

ICELAND: ESTIMATES OF SUPPORT TO AGRICULTURE

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DEFINITIONS AND SOURCES

Table 1. Agricultural Support Estimates / Total Transfers contains country Total Support Estimate (TSE) and derived indicators, which cover all agricultural production, i.e. all agricultural commodities produced in the country. Definitions of basic data sets refer to the specific programmes applied in the country. For the Producer Support Estimate (PSE) and Consumer Support Estimate (CSE), each policy measure is classified according to implementation criteria, which include: the *transfer basis* of support (output, input, area/animal numbers/receipts/income, and non-commodity criteria); whether support is based on *current or non-current basis*; whether *production is required* or *not* to receive payment. Each policy measure is also assigned several “labels” indicating additional implementation criteria. “MPS commodities”, which vary across countries, are those for which the market price support is explicitly calculated in Tables 4.1 – 4.8.

Table 2. Breakdown of PSE by Commodity and Other Transfers provides a breakdown of the total PSE into four categories reflecting the flexibility given to farmers regarding which commodity to produce within the various policy measures. These categories are: Single Commodity Transfers (SCT); Group Commodity Transfers (GCT); All Commodity Transfers (ACT); and Other Transfers to Producers (OTP). All data sets in Table 2 come from Tables 1 and 3.1 – 3.8 where definitions are included.

Tables 3.1 – 3.7 Producer Single Commodity Transfers contain producer SCT by commodity, which are calculated for Iceland for the following commodities milk, beef and veal, pigmeat, poultry meat, eggs, sheepmeat and wool (Tables 3.1-3.7) provided that the value of production of that commodity exceeds 1% of the total value of production. In addition, SCT for “other commodities” is also calculated (Table 3.8), which covers transfers *to single commodities other than MPS commodities*. All data sets in the calculation of producer SCT by commodity come from Tables 1 and 4.1-4.8 where definitions are included.

Tables 4.1 – 4.8 contain **Market Price Support (MPS)** and **Consumer Single Commodity Transfers** (consumer SCT) by commodity, calculated for the same set of commodities as **Tables 3.1 to 3.8**. Definitions are provided only for basic data sets from which all the other data sets in this table are derived.

Definitions of the indicators, criteria for classification of policy transfers included in support estimation, and methods of calculation are contained in the [the PSE Manual](#) (*OECD’s Producer Support Estimate and Related indicators of Agricultural Support: Concepts, Calculations, Interpretation and Use*).

TABLE 1: Iceland: Total Support Estimate

Definitions:

I. Total value of production (at farm gate): Total agricultural production valued at farm gate prices, i.e. value (at farm gate) of all agricultural commodities produced in the country [1].

I.1. Of which share of MPS commodities (%): Share of commodities for which MPS is explicitly calculated (in Tables 4.1-4-7) in the total value of agricultural production.

II. Total value of consumption (at farm gate): Consumption of all commodities domestically produced valued at farm gate prices, and estimated by increasing the value of consumption (at farm gate) of the MPS commodities according to their share in the total value of agricultural production [(II.1) / (I.1) x100].

II.1. Of which MPS commodities: Sum of the value of consumption (at farm gate prices) of the MPS commodities as indicated in Tables 4.1-4.7.

III.1 Producer Support Estimate (PSE): Associated with total agricultural production, i.e. for all commodities domestically produced [Sum of A to G; when negative, the amounts represent an implicit or explicit tax on producers].

A. Support based on commodity output

A.1. Market Price Support: On quantities domestically produced (excluding for on-farm feed use -- *Excess Feed Cost*) of all agricultural commodities, estimated by increasing the MPS for the MPS commodities according to their share in the total value of agricultural production [(Σ MPS for MPS commodities) / (I.1) x 100].

A.2. Payments based on output

Refund of feed levies – pigmeat (1986-1994): payment per tonne on quantities sold of pigmeat to compensate for taxes on imported feed. These transfers are included in pigmeat SCT (Table 3.3).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Refund of feed levies – poultry meat (1986-1994): payment per tonne on quantities sold of poultry meat to compensate for taxes on imported feed. These transfers are included in poultry SCT (Table 3.4).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Refund of feed levies – eggs (1986-1994): payment per tonne on quantities sold of eggs to compensate for taxes on imported feed. These transfers are included in egg SCT (Table 3.5).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Payments for potatoes (1996): payments per tonne of potatoes. These transfers are included in other SCT (Table 3.8).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Direct payments for horticulture (Art. 4) (from 2002): payments per tonne of horticulture products (cucumbers, peppers and tomatoes). These transfers are included in other SCT (Table 3.8).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Direct payments for milk (1993-): payments per tonne of milk produced under quota limits (so-called “B” and “C” payments). These transfers are included in milk SCT (Table 3.1). As of 2017, they refer to payments for delivered milk made monthly for all delivered milk, irrespective of support entitlements (article 4).

Production and payment limits (YES because of milk quota); Variable payment rates (NO); Input constraints (NO)

Payments for sheep meat (1992-1995): payments per tonne of sheep meat produced under quota limits. These transfers are included in sheep meat SCT (Table 3.6).

Production and payment limits (YES because of sheep meat quota); Variable payment rates (NO); Input constraints (NO).

Quality assurance (premiums) (From 2017): Budgetary expenditures to producers for all sheep meat meeting requirements on farm animal welfare, sustainable land use, and other conditions laid down in the Regulation on quality assurance in sheep production (Article 4 of the 2016 Agreement on the operating environment for the sheep sector). These transfers are included in Sheepmeat SCT (Table 3.6).

Payments for wool processing (from 2013): payments per tonne of wool produced under sheep quota limits. These transfers are included in wool SCT (Table 3.7).

Production and payment limits (YES because of sheep meat quota); Variable payment rates (NO); Input constraints (NO)

B. Payments based on input use

B.1. Payments based on variable input use

Fertiliser payment (1986-1990): Budgetary expenditures on payment to the state-owned fertiliser plant for covering costs associated with reduced prices to farmers. These transfers are included in ACT (Table 2).

Production and payment limits (NO); Variable payment rates (YES because it varies with prices to farmers); Input constraints (NO)

Feed payments (1988-1990): budgetary expenditures on grants and loan write-offs to feed plants for covering costs associated with reduced prices to farmers. These transfers are included in livestock GCT (Table 2).

Production and payment limits (NO); Variable payment rates (YES because it varies with prices to farmers); Input constraints (NO)

Electricity subsidy (From 2002): Payments to horticultural producers engaged in geothermal growing to subsidise up to 95% of the cost of transfer and distribution of electricity. These transfers are included in ACT (Table 2).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

B.2. Payments based on fixed capital formation

Cultivation and animal breeding program (From 1986): Budgetary expenditures on cultivation and animal breeding programmes (Art. 4 in the Framework Agreement). The farmer's association allocates this to breeding projects, quarantine facilities due to breeding and record keeping of breeding information. These transfers are included in ACT (Table 2).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Animal breeding improvement: the Quarantine Station (1986-1992): Budgetary expenditures on animal breeding improvement. These transfers are included in All livestock GCT (Table 2).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Special appropriation to sheep rearing (2004-2005): Budgetary expenditures for sheep rearing improvement. These transfers are included in Sheepmeat SCT (Table 3.6).

Production and payment limits (YES because of sheepmeat quota); Variable payment rates (NO); Input constraints (NO)

Infrastructure (on farm) (From 1986): Budgetary expenditures for on-farm infrastructure improvements within the Agricultural Productivity Fund for sheepmeat, milk and beef producers. These transfers are included in Ruminants GCT (Table 2).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Bovine animal breeding programmes and general development issues (From 2006): Budgetary expenditures on bovine animal breeding programs. These transfers are included in Beef and veal SCT (Table 3.2).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Support to new sheep farmers and development programmes: young and retiring farmers (From 2008): Budgetary expenditures on assistance to individuals starting sheep farming and elderly sheep farmers who wish to retire by handing down the farm to family members, in terms of capital formation. These transfers are included in Sheepmeat SCT (Table 3.6). Article 6 of the 2016 Framework Agreement. (Note: it is applicable for all farmers (not only sheep farmers. The Icelandic Food and Veterinary Authority allocates these funds. New entrants apply for this support and funds are allocated by the quality of applications, including business plans and other relevant information. Qualifications for the support is e.g. purchasing a farm, stock and equipment.)

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO).

Investment aid (From 2017). Budgetary expenditures to promote better living conditions for sheep. To be eligible, each project must have a cost of at least ISK 1 million; contributions may cover up to 20% of the capital costs; however, no individual producer may receive contributions exceeding 10% of the total annual funds available for investment aids. (Article 9 of the 2016 Agreement on the operating environment for the sheep sector).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO).

Bovine animal breeding programs (From 2008): Budgetary expenditures for breeding and artificial insemination work in cattle farming. These transfers are included in Milk SCT (Table 3.1). Article 7 of the 2016 Agreement on the operating environment for the cattle sector.

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Support to milk farmers: land cultivation (From 2008-16): Budgetary expenditures on land cultivation programmes addressed to milk farmers. These were part of the previous cattle agreement, de-coupled payments paid on land cultivation. This is now under the 2016 Framework Agreement. These transfers are included in Milk SCT (Table 3.1).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Land cultivation and farmland payments (From 2017): Budgetary expenditures on land cultivation and payments to all cultivated land bearing forage. Available to all farmers who meet certain requirements, (e.g. record keeping of crops) (Article 5 of the 2016 Framework Agreement). That is the cultivation and re-cultivation of hay fields, the growing of cereals, as well as the cultivation of other forage crops and open-field vegetable growing. Land which is only used for grazing is not eligible for these payments.

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

B.3. Payments based on on-farm services

Labour replacement (relief service) (1986-1995): Budgetary expenditure to finance the relief service. These transfers are included in ACT (Table 2).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Advisory services (From 1986): Budgetary expenditures on advisory services, such as for land cultivation and management, greenhouse production (geothermal), animal production, farm management and agricultural technologies. These transfers are included in ACT (Table 2). As of 2017, they refer to the Article 3 of the 2016 Framework Agreement.

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Contagious diseases (From 1986): Budgetary expenditures on sheep disease control and payments to scrapie farms. These transfers are included in Sheepmeat SCT (Table 3.6).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Abattoir surveillance costs and salmonella control (2004-2005): Budgetary expenditures on abattoir surveillance costs and salmonella control. These transfers are included in Poultry SCT (Table 3.4).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

Support to new sheep farmers and development programs – services (2008): Budgetary expenditures on tuition, research, advising and development programs pertaining to sheep farming, such as promoting quality improvement in sheep rearing or organic production. These transfers are included in Sheepmeat SCT (Table 3.6).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

C. Payments based on current area planted/animal numbers/receipts/income – production required

Milk payment based on animal numbers (From 2006): payments for milk producers based on animal numbers. These transfers are included in milk SCT (Table 3.1). As of 2017, these payments are referred to as headage payments (Article 5 of the 2016 Framework Agreement)

Production and payment limits (YES because of milk quota); Variable payment rates (NO); Input constraints (NO).

Disaster payments: Payments due to natural disasters (e.g. spoil frost).

Production and payment limits (NO); Variable payment rates (YES); Input constraints (NO)

Farm Support (From 2018): A fixed sum of payments to sheep producers based on farm size category, determined by the number of sheep kept. To be eligible for payments, each producer must be the owner of over 100 winter-fed sheep. Producers who own over 800 winter-fed sheep will receive the same amount of payments. (Article 6 of the 2016 Agreement on the operating environment for the sheep sector). These transfers are included in Sheepmeat SCT (Table 3.6).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO).

Producer Levies (until 2017): The agricultural production levy was based on 1.2% of the agricultural turnover. The levy was divided between the Farmers Association, and the Emergency Relief Funds.

D. Payments based on non-current area planted/animal numbers/receipts/income – production required

Payments based on support entitlements for milk (From 2017-): direct payments based on support entitlement for milk (previously “A” payments) (article 3). These payments are direct payments exclusively for holders of support entitlements for milk. Direct payments are provided as support entitlements based on the individual quota. Minimal production is required. The level of production required to receive full payments based on support entitlements (previously ‘A’ payments) shall be decided annually, until and including 2020, according to the proposal of the Committee for the Implementation of National Agricultural Agreements. Where a producer carries out no production for one year or longer, the government will revoke the relevant support entitlements without compensation. This support is similar to the direct payments to sheepfarmers. Payments based on entitlements, but minimal production is required rather than holding a minimal number of winter-fed sheep as for direct payments to sheepfarmers.

These transfers are included in milk SCT (Table 3.1). Production and payment limits (YES because of sheep meat quota); Variable payment rates (NO); Input constraints (NO).

Direct payments to sheepmeat (Support entitlements) (From 1996): payments per tonne on 1986-88 sheep meat quota level. To be eligible for the direct payments, producers must be the owner of at least 0.7 winter-fed sheep for each sheep unit of support entitlements (Article 3 of the 2016 Agreement on the operating environment for the sheep sector). These transfers are included in sheep meat SCT (Table 3.6).

Production and payment limits (YES because of sheep meat quota); Variable payment rates (NO); Input constraints (NO).

Regional support to sheepmeat producers (From 2008): budgetary payments to sheepmeat producers who live in areas highly dependent on sheep farming. (Article 8 of the 2016 Agreement on the operating environment for the sheep sector). These transfers are included in sheep meat SCT (Table 3.6).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

One-off payment to dairy farmers: (2008): Budgetary payment to milk producers in proportion to their support targets (in litres of milk) established on 1 September 2008. Production is not required. These transfers are included in Milk SCT (Table 3.1).

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO)

E. Payments based on non-current area planted/animal numbers/ receipts/income – production not required

Diversion payments (1986-1996): payments under the Agricultural Productivity Fund for leasing milk and sheep meat quotas. These transfers are included in OTP.

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO); Commodity exceptions (YES)

Permanent withdrawal of sheepmeat quota (1997-2005): Budgetary payments to compensate farmers for withdrawal of sheepmeat quota. These transfers are included in OTP.

Production and payment limits (NO); Variable payment rates (NO); Input constraints (NO); Commodity exceptions (YES)

F. Payments based on non-commodity criteria

F.1. Payments based on long-term resource retirement

Permanent removal of sheep-slaughter houses (2003-04): Budgetary payments for removal of sheep-slaughter houses. These payments are included in OTP. Production and payment limits (NO); Input constraints (YES, voluntary).

Permanent removal of greenhouses from production (2002-08): Budgetary payments for removal of greenhouses. These payments are included in OTP. Production and payment limits (NO); Input constraints (YES, voluntary)

Soil conservation and forestry program (2008-10) Grants to farmers participating in soil conservation and forestry programs. These payments are included in OTP. Production and payment limits (NO); Input constraints (YES, voluntary)

F.2. Payments based on specific non-commodity output

Soil conservation programme (2008). Grants to farmers to cover the costs associated with constructing blockades and dams for soil conservation purposes. These payments are included in OTP.

Production and payment limits (NO); Input constraints (YES, voluntary)

F.3. Payments based on other non-commodity criteria

G. Miscellaneous payments

III.2 Percentage PSE $[100 \times (\text{III.1}) / ((\text{I}) + (\text{Sum of A2 to G}))]$

III.3 Producer NPC: For all agricultural commodities the producer NPC is estimated as a weighted average of the producer NPC calculated for the individual MPS commodities and shown in Table 4. For each commodity Producer NPC = [domestic price received by producers (at the farm gate) + unit payments based on output] / border price (also at the farm gate).

III.4 Producer NAC $[1 / (100 - (III.2)) \times 100]$

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland..

IV. General Services Support Estimate (GSSE): total budgetary expenditure to support general services provided to agriculture [Sum of H to M].

H. Agricultural knowledge and innovation system

H.1. Agricultural knowledge generation

Agricultural Research Institute (1986-2004): Budgetary expenditures on Agricultural Research Institute.

Agricultural Productivity Fund: Budgetary expenditures on research activities of Agricultural Productivity Fund. The Fund covers education and advisory services, research, development of different farming activities, marketing, processing and forestry support (Article 13 Agricultural Productivity Fund of the 2016 Framework Agreement).

Agricultural University of Iceland – institute and schools (From 2005): Budgetary expenditures on research activity of Agricultural University of Iceland.

Agricultural Economic Institute (From 1989): Budgetary expenditures on Agricultural Economic Institute.

Horse breeding station (1996): Budgetary expenditures on horse breeding station.

Improvements in sheep rearing (2001-2006): Budgetary expenditures on improvements in sheep rearing.

Horticulture marketing and research (From 2002): Budgetary expenditures on horticulture research.

Research in forestry for the benefit of agriculture (From 2008): Budgetary expenditures on research in forestry related to agriculture.

Development funds (From 2008): Budgetary expenditures on general agricultural development for milk farmers training programme. As of 2017, this is a part of the Framework Agreement (Article 11 Financial resources for agricultural development projects). The Agricultural Productivity Fund shall allocate funds made available for development projects in the horticultural, cattle and sheep sectors under this agreement, after obtaining the opinion of the Advisory Board for the respective sector. The objective is to support teaching, research, advisory services and development in the aforementioned sectors. The division of these financial contributions shall be such as to allocate 38% to the horticultural sector, 14% to the cattle sector and 48% to the sheep sector.

Assessment of vegetation resources (From 2017): Budgetary expenditures for the assessment of vegetation resources, including assessment of existing research in the field and the promotion of further research (Article 8 of the 2016 Framework Agreement).

Genetic Resources Council (From 2017): Budgetary expenditures to cover the cost of the Council's tasks relating to the preservation of livestock breeds (Article 14 of the 2016 Framework Agreement).

H.2. Agricultural knowledge transfer

H2.a. education

Agricultural University of Hvanneyri (1986-2004): Budgetary expenditures on Agricultural University of Hvanneyri.

Agricultural University of Iceland (From 2005): Budgetary expenditures on Agricultural University of Iceland.

State Horticultural School (1986-2004): Budgetary expenditures on State Horticultural School.

H2.b. extension services

I. Inspection and control

I.1. Agricultural product safety and inspection

I.2. Pest and disease inspection and control

Chief Veterinary Officer (1986-2005): Budgetary expenditures on the activity of Chief Veterinary Officer.

Agricultural Authority of Iceland (From 2006): Budgetary expenditures on Agricultural Authority of Iceland.

I.3. Input control

J. Development and maintenance of infrastructure

J.1. Hydrological infrastructure

J.2. Storage, marketing and other physical infrastructure

Agricultural Productivity Fund – general support for milk, beef and sheepmeat (From 1986): Budgetary expenditures on general infrastructure support for milk, beef and sheepmeat through Agricultural Productivity Fund.

Agricultural Productivity Fund (From 1986): Budgetary expenditures on other activities of Agricultural Productivity Fund relate to infrastructure.

Facilitating improvements in sheep-slaughter houses and processing plants (1997-2005): Budgetary expenditures on Facilitating improvements in sheep-slaughter houses and processing plants.

J.3. Institutional infrastructure

J.4. Farm restructuring

State Farmland Fund and Properties (1986-2001): Budgetary expenditures on State Farmland Fund and Properties.

K. Marketing and promotion

K.1. Collective schemes for processing and marketing

Services and development costs (sheepmeat) (2004-2005): Budgetary expenditures on services and development costs in sheep farming.

Development costs (sheepmeat) (2004-2005): Budgetary expenditures on development costs related to sheep farming.

Reformation and product development (sheepmeat) (2004-2005): Budgetary expenditures on reformation and product development for sheepmeat.

K.2. Promotion of agricultural products

Inspection and grading of agricultural products (1986-1991): Budgetary expenditures on Inspection and grading of agricultural products.

Agricultural Productivity Fund – others (From 1986): Budgetary expenditures on activities of Agricultural Productivity Fund related to marketing and promotion.

Marketing efforts (sheepmeat) (1998): Budgetary expenditures on marketing efforts for sheepmeat.

Higher-value sheep products (From 2017): Budgetary expenditures on marketing efforts for increasing the value of for sheep products (Article 10 of the 2016 Agreement on the operating environment for the sheep sector).

Horticulture marketing and research (From 2002): Budgetary expenditures on horticulture marketing and research.

Valuation of agricultural products (2002-2005): Budgetary expenditures on valuation of agricultural products.

L. Cost of public stockholding

Stockholding costs (From 1986): Budgetary expenditures on stockholding costs.

M. Miscellaneous

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

V.1 Consumer Support Estimate (CSE): Associated with agricultural production, i.e. for the quantities of commodities domestically produced, excluding the quantities used on-farm as feed -- excess feed cost. [Sum of O to Q; when negative, the amounts represent an implicit tax on consumers].

N. Transfers to producers from consumers: Associated with market price support on all domestically produced commodities, estimated by increasing the transfers calculated for the MPS commodities according to their share in the total value of production $[(N.1) / (I.1) \times 100]$.

N.1. Of which MPS commodities: Sum of the values of transfers from consumers to producers associated with market price support for the MPS commodities as calculated in Tables 4.1 to 4.7.

O. Other transfers from consumers: Transfers to the budget associated with market price support on the quantities imported of domestically produced commodities, estimated by increasing the transfers calculated for the MPS commodities according to their share in the total value of production $[(O.1) / (I.1) \times 100]$.

P.1. Of which MPS commodities: Sum of the transfers to the budget associated with market price support on the quantities imported of the MPS commodities as calculated in Tables 4.1 to 4.7.

P. Transfers to consumers from taxpayers

P.1. Commodity specific transfers to consumers: Sum of commodity specific transfers from taxpayers to consumers (farm gate level) from Tables 4.1 – 4.7, including:

Consumer aids (milk) (1986-2005)

Price support (milk) (1987-1993)

Consumer aids transfer (beef and veal) (1986-2005)

Price support (beef and veal) (1987-1988)

Consumer levy and refunds (beef and veal) (1988-1993)

Consumer aids (poultry) (1987-2005)

Consumer aids (sheepmeat) (1986-2005)

Marketing effort (sheepmeat) (1994-1998)

Price support (sheepmeat) (1987-1994)

P.2. Non-commodity specific transfers to consumers: Sum of non-commodity specific transfers from taxpayers to consumers, including:

Q. Excess Feed Cost: Associated with market price support on quantities of domestically produced crops and used on-farm as feed as calculated (Sum of *Excess Feed Cost* in the MPS Tables).

V.2 Percentage CSE $[100 \times (V.1) / ((II) + (P))]$

V.3 Consumer NPC: For all agricultural commodities the consumer NPC is estimated as a weighted average of the consumer NPC calculated for the individual MPS commodities and shown in Table 2. For each commodity consumer NPC = domestic price paid by consumers (at the farm gate)/ border price (also at the farm gate).

V.4 Consumer NAC $[(1 / (100 - (V.2))) \times 100]$

VI. Total Support Estimate $[(III.1) + (IV) + (P)]$ and $[(R) + (S) - (T)]$

R. Transfers from consumers $[(N)+(O)]$

S. Transfers from taxpayers $[(III.1)-(N)+(IV)+(P)]$

T. Budget revenues $[(O)]$

TABLE 2. Iceland: Breakdown of PSE by commodity specificity and other transfers

All data sets in Table 2 to come from Tables 1 and 3.1 to 3.8 where definitions are included.

Definitions:

I. Producer Single Commodity Transfers (producer SCT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm level, arising from policy measures directly linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes policies where payments are specified on a per-commodity basis [Sum of SCTs for individual commodities from Tables 3.1-3.8].

Percentage producer SCT: is the commodity SCT expressed as a share of gross farm receipts for the specific commodities (including support in the denominator). This indicator can be expressed for the total SCT (Table 2), or for a specific commodity (Table 3.1 to 3.8).

$$\%SCT = 100 * SCT / (\text{Value of production}_{COM} + A.2_{COM} + B_{COM} + C_{COM} + D_{COM})$$

$$\text{Share in Total PSE (\%): } SCT_{SHARE} = 100 * SCT / PSE$$

II. Group commodity transfers (GCT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures whose payments are made on the basis that one or more of a designated list of commodities is produced. That is, a producer may produce from a set of allowable commodities and receive a transfer that does not vary with respect to this decision [GCT = B_{GROUP} + C_{GROUP} + D_{GROUP}].

$$\text{Share in Total PSE (\%): } GCT_{SHARE} = 100 * GCT / PSE$$

Transfers to specific groups of commodities: the GCT indicator is calculated for Iceland for the following groups of commodities: all livestock GCT and ruminants GCT.

III. All commodity transfers (ACT): the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures that place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice [ACT = C_{ALL} + B_{ALL} + D_{ALL}].

$$\text{Share in Total PSE (\%): } ACT_{SHARE} = 100 * ACT / PSE$$

IV. Other Transfers to Producers (OTP): the annual monetary value of gross transfers made under policies that do not fall in the above three cases (SCT, GCT, ACT). That is, payments that do not require any commodity production at all. [OTP = E + F + G]

$$\text{Share in Total PSE (\%): } OTP_{SHARE} = 100 * OTP / PSE$$

$$\text{V. Total PSE: } PSE = A + B + C + D + E + F + G = SCT + GCT + ACT + OTP$$

$$\text{Percentage PSE: } \%PSE = 100 * PSE / (\text{Total Value of Production at farm gate} + A.2. + B + C + D + E + F + G)$$

TABLE 3. Iceland: Producer Single Commodity Transfers (by commodity)

Tables 3.1 to 3.8, provide information on Producer Single Commodity Transfers (PSCT) for the following commodities: wheat, maize, other grains, sunflower, sugar beet, milk, beef, pigmeat, poultry, eggs and “other commodities”. All data sets in the calculation SCT by commodity come from Tables 1 and 4.1 – 4.7 where definitions are included.

Definitions:

I. Level of production: Data from respective commodity Tables 4.1 – 4.7 (Market Price Support tables)

II. Value of production (at farm gate): Data for respective commodity Tables 4.1 – 4.7 (Market Price Support tables)

III. Producer Single Commodity Transfers: Sum of transfers to respective single commodity in categories A, B, C and D.

A. Support based on commodity output

A1. Market Price Support [Data for respective commodity from Table 4]

A2. Payments based on output

Payments based on output (A.2) provided to respective single commodity [Data from Table 1]

B. Payments based on input use, single commodity [B.1_{COM} + B.2_{COM} + B.3_{COM}]

B1. Based on variable input use

Payments based on variable input use (B.1_{COM}) provided to respective single commodity [Data from Table 1].

B2. Based on Fixed capital formation

Payments based on fixed capital formation (B.2_{COM}) provided to respective single commodity [Data from Table 1].

B3. Based on on-farm services

Payments based on on-farm services (B.3_{COM}) provided to respective single commodity [Data from Table 1].

C. Payments based on current A/An/R/I, production required, single commodity

Payments based on current A/An/R/I (C_{COM}) provided to respective single commodity [Data from Table 1].

D. Payments based on non-current A/An/R/I, production required, single commodity

Payments based on non-current A/An/R/I, production required (D_{COM}) provided to respective single commodity [Data from Table 1].

IV. Percentage producer SCT : %SCT = 100*(III) / ((II) + (A.2) + (B_{COM}) + (C_{COM}) + (D_{COM}))

TABLE 4. Iceland: Market Price Support and Consumer Single Commodity Transfers

Tables 4.1 to 4.8, contain calculation of the Market Price Support (MPS) and Consumer Single Commodity Transfers (consumer SCT) for the following commodities: wheat, maize, other grains, sunflower, sugar beet, milk, beef, pigmeat, poultry, eggs and “other commodities”. The data sets used in calculation of the MPS and consumer SCT by commodity are described below. Values for “other commodities” are derived using information on total Market Price Support and Value of Production, and individual commodity data.

MILK

I. Level of production

Total production of cow milk delivered to dairies (including production in excess of quota) plus estimated on-farm use, converted from litres to kilos using the coefficient 1.032 kg per litre.

II. Producer prices (at farm gate)

Average price of milk for feed purposes and milk for human consumption (delivered to dairies and on-farm consumption). The price of milk for human consumption is the administered price net of transportation costs and direct payments. The price of milk for feed purposes is assumed to be 20% lower than the average price of milk for human consumption.

Sources: Agricultural Production Board and Dairy Association; Icelandic Ministry of Agriculture.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net importer (all period).

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland; communication to OECD Secretariat.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used. The difference between the domestic price at farm gate for milk and the export unit values for butter, SMP and cheese, converted into a milk equivalent border price using technical coefficients and brought to the farm gate using the average processing margins of the four major dairy exporters (Australia, EU, New Zealand and the United States).

VI. Reference prices

Border prices of butter and SMP converted into a milk equivalent border price using technical coefficients minus a processing margin, calendar year. The border prices of butter and SMP are the EU reference prices, i.e. “Butter f.o.b. export price, 82% butterfat, N.E.” and “Non fat dry milk f.o.b export price, extra grade, Northern Europe” respectively.

Sources AGLINK; AUS, EU, NZL and US PSE files for the processing margins.

VII. Level of consumption (at farm gate)

Total domestic use of fresh milk and milk products in milk-equivalent [1].

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

BEEF AND VEAL

I. Level of production

Gross indigenous production of beef and veal, carcass weight, deliveries to slaughterhouses plus on-farm use.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

II. Producer prices (at farm gate)

Administered price till 1998. Weighted average price received by farmers since 1999, excluding transport costs [3] [8].

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net importer (all period).

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland; communication to OECD Secretariat.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used.

VI. Reference prices

EU export price of live animals for slaughter, free-at-EU frontier offer price, live-weight converted to carcass equivalent (coefficient 1.85).

Source : EU PSE file.

VII. Level of consumption (at farm gate)

Total domestic use of meat, carcass weight

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland; communication to OECD Secretariat.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

PIGMEAT

I. Level of production

Gross indigenous production of pigmeat, carcass weight.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

II. Producer prices (at farm gate)

Average prices according to reference price lists published by the Pig Producers' Organisation, net of direct payments.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net importer (all period).

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used.

VI. Reference prices

Farm gate price used in calculating the PSE for the EU implicit reference price calculated by deducting the EU feed adjustment from the EU producer price.

Source : EU PSE file.

VII. Level of consumption (at farm gate)

Total domestic use of meat, carcass weight

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

POULTRYMEAT

I. Level of production

Gross indigenous production of poultry meat, carcass weight, delivered to slaughterhouses.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

II. Producer prices (at farm gate)

Estimated producer prices for the period 1986-1987, administered producer prices for the period 1988-1994, transportation and processing costs (5%) are deducted from wholesale price for period of 1995-2003 and estimated farm gate price since 2004.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland..

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net importer (all period).

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used.

VI. Reference prices

EU unit value of exports of 70% chickens outside the EU. In order to make reference prices applicable to farm level prices, processing costs are subtracted from reference prices (estimated at 45% of this unit value).

Source : EU PSE file.

VII. Level of consumption (at farm gate)

Total domestic use of meat, carcass weight

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

SHEEPMEAT

I. Level of production

Gross indigenous production of sheep meat, carcass weight, including estimated on-farm consumption.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

II. Producer prices (at farm gate)

The administered price until 1998. Average price of sheep meat delivered to slaughter houses and on-farm consumption net of direct payments and transportation costs. For sheep meat in excess of quota, the unit value of deliveries is used.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net exporter (all period).

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used.

VI. Reference prices

For the period 1986-1991, EU import price of New Zealand frozen lamb, c.i.f. U.K., killing and processing deducted, and adjusted by a coefficient of 1.3 for the price difference between frozen New Zealand and fresh EU supplies. From 1992, Icelandic export unit values as since 1992 there are not export subsidies.

Sources: EU PSE file; Statistics Iceland.

VII. Level of consumption (at farm gate)

Total domestic use of meat, carcass weight

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

WOOL

I. Level of production

Greasy equivalent weight of greasy and scoured wool.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

II. Producer prices (at farm gate)

Average price paid to farmers. The administered price was abolished in 1998.

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net importer: 1986-1993; 1997

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland; communication to OECD Secretariat.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used.

VI. Reference prices

New Zealand producer price adjusted for transportation costs estimated as the ratio of c.i.f./f.o.b. prices (5%).

Sources: New Zealand PSE file; Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VII. Level of consumption (at farm gate)

Consumption of wool is assumed to be equal to production, in greasy equivalent terms.

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

EGGS

I. Level of production

Gross indigenous production of eggs.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

II. Producer prices (at farm gate)

Estimated average producer prices for the period 1986-1987, administered producer prices for the period 1988-1994, processing costs (15%) deducted from wholesale price for the period for 1995-2003 and estimated farm gate price since 2004.

Sources: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Net importer: 1986-96; 2001-5; 2015-16.

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

V. Market price differential at the farm gate

The price gap method (i.e. the difference between the domestic price at farm gate level and the reference price) is used.

VI. Reference prices

EU export unit value of eggs outside the EU of poultry, fresh or preserved shell eggs, except hatching eggs. In order to make reference prices applicable to farm level prices, processing costs are subtracted from reference prices (estimated at 25% of this unit value).

Sources: EU PSE file; Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VII. Level of consumption (at farm gate)

Domestic use of eggs.

Source: Icelandic Ministry of Industries and Innovation; Statistics Iceland.

VIII. Consumption prices (at farm gate)

Implicit prices corresponding to reference prices plus the unit value of market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]