Agricultural Policy in the Eastern EU Neighbourhood

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CONTEXT

➢ **Agricultural policy** can be important driver of agro-food production and trade development.

➢ Countries from Eastern EU Neighbourhood (EEUN):

  ➢ **usued resources and production potentials**. changing **political economy fram**ework (EEC, Russian bann, military conflicty and crisis)

  ➢ non-very well know **agricultural policy environment** and role in development (OECD and FAO are providing some analysis).
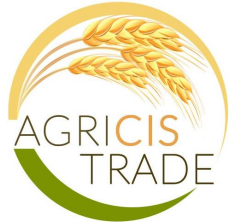
RESEARCH ISSUES
Agric. Policy EEUN

➢ What is the **strategic framework?**

   ➢ *challenges – objectives – instruments*?

➢ **Quantification** of **agricultural support**

   ➢ Add to the existing OECD data for RU, UK and KZ data for other 5 countries (AR, AZ, BR, GE, MD)

   ➢ Classification of policy

➢ How the region is **differentiated**?

   ➢ Clustering the countries.

➢ What is **impact** of policy on development?

   ➢ Base for impacts analysis on production and trade development

Quantitative assessment of price protection

$$\%NPRi = \frac{PP_i}{RP_i} * 100 - 100$$

$$\%NPR_c = \frac{\sum PP_i * QP_i}{\sum RP_i * QP_i} * 100 - 100$$

where

i = individual commodity

c = country aggregate

%NPR = Nominal Protection Rate

PP = Producer price

RP = Reference price

QP = Quantity of Production.

Total transfers to producers in % of the total value of agricultural production (%TTP)

$$\%TTP_c = \%MPD_c + \%PSE\ BOT_c$$

Where

$$\%MPD_c = \frac{\sum MPD_i}{\sum VP_i}$$

$$MPD_i = PP_i - RP_i$$

$$\%PSE\ BOT_c = \frac{\sum \%PSE\ BOT_j}{VP_c}$$

c = country aggregate

i = individual commodity for commodities for which %NPRs has been calculated

MPD = market price differential

PP = producer price

RP = reference price

j = individual PSE or GSSE category

PSE BOT = budgetary and other transfers to producers

VP = value of Production (agricultural output)

POLICY FRAMEWORK

➢ **Differentiation of policy**

- ▪ Not uniform character anymore: different models
- ▪ … but strategic importance of agricultural policy

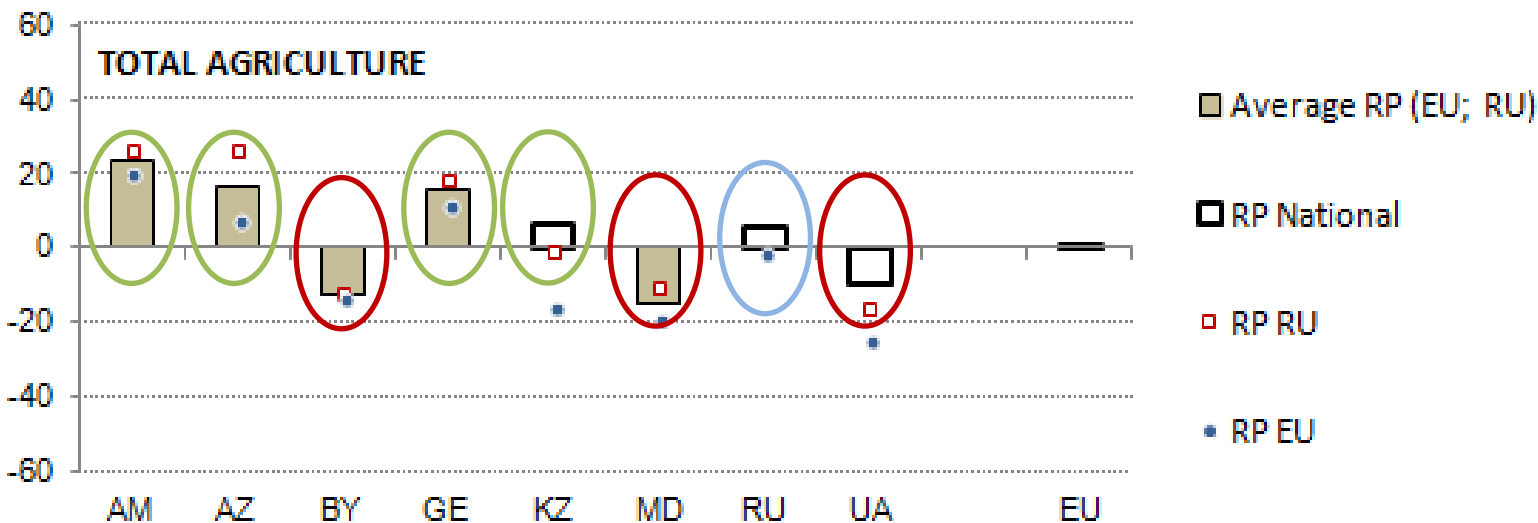   **… development orientation**

➢ **Measures**

- – different measures, different intensity of support
- – elements of pre-transition policy, market regulations, budgetary transfers, tax concession
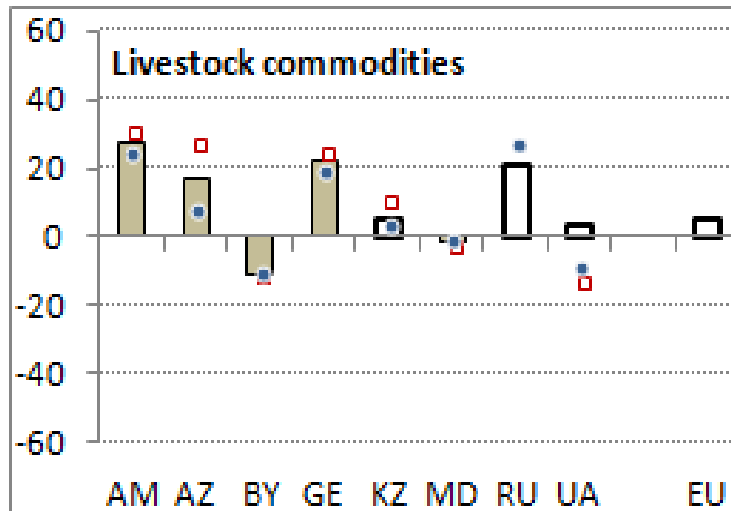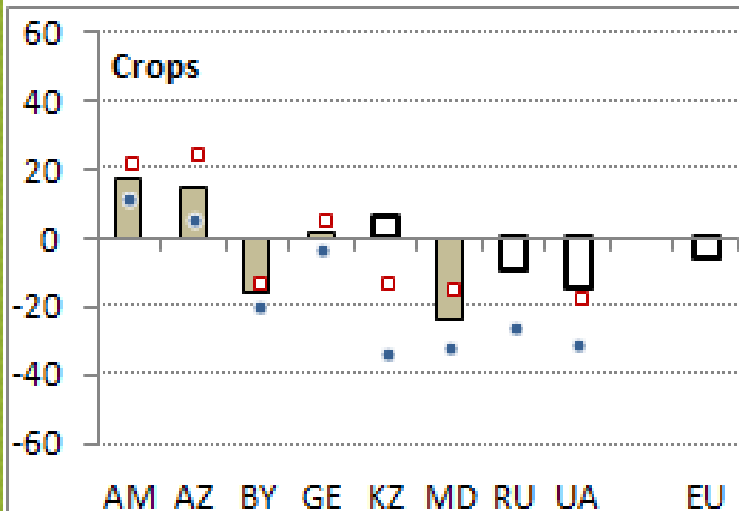- – trade regionalisation in place (EEC)

PRICE SUPPORT – %NPR
(2011-12)

OVERALL

livestock > crops;

most: pork, poultry;

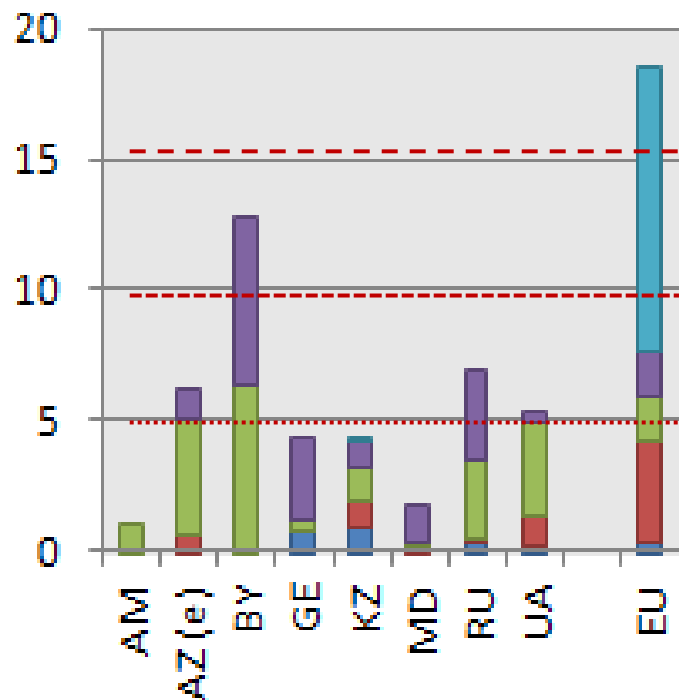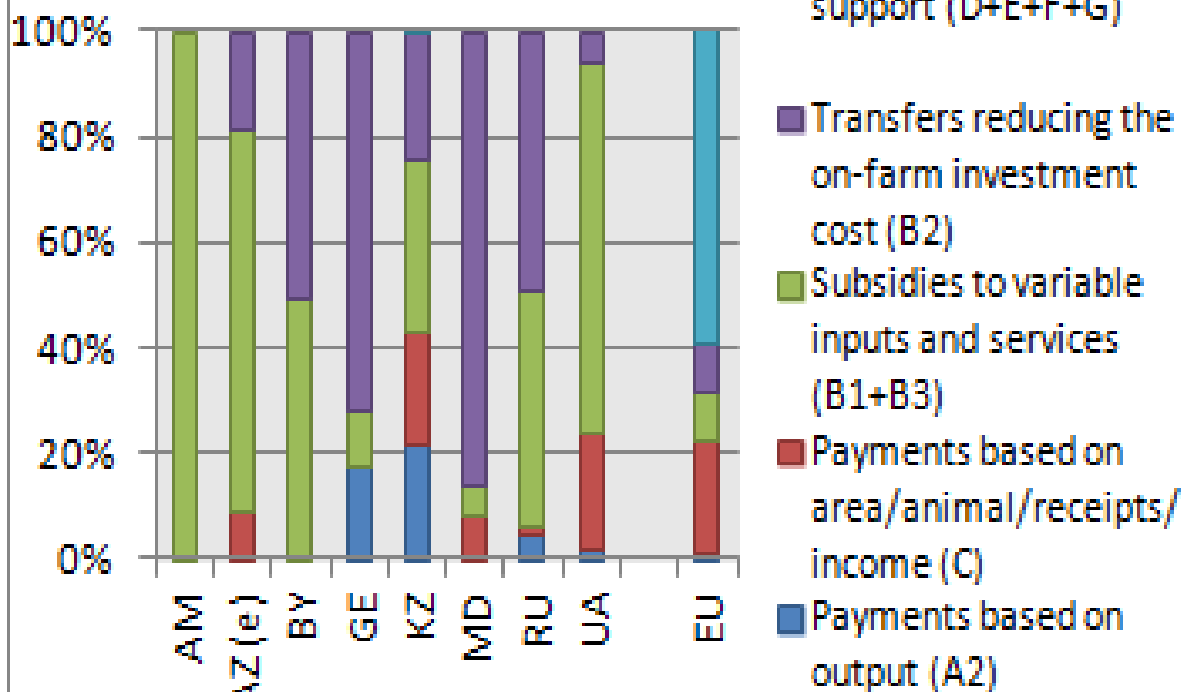least: potatoes, beef, mutton, wheat, maize

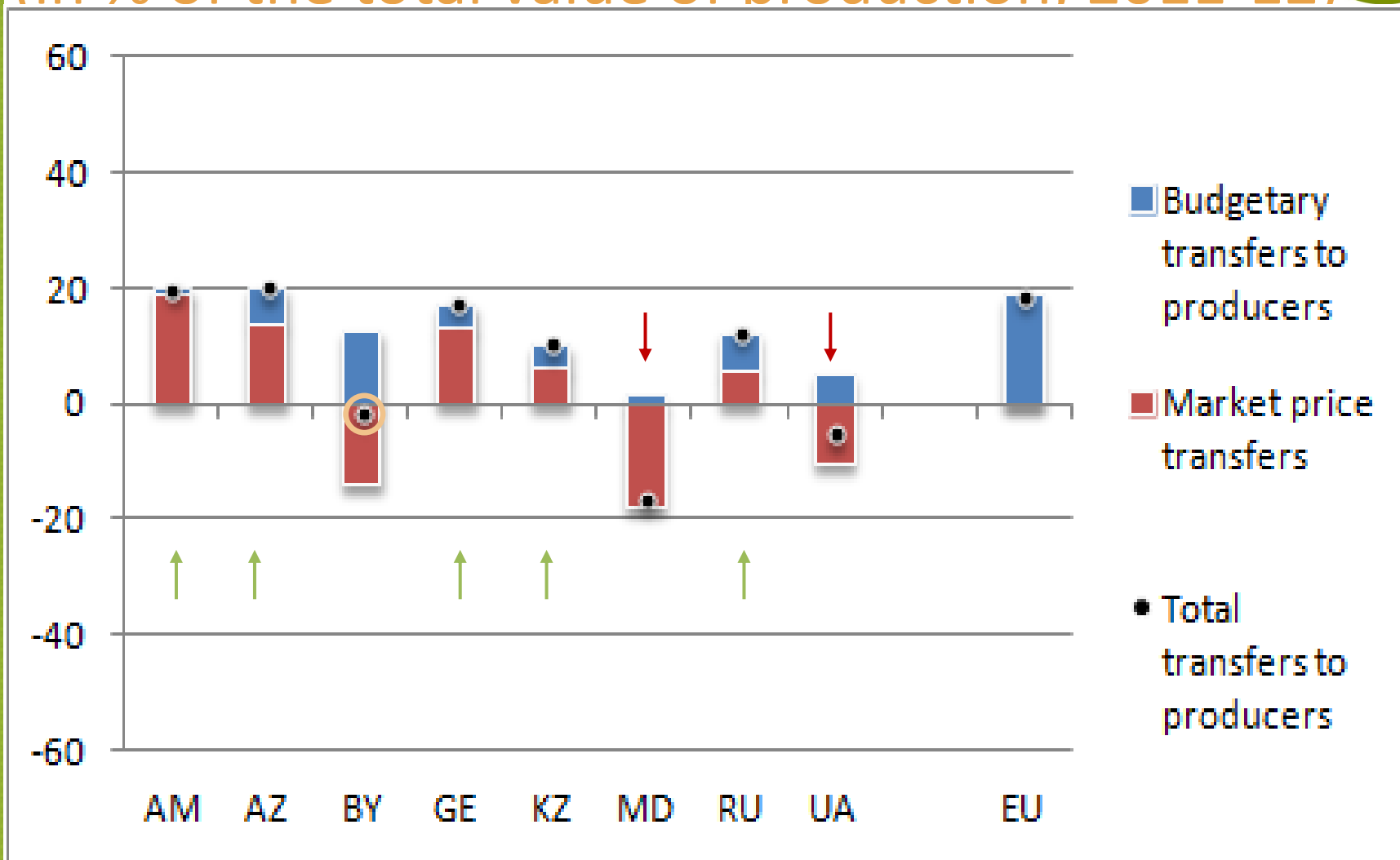# BUDGETARY TRANSFERS
to producers (PSE BOT) by categories

➢ Producer support is the main support PSE>GSSE>CSE

➢ Low level of support, mainly

➢ Production-coupled (the largest instrument: input subsidies, variation of instruments)

> Data issues!

CONCLUSIONS & ISSUES

➢ **Clustering**

1. AM, AZ, GE ⇒ PSE BOT≈20% VP

2. RU, KAZ ⇒ PSE≈10%,

3. UKR, MO ⇒ PSE<0

4. BLR ⇒ PSE≈0

➢ Strong impact on policy from political and economic **regionalisation process** (EEU, EU)

➢ **Policy impact** on production should not be overestimated, however some positive elements…

➢ Preliminary work! Literature gaps, weak monitoring & statistics…

Thank you for your attention !

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