Results from previous work of the Network

7th Meeting of the OECD Network on Agricultural TFP and the Environment

Paris, Dec 5-6 2022

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OECD
BETTER POLICIES FOR BETTER LIVES

Sustainable TFP indicators

- Long-run, sustainable growth depends on innovation and efficiency. A TFP slowdown would bring more pressure on resources *ceteris paribus*.
- Adequate measurement of agricultural TFP
- TFP indicators must account for economies to remain in “safe operating spaces” (planet boundaries)
- And reflect the fact that a reduction in “bad” ouputs / inputs, or an increase in the supply of ecosystem services not priced by market, *ceteris paribus*, are TFP gains.

The Network

- Since 2017, workshops, publications (“Insights”; “Guide to emerging best practices”)
- Dialogue between academics and policy makers
- Improving “traditional” TFP indicators. International comparisons. Data. Network participants have built on the ERS/USDA methodological and data developments
- Work on “environnmentally adjusted” TFP indicators. With methodological advances

Stocktaking

- **On traditional TFP**
  - Data needs identified. Need to expand international coverage (data) as well as make data for national series more consistent across countries
  - Best practices identified (see “Insights”)
  - Need to concerted action for more comparable indicators across Member States (e.g. depreciation patterns of capital, treatment of land, hedonic pricing for some inputs, etc.)

Stocktaking (2)

- **On Environmentally adjusted TFP**
  - There is not a single approach. For the moment, none if fully satisfactory.
  - Vibrant academic research
  - Pursue several routes. From combination of indicators, including agri-environmental indicators (OECD AEIs). To approaches derived from rigorous production theory
  - Some issues deserve clarification and debates, in particular
    - The use of shadow prices for inputs/outputs not priced by markets (bad or goods)
    - Consistency between “weakly disposable inputs / null jointness” assumption and material balance

The Network

- Develop indicators of environmentally adjusted economic performance that can be used by statistical agencies
- Dialogue between academics and with statistical agencies and decision makers to come up with theoretically sound but empirically implementable methods
- Explore ways to treat non conventional input and outputs (ecosystem services, water, biodiversity, weather, etc.)
- Dialogues with those who construct composite indicators in other directorates of the OECD and in other agencies
- Work with farm level data network and developers of agri-environmental indicators
- Network provides opportunity to take advantage of various experiences, and to discuss possible avenues