

PSE per Full-Time Farmer Equivalent (thousands of US\$)

	1986–1988	1999–2001
Australia	3	2
Canada	8	9
Czech Republic	5*	4
European Union	10	16
Hungary	2*	3
Iceland	25	29
Japan	14	25
Korea	8	23
New Zealand	4	1
Norway	27	35
Poland	0*	1
Slovak Republic	3*	3
Switzerland	33	29
United States	16	21
OECD	10	11

PSE per Hectare of Agricultural Land

	1986–1988	1999–2001
Australia	3	2
Canada	76	53
Czech Republic	390*	153
European Union	696	722
Hungary	143*	147
Iceland	102	71
Japan	9,274	10,682
Korea	5,440	9,293
Mexico	-3	53
New Zealand	34	5
Norway	2,683	2,187
Poland	28*	90
Slovak Republic	276*	120
Switzerland	3,204	2,835
Turkey	71	162
United States	98	122
OECD	182	192

PSE: Producer Support Estimate, the sum of all direct support to farmers from consumers and tax payers as a share of the value of production. EU-12 for 1986–94, EU-15 from 1995.

* 1991–93 data.

Source: *Agricultural Policies in OECD Countries: Monitoring and Evaluation*, OECD, Paris, 2002.

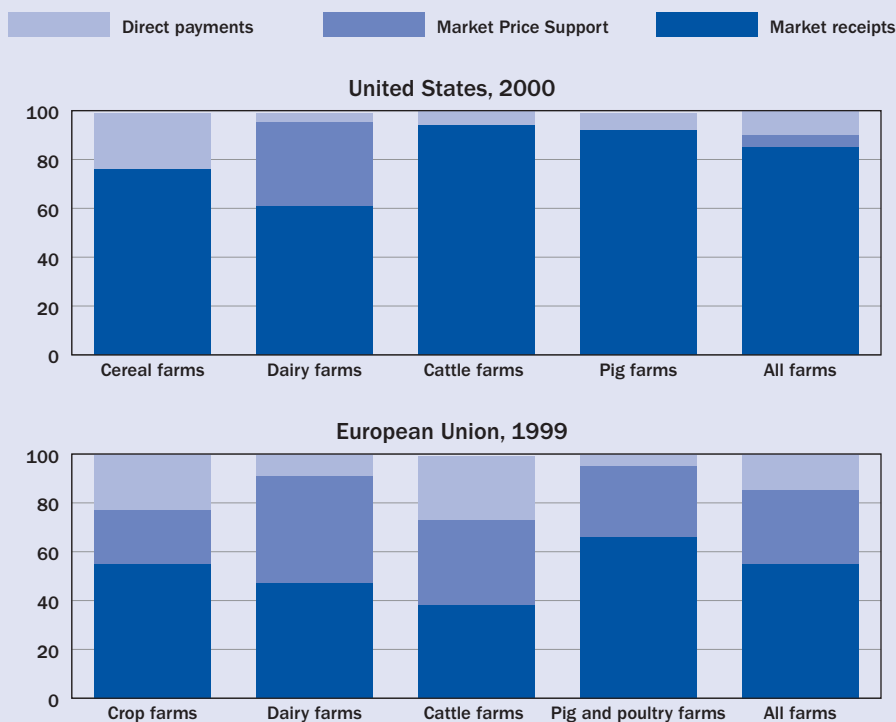
Failing to Target Farmers in Need

According to the recent OECD report, *Farm Household Income*, a large proportion of government support to agriculture does not go to the farmers who need it most. Large amounts of support are transferred from consumers and taxpayers to agricultural producers (close to USD 250 billion in 1999–2001 for the OECD area). However, most support is linked to production levels or input use and therefore induces farmers to expand production. As this kind of support is partly used to buy inputs and rent land, it benefits input suppliers and absentee landowners. Typically, one extra dollar of market price support, returns, on average, less than 25 cents of net income to farm households. In addition, most of the support that reaches the sector goes to larger farm households, who do not usually need it.

This support, which enhances production through higher prices or a reduction in income risk, has significant international spillover effects. It raises domestic farm income but contributes to lower world prices, which in turn depress farm income in other parts of the world. As adjustment is prevented in domestic markets, domestic instability is transferred to the world market and the burden of adjustment is imposed on other countries. The evidence therefore is that there are significant problems; in terms of targeting, equity and leakage, in delivering income support to farm households through the types of sector specific measures and policies that have been pursued to date.

OECD, Paris (2003) *Farm Household Income: Issues and Policy Responses*, ISBN 9264-09965-4, \$21.00.

Percentage Share of Support in Gross Receipts by Farm Type



Source: *Farm Household Income: Issues and Policy Responses*, OECD, Paris, 2003.

Trade of Seafood*, 1999 (millions of US\$)

	Imports	Exports
Australia	517	889
Austria	193	5
Belgium-Luxembourg	n.a.	495
Canada	1,331	2,633
Czech Republic	74	6
Denmark	1,275	2,234
Finland	118	21
France	3,331	1,039
Germany	2,334	1,045
Greece	300	257
Hungary	41	8
Iceland	80	1,382
Ireland	112	309
Italy	2,760	338
Japan	14,507	697
Korea	1,082	1,407
Mexico	119	642
Netherlands	989	1,439
New Zealand	53	709
Norway	613	3,759
Poland	257	212
Portugal	1,039	279
Spain	3,420	1,685
Sweden	710	443
Switzerland	371	3
Turkey	59	99
United Kingdom	2,252	1,203
United States	8,945	2,932
Total EU	19,911	10,791
OECD Total	47,961	26,169

*Fish, crustaceans, molluscs and products thereof.

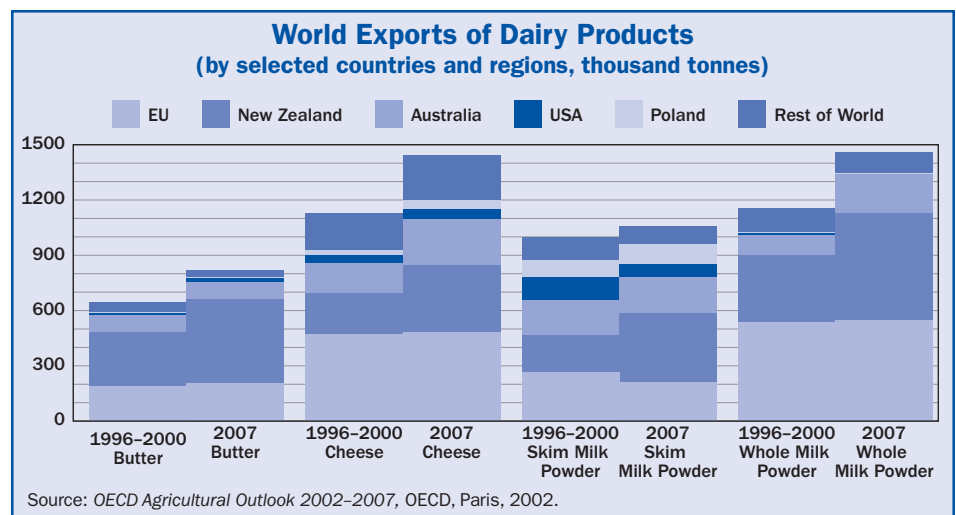
Source: *Liberalising Fisheries Markets: Scope and Effects*, OECD, Paris, 2003.

Diary Products To Lead OECD Export

According to the most recent edition of the *OECD Agricultural Outlook*, dairy products are expected to claim the largest increase in OECD net exports by 2007, led by whole milk powder (+33%), butter (+29%), and cheese (+23%). The strongest growth in consumption of dairy products is expected in East Asia, particularly in China. Development of fast food catering and increasing adoption of “western” diets is expected to boost consumption by more than 50% over the next five years. The enormous potential of the Chinese and other South East Asian markets has been recognized by the European Commission and the Chinese Ministry of Agriculture with their agreement to cooperate in the dairy and food processing sectors. Many big multinational dairy companies are also promoting consumption through school milk programs as they increasingly focus their expansion on the East Asia region.

OECD, Paris (2002) *OECD Agricultural Outlook 2002-2007*, ISBN 9264-18721-9, \$36.00.

Please note the 2003 edition of the *OECD Agricultural Outlook* will be released in June.



World Fish Markets

Further liberalisation of world fish markets is possible, says the OECD, but to reap the full benefits effective management must be in place to ensure the sustainability of stocks. In a new report, *Liberalising Fisheries Markets: Scope and Effects*, the OECD says both developed and developing countries could gain from additional tariff and subsidy reductions but warns that governments should ensure that their trade and fisheries management policies are mutually supportive.

The report, the culmination of a three-year study, says much progress has been made in opening up fisheries markets. Although average import tariff rates imposed by developed countries fell by 26% in the wake of the Uruguay Round of international trade talks in the 1980s and early 1990s, there is still room for reductions. In many OECD countries, for instance, tariffs are in place to protect processing industries. Other measures, which can hinder or distort trade, include the widespread use of government subsidies, port access rules, foreign investment restrictions and differing health and hygiene regulations.

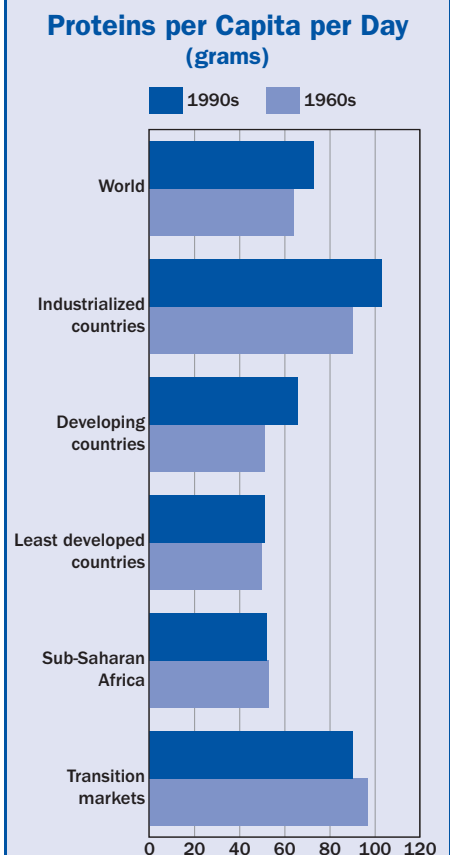
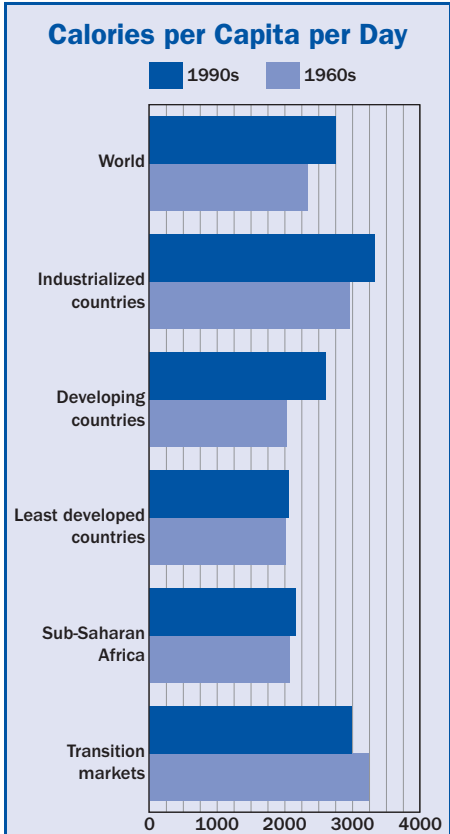
OECD, Paris (2003) *Liberalising Fisheries Markets: Scope and Effects*, ISBN: 9264-19986-1, \$72.00.

Food (In)Security

According to a recent OECD publication, *Agricultural Trade and Poverty*, food security has improved, on average, over the past four decades. Total food availability in developing countries, measured in daily calories and grams of proteins per capita, was about 30% higher at the end of the 1990s than in the 1960s, even though the world population almost doubled during that time. Between the 1970s and the mid-1990s the number of malnourished children under five declined by about 37 million.

However, although food security has improved in general, some regions and countries remain at risk. The number of malnourished children under the age of five has increased in sub-Saharan Africa since 1970 and the incidence of malnutrition is still very high there as well as in South Asia. While average calories per capita per day in industrialized countries rose from 2,956 in the 1960s to 3,337 in the 1990s, during that same period it only increased from 2,070 to 2,160 in sub-Saharan Africa. This figure is not only below the industrial world level 30 years earlier, but also below the overall world average calorie consumption in that same period (2,347 in 1960s). Even though protein consumption per day has held basically unchanged in sub-Saharan Africa at around 53 grams there is large disparity between industrialized countries and least developed countries with least developed countries consuming half as much.

OECD, Paris (2003) *Agricultural Trade and Poverty: Making Policies Analysis Count*, ISBN 9264-19733-8, \$45.00.



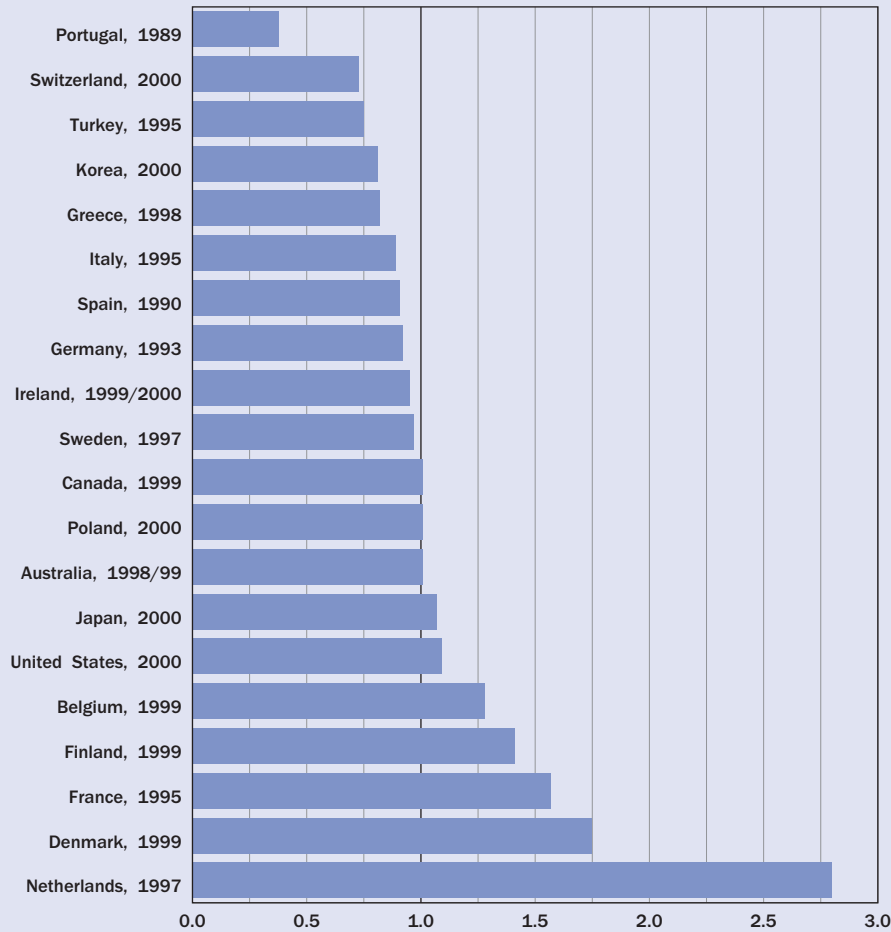
Source: *Agricultural Trade and Poverty: Making Policies Analysis Count*, OECD, Paris, 2003.

	1970	1980	1990	1997
Latin America and the Caribbean	9.5	6.2	6.2	5.1
Sub-Saharan Africa	18.5	19.9	25.7	32.7
West Asia/ North Africa	5.9	5.0	n.a	5.9
South Asia	92.2	89.9	95.4	85.0
East Asia	77.6	43.3	42.5	37.6
All regions	203.8	164.3	176.7	166.3

Source: *Agricultural Trade and Poverty: Making Policies Analysis Count*, OECD, Paris, 2003.

Farm Income as a ratio of Total Household Income

In most OECD countries, farm households have, on average, incomes that are close to those of other households. There is, however, a higher incidence of low income among farm households than among other households and the gap between low incomes and average incomes is wider for farm households than for others.



Source: *Farm Household Income: Issues and Policy Responses*, OECD, Paris, 2003.



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