
- Estimates of price transmission

Other indicators

- Inputs
 - Public expenditures (PSEs, ASTI etc.)
 - Regulatory indices
- Outcomes
 - Various measures of and proxies for food security

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