


# Training agricultural officials in policy analysis

Improving the productivity of agriculture in a sustainable way is a challenge for all governments. They also have goals of food security and price stability, supporting farm incomes and employment, protecting the environment, and providing affordable, safe food to consumers. Agricultural policies play a major role in achieving these, and various instruments are used, including import tariffs, input subsidies, and support for R&D, education, and training.

Achieving those objectives is difficult. Improving productivity may require farms to be bigger, employ fewer workers, and use more capital. High prices for farmers can penalize poor consumers. Providing subsidies for farmers to purchase inputs may lead to environmentally harmful production. Therefore, policymakers must have good information on how agricultural policies help or hinder productivity growth while meeting other objectives. The starting point is to understand how agricultural policies operate and calculate the transfers policy instruments provide to farmers, individually or collectively. Fortunately, there is a well-established method of estimating agricultural policy transfers, the Producer Support Estimate (PSE), used by the OECD for more than 20 years. The PSE provides a common yardstick to calculate the monetary value of the transfers provided by agricultural policy instruments.

The APO's five-day training course on Basic Agricultural Policy Analysis held

in Tokyo, 4–8 February, provided an opportunity to discuss the PSE concept, review provisional PSEs calculated by national analysts from eight member countries, and reflect on the uses of the PSE for policymakers. Participants agreed that a good understanding of how policies work and are implemented is necessary for estimating policy transfers to farmers from consumers who pay higher prices due to import duties and from taxpayers. They concluded that the PSE is primarily a tool to assist policymakers in choosing instruments to achieve the best return from policy transfers. While the PSE does not measure the impact of policies on productivity, it is a starting point for statistical analysis or modeling. The course gave confidence in calculating PSEs through shared experiences and discussion of common problems. Further insights could be gained from a follow-up program with other countries, broadening the discussion of how the data and calculations are used elsewhere. 



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