

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/TG/W/6

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Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Agriculture:
Technical Group on Aggregate Measurement
of Support and Related Matters

SUBMISSION OF DATA ON AGGREGATE MEASUREMENT OF SUPPORT

Explanatory Note Prepared by the Secretariat at the Request of
The Technical Group at its Meeting on 24 March 1988

1. At the first meeting of the Technical Group on Aggregate Measurement of Support and Related Matters, it was agreed that the secretariat should prepare a draft set of general guidelines for the submission of data necessary for the calculation of an aggregate measurement of support (NG5/TG/W/2). It was further agreed that this would be without prejudice as to what future use might be made of the submitted information or the policy measures coverage of a PSE/TDE-based aggregate measurement of support.

2. General and specific measurement issues relating to the calculation of PSEs have already been addressed in various statements and papers submitted to NG5 and the Technical Group, including two notes by the secretariat circulated in Spec(87)37 and NG5/W/34. This latter note also sets out, as a basis for consideration, a draft format for the submission and presentation of data. This draft format, which is annexed to this note, has been used as a basis for drafting the following guidelines.

Structure of the Format

3. Data are only required for products which account for more than x per cent (e.g. 10 per cent) of the total domestic agricultural output by value. Each format sheet relates to a specific product. The degree of homogeneity of each product should be specified and the domestic policy applying to that particular product should be described as precisely as possible. The format consists of nine main entries or lines which are identified by Roman numerals I to IX. Line VI (policy transfers) comprises a set of separate sub-entries referring to selected policy measures, the transfer effect of which on producers' incomes is to be aggregated as the PSE.

4. For each line, data should be collected on an annual basis (averages could be subsequently calculated from annual data). An effort towards consistency should be made with respect to the annual unit used for collecting information in each case, i.e., fiscal year, crop year, calendar year. To the extent possible calendar years should be used. Volume data should be expressed in metric tons. Value data should be expressed in national currencies.

5. Within the format, data are organized in a way which should easily permit three subsequent series of calculations. The first (Lines I to IV) is designed to determine the adjusted value of production obtained by farmers for the product concerned. This is the value of the product output at producer prices (at farmgate level as close to it as possible) plus any direct net payment linked to such output. The second (Lines VI and VII) is aimed at quantifying the total PSE for the product concerned. It is the net sum of the value of transfers to producers' incomes of selected policy measures. The third (Lines VIII and IX) is the arithmetic calculation of unit PSEs (total PSEs/unit of account), and percentage PSEs (total PSEs/adjusted value of production).

General guidelines for completion of format, by line

Line I: Level of production

6. Indicate in volume terms (metric tons) the annual level of production of the product concerned. Data should generally be available from national statistics, annual reports of specialized bodies, international publications of specialized agencies and specialized publications.

Line II: Producer price

7. Indicate the producer price, expressed in terms of national currency per metric ton, received domestically by farmers for the product concerned. Weighted average of prices should be computed in the case of non-homogenous products. In the case of actual market prices, indicate an annual average of the price. Producer prices should generally be reported at farmgate level or at a level as close as possible to it. Data should be generally available from national statistics; annual reports of specialized bodies (Boards, etc.).

Line III: Value of production

8. The value of production of the product concerned is obtained by multiplying the level of production (Line I) by the average producer price received by the farmers (Line II).

Line IV: Direct payments

9. Indicate the net value of all direct payments to or from producers of the product concerned. Data on these payments would be, by nature, product specific and it should be easily ascertained from National Accounts or other national financial sources.

Line V: Adjusted value of production

10. The adjusted value of production is the net sum of the value of production (Line III) and net direct payments (Line IV).

Line VI: Policy transfers

11. List under the different sub-entries as appropriate (A, B, C, etc., see Annex) the policy measures retained for quantification. For each of the sub-entries the value of the policy transfers to producers should be determined according to either one of the following methods:

- (a) policy transfers whose value to producers implicitly results from differences between world and domestic prices (i.e., market price support, border trade measures). This method applies to Section A of Line VI which should be computed where border measures result in creating a price gap (which could be either positive or negative) between world and domestic prices. List the policy instruments which implement these transfers (tariffs, quotas, export taxes, etc.). Establish an estimation procedure aimed at determining an annual average world or reference price for the product concerned. It should be calculated at a level comparable with that used for the producer price. This procedure may change on a case-by-case basis but should be generally aimed at identifying a real opportunity price in the world markets for the producers of the product concerned. If the identified reference price is converted to national currency, indicate the exchange rate factor used. The estimation procedure should be submitted together with the data in the form of an explanatory note to the corresponding entry. The transfer value of these policies is thus obtained by multiplying the difference between the established reference price and the producer price (Line II) for the level of production (Line I);
- (b) policy transfers for which commodity-specific outlays are available in national accounts or reports of relevant governmental agencies: indicate the annual value paid to or received by farmers in the national currency;
- (c) policy transfers for which outlays would generally not be commodity-specific: (i) policy transfers all directed to the agricultural sector alone - the value of the transfers should be allocated by the relative share (value) of the product concerned in total agricultural production (value); (ii) policy transfers directed to the agricultural as well as other sectors - determine the proportion of the transfers which is directed to agriculture and then proceed as under (i).

Line VII: Total PSE

12. The total PSE is the net sum of all the values listed in sub-entries under Line VI.

Line VIII: Unit PSE

13. The unit PSE is obtained by dividing the total PSE (Line VII) by a given unit of account (i.e., level of production - Line I).

Line IX: Percentage PSE

14. The percentage PSE is obtained by dividing the Total PSE (Line VII) by the adjusted value of production (Line V).

ANNEXDRAFT FORMAT: Aggregate Measure of Support

	UNITS	YEAR 1	YEAR 2	YEAR 3	AVERAGE
I. Level of production	'000 tonnes	0.0	0.0	0.0	0.0
II. Producer price	per tonne	0.0	0.0	0.0	0.0
III. Value of production	value (million)	0.0	0.0	0.0	0.0
IV. Direct payments	value (million)	0.0	0.0	0.0	0.0
V. Adjusted value of production	value (million)	0.0	0.0	0.0	0.0
VI. POLICY TRANSFERS		0.0	0.0	0.0	0.0
A. <u>MARKET PRICE SUPPORT</u>	value (million)	0.0	0.0	0.0	0.0
1. (Trade measures and related internal policies measured jointly)	value (million)	0.0	0.0	0.0	0.0
B. <u>DIRECT PAYMENTS</u>	value (million)	0.0	0.0	0.0	0.0
1. Deficiency payments	value (million)	0.0	0.0	0.0	0.0
2. Disaster payments	value (million)	0.0	0.0	0.0	0.0
3. Diversion	value (million)	0.0	0.0	0.0	0.0
4. Levies, fees (-)	value (million)	0.0	0.0	0.0	0.0
5. Other	value (million)	0.0	0.0	0.0	0.0
C. <u>REDUCTION OF INPUT COSTS</u>	value (million)	0.0	0.0	0.0	0.0
1. Capital grants	value (million)	0.0	0.0	0.0	0.0
2. Interest concessions	value (million)	0.0	0.0	0.0	0.0
3. Fuel	value (million)	0.0	0.0	0.0	0.0
4. Fertilizer	value (million)	0.0	0.0	0.0	0.0
5. Transport	value (million)	0.0	0.0	0.0	0.0
6. Insurance	value (million)	0.0	0.0	0.0	0.0
7. Other	value (million)	0.0	0.0	0.0	0.0
D. <u>GENERAL SERVICES</u>	value (million)	0.0	0.0	0.0	0.0
1. Research, advisory, training	value (million)	0.0	0.0	0.0	0.0
2. Inspection	value (million)	0.0	0.0	0.0	0.0
3. Pest and disease control	value (million)	0.0	0.0	0.0	0.0
4. Structures/ infrastructures	value (million)	0.0	0.0	0.0	0.0
5. Marketing and promotion	value (million)	0.0	0.0	0.0	0.0
6. Other	value (million)	0.0	0.0	0.0	0.0
E. <u>SUB NATIONAL</u>	value (million)	0.0	0.0	0.0	0.0
F. <u>OTHER</u>	value (million)	0.0	0.0	0.0	0.0
1. Tax concessions	value (million)	0.0	0.0	0.0	0.0
2. Other	value (million)	0.0	0.0	0.0	0.0
VII. Total PSE	value (million)	0.0	0.0	0.0	0.0
VIII. Unit PSE	per tonne	0.0	0.0	0.0	0.0
IX. Percentage PSE	%	0.0	0.0	0.0	0.0

NOTE: This format is based on a model currently used by the OECD Secretariat