

## Agricultural Indicators

Country	Agriculture in GDP (%)	Agriculture commodities in total exports(%)
<b>Canada</b>	n.a.	4.7
1992-94 average	2.2	5.5
1986-88 average	2.7	5.9
<b>Japan</b>	1.7	0.1
1992-94 average	2.2	0.1
1986-88 average	2.8	0.1
<b>United States</b>	1.7	4.9
1992-94 average	1.7	6.5
1986-88 average	1.9	8.6
<b>Australia</b>	3.2	10.3
1992-94 average	3.2	11
1986-88 average	4.4	18.4
<b>European Union</b>	2	4.2
1992-94 average	2.2	5.5
1986-88 average	2.5	5.7
<b>Korea</b>	5.7	0.5
1992-94 average	7.2	0.5
1986-88 average	10.5	n.a.
<b>Mexico</b>	5.6	3
1992-94 average	5.7	3.8
1986-88 average	n.a.	n.a.
<b>New Zealand</b>	7.3	37.2
1992-94 average	7.9	36.8
1986-88 average	7.2	37.9
<b>OECD average</b>	2.1	3.9
1992-94 average	2.4	5
1986-88 average	2.8	5.6

Source: *Agricultural Policies in OECD Countries 2000: Monitoring and Evaluation*

## OECD report shows a further increase in subsidies to agriculture

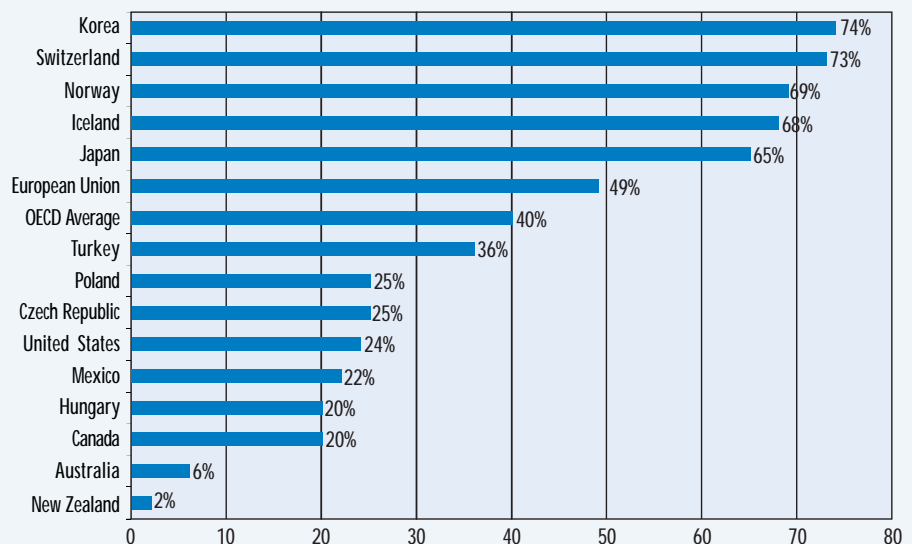
For the second year in succession, market and trade distorting support to agricultural production increased in 1999, according to the OECD's latest report on Agricultural Policies in OECD Countries: Monitoring and Evaluation 2000. The conclusions of the report make clear that despite a commitment by OECD governments, efforts to achieve agricultural policy reform can slow down or reverse in the face of market pressures.

Support to agriculture cost consumers and taxpayers \$361 billion in 1999. The report shows wide differences in the levels of support across countries and commodities, but makes clear that overall support to producers has now returned to the levels of the mid-1980s, after falling during much of the intervening period. Last year, government support totalled 40 per cent of producers' gross receipts. Two-thirds of support to agriculture came directly from consumers' pockets, with government budgets, financed by taxpayers, contributing the rest. Reform would free up resources that could be better spent in other ways, and would mean that consumer preferences, rather than government policies, would guide producer decisions.

The main policy developments of the past two years were inconsistent with the shared goals and policy principles adopted by OECD Agriculture Ministers in March 1998. These called for a greater responsiveness of agriculture to market signals by reducing support to farmers and lowering trade barriers.

### Producer Support Estimates by country, 1999

Producer Support Estimates are the sum of all direct support to farmers from consumers (through higher prices) and from taxpayers (through budgetary subsidies). The PSE estimates below are expressed as a percent of total farm receipts.



Source: *Agricultural Policies in OECD Countries 2000: Monitoring and Evaluation*

*Agricultural Policies in OECD Countries 2000: Monitoring and Evaluation*, \$59.00, ISBN: 92 64 17642X.

See Share of producer support going to the largest 25% of farms continued on page 4

**Economic Outlook June 2000**

Summary of Economic Forecasts  
Seasonally adjusted at annual rates

	2000	2001
<b>Real GDP</b>		
United States	4.9	3
Japan	1.7	2.2
Euro area	3.5	3.3
European Union	3.4	3.1
Total OECD	4	3.1

**Inflation**

United States	2.1	2.3
Japan	-0.8	-0.1
Euro area	1.5	1.9
European Union	1.8	2.2
Total OECD less high inflation countries	1.6	1.9
Total OECD	2.8	2.5

**Unemployment**

United States	4	4.2
Japan	4.8	4.8
Euro area	9.2	8.5
European Union	8.5	7.9
Total OECD	6.3	6.1

**Short-term interest rates**

United States	6.8	7.3
Japan	0.3	0.7
Euro area	4.3	5.1

**World trade 10.4 8.3**

The Euro area: Germany, France, Italy, Spain, Netherlands, Belgium, Austria, Finland, Portugal, Ireland, Luxembourg. The European Union includes the 11 countries of the Euro area plus the United Kingdom, Greece, Sweden and Denmark.

Source: *Economic Outlook June 2000*. \$42.00

## The OECD Agricultural Outlook 2000-2005

World prices of a number of agricultural products are currently at historical lows, after reaching record highs not long ago. One reason is the expanded production capacity made possible by increasing levels of government support to farmers. Also, weak international demand resulting from the economic upheavals in much of Asia, Russia and Latin America have pushed prices down.

According to the report, agricultural markets are forecast to recover gradually. The main factor driving recovery will be the strengthening demand for farm products as the global economy recovers. But the pace and extent of market recovery could be put at risk by an apparent lack of enthusiasm with which nations have pursued further policy reforms over the last couple of years. Farm trade talks within the WTO offer unrivalled opportunities to accelerate the liberalization process. A favorable outcome to these negotiations would create an environment for stronger recovery in both world trade and producer incomes. China's trade liberalization could offer a substantial further boost to demand for farm products, especially if accompanied by domestic reforms.

*OECD Agricultural Outlook 2000-2005* \$31.00

OECD Book Code: 51 2000 03 1 P ISBN No. 92 64176411.

## Fish Farming

Improving the sustainable use of capture fisheries continues to be a concern for OECD governments. There are also signs that governments are increasingly concerned about the impact of capture fisheries and aquaculture on the wider aquatic ecosystem. At the domestic level, the majority of OECD countries have adopted plans to reduce or at least limit growth in the capacity of their domestic fishing fleets. New vessel or license "buy-back" schemes such as early retirement packages or job retraining schemes will remain the favored approach. These measures are likely to be used for capacity adjustment in Japan, the United States and Europe Union countries.

By contrast, fish farming continued to grow in importance and has been one of the fastest growing areas of food production in the world in the past decade, with an average annual growth rate of around 10 per cent. From 1987 to 1996 total world aquaculture production more than doubled by weight (from 13.5 to 34.1 million tonnes) and value (from \$21 to \$47 billion). Overall, it accounted for 26 per cent by volume (up 1 percentage point on 1995) of the total world's fisheries production in 1996. In OECD countries, total aquaculture production grew by 108 000 tonnes to 4 560 000 tonnes between 1996 and 1997.

### Aquaculture production

	Volume (tonnes)		Value (USD million)		Total	
	Fish	Molluscs	1987	1997	1987	1997
United States	270,730	312,294	57,030	36,867	598	934
Canada	5,443	68,194	6,906	19,017	39	280
Japan	1,234,000*	321,674	n.a.	475,190	4,683	6,104
France	830**	n.a.	150,000**	223,400	347**	437
Germany	19,900	39,416	29,000	n.a.	70	127
Italy	39,050*	68,700	n.a.	170,000	286	423
Norway	55,200	366,796	n.a.	808	316	1051
European Union	n.a.	382,882	n.a.	735,155	n.a.	2,078

n.a. - Information not available.

\*Includes crustaceans and molluscs.

\*\*1988 figure.

Source: *Review of Fisheries in OECD Countries* — 2000 Edition and 1990 Edition.

## Economic Survey: Italy 2000

The outlook for the Italian economy has significantly improved in recent years. The benefits of the European Monetary Union membership are showing up in historically low interest rates and the depreciation of the euro has led to increased export demand. Current economic forecasts point to Italy growing near the EU average (3.4% in 2000).

Italy has made significant strides in a number of policy areas. It has adopted a budgetary policy that has permitted fiscal consolidation, improved debt management and reductions in the primary budget surplus to around 5% and the general government deficit to less than 2%. However, the government will continue to face fiscal pressures until pension reforms are fully implemented. In addition, demands for higher welfare spending are likely to arise due to the ageing population. Moreover, a heavy regulatory burden and inefficient state-owned enterprises adversely affect Italy's international competitiveness (see table below).

### Efficiency indicators of the postal system

(per head of population)

	Average yearly dispatches	Items delivered to destination a day after dispatch*
Switzerland	592	98
Sweden	500	93
France	412	78
Netherlands	403	95
Denmark	335	94
United Kingdom	314	87
Italy	96	49

\* As percentage of total item sent.  
Source: OECD Economic Survey Italy 2000.

In response, the Italian government has taken measures to foster labor market flexibility through an easing of labor regulations. Additionally, they are undertaking a number of consolidation efforts in the banking sector, including privatization of many state-owned banks, resulting in improved operational efficiency and profitability. Privatization in the energy sector (electricity and gas) is currently underway. Initiatives in other infrastructure services such as transportation (rail, road and air), water distribution and waste management are also being formulated. Such measures have resulted in heightened investment opportunities and a remarkable five-fold increase in Italy's market capitalization.

### Indicators of stock-market capitalisation in Italy

	Number of listed companies	Number of listed shares	Market capitalisation (per cent of GDP)	Average daily transaction turnover (millions of euros)
1990	229	340	12.7	106
1991	231	342	12.3	65
1992	229	342	11.4	70
1993	222	329	15	210
1994	223	324	17.8	389
1995	221	316	18.2	290
1996	217	307	20.4	321
1997	213	301	30.4	695
1998	223	304	45.3	1,672
1999	247	328	65.2	1,980

Source: OECD Economic Survey Italy 2000.

### Breakfast Meeting for Research Assistants and Summer Interns

The OECD Washington Center is inviting all research assistants and summer interns who are interested in learning more about OECD databases to an information session on 14 July at 9:30. Free downloads onto diskette of OECD data will be done upon request. Breakfast pastries and coffee will be served.

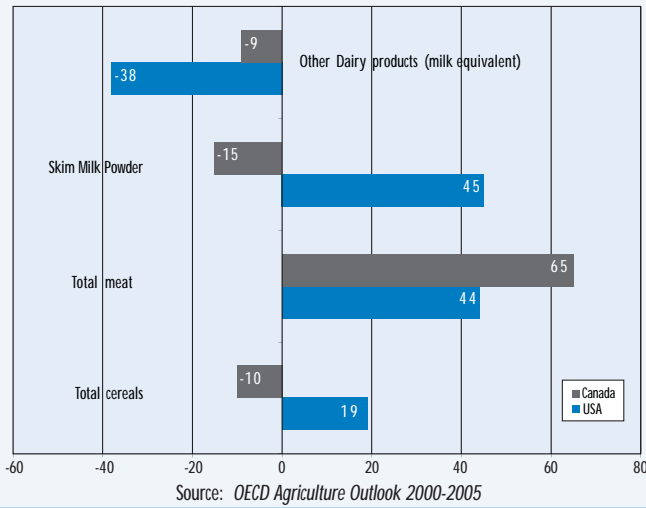
Those interested in attending, should contact Melissa Khemani at (202) 822-3863 or [melissa.khemani@oecd.org](mailto:melissa.khemani@oecd.org)

### Hard Core Cartels.

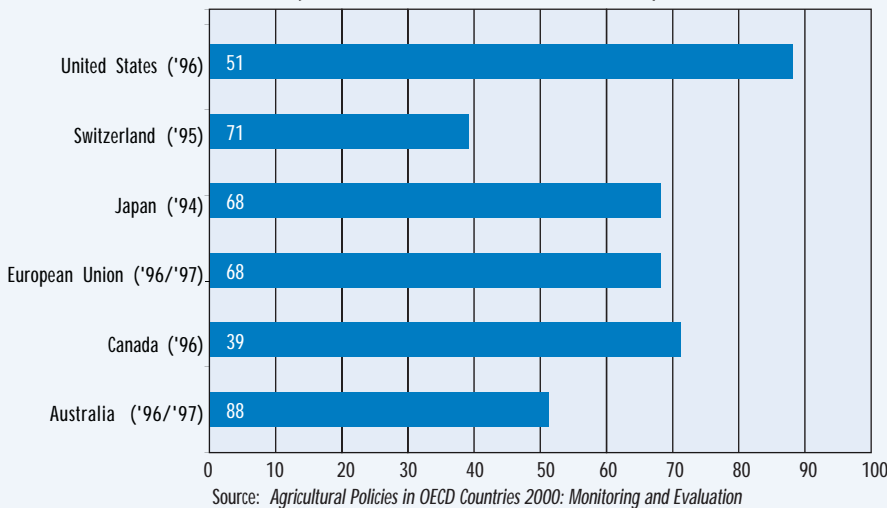
The OECD is stepping up its efforts to combat cartels. Under cartels involving such practices as price fixing, bid rigging, market sharing and output restriction, competitors collude rather than compete for customers' business. The resulting harm to consumers and the world economy is estimated to run into billions of dollars. Recent cases, including investigations into international cartels affecting trade in such products as graphite electrodes and lysine, a hormone used in livestock feed, have shown that such practices are even more pervasive, long-running and damaging than previously thought.

The first phase of a multi-year OECD program to fight cartels has already helped to bring change. Some countries have toughened their laws; others have brought important new cases to court. Details are provided in a report, *Hard Core Cartels*. Request a copy of the report by contacting Melissa Khemani at (202) 822-3863 or [melissa.khemani@oecd.org](mailto:melissa.khemani@oecd.org)

## Mixed prospects for US and Canadian agriculture exports (% growth of 2005 exports compared to 1994-98 average)



## Share of producer support going to the largest 25% of farms (Farm size in terms of value of sales)



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### OECD Member Countries

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Canada	Netherlands
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