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I would like to submit:

Ministry of Commerce of the People's Republic
of China

The Dairy Industry of the People's Republic of
China applies for countervailing investigation of
new subsidy projects for import-related dairy
products originating in the EU

Application for Countervailing New Projects in
the Dairy Products Industry of the People's
Republic of China

Applicants for Countervailing Investigations:

China Dairy Industry Association

January5-244

Applicants for Countervailing Investigations:

1 The name is called: China Dairy Industry Association

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Letter of Statement

In view of the large amount of subsidies provided by the EU to its dairy-related industries, and the large amount of subsidies originating in the EU imported dairy products has caused serious impact and damage to China's dairy industry, in accordance with the relevant provisions of documents such as the China Dairy Association, I will apply as an applicant for a new anti-subsidy project application for import-related dairy products originating in the EU.

The present statement.

China Dairy Industry Association

Letter of Statement

In view of the large amount of subsidies provided by the EU to its dairy-related industries, and the large amount of subsidies originating in the EU imported dairy products has caused serious impact and damage to China's dairy industry, in accordance with the relevant provisions of documents such as the China Dairy Industry Association, I will, as an applicant, initiate a new countervailing subsidy project application for import-related dairy products originating in the EU.

The present statement.

China Dairy Industry Association

Part I. The body of the application

I. Application filed by the applicant

The applicant believes that the reason why the application survey products originating in the EU can enter the Chinese market at a large number of low prices is closely related to the policy support and subsidies of the EU and the governments of member states. The applicant formally submitted a countervailing investigation application to the investigative authority on 29 July 2024, requesting a countervailing investigation of imported dairy products originating in the EU. On August 21, 2024, the investigative authority issued a notice to conduct a countervailing investigation of imported dairy products originating in the EU.

After the filing of the case, after further collection of evidence, the applicant believes that in addition to the alleged subsidy project, other subsidies exist for imported dairy products originating in the EU. The applicant implored the investigating authorities to investigate the newly discovered subsidy programs. In addition to the allegations of subsidy projects, the relevant situation of stakeholders, the specific description of the application for investigation products and the scope of the applicant's application for the investigation of the product involved, the specific description of similar products in the country and the comparison with the application for survey products, the period of the application for subsidy investigation, the damage suffered by the domestic industry, the causal relationship between subsidies and damages, and the consideration of public interest have not changed.

II. Basic Situation of New Subsidy Projects

On the basis of further collected information and evidence, the applicant implores the investigating authorities to investigate unfair trade practices originating from EU applications to investigate the benefits of government subsidized products. These new subsidy projects include:

EU Subsidy Projects

- (1) Agricultural Promotion Subsidy Project
- (2) European Guarantee Fund and Agricultural Guarantee Subsidy Project
- (3) EU Export Return Subsidy Program for Processing Agricultural Products

2.French subsidy projects

- (4) Agricultural Guarantee Fund Subsidy Project
- (5) French Agricultural Insurance Subsidy Program
- (6) Agricultural investment subsidy projects

Italian subsidy projects

- (7) Agricultural Processing Industry Subsidy Projects
- (8) "Agricultural Italy" Platform Guarantee Fund Subsidy Project

Subsidy projects in Denmark

- (9) Methane Emission Reduction Subsidy Program for Milk Production Farms
- (10) Export and investment subsidy projects

Subsidy projects in the Netherlands

- (11) Agricultural nitrogen emissions subsidy project
- (12) Extensive Weather Insurance Subsidy Program

EU and Member States subsidized projects

- (13) Entrust or instruct the raw milk industry to provide subsidized raw materials at a low cost

EU Subsidy Projects

Agricultural Promoting Subsidy Projects

The Promotion Measures Concerning Agricultural Products program is an important part of the EU's Farm to Fork strategy. The Act on Promotion Measures Concerning Agricultural Products authorizes authorization from EU Regulation 1144/2014 (see **Annex 2 EU Regulation 1144/2014**)¹. The scope of the products² specified in Article 5 refers to Annex I to the Treaty on the Functioning of the European Union (TFEU) and³ contains dairy products (see annex I, annex I to the **Consolidated Text of the Treaty on the Functioning of the European Union**).

The project includes EU-wide promotion and third-country export

¹ [Please contact us at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R1144](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R1144) Regulation (EU) No 1144/2014 of the European Parliament and of the Council of 22 October 2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries.

² Article 5, Eligible products and schemes: Information provision and promotion measures may cover the following products: The products listed in Annex I to the TFEU, excluding tobacco.

³ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12012E/TXT:en:PDF>

promotion. Through the implementation of the project, the EU aims to promote the production and sale of agricultural products that meet the requirements of EU agricultural sustainability, animal welfare, fresh and healthy diets, and work together⁴ with policies such as geographical indications, organic foods and green agriculture to lead agricultural development.

1 - Financial support

Article 16 of EU Regulation 1144/2014 provides for funding in the form of grants and government procurement⁵. According to the Work Programme for 2023, the 2023 budget⁶ totals 185.9 million euros, of which 176.4 million euros are allocated and 9.5 million euros procured by the Government. The budget includes €89 million for Simple Programmes and €87.4 million for Multi Programmes. Under the two categories of projects, the promotion of exports to third countries within the EU is distinguished, with a promotion budget for Asian countries such as China of 163 million euros (see **Annex 4 Annual Work Plan for Promoting Projects and Fund Distribution Details for 2023, 2024**).

According to the Work Programme for 2024, the 2024 budget totals €185.9 million⁷, of which 176.4 million euros were allocated, 9 million euros procured by the Government and Euro 500,000 supported by others. The budget includes 92 million euros for Simple Programmes and €84.4 million for Multi Programmes. Under the two categories of projects, the promotion of exports to third countries within the EU is distinguished, with a promotion budget for Asian countries such as China of 163 million euros (see **Annex 4 Annual Work Plan for Promoting Projects and Fund Distribution Details 2023 and 2024**).

In accordance with Article 3 of the Countervailing Regulation, direct funding by the Governments of exporting countries (regions) constitutes financial support in the form of grants. Under the agricultural promotion subsidy project, the EU implements agricultural promotion through direct allocations. The project is funded from the EU budget, a single type of promotion project implemented by member governments, and multiple types of promotion projects directly implemented by the European

⁴ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7769

⁵ Financing may take one or more of the forms provided for by Regulation (EU, Euratom) No 966/2012, including: Grants for multi-programmes; Contracts for the measures implemented on the initiative of the Commission.

⁶ https://agriculture.ec.europa.eu/document/download/8ef1a25d-f7c4-4619-ba27-02b53b0a66bc_en?filename=commission-decision-2022_9498_en.pdf - COMMISSION IMPLEMENTING DECISION of 16.12.2022

⁷ https://agriculture.ec.europa.eu/document/download/8c022d0a-d153-458e-837c-c82f68bb8228_en?filename=commission-decision-2023_7602_en.pdf - COMMISSION IMPLEMENTING DECISION of 14.11.2023

Commission. Therefore, from the point of view of legal authorization, funding sources and executing agencies, subsidies for agricultural promotion subsidy projects provided by the EU Government constitute financial support.

2) Specificity

For the following reasons, the applicant believes that the agricultural product promotion subsidy project is specific.

(1) Export subsidies are specific. About half of the agricultural promotion subsidy projects are allocated to export promotion to third countries outside the EU, as in the 2023 work plan, single and multiple categories, the export promotion budget to third countries outside the EU is €83.3 million. The project's annual plan specifically allocates budgets for Asian countries such as China, and according to the annual report of the European Dairy Association 2022/2023⁸, the Dairy Association regards China as an important export destination market. Agricultural promotion subsidy projects targeted export promotion to some export destinations are in fact directly related to export behavior and export performance.

(2) Legal specificity promoted within the Union. Article 5 of Regulation No. 1144/2014 specifies the scope of products to which the Regulation applies and is presented in the form of a list. Specifically, it includes: ① The products listed in Annex I to the Treaty on the functioning of the EU; ② 10 categories of products, such as beer, Annex 1 to the Regulations; ③ Drinks that meet certain conditions. The agricultural promotion subsidy project is a subsidy project for specific agricultural products. According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application, agricultural products promotion subsidy projects are specific.

(3) Fact-specificity promoted within the Union. In the implementation work plan for 2023 and 2024, the proportion of budgets related to organic food, sustainability, fresh fruit and vegetables, and geographical indications is high. For example, in 2023, of the total amount of €83.3 million in the EU promotion budget, the above categories account for 74.1 million euros. By setting the above conditions, certain types of enterprises receive most of the subsidy amount under the project. According to Article

⁸

https://eda.euromilk.org/fileadmin/user_upload/Public_Documents/Annual_Report/Annual_Report_2023_V5-webv3.pdf page 24, Economics and Trade.

4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given. From the perspective of enterprises directed and targeted by the project, agricultural products promotion subsidy projects are specific.

3) Interests

Through the Agricultural Promoting Subsidy Program, subsidies provided by EU and member governments to agricultural producers can promote agricultural production and sales, and agricultural producers benefit from marketing and promotion under this project without compensation. As mentioned above, the total budget under this project for 2023 and 2024 is €185.9 million. Dairy products are included in the list of items, and the dairy industry and businesses can benefit under the above provisions.

Limited by the information, the applicant is temporarily unable to obtain or apportion the specific subsidy amount of the application for investigation products under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

European Guarantee Fund and Agricultural Guarantee Subsidy Project

The **European Investment Bank (EIB)** is a subsidiary body of the European Union and co-owned by member states to provide long-term financial support in line with EU policy objectives. It sets eight core priority support directions⁹ (**see the European Investment Bank Focus Areas and the European Investment Fund's Agricultural Guarantee Project website screenshots**), of which agriculture and bioeconomy are among them. The **European Investment Fund (EIF)** is a subordinate to the European Investment Bank, whose central mission is to support financing support for small and medium-sized enterprises in Europe, including equity financing and guarantees. The **European Guarantee Fund (EGF)** is established by the European Investment Bank and is funded by member states to support corporate self-investment banks, investment funds in obtaining loans, guarantees, asset securitization, equity and other financing support. The European Investment Guarantee Fund is part of the EU's €540 billion recovery package.

The **AGRI Guarantee Facility**, managed by the European Investment Fund on behalf of the EU, aims to provide financing support to industries considered high risk

⁹ <https://www.eib.org/en/about/at-a-glance/index.htm>

by farmers, agricultural holding companies, cooperatives, small and medium-sized enterprises on farms, and forestry. Among them, concessional loans are an important form (see the **EIB Focus Area and the European Investment Fund's Agricultural Guarantee Project website screenshot**). As the manager and guarantor of the European Investment Fund, the final project risk is borne by the member states of the European Union.

The project is implemented by financial and credit institutions such as guarantor agencies, leasing companies, loan funds and other member countries. During the implementation of the project, the above institutions can cover 25% of the principal loss through transfer of loans, subleases, etc. (see **Annex 6 Examples of Agricultural Guarantee Projects of the European Investment Fund**). When applying for a project, the company submits an application through the above institutions.

1 - Financial support

The implementation of this project includes the European Investment Bank and the European Investment Fund, as well as the financial institutions of each member. Among them, the former is a subsidiary body of the European Union, which indicates that it belongs to public institutions in all aspects such as the nature of shares, the control of shareholders, the functions performed, the assignments and instructions. At the same time, EIF's AGRI is a new initiative managed by EIF on behalf of the European Commission that aims to facilitate greater access to finance to **Farmers, Agricultural holdings, Cooperative, Rural micro- or small enterprise, Forestry business**) in the EU member states who are often considered to be riskier final recipients. The latter, as project implementers, performs the responsibilities of the European Investment Fund under the project, and in all aspects of its functions, commissions and directions, indicates that it belongs to public institutions. According to Article 3, paragraph 1, of the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient. Under this item, the form of financial support is to provide loan guarantees to the enterprise, and the government ultimately bears the guarantee liability because the debt cannot be repaid. According to Article 3 of the Countervailing Regulations, the potential direct transfer of funds or debts by the government of the exporting country (region) in the form of loan guarantees constitutes financial support. Therefore, from the point of view of legal authorization, funding

¹⁰ https://www.eif.org/what_we_do/guarantees/agri_guarantee_facility/index.htm

sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

Factsspecific to sex.Under this project, theEIB operates in accordance with the core areas of its objectives.Agricultureis one of the eight core areas.In the description of this project, it is clear that financing support is provided to farmers, agricultural holding companies, cooperatives, small and medium-sized enterprises**on farms, and forestry industries that are considered high risk**(seethe EIB focus area and the European Investment Fund Agricultural Guarantee Project website screenshot of the European Investment Fund website).According to Article 4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given.From theperspective of the enterprisetargeted and directed to the project,this project is specific.

3) Interests

Under this project, the beneficiary enterprisesinclude farmers, agricultural holding companies, cooperatives, small and medium-sized enterprises on farms, forestry and other industries.The upstream raw materials industry of dairy products and the dairy industry belong to the above fields.Under this item, the interest earned by the enterprise is the difference between all loan interest paid by the enterprise in the absence of security and the actual interest paid.The applicant believes that there is a situation in which the principal loss of the loan is allowed to be covered in this project.This category relates to theunrepayable situation ofprojectsand loans,indicating thatsuch enterprises, operations andloansare at high risk and need to be taken into account in calculating benefits incases where loans are not available in the commercial market, including cases whereinternationalloan interest rates are taken into account, as well as where the highest risk is notavailable, all loans secured constitute an interest.For the transmission of benefits obtained by upstream raw materials enterprises to dairy products, see this application (eight, entrusting or instructing the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant is temporarily unable to obtain the specific interest rate of the project, as well as loan conditions and guarantee terms and other information, can not calculate the specific subsidy amount under this project, so

the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

EU Export Return Subsidy Project for Processing Agricultural Products

The EU Processing Agricultural Export Return Program aims to increase the price competitiveness of processed agricultural products in the EU. Products covered by the project include cereals, dairy and dairy products, pork, etc., based on EU Regulation 578/2010 (see **Annex I to EU Regulation 578/2010**). The EU has historically implemented the project for a long time, ending universal export returns in 2014 but can still implement export returns in emergency situations¹¹. (See **Appendix 8 screenshot of the EU export return page for processed agricultural products**)

1 - Financial support

The implementer of this project is the Government, and the form of financial support is the direct payment of funds. In accordance with Article 3 of the Countervailing Regulation, direct funding by the Governments of exporting countries (regions) constitutes financial support in the form of grants. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The applicant believes that export return is a typical WTO ban export subsidy. The purpose of this project is to promote exports and is directly related to export behavior and export performance. According to the provisions of Article 4, paragraph 1, paragraph 4, of the Countervailing Regulations, "subsidies obtained on the basis of export performance, including those listed in the list of export subsidies annexed to this Regulation, are exclusive".

The law is specific. Under this item, only qualified products are implemented and the law specifies the list of products (see **Annex 7 EU Regulation 578/2010, Annex I**). According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application object, the project is specific.

¹¹ Please contact us at https://single-market-economy.ec.europa.eu/sectors/agri-food-industrial-ecosystem/trade-processed-agricultural-products/export-refunds_en

3) Interests

Under this item, the actual benefits obtained by the enterprise are the amount returned. Limited by the information, the applicant is temporarily unable to obtain the specific subsidy amount for the implementation of this project during the investigation period, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

IV. French subsidy projects

France has implemented a number of agricultural subsidy projects under the Common Agricultural Policy (see **annex 9 Press Bulletin 2023-2027 - National Strategic Plan approved by the European Commission**); **Annex 10 Citizen summary of the performance report of the French National Common Agricultural Policy Strategic Plan 2023**; **Annex 11 The common agricultural policy of France**; **Annex 12 Annual Performance Report of the French CAP Strategic Plan**, which lists only the following items.

Agricultural Guarantee Fund Subsidy Projects

French National Agricultural Initiative (INAF) (see **Annex 13 French National Agricultural Initiative (INAF)**); **Annex 14 French National Agricultural Initiative (2019)**; **Annex 15 The French National Agricultural Initiative (INAF) Bank Public Guarantee Scheme facilitates the granting of loans to French farmers**; **Annex 16 The French National Initiative for Agriculture (INAF) publicly solicited letters of intent**) The Agricultural Guarantee Fund project is ¹² part of the Grand Plan d'investissement 2018-2022 and is under the responsibility of the European Investment Fund (EIF) with the French government and the Ministry of Agriculture. The project aims to provide French farmers with support for industrial upgrading, value-added, production conversion, etc., boosting 5 billion euros in agricultural investment.

Agricultural investment cycles are long and uncertain, and agricultural producers have difficulties in obtaining loans, reducing the willingness of the industry to invest. The French government provides financial support to agricultural production and investment, which is conducive to the long-term development of the industry and has important strategic significance for the national economy.

¹² <https://agriculture.gouv.fr/tout-savoir-sur-linitiative-nationale-pour-lagriculture-francaise-inaf> is French for L'Initiative nationale pour l'agriculture française.

1 - Financial support

ALTER'NA - ESIF EARFDNouvelle-Aquitaine ¹³ (see **Annex 17 Case Study of Nouvelle-Aquitaine**), FOSTER Occitanie II (Fonds Occitanie de Soutien Territorial aux Entreprises Régionales) ¹⁴ (see **Annex 18 Case Study in Occitanie, France**) by designated financial institution Arkéa Groupe BPCE, Crédit Agricole, Crédit Mutuel and others. The above projects involve two regions Nouvelle-Aquitaine and Occitanie, of which Nouvelle-Aquitaine is France's third largest region and agriculturally developed region. The two projects will be implemented until 2024 and 2023, respectively, with a total budget of €350 billion and €156 million, respectively, with funding sources including different regional development funds. The amount of investment and supported projects driven by the above funds will far exceed the above figures.

This project provides support for these projects, with €54 million from the National Funds of France and €45 million from the European Fund for Strategic Investments (EFSI or "Juncker Plan") to cover the losses of these financial institutions in implementing loan projects.

In accordance with Article 3 of the Countervailing Regulation, direct funding by the Governments of exporting countries (regions) constitutes financial support in the form of grants. Under this item, the Government of France designated financial institutions to provide loans to agriculture, guaranteed by a special fund, to be reimbursed by financial funds in the event of loss of the loan. The project is funded by funds from the European Union and the French government and is jointly implemented by the Fund, the French Ministry of Agriculture, the French local government and designated financial institutions. Among them, in addition to the French government, funds and financial institutions to perform the duties of the European Union and the French government under the project, in all aspects of the functions, commissions and instructions, etc., indicate that they belong to public institutions. According to Article 3, paragraph 1, of the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient. Under this item, the form of financial support is to provide loan guarantees to the enterprise, and the government ultimately bears the guarantee liability because the debt cannot be

¹³ https://www.eif.org/what_we_do/resources/esif-eafrd/index.htm

¹⁴ https://www.eif.org/what_we_do/resources/foster/index.htm

repaid. According to Article 3 of the Countervailing Regulations, the potential direct transfer of funds or debts by the government of the exporting country (region) in the form of loan guarantees constitutes financial support. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The project refers to agriculture and needs to meet certain conditions in its implementation, such as supporting investment in agricultural production, purchasing land, buying shares, equipment, applying for loans to set up experience in agriculture, etc. **(Annex 15 The National Agricultural Initiative (INAF) Bank Loan Public Guarantee Scheme facilitates the granting of loans to French farmers.** Areas of focus include: Investment supports ecological transformation in livestock and vegetable production, greenhouse fruit and vegetable production, on-site processing and marketing of farms, organic food processing and sales, agro-tourism, rural leisure activities, renewable energy production and forestry technology (see **Annex 17 Case study of Nouvelle-Aquitaine, France**). While the initiative does not constitute law, INAF is one of the French government's initiatives and government documents, while livestock is one of them according to the target and priority industry set. According to Article 4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given. From the perspective of the enterprise targeted and directed to the project, this project is specific.

3) Interests

According to Vincent Boulesteix¹⁵ (Deputy Head of the Financing of Enterprises Office, Ministry of Agriculture and Food) **(Annex 15 to the INAF Bank Loan Public Guarantee Scheme to facilitate the disbursement of loans to French farmers)**, 1,390 loans involving €182 million were provided under previous projects, representing 68 per cent over 10 years. The total amount of this project fund is 99 million euros, but the loans pulled far exceed that amount. Under this project, the benefit of the enterprise is the benefit of the enterprise for all loan interest paid by the enterprise in the absence of guarantees, the difference from the actual interest paid. The applicant believes that there

¹⁵<https://www.fi-compass.eu/sites/default/files/publications/The%20French%20National%20Agriculture%20Initiative%20%28INAF%29.pdf>

is a situation in which the principal loss of the loan is allowed to be covered in this project. This category relates to the unrepayable situation of projects and loans, indicating that such enterprises, operations and loans are at high risk and need to be taken into account in calculating benefits in cases where loans are not available in the commercial market, including cases where international loan interest rates are taken into account, as well as where the highest risk is not available, all loans secured constitute an interest. The scope of this project includes upstream raw materials enterprises for livestock and dairy products, and for the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (8, entrusting or instructing the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant is temporarily unable to obtain the specific interest rate of the project, as well as loan conditions and guarantee terms and other information, can not calculate the specific subsidy amount under this project, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

The French Agricultural Insurance Subsidy Project

Agricultural insurance has long been an important way of supporting agriculture in the EU, with an analysis published in 2008 providing a¹⁶ comprehensive assessment of the agricultural insurance systems of member states (see **Annex 19 Final Report on Agricultural Insurance Schemes 2006**). Currently, the legislative authority for agricultural insurance projects derives from Regulation 1305/2013 under the Common Agricultural Policy¹⁷, which provides for the relevant provisions on farm development measures of the European Fund for Rural Development, Article 36 Risk Management, 37 Crop, Animal and Plant Insurance, Article 38 Common Fund for Unfavourable Climate Events, Animal and Plant Diseases, Pests and Environmental Accidents, which authorizes member States to adopt agricultural insurance support measures. Specific forms of support include: Support measures such as subsidized agricultural insurance premiums, supplementary risk loss, **reinsurance (see Articles 36, 37, 38 of EU Regulation 1305/2013)**

Among EU members, France is an important member of the application of agricultural insurance. The French crop insurance system is mandated by the National

¹⁶ https://agriculture.ec.europa.eu/document/download/351e730c-8a61-4834-a4b7-d9d94fc741a7_en?filename=ext-study-insurance-full-report-rev_2008_en.pdf

¹⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R1305>

Risk Management and Technical Assistance Program (PNGRAT), **as part of the reform of riskmanagement** tools set out in Law 2022 (Loi n° 2022-298 du 2 mars 2022) of 2 March 2022.

Law No. 64-706 of 10 July 1964, The organization of a guarantee scheme against agricultural disasters. Article 1 of this article provides that: The National Agricultural Disaster Guarantee Fund was established to compensate farmers for losses suffered by natural disasters¹⁸. The National Fund for the Guarantee of Agricultural Losses, Fonds National de Garantie de Garantie des Calamités Agricoles (FNGCA) is covered by the National Catastrophe System, **Cat-Nat**, the National Fund for the Guarantee of Agricultural Losses. The public agricultural disaster insurance scheme ("Dispositif des Calamités Agricoles") covers losses caused by weather events. If farmers lose less than 30% of their annual production, they are directly compensated by the Government Fund ("Fonds National de Gestion des Risques en Agriculture", FNGRA), whose funding comes from farmers and two thirds from the French government (see **Annex 22 Guidelines on Risk Management in Agriculture**). If the loss exceeds 30%, the amount is paid by the European Agricultural Fund for Rural Development. Since 2009, the premiums of farmers insured to private insurance companies have been partially subsidized by the government. Depending on the projects involved, the amount of the actual subsidy as a proportion of premiums is between 0 and 47%. The subsidy is paid directly to the farmer after purchasing insurance. (See **Annex 23 Crop Insurance in France: Specific characteristics and potential determinants of the plan**)

In the wake of the farmers protests, France has implemented agricultural insurance reform since 2023, and some historical insurance programs continue to be retained or adjusted, while corresponding to the new insurance framework. For example, as of January 1, 2023, the National Strategic Plan (NSP) provides a framework for response tools with funding from EAFRD. **Multi-risk climate crop insurance covers insurer losses** caused by weather disasters. (See **Annex 24 French crop insurance reform in 2023; Annex 25 Don't bet on the marginal treatment effect analysis of French farms on crop insurance subsidies**)

After the 2023 reform, the French government divided the risks into three categories, with low risks borne by farmers themselves. Medium risk is covered by

¹⁸ A national agricultural disaster guarantee fund is hereby established to compensate for material damage caused to farmers by disasters, as defined in Article 2 of this Law. This fund is also responsible for promoting the development of insurance against agricultural risks.

insurance of subsidized premiums; High risk is paid by the government, either to the farmer, or to the insurer. The new agricultural insurance is one of the measures in response to a farmer's strike. Coverage is extended to all crops, including dairy farmers and livestock crops.

After the 2023 reform, the government will intervene to compensate for some of the damage caused by the disaster, to be paid by The National Solidarity Allowance (ISN). According to the planting varieties, different starting compensation standards are set. Among them, the loss of crops such as pasture is more than 30%. In the event of claims settlement, the ISN bears 90% of the compensation component and the remaining 10 per cent by the insurance company. The implementation method is that the insurer receives joint compensation from his reinsurance company and the Government upon full payment. For uninsured cases, the proportion of ISN burden losses is smaller than insured, with 45% in 2023 and 40% in 2024.

In this case, the mode of subsidy is two, one is directly subsidized premiums, and the second is a high compensation for special risks. In the case of premium subsidies, the maximum subsidy rate for post-reform premiums is 70 per cent, and the project constitutes a government grant. The case of high compensation varies according to the manner in which it is paid, either constitutes a government grant or an insurance product that instructs insurers to provide an insurance product that is not equal to risk.

Agricultural insurance is funded from budget funds, and applicants do not enquire about the amount of the budget to 2023-2024. The budget for agricultural insurance was 600 million euros for 2015-2020, with an additional €74 million in 2018 (budget from under Pillar I).

1 - Financial support

The main body of implementation of this project is the government and insurance financial institutions, which, in accordance with the law, are entrusted and instructed to perform government functions, indicating that they belong to public institutions. According to Article 3, paragraph 1, of the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient. Under this item, financial support is provided to enterprises in the form of grants for reimbursement of premiums or grants to compensate for incurring losses. According to Article 3 of the Countervailing Regulation, the Government of the exporting country (regional) directly provides financial support in the form of grants,

etc. by the Government of the exporting country (Region). Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The law is specific. Under this project, agriculture is an industry covered by the project and the law provides financial support to farmers (see **Articles 36, 37, 38 of the EU Regulation No. 1305/2013, Annex 2.0**). According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application object, the project is specific.

3) Interests

In this project, the direct benefit of the enterprise is the contribution it receives, or supplements for insured losses. In addition to direct benefits, enterprises can expand production operations, obtain loans, etc. in the case of insurance support, whose indirect benefits far outweigh direct government grants. At the same time, since all insurance companies offering agricultural insurance under this project are dependent on government support under this project, there is no corresponding insurance products and prices in the commercial market that are not affected by government subsidies. Therefore, the applicant believes that in calculating the benefits, it is necessary to consider the additional earnings of the enterprise, as well as the premiums for agricultural insurance under no commercial conditions in France, and need to refer to the internationally accepted agricultural insurance premium price. The scope of this project includes dairy upstream raw materials enterprises such as farmers, ranchers, livestock husbandry, etc. For the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (eight, entrusting or instructing the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant is temporarily unable to obtain specific information on insurance and compensation, cannot calculate the amount of the specific subsidy under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

Agricultural investment subsidy projects

The plan is part of the French Common Agricultural Policy (2023-2027). The project, approved by EU state aid, aims to promote investment in agriculture, address capacity-building for food self-sufficiency production and the dilemma of climate change, and improve industry competitiveness, environmental protection and animal welfare. With a total budget of 500 million euros, the project was approved for implementation until 31 December 2029, mainly to support young farmers (see **Appendix 26 Summary of State Aid Approval of the French Agricultural Investment Subsidy Project**).

The forms of subsidies mainly include: Direct allocations, loan discounts, low-interest concessional loans, prepayments should be repaid, guarantees, tax concessions, etc. Subsidy recipients include: (1) Small and medium-sized agricultural holding companies; (2) large-scale incubation platform, committed to investing in animal welfare; (3) Economic activities involving local and regional governments in the field of basic agriculture. The subsidy for the project will cover 65-100% of project costs.

1 - Financial support

The main body of implementation of this project is the government and financial institutions, which are entrusted and instructed to perform the functions of government in accordance with the law, indicating that they belong to public institutions. According to Article 3, paragraph 1, of the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient. Under this project, the form of financial support is to provide grants, loans, interest rates, guarantees, tax incentives, etc. to enterprises. In accordance with the provisions of Article 3 of the Countervailing Regulations, the governments of exporting countries (regions) directly provide funds in the form of grants, loans, capital injections, etc., or potentially direct transfers of funds or debts in the form of loan guarantees or other forms of financial support; The renunciation or non-collection of revenue receivable by the Government of the exporting country (region) constitutes financial support. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

Under this project, agriculture is the main area of coverage, according to the third-party website (Globaltradealert), which covers ten key areas such as animal

husbandry¹⁹(see a screenshot of the third-party website of the **French Agricultural Investment Subsidy Project Focus Areas**) and according to the EU State Aid Approval Summary, animal welfare is one of the directions the project ensures. According to Article 4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given. From the perspective of subsidized enterprises targeted by the project, this project is specific.

3) Interests

Depending on the form of financial support, the benefits of this project are calculated differently. In the case of appropriation, the amount of funds obtained by the benefit of the enterprise, the amount of interest paid. In the case of loans and loan guarantees, the interest is the difference between the interest rate assumed by the enterprise and the interest rate actually paid in the commercial market under the same conditions, or in the absence of guarantees. The applicant believes that there are obvious provisions for preferential loans under this project, and its implementation interest rate is preferential compared to commercial conditions. In the case of preferential tax, the interest is the amount of tax exempted from the enterprise. The scope of this project includes dairy upstream raw materials enterprises such as farmers, ranchers, livestock husbandry, etc. For the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (eight, entrusting or instructing the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant is temporarily unable to obtain specific information on the implementation of the project, can not calculate the specific subsidy amount under this project, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

V. Italian subsidy projects

Subsidy projects in the agricultural processing industry

The project (Agro-industria development) is approved by EU state aid and is supported by the Recovery and Resilience Facility (RRF). The project was approved for

¹⁹ <https://www.globaltradealert.org/intervention/136939/interest-payment-subsidy/france-eur-500-million-state-aid-scheme-to-support-investments-made-by-agricultural-undertakings>

implementation until the end of 2029, in part from the RRF, to support the development and resilience of the Italian agro-industrial system by facilitating the implementation of large-scale strategic and innovative investment projects. The project is a continuation of the project through June 2017 (SA.47694) and December 2020 (SA.59101).

The project budget amounted to 910 million euros in the form of financial support for government grants and subsidies, covering projects in the agricultural sector that invest in agro-processing industry and sales. The objectives of the project are to improve market orientation, enhance competitiveness, strengthen research and development, technology and digitalization. According to Italian government estimates, there will be more than 500 beneficiary companies, each benefiting no more than 60% of the cost of investment. (See **Annex 28 Summary of State Aid Approval for Agroprocessing Industry Projects in Italy**)

1 - Financial support

The executing agency of this project is the government, financial support in the form of government grants and subsidies. In accordance with Article 3 of the Countervailing Regulation, direct funding by the Governments of exporting countries (regions) constitutes financial support in the form of grants. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The law is specific. Under this item, in the Summary of State Aid Approval, it is expressly qualified for agricultural use and set conditions for investment in agro-processing industry and marketing (see **Annex 28 Summary of State Aid Approval for the Agroprocessing Industry Project in Italy**). According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application object, the project is specific.

3) Interests

Under this project, the range of enterprises benefiting from the agro-processing industry, and dairy products belong to the agro-processing industry, benefiting from this project. Under this project, the enterprise receives grants for the benefit of the enterprise. In the case of financial support, the benefits obtained by the enterprise are government premiums, etc.

Limited by the information, the applicant cannot obtain the specific amount of subsidy under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

(2) Subsidy Project of the "Agricultural Italy" Platform Guarantee Fund

The AGRI Italy Platform was established in 2017 and is approved to operate until 2023. The project is supported by the European Investment Fund (EIF) and covers Calabria, Campania, Emilia Romagna, Piemonte, Puglia, Toscana, Veneto and Umbria. (See **Annex 29 Case Study of the Italian AGRI Platform**). The project serves basic agriculture, agro-processing industry, sales and other fields, provides guarantees for corporate loans and promotes the financing of enterprises. Project funding sources include: EAFRD, RDP Calabria 2014-2020, RDP Campania 2014-2020, RDP Emilia-Romagna 2014-2020, RDP Piemonte 2014-2020, RDP Puglia 2014-2020, RDP Toscana 2014-2020, RDP Umbria 2014-2020, RDP Veneto 2014-2020. The budget funding from the European Union and the Italian governments is 202 million euros, funded by some financial institutions, and eventually a total of 391 million euros, which can cover 5-6 times the size of financing through leverage. Of this, the European Investment Fund contributed €132 million, covering high-level risks and assuming guarantees for financial institutions and markets. The bank may not charge any risk margin for the guaranteed portion of the loan.

1 - Financial support

The implementation of this project is the AGRI Italy Platform, a specialized agency established by the Government of Italy. The nature of its shares, the control of shareholders, the functions performed, the commissioning and instructions, etc., indicate that it is a public institution. According to Article 3, paragraph 1, of the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient. Under this project, the form of financial support is to provide a loan guarantee to the enterprise and ultimately a high risk that the debt cannot be paid, the European Investment Fund is ultimately borne by the European Investment Fund. According to Article 3 of the Countervailing Regulations, the potential direct transfer of funds or debts by the government of the exporting country (region) in the form of loan guarantees constitutes financial support. Therefore, from the point of view of legal authorization, funding sources and

executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

Under this item, the application of basic agriculture, agro-processing industry, sales and other fields is clearly defined. According to Article 4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given. From the perspective of subsidized enterprises targeted by the project, this project is specific.

3) Interests

The project covers agriculture and agro-processing industries. The interest of this project is the difference between the interest paid on the loan and the actual interest paid by the enterprise in the absence of security. The applicant believes that there is a high risk of coverage of the project. This category relates to the risk profile of the project and the loan itself, indicating that such enterprises, operations and loans are high-risk and need to be taken into account in calculating benefits in cases where loans are not available in the commercial market, including cases where all loans are secured in cases where the highest risk is not available. The dairy industry belongs to the agro-processing industry and can benefit from this project. The coverage of this project includes basic agriculture, some of which are dairy products upstream raw materials enterprises, for the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (eight, entrusting or instructing the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant is temporarily unable to obtain the specific interest rate of the project, as well as loan conditions and guarantee terms and other information, can not calculate the specific subsidy amount under this project, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

VI. Danish subsidy projects

Methane emission reduction subsidy project for milk production farms

The project, a post-case project, approved by EU state assistance in September 2024, was approved for implementation until the end of 2027. The project aims to reduce methane emissions from milk production, with a total budget of 53 million euros. The project subsidy is in the form of a government grant covering all dairy

farms. The project will cover all costs of farmers in eligible projects. (See **Annex 30 Summary of State Aid Approval for Methane Reduction Project on Milk Production Farms in Denmark**)

1 - Financial support

The implementing agency of the project is the Government of Denmark, with financial support in the form of government grants. In accordance with Article 3 of the Countervailing Regulation, direct funding by the Governments of exporting countries (regions) constitutes financial support in the form of grants. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The law is specific. The State Aid Approval Summary specifies that the provisions of this project apply to farmers who produce raw milk. According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application object, the project is specific.

3) Interests

The amount of grants received for the benefit of the farmer under this project. The coverage of this project includes dairy farmers, which is an upstream raw material enterprise for dairy production, for the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (8, delegate or instruct the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant cannot obtain the specific amount of subsidy under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

(2) Export and Investment Subsidy Projects

The project (Denmark's Export and Investment Fund) is approved by EU state aid and is valid until 30 April 2030 with an initial project budget of €807 million, with a total target of more than 4 billion euros. The aim of the project is to support economic development and improve the competitiveness and innovation of Danish enterprises. The project will be the responsibility of the new state-owned economic entity after the merger of three state-owned economic entities. Three of them are: The

Danish Growth Fund (Vækstfonden)EKF Denmark's Export Credit Agency (EKF Danmarks Eksportkredit)The Danish Green Investment Fund (Danmarks Grønne Investeringsfond).

The forms of subsidies include:(1) 3 existing state-owned economic entities are priced at €3.3 billion and the fund is guaranteed by the Government of Denmark;(2) State-owned capital infusion of 807 million euros;A government guarantee of €13 million per year;(4) Exempt from corporate income tax benefits, exemption from income tax is about 22% of profits²⁰, and about 38.6 million euros per year of corporate income tax exemption.(See **Annex 31 Summary of State Aid Approval for the Danish Export and Investment Subsidy Project**)

Subsidies will be directed to enterprises that have difficulty obtaining adequate support in the local market, mainly for SMEs.

1 - Financial support

The implementation of the project is the Danish Export and Investment Fund, which is established as a government subsidy, and its entire share capital is invested by the Government, thus assuming, in particular, the function of implementing export and investment support.The nature of the shares of the export and investment fund, the control of shareholders, the functions performed, the commissioning and directions of the export and investment funds indicate that it is a public institution.According to Article 3, paragraph 1, of the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient.Under this project, financial support is in the form of export financial support, such as loans, loan guarantees, investment, etc.According to the provisions of Article 3 of the Countervailing Regulations, the governments of exporting countries (regions) directly provide funds in the form of grants, loans, capital injections, etc., or potentially direct transfers of funds or debts in the form of loan guarantees or other forms of financial support.Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

Export-specific.This project serves export promotion and is directly related to the

²⁰ https://ec.europa.eu/competition/state_aid/cases1/202324/SA_105087_707AAE88-0000-C5F1-9C41-6625416DF051_47_1.pdf

export behavior of the enterprise. According to the provisions of Article 4, paragraph 1, paragraph 4, of the Countervailing Regulations, "subsidies obtained on the basis of export performance, including those listed in the list of export subsidies annexed to this Regulation, are exclusive".

3) Interests

Under this item, enterprises engaged in the export of dairy products can benefit from their export practices. The interest of this project is the loan obtained by the enterprise, or in the case of guarantee, the difference between all interest paid on the loan and the actual interest paid. In the State Aid Approval Summary, it is clear that the project applies to businesses that have difficulty obtaining financing support in the market. The applicant believes that when calculating the financing benefits of such enterprises, taking into account that there is no local business loan that meets the market conditions, it is necessary to refer to the internationally accepted loan price calculation.

Limited by the information, the applicant is temporarily unable to obtain the specific interest rate of the project, as well as loan conditions and guarantee terms and other information, can not calculate the specific subsidy amount under this project, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

Subsidy projects in the Netherlands

Agricultural Nitrogen Emission Subsidy Project

In May 2023, EU state aid approved the LBV and LBV-plus subsidy project aimed at reducing nitrogen deposition near nature reserves and promoting sustainable production throughout the livestock sector. The project was approved for operation until 2028, and the total amount of the approved subsidy amounted to €1.47 billion. The LBV project budget is 500 million euros, LBV plus project budget 975 million euros, financed from the national budget and the implementing agency is the Ministry of Agriculture, Nature and Food Quality²¹. The so-called peak-load emitting breeding sites that emit large amounts of nitrogen each year. Both projects were distributed in the form of grants to compensate for the total loss of pastures close to protected areas. This includes dairy farms, pig farms, chicken farms, etc., and all cover the loss of capacity and production quota rights. Of these, the total subsidy limit for applications for more

²¹ https://ec.europa.eu/competition/state_aid/cases1/202324/SA_106555_40E9AF88-0000-C4FB-AE3C-835D39FC4CEC_67_1.pdf

than 50 per cent of cows is €270 million. Under the LBV Plus project, farmers will be compensated for a capacity loss of 120%.

In 2024, EU state aid approved a²² new nitrogen emission subsidy project (see the **Summary of National Aid Approval for the Agricultural Nitrogen Emissions Project in the Netherlands in Annex 32**) to encourage small and medium-sized ranchers in close proximity to environmentally vulnerable areas to take voluntary measures to close their farms. A total subsidy budget of €700 million, in the form of direct allocations and services, will be used to compensate farmers for all losses, including loss of production and capacity, costs of dismantling and disposing of capacity, and other costs directly related to site closures. The project will be implemented in limited areas set up in the provinces of the Netherlands, including peatlands, sandy soils, river valleys and areas in and around Natura 2000. The project will be implemented until 1 October 2029.

Farms applying for the above subsidies must meet nitrogen emission requirements in order to achieve the purpose of annual nitrogen emission reduction. Only one of the three projects can be applied for.

1 - Financial support

The executing agency for this project is the Ministry of Agriculture, Nature and Food Quality, with financial support in the form of government grants. In accordance with Article 3 of the Countervailing Regulation, direct funding by the Governments of exporting countries (regions) constitutes financial support in the form of grants. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The law is specific. According to the State Aid Approval Summary, this project applies to specific farms or pastures close to protected areas, including dairy farms, pig farms, chicken farms, etc. According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application object, the project is specific.

3) Interests

²² <https://www.eureporter.co/world/holland/2024/08/15/commission-approves-e700-million-dutch-state-aid-scheme-to-promote-a-more-sustainable-and-environmentally-friendly-production-in-the-livestock-sector/>

Under this project, the amount of the grant received by the enterprise is the amount of benefits obtained. The coverage of this project includes dairy farmers, which is an upstream raw material enterprise for dairy production, for the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (8, delegate or instruct the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant cannot obtain the specific amount of subsidy under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

Extensive Weather Insurance Subsidy Project

Broad Weather Insurance²³(BWV) is an insurance subsidy policy introduced by the Dutch government in support of the agricultural sector's response to extreme weather risks under the National Strategic Plan (Nationaal Strategisch Plan) and the Common Agricultural Policy. The government encourages people to buy weather insurance through a €17.5 million subsidy, and the insurance tax exemption program causes the government to lose about 7 million euros of revenue a year. (See **Annex 33 for an introduction to the extensive weather insurance project in the Netherlands**)

The project was implemented in 2010 by the Dutch Ministry of Agriculture, Nature and Food Quality (Ministerie van Landbouw, Natuurbeheer en Voedselkwaliteit - LNV). Since 2020, BWV has added the Insurance Tax Exemption Program (Assurantiebelasting).

The government bears part of the cost of the farmer's premium, and each farmer receives a premium subsidy of up to 63.7%. During the application process, the farmer may authorize the Dutch Enterprise Agency (Rijksdienst voor ondernemend Nederland-RVO) to pay a subsidy to its insurance company, which will deduct the amount of the subsidy from the premiums payable; If there is no authorization, the amount of the subsidy will be deposited into the farmer's account.

1 - Financial support

The implementation of this project is carried out by the Dutch Ministry of Agriculture, Nature and Food Quality and insurance financial institutions, which, in accordance with the law, are entrusted and instructed to perform government functions, indicating that they belong to public institutions. According to Article 3, paragraph 1, of

²³ <https://open.overheid.nl/documenten/d5557d5b-c817-4ddc-93d1-7f0f779a421e/file>

the Countervailing Ordinance, "subsidy means financial support and any form of income or price support provided by the government of the exporting country (regional) or any of its public institutions that benefit the recipient. Under this item, financial support is provided to enterprises in the form of grants for reimbursement of premiums. According to Article 3 of the Countervailing Regulation, the Government of the exporting country (regional) directly provides financial support in the form of grants, etc. by the Government of the exporting country (Region). Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

Under this project, agriculture is the project's coverage industry. According to Article 4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given. From the perspective of subsidized enterprises targeted by the project, this project is specific.

3) Interests

In this project, the direct benefit of the enterprise is the premium allocation it receives. In addition to direct benefits, enterprises can expand production operations, obtain loans, etc. in the case of insurance support, whose indirect benefits far outweigh direct government grants. At the same time, since all insurance companies providing insurance under this project are dependent on government support under this project, there is no corresponding insurance products and prices in the commercial market that are not affected by government subsidies. Therefore, the applicant believes that in calculating the benefits, it is necessary to consider the additional earnings of the enterprise, as well as premiums that are not covered under commercial conditions in the local area, and need to refer to the internationally prevailing premium price. The scope of this project includes dairy upstream raw materials enterprises such as farmers, ranchers, livestock husbandry, etc. For the transmission of benefits obtained by upstream raw materials enterprises to dairy products, please see this application (eight, entrusting or instructing the raw dairy industry to provide subsidized raw materials at a low price).

Limited by the information, the applicant is temporarily unable to obtain specific information on insurance and compensation, cannot calculate the amount of the specific

subsidy under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future investigation process.

Entrust or instruct the raw dairy industry to provide subsidized raw materials at a low price

EU planning for the dairy industry

The EU is the world's largest dairy producing region, with all member regions producing dairy products, both in the foothills of free-grassed herds and pastures and farms. EU farmers produce 160 million tonnes of fresh milk in 2022, of which 94% are delivered to processors, with deep processing of cheese or butter (see **Annex 34 European Parliament Report on the main characteristics, challenges and prospects of the EU dairy industry, annex VI (9) of the original application**). According to the statistics of the European Dairy Industry Association **2023/2024** (see **Annex 35 European Dairy Association 2023/2024 Annual Report**), dairy deliveries reached 1448 million tons in 2023. The EU's dairy and dairy industry, with an annual output of more than 50 billion euros, plays an important role in securing employment and income in rural areas. Raw milk production in the EU involves 650,000 dairy farmers, and the processing involves 300,000 people employed, of which 45,000 employment is closely related to export products. In the context of epidemics and geopolitical crises, the development of the dairy industry to ensure food supply is even more important.

The EU has always attached importance to the planning and guidance of the industry, and the policy tools in the dairy sector can be traced back to the policies implemented by its predecessor organizations in the 1960s (see Annex 36 EU and Turkish Milk Support Policy Research) and maintain the coordinated development of the industry through the introduction of strategies, plans, policies, legislation, and concrete implementation projects. The EU master plan for the dairy industry is reflected in the Common Agricultural Policy, Quota and Capacity Arrangements, **Production Forecasts such as the 2012 Milk Package (see "Milk Package" for the Development of the Dairy Market Conditions in Annex 37 and the implementation of the provisions of the milk package)**²⁴, insurance policy combination (see Annex 19 Final

²⁴ REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT and the COUNCIL Development of the dairy market situation and the operation of the "Milk Package" provisions, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016DC0724>

Report on²⁵ Agricultural Insurance Plan 2006, Appendix 38 Prospects for European Agricultural Insurance, Annex 39 European Risk Management and Agricultural Insurance Plan, Annex 40 European Risk Management and Agricultural Insurance Plan), etc. The Common Agricultural Policy began in 1962 and revised every five years to formulate a development plan for the entire industry for the next five years. EU policy directly supports the growth of the EU's total industry, with EU milk products rising from 134 million tonnes to 144 million tonnes between 2004 and 2022 (see **Annex 34 Report of the European Parliament on key features, challenges and prospects of the EU's dairy industry**) to promote the EU as the world's leading dairy supply region.

At present, the EU still attaches importance to planning for the future development of the dairy industry. The EU Agriculture Vision 2023-2035 indicates that the EU dairy industry has strong resiliency. Through strict environmental standards, the number of herds in the EU will decline by 13% by 2035, milk production from cows added to animal welfare will increase, and total dairy production will fall by 0.2%. The EU is developing CAP post-2027 as an industrial plan for the coming years, considering the industry from a strategic perspective on farmer practices, climate impacts, biodiversity, food safety, sustainability, animal welfare, cheese and dairy products' importance to the industry, supply chain.

(2) History of industrial policy

Historically, due to the particular importance of the dairy industry, the EU has long implemented industrial policy on the industry. In the 1970s and early 1980s, fixed milk prices (guaranteed prices) were not affected by supply and demand and higher than international market prices²⁶, leading to excess production of "Butter mountains and milk lakes" in the EU. In April 1984, in order to address the issue of overproduction of dairy products, the EU adopted a policy of quota production management to limit the number of dairy products delivered directly by processors and farmers (see **Annex 41 of the European Parliament's report on the development of milk production in the EU after the end of the milk quota**). At the same time, the EU has long implemented the export return of processed agricultural products to promote agricultural exports.

The EU's guidance to the industry was evident in the dairy crisis of 2014-2016. In 2014, due to rising demand in overseas markets, EU dairy prices rose, superimposed

²⁵ https://agriculture.ec.europa.eu/system/files/2020-04/ext-study-insurance-full-report_2006_en_0.pdf

²⁶ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Milk_and_milk_products_-_30_years_of_quotas

the EU's elimination of quota management in 2015, and dairy production increased by 11 million tons from 2013 to 2015. Subsequently, overseas markets turned sluggish and Russia imposed import bans, resulting in lower product prices, and by 2016 sales prices were already lower than industry production costs. Since 2014, the EU has adopted all available policy tools, including government storage, subsidies to encourage individual storage, and subsidizing farmers to reduce production. In July 2016, the EU implemented a €500 million subsidy package to grant subsidies to 44,000 farmers to encourage farmers to cut production by more than 850,000 tons. In terms of government procurement and storage, by the end of 2017, the reserves of nonfat milk powder reached 375,000 tons, even when inventory was already high in 2017, it also purchased 30,000 tons. With the support of a series of measures, milk prices recovered in 2017.

Current EU policies include: Common agricultural policy support measures and rural development measures, government storage interventions (see **Annex 42 butter stock intervention**), individual storage subsidies (see **Annex 43 subsidized private storage quantities**), school milk programs, (sales) promotion projects, continued implementation of export returns and cuts in the event of severe market disruptions (Historical export return see **Annex 44 case study on selective exit dairy products returned from European exports**). The above measures fully demonstrate that there is a wide range of government industrial policies and government-led interventions in the EU dairy industry, which is not a commercial sector that operates according to market rules.

(3) Deep processing storage and export response to overproduction

After the elimination of production quotas in 2015, the supply of milk products in the EU increased, resulting in a decline in raw milk prices in the EU and continued to affect the profitability of the industry. Oversupply and rising costs are unable to conduct downstream and other issues that have long plagued the EU dairy industry. In order to cope with the above problems, the EU has always adhered to the guidance of industrial policy and encouraged to enhance the competitiveness of the industry. The main policy guidance direction is the deep processing of primary raw milk products to facilitate storage and export expansion of the market. (See **Annex 34 Report of the European Parliament on key features, challenges and prospects of the EU dairy industry**; See **Annex 41 Report of the European Parliament on the development of milk production in the EU after the end of the milk quota**).

Considering that dairy production needs a stable supply-demand relationship, and

due to the characteristics of dairy itself is not easy to store, production and supply and demand relationship need to be accurately matched in time and space, otherwise there will be a phenomenon such as pouring milk. The EU has always made the stable supply of products a target for the dairy industry, empowering governments to take proactive interventions, harvesting and subsidizing the storage of manufactured products such as butter, cheese and milk powder.

At the same time, EU policy dominates the promotion of exports of manufactured products such as butter, cream, cheese, and milk powder to cope with the dilemma of overproduction, of which cheese production has always been the main output target of the European dairy industry, which has also led to the EU becoming the world's largest cheese export region. Under the guidance of export promotion policy, 10 of the world's top 20 dairy companies are European companies, and EU products seize the global market. More than 45,000 people in the EU specialize in jobs related to exports. According to the European Dairy Association, China is an important export target market. The impact of the Chinese market has also come from the EU's export guidance and low price shocks.

EU raw milk prices have been suppressed for a long time

Under EU policy, production of dairy processing industry grew, according to the U.S. Department of Agriculture, production and exports of EU cheese products continued to grow in 2024, and cheese production growth remains the main target of the dairy processing industry (see **Annex 45 U.S. Department of Agriculture Report-October 2023 Annual Report**). In order to obtain higher profits, the dairy industry needs low-priced raw materials. According to the EU Parliament's report, farmers are in a vulnerable position in the supply chain, and their trading conditions are not fair compared to intensive large processors (see **Annex 34 European Parliament Report on the main characteristics, challenges and prospects of the EU dairy industry**). EU competition law exempts dairy farmers and cooperatives from the vertical cartel model²⁷. At the same time, some member states have mandatory fixed contracts between farmers and processors (see **Annex 46 French Milk Pricing Scheme**).

Under the export-led policy direction, EU dairy products to participate in

²⁷ 1308/2013 Article 210. Article 101(1) TFEU shall not apply to agreements, decisions and concerted practices of interbranch organizations recognized under Article 157 of this Regulation with the object of carrying out the activities listed in point (c) of Article 157(1) and for the milk and milk sector, in point (c) of Article 157(3) of this Regulation, and for the olive oil and table olives and tobacco sectors, in Article 162 of this Regulation. Other provisions exempting competition law include articles 152, 209 and 222.

international market competition need to improve competitiveness and maximize profits. Processors and sales channels are highly intensive and large scale, and processors take advantage of the advantages of raw milk delivery channels and potential risks of cancelling contracts during the delivery period²⁸ to suppress raw milk prices. In the supply chain bar, farmers are in a vulnerable position and can only accept unfavourable trading conditions and continue to offer low-priced raw milk products. This situation cannot be avoided even in the model of cooperatives. Changes in the organization and operation patterns of cooperatives, the growing voice of farmers, and the dilemma of raw dairy farmers are equally exposed to adverse price conditions, internal imbalances, and the focus of cooperatives on the interests of associated companies in dairy products (see original application Appendix VI (10) **How the relationship between members of European dairy cooperatives and cooperatives has changed, Annex VI (11) the impact of mandatory written dairy contracts in European countries and their potential application in Scotland; See Annex 47 Cooperatives - Between Myth and Reality**).

(5) Subsidy is an important condition for the continued operation of dairy farmers in the EU

In addition to restrictions on direct sales, EU dairy farmers still face rising costs. The EU requires farmers to implement environmental, green, emission reduction, plant diversity, rotation, sustainability, and animal welfare policies that increase the production costs of dairy farmers to some extent²⁹ (see **Annex 45 U.S. Department of Agriculture Report-October 2022 Annual Report**). As mentioned earlier, farmers are unable to increase the cost of consumer conduction downstream through processors. In this case, EU dairy farmers rely heavily on subsidies for their continued operations. According to the study, subsidies account for 14 per cent of the after-tax income of French farmers (see **annex 48 themyth of French agriculture as a "beneficiary country"**)³⁰. According to the French Ministry of Agriculture, on average, French farmers account for 11 per cent³¹ of their income, and 20 per cent in

²⁸ The 2020 study on 'Contracting and Farmers' Perception of Unfair Trading Practices in the EU Dairy Sector' concludes that, while unfair trading practices (UTPs) could be driven by incomplete contracts, in reality more contracts may result in including UTPs in the content of the common UTPs found: 'No protection for farmer if the buyer fails to fulfil the contract'; 'Price is set unilaterally by the buyer'; 'Dairy-specific investment required'; And 'buyer can refuse or adjust milk delivery conditions, **Contracting and farmers' perception of unfair trading practices in the EU dairy sector**, July 2020, Journal of Agricultural Economics, DI MARCANTONIO Federica; The CIAIAN Pavel; FALKOWSKI Jan.

²⁹ See the U.S. Department of Agriculture report: Strengthening EU environmental and climate mitigation policies would require additional, non-productive investments and further erode dairy farming vulnerability.

³⁰ <https://www.institutmolinari.org/wp-content/uploads/2024/07/etude-agriculture-2024.pdf>

³¹ <https://agriculture.gouv.fr/presentation-document-cap-its-historical-role-and-its-implementation-eu-and-france>

large farms. And it is not in the present moment that subsidies have historically been an important part of the farmer's income (see **Annex 49 direct subsidies for farms before and after the Common Agricultural Policy (CAP) reform**). Overall, small farmers are not only dependent on subsidies for their income, but their profits are highly dependent on subsidies³². According to the European Parliament report, between 2017 and 2021, direct payments account for up to 40% of EU dairy farmers' income in the EU 27 countries (see **Annex 41 European Parliament report on the development of milk production in the EU after the end of the milk quota, Part 6, EU/State policy intervention after the elimination of quotas**). Fixed subsidies provide a clear production and income expectation for dairy farmers and are important to support their sustainability in the face of uncertain market prices.

EU and Member States commission or instruct raw dairy producers to supply raw materials at low prices to dairy processors

The EU has multiple policy considerations for developing agriculture,³³ such as regional development, rural population, tourism and cultural heritage, full employment,³⁴ food security, supply chain stability, emission reduction, environment, etc. The presence and development of the dairy industry can provide income to a large number of rural households, thereby sustaining the population of these areas with important social significance. Multiple purposes determine that agriculture, pastoral and dairy not only aim at profitability, but also consider maintaining stable supply and industry size. Therefore, the EU continues to affect the development of the dairy industry through the implementation of planning, the common agricultural policy, and the industrial policy of the dairy industry.

For a long time, the EU's agriculture and dairy industry as a whole has benefited from industrial policies and subsidies, which, as mentioned above, account for a large proportion of farm income. According to the EU industrial policy, supporting the processing of agricultural products is an important part of the overall coordination arrangement of the industrial chain supply chain, and to support the processing of agricultural products requires low-priced raw materials. Exemptions from EU dairy industry policy and competition law have resulted in dairy farmers being disadvantaged

³² The agrarian question in dairy farms: An analysis of dairy farms in the European Union countries, by Marina Requena-i-Mora · Marc Barbeta-Vinas, *Agriculture and Human Values* (2024) 41:459-474.

³³ https://agriculture.ec.europa.eu/news/contribution-cap-strategic-plans-long-term-vision-eus-rural-areas-2023-09-21_en

³⁴ https://www.eib.org/attachments/thematic/agriculture_bioeconomy_and_rural_development_overview_2021_en.pdf

in the dairy supply chain, which also weakens farmers' ability to make decisions on production and determine the price of their products on their own.

Article 1(1)(a) of the Agreement on Subsidies and Countervailing Measures stipulates that financial support provided by a government or any public entity in the territory of a Member State shall be considered a subsidy. There are four circumstances in which the Government entrusts or directs a private institution to perform one or more of the functions of subparagraphs (i), (ii) and (iii) which is normally performed by the Government, and the practice is not materially different from the practice normally followed by the Government. Summarizing previous WTO expert group reports, it can be seen that "commissioned" or "instructions" refer to clear, affirmative actions directed to specific parties for specific tasks or responsibilities, and the key to determining whether to be "commissioned" and "directed" is whether the conduct is attributable to the government or to a commercial choice based on market considerations.

In China's appeal report against the United States Anti-Dumping Countervailing Measures (DS379), the Appellate Body noted that in Article 1(1)(a) (iv) of the Agreement on Subsidies and Countervailing Measures, the term "instruction" is defined as "giving authorization to conduct, order, control or control something"; "Commission" means giving "a duty to someone to carry out a task"³⁵. The Appellate Body further noted that the "instructions" point to the exercise of a somewhat "forced" directive by the Government. In the report of the Group of Experts on Cork VII, the Group noted that the directive to restrict (exports) led to the provincial government's commission or direction to private institutions, but that the commission and direction cannot be merely a "by-product" of the law³⁶. The law has a certain effect and does not represent the government's "responsibility" to private institutions. The conduct of private institutions regarding the price and sale of products is influenced by the legal framework and cannot constitute a "commission" or "instruction" of the government to provide goods.

The applicant believes that the circumstances in which the EU entrusts or directs raw dairy producers to provide subsidies to dairy processors is in line with the requirements of the WTO above. First, the EU has long led to support the development of the dairy industry and has formulated many industrial policies in order to maintain the competitive position of dairy products; These industrial policies cover areas such as land, energy, taxation, etc., with significant policy orientation, far beyond the scope of

³⁵ Paragraph 294 of the report of the DS379 Appellate Body.

³⁶ Paragraph 7.606 of the report of the Group of Experts on Cork VII.

general market encouragement or intervention. The EU's industrial policy has industrial social benefits considerations, and there are reasons to solve overcapacity and seize the global market. The EU promotes the behaviour of raw dairy suppliers in full compliance with EU policy objectives for the development of the dairy industry. Second, EU "commissions" and "instructions" are not just legal frameworks, but specific legal requirements and specific behavioral requirements. As mentioned earlier, the EU allows member states to require dairy farmers and processors to enter into³⁷ supply contracts, and this is the case in France. Mandatory provisions in the supply contract must include the duration of the contract, the price, etc. At the same time, the EU exempts processors from unfair behavior under the competition provisions, leading to limited sales channels for dairy farmers in restricted areas, taking into account the product characteristics of raw milk is not easy to store and transport, objectively also belongs to the situation of compulsory dairy farmers to provide products. Finally, the EU uses industrial policy as the carrier to deeply control raw milk producers, which has forced dairy farmers to continue to implement the policy of providing raw materials at a low price for a long time, selling 94% of raw milk output to processors. Ultimately, dairy farmers sacrifice their own interests and support dairy producers. It is important to note that, as mentioned above, there has been a deviation in the interests of cooperatives and dairy farmers, which has not improved under the cooperative model.

1 - Financial support

The implementation of this project is for raw milk suppliers, and the financial support for this project is to provide products. Raw milk is the raw material of the dairy industry, and under the control of the EU dairy industry policy, raw milk suppliers are "commissioned" and "instructed" to sign supply contracts, and cannot affect and change adverse price conditions to provide raw milk in a low-priced manner. Dairy farmers are in a situation of marginal profit or loss for a long time, and revenues and profits are highly dependent on government subsidies. The applicant believes that the raw milk supplier, as the subject of the implementation of industrial policy objectives, is attributable to the government's low price of providing raw milk. In accordance with Article 3, paragraph 3, of the Countervailing Regulations, the provision of goods and services by the Government of the exporting country (region) other than general infrastructure

³⁷ EU countries can make written contracts between farmers and processors compulsory and oblige milk purchasers to offer a minimum contract duration to farmers. The contracts should be made in advance of delivery and contain specific elements such as: Price, volume, duration, details of payment, collection, rules for force majeure.
https://agriculture.ec.europa.eu/farming/animal-products/milk-and-dairy-products_en

constitutes financial support;The Government of the exporting country (region) constitutes financial support by making payments to funding agencies or by entrusting or directing private institutions to perform the above-mentioned functions. Therefore, from the point of view of legal authorization, funding sources and executing agencies, the subsidy for this project constitutes financial support.

2) Specificity

The law is specific. In this project, it is mandatory to sign contracts for dairy processors, providing raw materials to the dairy processing industry. According to the provisions of Article 4, paragraph 1, paragraph 2, of the Countervailing Regulations, "subsidy received by certain enterprises and industries expressly determined by the laws of the exporting country (region) are exclusive". Therefore, from the point of view of legal authorization and application object, the project is specific.

Facts specific to sex. Under this item, the dairy processing industry enjoys low-cost raw materials, which receives the highest amount of subsidies. According to Article 4, paragraph 2, of the Countervailing Regulations, "In determining the specificity of the subsidy, consideration shall also be given to the number of subsidized enterprises and the amount, proportion, time, and the way in which the subsidy is given. From the perspective of enterprises directed to and serviced by this project, this project is specific.

3) Interests

The applicant believes that when considering the interests of the case, it is necessary to consider the transmission of interests and competitive advantage. Raw milk is an upstream product of dairy products that receive large subsidies that are transmitted to the downstream industry by creating a competitive advantage for the downstream. In China's anti-subsidy case against U.S. white feathers, China's Ministry of Commerce believes that corn and soybean stows are direct inputs and main production costs for the production of white feathers, corn and soybean are subsidized products, and their subsidy benefits are transmitted to white feathers. The applicant believes that dairy farmers in pasture planting, ranch operation, cow(milk)breeding links, raw milk production links to obtain subsidy benefits, and form raw milk competition interests in the form of low prices, upstream subsidy benefits have been transmitted to the dairy production and processing link, that is, transmitted to the investigated products in this case.

Under this item, the calculation of benefits depends on the difference in the prices of raw materials obtained on the commercial market and on the low prices provided by

dairy farmers. Considering that the raw dairy industry in the EU is fully subsidized, the transaction price generated by it cannot cover its operating costs and normal profits, and the entire industry is in a distorted state. The dairy industry's access to low-priced dairy raw materials is a direct result of EU industrial policy. The applicant believes that the prices in the EU are all subsidized distorted raw milk prices and that commercial raw milk prices that are not affected by the subsidies cannot be found in the EU market. Taking into account the level of economic development and geographical location, the applicant believes that the subsidy benefits to raw milk should be calculated using non-EU countries in continental Europe, such as Switzerland, as a comparative benchmark. On this basis, the subsidy benefit of the product under investigation is calculated based on the proportion of raw milk and the product under investigation.

The applicant is here to provide market tracking prices³⁸ published by Italian dairy market analysis consultancy Claal on its website.

Switzerland										
Monthly average prices of farm-gate raw milk										
Farm gate or collection centre (excluding supplement for feeding avoiding silage)										
CHF per 100 Kg - € per 100 Kg (VAT not included)										
Survey Date	2022 CHF	2022 €	2023 CHF	2023 €	2024 CHF	2024 €	± on prev. month (CHF)	± on 2023 (CHF)	± on prev. month (€)	± on 2023 (€)
January	69,81	67,12	76,52	76,82	73,78	78,75	-1,97%	-3,58%	-1,21%	+2,52%
February	68,23	65,22	74,68	75,40	70,95	74,98	-3,83%	-5,00%	-4,79%	-0,56%
March	67,44	65,83	72,68	71,55	69,55	72,03	-1,97%	-4,31%	-3,93%	+0,67%
April	68,61	67,20	71,98	73,11	69,69	71,40	+0,20%	-3,19%	-0,88%	-2,34%
May	70,72	68,30	71,45	73,27	69,46	70,66	-0,32%	-2,79%	-1,03%	-3,56%
June	73,23	71,48	73,34	75,11	72,04	74,92	+3,71%	-1,77%	+6,02%	-0,25%
July	76,64	77,61	75,45	78,08	75,53	78,06	+4,85%	+0,10%	+4,19%	-0,03%
August	77,45	79,93	76,13	79,40						
September	78,12	81,04	76,51	79,70						
October	78,95	80,64	76,02	79,64						
November	76,98	78,21	75,08	77,93						
December	77,59	78,65	75,26	79,71						
Avg Annual Price	73,65	73,44	74,59	76,64	71,57	74,40				
Change (1)	+8,0%	+16,3%	+1,3%	+4,4%	-2,9%	-0,5%				

1) change from the same period of previous year

(e) = estimated price

Conversion in € is calculated using the average exchange rate of the reference month.

Source: UFAG

Limited by the information, the applicant is temporarily unable to obtain the specific amount of subsidy under this item, so the applicant implores the investigation authorities to further investigate and determine the subsidy benefits and the extent of subsidies obtained by the application for investigation products in the future

³⁸ Last visit to https://www.claal.it/en/index.php?section=latte_svizzera is 21 October 2024.

investigation process.

IX. Conclusions and requests

(1) Conclusions

On the basis of the above facts and reasons, the applicant believes that a new subsidy program exists for import-related dairy products originating in the EU and has caused substantial damage to the domestic industry. In this case, timely and effective investigation of these subsidy projects and the corresponding countervailing measures are conducive to restoring distorted market competition order, protecting the legitimate rights and interests of the domestic dairy industry, and safeguarding the normal development of domestic industries. At the same time, the new subsidy project of import-related dairy products originating in the EU and take countervailing measures to ensure the health and stable development of the domestic industry in accordance with the law, not only in line with the relevant national industrial policy, but also for ensuring the safety and coordinated development of the supply chain of our dairy products upstream and downstream, ensuring the normal and stable supply of relevant dairy products, and safeguarding the fundamental interests of dairy farmers in the People's Republic of China, which is in the public interest of the People's Republic of China.

(2) The request

In order to protect the legitimate rights and interests of the domestic dairy industry and the future development prospects, in accordance with the provisions of the Foreign Trade Law of the People's Republic of China and the Regulations on Countervailing of the People's Republic of China, the applicant requested the Ministry of Commerce of the People's Republic of China to investigate new subsidy projects originating in the EU and exported to China, and with the findings of the subsidy projects in the original application, and make recommendations to the State Council Tariff Commission to impose countervailing duties on related dairy products originating in the EU and to China.

Part II Confidential Applications

I. Confidential Applications

In accordance with the provisions of Article 22 of the Regulations of the People's Republic of China on Countervailing, the applicant requests that the materials and annexes in this application be treated confidentially, that is, in addition to the investigation organs in this case and the departments provided for in the Countervailing Regulations of the People's Republic of China can be kept confidential in any way, prohibiting contact, access, transfer or understanding in any way.

II. Non-confidential summary

In order for the stakeholders in this case to be informed of the comprehensive information on the application and the annexes, the applicant hereby produces a public text of the application and the annexes, and the materials and information relating to the application confidential are described or non-confidential summaries in the open text of the application and the annex.

III. Description of confidential treatment methods

Confidential processing of personal information concerning the applicant in the open text of this application.

Part III List of Evidence

Annex 1 Certificate of Registration of Legal Persons of the Social Group Applicant

Annex 2 Summary of EU Regulation 1144/2014

Annex 3 Consolidated text of the Treaty on the Functioning of the European Union

Annex 4 Promoting annual project workplan and breakdown of funding allocation, 2023, 2024

Annex 5 Screenshot of the EIB Focus Area and the European Investment Fund Agricultural Guarantee Project website

Annex 6 Examples of Agricultural Guarantee Projects of the European Investment Fund

Annex 7 EU Regulation 578/2010

Annex 8 Screenshot of the Export Return of Processed Agricultural Products from the EU

Press Communiqué Common Agricultural Policy 2023-2027 - European Commission Approval of National Strategic Plan

Annex 10 Citizens summary of the performance report of the French National Common Agricultural Policy Strategic Plan 2023

Annex 11 France's Common Agricultural Policy

Annex 12 Annual Performance Report on the French CAP Strategic Plan

Annex 13 French National Agricultural Initiative (INAF)

Annex 14 French National Agricultural Initiative (2019)

Annex 15 French National Agricultural Initiative (INAF) Bank Public Guarantee Scheme to Facilitate Loans for French Farmers

Annex 16 Open Call for Letters of Intent by the French National Initiative for Agriculture (INAF)

Annex 17 Case study of Nouvelle-Aquitaine, France

Annex 18 Case Study of the Occitanie Region, France

Annex19Final Report on Agricultural Insurance Plans 2006

Annex 20EU Regulation 1305/2013

Annex21Summary of the implementation of the National Risk Management and Technical Assistance Plan (PNGRAT) by France 2022

Annex22Guidelines for Agricultural Risk Management

Annex 23Crop insurance in France:Specific characteristics and potential determinants of the plan

Annex 24Crop Insurance Reform in France 2023

Annex 25Don't bet on analysis of marginal effects on French farms on crop insurance subsidies

Annex 26 Summary of State Aid Approval of the French Agricultural Investment Subsidy Project

Annex 27 Screenshot of Third Party Websites in the Focus Areas of the French Agricultural Investment Subsidy Project

Annex 28 Summary of State Aid Approval for Agro-Processing Industries Projects in Italy

Annex29Case study of the AGRI platform in Italy

Annex 30 Summary of State Aid Approval for Methane Reduction Project on Milk Production Farms in Denmark

Annex 31 Summary of State Aid Approval for Export and Investment Subsidy Projects in Denmark

Annex 32 Summary of National Assistance Approval for the Netherlands Agricultural Nitrogen Emissions Project

Annex 33 Introduction to Extensive Weather Insurance Programs in the Netherlands

Annex 34Report of the European Parliament on key characteristics, challenges and prospects of the EU dairy industry

Annex 35Annual Report of the European Dairy Industry Association 2023/2024

Annex 36EU and Turkish Milk Support Policy Research

Annex 37Developments in the dairy market and implementation of the

provisions of the milk package

Annex 38 Prospects for European agricultural insurance

Annex 39 Risk management and agricultural insurance schemes in Europe

Annex 40 Risk Management and Agricultural Insurance Schemes in Europe

Annex 41 Report of the European Parliament on the development of milk production in the EU after the end of the milk quota

Annex 42 butter stock intervention

Annex 43 Subsidized amount of private storage

Annex 44 Case Study of Selective Dairy Export Returns from Europe

Annex 45 Report of the United States Department of Agriculture

Annex 46 French milk pricing plan

Annex 47 Cooperatives - Between Myth and Reality

Annex 48 The myth of French agriculture as a "recipient country"

Annex 49 Direct subsidies for French farms before and after the reform of the Common Agricultural Policy (CAP)