

***LIBREVILLE, November 1 (Infosplusgabon) - Total support to agriculture reached record levels of USD 851 billion per year during 2020-22 for the 54 countries covered by a new OECD report, as governments sought to shield consumers and producers from global crises and high inflation. Just under half of this government support was in the form of measures with the greatest potential for market distortions, such as border tariffs and subsidy payments based on output.***

The OECD's Agricultural Policy Monitoring and Evaluation 2023 report released today shows this historically high level of support is nearly a 2.5-fold increase compared to two decades ago, though still behind the overall growth of production. Support remains highly concentrated in a few large producing economies, with China, India, the United States and the European Union representing 36%, 15%, 14% and 13% of total support provided, respectively.

Individual producers received USD 630 billion per year in positive support over the 2020-22 period, up from USD 525 billion prior to the COVID-19 pandemic (2017-2019). More than half of it (USD 333 billion annually) was paid by consumers through border tariffs and other policies which push domestic prices above reference prices. The remainder (USD 297 billion annually) was paid by taxpayers through budgetary transfers, such as subsidies on the use of fertilisers and electricity, as well as payments based on output or land area.

Most support reinforces existing production structures. The continued prominence of market price support in many countries, together with other forms of support that are potentially production and market distorting or commodity specific, discourage changes in production systems. These types of support also distort international markets, which remain a key mechanism to smoothen the impacts of shortfalls or bumper harvests.

“Our annual flagship report Agricultural Policy and Monitoring Evaluation provides transparency on the nature and scale of government support provided to the agricultural sector, by measuring subsidies, tariffs, and the effect of other production and market-distorting forms of support,” OECD Secretary-General Mathias Cormann said. “Such measures alter trade, investment and the location of production, undermining both the value of market access and the benefits of competitive markets and open trade. They can also be environmentally harmful, as they often damage water quality and biodiversity and can increase resource use and greenhouse gas emissions. Reforms are needed to ensure government support for agriculture and other industries does not prevent us from meeting our global climate objectives.”

Climate change is increasingly affecting agricultural production worldwide through increased variability of temperatures and rainfall, disruptions to ecosystem services, and a slowdown of productivity growth. Agriculture faces an increasing frequency and severity of extreme weather events, including droughts, floods, heat waves, and storms. While some regions may benefit from longer growing periods, production in most parts of the world urgently needs to adapt to less favourable and more variable growing conditions.

Governments of the 54 countries covered in the report have adopted nearly 600 measures for climate change adaptation in agriculture. Further action will be required to move beyond planning and urgently advance implementation, monitoring and assessment of adaptation measures.

Although support overall has increased, the share dedicated to general services, such as innovation, biosecurity or infrastructure, has declined to 12.5% of overall support in 2020-22, down from 16% two decades earlier. These services are key to help producers adapt to new and more unfavourable climate conditions in which extreme weather events are more common and support sustainable productivity growth.

Policy approaches for a more resilient agriculture should balance efforts to support short-run recovery from climate and other shocks, with medium-term incremental adjustments to changing conditions as well as the long-run transformation needed when existing systems become untenable.

The OECD lays out a six-point policy agenda for improving the resilience of agriculture and food systems while providing adequate, affordable, safe and nutritious food for a growing global population, providing livelihoods all along the food value chain, while increasing the environmental sustainability of the sector:

- Phase out measures that hinder adjustments to production, such as price support and other policies targeting specific commodities that increase the rigidity of food systems.
- Prioritise government engagement in agriculture's risk management on information, facilitation,

and catastrophic risks.

Invest in targeted interventions supporting climate-change adaptation and the sector's transition to more sustainable and resilient agriculture and food systems.

- Favour no-regret measures that support resilience in a wide range of circumstances.
- Enhance the agricultural knowledge and innovation system and its focus on sustainable productivity growth.
- Incentivise the supply of public goods, such as biodiversity conservation or other ecosystem services.
- The OECD's annual Agricultural Policy Monitoring and Evaluation report provides up-to-date estimates of government support to agriculture for all 38 OECD members and the European Union as a whole, plus key emerging economies.
- Working with over 100 countries, the OECD is a global policy forum that promotes policies to preserve individual liberty and improve the economic and social well-being of people around the world.

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