Total number of pages: 99

Public text

I have the honour to submit:

Ministry of Commerce of the People's Republic of China

Application by the Dairy Industry of the People's Republic of China for a Countervailing Investigation of Imports of Relevant Dairy Products Originating in the EU

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

Applicants for countervailing investigations:

China Dairy Association China Dairy

Products Industry Association 29

July 2024

Applicants for countervailing investigations:

1. Name: China Dairy Association
   Address: Beijing Institute of Animal Husbandry and Veterinary Medicine, Chinese Academy of Agricultural Sciences Beijing Institute of Animal Husbandry and Veterinary Medicine, Chinese Academy of Agricultural Sciences, No.2 Yuanmingyuan West Road, Haidian District, Beijing, China: 100193
   Legal representative: Li Defa
   Case contact person: [Personal information confidential] Contact telephone number: [Personal information confidential]

2. Name: China Dairy Products Industry Association
   Address: No. 22, B, Fuwai Street, Xicheng District, Beijing, China No. 22 B, Fuwai Street, Xicheng District, Beijing, 100037, P.R. China: 100037
   Legal representative: Wu Qiulin
   Case Contact: [Personal Information Confidential]
   Contact Tel: [Personal Information Confidential]
   Ｆａｘ: [Personal Information Confidential

声明书

鉴于欧盟对其乳制品相关行业提供了大量的补贴，且原产于欧盟的大量补贴进口乳制品对中国乳制品产业造成了严重的冲击和损害，根据《中国奶业协会章程》等文件的有关规定，我会决定作为申请人，对原产于欧盟的进口相关乳制品提起反补贴调查申请。

特此声明。

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China Milk Association [2024] No. 82

statement

In view of the fact that the EU has made a large number of subsidised dairy products originating from the EU, which have caused serious impacts and damages to China's dairy industry, and in accordance with the relevant provisions of the Articles of Association of China Dairy Products Industry Association (CDPIA) and other relevant provisions, I will decide to apply as an applicant for a countervailing duty investigation against imports of relevant dairy products originating from the EU.

I hereby declare that o

中国乳制品工业协会

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Relevant information of the

applicant

(1) Name: China Dairy Association
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Ｆａｘ: [Personal

Information Confidential

(See "Annex I: Applicant's certificate of registration as a legal person of a social organisation".)

Dairy Association of China (DAC), in English, is a public welfare industry organisation voluntarily formed by the national dairy farming, dairy processing, dairy consumption and related enterprises, institutions and individual operators serving them, and it is a non-profit social organisation with legal personality, with eight departments including Comprehensive Department, Breeding Development Department, Dairy Industry Development Department, Information and Publicity Department, Exhibition Department, Editorial Department, Member Service Department and International Department. Development Department, Information and Publicity Department, Exhibition Department, Editorial Department, Member Services Department, International Department and other eight departments.

China Dairy Industry Association (CDIA) known in English as China Dairy Industry Association (CDIA) is a national, non-profit social organisation with legal personality voluntarily formed by national dairy product manufacturers and related enterprises and institutions, and consists of the Science and Technology Committee, the Economic and Market Committee, the Milk Base Construction Committee, the Regulations and Standards Technical Committee, the Infant Formula Milk Powder Committee, the Dairy Products Deep Processing Committee, the Nutrition and Health Committee, and the Dairy Products Industry Association. Standard Technical Committee, Infant Formula Milk Powder Professional Committee, Dairy Products Deep Processing Professional Committee, Nutrition and Health Professional Committee.

There are eleven professional committees, including Professional Committee of Functional Dairy Products, Professional Committee of Special Milk Industry Development, Working Committee of Green Development of China Dairy Industry, Professional Committee of Testing, and Professional Committee of Intelligent Manufacturing.

2. Domestic manufacturers of similar products

According to the applicant's understanding, current domestic manufacturers of similar products include, but are not limited to, the following:

(1) Company Name: Nestle Qingdao Co. Address: Weihai West Road, Laixi, Qingdao, China Contact Tel: 0532-82436298

(2) Company name: Inner Mongolia Yili Industrial Group Co. Address：No.1 Yili Street, Cilechuan Dairy Development Zone, Hohhot City, Inner Mongolia Autonomous Region, ChinaContact：0471-3350145

(3) Company Name: Inner Mongolia Mengniu Dairy (Group) Co. Address: Shengle Economic Park, Helinger, Hohhot, Inner Mongolia, China Tel:400-660-3333

(4) Company Name: Beijing Sanyuan Foods Co. Address: No.8 Yingchang Street, Yinghai, Daxing District, Beijing, China Contact Tel: 010-56306666

(5) Ltd. Address: No.8, 899 Industrial Road, Fengxian District, Shanghai, China. Tel: 400-6886918

(6) Company name: Ningxia Seashore Dairy Co. Address：No.5, Yiyuan Road,

Helan Industrial Park, Ningxia,
ChinaTel：0951-7821980

(7) Company：Gansu Advance Pastoral Science and Technology Co. Address：Shigangdun Development Zone, Ganzhou District, Zhangye City, Gansu Province Tel：0936-8866330

(8) Company name: Zhejiang Yiming Foods Co.
Address: Yiming Industrial Park, Pingyang County, Wenzhou City, Zhejiang Province, China Address：Yiming Industrial Park, Pingyang County, Wenzhou City, Zhejiang Province, ChinaContact Tel：18957750832

(9) Company name: Kwong Chak Dairy Co.
Address：No.2333 Changde Road, Hi-Tech Development Zone, Changchun, ChinaTel：0431-86026599

(10) Company name: Liaoning Huishan Dairy Group Co.
Address：No.101 Huishan Street, Shenbei New District, Shenyang, ChinaContact Tel：024-82619883

(11) Company name: Panda Dairy Group Co.
Address：No.650-668 Jianxing East Road, Lingxi Town, Cangnan County, Wenzhou City, Zhejiang Province, ChinaContact Tel：0577-59889666

(12) Company Name: Bright Dairy Co. Address: No. 578, Wuzhong Road, Shanghai Tel: 021-54584520

(13) Company name: Galison Future Food (Wuxi) Co.
Address: 201-1, No.19, Erquan East Road, Xishan Economic and Technological Development Zone, Wuxi, Jiangsu, China.
Tel: 0510-68880999

(14) Company name: New Hope Dairy Co.
Address：No.2, 8/F, Building 2, New Hope Zhongding International, No.366 Jinshi Road, Jinjiang District, Chengdu, Sichuan, China
Tel：028-86748930

(15) Company name: Junlebao Dairy Group Co., Ltd Address: 68 Shitong Road, Shijiazhuang, China
Contact number: 400-612-8138

(16) Company name: Beijing He Run Dairy Products Factory Address: Building 9, No.8 Haixin Road, Daxing District, Beijing, China Tel: 010-69264368

(17) Company name: Heilongjiang Anda Dairy Co.
Address: Tiexi Street, Anda City, Suihua City, Heilongjiang Province, China
Address: Tiexi Street, Anda City, Suihua City, Heilongjiang Province, China
Contact Tel: 0455-7224212

(18) Company name: Weiyi Foods (Suzhou) Co.
Address: 15th Floor, Huanzhi International Building, No. 436 Hengfeng Road, Jing'an District, Shanghai, China Tel: 021-24198000

3. The ratio of the applicant's production of similar products to the total domestic production of similar products in the same period before the date of filing the application.

Unit: 10,000 tonnes

Project/period	**2020**	**2021**	**2022**	**2023**	**2024 1 quarter**
Total production of the same type of product represented by the applicant	17.1	21.6	26.8	28.7	7.5
Total domestic production of similar products	17.9	22.6	27.9	30	7.75
Applicant's share of total domestic production	**95.5 per cent**	**95.6 per cent**	**96.1%**	**95.7 per cent**	**96.8 per cent**

Note: For the total production of relevant dairy products represented by the applicant and the total domestic production of similar products, please refer to "Annex II: Explanation on the supply and demand of relevant dairy products in China".

According to the above statistics, from 2020 to 1Q 2024, the combined production of similar products represented by the Applicant accounted for more than 95% of the total domestic production of similar products during the same period. According to the Countervailing Regulations of the People's Republic of China, the Applicant has the right to file this application for countervailing investigation on behalf of the relevant domestic dairy products industry.

(ii) Other import remedies sought by

Up to now, with respect to the imported dairy products originating from the European Union, except for this application for countervailing investigation, the domestic dairy industry has not filed any other application for trade remedies, nor has it taken or made any other legal action for import remedies under the Foreign Trade Law of the People's Republic of China and other relevant laws.

(iii) Information on known producers, exporters and importers of the product under application for investigation

The applicant provides the following list of known producers, exporters and importers of the product under application for investigation, based on reasonably available information and data:

1. Producers

(1) Company name: Royal A-ware food group

Address: Rembrandtsplein 1, 3411 HA Lopik

Telephone: +31 (0)88 738 1002
Mail Box: info@royal-aware.com
Web Website: https://www.royal-aware.com/en/

(2) Company name: Arla Foods Group
Address: Sønderhøj 14, 8260 Viby J
Telephone: +45 89 38 1000
Fax: +45 86 28 1691
Website: https://www.arla.com/

(3) Company: DMK Deutsches Milchkontor GmbH
Address: Maria-Cunitz-Str. 5, Bremen
Telephone: +49 421 243-0
Fax: +49 421 243-2222
Mail Box:
oliver.bartelt@dmk.de网
Address: https://dmk.de/en/

(4) Company name: Lakeland Dairies Co-operative Society Ltd
Address: Dublin Road, Killygarry, Cavan, Co. Cavan H12 NP74
Telephone: +353 (0)49 436 4200
Mail Box:
info@lakelanddairies.com网址:
https://lakelanddairies.com

(5) Company name: Groupe Savencia
Address: 42 rue Rieussec - 78220 Viroflay - France
Fax: +33 1 30 24 03 83
Website: https://www.savencia.com/en

(6) Company name: Friesland Campina
Address: Stationsplein 4, 3818 LE, Netherlands
Telephone: +31 033 317 3333
E-mail: info@frieslandcampina.com
Website: https://www.frieslandcampina.com/

（7） Company name: Sterilgarda Alimenti

Address: Sterilgarda Alimenti Spa, Via Medole, 52 46043, Castiglione delle Stiviere (MN), Italia

Telephone: +39 0376 6741

Fax: +39 0376 631587

E-mail: info@sterilgarda.it

Website: https://www.sterilgarda.it/en/

(8) Company name: Brazzale S.p.a.

Address: Brazzale S.p.A., Via M. Pasubio, 2, 36010 Zanè (VI) Italia

Telephone: +39 0445 313900

Fax: +39 0445 313991

E-mail: info@brazzale.com

Website: https://www.brazzale.com/

(9) Company name: GROUPE LACTALIS

Address: 10-20 rue Adolphe Beck, 53 089 LAVAL

Tel: (02) 43 59 42 59

E-mail: DPO@fr.lactalis.com

Web Website: https://www.lactalis.com/en/le-groupe-lactalis/

(10) Company name: Sodiaal Cooperative

Address: 200-216 rue Raymond Losserand 75014 Paris

Telephone: (33) 01 44 10 90 10

Mail Box:

info@odiaal.com网址:

www.sodiaal.coop

2. Exporters

According to the applicant's knowledge, the said major manufacturers are themselves engaged in export business, i.e., they are also exporters.

3. Importers

Known importers of the products under application for investigation in China include, but are not limited to, the following companies:

(1) Company name: Pinwheel Foods Co.

Address：No.3, Lane 777, Xinzhai Road,
Sheshan Town, Songjiang District, Shanghai,
ChinaTel：021-51863006

(2) Company name: Wal-Mart (China) Investment Co.
Address：No.69, Nonglin Road, Zhuyuan Community,
Xiangmihu Street, Futian District, Shenzhen City,
Guangdong Province, ChinaContact Tel：0755-21512288

(3) Company name: Baozheng (Shanghai) Supply
Chain Management Company Limited
Company address: No. 387 Delin Road,
Pudong New Area, Shanghai, China
Tel: 021-50120000

(4) Company name: Sam (Shanghai) Investment Co.
Address: 2nd Floor, No. 599 Wan'an Street, Pilot Free
Trade Zone, Shanghai, China Tel: 021-20249902

(5) Company name: Sinodis Foods (Shanghai) Co.
Address：No.56 Mei Sheng Road, Pilot Free
Trade Zone, Shanghai, ChinaTel：021-60728700

(6) Company name: Ai's Morning Glory Dairy Products Import & Export Co.
Address: 101-201, 1-1-5/F, Building 1, No.6 Shagang Street, Fangshan District,
Beijing, China
Tel: 010-61503520

(7) Company name: Beyazhi (Shanghai) Food Trading Co.
Address: Room 3006-3010, Building B, No. 100 Zunyi
Road, Changning District, Shanghai, China Tel: 021-
62372886

II. Specific description of the products under application for investigation and the scope of the investigation applied for by the applicant in respect of the products in question

(i) Specific description of the

product under

application for

investigation Chinese

name: relevant dairy

products

English name: Certain dairy products

Scope of the product under investigation: The product under investigation is cheese and related thin cream, specifically: fresh cheese (including whey cheese) and curds, processed cheese (whether or not grated or pulverised), blue cheese and other textured cheeses produced by Penicillium roqueforti, other cheeses not listed, milk and thin cream not enriched and not sweetened with sugar or other sweeteners (by (more than 10 per cent fat by weight).

Main uses: The products under investigation in the application can be consumed directly or after processing.

(ii) Country of origin, exporting country (region) of the product under application for investigation ( )

Scope of application for investigation: Relevant dairy products originating in the EU and exported to China.

(iii) The serial number of the product under investigation in the tariff code of the People's Republic of China (tariff code number).

The product for which the investigation is requested is listed in the Import and Export Tariff Code of the People's Republic of China:

serial number	tariff code	Name of goods
1	04015000	Milk and thin cream, not concentrated and not sweetened with sugar or other sweetening substances, containing more than 10 per cent of fat
2	04061000	Fresh cheese including whey cheese; curds
3	04062000	All kinds of grated or powdered cheese
4	04063000	Processed cheese (except grated or pulverised)
5	04064000	Blue cheese and other textured cheeses produced by Penicillium roqueforti
6	04069000	Unlisted cheese

(See Annex III: "Import and Export Tariffs of the People's Republic of China, 2020-2024 Edition.")

(iv) Import tariff rates and value-added tax for the products under investigation.

Import Duty Rates: From 2020 to 2024, the same MFN duty rates or provisional rates will apply to imports of dairy products from the EU, as follows:

serial number	tariff code	duty rate
1	04015000	15%
2	04061000	12 per cent
3	04062000	8%
4	04063000	8%
5	04064000	8%
6	04069000	8%

VAT rate: 13 per cent

(See Annex III: "Import and Export Tariffs of the People's Republic of China, 2020-2024 Edition.")

III. Specific description of similar products in China and comparison with the product under application for investigation

(i) Specific description of

similar products in China

Chinese name: relevant

dairy products

English name: Certain dairy products

Scope of domestic equivalents: Domestic equivalents are cheese and related thin creams, specifically: fresh cheese (including whey cheese) and curds, processed cheese (whether or not grated or pulverised), blue cheese and other textured cheeses produced by Penicillium roqueforti, other cheeses not otherwise listed, and milk and thin creams (with a fat content of more than 10 per cent by weight), both unenriched and without the addition of sugar or other sweetening substances.

Main uses: domestic similar products can be consumed directly or after processing.

(ii) Comparison between the product under investigation and similar products in the domestic industry.

1. The same or similarity between the relevant dairy products produced by domestic enterprises and the products under application for investigation in terms of sensory and physicochemical indicators

The quality of cheese and related thin cream can be judged by sensory

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indicators (such as colour, taste and smell, tissue state, etc.), physical and chemical indicators (such as fat content, etc.) and microbiological limits (such as total number of bacteria, coliforms, etc.). There is no substantial difference between the cheese and related thin cream produced by domestic enterprises and the products under investigation in terms of sensory indexes, physical and chemical indexes and microbiological limits, and they can meet the needs of downstream users and consumers, and can be substituted for each other.

2. The same or similarity between the relevant dairy products produced by domestic enterprises and the products under application for investigation in terms of the main raw materials and technological processes.

The cheese and related thin cream produced by domestic enterprises are basically the same as the products under investigation in terms of the main raw materials, which can be raw milk and/or its products as the main raw material.

The production process of cheese and related thin cream produced by domestic enterprises is basically the same as that of the product under investigation. Relevant thin

Cream is usually made from raw milk, separated from the fat content, and then sterilised and packaged. Cheese can be made from raw milk or its related products by sterilisation, addition of rennet, curd cutting, moulding and pressing, or by adding other raw materials on this basis, by heating, mixing, emulsification (drying) and other processes.

3. Identity or similarity in use between the relevant dairy products produced by domestic enterprises and the products under investigation.

The cheese and related thin cream produced by the domestic enterprises are used for essentially the same purposes as the products under investigation. The thin cream in question can be consumed directly or after processing, and can be used for such purposes as spreads for staple foods, laminating of cakes, buttered bread, ice cream, milk tea and so on. The cheese can be consumed directly or after processing and can be used for baking, food sandwiches, spreads, milk tea, snacks and other uses.

4. The same or similarity between the relevant dairy products produced by domestic enterprises and the products under application for investigation in terms of sales channels and customer groups

The cheese and related thin cream produced by domestic enterprises and the products under application for investigation can be sold in the domestic market through direct sales, agency sales or online sales.

The cheese and related thin cream produced by the domestic enterprise and the product under investigation overlap and compete with each other in terms of sales channels and sales territories. Moreover, there is overlap and crossover between the customers of the cheese and related thin cream produced by the domestic enterprises and the product under investigation, and these customers purchase or use the product under investigation as well as the cheese and related thin cream produced by the domestic enterprises at the same time.

5. Conclusion

In summary, the cheese and related thin cream produced by domestic enterprises are basically the same as the products under investigation in terms of sensory and physical and chemical indexes, product quality, main raw materials, production process, use, sales channels and customer groups, etc., which are similar and comparable, and can be substituted for each other. Therefore, they are similar products.

IV. Subsidies for products under application for investigation

The Applicant believes that the reason why the products under investigation by the EU have been able to enter the Chinese market in large quantities and at low prices is closely related to the policy support and subsidies provided by the governments of the EU and its member states. The Applicants respectfully request that the Investigation Authority conduct an investigation into the unfair trade practices of the EU Products under Investigation in relation to the benefits of government subsidies. In the following, the Applicant applies for the period from 1 April 2023 to 31 March 2024 for the subsidy investigation in this case, and based on the information and evidence currently available, the Applicant would like to explain the subsidy situation of the imported dairy products originating from the EU.

(i) Basic information on subsidised projects

For the purpose of filing this application for countervailing investigation, the applicant respectfully requests the investigating authority to investigate the following preliminarily obtained subsidy items that may benefit the products under investigation in the EU application. These subsidy items include:

1. Subsidy programmes under the EU Common Agricultural Policy (CAP)

(1) Voluntary Linked Allowance and Linked Income Supplement
(2) Basic Payment Scheme and Sustainable Basic Income Supplement (SBIS)
(3) Green subsidies and eco-programme subsidies
(4) Redistributive subsidies and sustainable supplementary redistributive income subsidies
(5) Young Farmer's Allowance and Young Farmer's Supplementary Income Allowance
(6) Relevant dairy storage subsidies
(7) A range of rural development interventions

2. Subsidy programmes implemented by EU member States

(8) Ireland - Dairy Equipment Grant Scheme
(9) Austria - Mobility Subsidy Scheme
(10) Austria - Bridging Loan Guarantee Scheme
(11) Belgium - Flemish Bridging Loan Scheme
(12) Italy - Livestock insurance subsidies
(13) Italy - Dairy logistics subsidies
(14) Croatia - Livestock producer subsidies
(15) Croatia - Raw Milk Purchase Cost Subsidy
(16) Finland - Damage subsidies for agricultural producers
(17) Finland - Cost subsidies in the agriculture and aquaculture sector
(18) Finland - Cost subsidies for dairy producers
(19) Romania - Administrative subsidies for livestock
(20) Czech Republic - Damage subsidies for agricultural producers

(ii) Specific description and analysis of subsidy projects

1. Subsidy programmes under the EU Common Agricultural Policy (CAP)

In accordance with the Regulation establishing a Common Market Organisation for Agricultural Products (Regulation 1308/2013, see Annex VI: "(1) Summary of Regulation 1308/2013") as implemented by the EU, milk and milk products including the products subject to the application for investigation (milk and milk products) is a very important agricultural sector in the EU, the market year (marketing year) according to the current year's July 1 to the next year's June 30 statistics.

In order to support the development of EU agriculture, within the framework of the Common Agricultural Policy (CAP), the EU further developed Regulation 1307/2013, which implements a series of interventions and subsidy programmes, including the Voluntary Linked Subsidy (VCS), the Basic Payment Scheme (BPS) and the Greening Subsidy, the Redistributive Subsidy (RP), the Young Farmer's Subsidy (PYF), and subsidies for rural development, for the period from 2015 to 2020 (see Annex VI: "(2) Summary of Regulation 1307/2013"). The implementation period is from 2015 to 20(please see Annex VI: "(2) Summary of Regulation (EU) No 1307/2013") In 2020, the EU Regulation 2020/2220 was enacted, deciding that Regulation 1307/2013 will continue to apply in 2021 and 2022, and that the relevant interventions and subsidies will be extended to 2 and 2022 (please refer to Annex VI: "(3) Summary of the EU Regulation 2020/2220")-").

In 2021, the EU reformed the Common Agricultural Policy (CAP) with the introduction of Regulation 2021/2115 implementing a series of new interventions and subsidy programmes, including the Connected Income Subsidy (CIS), the Sustainable Basic Income Support (BISS), the Eco-scheme Subsidy (Eco-scheme), the Sustainable Supplementary Redistributive Income Support (CRISS), and the Supplementary Income Support for Young Farmers (CIS-YF) (see Annex VI: "(4) Summary of the EU Regulation 2021/2115"). Support (CIS-YF), etc. (Please see Annex VI: "(4) Summary of EU Regulation 2021/2115"). These measures replace and extend the previous subsidy measures under Regulation 1307/2013 for the period 2023-2027.

Subsidies under the Common Agricultural Policy continue to be financed from the EU budget and are paid for by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). Specifically:

EAGF is specifically responsible for Pillar I subsidies related to direct payments to agricultural producers (types of intervention in the form of direct payments), mainly: (1) Voluntary Linked Subsidy (VCS) and Linked Income Subsidy (CIS);(2) Basic Payment Scheme (BPS) and Sustainable Basic Income Subsidy (BISS); (3) Green Subsidy and Eco-scheme Subsidy; (4) Redistributive Subsidy (RP) and Sustainable Supplementary Redistributive Income Subsidy (SSS); and (5) Green Subsidy and Eco-scheme Subsidy. (BPS) and the sustainable Basic Income Supplement (BISS);(3) the Green Subsidy and the Eco-scheme Subsidy; (4) the Redistributive Subsidy (RP) and the sustainable Supplementary Redistributive Income Supplement (CRISS);and(5) the Young Farmer's Subsidy (PYF) and the Supplementary Income Supplement for Young Farmers (CIS-YF) EAGF is also responsible for the Dairy Storage Subsidy Programme (PSA).

EAFRD is specifically responsible for Pillar II subsidies related to rural development (types of intervention for rural development), which cover subsidies in the following areas: (1) environmental, climate and other regulatory commitments. (Environmental, Climate-related And Other Management Commitments, or ENVCLIM);

(2) Natural Or Other Area-specific Constraints (ANC);

(3) Area-specific Disadvantages Resulting from Certain Mandatory Requirements Area-specific Disadvantages Resulting from

Certain Mandatory Requirements (ASD); (4) Investments, Including Investments in (INVEST) (5) Setting-up of Young Farmers and New Farmers and Rural Business Start-up (INSTAL) (6) Risk Management Tools (7) Cooperation (COOP); and (8) Knowledge Exchange and Information Dissemination. Setting-up of Young Farmers and New Farmers and Rural Business Start-up (INSTAL); (6) Risk Management Tools (7) (COOP) (8) Knowledge Exchange And Dissemination Of Information Knowledge Exchange And Dissemination Of Information (KNOW).

According to the prima facie evidence obtained by the Applicant, the milk and dairy sector, including the products under investigation, has benefited from both EAGF and EAFRD's interventions and subsidy policies as described above. Therefore, the Applicant requests the investigating authorities to investigate and determine the aforementioned interventions and subsidies implemented by EAGF and EAFRD under the Common Agricultural Policy.

1.1 Voluntary Linked Allowance and Income-Linked Allowance

Voluntary coupled support (VCS) is one of the key subsidy programmes of the EU Common Agricultural Policy (CAP) and derives its authorisation from EU Regulation 1307/2013 (please see Annex VI: "(2) Summary of EU Regulation 1307/2013"). Income-related subsidies (Coupled subsidies) Coupled income support (CIS), authorised by Regulation (EU) No 2021/2115, succeeds and replaces the VCS programme (see Annex VI: "(4) Summary of Commission Regulation (EC) No 2021/2115").

Under the VCS and CIS programmes, EU law allows Member States to grant direct subsidies to agricultural sectors of importance to maintain production levels and provide industrial competitiveness, depending on the actual situation. Both linked subsidy programmes apply to the milk and dairy sector, including the products under investigation.

(1) financial aid

The VCS and CIS programmes are both authorised by EU law, subsidised by the EU budget and administered by EAGF and the Member States. The VCS programme runs from 2015 to 2022, after which the CIS programme succeeds and replaces the VCS programme, running from 2023 to 2027.

Under the VCS programme, the EU allows Member States to subsidise 21 agricultural products, including the milk and dairy sector, which is the product under investigation. The subsidies are capped at 8(+2) per cent of the total limit of direct payments by Member States as set out in Annex II to Regulation 1307/2013. In exceptional cases, the ceiling may be increased to 13(+2) per cent. Exceeding 13 (+2) per cent is subject to strict conditionality and approval by the European Commission.

Under the CIS programme, the agricultural products to which the subsidy applies are reduced, in accordance with article 39 of Regulation 2021/2115, to 19 but still includes the milk and milk products sector, including the products under application for investigation. Pursuant to Article 96 of Regulation (EC) No. 2021/2115

In accordance with the provisions of Annex IX, the subsidy is capped at 13% of the total limit of direct payments by the Member States listed in Annex IX, and may be increased by up to 2% in specific cases. Subject to this condition, Member States may choose to support CIS projects up to a maximum of €3 million per year.

Under the VCS project and the CIS project, Member States will first determine the eligible hectares and then pay the corresponding subsidy to the agricultural producer on a per hectare basis. Where cattle or sheep and goats are involved, Member States may provide subsidies in accordance with the conditions of Regulation 2016/429 requiring the identification and registration of animals. Furthermore, in accordance with Article 35 of Regulation 2021/2115, Member States may determine the level of payments until 2027 on the basis of the production units that received such support in the past reference period.

Based on the preliminary evidence available, the total subsidy budget for the VCS programme is approximately €4.2 billion per year (please refer to Annex VI: "(5) EU report on the VCS programme for 2022") and the total subsidy budget for the CIS programme is approximately €4.6 billion per year (please refer to Annex VI: "(6) Detailed breakdown of the allocation of EU Common Agricultural Policy intervention funds").

Under the VCS programme, for the milk and dairy sector, 19 EU Member States have opted to implement the subsidy measure. The milk and dairy sector is the second largest beneficiary of the subsidy, after the beef sector. in 2022, the subsidy budget for milk and dairy products is
The amount of €896 million represents 21.4 per cent of the total budget. Due to information constraints, the applicant was not able to obtain the actual amount of subsidies received by the milk and dairy sector during the period under investigation. However, given the continuation of the subsidy programme and the effectiveness of its implementation, the Applicant has reason to believe that the milk and dairy sector continues to be an important beneficiary of the VCS and CIS programmes and continues to receive significant amounts of subsidies.

According to Article 3 of the Countervailing Regulation, direct funding in the form of grants from the governments of exporting countries (regions) constitutes financial assistance. The EU has established the VCS and CIS programmes through legislation to provide grants and subsidies to the milk and dairy sector, which are financed by the EU budget and jointly managed and implemented by the EU and the governments of the member states in accordance with the law. Therefore, the subsidies provided by the EU under the VCS and CIS programmes constitute financial support in terms of legal authorisation, source of funding and implementing agency.

(2) specificity

Under Article 52(2) of Regulation 1307/2013, the EU allows Member States to subsidise 21 agricultural products under the VCS programme, including cereals, oilseeds, protein crops, grain legumes, flax, hemp, rice, nuts, starchy potatoes, milk and dairy products, seeds, lamb and goat meat, beef and veal, olive oil, silkworms, dry fodder, hops, sugar beets, cane and chicory, fruit and vegetables, and short rotation hedgerows. , fruits and vegetables, and short-rotation hedgerows.

In accordance with Article 33 of Regulation (EC) No 2021/2115, the subsidies allowed to Member States for CIS projects are adjusted as follows

19 including cereals, oilseeds (excluding sweet sunflower), protein crops, flax, hemp, rice, nuts, starchy potatoes, milk and dairy products, seeds, lamb and goat meat, beef and veal, olive oil and table olives, silkworms, dry fodder, hops, sugar beets, sugar cane and chicory, fruits and vegetables, and short-rotation hedgerows.

It can be seen that both the VCS and CIS programmes are agricultural-specific subsidies. In terms of the scope of specific agricultural products, the VCS and CIS programmes have not changed substantially, and both include the milk and dairy sector, including the products under investigation.

According to Article 4(2) of the Countervailing Regulations, "Subsidies received by certain enterprises or industries clearly determined by the laws of the exporting country (region) are exclusive". Therefore, the VCS and CIS programmes are exclusive in terms of legal authorisation and targets of application.

(3) sake

The VCS and CIS subsidies increase the income of agricultural producers, which in turn ensures the stability of agricultural production and the benefits for the milk and dairy sector. The total amount of EU subsidies to the dairy sector under the VCS and CIS programmes constitutes the subsidy benefits available to the dairy sector.

Preliminary evidence suggests that in the VCS project, the amount of subsidies for milk and dairy products in 2022 is €896 million, or 21.4 per cent of the total subsidies in the VCS project. Due to information constraints, the Applicant was not able to obtain additional subsidy data for milk and dairy products for the period of the application for investigation. However, given that milk and dairy products are the second largest beneficiary of the VCS programme, and that the CIS programme succeeds and replaces the VCS programme and will provide additional subsidies, the Applicant has reason to believe that the milk and dairy sector has continued to receive a significant amount of subsidies during the period under investigation.

The products under investigation belong to the milk and milk products sector. Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the products under investigation under the

VCS and CIS programmes for the time being, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the magnitude of the subsidy received by the products under investigation in the course of the investigation in the future.

1.2 Basic Payment Scheme and Sustainable Basic Income Supplement (SBIS)

The Basic payment scheme (BPS) is an important subsidy programme of the Common Agricultural Policy (CAP), authorised by Regulation (EU) No 1307/2013 (see Annex VI: "(2) Summary of Regulation (EU) No 1307/2013"). The basic income support for sustainability (BISS) derives its authorisation from Regulation (EU) No 2021/2115 and succeeds and replaces the BPS (see Annex VI: "(4) Summary of Commission Regulation (EC) No 2021/2115"). (Please see Annex VI: "(4) Summary of Commission Regulation 2021/2115").

Under the BPS and BISS programmes, EU law authorises Member States to provide direct cash subsidies to eligible active agricultural producers.

(1) financial aid

The BPS and BISS programmes are both authorised by EU law, financed by direct payments from the EU budget and administered by EAGF and the Member States.The BPS programme runs from 2015 to 2022, after which the BISS programme succeeds and replaces the BPS programme, running from 2023 to 2027.

In accordance with the relevant provisions of Regulation 1307/2013 and the relevant decisions of our potato starch countervailing measures final review case (please refer to Annex VI: (7)), the funds for the BPS programme are firstly distributed among the Member States and approved by the legislature (the European Parliament and the European Council), and the determination of the amount is a political decision, whereby the number of farmers and the size of the farmland is one of the factors to be taken into account. However, the amount for each country is not calculated by a formula, it takes into account the general EU budget and is also the result of political consultations. Once the Member States have decided to implement the BPS and BISS programmes, a national reserve is set up to manage them.

Cash subsidies under the BPS programme operate on the basis of payment rights, which eligible agricultural producers must own and activate on the basis of the corresponding eligible land area in order to receive the subsidy allocation. The beneficiary of the subsidy shall submit an application each year stating at least the following: (a) all agricultural plots owned; (b) the payment rights declared to be activated; and the EU Member States shall provide, including by electronic means, a predetermined form based on the area determined in the previous year, as well as graphical material illustrating the location of the plots. EU Member States may decide on applications for subsidies and requests for payments.

The BISS programme has reformed the "right to payment". According to Articles 22 and 23 of Regulation (EC) No 2021/2115, there are two options for the right to payment under the BISS programme: firstly, Member States can operate the right to payment under the previous BPS programme, i.e. eligible agricultural producers must have a right to payment and activate the right to payment on the basis of the corresponding eligible area of land in order to receive subsidy allocations; secondly, Member States can choose to operate the right to payment on the basis of a uniform unit value per hectare, should they decide not to adopt the right to payment under the BPS programme. Secondly, if Member States decide not to adopt the payment rights under the BPS programme, they may also choose to operate on the basis of a uniform unit value per hectare, provided that new payment rights are reallocated one year prior to the expiry of the payment rights under the Basic Payment Scheme (BPS). At the same time, in accordance with Article 22, paragraph 2, in the different regions, Member States may determine different

The unit value of payment rights. Article 24 further provides that, by 2026 at the latest, each Member State shall endeavour to achieve convergence in the unit value of payment rights and to ensure that the unit value of all payment rights can be up to 85 per cent of the unit value of the scheme established by that Member State for the basic income subsidy. In accordance with Article 22, the amount of subsidy received by an active agricultural producer is the number of eligible hectares multiplied by the unit value of the payment right. Exceptionally, for small farmers, Member States may choose to provide subsidies in the form of a lump sum or a certain amount per hectare, but the total amount of the lump sum and the amount of the support per hectare can be set according to different thresholds for the size of the area. The total amount of the lump sum and the amount of support per hectare can be set according to different threshold areas.

The amount of the high subsidy does not exceed 1,250 euros.

The subsidy amounts for the BPS project and the BISS project are capped at the total amount of direct payments for each Member State as set out in the Annexes to the relevant legislation, but there is no fixed percentage. According to Regulation 2020/2220 (please refer to Annex VI: (3)), the total national budget of the EU for direct payments, including the BPS programme, amounts to €38,118 million and €38,229 million in 2021 and 2022 respectively. According to Annex V of Regulation (EC) No 2021/2115, the total budget of the EU Direct Payments State finances, including the BISS programme, is €38,608 million, €38,715 million, €38,822 million, €38,929 million, and €38,929 million for the years 2023 to 2027, respectively. In addition, according to the subsidy breakdown publicly disclosed by the EC (please refer to Annex VI: "(6) Breakdown of the allocation of funds for EU Common Agricultural Policy interventions"), the total subsidy for the BISS programme in FY 2024 amounts to €19,245 million, which is 49.71 per cent of the total direct payment national fiscal budget.

Under Article 3 of the Countervailing Regulation, direct funding in the form of grants from the government of the exporting country (region) constitutes financial assistance. Under the BPS and BISS programmes, the EU provides cash subsidies to eligible active agricultural producers, which are financed from the EU budget and jointly administered by the EU and member state governments. Therefore, the EU government subsidies under the BPS and BISS programmes constitute financial support in terms of legal authorisation, source of funding and implementing agency.

(2) specificity

For the following reasons, the applicant considers that the BPS project and the BISS project are specialised.

First, the total national fiscal budget for income support, including the BPS programme and the BISS programme, has not changed substantially in the course of the reform of the Common Agricultural Policy (CAP) and remains relevant to the subsidies prior to decoupling. As mentioned above, the total national fiscal budget for direct payments, including the BPS programme, amounts to €38,118 million in 2021 and 2022, respectively, and to €3,818 million in 2021 and 2022.

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38,229 million, and the total national budget for direct payments, including the BISS programme, for the years 2023 to 2027, respectively.
€38,608 million, €38,715 million, €38,822 million, €38,929 million and €38,929 million. There is no uniform or standard formula for the allocation of the fiscal budgets of the Member States, but it is the result of political consultations, and there is a correlation with the linked subsidies of the Member States in the past, which have not yet achieved a complete decoupling of subsidies from agricultural products.

Secondly, regarding the "right to payment", the EU still has not achieved convergence in the value of subsidy units, whether under the BPS or BISS programmes. Due to the differences in subsidy levels during the period of linked subsidies before 2012, the EU has difficulties in eliminating the differences in subsidy levels among member states, and so far it has not been able to achieve the convergence of the value of subsidy units, neither the internal value of member states has been converged, nor the external value of member states, i.e., converging to the average subsidy level of the EU. According to the relevant ruling in the potato starch countervailing duty review case, there is a significant difference in the value of the subsidy unit between Member States in 2021. Moreover, Article 22(2) of Regulation (EC) No 2021/2115 provides for an exception where the law allows Member States to

It is possible to differentiate the amount of basic income support per hectare in different areas on the basis of similar socio-economic or agronomic conditions, including traditional forms of agriculture as determined by the Member States. Consequently, during the period of the application survey and for a longer period of time in the future, Member States will still not be able to achieve convergence in the value of the subsidy unit, and the right to payment has not yet been fully decoupled from the agricultural product.

Thirdly, under the BPS and BISS programmes, not all agricultural producers automatically receive subsidies but have to fulfil the corresponding conditions. Under Regulation 1307/2013, active agricultural producers are subject to basic conditions under the green subsidy in order to obtain the "right to payment". Under Regulation 2021/2115, agricultural producers are subject to stricter conditions than under the BPS programme, and must comply with new conditions such as animal welfare and microbiological criteria, in addition to the climatic and environmental conditions required in the past. To a certain extent, the EU has raised the threshold or conditions for access to subsidies by law, further limiting the range of agricultural producers who can receive subsidies.

Fourth, although the applicant is unable to obtain the actual amount of subsidies received by the product under investigation, according to the relevant evidence (Please refer to Annex VI: "(8) Number of Dairy Farms and Subsidy Related Information"), each dairy farm is included in the BPS

The amount of subsidy received for 2022 under all decoupled subsidy programmes, including the project, is €10,820, and the number of dairy farms in that year is €10,820. With a volume of 314,298 units, the estimated amount of subsidies amounts to €3,401 million, which is approximately 9 per cent of the total national fiscal budget of €38,229 million for the Income Support Intervention Programme of the Common Agricultural Policy (CAP) for the year 2022. In accordance with Regulation (EC) No. 1308/2013 (please refer to Annex VI.), the subsidies are estimated at €3,401 million:

(1)), the EU Common Agricultural Policy divides agricultural products into 24 sectors, with the milk and dairy sector accounting for a significantly higher than average 9 per cent. That is, dairy farms de facto account for a higher share of subsidies, and the milk and dairy products sector receives a disproportionately large share of subsidies.

Under the new Common Agricultural Policy, even though the EU requires Member States to continue to implement convergence in the value of subsidies, the applicant argues that this will not materially change the fact that the milk and dairy sector will continue to receive stable and disproportionately large subsidies under the BISS programme. As its name suggests, the "sustainable basic income subsidy" is a sustainable subsidy that plays a fundamental role in the income of agricultural producers. In fact, the EU Common Agricultural Policy has been reformed several times, and the amount of subsidies received by dairy farms each year, including decoupled subsidies, is enormous. According to the information on subsidies disclosed on the official website of the EU agricultural sector (please refer to Annex VI: "(8) Number of dairy farms and information related to subsidies"), the amount of decoupled subsidies received per farm from 2018 to 2022 is €13,328, €13,077, €12,923, €12. 358 and €10,820 respectively. In other words, dairy farms will continue to be the main target of subsidies under the BISS programme.

Fifth, in terms of the development of the actual chain, although subsidies are granted to agricultural producers, the milk and dairy sector is the ultimate beneficiary. On the one hand, the development of the livestock sector is related to geographical location, soil, climate and other factors, and since the raw milk produced by agricultural producers can usually only be used for processing, the ultimate purpose of agricultural producers engaging in the livestock sector is to provide raw material security to the milk and dairy sector and to obtain financial income. In the past, through the establishment of Common Market Organisations (CMOs), the EU has encouraged agricultural producers to establish many producer organisations. According to the report "Key features, challenges and prospects of the EU dairy sector" published by the EU Parliament (please see Annex VI: "(9) The EU dairy sector - key features, challenges and prospects")

The dairy sector in the EU consists mainly of cooperatives established by agricultural producers/dairy farmers, with cooperatives holding a 55 per cent market share. The document also shows that as of 2015, 64 per cent of raw milk in the EU was delivered by cooperatives, and in major dairy-producing countries such as the Netherlands and Germany, that share would be over 65 per cent. Usually agricultural producers/dairy farmers sign long-term contracts with the co-operative societies in which they are members, and dairy farmers can only deliver the raw milk they produce to fixed co-operatives (please see Annex VI: "(10) How the relationship between members and co-operatives has changed within dairy co-operatives in Europe"). There is a relatively high concentration of dairy processors in the EU and, particularly due to the exclusivity of raw milk deliveries, agricultural producers/dairy farmers are largely dependent on these processors for their production (please refer to Annex VI: "(11) Impact of mandatory written dairy contracts in European countries and their potential application in Scotland"). As a result, agricultural producers/dairy farmers engaging in farm operations do not change substantially as a result of changes or adjustments to subsidy programmes. On the other hand, the EU is the world's leading producer and exporter of milk and dairy products, and the milk and dairy industry is a highly competitive agricultural sector in the EU, and the exclusion of this advantageous agricultural sector from the support of the Common Agricultural Policy would not be in line with the development objectives of the EU's agricultural policy, nor would it be in the interests of the major milk and dairy producing Member States, such as France, Germany, the Netherlands, and others.

Sixth, agricultural producers/dairy farmers and milk and dairy processors are also usually one and the same, with aligned interests. In

Among the top 20 dairy processors in the world in 2023 according to Rabobank (see Annex VI: "(12) Dutch Co-operation

In the annual Global Dairy Top 20 ranking of the Bank of the Netherlands,10 companies are from the EU, including 4 farmer co-operatives (Arla Foods, FrieslandCampina, Sodiaal, DMK) (see Annex VI: "(13) Official websites of relevant EU dairy producers "). In these enterprises, agricultural producers/dairy farmers are usually shareholders of the dairy producer, with the obligation to provide a certain amount of raw milk to the dairy producer and to enjoy the distribution of benefits from the dairy producer's operations, and the existence of a stable co-operative relationship between the two further determines that the agricultural producers/dairy farmers in practice, or the vast majority of them, will still only continue to be engaged in the farm business, and by continuing to receiving subsidies to counteract milk and dairy production. The milk and dairy sector is the ultimate beneficiary of subsidies.

Therefore, the applicant argues that the milk and dairy sector is, however, the actual beneficiary of the BPS project and the BISS project in terms of legal authorisation, subsidy sector, determination and allocation of the state budget, eligibility for the subsidy, the actual status of the milk and dairy industry chain, and the shareholder affiliation between agricultural producers/dairy farmers and dairy processing enterprises. Pursuant to Article 4 of the Countervailing Regulations, the applicant argued that the BPS project and the BISS project were exclusive.

In addition, the BPS project was found to be exclusive by the investigating authority in the end-of-period review case of China's potato starch countervailing subsidy case (please refer to Annex VI: (7)). In view of the fact that the content and nature of the subsidies of the BPS project and the BISS project have not changed substantially during the period of the applied subsidy investigation as compared with the previous period, the applicant has more reason to believe that the BPS project and the BISS project are of directionality.

(3) sake

Through the BPS and BISS programmes, the EU and member governments provide subsidies to agricultural producers to ensure their access to the BPS and BISS programmes.

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(b) Stable fiscal revenues. The amount of cash subsidy actually received by agricultural producers constitutes the subsidy benefit available. As mentioned above, the total EU budget for direct payments from 2021 to 2027 is €38,118 million, €38,229 million, €38,608 million, €38,715 million, €38,822 million, €38,929 million, €38,929 million, and €38,929 million, respectively. The subsidy amounts for the BPS and BISS programmes are capped at the total budget, with no fixed percentage. There is no fixed percentage. However, the applicant has reason to believe that the share of subsidies for the BPS and BISS programmes is very high. According to the publicly disclosed subsidy schedule of the EC (please refer to Annex VI: (6)), the total amount of subsidies for the BISS project in FY 2024 is €19,245 million, which is 49.71 per cent of the total fiscal budget for direct payments. Thus, the subsidy benefits of the BPS and BISS programmes are significant.

For the milk and dairy products sector, agricultural producers receiving subsidies mainly produce raw milk, which can only be used for processing and is the direct raw material for the milk and dairy products sector, including the products under application for investigation, and has a direct stake in the production of milk and dairy products. On the one hand, a stable production of raw milk is conducive to ensuring a stable supply of raw materials and stable production of milk and dairy products. On the other hand, subsidies to dairy farms/dairy farmers are likely to reduce the purchase price of raw milk or reduce the cost of raw materials to processors. The allocations to agricultural producers under the subsidies of the BPS programme and the BISS programme may provide them with additional cash incomes, increase the certainty of their incomes and the liquidity of their funds, which, in turn, guarantees the stability of the production of the final product, milk and dairy products, and strengthens the resilience to risks and the competitiveness of the milk and dairy sector in the market.

Moreover, as mentioned above, dairy farmers are usually also shareholders of the milk and dairy products processing companies, and as shareholders they are obliged to supply a certain amount of raw milk to the milk and dairy products processing companies, while the results of the processing companies' operations need to be distributed to the dairy farmers. Representatives of the company's shareholder farmers form the Members' Council, which confirms the annual financial report, profit and dividend distribution, and appoints the members of the Supervisory Board, which is responsible for appointing the members of the Board of Directors, which consists of the Executive Committee and specific administrative and operational departments. In other words, the shareholder dairy farmers are the actual decision makers of the business operations and the actual bearers of the results of the production and sale of milk and dairy products, the direct benefit of raw milk is only a primary product for the dairy farmers, and the final product for the farmer shareholders is not raw milk, but milk and dairy products. The milk and dairy industry benefits from the subsidy programme.

The products under investigation belong to the milk and milk products sector. Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the products under investigation under the BPS and BISS programmes for the time being, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the magnitude of the subsidy received by the products under investigation in the course of future investigations.

1.3 Green subsidies and eco-programme subsidies

Greening is one of the key subsidy programmes of the Common Agricultural Policy (CAP), authorised by Regulation (EU) 1307/2013 (see Annex VI: "(2) Summary of Regulation (EU) 1307/2013"). The Eco-scheme subsidy (the climate, the environment and animal welfare, or Eco-scheme) derives its authorisation from Regulation (EU) No 2021/2115 and succeeds and replaces the Greening programme (please refer to Annex VI: "(4) Summary of the Commission Regulation (EC) No 2021/2115"). (Please see Annex VI: "(4) Summary of Commission Regulation (EC) No. 2021/2115").

Under the Greening and Eco-scheme programmes, the EU and the Member States are committed to providing additional subsidies to active agricultural producers over and above the BPS and BISS programmes, in order to maintain the competitiveness of EU agricultural products and to promote sustainable development.

(1) financial aid

The Greening and Eco-scheme programmes are both authorised by EU law, financed by direct payments from national budgets and administered by the EAGF and the Member States, and run from 2015 to 2022, after which the Eco-scheme programme succeeds and replaces the Greening programme. The Greening programme runs from 2015 to 2022, after which the Eco-scheme programme succeeds and replaces the Greening programme for the period 2023 to 2027.

In accordance with Regulation (EC) No 1307/2013 and the decision in the case of the end-of-cycle review of our countervailing measures on potato starch, the Greening subsidy accounts for approximately 30 per cent of the total direct payment budget, which is estimated at approximately €11 billion. The value of the right to payment is calculated on the basis of 45 per cent of the right to payment under the BPS programme.The BPS subsidy, the Greening subsidy and the young farmers' subsidy referred to below are subject to a single application procedure and a single application form.

The subsidisation procedure for Eco-scheme projects is similar to that of Greening. According to Article 97 of Regulation (EC) No 2021/2115, the subsidy for the Eco-scheme programme shall in principle not be less than 25% of the total limit of direct payments of the Member States listed in Annex IX. According to the publicly disclosed subsidy schedule of the EC (please refer to Annex VI: (6)), the total amount of subsidies for the Eco-scheme programme for the fiscal year 2024 is €8,785 million.

According to Article 3 of the Countervailing Regulation, direct funding in the form of grants from the government of the exporting country (region) constitutes financial assistance. The Greening and Eco-scheme subsidies provided by the EU and Member States to eligible agricultural producers constitute financial assistance in terms of legal authority, source of funds and implementing agencies.

(2) specificity

Under the Common Agricultural Policy law, the Greening programme is linked to the BPS programme and the Eco-scheme programme is linked to the BISS programme. In case of non-compliance with the specific conditions of the Greening and Eco-scheme projects, agricultural producers will not be able to receive project subsidies and will not be able to receive subsidies from the BPS and BISS projects. Accordingly, active agricultural producers who fulfil the commitment conditions and receive subsidies from the Greening and Eco-scheme programmes receive subsidies from both the BPS and BISS programmes, which are mutually reinforcing.

Based on this premise, only active agricultural producers are eligible to become supplements to the Greening and BPS programmes.

Beneficiaries of subsidies. Moreover, agricultural producers are not automatically eligible for subsidies, but have to fulfil legal conditions and member state-specific requirements. For example, under the BPS programme, agricultural producers should meet three conditions: (1) part of the land should be permanent grassland (5 per cent); (2) crop diversity (two crops should be grown on more than 10 hectares, and three on more than 30 hectares, with no more than 75 per cent of the main crop); and (3) the proportion of ecologically aggregated land (5 per cent). The European Union also gives member states some flexibility in meeting the three conditions, but the three conditions need to be met at the same time and are mandatory, and member states must implement them.

As another example, under the Eco-scheme programme, agricultural producers are required to meet more stringent requirements than under the Greening programme, as set out in Article 31 of Regulation 2021/2115. First, Member States will develop different Eco-schemes, each of which will contain at least two specific requirements on climate, environment and animal welfare: (1) mitigation of climate change, e.g. by reducing greenhouse gas emissions from agricultural activities; (2) adaptation to climate change, e.g. by taking action to provide for the diversification of food production systems, flora and fauna; (3) protection and improvement of water quality; (4) prevention of soil degradation and improvement of soil fertility, etc. soil degradation, improving soil fertility, etc.; (5) protecting ecological diversity; (6) reducing the use of pesticides; and (7) improving animal welfare and adopting antibiotic-fighting behaviours. Secondly, active farmers must sign a commitment agreement with the government to comply with the specific requirements of the ecological programme.

As described in the analysis of the BPS and BISS projects, the BPS and BISS projects are exclusive in terms of the legal mandate, the subsidising sector, the determination and allocation of the state budget, the eligibility for subsidies, the actual state of the milk and dairy chain, and the shareholder affiliation of agricultural producers/milk farmers with dairy processing companies. Given that the Greening subsidy is based on the BPS subsidy and the CRISS subsidy is based on the BISS subsidy, the Greening and Eco-scheme programmes have the same characteristics as the BPS and BISS programmes.

Therefore, in accordance with Article 4 of the Countervailing Regulations, the Applicant argues that the Greening Project and Eco-scheme

Subsidies for projects are similarly earmarked.

In addition, the Greening project was found to be exclusive by the investigating authority in the final review case of China's potato starch countervailing subsidy case (please refer to Annex VI: (7)). In view of the fact that the content and nature of the subsidies of the Greening Project and the Eco-scheme Project have not changed substantially during the period of the subsidy investigation applied for, the applicant has more reasons to believe that the Greening Project and the Eco-scheme Project are exclusive.

(3) sake

Through the Greening and Eco-scheme programmes, the EU and member governments guarantee a stable financial income to agricultural producers by providing them with subsidies. The amount of cash subsidy actually received by agricultural producers constitutes the subsidy benefit available. As mentioned above, under the Greening programme, subsidies account for about 30 per cent of the total direct payments to national budgets, which is estimated at about €11 billion per year. Under the Eco-scheme programme, the annual subsidy is about 25% of the total direct payments to the national budget, which for the fiscal year 2024 amounts to €8,785 million.

As described in the analyses of the BPS and BISS projects, agricultural producers engaged in livestock farming, cooperatives, and dairy processors are communities of interest, and even agricultural producers themselves are shareholders in dairy processors, which together constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the EU's cash subsidies to agricultural producers, which help to maintain the stability of milk and dairy production and increase the risk resistance and market competitiveness of enterprises.

The products under investigation belong to the milk and dairy products sector. Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the Greening and Eco-scheme programmes, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the magnitude of the subsidy received by the product under investigation in the future investigation process.

1.4 Redistributive subsidies and sustainable supplementary redistributive income subsidies

Redistributive payment (RP) is one of the key subsidy programmes of the Common Agricultural Policy (CAP), authorised by Regulation (EU) No 1307/2013 (see Annex VI: "(2) Summary of Regulation (EU) No 1307/2013"). Complementary redistributive income support for sustainability (CRISS) derives its authorisation from Regulation (EU) No 2021/2115, which succeeds and replaces the RP programme (please refer to Annex VI.): "(4) Summary of Commission Regulation 2021/2115").

Under the RP and CRISS projects, the EU allows Member States to address the need for income support redistribution through other instruments and interventions financed by the EAGF.The RP project allows Member States to redistribute part of the income support funds under the framework of the BPS project and the CRISS project allows Member States to redistribute part of the income support funds under the framework of the BISS project to achieve more equitable distribution and more effective and efficient income support objectives.

(1) financial aid

The RP and CRISS programmes are both authorised by EU law and financed by direct payments from national budgets, and are managed by EAGF and the Member States.The RP programme runs from 2015 to 2022, after which the CRISS programme succeeds and replaces the RP programme, running from 2023 to 2027.

In accordance with Article 42 of Regulation (EC) No 1307/2013, the RP programme is financed from the EU budget up to a maximum of 30% of the total limit of direct payments by Member States as set out in Annex II. Article 41 provides that Member States shall determine the amount of the subsidy per hectare within a defined regional area or different amounts for different hectares, as well as the maximum number of hectares for which redistributive income support shall be paid per agricultural producer. The amount of the subsidy per hectare may not exceed the national average of direct payments per hectare for that year.

Member States may apply the maximum number of hectares to legal persons or groups of natural or legal persons whose individual members are provided for by national law to assume rights and obligations comparable to those of an individual farmer with a controlling interest status, in particular with regard to his economic, social and tax status, insofar as they contribute to the enhancement of the agricultural structure of the legal person or group concerned. Member States may apply the maximum number of hectares to groups of associated legal persons if the farmers are part of such groups as determined by the Member States.

The CRISS programme is adjusted to the BP programme. In accordance with Article 98 of Regulation (EC) No 2021/2115, the budget of the CRISS programme is, in principle, not less than 10% of the total direct payment limit of the Member States listed in Annex IX. At the same time, subsidies are only redistributed between large and small or medium-sized farms. According to the subsidy breakdown publicly disclosed by the European Commission (please refer to Annex VI: ''(3) Breakdown of the distribution of the funds for the EU's Common Agricultural Policy interventions''), the total amount of subsidies for the CRISS programme for the fiscal year 2024 is €4,010 million.

According to Article 3 of the Countervailing Regulation, direct funding in the form of grants from the government of the exporting country (region) constitutes financial assistance. Under the BP and CRISS programmes, the EU provides direct grants to eligible agricultural producers, which are financed by the EU budget and jointly administered by the EU and member state governments in accordance with EU and member state laws. Therefore, the BP and CRISS subsidies provided by the EU government constitute financial support in terms of legal mandate, source of funding and implementing agency.

(2) specificity

As mentioned above, the RP programme is in the framework of the BPS programme allowing Member States to reallocate part of the income support funds, and the CRISS programme is in the framework of the BISS programme allowing Member States to reallocate part of the income support funds, and the implementation of the subsidy programme is still based on the right of payment, the number of which is equal to the qualifying land area of the agricultural producer.

As part of the income support interventions of the Common Agricultural Policy (CAP), the RP and CRISS programmes are flexible adjustments to income support within the framework of the BPS and BISS programmes, and are more complementary to the BPS and BISS interventions to achieve the objectives of the reform of the agricultural policy. In principle, only eligible farmers, legal entities and groups are eligible for the subsidy and still have to strictly comply with the mandatory conditions of the Member States under the Greening and Eco-scheme programmes.

As described in the analysis of the BPS project and the BISS project, the BPS project and the BISS project are exclusive in terms of legal authorisation, the subsidising sector, the determination and allocation of the state budget, the eligibility for the subsidy, the actual state of the milk and dairy chain, and the shareholder affiliation of agricultural producers/milk farmers with dairy processing companies. Given that the RP subsidy is based on the BPS subsidy and the CRISS subsidy is based on the BISS subsidy, the RP and BISS subsidies have a specialised nature.

The CRISS project has the same characteristics as the BPS and BISS projects.

Therefore, in accordance with Article 4 of the Countervailing Regulations, the applicant argues that the BPS project is as exclusive as the BISS project.

(3) sake

Through the RP and CRISS programmes, the EU and member governments guarantee a stable income to agricultural producers by providing them with subsidies. The amount of cash subsidies actually received by agricultural producers constitutes the subsidy benefit available. As mentioned above, the RP budget is limited to a maximum of 30 per cent of the total national budget for direct payments, and the CRISS budget is in principle limited to 10 per cent of the total national budget for direct payments, with a total amount of €4,010 million in the fiscal year 2024 for the CRISS programme.

As described in the analyses of the BPS and BISS projects, agricultural producers engaged in livestock farming, cooperatives, and dairy processors are communities of interest, and even agricultural producers themselves are shareholders in dairy processors, which together constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the EU's cash subsidies to agricultural producers, which help to maintain the stability of milk and dairy production and increase the risk resistance and market competitiveness of enterprises.

The products under investigation belong to the milk and milk products sector. Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the products under investigation under the RP and CRISS programmes, therefore, the applicant would like to request the investigating authority to further investigate and determine the subsidy benefits and the magnitude of the subsidy received by the products under investigation in the future investigation process.

1.5 Young Farmer's Allowance and Young Farmer's Supplementary Income Allowance

Payment for young farmers (PYF) is one of the key subsidy programmes of the Common Agricultural Policy (CAP) of the European Union, authorised by Regulation (EU) No 1307/2013 (see Annex VI: "(2) Summary of Regulation (EU) No

1307/2013"). The Complementary income support for young farmers (CIS-YF) derives its authorisation from Regulation (EU) No 2021/2115 and succeeds and replaces the PYF programme (see Annex VI: "(4) Summary of Commission Regulation (EU) No 2021/2115"). (See Annex VI: "(4) Summary of Commission Regulation 2021/2115").

Through the PYF and CIS-YF programmes, the EU provides subsidies to young farmers, which can attract young farmers to commit to agricultural production, maintain the long-term competitiveness of EU agriculture and promote sustainable development.

(1) financial aid

The PYF and CIS-YF programmes are both authorised by EU law and financed by direct payments from national budgets, and are administered by EAGF and the Member States.The PYF programme runs from 2015 to 2022, after which the CIS-YF programme succeeds and replaces the PYF programme, running from 2023 to 2027.

In accordance with Article 51 of Regulation (EC) No 1307/2013, the PYF programme is financed from the European Union budget up to a maximum of 2% in principle of the overall limit of direct payments by the Member States listed in Annex II. In accordance with Article 95 of Regulation (EC) No 2021/2115, the CIS-YF programme is financed from the budget of the Union, which in principle should not be less than the minimum reserve funds of the Member States listed in Annex VII. According to the publicly disclosed subsidy schedule of the European Commission (please refer to Annex VI: "(3) Schedule of the allocation of funds for interventions under the EU Common Agricultural Policy"), the total amount of subsidies for the CIS-YF programme for the financial year 2024 is €688 million.

Under the PYF and CIS-YF programmes, Member States may make annual payments to young farmers at a determined subsidy amount per hectare of land, or they may make a one-off payment. Member States may decide to support a maximum of hectares per young farmer, and the maximum duration of the supplementary income subsidy for young farmers is five years, starting from the first year of their application. Under the CIS-YF project, the Member States may apply the maximum number of hectares to which the subsidy is payable in respect of legal persons, natural persons or groups of legal persons associated with young farmers, such as farmers' groups, producers' organisations or cooperatives.

According to Article 3 of the Countervailing Regulation, direct funding in the form of grants from the government of the exporting country (region) constitutes financial assistance. Under the PYF and CIS-YF programmes, the EU provides direct grants to eligible young farmers, which are financed by the EU budget and jointly administered by the EU and member state governments in accordance with EU and member state laws. Therefore, the PYF and CIS-YF subsidies provided by the EU government constitute financial support in terms of legal authorisation, source of funding and implementing agency.

(2) specificity

As mentioned above, the PYF and CIS-YF programmes are aimed at young farmers and not all farmers can benefit from the subsidies. According to Article 4(6) of Regulation (EC) No 2021/2115, young farmers should include the following conditions: (1) maximum age between 35 and 40 years old, (2) head of a physical establishment, and (3) have the required training and skills as determined by the Member States. The Strategic Programme for Supplementary Income Support for Young Farmers through the CIS-YF project aims at attracting young farmers into agricultural production.

Moreover, as part of the income support interventions under the Common Agricultural Policy, the PYF and CIS-YF programmes are similar in nature to other income support measures such as the BPS programme and the BISS, which are designed to balance and regulate farmers' incomes and safeguard agricultural development. Under the Common Agricultural Policy, the PYF and CIS-YF programmes play more of a complementary role to better match the income of the farmers.

Income interventions such as the BPS and BISS programmes were combined to achieve the objectives of the agricultural policy reform. In principle, only eligible farmers, legal entities and groups will be eligible for the subsidy, which will still be subject to the strict conditions set by Member States under the Greening and Eco-scheme programmes.

As described in the analysis of the BPS and BISS projects, the BPS and BISS projects are exclusive in terms of the legal mandate, the subsidising sector, the determination and allocation of the state budget, the eligibility of the subsidies, the actual state of the milk and dairy chain, and the shareholder affiliation of the agricultural producers/milk farmers with the dairy processing companies. Given that the PYF subsidy is based on the BPS subsidy and the CIS-YF subsidy is based on the BISS subsidy, the PYF and CIS-YF programmes have the same characteristics as the BPS and BISS programmes.

Therefore, in accordance with Article 4 of the Countervailing Regulations, the applicant argues that the PYF programme and the CIS-YF programme are equally exclusive.

(3) sake

Through the PYF and CIS-YF programmes, the EU and the member governments guarantee young farmers a stable financial income by providing them with subsidies. The amount of subsidy actually received by young farmers constitutes the subsidy benefit available. As mentioned above, the PYF budget is limited to a maximum of 2 per cent of the total national budget for direct payments, and the total amount of subsidies under the CIS-YF programme for the fiscal year 2024 is €688 million.

As described in the analyses of the BPS and BISS projects, agricultural producers engaged in livestock farming, cooperatives, and dairy processors are communities of interest, and even agricultural producers themselves are shareholders in dairy processors, which together constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the EU's cash subsidies to agricultural producers, which help to maintain the stability of milk and dairy production and increase the risk resistance and market competitiveness of enterprises.

The products under investigation belong to the milk and milk products sector. Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the products under investigation under the PYF and CIS-YF programmes, therefore, the applicant would like to request the investigating authority to conduct further investigation and determination of the subsidy benefits and the extent of the subsidy received by the products under investigation in the course of future investigations.

1.6 Relevant dairy storage subsidies

In accordance with the provisions of Regulation (EU) No. 1308/2013, Regulation (EU) No. 1306/2013, Regulation (EU) No. 2016/1238, Regulation (EU) No. 2016/1240, the EU adopted Regulation (EU) No. 2020/591 (please refer to Annex VI: (14)), which decides to implement the relevant dairy storage subsidy (Private storage aid, or PSA). PSA), which is mainly targeted at butter, skimmed milk powder and cheese.

(1) financial aid

The PSA programme is authorised by the European Union under Regulation (EU) No 1308/2013, Regulation (EU) No 1306/2013, Regulation (EU) No 2016/1238, Regulation (EU) No 2016/1240. The subsidies are financed from the EU budget and are administered and implemented by EAGF and the agriculture and rural development departments or other relevant bodies of the Member States.

Under Regulation 2020/591, the amount of the PSA programme subsidy for cheese consists of two parts. The first is the fixed storage cost subsidy, which covers the fixed cost of storage and amounts to €15.57 per tonne of cheese. The second is the daily storage cost subsidy, which is used to

Payment of costs and financing charges for the period of contractual storage, with a daily subsidy of €0.40 per tonne of cheese.

According to Article 3(1) of the Countervailing Regulation, "direct financing by the government of the exporting country (region) in the form of grants ...... etc." constitutes financial assistance. Under the PSA programme, cash subsidies provided by EU governments for dairy products constitute financial assistance under paragraph (1).

(2) specificity

According to Article 4(2) of the Countervailing Regulations, "Subsidies received by certain enterprises or industries as specified in the laws and regulations of the exporting country (region)" are exclusive. According to the introduction of Regulation 2020/591, the PSA programme mainly targets cheese, butter and skimmed milk powder, so the PSA programme has a specificity.

(3) sake

PSA subsidies can increase the financial income of dairy producers and improve the competitiveness of their products, resulting in benefits for cheese, butter and skimmed milk powder products.The amount of subsidy provided by the PSA programme to companies constitutes the subsidy benefit that can be obtained. According to preliminary evidence obtained, the fixed storage cost subsidy per tonne of cheese product is €15.57 and the daily storage cost subsidy is €1.50 per tonne of cheese product.

The daily subsidy for the cost of storage is €0.40.

Due to the limitation of information, the applicant is unable to obtain the specific amount of subsidy under the PSA programme for the products under investigation, therefore, the applicant urges the investigating authority to conduct further investigation and determination of the subsidy benefits and the extent of the subsidy obtained by the products under investigation in the course of future investigations.

1.7 A range of rural development interventions

Under Regulations 1305/2013 and 2021/2115, the EU has developed and implemented a range of types of intervention for rural development, which complement the income support interventions referred to above, in order to work towards the development of agriculture in the EU.

(1) financial aid

A range of rural development interventions derive from the EU Common Agricultural Policy (CAP) mandate, which seeks to provide financial subsidies in a number of areas. For example, according to Article 69 of Regulation (EC) No 2021/2115, subsidies are granted in the areas of (1) Environmental, Climate-related And Other Management Commitments (ENVCLIM); (2) Natural Or Other Area-specific Constraints; and (3) Rural Development. Natural Or Other Area-specific Constraints
(referred to as ANC)(3) Area-specific Disadvantages Resulting from Certain Mandatory Requirements (referred to as ASD)(4) Investments Investments, Including Investments in Irrigation (referred to as INVEST);(5)Resettlement of Young Farmers and New Farmers and Rural Business Start-up (referred to as INSTAL) Including Investments in Irrigation (referred to as INVEST); (5) Settlement of Young Farmers and New Farmers and Rural Business Start-up (referred to as INSTAL) (6) Risk Management Tools; (7) Cooperation (COOP); (8) Knowledge Exchange And Dissemination Of Information (KNOW).

In terms of project operation, firstly, each member state formulates a single subsidy policy in a certain field according to the actual situation of the country, including the purpose of subsidy, implementing organisation, subsidy standard, beneficiary, etc., and then the member state submits the subsidy policy to the European Commission for approval. Taking the subsidy content of Regulation (EC) No. 2021/2115 as an example, the subsidy provisions for different measures are as follows:

Under the ENVCLIM Programme, Member States shall provide subsidies only to farmers or other beneficiaries who voluntarily undertake commitments to fulfil the objectives set out in Article 6, paragraphs 1 and 2, for a period of five to seven years. In exceptional circumstances, Member States may extend or shorten the duration of the commitments.

Under the ANC programme, Member States provide subsidies only to active farmers in designated areas as defined in Article 32 of Regulation 1305/2013 to compensate beneficiaries for all or part of the additional costs and loss of income related to natural or other area-specific constraints in the area concerned.

Under the ASD programme, Member States may, for beneficiaries in specific areas only, provide financial subsidies to compensate beneficiaries for all or part of the additional costs and loss of income, including transaction costs, related to the specific disadvantages of the area in question, as a result of the implementation of the relevant legislation, such as 92/43/EEC, 2009/147/EC or 2000/60/EC.

Under INVEST, Member States should draw up a list of categories of ineligible investments and expenditures, which should include, at a minimum, the purchase of rights to agricultural production, the purchase of rights to payment for land, the purchase of animals and other relevant elements. Subsidies will generally not exceed the eligible

65 per cent of the cost expenditure, with the possibility of increasing the subsidy rate to 80 per cent, 85 per cent and 100 per cent in exceptional cases, depending on the scenario.

Under the INSTAL project, member States are committed to providing financial subsidies for the placement of young farmers and for their entrepreneurship. As beneficiaries, young farmers are expected to provide a complete business plan. The subsidy can be a one-off payment, a financial instrument or a combination of both. The subsidies are limited to a maximum of €100,000 and are differentiated on the basis of objective criteria.

Under the RISK project, Member States are committed to improving risk management tools through the provision of subsidies to help active farmers manage production and income risks in agricultural activities beyond their control. Member States should ensure that subsidies are granted only for losses exceeding 20 per cent of farmers' average production or income over the last three years, or that the base is based on a three-year average of the last five years with the highest and lowest years removed. The rate of subsidy should not exceed 70 per cent of the respective cost outlay.

Under the COOP project; subsidy projects provided by Member States are limited to a limited number of aspects, including the preparation and implementation of projects of the EIP Operational Groups, the preparation and implementation of LEADER, the promotion and support of EU or Member State-endorsed quality schemes and their use by farmers, the support of producer groups, producer organisations or cross-sectoral organisations, the development and implementation of the Smart Village Strategy, support for other forms of co-operation, etc. Member States may adopt subsidies to support project co-operation and the cost outlay of implementation actions, etc.

Under the KNOW project, member States subsidise, inter alia, the costs of any related action taken to promote innovation, training and consultancy, and other forms of knowledge exchange and information dissemination.

A range of policy interventions for rural development are financed from both the EU budget and the Member States' budgets, and are implemented jointly by EAFRD and the relevant government departments in the Member States. In accordance with the provisions of Regulation 2020/2220 (please refer to Annex VI: (3)), the total EU budget for rural development interventions in 2021 and 2022 is

€1,479 million and €1,479 million respectively.
EUR 1,211 million. According to the publicly disclosed subsidy schedule of the European Commission (please refer to Annex VI: (6)), the total euro budget for rural development interventions in FY 2023 is €1,374 million, of which the subsidy funds for the ENVCLIM project are
191 million, €542 million for ANC, €35 million for ASD, €222 million for INVEST, €211 million for INSTAL, €30 million for RISK, €91 million for COOP and €51 million for KNOW. The subsidies for INSTAL amounted to €212 million, for RISK €30 million, for COOP €91 million and for KNOW €51 million.

Under Article 3 of the Countervailing Regulation, direct funding in the form of grants from the government of the exporting country (region) constitutes financial support. Under a range of rural development interventions, the EU provides direct grants to eligible beneficiaries in different areas, and the programmes are funded from the EU budget and jointly administered by EU and Member State authorities in accordance with EU and Member State law. Therefore, the subsidies provided by the EU government under the rural development interventions constitute financial support in terms of legal authorisation, source of funding and implementing agency.

(2) specificity

Rural development interventions are authorised under EU Law 1305/2013 and Regulation 2021/2115. The applicant considers the rural development interventions to be specialised in terms of the content of the project and the actual results achieved.

Firstly, the range of rural development interventions is legally an overall framework policy, which is the responsibility of each Member State to develop and implement, subject to approval by the EC. The subsidy programmes implemented by the Member States are usually industry-specific, or regional. Milk and dairy products are an important agricultural sector for the EU and the Member States. There are different types of incentives and subsidies for the milk and dairy sector in the Member States. For example, in point 2 below, "EU Member States", it is stated that the EU has a wide range of subsidies for milk and dairy products.
Most of the 13 subsidy projects mentioned in "Subsidy Projects Implemented" are based on legal authorisations for rural development interventions and are related to the milk and dairy sector.

Second, dairy farms receive disproportionately large amounts of subsidies under rural development interventions. According to the evidence (please refer to Annex VI: "(8) Information related to the number of dairy farms and subsidies"), the average amount of subsidy per dairy farm under rural development interventions in 2022 is €5,119, and with 314,298 dairy farms in that year, the estimated amount of subsidy is as high as €1,609 million. The average amount of subsidies received under rural development interventions was €5,119. However, according to Regulation 2020/2220, the total EU budget for rural development interventions in 2022 is €1,211 million. The amount of subsidies received by dairy farms clearly exceeds the total EU budget, and dairy farms also receive significant subsidies from Member States.

Therefore, in the light of the legal authorisation, the implementation of subsidies in the milk and dairy sector in the Member States, and the disproportionately large amount of subsidies received by the milk and dairy sector, the applicant argues that a series of interventions for rural development are in compliance with the relevant provisions of Article 4 of the Countervailing

Regulation and are exclusive.

(3) sake

Through rural development interventions, as described by the applicant in point 2 ''Subsidy programmes implemented by the EU Member States'', the EU and the Member Governments provide subsidies to eligible beneficiaries, either to increase their revenues or to reduce their costs. The amount of subsidy actually spent by the EU and member governments constitutes the subsidy benefit available. For dairy farms, as mentioned above, the average amount of subsidy per dairy farm in 2022 is €5,119, and with 314,298 dairy farms in that year, the estimated amount of subsidy is up to €1,609 million.

As described in the analyses of the BPS and BISS projects, agricultural producers engaged in animal husbandry, cooperatives, and dairy processors are communities of interest, and even agricultural producers themselves are shareholders in dairy processors, which together constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from EU cash subsidies to agricultural producers, which help to maintain the stability of milk and dairy production and increase the risk resistance and market competitiveness of enterprises.

Benefits.

The products under investigation belong to the milk and milk products sector. Due to information constraints, the applicant is not in a position to obtain or apportion the specific amount of subsidies under the rural development intervention for the product under investigation, and therefore the applicant respectfully requests the investigating authorities to further investigate and determine the subsidy benefits and the magnitude of the subsidies received by the product under investigation during the course of future investigations.

At the same time, in order to further illustrate the implementation of rural development interventions, the applicant analyses and describes the implementation of the projects in the Member States concerned, based on the available prima facie information, in point 2 below, "Subsidies implemented in the EU Member States". It should be noted, however, that the number of subsidies in these Member States is very limited and that the Applicant has reason to believe that the subsidies applicable to the milk and dairy sector include, but are not limited to, the Member States' subsidies referred to in point 2, in view of the legal authorisations, the development of milk and dairy producers in the European Union, and the subsidies received by dairy farms, and the Applicant would like to request the Investigating Authority to provide additional information about the subsidies applied by the Rural Development Intervention to the milk and dairy sector. The Applicant respectfully requests the Investigating Authority to investigate and identify additional subsidy programmes applied by the Rural Development Interventions to the milk and dairy sector.

2 , Subsidy programmes implemented by EU Member States

2.1 Ireland - Dairy Equipment Grant Scheme

Ireland provides subsidies to interested agricultural producers for the purchase of production equipment through the Dairy Equipment Scheme to encourage agricultural production and improve market competitiveness.

(1) financial aid

The Irish Dairy Equipment Subsidy Scheme derives its authorisation from Resolution 1305/201 of the European Parliament and of the Council and

Commission Resolutions 807/2014, 808/2014 and 809/2014 for the Irish Rural Development Plan 2014-2022
(Rural Development Programme of Ireland) (Annex VI: "(15) Ireland - Introduction to the Dairy Equipment Subsidy Scheme"), implemented by the Department of Agriculture, Food and the Marine.

Under the project, the Government of Ireland provides cash support to subsidise the costs incurred by the agricultural producers concerned in procuring production equipment. It is stipulated that the Government will provide a direct subsidy at a rate of 40 per cent of approved, completed and eligible expenditure on dairy equipment, subject to a maximum subsidy limit of €90,000 per farm. For registered partnership farm enterprises, the maximum subsidy is €90,000 per farm. The limit of the qualifying subsidy may be increased to €160,000.

According to article 3(1) of the Countervailing Regulations, "direct funding by the government of the exporting country (region) in the form of grants ...... etc." constitutes financial assistance. Under the Dairy Equipment Subsidy Scheme, the provision of cash subsidies by the Irish Government for the purchase of production equipment by agricultural producers constitutes financial assistance under paragraph (1).

Public text

(2) specificity

According to Article 4(2) of the Countervailing Regulations, "subsidies granted to certain enterprises or industries as specified in the laws and regulations of the exporting country (region)" are exclusive. Under the Irish Dairy Equipment Subsidy Programme, the law clearly stipulates that the subsidies are targeted only at the dairy sector, and that the subsidies are intended to support agricultural producers in purchasing dairy production equipment and reducing their costs, so the subsidy programme is in line with the legal provisions of paragraph (2) and has an exclusive nature.

(3) sake

The Irish Dairy Equipment Subsidy Scheme provides agricultural producers with a cash subsidy for the purchase of production equipment, which reduces the costs incurred by agricultural producers. The amount of subsidy actually received by the agricultural producer constitutes the benefit available. The actual amount of subsidy received by the agricultural producer is not available to the applicant at this time, but the law provides that the subsidy is generally 40 per cent of the cost of the equipment purchased, up to a maximum of €90,000 per farm and €160,000 for a partnership.

As the applicant has stated above in relation to the subsidy programme of the Common Agricultural Policy (CAP), agricultural producers engaged in animal husbandry, co-operatives, and dairy processing enterprises are a community of interest, and even agricultural producers themselves are shareholders of dairy processing enterprises, which together constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the support of services and cash subsidies provided by the Irish Government to agricultural producers, which help to maintain the stability of milk and dairy production and increase the resilience and market competitiveness of enterprises.

The products under investigation belong to the milk and milk products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the subsidy programme for the time being, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.2 Austria - Mobility Subsidy Scheme

The Austrian liquidity assistance scheme is dedicated to providing companies with subsidies to maintain production stability and ensure market liquidity.

(1) financial aid

In accordance with the EU Member State Subsidies SA.56840 (2020/N), SA.58640 (2020/N), SA.59320 (2020/N) and SA. 61614 (2020/N), the Commission adopted the mobility subsidy scheme proposed by the Austrian government (see also

Public text

Annex VI: "(16) Regulation (EU) No. SA.61614 (2020/N) on subsidies in the Member States of the European Union" and "(17) Regulation (EU) No. SA.56840 (2020/N) on subsidies in the Member States of the European Union").

The project's subsidies are financed by the Austrian government's Crisis Fund with a total amount of up to €15 billion in the form of direct subsidies, loans, loan guarantees and interest rate subsidies, which are administered by COFAG. For direct subsidies, reimbursable loans or tax incentives, the subsidy amount is up to €800,000 per enterprise. In the case of loan guarantees, the measure only guarantees new investment projects or working capital loans for enterprises with a term of three months to six years. For interest-subsidised loans, which should be used to finance investments or working capital for a period of three months to six years.

According to article 3(1) of the Countervailing Regulations, "the direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or the potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Under the liquidity subsidy scheme, the provision of subsidies by the Austrian Government to producers in the form of direct subsidies, loans, loan guarantees and interest rate subsidies constitutes financial support under paragraph (1).

(2) specificity

Under the mobility subsidy scheme, not all enterprises can apply for subsidies, banks or financial institutions are excluded and it is limited to enterprises that have suffered damage or impact due to special circumstances. At the same time, the Austrian Government further increased the amount of single family subsidies in the agricultural sector by amending the law. Moreover, the loans in question are conditional and can only be used for new investment projects or working capital. Therefore, the Austrian mobility subsidy scheme is in line with article 4 of the Countervailing Regulations in terms of the target of the subsidy, the different subsidy tax rates and the conditions of application, and is of an exclusive nature.

(3) sake

The subsidy funds of the Austrian Mobility Subsidy Scheme are mainly used to finance project investments or financial liquidity of enterprises, which can provide financial security for the production stability of enterprises and enhance their risk resistance and market competitiveness. In the case of direct subsidies, the amount of subsidy actually received by the enterprise constitutes the subsidy benefit available. For subsidies in the form of loans, interest concessions, etc., the actual reduction of interest expenses by the enterprise constitutes the subsidy benefit that can be obtained. For the time being, the applicant does not have access to the actual amount of subsidy received by the enterprise or to the reduction of interest payments, but according to the law, the maximum amount of subsidy under direct subsidies is 800,000 euros per enterprise, subject to adjustments by the agricultural sector.

Due to the limitation of information, the applicant is unable to obtain the specific amount of subsidy under the subsidy programme of the product under investigation, therefore, the applicant urges the investigating authority to conduct further investigation and determination of the subsidy benefits and the extent of the subsidy obtained by the product under application in the course of investigation in the future.

2.3 Austria - Bridging Loan Guarantee Scheme

The Austrian scheme for guarantees on bridge loans is dedicated to providing loan guarantees to companies in order to maintain their production stability and ensure market liquidity.

(1) financial aid

On the basis of the document EU Member State Subsidies SA.56981 (2020/N), the EC adopted the bridge loan guarantee scheme proposed by the Austrian Government (please see Annex VI: "(18) Regulation (EU) No. SA.56981 (2020/N) on Member State Subsidies"). The legal basis of the scheme derives from the authorisations of the SME Promotion Act, the Federal Act on Special Subsidies for Small and Medium-sized Enterprises and other laws. From 2019 to 2020, Austria offers loan guarantees totalling up to €9 billion under the subsidy programme through two institutions, the AWS Agency and ÖHT, with guaranteed loans of up to five years. Total amount of guaranteed loans per enterprise

It must not exceed €500,000 and the interest rate on the loan is zero for the first two years.

According to article 3(1) of the Countervailing Regulations, "the direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or the potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Under the Bridge Loan Guarantee Scheme, guarantees provided by the Austrian Government to enterprises constitute financial assistance under paragraph (1).

(2) specificity

Not all businesses are eligible for subsidies under the bridge loan guarantee programme, which applies only to businesses that have not yet fallen into hardship under the GBER, ABER and FIBER laws. Banks or financial institutions are excluded. In addition, the Austrian government further increased the amount of single family subsidies in the agricultural sector by amending the law.

Therefore, in terms of the target of subsidy, the different subsidy amounts and other elements, the applicant argues that the bridge loan guarantee scheme complies with Article 4 of the Countervailing Regulations and has an exclusive nature.

(3) sake

The Austrian bridging loan guarantee programme benefits enterprises by increasing their income stability and reducing their interest expenses. In the case of loan guarantee programmes, the actual reduction of interest expenses or administrative expenses of the enterprise constitutes the subsidy benefit available. Under the law, the subsidy programme allows for guarantees totalling up to €9 billion, and the maximum term of the guaranteed loans can be up to five years, making it impossible for applicants to obtain the actual reduction of interest expenses or administrative costs incurred by the enterprise under the programme. In addition, although the subsidy programme runs until 2020, the fact that the loans are granted for a period of up to five years does not preclude access to the subsidies.

Businesses are still benefiting from this.

Due to the limitation of information, the applicant is unable to obtain the specific amount of subsidy obtained by the product under the subsidy programme, therefore the applicant urges the investigating authority to further investigate and determine the subsidy benefits obtained by the product under investigation and the extent of subsidy in the investigation process in the future.

2.4 Belgium - Flemish Bridging Loan Scheme

The bridge loans in the Flemish Region (bridge loans in the Flemish Region) programme in Belgium is dedicated to providing low or no interest loans to Flemish companies in order to maintain their production stability and ensure market liquidity.

(1) financial aid

Pursuant to the EC Member State Subsidies SA.101133 (2021/N) document, the EC adopted a bridge loan scheme for Flanders proposed by the Belgian Government (please refer to Annex VI: "(19) Regulation (EU) No. SA.101113 (2021/N) on Member State Subsidies"). The scheme derives its authorisation from the Draft Decision of the Flemish Government on Bridging Loans to Companies, which came into force in December 2021.[3] The Flemish Government's proposal for a Bridging Loan Scheme was adopted by the EC in December 2021.[4]

The subsidy programme, which is jointly managed by PMV/z-Leningen NV and VLAIO, provides eligible companies with loans totalling up to €100 million at an interest rate of 1 per cent, with a repayment period of up to 36 months and a 12-month repayment-free period. The amount of the loan is determined as a percentage of the enterprise's eligible invoices, with different maximum loan amounts for different sized enterprises.

According to article 3(1) of the Countervailing Regulations, "the direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or the potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Under the bridge loan programme, the Belgian Government offers low-interest or interest-free loan concessions to enterprises, which constitutes financial assistance under paragraph 1 (a).

(1) Financial assistance under the section.

(2) specificity

Under the Flemish Bridging Loan Programme, the Belgian Government provides loan concessions only to enterprises in Flanders and only to enterprises in difficulties as defined by the GBER, ABER and FIBER laws. Therefore, the project complies with the provisions of Article 4(3) of the Countervailing Regulations of the project, which stipulates that subsidies received by enterprises and industries within a specific region are explicitly designated by the laws and regulations of the exporting country (region) and are exclusive.

(3) sake

The Flemish bridge loan scheme allows businesses to benefit from increased liquidity and reduced costs through favourable interest rates on loans. The reduction in interest costs (i.e. the difference between the normal interest rate and the effective interest rate) under the loan constitutes the subsidy benefit available to enterprises. As mentioned above, the subsidy programme offers loans of up to €100 million, with interest rates as low as 1 per cent, repayment periods of up to 36 months and even a 12-month repayment-free period.

Due to the limitation of information, the applicant is not able to obtain the specific amount of subsidy for the product under investigation under the Flemish Bridging Loan Scheme for the time being, therefore, the applicant kindly requests the investigating authority to further investigate and determine the subsidy benefit and the extent of the subsidy received by the product under application in the course of the investigation in the future.

2.5 Italy - Livestock insurance subsidies

The Aid for insurance premiums for the livestock sector (Aid for insurance premiums for the livestock sector in Italy) endeavours to subsidise insurance for producers of cattle, horses, sheep and goats, reducing the costs of the producers.

(1) financial aid

In accordance with the EU Member State subsidy SA.106755 (2023/N), the Commission adopted the subsidy on insurance premiums for the livestock sector proposed by the Italian Government on the basis of Article 4(1)(k) of Provincial Law No. 11 of 14 December 1998 and
Draft Decision on Guidelines for the provision of subsidies for the payment of insurance premiums in the livestock sector (please refer to Annex VI: "(20) Regulation (EU) No. SA.106755 (2023/N) on subsidies in the Member States of the European Union").

The total budget of the subsidy programme is €14 million, with €2 million planned for each year, to be covered by the National Fund. The subsidies cover up to 50 per cent of the cost of insurance, up to €2,150 for cattle and horses and €350 for sheep and goats.

According to article 3(1) of the Countervailing Regulations, "direct financing by the Government of the exporting country (region) in the form of appropriations, such as ......" constitutes financial assistance. Under the Livestock Insurance Subsidy Programme, the Italian Government provides insurance subsidies to the producers concerned, which reduces the producers' costs and expenses and constitutes financial assistance under paragraph (1).

(2) specificity

The Livestock Insurance Subsidy Programme applies only to the region of the Autonomous Province of Bolzano, Italy, and focuses on specific livestock, including cattle, horses and sheep, with different rates of subsidy applied to different livestock.

Therefore, the applicant argues that the subsidy meets the requirements of Article 4(2) and (3) of the Countervailing Regulations, and that subsidies obtained by certain enterprises and industries as specified by the laws and regulations of the exporting country (region), as well as subsidies obtained by enterprises and industries within a designated specific region, are of an exclusive nature.

(3) sake

The Italian Livestock Insurance Premium Subsidy reduces the risk of enterprises by reducing producer cost expenditures through insurance premium subsidies. The reduction in insurance costs incurred by enterprises under the programme constitutes the subsidy benefit that can be obtained. As mentioned above, the subsidy programme has a total budget of €14 million, with €2 million scheduled to be paid out each year, and the subsidy pays out up to 50 per cent of the cost of insurance.

As the applicant has stated above in the context of the Common Agricultural Policy (CAP)-related subsidy programme, agricultural producers engaged in animal husbandry, cooperatives, and dairy-processing enterprises are communities of interest, to the extent that agricultural producers themselves are shareholders in dairy-processing enterprises, and together they constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the support of services and cash subsidies provided by the Italian Government to agricultural producers in favour of maintaining the stability of the production of milk and dairy products and increasing the risk resistance and market competitiveness of the enterprises.

The products under investigation belong to the milk and dairy products sector. Due to the limited information, the applicant is not able to obtain or apportion the specific amount of subsidy for the product under investigation under the Italian Livestock Insurance Subsidy Programme for the time being, and therefore the applicant would like to request the investigating authorities to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of the investigation at a later stage.

2.6 Italy - Dairy logistics subsidies

The Italian Dairy Logistics Subsidy is dedicated to subsidising the transport of raw milk for dairy farmers in the province of Bolzano, in order to reduce the transport costs of agricultural producers, improve the competitiveness of farms in the short and long term and ensure the sustainability of agricultural production.

(1) financial aid

Pursuant to the document EU Member States Subsidies SA.106754 (2023/N), the Commission adopted the project of subsidies for the logistics of the dairy sector, proposed by the Italian Government, on the basis of the legal basis of Article 4 of Provincial Law no. 10 of 14 December 1999 (please refer to Annex VI: "(21) Regulation (EC) No. SA.106754 (2023/N) on subsidies to the EU Member States ").

Under this subsidy programme, the total budget for subsidies is €10.5 million, with €1.5 million scheduled to be disbursed annually from 2023 onwards.

Beginning of the year. The subsidised area is limited to agricultural enterprises in the Autonomous Province of Bolzano. Calculation of the amount of subsidy is based on each agricultural enterprise or the total feed area used by the co-operative for the production of dairy products, and the difference between the co-operative's average logistics cost for collecting dairy products and the provincial average logistics cost, not exceeding 100 per cent of the eligible logistics cost.

According to article 3(1) of the Countervailing Regulations, "the direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or the potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Under the dairy logistics subsidy, cash subsidies provided by the Italian Government to agricultural enterprises or cooperatives constitute financial support under paragraph (1).

(2) specificity

The Dairy Logistics Subsidy Programme is aimed only at agribusinesses in the Autonomous Province of Bolzano that are engaged in the production of primary agricultural products and are associated with cooperatives, and it is limited to the field of dairy supply.

Therefore, the applicant argues that the dairy logistics subsidy programme meets the requirements of Article 4(2) and (3) of the Countervailing Regulations, which stipulate that subsidies received by certain enterprises and industries as specified in the laws and regulations of the exporting country (region), as well as subsidies received by enterprises and industries within a designated specific region, are of a proprietary nature.

(3) sake

The Italian Government subsidises the dairy logistics transport costs of agricultural enterprises under the Dairy Logistics Subsidy Programme, which contributes to the reduction of their costs and expenses. The amount of the subsidy provided by the government constitutes the subsidy benefit available to the enterprise. As mentioned above, the total budget of the subsidy programme is €10.5 million, or €1.5 million per year.

As the applicant has stated above in the context of the Common Agricultural Policy (CAP)-related subsidy programme, agricultural producers engaged in animal husbandry, cooperatives, and dairy-processing enterprises are communities of interest, to the extent that agricultural producers themselves are shareholders in dairy-processing enterprises, and together they constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the support of services and cash subsidies provided by the Italian Government to agricultural producers in favour of maintaining the stability of the production of milk and dairy products and increasing the risk resistance and market competitiveness of the enterprises.

The products under investigation belong to the milk and dairy products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the dairy logistics subsidy programme, therefore the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.7 Croatia – Livestock producer subsidies

The Livestock Producer Breeding Subsidy is intended to provide agricultural producers or farmers with a subsidy to reduce the costs incurred by agricultural producers for the purchase of beef and dairy calves or to subsidise the loss of income incurred by agricultural producers in the process of breeding cattle, thus guaranteeing the stability of the production of agricultural producers or farmers.

(1) financial aid

Livestock producer subsidies derive their authorisation from Article 66 and paragraph 2 of Article 67 of the Croatian Agricultural Act (please see Annex VI: "(22) Croatia - Introduction to Livestock Producer Farming Subsidies").

Subsidies include production subsidies and subsidies for loss of income. In terms of production subsidies, the Croatian Government provides two types of subsidies for the purchase of calves and for the breeding of calves. In the case of calf purchase, the producer is required to purchase at least three beef or dairy calves of a specific breed, and the subsidy is used to share the costs and expenses, with each beneficiary receiving a maximum of 30,000.00 kunas (approx.
The Government provides a subsidy of 4,000 euros (€4,000). In the case of breeding calves, the Government will subsidise producers who suffer a loss of income in the breeding of calves of crossbred or dairy breeds. The amount of the subsidy will be determined on the basis of the number of calves receiving the subsidy and the amount of the budget.

According to article 3(1) of the Countervailing Regulations, "direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or potential direct transfers of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Under the Livestock Producer Subsidy Programme, cash subsidies provided by the Government of Croatia to agricultural producers constitute financial support under paragraph (1).

(2) specificity

The subsidies under the Livestock Producer Subsidy Programme are targeted solely at agricultural producers of beef cattle or dairy calves. Therefore, the applicant argues that the subsidy programme complies with the provisions of Article 4(2) of the Countervailing Regulations, and that the subsidies received by certain enterprises and industries explicitly stipulated in the laws and regulations of the exporting country (region) are of an exclusive nature.

(3) sake

Under the Livestock Producer Subsidy Programme, cash subsidies provided by the Croatian Government to agricultural producers contribute to the reduction of cost expenditures by enterprises and to the reduction of income losses by enterprises. The amount of subsidy provided by the Government constitutes the subsidy benefit available to the enterprise. It is not yet possible for the applicant to obtain the total amount of subsidies actually received by the enterprise, but, as noted above, at least with regard to production, the maximum amount of subsidies that each beneficiary may receive in a year is approximately EUR 4,000.

Agricultural producers, co-operatives engaged in animal husbandry, as described by the applicant in the relevant subsidy programme of the Common Agricultural Policy, above.

The community of interests of the CRO and the dairy processing enterprises, and even the agricultural producers themselves are shareholders in the dairy processing enterprises, together constitute the milk and dairy sector under the EU Common Agricultural Policy (CAP). The milk and dairy sector benefits from the support of services and cash subsidies provided by the Croatian Government to agricultural producers, which contribute to the stability of milk and dairy production and increase the risk resistance and market competitiveness of enterprises.

The products under investigation belong to the milk and dairy products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidies under the Livestock Producer Subsidy Programme (LPSP) for the products under investigation for the time being, and therefore the applicant requests that the investigating authorities conduct further investigation and determination of the subsidy benefits and the extent of subsidies received by the products under investigation in the course of future investigations.

2.8 Croatia - Raw Milk Purchase Cost Subsidy

Through the Raw Milk Purchase Cost Subsidy Programme, the Croatian Government is committed to providing cash subsidies to dairy producers in order to alleviate their costs in the process of purchasing raw milk and thus maintain a stable supply of dairy products.

(1) financial aid

Pursuant to the document EU Member State Subsidies SA.108270 (2023/N), the Commission adopted the subsidy on the costs of dairy producers proposed by the Croatian Government on the basis of the legal basis of Article 39 of the Croatian Agricultural Act (please refer to Annex VI: "(23) Regulation of the European Union Member State Subsidies SA.108270 (2023/N) ").

The total financial budget for the project of subsidising the cost of raw milk procurement is €1.55 million, which is allocated by the State Treasury and is provided in the form of a cash subsidy to dairy producers, taking into account the number of dairy producers, the amount of raw milk collected, etc., in order to alleviate the cost of the process of procuring raw milk.

According to Article 3(1) of the Countervailing Regulations, "direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Cash subsidies provided by the Government of Croatia to dairy producers under the Raw Milk Purchase Cost Subsidy Programme constitute financial support under paragraph (1).

(2) specificity

Under the Raw Milk Purchase Cost Subsidy Programme, the subsidies are limited to dairy producers. Therefore, the programme is in line with the legal provisions of Article 4(2) of the Countervailing Regulations, which stipulate that the subsidies granted to certain enterprises and industries in the exporting countries (regions) are specified by laws and regulations to be exclusive.

(3) sake

Under the programme of subsidies for the cost of raw milk purchases, the Croatian Government provides financial support to enterprises producing dairy products, which favours the reduction of the enterprises' expenditures on the cost of raw materials, and thus guarantees the stability of the production of the milk and dairy products sector, which benefits the milk and dairy products sector. The amount of subsidy provided by the Government constitutes the subsidy benefit available to the enterprise. As mentioned above, the financial budget for the subsidy programme totalled 1.55 million euros.

The products under investigation belong to the milk and dairy products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the cost subsidy programme for dairy producers, and therefore the applicant respectfully requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.9 Finland - Damage subsidies for agricultural producers

Through the Agricultural Producer Damage Subsidy Programme, the Finnish Government endeavours to provide agricultural producers with subsidies to mitigate damages suffered by them under special circumstances and thus to maintain a stable supply of production.

(1) financial aid

Pursuant to the EU Member State Subsidies SA.100661 document, the Commission adopted the damage subsidy for agricultural producers proposed by the Finnish Government on the basis of the Act on the Prevention of and Compensation for Damage Caused by Protected Animals (15/2022) and the Proposal for a Bill on the Prevention of and Subsidies for Damage Caused by Protected Animals (please refer to Annex VI: "(24) EU Member State Subsidies SA.100661 Regulation"). The subsidy programme amounts to €25 million from the state budget and is implemented by the Centre for Economic Development, Transport and the Environment (ELY Centre) in the form of direct subsidies.

According to article 3(1) of the Countervailing Regulations, "the direct provision of funds by the Government of the exporting country (region) in the form of grants, loans, capital injections, etc., or the potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Under the Agricultural Producer Damage Subsidy Programme, cash subsidies provided by the Government of Finland to agricultural producers constitute financial assistance under paragraph (1).

(2) specificity

The Agricultural Producer Damage Subsidy Programme is intended only for producers engaged in primary agricultural activities who have suffered damage as a result of special circumstances, and not all enterprises will be able to receive the subsidy. Therefore, the applicant believes that the subsidy programme complies with the legal provisions of Article 4(2) of the Countervailing Regulations, which stipulate that certain enterprises and industries explicitly provided for in the laws and regulations of the exporting country (region) are entitled to receive subsidies.

Subsidies are earmarked.

(3) sake

Under the Agricultural Producer Damage Subsidy Programme, the Finnish Government provides financial support to enterprises engaged in primary agricultural activities, which helps to reduce the producers' costs and thus safeguard production stability. The amount of the subsidy provided by the Government constitutes the subsidy benefit available to the enterprise. As mentioned above, the amount of the subsidy under the programme is 25 million euros.

As described by the applicant in the context of the Common Agricultural Policy (CAP)-related subsidy programme above, agricultural producers engaged in animal husbandry, cooperatives, and dairy processors are communities of interest, and even agricultural producers themselves are shareholders in dairy processors, and together they constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the support of services and cash subsidies provided by the Finnish Government to agricultural producers, which contribute to the stability of milk and dairy production and increase the risk resistance and market competitiveness of the enterprises.

Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the Agricultural Producer Damage Subsidy Programme for the time being, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.10 Finland - Cost subsidies for the agriculture and aquaculture sector

Through the Cost Subsidy Programme for the Agricultural and Aquaculture Sector, the Finnish Government is committed to providing producers with temporary cash subsidies to mitigate adverse effects, including cost increases, due to special circumstances in the production process, in order to maintain a stable supply of production.

(1) financial aid

In accordance with the EU Member State Subsidies SA.108296 (2023/N), the EC adopted temporary cost-subsidising measures for the agricultural and aquaculture sectors proposed by the Finnish Government, based on the Provincial Act (2023/17) (Provincial Act)

(2023/17)) (please refer to Annex VI: "(25) Regulation (EU) No. SA.108296 (2023/N) on subsidies in the Member States of the European Union")

The financial budget for the cost subsidy programme for the agriculture and aquaculture sector totalled €1 million from the Åland region.
The budget is allocated until 31 December 2023 in the form of a cash subsidy.

According to article 3(1) of the Countervailing Regulations, "direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or potential direct transfer of funds or debts in the form of loan guarantees, etc.".

into financial assistance. Cash subsidies granted by the Government of Finland to producers under the cost subsidy programme for the agricultural and aquaculture sector constitute financial support under paragraph (1).

(2) specificity

Under the cost subsidy programme for the agricultural and aquaculture sector, the subsidy area is limited to the Åland region and the subsidies are granted to producers of agricultural primary production, livestock and aquaculture production. Therefore, the project complies with the legal provisions of Article 4(2) and (3) of the Countervailing Regulations, which stipulate that subsidies received by certain enterprises and industries as specified by the laws and regulations of the exporting country (region), as well as subsidies received by enterprises and industries within a designated specific region, are exclusive in nature.

(3) sake

Under the cost subsidy programme for the agricultural and aquaculture sector, the Finnish Government provides financial support to enterprises in a given area, which benefits the enterprises by reducing their costs and thus ensuring stable production. The amount of the subsidy provided by the government constitutes the subsidy benefit available to the enterprise. As mentioned above, the total financial budget of the subsidy programme is EUR 1 million.

The target group of the subsidy programme includes producers engaged in animal husbandry. As the applicant has stated above in relation to the subsidy programme under the Common Agricultural Policy (CAP), agricultural producers engaged in animal husbandry, co-operatives and dairy processors are a community of interests, and even agricultural producers themselves are shareholders in dairy processors, and together they constitute the milk and dairy sector under the EU's Common Agricultural Policy (CAP). The milk and dairy sector benefits from the support of services and cash subsidies provided by the Finnish Government to agricultural producers in order to maintain the stability of milk and dairy production and to increase the risk resistance and market competitiveness of the enterprises.

The products under investigation belong to the milk and milk products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the subsidy programme, therefore the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.11 Finland - Cost subsidies for dairy producers

Through the Dairy Producer Cost Subsidy Programme, the Finnish Government is committed to providing cash subsidies to dairy producers in order to mitigate the adverse effects of special circumstances in the production process, including cost increases, and thus to maintain a stable supply of dairy products.

(1) financial aid

On the basis of the document SA.110320 (2023/N) on subsidies in the EU Member States, the Commission adopted the proposal of the Government of Finland for a dairy system.

The cost subsidy programme for product producers is based on the Provincial Act (2016/29). (Please refer to Annex VI: "(26) Regulation (EU) No. SA.110320 (2023/N) on subsidies in the Member States of the European Union").

The financial budget for the programme of subsidising the costs of dairy producers totals €250,000, which is financed by the Åland Region.

The budget, which is to be implemented until 30 June 2024, is paid through direct subsidies.

According to Article 3(1) of the Countervailing Regulations, "the direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or the potential direct transfer of funds or liabilities in the form of loan guarantees, etc." constitutes financial assistance. Cash subsidies provided by the Government of Finland to dairy producers under the programme of subsidies on the costs of dairy producers constitute financial assistance under paragraph (1).

(2) specificity

Under the subsidy programme for the costs of dairy producers, the subsidy area is exclusively for the Åland region and the subsidies are granted to dairy producers. Therefore, the subsidy programme complies with the legal provisions of Article 4(2) and (3) of the Countervailing Regulations, which stipulate that subsidies granted to certain enterprises and industries as specified by the laws and regulations of the exporting country (region), as well as subsidies granted to enterprises and industries within a designated specific region, are exclusive in nature.

(3) sake

Under the cost subsidy programme for dairy producers, the Finnish Government provides financial support to dairy producers in order to benefit the milk and dairy sector by reducing the costs incurred by the enterprises and thereby safeguarding the stability of production in the milk and dairy sector. The amount of subsidy provided by the Government constitutes the subsidy benefit available to the enterprise. As mentioned above, the total financial budget of the subsidy programme is 250,000 euros.

The products under investigation belong to the milk and dairy products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the cost subsidy programme for dairy producers, and therefore the applicant respectfully requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.12 Romania - Livestock administrative subsidies

Under the Livestock Administrative Subsidy Project, the Romanian Government is committed to providing service support and cash subsidies to relevant associations, organisations or agricultural producers engaged in livestock farming, in order to alleviate their administrative costs for the establishment and maintenance of livestock breeding record books and for the conduct of genetic quality or yield tests (not under the owner's own control or routine milk quality control).

(1) financial aid

On the basis of the document SA.107400 (2023/N) on subsidies in the EU Member States, the Commission adopted the project on administrative subsidies in the livestock sector proposed by the Romanian Government on the basis of the Draft Government Decision on the Establishment of a National Subsidy Scheme in the Livestock Sector.
('the draft HG') (please refer to Annex VI: '(27) Regulation (EU) No. SA.107400 (2023/N) on subsidies in the Member States of the European Union').

The administrative subsidy programme is financed from the budget of the Romanian Ministry of Agriculture and Rural Development, with a total budget of approximately
1.12 per cent.
EUR 100 million, or approximately EUR 22.4 million per year, in the form of service subsidies and cash subsidies from 2023 onwards to support the associations, organisations or agricultural producers concerned. The service subsidy means that the government provides a corresponding service act and reduces the cost of the service that the beneficiary would otherwise have to pay. In addition, eligible applicants may apply to the Government for a cash subsidy of up to 100 per cent of the administrative costs of setting up and maintaining livestock breeding books.

According to Article 3(1) and (3) of the Countervailing Regulations, "the direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc." and "the provision of goods and services other than general infrastructure by the government of the exporting country (region)" constitute financial assistance. " constitute financial support. Under this subsidy programme, cash subsidies provided by Romania and subsidies for services constitute financial assistance under subparagraphs (1) and (3), respectively.

(2) specificity

Under the Livestock Administrative Subsidies Project, the subsidies granted by the Romanian Government are directed exclusively to the relevant associations, organisations or agricultural producers engaged in the livestock sector. Therefore, the project complies with the legal provisions of Article 4(2) of the Countervailing Regulations, which stipulate that the subsidies granted to certain enterprises and industries in the exporting country (region) are explicitly provided for in the laws and regulations of the exporting country (region) as being of an exclusive nature.

(3) sake

The Romanian Government provides service support and cash subsidies under the administrative subsidy programme to associations, organisations or agricultural producers involved in animal husbandry, in order to reduce their costs. The amount of the subsidy actually paid by the Government constitutes the subsidy benefit that can be obtained. As mentioned above, the total budget of the subsidy programme amounts to approximately €112 million, or approximately €22.4 million per year.

As stated by the applicant above in the context of the Common Agricultural Policy related subsidy programme, agricultural producers engaged in livestock farming, cooperatives, and dairy processing enterprises are a community of interest, even if the agricultural producers themselves are shareholders in the dairy processing enterprises, and together they constitute the milk and dairy products sector under the EU's Common Agricultural Policy. The support of services and cash subsidies provided by the Romanian Government to agricultural producers contribute to the maintenance of the stability of the production of milk and dairy products and to the increase of the enterprises' resistance to risks and their competitiveness on the market.

The milk and dairy sector can benefit from this.

The products under investigation belong to the milk and milk products sector. Due to information limitations, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the subsidy programme for the time being, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

2.13 Czech Republic - Damage subsidies for agricultural producers

Through the programme of subsidies for damages to agricultural producers, the Czech Government endeavours to provide agricultural producers with subsidies to mitigate damages suffered by them in special cases and thus to maintain a stable supply of production.

(1) financial aid

On the basis of the document EU Member State Subsidies SA.63134 (2021/N), the Commission adopted the project on subsidies for damages to agricultural producers proposed by the Czech Government on the basis of the Veterinary Medicine Act (Act No 166/1999 Coll.), the Plant Act (Act No 326/2004 Coll.), section 14 of the Act No 342/2012 and Act No 600/2020 on the State Budget for 2021 (see Annex VI: "(28) Regulation (28) EU Member State Subsidies SA.63134 (2021/N)"). Act No 600/2020 on the state budget for 2021 (please refer to Annex VI: "(28) Regulation No SA.63134 (2021/N) on subsidies in the EU Member States").

The initial budget for the subsidy programme totalled €44.4 million in 2015 and was increased by €7.4 million in 2020. Czech Republic
The Government hopes to add a further €39.3 million to this amount, which will bring the final budget to a total of €91.1 million. The subsidy funds will be made available to agricultural producers who have suffered damage as a result of special circumstances, in order to alleviate their costs.

According to article 3 (1) of the Countervailing Regulations, "direct provision of funds by the government of the exporting country (region) in the form of grants, loans, capital injections, etc., or potential direct transfer of funds or debts in the form of loan guarantees, etc." constitutes financial assistance. Cash subsidies provided by the Czech Government to agricultural producers under the Agricultural Producer Damage Subsidy Programme constitute financial support under paragraph (1).

(2) specificity

The programme of subsidies for damage to agricultural producers is directed only at producers engaged in livestock or forestry activities who have suffered damage as a result of special circumstances. Therefore, the programme complies with the legal provisions of article 4 (2) of the Countervailing Regulations, which stipulate that the subsidies received by certain enterprises and industries in the exporting country (region) are specified by laws and regulations as being of an exclusive nature.

(3) sake

Under the programme of subsidies for damages to agricultural producers, the Czech Government provides financial support to agricultural producers engaged in animal husbandry or forestry activities, which helps to reduce the producers' costs and thus to ensure production stability. The amount of subsidy provided by the government constitutes the subsidy benefit available to the enterprise. As mentioned above, the total amount of subsidies under this programme is EUR 91.1 million.

As the applicant has stated above in the context of the subsidy programme of the Common Agricultural Policy, agricultural producers engaged in livestock farming, cooperatives, and dairy processing enterprises are a community of interest, and even agricultural producers themselves are shareholders in dairy processing enterprises, which together constitute the milk and dairy sector under the EU Common Agricultural Policy. The milk and dairy sector benefits from the support of services and cash subsidies provided by the Czech Government to agricultural producers, which contribute to the maintenance of stable production of milk and dairy products and increase the risk resistance and market competitiveness of enterprises.

Due to the limitation of information, the applicant is unable to obtain or apportion the specific amount of subsidy for the product under investigation under the Agricultural Producer Damage Subsidy Programme for the time being, therefore, the applicant requests the investigating authority to further investigate and determine the subsidy benefits and the extent of subsidy for the product under investigation in the course of future investigations.

(iii) Estimation of subsidy margins

In the present case, as mentioned above, the EU and the governments of the member states have implemented a large number of subsidy programmes involving government grants, loan guarantees, investment subsidies, service subsidies and other support measures. However, due to the difficulty of evidence collection, especially as the subsidy information involves the government's internal confidential information, the applicant was unable to obtain and calculate the actual amount of subsidies received by the product under investigation during the period of the application for investigation and the subsidy benefits gained, and thus the magnitude of the subsidies, through other reasonable public channels.

However, prima facie evidence suggests that the amount of EU government subsidies for the milk and dairy sector is significant. For example, according to the relevant historical subsidy data disclosed by the EU Ministry of Agriculture (Annex VI: ''(6) Number of dairy farms and subsidy-related information''), the average amount of subsidies received by each dairy farm in 2022 is 23,403 euros (excluding the amount of subsidies such as tax reliefs, loan concessions, etc.), with a total of 314,298 EU With a total of 314,298 dairy farms in the EU, the estimated amount of subsidies received by dairy farms is as high as €7,356 million.

Therefore, the applicant urges the Ministry of Commerce to conduct countervailing investigation on the imported products originating from the EU, conduct further investigation and calculation on the existence, nature, amount and benefits of the above listed subsidy items, and make recommendations to the Customs Tariff Commission of the State Council based on the results of the investigation to impose corresponding countervailing duties on the imported products originating from the EU under investigation.

In addition, due to the complexity of the laws and policies of the European Union and member states, and the fact that much of the information involves confidential information and is not publicly available, the applicant reserves the right to make a decision within a reasonable period of time in the future based on the relevant evidential materials, if the relevant evidential materials are not fully available at the present time.

The right to submit a new application for the investigation of subsidy items to the investigating authority on the basis of further information and evidence obtained, as well as the right to reserve the right to make further claims on the calculation of subsidy amounts and subsidy margins of the products under application for investigation by the EU.

V. Damage to domestic industries

(i) cumulative assessment

The scope of origin and exporting country (region) of the products involved in this application by the applicant is only one country (region) in the EU, and the issue of cumulative assessment is not applicable in this application.

(II) Changes in the quantity and price of imports of the products under application for investigation and the situation of the domestic industry 1.

1.1 Application to investigate changes in absolute import quantities of products

Application for investigation of changes in the number of imports of products

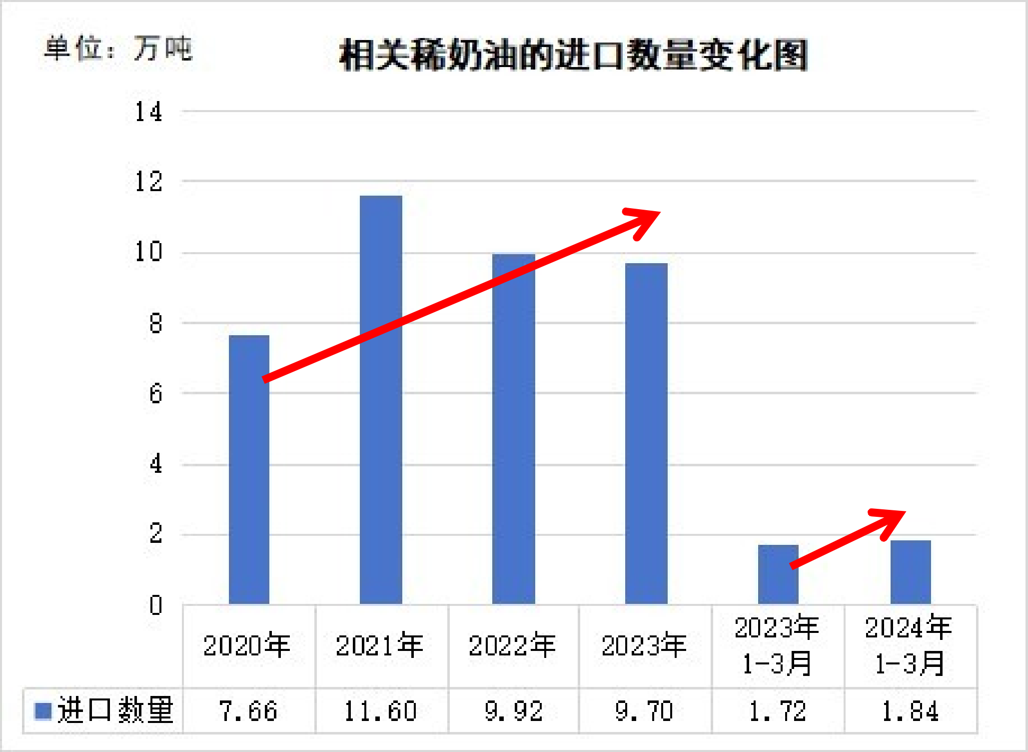
Unit: 10,000 tonnes

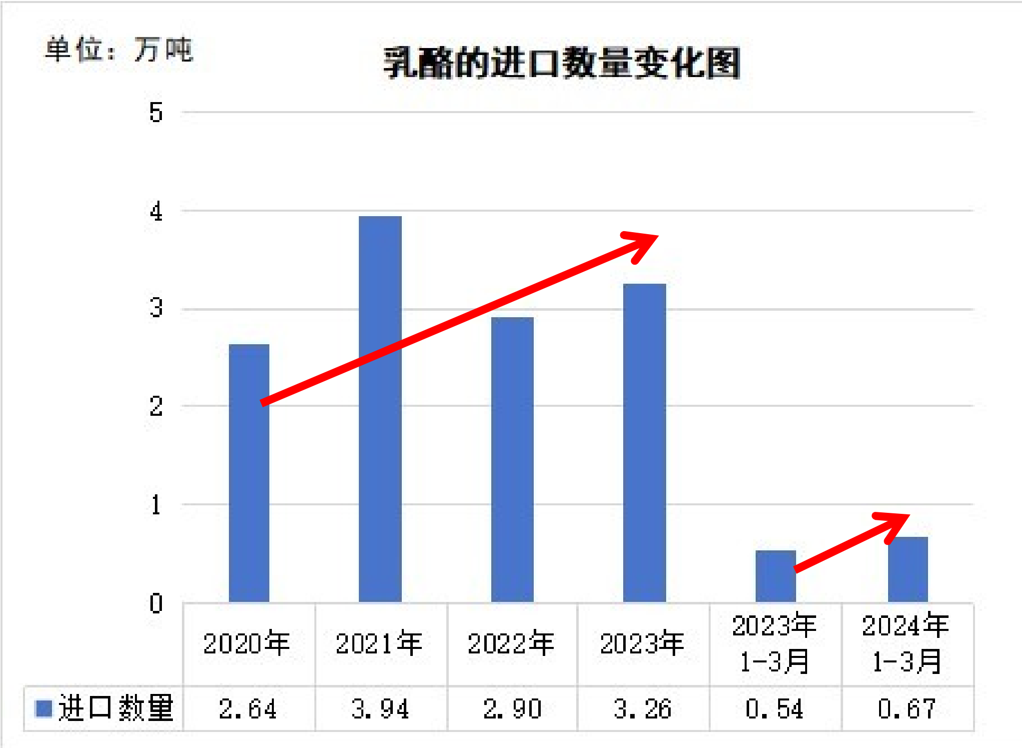
period of time	Total number of products requested for investigation	magnitude of change	Among them: Related thin creams	magnitude of change	Among them: cheese	magnitude of change
2020	10.30	-	7.66	-	2.64	-
2021	15.54	50.99 per cent	11.60	51.51 per cent	3.94	49.47 per cent
2022	12.82	-17.51 per cent	9.92	-14.51 per cent	2.90	-26.34 per cent
2023	12.95	1.02 per cent	9.70	-2.23 per cent	3.26	12.15%
January-March	2.26	-	1.72	-	0.54	-

2023						
January-March 2024	2.51	11.27 per cent	1.84	7.25 per cent	0.67	24.05 per cent

Note: For the source of the data in the above table, please refer to "Annex IV: Customs Import and Export Statistics of Relevant Dairy Products in China".


单位：万吨
申请调查产品的合计进口数量变化图
18
16
14
12
10
8
6
4
2
0
2020年
2021年
2022年
2023年
2023年 1-3月
2024年 1-3月
进口数量
10.30
15.54
12.82
12.95
2.26
2.51


单位：万吨
相关稀奶油的进口数量变化图
14
12
10
8
6
4
2
0
2020年
2021年
2022年
2023年
2023年 1-3月
2024年 1-3月
进口数量
7.66
11.60
9.92
9.70
1.72
1.84



The above chart data shows:

Between 2020 and January-March 2024, the total number of imports of the products under application for investigation shows a significant overall increase.2020 From 2021 to 2023 and from January to March 2024, the total import quantities of the products under application for investigation were 103.0 thousand tonnes, 155.4 thousand tonnes, 128.2 thousand tonnes, 129.5 thousand tonnes and 25.1 thousand tonnes respectively, an increase of 50.99%, a decrease of 17.51% and an increase of 1.02% from 2021 to 2023 compared with the same period of the previous year, and a significant increase of 25.83% in 2023 compared with 2020. From 2021 to 2023, it will increase by 50.99%, decrease by 17.51% and increase by 1.02%, respectively, compared with the previous year, and in 2023, it will increase by 25.83% compared with 2020.

In terms of specifications: from 2020 to 2023 and from January to March 2024, the import volume of the relevant diluted cream will be, respectively 76.6 million tonnes, 11.6 million tonnes, 99.2 million tonnes, 97.0 million tonnes and 18.4 million tonnes, with growth of 51.55%, a decrease of 14.51% and a decrease of 2.23% from 2021 to 2023 compared with the previous year, and a significant cumulative increase of 26.64% in 2023 compared with 2020. From January to March 2024, there was an increase of 7.25 per cent compared with the same period of the previous year.

From 2020 to 2023 and from January to March 2024, the import quantity of cheese was 26.4 thousand tonnes, 39.4 thousand tonnes, 29.0 thousand tonnes, 32.6 thousand tonnes and 0.67 thousand tonnes, respectively, and from 2021 to 2023, the import quantity of cheese increased by 49.47%, decreased by 26.34%, and increased by 12.15%, respectively, as compared with the previous year, and the cumulative total quantity of cheese increased significantly by 23.48% in 2023, as compared with that of 2020. From January to March 2024, it continued to increase by 24.05 per cent compared with the same period of the previous year.

1.2 Changes in the market share of the product for which the survey was requested

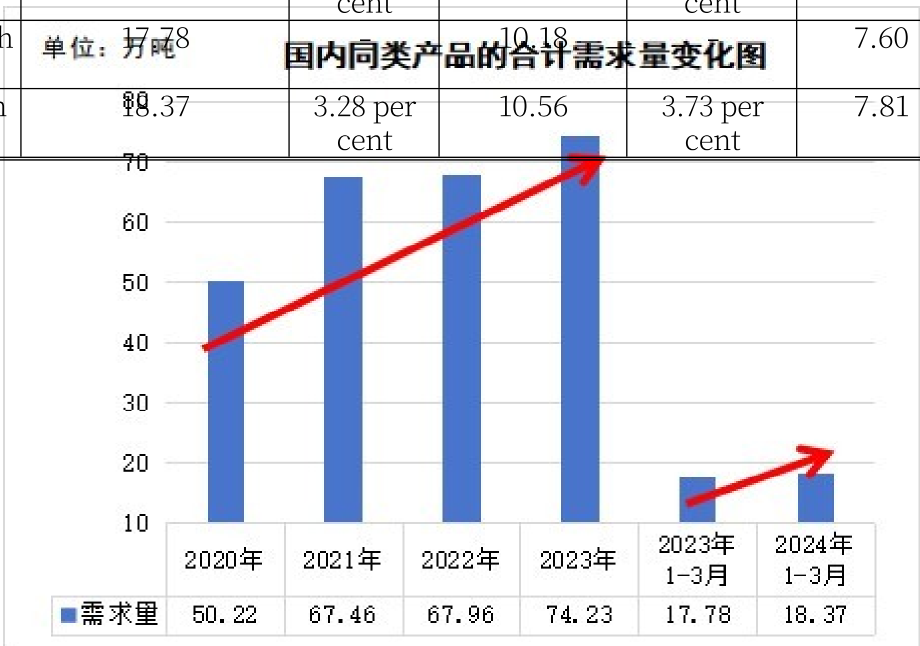
1.2.1 Changes in domestic demand for similar products

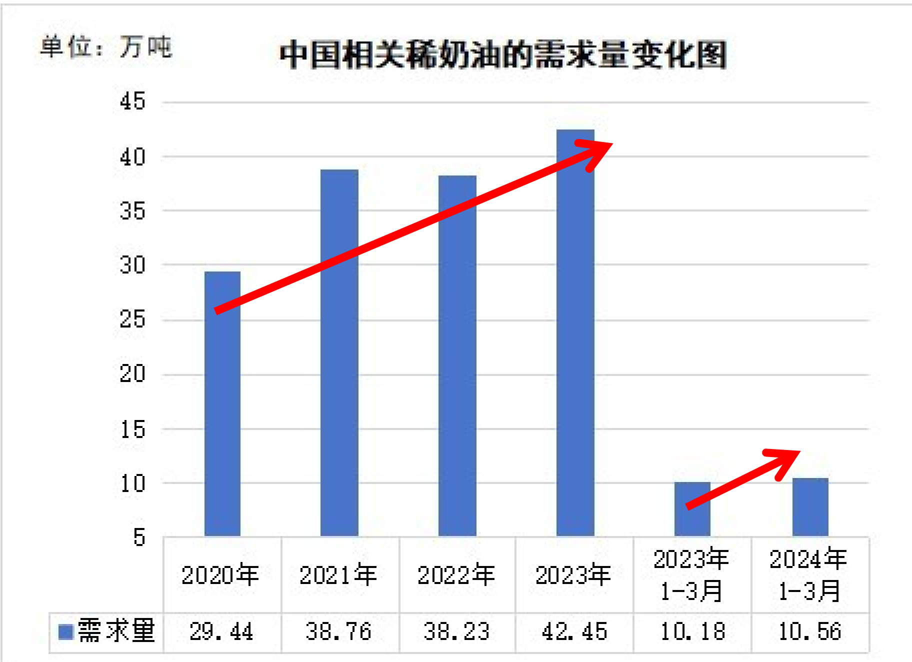
Table of changes in domestic demand for similar products

Unit: 10,000 tonnes

period of time	Total domestic similar products	magnitude of change	Among them: Related thin creams	magnitude of change	Among them: cheese	magnitude of change
2020	50.22	–	29.44	–	20.78	–
2021	67.46	34.33 per cent	38.76	31.66 per cent	28.70	38.11 per cent
2022	67.96	0.74 per cent	38.23	-1.37 per cent	29.73	3.58 per cent
2023	74.23	9.23 per cent	42.45	11.04 per cent	31.78	6.90 per cent
January-March 2023	17.78		10.18		7.60	–
January-March 2024	18.37	3.28 per cent	10.56	3.73 per cent	7.81	2.68 per cent

Note: For the source of the data in the above table, please refer to "Annex II: Notes on the supply and demand of relevant dairy products in China".





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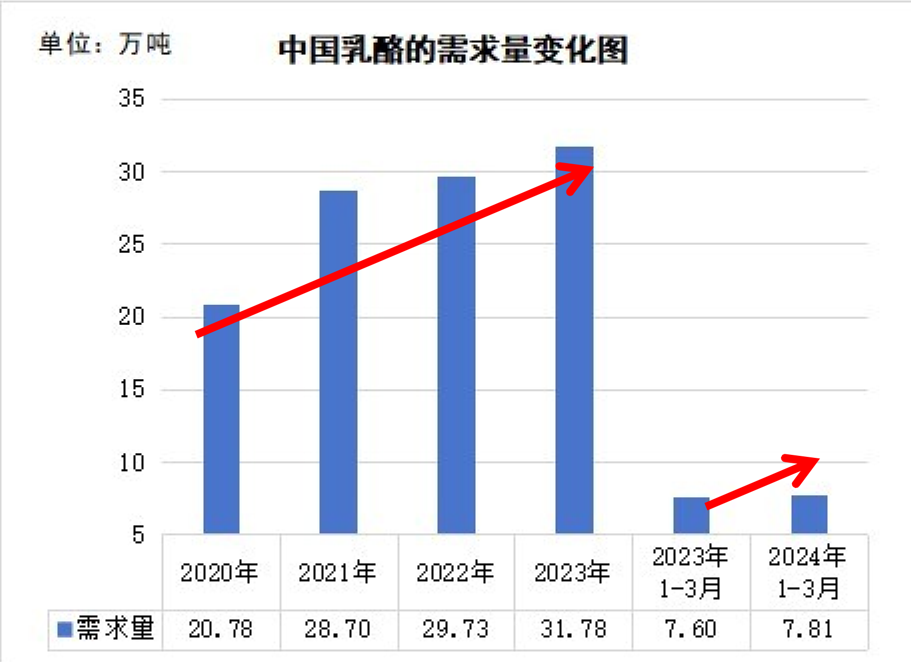


The above chart data shows:

From 2020 to 2024, the domestic demand for similar products in aggregate is on a sustained growth trend from January to March. 2020 to 2023
From 2021 to 2023, compared with the same period of the previous year, the domestic demand for the same kind of products is 34.33%, 0.74% and 9.23% respectively, and the cumulative growth in 2023 compared with 2020 is 47.80%. From January to March 2024, it continued to grow by 3.28 per cent compared with the same period of the previous year.

By specification: from 2020 to January-March 2024, China's demand for the relevant diluted creams is generally on an increasing trend.
From 2020 to 2023 and from January to March 2024, China's demand for rare creams will be 294,400 tonnes, 387,600 tonnes, 382,300 tonnes, 424,500 tonnes and 105,600 tonnes, respectivelywan increase of 31.66%, a decrease of 1.37% and an increase of 11.04% from 2021 to 2023, and a significant increase of 44.19% from 2023 to 2020, compared to the same period of the previous year. From 2021 to 2023, there is an increase of 31.66%, a decrease of 1.37% and an increase of 11.04%, respectively, compared with the previous year, and a significant increase of 44.19% in 2023 compared with 2020.

From 2020 to 2024, the demand for cheese in China has been on a continuous growth trend from 2020 to 2023, and from 2020 to 2024, the demand for cheese has been on a continuous growth trend.

From 2021 to 2023, compared with the same period of the previous year, the demand for cheese in China was 38.11%, 3.58% and 6.90% respectively, and the cumulative growth in 2023 compared with 2020 was 52.92%. 2024, the demand for cheese in China from Jan to Mar was 2.68%, compared with the same period of the previous year. January-March 2024 continues to show a growth of 2.68 per cent compared to the same period of the previous year.

1.2.2 Changes in China's market share of the products under investigation by the applicant

Changes in China's market share of the product under application for investigation

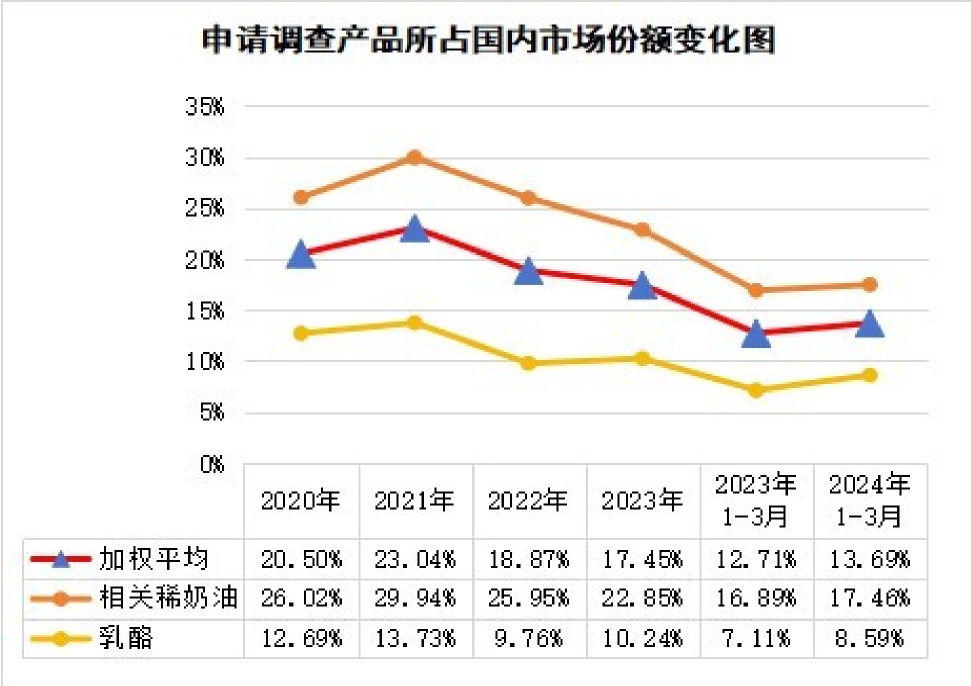
Quantity unit: 10,000 tonnes

period of time	Apply for survey products Total imports	Similar products in China Total requirements	Apply for survey products Total market share	Percentage point increase/decrease
2020	10.30	50.22	20.50%	-
2021	15.54	67.46	23.04 per cent	Increase of 2.54 percentage points
2022	12.82	67.96	18.87 per cent	Decrease of 4.17 percentage points
2023	12.95	74.23	17.45 per cent	Decrease of 1.42 percentage points
January-March 2023	2.26	17.78	12.71 per cent	-
January-March 2024	2.51	18.37	13.69 per cent	Increase of 0.98 percentage points

period of time	Of which: related diluted milk Quantity of oil imported	China related thin cream quantity demanded	Related thin creams market share	Percentage point increase/decrease
2020	7.66	29.44	26.02 per cent	-
2021	11.60	38.76	29.94 per cent	Increase of 3.92 percentage points
2022	9.92	38.23	25.95 per cent	Decrease of 3.99 percentage points
2023	9.70	42.45	22.85 per cent	Decrease of 3.10 percentage points
January-March 2023	1.72	10.18	16.89 per cent	-
January-March 2024	1.84	10.56	17.46%	Increase of 0.57 percentage points

period of time	Of which: cheese Number of imports	Chinese cheese quantity demanded	cheese market share	Percentage point increase/decrease
2020	2.64	20.78	12.69 per cent	-
2021	3.94	28.70	13.73 per cent	Up 1.04 percentage points
2022	2.90	29.73	9.76 per cent	Decrease of 3.97 percentage points
2023	3.26	31.78	10.24 per cent	Increase of 0.48 percentage points
January-March 2023	0.54	7.60	7.11 per cent	-
January-March 2024	0.67	7.81	8.59 per cent	Up 1.47 percentage points

Note: Market share of the product under investigation = Quantity of imports of the product under investigation / Demand for the same product in China.



The above chart data shows:

In terms of both total and sub-specification, the trend of the market share of the products under investigation in China is basically the same, with a first increase and then a decrease from 2020 to 2023, showing a general downward trend. 2024 January to March, compared with the same period of the previous year, the market share of the products under investigation in China has rebounded.

From 2020 to 2023 and from January to March 2024, the products under investigation accounted for an average of nearly 19 per cent of China's market share, of which imported thin cream accounted for an average of 24.4 per cent of China's market share and imported cheese accounted for an average of 11 per cent of China's market share, which is at a relatively high level.

1.3 Changes in the volume of imports of the product under application for investigation relative to the total domestic production of the same product

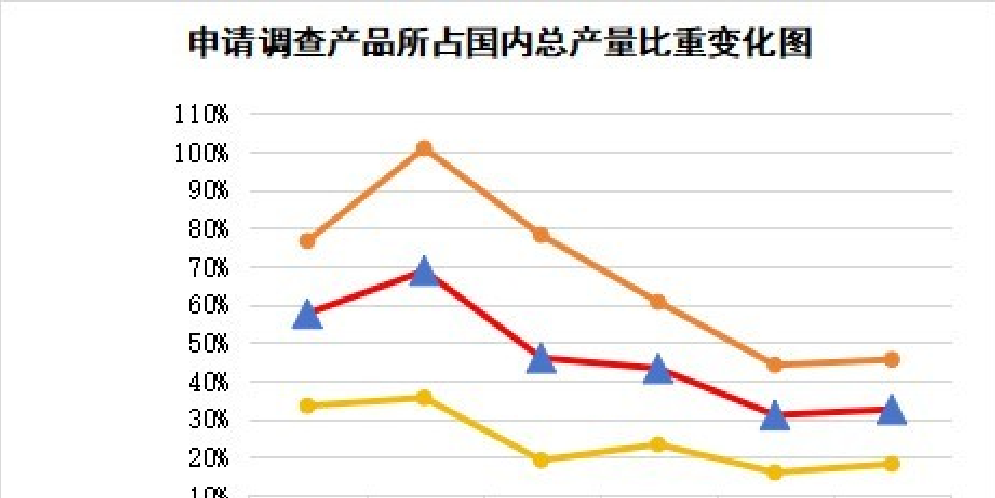
Application for the investigation of the proportion of products accounted for the total domestic production of similar products change table

period of time	Percentage of total products requested	Of which: import-related diluted cream as a	Of which: percentage of importe

	for investigation	percentage	d cheese
2020	57.52 per cent	76.59 per cent	33.37 per cent
2021	68.78 per cent	100.91 per cent	35.50 per cent
2022	45.96 per cent	78.12 per cent	19.10%
2023	43.18 per cent	60.62 per cent	23.25 per cent
January-March 2023	30.96 per cent	44.09 per cent	15.90 per cent
January-March 2024	32.45 per cent	45.53 per cent	18.12 per cent

Note: The ratio of the product under investigation to the total domestic production of the same product = the number of imports of the product under investigation / the total domestic production of the same product.

Please refer to Annex II for the total domestic production of similar products.



	2020年	2021年	2022年	2023年	2023年 1-3月	2024年 1-3月
加权平均	57.52%	68.78%	45.96%	43.18%	30.96%	32.45%
相关稀奶油	76.59%	100.91%	78.12%	60.62%	44.09%	45.53%
乳酪	33.37%	35.50%	19.10%	23.25%	15.90%	18.12%

The above chart data shows:

Whether in total or by specifications, the proportion of the products under investigation in the total domestic production of the same kind of products has basically the same trend of change, with a first increase and then a decrease from 2020 to 2023, showing a general downward trend. 2024 January to March, compared with the same period of the previous year, the proportion has rebounded.

From 2020 to 2023 and from January to March 2024, the combined share of the products under investigation in China's total domestic production of the same type of products is nearly 50 per cent on average, with the share of imported thin cream as high as 72.4 per cent on average, and imported cheese as high as 26 per cent on average, which is at a relatively high level.

2 , the influence of the product under investigation on the price of similar products in China.

2.1 Changes in the import prices of the products under application for investigation

Changes in RMB import prices of the product under application for investigation

Unit: yuan/tonne

period of time	Weighted average of products requested for investigation	magnitude of change	Of which: relevant thin cream	magnitude of change	Of which: cheese	magnitude of change
2020	28,245	-	24,128	-	40,205	-
2021	27,721	-1.85 per cent	23,842	-1.19 per cent	39,144	-2.64 per cent
2022	29,898	7.85 per cent	25,471	6.83 per cent	45,027	15.03 per cent
2023	35,157	17.59 per cent	30,307	18.99 per cent	49,606	10.17 per cent
January-March 2023	37,076	-	30,526	-	57,912	-
January-March 2024	35,098	-5.34 per cent	29,551	-3.19 per cent	50,354	-13.05 per cent

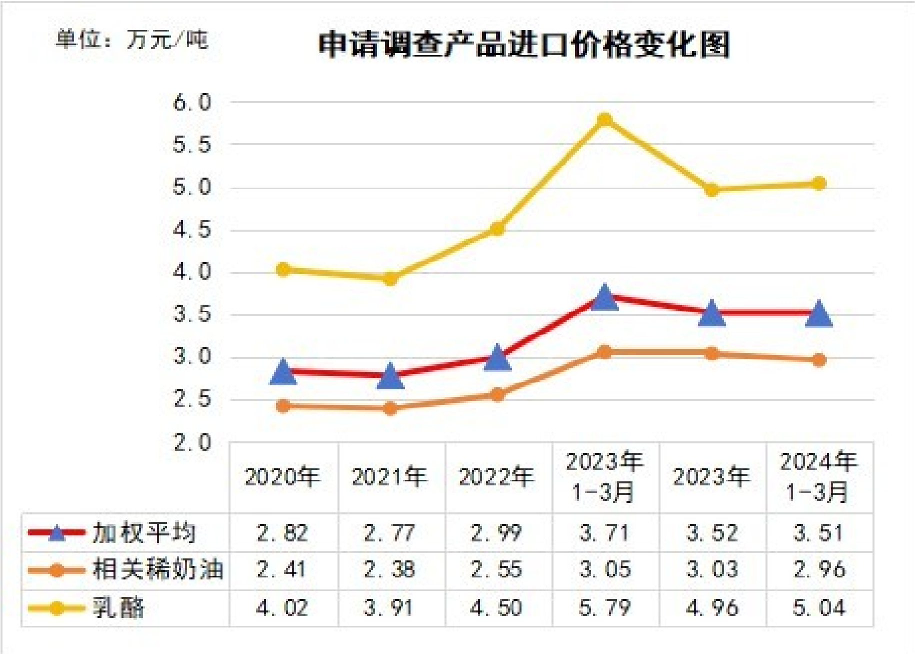
Quarterly Changes in RMB Import Prices of Products Requested for Investigation since 2023

Unit: yuan/tonne

period of time	Weighted average of products requested for investigation	magnitude of change	Of which: relevant thin cream	magnitude of change	Of which: cheese	magnitude of change
2023 1 quarter	37,076	-	30,526	-	57,912	-
2Q 2023	35,047	-5.47 per cent	30,472	-0.17 per cent	50,617	-12.60 per cent
3Q 2023	34,447	-1.71 per cent	30,581	0.36 per cent	46,364	-8.40 per cent
2023 4 quarter	34,794	1.01 per cent	29,511	-3.50 per cent	47,204	1.81 per cent
2024 1 quarter	35,098	-5.34 per cent	29,551	-3.19 per cent	50,354	-13.05 per cent

Note: (1) For the source of data in the above table, please refer to "Annex IV: Customs Import and Export Statistics of Relevant Dairy Products in China". Import Price = Import Amount /Import quantities. The above prices include import duties;

(2) Price changes for quarters 2, 3 and 4 of 2023 are chained changes, and price changes for quarter 1 of 2024 are changes from the same period of the previous year.



	2020年	2021年	2022年	2023年1-3月	2023年	2024年1-3月
加权平均	2.82	2.77	2.99	3.71	3.52	3.51
相关稀奶油	2.41	2.38	2.55	3.05	3.03	2.96
乳酪	4.02	3.91	4.50	5.79	4.96	5.04

The above chart data shows:

Whether in terms of weighted average or sub-specification, the trend of changes in the import prices of the products under investigation is basically the same, with a decreasing and then increasing trend from 2020 to 2023, and an overall upward trend.

However, from the quarter-by-quarter data since 2023, both in terms of weighted average and sub-specification, the import prices of the products under investigation have been on a downward trend in general. in Q2, Q3 and Q4 of 2023, the weighted average import prices of the products under investigation decreased by 5.47 per cent, decreased by 1.71 per cent and increased by 1.01 per cent, respectively, when compared with the same period of the previous quarter. The weighted average import prices of the products under investigation decreased by 5.47%, decreased by 1.71% and increased by 1.01% in Q2, Q3 and Q4 from the previous quarter, with the import prices of the relevant thin cream decreasing by 0.17%, increasing by 0.36% and decreasing by 3.50% respectively, and the import prices of cheese decreasing by 12.60%, decreasing by 8.40% and increasing by 1.81% respectively.

2.2 Influence of the product under investigation on the price of similar products in China

2.2.1 Competitive analysis of the market for the product under investigation and similar products in the country under application

The applicant believes that there is a direct competitive relationship between the product under application for investigation and similar products of the domestic industry in the Chinese market, which is mainly manifested in the following aspects:

Firstly, as mentioned above, there is no substantial difference in the basic physical and chemical characteristics between the products under investigation and similar products in the domestic industry.

They are competitive and substitutable with each other and belong to the same kind of products, so they are competing with each other in the Chinese market.

Secondly, the application for investigation of the product and the domestic industry similar products at the same time in the Chinese market, sales channels are basically the same, can be through direct sales, agent sales or network sales for the national market, customer groups there are cross-over and overlap, which indicates that the two products exist in the competition of the objective conditions and platforms.

Third, the products under investigation and similar products of the domestic industry are simultaneously sold and competed in the domestic market, and the distributor or agent purchases (or sells) both the products under investigation and similar products of the domestic industry. End-consumers also consume both the product under investigation and similar products of the domestic industry. Therefore, there is a direct competitive relationship between the product under investigation and similar products of the domestic industry in the domestic market.

Fourth, in the absence of substantial differences in product physical and chemical characteristics, product quality, sales channels and customer groups, product price has an important impact on the purchasing choices of downstream users. Moreover, in recent years, the rapid development of domestic e-commerce, market transparency is constantly improving, consumers are more sensitive to price. Therefore, changes in the quantity and price of imports of the products under investigation will inevitably have an impact on the domestic market and domestic industry.

In the Chinese market, EU manufacturers have a strong competitive advantage by virtue of their traditional and established reputation and brand effect, as well as the consumption habits they have already cultivated among their consumer base. Moreover, with the overall significant increase in the number of imports of the products under application for investigation and the high proportion of the total production of similar products accounted for in the domestic market, the discourse of the products under application for investigation in the Chinese market is also increasing and deepening its influence. The competitive relationship between the product under investigation and similar products in the domestic industry has been intensifying, and the price impact on similar products in the domestic industry has been expanding.

Therefore, the applicant believes that there is a direct competitive relationship between the product under investigation and similar products of the domestic industry in the domestic market. In the comprehensive background that the two products belong to the same kind of products and can be substituted for each other, that the price of the products has an important influence on the purchasing choices of the downstream users, and that the proportion of the Chinese market share and the proportion of the total output of the domestic products of the same kind of products accounted for by the applicant's investigated products are at a high level, the large amount of imports of the applicant's investigated products is sufficient to negatively affect the sales price and profitability of the domestic industry's products of the same kind of products, as further explained as further explained below.

2.2.2 Cutting and depressing the prices of similar products in the country by the product under investigation.

Comparison of the price of the product under investigation with similar products in China

Unit: yuan/tonne

period of time	Apply for survey products Weighted average import price	Domestic similar products Weighted average sales price	price gap	Magnitude of reduction
2020	28,245	[100]	-[15,000-40,000]	[20-60] per cent
2021	27,721	[103]	-[15,000-40,000]	[20-60] per cent
2022	29,898	[93]	-[15,000-40,000]	[20-60] per cent
2023	35,157	[91]	-[10,000-30,000]	[20-50] per cent

period of time	Cheese import prices	Domestic similar products sales price	price gap	Magnitude of reduction
2020	40,205	[100]	-[10,000-30,000]	[20-50] per cent
2021	39,144	[103]	-[10,000-35,000]	[20-50] per cent
2022	45,027	[94]	-[5000-25000]	[15-40] per cent
2023	49,606	[92]	-[3000-20000]	[5-30] per cent

period of time	Relevant import prices for thin cream	Domestic similar products sales price	price gap	Magnitude of reduction
2020	24,128	[100]	-[10,000-30,000]	[20-50] per cent
2021	23,842	[63]	-[500-10000]	[1-20] per cent
2022	25,471	[57]	[1000-10000]	-[5-25] per cent
2023	30,307	[61]	[1000-10000]	-[10-30] per cent

Note: (1) For the import prices of the products under investigation, please refer to ''Annex II: Customs Import and Export Statistics of Relevant Dairy Products in China''. The above prices include import tariffs;

(2) Please refer to "Annex V: Financial Data of Applicant's Members" for the domestic sales price of similar products. 2024 1

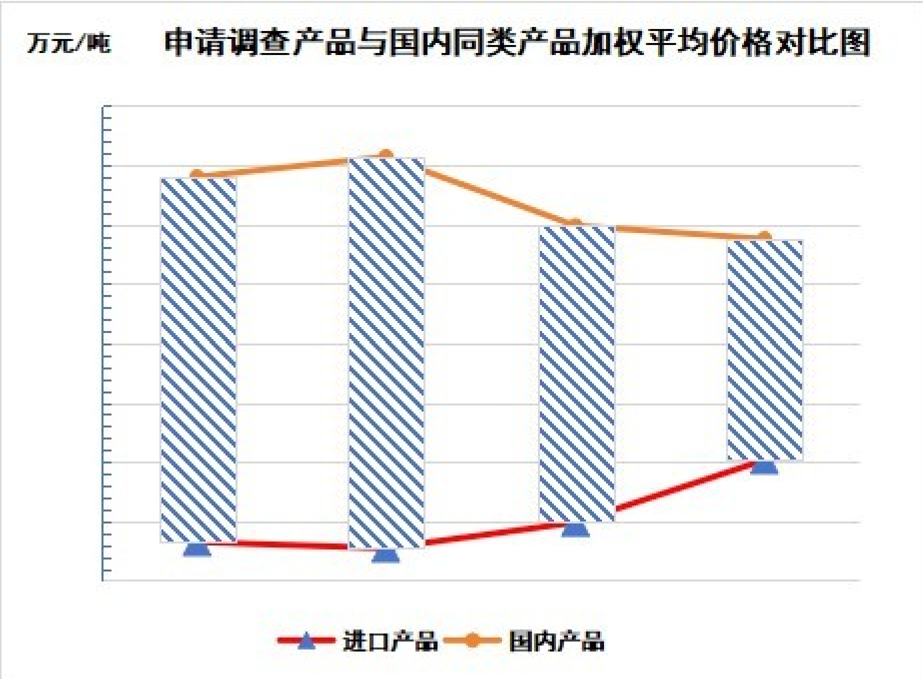
Quarterly domestic prices of similar products and other relevant data are not available at this time;

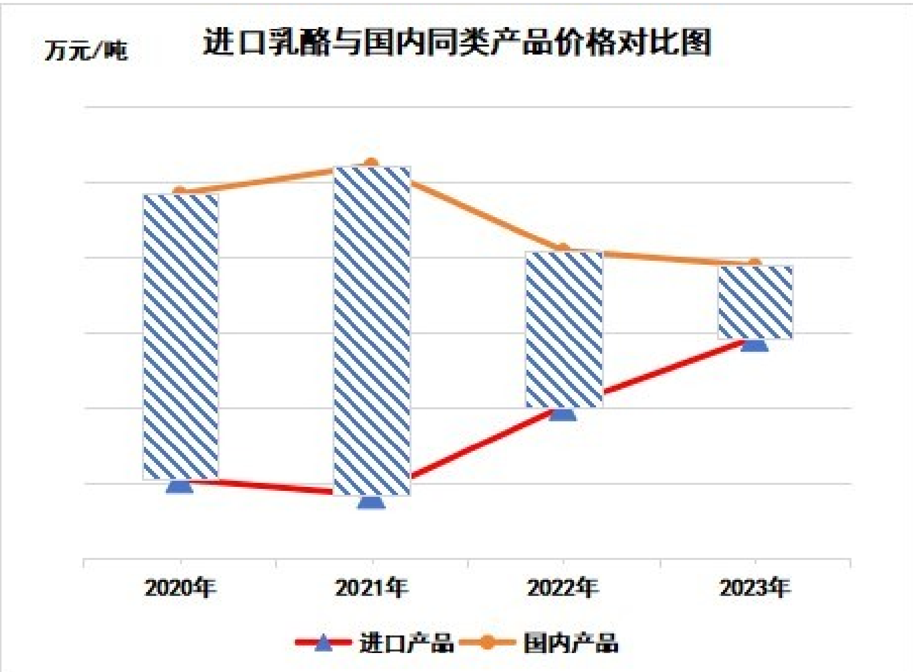
(3) Price difference = import price of the product under investigation - domestic sales price of the same product. The reduction is the absolute value of the price difference divided by the domestic sales price of the same product.

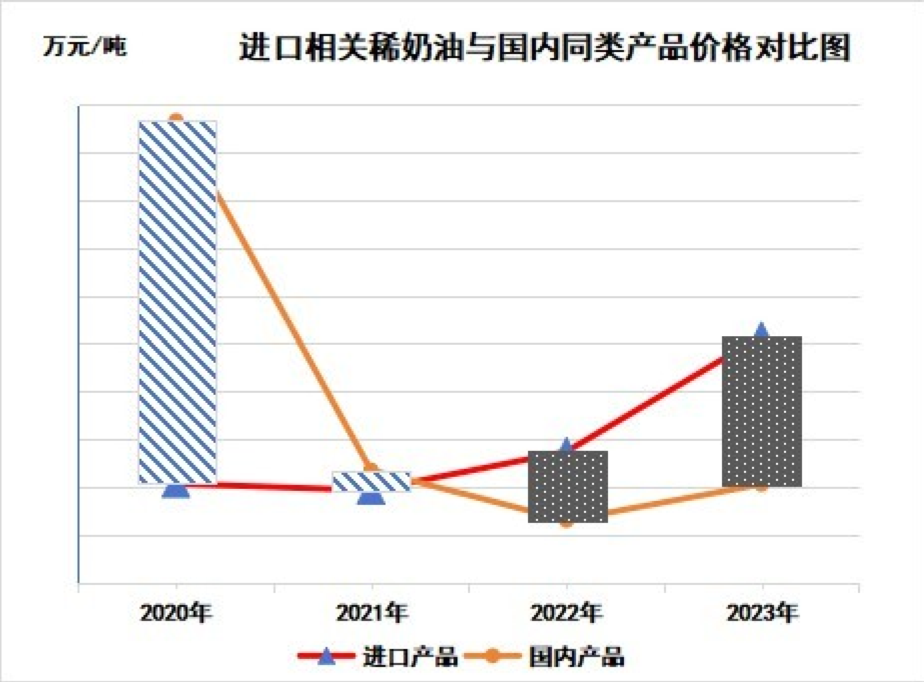
[The information in parentheses above is the data on the sales price of similar domestic products, the difference between the import price of the product under investigation and the price of similar domestic products, and the magnitude of the price reduction. In this case, due to the provision of domestic similar products related to economic indicators of the applicant's member units belong to two companies, if the absolute value of the sales price of domestic similar products disclosure, the other company can be based on their own data deduced from each other's data, which will have a serious adverse impact on the applicant's relevant member units, therefore, the application for confidentiality is not listed. The Applicant expresses the changes in the sales price of similar products in China in the form of an index, with the index for the first period set at 100, and the index for subsequent periods set at 100 in accordance with the same index as that for the first period.

The actual data ratios between periods are calculated by multiplying the index for the first period.

If the price difference or price reduction is disclosed, the domestic sales price of similar products can be deduced from the import price, so the price difference or price reduction is also requested to be kept confidential and not listed, and is expressed in the form of numerical intervals. If the textual description involves a specific value, it will be replaced by an index or a range of values in the relevant table.]







As can be seen from the data in the above chart:

Application for investigation of the product whether the weighted average import price or the import price of cheese are always significantly lower than the domestic industry sales price of similar products. 2020 to 2023, the application for investigation of the product weighted average import price than the weighted average domestic sales price of similar products per tonne were lower than the weighted average sales price of [15,000-40,000], [15,000-40,000], [15,000-30,000], [15,000-30,000], [15,000-30,000], [15,000-30,000] and [15,000-30,000]. 40,000] yuan and [10,000-30,000] yuan, the average price cut as high as nearly [30-50] per cent; the import price of cheese than the domestic sales price of similar products per tonne were lower than [10,000-30,000] yuan, [10,000-35,000] yuan, [5,000-25,000] yuan and [3,000-20,000] yuan, the average price cut as high as nearly [20-40] per cent. The average price cut is as high as nearly [20-40] per cent. As the import price of the product under investigation is always lower than the sales price of similar products in the domestic industry, suppressing the sales price of similar products in the country, resulting in the weighted average sales price of similar products in the country since 2020, as well as the sales price of cheese have been on a general downward trend, 2021 than 2020, the price of the two rose by 2.88 per cent and 3.24 per cent, respectively, and in 2022 than in 2021 by 9.59 per cent and 9.33 per cent, respectively. The decreases in 2023 over 2022 are 2.20 per cent and 1.78 per cent, respectively, and the cumulative decreases in 2023 over 2020 are nearly 9 per cent and 8 per cent, respectively.

For the relevant thin cream, the import price of the relevant thin cream in 2020 is lower

than the domestic sales price of the same product per tonne.
[$10,000-30,000]. As the import price of the relevant thin cream is lower than the price of domestic similar products, in order to compete with the imported relevant thin cream and maintain a certain level of sales volume and start-up, domestic similar products are forced to reduce the sales price, which is 37.22% lower than that of 2020,8.55% lower than that of 2021,a6.71% higher than that of 2022, but nearly 39% lower than that of 2020 cumulatively. In 2023, the price will increase by 6.71% compared with 2022, but the cumulative decline will be nearly 39% compared with 2020, which will lead to a significant decline in the profitability of the relevant domestic diluted cream in 2021 or even a loss.

It can be seen that the products under investigation have already caused obvious price cuts and depressions to similar products in the domestic industry. In this context, superimposed on the application for the investigation of the overall significant increase in the number of imports of products, as well as the market share and accounted for the domestic products of the same kind.

The proportion of total production are at a high level, the application for investigation of the product will inevitably cause obvious adverse effects on the production and operation of similar products in the domestic industry, especially the financial situation.

2.2.3 The product under investigation suppresses the selling price of similar products in the country.

Changes in gross profit per unit of similar products in the domestic industry

Unit: yuan/tonne

period of time	Weighted average selling price of similar products in China	Domestic similar products Weighted average unit cost of sales	Gross profit per unit	Change in gross profit per unit
2020	[100]	[100]	[100]	-
2021	[103]	[97]	[110]	**9.65 per cent**
2022	[93]	[101]	[83]	**-24.26 per cent**
2023	[91]	[106]	[74]	**-11.15%**

period of time	Domestic similar products Sale price of cheese	Domestic similar products Unit cost of sales of cheese	Gross profit per unit	Gross profit per unit changed magnitude
2020	[100]	[100]	[100]	-
2021	[103]	[97]	[110]	**10.38 per cent**
2022	[94]	[102]	[84]	**-23.88 per cent**
2023	[92]	[106]	[75]	**-10.75 per cent**

period of time	Domestic similar products Related thin cream	Domestic similar products Unit cost of sales of	Gross profit per unit	Gross profit per unit changed

	sales prices	related thin cream		magnitude
2020	[100]	[100]	[100]	**-**
2021	[63]	[96]	[31]	**-69.44 per cent**
2022	[57]	[102]	[15]	**-51.60 per cent**
2023	[61]	[110]	[14]	**-3.42 per cent**

Note: (1) For domestic sales price and cost of similar products, please refer to "Annex V: Financial Data of Applicant's Member Units";

(2) Gross profit per unit = selling price - cost of goods sold per unit.

[The information in parentheses above is the data on sales price, unit cost of sales, and unit gross profit of similar domestic products. In this case, since the Applicant's member units that provide economic indicators related to domestic similar products belong to two companies respectively, if the absolute values of the sales price, unit sales cost and unit gross profit of domestic similar products are disclosed, the other company can extrapolate the other company's data based on its own data, which will cause a significant impact on the Applicant's relevant member units.

Therefore, the application for confidentiality is not listed. The applicant has expressed the changes in the sales price, unit sales cost and unit gross profit of similar products in China in the form of indices, with the index for the first period being set at 100, and the subsequent periods being calculated by multiplying the index for the first period by the ratio of the actual data for the first period. If specific values are involved in the textual descriptions, the indices or value intervals in the relevant tables will be used as substitutes.]

As you can see from the above chart:

Between 2020 and 2023, the unit cost of sales of similar products in the domestic industry, both on a weighted average basis and by specification, is generally on an increasing trend, while the selling price of similar products in the domestic industry, on the contrary, is generally declining. It can be seen that, in the market demand growth in the good background, the cost of growth has not been passed on and prompted the corresponding increase in sales prices. Under this unfavourable situation, the gross profit per unit of similar products in the domestic industry, both in terms of weighted average and specifications, is generally on a sharp downward trend. Compared with 2020, the gross profit per unit of similar products in the domestic industry on a weighted average basis has dropped by a cumulative total of 26.2%, while that of cheese has dropped by a cumulative total of 25.01%, and that of related thin cream has even dropped by a cumulative total of 85.72%. 85.72 per cent.

As the prices of similar products in the domestic industry have been seriously suppressed by the products under investigation, the profitability of the domestic industry has been significantly reduced, and some enterprises have even suffered losses (see the relevant section below).

2.2.4 short

On the basis of the above analyses, the Applicant believes that the large volume of imports of the products under investigation has caused obvious price cuts, depressions and inhibitions on similar products in the domestic industry. Moreover, with the overall increase in the import price of the products under investigation since the second quarter of 2023

Downturn, the application for investigation of the product on the domestic industry price cuts, depress and inhibit the effect of similar products will be further highlighted.

3 , the impact of the product under application for investigation on the relevant economic indicators or factors of the domestic industry.

In accordance with the law, the analysis of the impact of subsidized imports on the relevant economic factors and indicators of the domestic industry consists primarily of a comprehensive assessment of all relevant economic factors and indicators of the situation of the domestic industry, including actual or potential changes in such indicators and factors as production, start-ups, sales, market share, profits, investment efficiency, prices, employment, wages, the ability to mobilise capital or investment, and so on.

In this case, when analysing the impact of the products under investigation on the relevant economic factors and indicators of similar products in the country, the applicant analysed the relevant data of representative member units of the industry reasonably available at present, and the combined production of similar products of these member units accounted for [40-50] per cent of the total production of similar products in the country on an annual average basis, which reasonably reflected the situation and trend of similar products in the domestic industry. This can reasonably reflect the situation and trend of similar products in the domestic industry. The following data on economic factors and indicators of the domestic industry, unless otherwise stated, are the data of the same kind of products of the relevant member units representative of the applicant.

The applicant applied for the period from 1 January 2020 to 31 March 2024 as the period of investigation of industrial injury in this case.
However, the applicant is currently unable to obtain the data of similar products of the relevant member units for the first quarter of 2024, therefore, in the following analysis of the impact of subsidised imports on the relevant economic factors and indicators of similar products in the domestic industry, this application temporarily assesses the trend of changes in economic indicators and factors, such as the production, start-up rate, sales volume, market share, stock, sales revenue, price, profit, etc., of similar products in the domestic industry during the period from 2020 to 2023. The Applicant has assessed the trend of changes in economic indicators and factors during the period from 2020 to 2023.

Based on this analysis and assessment, the Applicant believes that the domestic industry is suffering damage due to the large number of low-priced imports of the products under investigation.

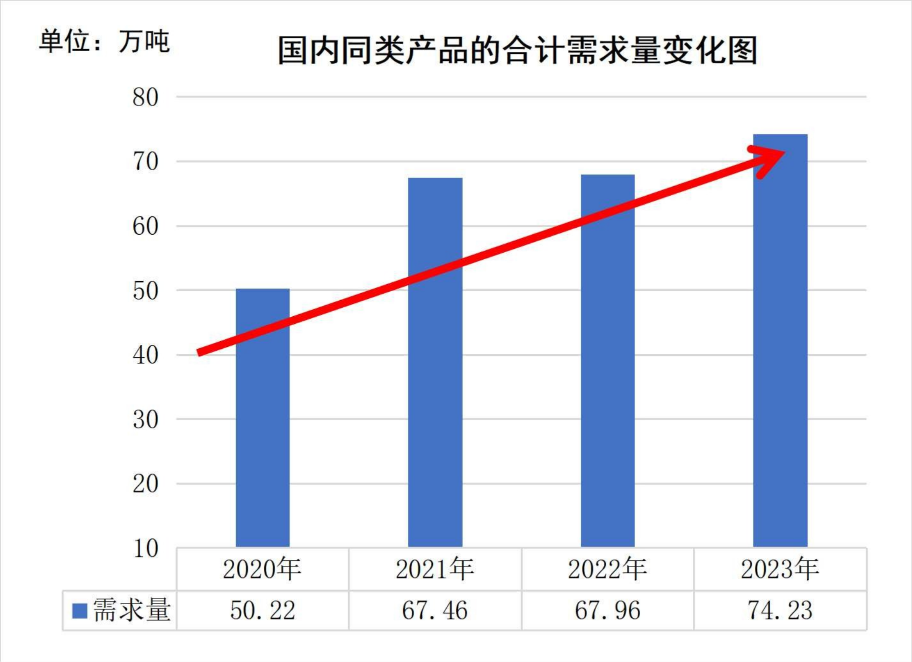
3.1 Changes in domestic demand for similar products

Changes in domestic demand for similar products

Unit: 10,000 tonnes

period of time	quantity demanded	magnitude of change
2020	50.22	-
2021	67.46	34.33 per cent
2022	67.96	0.74 per cent
2023	74.23	9.23 per cent

Note: Please refer to Annex II for sources of demand data.



The above graphic data shows that the domestic demand for similar products in aggregate is on a continuous growth trend. the domestic demand for similar products from 2020 to 2023 is 502.2 million tonnes, 674.6 million tonnes, 679.6 million tonnes and 742.3 million tonnes, with an increase of 34.33%, 0.74% and 9.23% respectively from 2021 to 2023 as compared to the previous year, and a significant cumulative increase of 47.80% in 2023 as compared to 2020. From 2021 to 2023, there will be increases of 34.33 per cent, 0.74 per cent and 9.23 per cent, respectively, compared with the previous year, with a significant cumulative increase of 47.80 per cent in 2023 compared with 2020.

Against the favourable background of substantial growth in market demand, the domestic industry's similar products should have enjoyed good development. However, as described below, the large number of low-priced imports of the products under application for investigation has had an obvious impact on and influence on the production and business conditions of the domestic industry, and the relevant indicators of similar products have suffered obvious damage.

3.2 Changes in the production of similar products in the domestic industry

Changes in capacity, production and start-up rates of similar products in the domestic industry

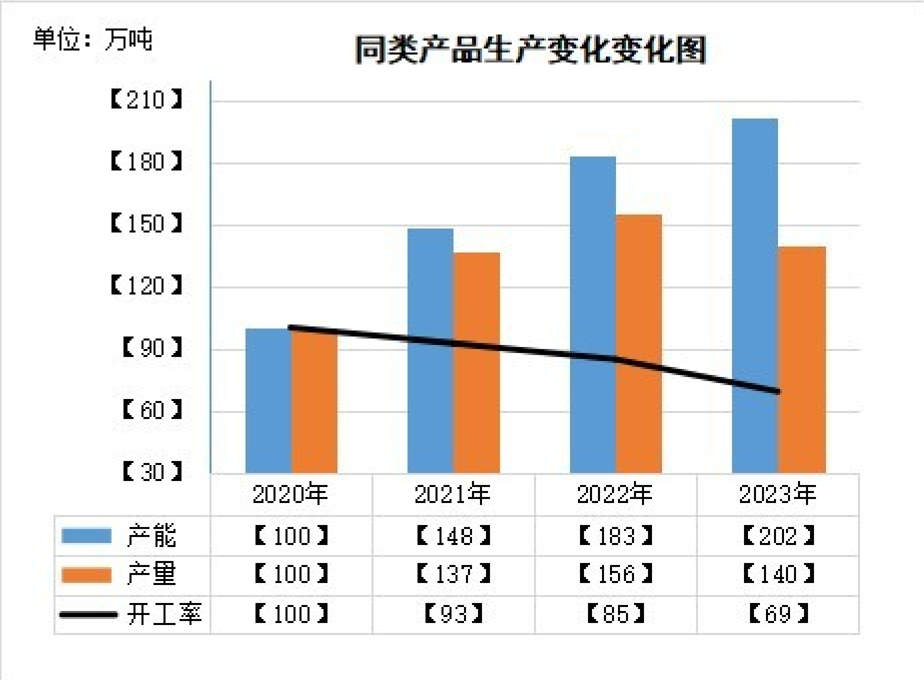
Quantity unit: 10,000 tonnes

period period	production capacities	production capacity	start-up rate	Percentage point increase/decrease in starts
2020	[100]	[100]	[100]	–
2021	[148]	[137]	[93]	Decrease of [1-10]

Note: (1) Data from "Annex V: Financial data of applicant's member organisations";

(2) Start rate = Production / Capacity.

[The information in parentheses above is the data on capacity, production and start-up rate of similar products in the country. In this case, since the Applicant's member units providing economic indicators related to similar domestic products belong to two separate companies, if the absolute values of capacity, production and start-up rate of similar domestic products are disclosed, the other company can deduce the data of the other company based on its own data, which will have a serious adverse impact on the Applicant's relevant member units, the application for confidentiality is not listed. The Applicant expresses the changes in capacity, production and start-up rate of similar products in China in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated by multiplying the index for the first period by the ratio of the actual data for the first period. The percentage point increase or decrease in the work rate is expressed in the form of a numerical interval. In case of specific values in the textual descriptions, the indices or value intervals in the relevant tables will be used instead.]



During the period under investigation, the domestic industry was in a period of growth and development. Against the favourable background of a substantial increase of 47.80% in market demand in 2023 as compared with 2020, the production capacity of similar products in the domestic industry also showed a growing trend in response to the growth in market demand. While expanding the production capacity to meet the demand, the output of similar products in the domestic industry also shows an overall growth trend, with the output increasing by 36.90% and 13.64% in 2021 and 2022 respectively compared with the previous year, and decreasing by 10.25% in 2023 year-on-year. However, on the one hand, as mentioned later, the expansion of the scale of similar products in the domestic industry has not brought about corresponding economies of scale and profits.

On the other hand, affected by the impact of a large number of low-priced imports of the products under investigation, the domestic industry's work rate of similar products continues to decline and is at a very low level. 2021 to 2023 compared with the previous year, respectively, fell [1-10] percentage points, [1-10] percentage points and [1-10] percentage points, 2023 compared to 2020, a cumulative decline of nearly [10-20] percentage points. From 2020 to 2023, the domestic industry of similar products only [1-5] into about the start rate, at an extremely low level.

As a result of the inability to effectively and fully utilise production capacity, the overall growth of production of similar products in the domestic industry has actually been affected by the to a serious inhibition, which is extremely mismatched with the demand and market size of domestic similar products. Moreover, the continuous decline and extremely low level of the start-up rate has also led to the inability of the domestic industry to effectively reduce the production costs of similar products, which in turn inhibits the profit margins of similar products in the country.

3.3 Changes in the volume of domestic sales of similar products in the domestic industry

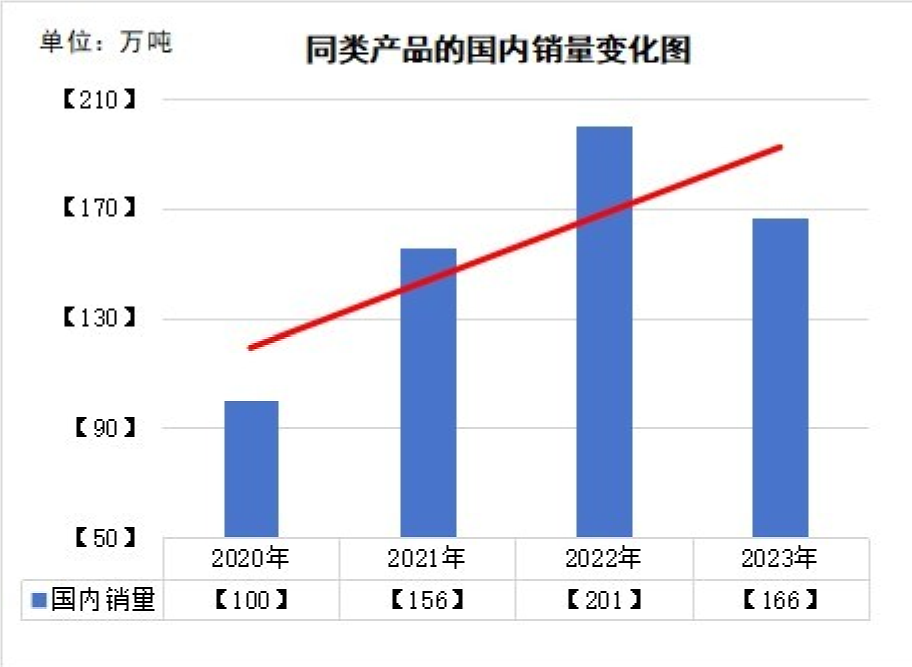
Changes in the number of domestic sales of similar products in the domestic industry

Quantity unit: 10,000 tonnes

period of time	Number of domestic sales	magnitude of change
2020	[100]	-
2021	[156]	55.98 per cent
2022	[201]	28.57 per cent
2023	[166]	-17.00 per cent

Note: Data from "Annex V: Financial data of applicant member organisations".

[The information in parentheses above is data on domestic sales of similar products in the country. In this case, since the applicant's member units providing economic indicators related to similar domestic products belong to two separate companies, if the absolute value of the domestic sales of similar products is disclosed, the other company can deduce the other company's data based on its own data, which will have a serious adverse impact on the applicant's relevant member units, the application for confidentiality is not listed. The applicant expresses the change of domestic sales of similar products in the form of index, and the index for the first period is set at 100, and the subsequent periods are calculated according to the ratio of the actual data to the first period multiplied by the index for the first period. If the textual description involves specific values, the indices or value intervals in the relevant tables will be used as a substitute.]


单位：万吨
同类产品的国内销量变化图
【210】
【170】
【130】
【90】
【50】
2020年
2021年
2022年
2023年
国内销里
【100】
【156】
【201】
【166】

In2021 and2022, compared to the previous year, the number of domestic sales of similar products in the domestic industry increased by 55.98% and 28.57% respectively, but in 2023, against the favourable backdrop of a significant increase in demand by 9.23%, the number of domestic sales of similar products in the domestic industry fell sharply by 17% in the same period.

Despite the overall trend of growth in the volume of domestic sales of like products in the domestic industry, the overall growth in sales volume has actually been significantly suppressed as the overall growth in production of like products has been suppressed, as discussed above.

Moreover, as described below, the overall increase in the sales of similar products not only did not bring corresponding economies of scale and profits to the domestic industry, but, on the contrary, due to the price cuts, suppression and inhibition of the products under investigation by the applicant, the domestic industry could only maintain a certain amount of sales volume and a very low level of labour start-ups at the expense of prices and profits, resulting in a substantial reduction in the overall profitability of the domestic industry for the same type of products.

3.4 Change in market share of similar products in the domestic industry

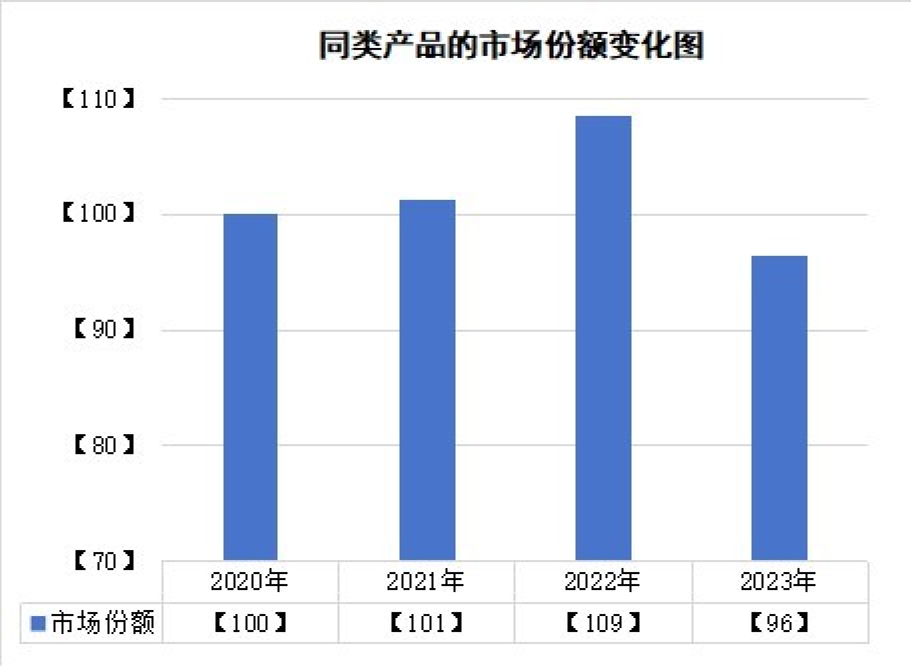
Changes in market share of similar products in the domestic industry

Quantity unit: 10,000 tonnes

period of time	Domestic sales + own use	quantity demanded	market share	Percentage point increase/decrease in share
2020	[100]	50.22	[100]	-
2021	[136]	67.46	[101]	Increase of [0-5] percentage points
2022	[147]	67.96	[109]	Increase of [0-5] percentage points
2023	[142]	74.23	[96]	Decrease of [0-5] percentage points

Note: Market share = (Domestic sales + Self-use) / Demand.

[The information in parentheses above is the data on domestic sales + self-use and market share of similar products in the country. In this case, since the applicant's member units providing economic indicators of similar domestic products belong to two companies, if the absolute value of domestic sales, self-use and market share of similar products is disclosed, the other company can deduce the other company's data based on its own data, which will have a serious adverse impact on the applicant's relevant member units, so the application for confidentiality is not listed. The applicant indicates the change of domestic sales volume, self-use volume and market share of similar products in the form of index. The index for the first period is set at 100, and the subsequent periods are calculated according to the ratio of the actual data to the first period multiplied by the index for the first period. The percentage increase or decrease in market share is expressed by the applicant in the form of numerical intervals. In case of specific values in the textual description, the indices or numerical intervals in the relevant tables will be used instead.]



In 2021 and 2022 compared to the previous year, with the increase in sales volume, the market share of similar products in the domestic industry also rose by [0-5] percentage points and [0-5] percentage points respectively. However, in 2023 compared to 2022, with a significant drop in sales, the market share of similar products in the domestic industry also fell by [0-5] percentage points, at the lowest share level since 2020.

Moreover, due to the production and marketing by the application for investigation of the product is greatly inhibited, the domestic industry market share of similar products and the domestic demand for similar products and the size of the consumer market is extremely mismatched, obviously at a lower level.

3.5 Changes in closing stocks of similar products in the domestic industry

Changes in closing stock of similar products in the domestic industry

Unit: 10,000 tonnes

period of time	Closing stock	magnitude of change
2020	[100]	-
2021	[169]	69.43 per cent
2022	[185]	9.30 per cent
2023	[178]	-3.96 per cent

Note: Data from "Annex V: Financial data of applicant member organisations".

[The information in parentheses above is the closing stock data for domestic like products. In the present case, since the applicant's member units providing economic indicators relating to domestic similar products are affiliated to two separate companies, if the disclosure of the closing stock of domestic similar products is made

Absolute value, another company can deduce the other company's data based on its own data, which will cause serious adverse impact on the applicant's relevant member units, so the application for confidentiality is not listed. The applicant expresses the change of the closing stock of similar products in China in the form of index, and the index for the first period is set at 100, which is calculated by multiplying the index for the first period by the ratio of the actual data of the first period in each subsequent period. If the textual description involves specific values, the indices or value intervals in the relevant tables will be used instead.]

From 2020 to 2023, the closing inventory of similar products in the domestic industry is generally on a significant upward trend. 2021 saw a significant increase of 69.43% from 2020, 2022 continued to increase by 9.30% from 2021, and 2023 saw a decrease of 3.96% from 2022, but a significant cumulative increase of nearly 78% from 2020.

3.6 Changes in domestic sales prices of similar products in the domestic industry

Changes in domestic sales prices of similar products in the domestic industry

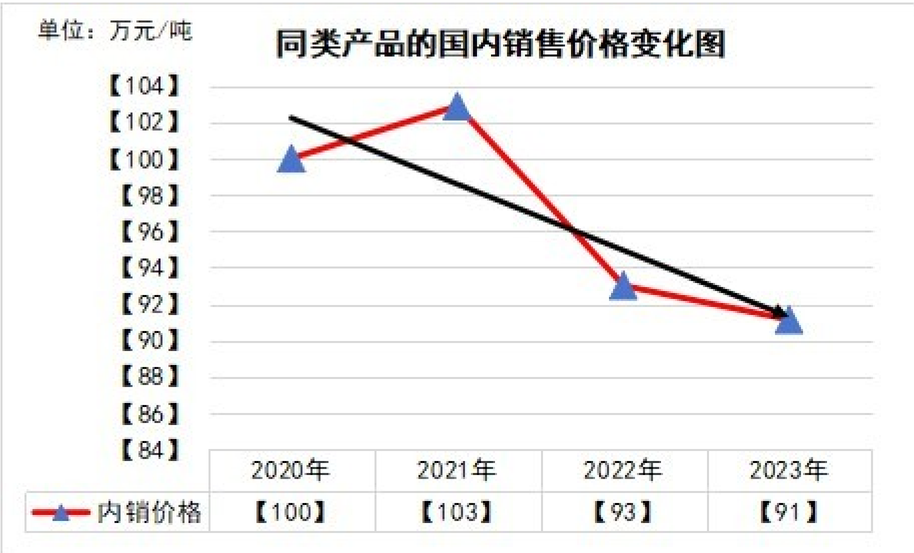
Unit: RMB 10,000/tonne

period of time	domestic price	magnitude of change
2020	[100]	-
2021	[103]	2.88 per cent
2022	[93]	-9.59 per cent
2023	[91]	-2.02 per cent

Note: (1) Source of data "Annex V: Financial data of applicant's member organisations";

(2) Domestic sales price = Domestic sales revenue / Domestic sales volume.

[The information in parentheses above is the domestic price data for similar domestic products. In this case, since the applicant's member units that provide economic indicators related to similar domestic products belong to two companies, if the absolute value of the domestic sales price of similar domestic products is disclosed, the other company can deduce the other company's data based on its own data, which will have a serious adverse impact on the applicant's relevant member units, the application for confidentiality is not listed. The applicant indicates the changes in the domestic price of similar products in the form of index, the index for the first period is set at 100, and the subsequent periods are calculated by multiplying the index for the first period by the ratio of the actual data for the first period. If the textual description involves specific values, the indices or value intervals in the relevant tables will be used as substitutes.]



As noted above, the domestic industry's sales prices for similar products are generally on a sharp downward trend, adversely affected by the significant price cuts for the products under investigation.2.88 per cent in 2021 compared to 2020, 9.59 per cent in 2022 compared to 2021, and 2.20 per cent in 2023 compared to 2022. the cumulative decline in 2023 compared to 2020 is nearly 9 per cent.

Moreover, against the background of the overall increase in the cost of similar products in the domestic industry, the overall sales price of similar products in the domestic industry has shown a sharp downward trend, and the price of similar products in the domestic industry has been seriously suppressed by the products under investigation, and the profitability of the domestic industry has declined sharply.

3.7 Changes in domestic industry revenue from domestic sales of similar products

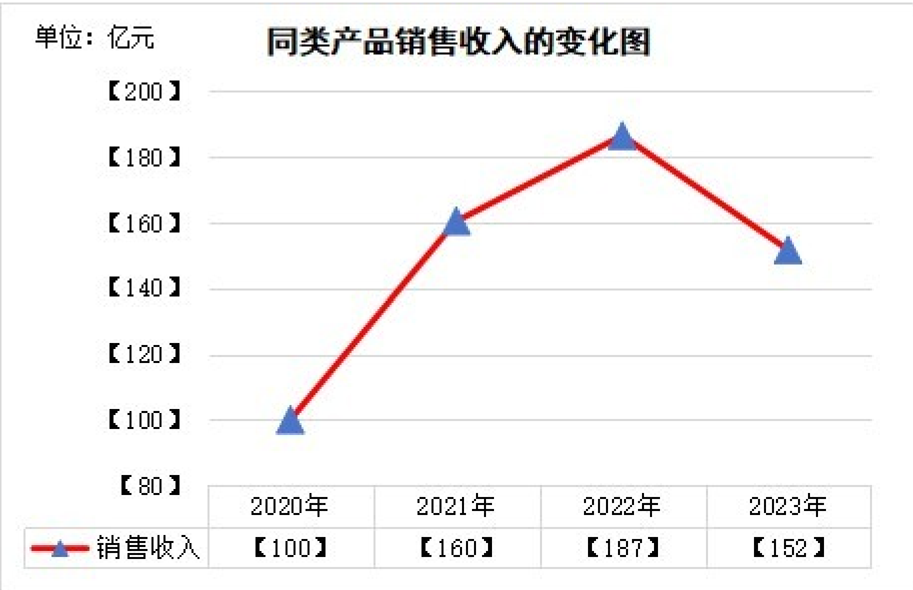
Changes in domestic industry revenue from domestic sales of similar products

Unit: billions of dollars

period of time	Income from domestic sales	magnitude of change
2020	[100]	-
2021	[160]	60.47 per cent
2022	[187]	16.24 per cent
2023	[152]	-18.67 per cent

Note: Data from "Annex V: Financial data of applicant member organisations".

[The information in parentheses above is the data on domestic sales revenue of similar domestic products. In this case, since the Applicant's member units providing economic indicators related to similar domestic products belong to two separate companies, if the absolute value of the revenue from domestic sales of similar domestic products is disclosed, the other company can extrapolate the other company's data based on its own data, which will have a serious adverse impact on the Applicant's relevant member units, the application for confidentiality is not listed. The applicant indicates the change of domestic sales revenue of similar products in the form of index, the index for the first period is set at 100, and the subsequent periods are calculated by multiplying the index for the first period by the ratio of the actual data of the first period. If specific values are involved in the textual descriptions, the indices or value intervals in the relevant tables will be used as substitutes.]



Similar to the trend of change in sales volume, the sales revenue of similar products in the domestic industry increased by 60.47% and 16.24% in 2021 and 2022, respectively, as compared with the previous year; however, in 2023, the sales revenue of similar products in the domestic industry declined sharply by 18.67% year-on-year, due to the unfavourable impact of the combination of decline in sales volume and price.

And, despite the overall trend of growth in sales revenues of similar products in the domestic industry, as noted above, due to the

The production and sales of similar products have been suppressed, so the overall growth of sales revenue of similar products in the domestic industry has actually been significantly suppressed.

3.8 Changes in pre-tax profits and profit margins for similar products in the domestic industry

Changes in pre-tax profits and profit margins of similar products in the domestic industry

Unit: billions of dollars

period of time	profit before tax	magnitude of change	Pre-tax profit margin	Percentage point increase/decrease
2020	[100]	-	[100]	-
2021	[179]	79.17 per cent	[112]	Increase of [0-5] percentage points
2022	[134]	-25.34 per cent	[72]	Decrease of [5-10] percentage points
2023	[90]	-32.43 per cent	[60]	Decrease of [0-5] percentage points

Note: Data from "Annex V: Financial data of applicant member organisations".

[The information in parentheses is the pre-tax profit and pre-tax profit margin for similar domestic products. In this case, since the Applicant's member units providing economic indicators of similar domestic products belong to two companies, if the absolute values of pre-tax profits and pre-tax profit margins of similar domestic products are disclosed, the other company can deduce the data of the other company based on its own data, which will have a serious adverse impact on the Applicant's relevant member units, and therefore the application for confidentiality is not listed. The applicant indicates the changes in the pre-tax profit and pre-tax profit margin of similar products in China in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated by multiplying the index for the first period by the ratio of the actual data for the first period. The percentage point increase or decrease in the profit margin before tax is expressed as a range of values. In case of specific values in the textual description, the indices or value intervals in the relevant table will be used instead].


单位：亿元
同类产品的税前利润变化图
【200】
【180】
【160】
【140】
【120】
【100】
【80】
2020年
2021年
2022年
2023年
税前利润
【100】
【179】
【134】
【90】

As the prices of the products under investigation are cut, depressed and suppressed, the efficiency-generating capacity of the same products in the domestic industry has been greatly weakened, and the overall profit before tax has fallen sharply. from 2021 to 2023, compared with the previous year, the pre-tax profit of the same products in the domestic industry will increase by 79.17 per cent, decrease by 25.34 per cent and decrease by 32.43 percent,respectively.from 2023 to 2020, the pre-tax profit of the same products in the domestic industry will decrease by 10 per cent, compared with the previous year.10 per cent. And some of the enterprises even suffered losses.

In contrast to pre-tax profit, the pre-tax profit margin of similar products in the domestic industry has also declined sharply overall. from 2021 to 2023, compared with the previous year, the pre-tax profit margin of similar products in the domestic industry increases by [0-5] percentage points, decreases by [5-10] percentage points, and decreases by [0-5] percentage points, respectively. 2023 is a cumulative decrease of [5-10] percentage points compared with 2020, and is at the lowest level since 2020.

(iii) Extent and type of damage

Against the favourable background of sustained growth in demand and insufficient supply, similar products in the domestic industry should have enjoyed good development. However, the large number of low-priced imports of the products under investigation caused obvious impacts and influences on the production, operation and financial situation of similar products in the domestic industry, and the domestic industry suffered substantial damages:

1, the domestic industry of similar products continued to decline in 2023 compared to 2020, the cumulative decline in the start rate of nearly

From 2020 to 2023, the production rate of similar products in the domestic industry will only be around [1-5] per cent, which is at an extremely low level. As the production capacity cannot be effectively and fully utilised, the o v e r a l l growth of the production and sales of similar products in the domestic industry has actually been obviously suppressed, which is extremely mismatched with the demand and market scale of the domestic industry and is obviously at a very low level, and the production and sales are on a downward trend in 2023 compared with 2022. Moreover, the overall growth of production and sales of similar products has not brought corresponding scale benefits and profits to the domestic industry. In addition, due to the extremely low level of work rate, the domestic industry is unable to effectively reduce the production cost of similar products, which in turn inhibits the profit margin of similar products in the country.

2. From 2020 to 2023, the market share of similar products in the domestic industry will first increase and then decrease, with an overall downward trend.

2023 than in 2020 by [0-5] percentage points, at the lowest share level since 2020. Moreover, as the production and sales are greatly inhibited by the products under application for investigation, the market share of similar products in the domestic industry is extremely mismatched with the domestic demand for similar products and the size of the consumer market, which is obviously at a lower level.

3. from 2020 to 2023. the overall closing stock of similar products in the domestic industry is on a sharp upward trend.2021,
There is a significant increase of 69.43 per cent and 9.30 per cent, respectively, in 2022 compared to the previous year,a decrease of 3.96 per cent in 2023 compared to 2022,but a significant cumulative increase of almost 78 per cent compared to 2020.

4. Adversely affected by the substantial price cuts of the products under application for investigation, the sales prices of similar products in the domestic industry are generally on a sharply downward trend, with a cumulative decline of nearly 9% in 2023 compared with 2020. Moreover, against the background of the overall increase in the cost of similar products in the domestic industry, the overall sales price has shown a sharp downward trend, and the price of similar products in the domestic industry has been seriously suppressed by the application for investigation of the product.

5. Similar to the trend of sales volume, the sales revenue of similar products in the domestic industry showed a growing trend in 2021 and 2022 as compared to the previous year, but dropped sharply by 18.67% in 2023. Moreover, since the production and sales of similar products were suppressed, the overall growth of sales revenue was actually significantly suppressed.

6. Because the prices of the products under investigation have been cut, depressed and suppressed, and the overall growth of the production and sale of similar products has also been suppressed, which in turn has had a serious negative impact on the ability of similar products to generate efficiency, the overall profit before tax has fallen sharply. from 2021 to 2023, compared with the previous year, the profit before tax will increase by 79.17 per cent, decrease by 25.34 per cent, and decrease by 32.43 per cent, respectively. From 2021 to 2023, profit before tax will increase by 79.17%, decrease by 25.34% and decrease by 32.43% respectively compared with the previous year. And some enterprises even suffered losses.

7, the pre-tax profit margin of similar products in the domestic industry also declined sharply in general. 2021 to 2023 compared with the previous year, the pre-tax profit margin of similar products in the domestic industry increased by [0-5] percentage points, decreased by [5-10] percentage points and decreased

respectively.
The cumulative decrease of [0-5] percentage points in 2023 compared to 2020 is [5-10] percentage points, the lowest level since 2020.

In summary, the applicant believes that, under the impact of a large number of low-priced imports of the products under application for investigation: on the one hand, the start-up rate of similar products in the domestic industry has continued to decline and is at a very low level. As the production capacity cannot be effectively and fully utilised, the growth of the output, sales volume and sales revenue of similar products in the domestic industry has actually been significantly suppressed, the market share has generally declined, and the demand and market size of the domestic industry are extremely mismatched and are obviously at a lower level, and the inventory has generally risen sharply, and 2023
Compared with 2022, production, sales and sales revenue are all on a downward trend. Moreover, the overall growth in the production and sales of similar products has not brought corresponding economies of scale and profits to the domestic industry. In addition, due to the very low level of the start-up rate, the domestic industry is unable to effectively reduce the production cost of similar products, which in turn inhibits the profit margin of similar products in the country.

On the other hand, due to the price cuts, suppression and restraint of the products under investigation, and the overall growth of the production and sales of the same type of products is also suppressed, which in turn has a serious negative impact on the ability of the same type of products to generate efficiency. The pre-tax profits and pre-tax profit margins of similar products have generally declined significantly, with pre-tax profits decreasing by 10 per cent and pre-tax profit margins decreasing by a cumulative total of [5-10] percentage points in 2023 as compared to 2020, which are at the lowest level since 2020. And some enterprises even

To the point where there was also a loss.

Taking the above into account, the applicant believes that the production, operation and financial situation of the domestic industry of similar products are deteriorating significantly. The large number of low-priced imports of the products under investigation is causing substantial damage to the domestic industry.

(iv) The nature of subsidies and their impact on trade

The EU is the world's leading producer and exporter of dairy products. In order to ensure the sustainable development of its dairy-related industries and to maintain the competitiveness of its dairy-related products in the market, the EU government and the governments of the relevant member states have formulated a series of supportive policies and provided substantial subsidies to the dairy-related industries, including, but not limited to, government grants, loan guarantees, subsidies for investment and services, etc. as mentioned above.

The purpose of subsidies is to develop and support the economy of the country (region) and to increase the competitiveness of relevant industries and enterprises in the global market. In other words, while bringing benefits to industries and enterprises, subsidies can add more voice and initiative for industries and enterprises in the global market. This is also an important reason why the EU application for investigation of products to increase exports to the Chinese market. It can be seen that subsidies play an important role in supporting the low price behaviour of the products under investigation by the EU application.

However, a large number of low-priced imports of EU-subsidised imported products have disrupted the market order in China, distorted the market environment of fair competition, and caused serious material damage to the relevant dairy products industry in China. In the future, the EU government will still provide subsidies to the products under investigation, if corresponding countervailing measures are not taken in a timely manner, the domestic industry will face the further impact of imported products and suffer serious material damage.

VI. Causal link between subsidies and damage

(i) Analysis of the causes of material injury to the domestic industry caused by the

product under application for investigation

In recent years, the demand for similar products in China has shown a sustained growth trend. from 2020 to 2023, the combined domestic demand for similar products will be 502,200 tonnes, 674,600 tonnes, 679,600 tonnes and 742,300 tonnes, respectively, with an increase of 34.33%, 0.74% and 9.23% from 2021 to 2023 compared with the previous year, and a cumulative increase of 47.80% from 2023 compared with 2020The cumulative increase from 2023 to 2023 is 47.80% compared to 2020. In January-March 2024, it was 183.7 thousand tonnes, which is a continuous growth of 3.28% compared to the same period of the previous year.

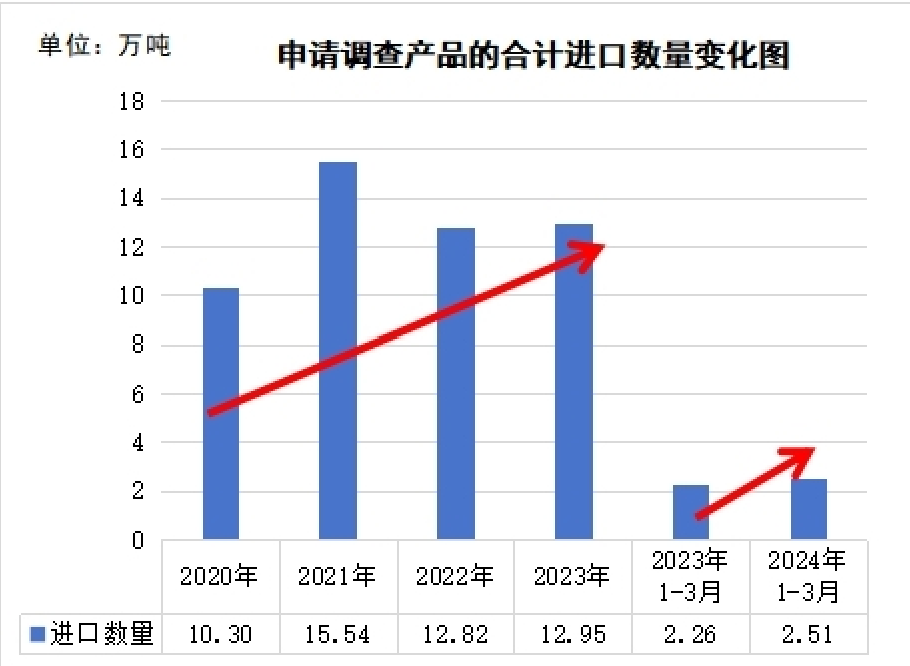
At present, China's related dairy products, especially cheese industry is in the growth and development stage, the future per capita consumption of cheese has great room for improvement. Public information shows that, at present, China's per capita consumption of cheese is only 0.2kg per year, far below In Europe and the United States, where cheese has a long history (20 kg in the European Union and 17.9 kg in the United States), and in Japan, where dietary habits are similar, Compared with Korea, there is also a big gap (2.5kg in Japan and 3.7kg in Korea). The Institute of Agricultural Information of the Chinese Academy of Agricultural Sciences predicts that China's per capita consumption of cheese is expected to reach 0.5kg in 2028, and in the long run, China's per capita consumption of cheese will have a significant impact.

It is expected to exceed 2kg, which is about 10 times higher than the current growth rate.

As a market with growing demand and great potential for future development, China has become the focus of attention for major producers of dairy-related products around the world, including the European Union (EU). In recent years, due to the large amount of government subsidies, the EU dairy product manufacturers have not hesitated to adopt low prices and price reductions to export large quantities of related products to the Chinese market.

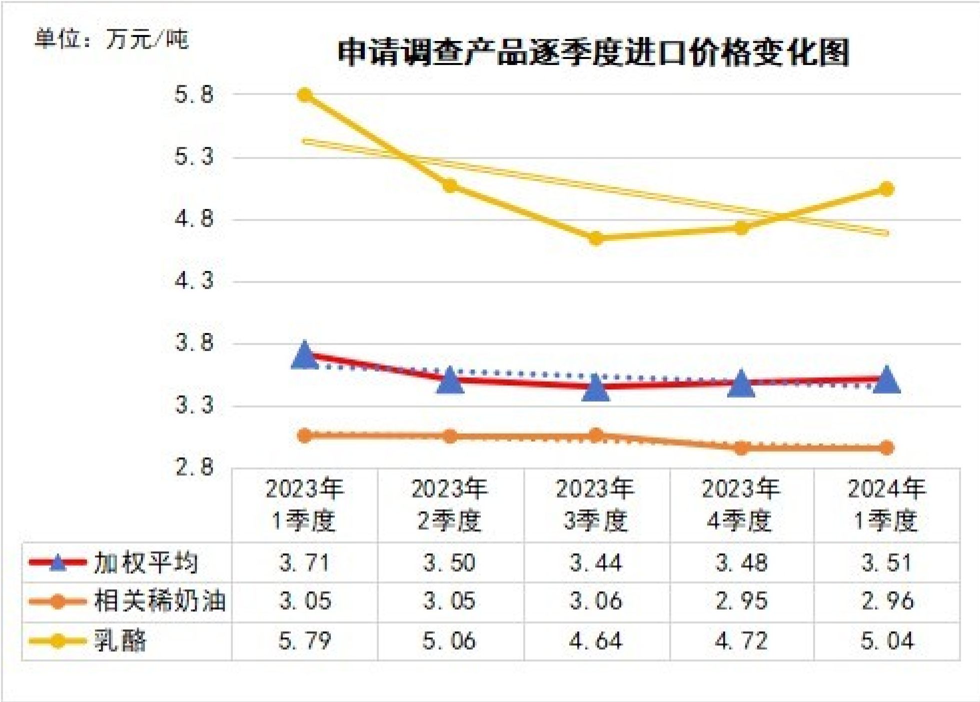
China's customs statistics show that from 2020 to January-March 2024, the total number of imports of the products under investigation in total

From 2020 to 2023 and from January to March 2024, the total import quantities of the products under application for investigation were 103,000 tonnes, 155,400 tonnes, 128,200 tonnes, 129,500 tonnes and 25,100 tonnes respectively, with an increase of 50.99 per cent, a decrease of 17.51 per cent and an increase of 1.02 per cent in 2021 and 2023 respectively compared with the same period of the previous year, and an accumulative increase of 25.83 per cent in 2023 compared with 2020, and a continued increase of 11.27 per cent in January to March 2024 compared with the same period of the previous year. From 2021 to 2023, compared with the previous year, there is a growth of 50.99%, a decrease of 17.51% and a growth of 1.02%, respectively, and a significant cumulative increase of 25.83% in 2023 compared with 2020.

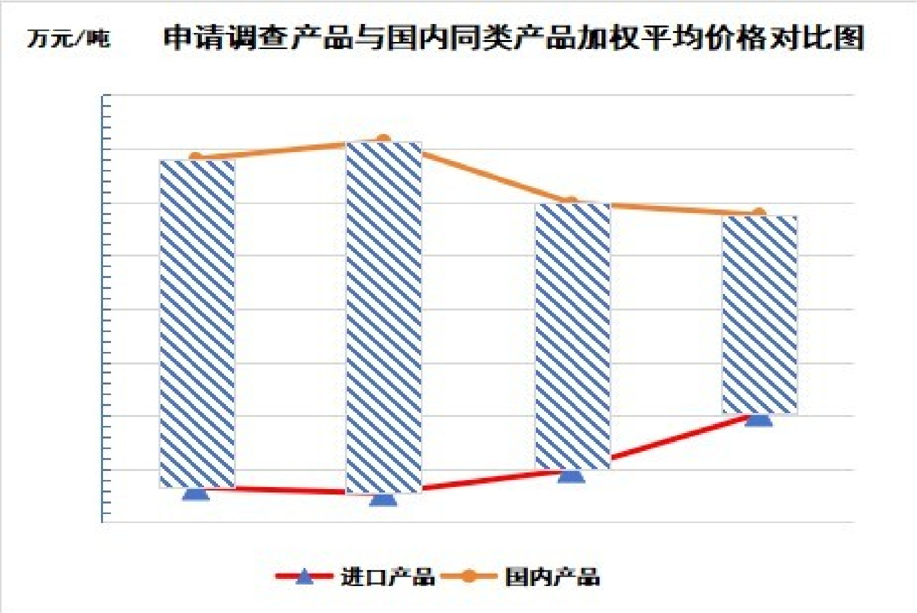


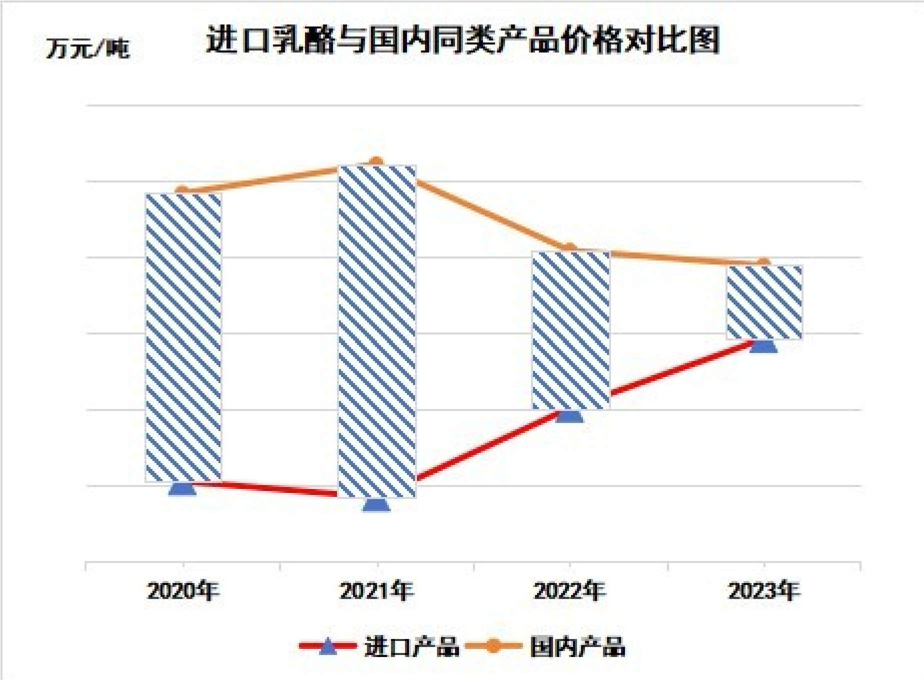
From 2020 to 2023 and from January to March 2024, the products under investigation accounted for an average of nearly 19 per cent of China's market share and nearly 50 per cent of China's total domestic production of the same type of products, which is at a relatively high level and has a significant influence on the Chinese market.

From 2020 to 2023, although the import price of the products under application for investigation is generally on an upward trend, the quarter-by-quarter data since 2023 shows that the import price of the products under application for investigation is generally on a downward trend, with the weighted average import price of the products under application for investigation decreasing by 5.47 per cent, decreasing by 1.71 per cent and increasing by 1.01 per cent in Q2, Q3 and Q4 of 2023, compared with the same period of the previous quarter, respectively. 2024 年 1 季度与上年同期相比下降 5.34%。



As mentioned above, the products under investigation have caused significant price cuts and depressions to similar products in the domestic industry. Both the weighted average import price of the product under investigation and the import price of cheese have always been significantly lower than the sales price of similar products in the domestic industry, and the average price cut from 2020 to 2023 is as high as nearly [30-50] per cent and [20-40] per cent. As the import price of the products under investigation is always lower than the sales price of similar products in the domestic industry, the sales price of similar products in the domestic industry is lowered, resulting in the weighted average sales price of similar products in the domestic industry and the sales price of cheese in general on a downward trend since 2020. For Relevant Dilute Cream, the import price of Relevant Dilute Cream in 2020 is [10,000-30,000] yuan per tonne lower than the domestic sales price of similar products. As the import price of related thin cream is lower than the price of domestic similar products, in order to compete with imported related thin cream and maintain a certain level of sales volume and start-up, domestic similar products are forced to reduce the sales price, which will lead to a significant decline in the profitability of domestic related thin cream in 2021 or even a loss.

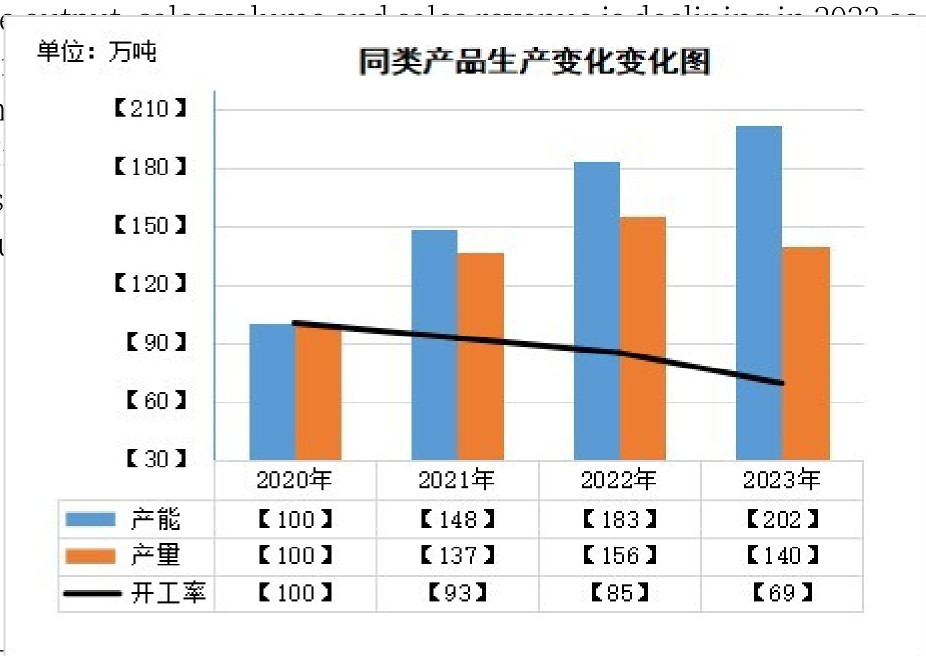

万元/吨
申请调查产品与国内同类产品加权平均价格对比图
进口产品
国内产品



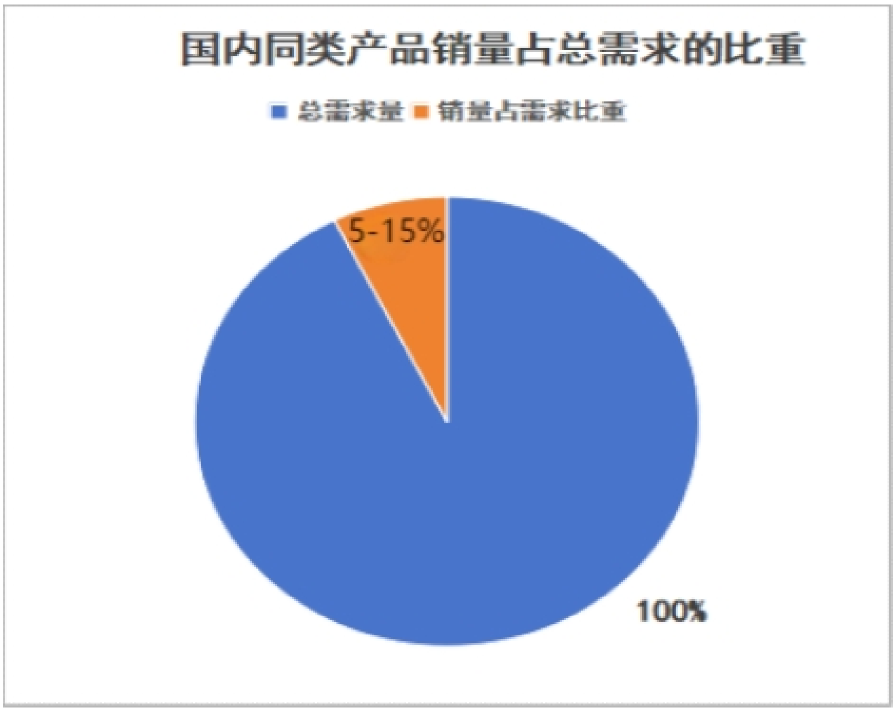
The products under investigation not only cut and depressed the prices of similar products in the domestic industry, but also caused significant price suppression of similar products in the domestic industry. As noted above, the gross profits per unit of similar domestic products, both on a weighted average basis and by specification, have generally shown a significant downward trend, with the weighted average gross profits per unit of similar domestic products falling by a cumulative total of 26.2 per cent in 2023 compared to 2020, the gross profits per unit of cheese falling by a cumulative total of 25.01 per cent, and those of the relevant thin cream falling by an even greater total of 85.72 per cent.

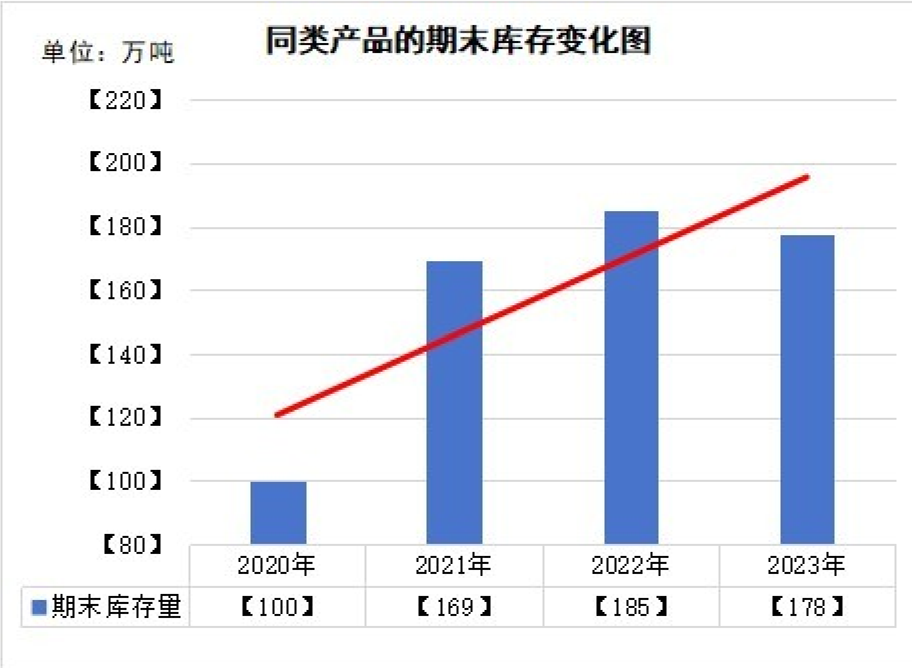
Under the impact of the application for investigation of a large number of products, low-priced imports, the domestic industry, the production and operation of similar products and the financial situation of the obvious impact and influence:

On the one hand, the start-up rate of similar products in the domestic industry has continued to decline and is at an extremely low level. As the production capacity cannot be effectively and fully utilised, the growth of the output, sales volume and sales revenue of similar products of the Domestic Industry has actually been significantly suppressed, the market share has declined in general, which is extremely mismatched with the demand and market size of the Domestic Industry and is obviously at a lower level, the inventory has risen sharply in general, and the trend of the ... compared with that o... f similar products h... domestic industry. I... mestic industry is ... oducts, which in tu... ry.

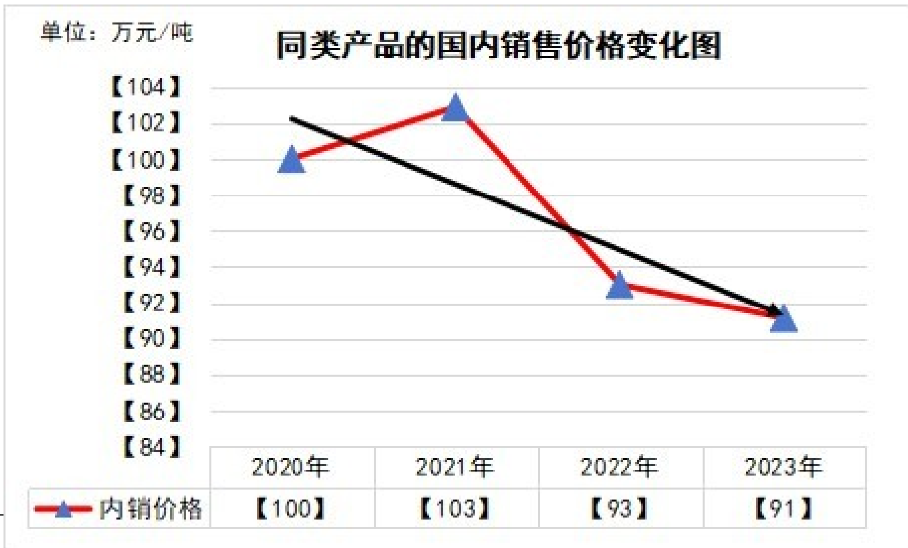



国内同类产品产量占总需求的比重
总需求量
产量占需求比重
10-20%
100%


国内同类产品销量占总需求的比重
总需求量
销量占需求比重
5-15%
100%



On the other hand, as the prices of the products under investigation have been cut, depressed and suppressed, the overall growth of the production and sales of the same products has also been suppressed, which in turn has had a serious negative impact on the ability of the same products to generate efficiency. The pre-tax profits and pre-tax profit margins of similar products have generally decreased significantly, with pre-tax profits increasing by 79.17%, decreasing by 25.34% and decreasing by 32.43% from 2021 to 2023 compared with the previous year, and decreasing by 10% in 2023 compared with 2020; the pre-tax profit margins have increased by [0-5] percentage points, decreased by [5-10] percentage points and decreased by [0-5] percentage points respectively. The pre-tax profit margin increased by [0-5] percentage points, decreased by [5-10] percentage points and decreased by [0-5] percentage points, respectively, and the cumulative decrease of [5-10] percentage points in 2023 compared with 2020 is at the lowest level since 2020.



On the basis of the above analyses, the applicant believes that the production and business conditions of similar products in the domestic industry are deteriorating sharply, that the domestic industry is suffering serious material damage, and that the large number of low-priced imports of the products under application for investigation is an important cause of the material damage to the domestic industry, and that there is a direct causal relationship between the two.

(ii) Analysis of other factors that may cause damage to domestic industries

1. Impact of imports from other countries and regions

According to customs data, the main source countries (regions) of China's imports of relevant dairy products include New Zealand, Australia, the United

Kingdom, the United States and many other countries and regions, in addition to the European Union, which is the subject of this application.

Unit: US$/tonne

period of time	Import prices of non-application survey products	Application for investigation of import prices of products	price gap
2020	3,811	3,637	**174**
2021	3,983	3,808	**175**
2022	4,483	3,964	**519**
2023	4,561	4,418	**144**

Note: (1) For the source of data in the above table, please refer to "Annex IV: Customs Import and Export Statistics of Relevant Dairy Products in China". Import Price = Import Amount /Import quantities;

(2) Price difference = import price of the product not under application for investigation - import price of the product under application for investigation.

As can be seen from the data in the above table, since 2020, the average import prices of other countries (regions) are significantly higher than the import prices of the products under application for investigation, and from 2020 to 2023, the price difference is US$174/tonne, US$175/US tonne, US$519/tonne and US$144/tonne respectively. Moreover, the applicant has no evidence of subsidies for similar products in other countries (regions).

Therefore, the applicant believes that imports of similar products from other countries (regions) cannot negate the damage caused to the domestic industry by the products under investigation in the EU application.

2. Impact of changes in market demand

From 2020 to 2023, China's domestic demand for the same kind of products was 502.2 thousand tonnes, 674.6 thousand tonnes, 679.6 thousand tonnes and 742.3 thousand tonnes respectively, with a growth of 34.33%, 0.74% and 9.23% from 2021 to 2023 compared with the previous year, and the cumulative growth of 2023 compared with that of 2020 was 47.80%. 2024 January to March was 183.7 thousand tonnes, with a continued growth of 3.28% compared with the same period of the previous year. In January-March 2024, it was 18.37 lakh tonnes, which continues to grow by 3.28% as compared to the same period of the previous year. Therefore, the damage to the domestic industry is not due to shrinking market demand.

3. Impact of changes in consumption patterns

To date, there have been no policy changes in China restricting the use of dairy products, and the dairy products industry, particularly the cheese industry, is an industry encouraged by the State. As mentioned above, the demand for dairy products in China has continued to grow steadily in recent years, so there has been no shrinkage in the demand for dairy products due to changes in consumption patterns, such as other alternative products.

4. Impact of changes in exports

According to customs statistics, during the period of the application for investigation, the domestic industry exported a very small number of similar products, with an annual export volume of only 100-400 tonnes, making the export volume basically negligible. Therefore, the damage suffered by the domestic industry was not caused by exports.

5. Impact of normal domestic and foreign competition

As mentioned above, the product quality and quality of the product under application for investigation and similar domestic products, the sales channels are basically the same, and there is crossover in customer groups. In terms of production and operation management, domestic production enterprises are also committed to the standardisation and improvement of management.

Therefore, domestic similar products have good market competitiveness both in terms of product quality and production and management. Moreover, Chinese enterprises have obvious location advantages, with delivery timeliness, convenience and other favourable factors that cannot be replaced by imported products. If the product under investigation and similar domestic products in fair competition, the domestic industry is fully equipped with local advantages, should not suffer damage.

6. Impact of commercial distribution channels and trade policies

With the further deepening of reform and opening up and the continuous improvement of the market economy system, the relevant domestic dairy products are now fully implementing the market-based pricing mechanism, and the production and operation are fully regulated by the laws of the market. Similar products in the domestic industry are sold through the same channels as the products under investigation, and there are no factors in the commercial circulation area that impede the sale of similar products in the country or cause damage to the domestic industry.

In addition, to date, no other relevant policies have been enacted to restrict the trade behaviour of this industry, and the domestic industry has not been negatively affected in this regard.

(iii) Conclusion

Based on the above analysis, the applicant argues that there is a causal relationship between the application to investigate the subsidised imports and the substantial damage suffered by the domestic industry, and that other factors cannot negate the damage caused to the domestic industry by the EU products under application for investigation.

VII. Public interest considerations

(a) Conducting countervailing investigations into the products under investigation and taking corresponding measures are conducive to safeguarding the safety and healthy development of domestic industries and are in the public interest.

The applicant argues that countervailing is intended to correct unfair trade competition in the import of subsidised products and to eliminate the damaging effects of subsidies on the relevant domestic dairy industry. The purpose of adopting countervailing measures is to maintain and regulate the normal trade order and to restore and promote fair competition by restraining unregulated and low-priced import behaviours that undermine the normal market order. Root

According to the practice of trade remedies in various countries (regions), special attention should be given to the restoration of a distorted market order and the protection of effective competition when considering issues of public interest.

In this case, as analysed and explained above, the products originating from the EU under application for investigation are subsidised and imported in large quantities at low prices in the domestic market, which seriously undermines the order of fair competition in the domestic market, and causes serious impacts and damages to the domestic industry. Under such circumstances, the adoption of countervailing measures helps to restore this distorted order of competition, is conducive to maintaining the safety and healthy development of the domestic industry, and is in line with the national public interest.

(b) The relevant dairy products industry is an industry that the State has been encouraging the development of, and the protection of the healthy development of this industry is in line with the relevant national industrial policies and is in the public interest.

Dairy products not only meet the daily nutritional needs of the nation, but are also important for the health of children and the elderly. In order to improve the modernisation of China's dairy industry and guarantee a stable and effective supply of domestic dairy products, the General Office of the State Council issued the Opinions of the General Office of the State Council on Promoting the Revitalisation of the Dairy Industry and Guaranteeing the Quality and Safety of Dairy Products in 2018, which emphasised the need to co-ordinate the development of liquid dairy products and dry dairy products. The development of liquid dairy products such as sterilised milk, pasteurised milk, fermented milk, etc. is tailored to local conditions, and the development of dry dairy products such as cheese, whey powder and butter is supported.

On 16 February 2022, China's Ministry of Agriculture and Rural Development issued the "14th Five-Year Plan of Action for Improving the Competitiveness of the Dairy Industry", stressing the need to encourage enterprises to carry out research on cheese processing technology, accelerate the upgrading of cheese production processes and equipment, increase the output rate of domestically-produced cheese, and research and develop cheese products suited to the tastes of Chinese consumers.

It can be seen that the relevant dairy products industry, including cheese, is an industry that the State encourages the development of, and the protection of the healthy development of this industry is in line with the relevant national industrial policy and in the public interest.

(c) Conducting countervailing investigations into the products under investigation and taking corresponding measures are conducive to safeguarding the security and coordinated development of the upstream and downstream industrial chain supply chain of China's dairy products, and safeguarding the interests of the majority of dairy farmers.

The dairy industry chain includes a number of links, such as dairy farming, fresh milk and dairy product processing. These links are interdependent, and damage to any one of them will affect the safety, stability and coordinated development of the whole chain.

Taking cheese as an example, according to preliminary estimation, due to the large amount of subsidies provided by the European Union to the dairy-related industries, the import price of cheese and other products from the European Union has long been lower than the production cost of the original cheese in China, which has led to the fact that the domestic enterprises are more inclined to choose to import the relevant dairy products as the raw materials in order to reduce the cost of production, which has seriously affected the establishment of a complete industrial chain from the source of milk to the final product in the country for the production of cheese and other relevant dairy products. The production of dairy products originating in the EU has been seriously affected. The large number of low-priced imports of dairy products originating from the European Union has seriously hampered the development of China's original cheese industry, resulting in the production of China's original cheese being at a very low level, and domestic enterprises have been unable to

Survive without taking a differentiated approach to competition.

Meanwhile, whey, as a by-product of cheese, is the first and indispensable raw material for infant formula, which is rich in high-quality proteins and other nutrients, and is crucial to the growth and development of infants and young children. If China's cheese and other industries are unable to obtain the normal development of the supply of domestic whey will be unable to meet the delay, thus seriously affecting the production of infant formula in China, can only rely on imports for a long time, which may result in China's infant formula by the foreign "neck" situation.

In addition, cheese as a deep-processed dairy products, has the characteristics of long-term storage and high added value, is conducive to the stable consumption of raw material supply, the production and processing of dairy products has a regulating effect, can play the role of "reservoir", cheese production and processing can be amplified to a great extent the value of dairy products, dairy products market has become an important regulator. Means. In the European Union, for example, when there is a serious surplus of raw milk, the government will encourage or even subsidise dairy processors to process raw milk into cheese that can be stored for a long time, so that it can be sold again when the market situation changes, thus effectively avoiding the occurrence of milk dumping.

However, in our country, as mentioned above, a large number of low-priced sales of subsidised imported dairy products originating from the EU have seriously hindered the normal development of China's cheese industry, resulting in the production and start-up rate of China's cheese (especially raw cheese) being at a very low level for a long period of time and showing a significant downward trend, which greatly restricts China's cheese industry's ability to absorb and convert raw milk from upstream, and greatly reduces the resilience of China's dairy products The resilience of the industry, once encountered seasonal excess supply of fresh milk, can not be converted into long-term storage of cheese, but can only be processed into a low value, relatively short storage period of the large packets of powder to be digested, increasing the difficulty of macro-control of China's dairy industry.

At the same time, it is also due to China's relevant dairy products industry for the upstream fresh milk absorption and conversion capacity by the EU related subsidised imports of dairy products, exacerbating the contradiction between the supply and demand of domestic fresh milk, dairy farmers are forced to sell fresh milk at very low prices. 2024 March, China's purchasing price of fresh milk compared with August 2021 4.35 yuan / kg purchasing price cumulative decline of nearly 20%, resulting in recent years China's dairy farmers long-term losses, the current loss of more than 70% of the dairy farming. In March 2024, the purchase price of raw milk in China dropped by nearly 20 per cent compared with the purchase price of RMB 4.35/kg in August 2021, resulting in long-term losses for dairy farmers in China in recent years, with more than 70 per cent of dairy cattle breeding at present. This not only seriously affects the livelihood of dairy farmers, but also triggers them to reduce the scale of dairy farming or even withdraw from the industry, seriously affecting the safety and stable development of the entire dairy industry chain and supply chain.

Therefore, the countervailing investigation of the products under application for investigation and the adoption of corresponding measures are conducive to safeguarding the security and coordinated development of the upstream and downstream industrial chain supply chain of China's dairy products, and are conducive to improving the regulatory role of the relevant dairy products, safeguarding the normal and stable supply of China's relevant dairy products, and safeguarding the interests of the vast number of dairy farmers.

(d) Conducting countervailing investigations and taking corresponding measures against the products under investigation will not have a substantial adverse impact on the development of downstream industries and the interests of final consumers.

Countervailing measures target products imported in a price-discriminatory manner and do not boycott normal foreign trade or create obstacles to legitimate and fair imports. The purpose of adopting countervailing measures is to adjust the prices of subsidised imports to a level of fair competition, not to keep imports out of the country altogether. Therefore, if relevant countervailing measures are taken in the future, the products under investigation by the EU application can also be exported to the Chinese market at a fair and normal price level, and their legitimate imports will not be subject to any restriction. Even if the countervailing measures taken on the EU application for the investigation of imports of products caused some impact, other countries (regions) imported dairy products can be supplemented and meet market demand.

The applicant is of the view that the adoption of countervailing measures is conducive to the improvement of the market competitive environment of the domestic industry of relevant dairy products, and is conducive to the standardisation of the business order of the domestic market of relevant dairy products, rather than being misled by the low prices of imported products, which in turn leads to market chaos. The quality of relevant dairy products is directly related to the interests of consumers, the life and health of consumers and living standards, if the quality of products can not be guaranteed, the ultimate damage will be the interests of consumers. Therefore, in the long run, only when the domestic market for relevant dairy products is regulated and prices are kept at a reasonable, stable and orderly level, can domestic producers of relevant dairy products ultimately reap the benefits of a stable market and form a mutually beneficial and harmonious relationship with the downstream industries as well as the final consumers.

In summary, the Applicant believes that it is in the public interest of the People's Republic of China to conduct a countervailing investigation and take countervailing measures against imports of relevant dairy products originating in the EU.

VIII. Conclusions and requests

(i) Conclusion

On the basis of the above facts and reasons, the applicant argues that the imported dairy products in question originating in the EU are subsidised and have caused substantial damage to the domestic industry.

Under such circumstances, timely and effective countervailing investigations and corresponding countervailing measures are conducive to the restoration of the distorted order of market competition, the protection of the legitimate rights and interests of the domestic dairy products industry, and the protection of the normal development of the domestic industry. At the same time, conducting countervailing investigations and taking countervailing measures against imported dairy products originating in the EU to safeguard the healthy and stable development of the domestic industry in accordance with the law is not only in line with the relevant national industrial policy, but also of positive significance in safeguarding the security and coordinated development of the upstream and downstream industrial chain supply chain of China's dairy products, guaranteeing normal and stable supply of China's relevant dairy products, and safeguarding the fundamental interests of dairy farmers, etc. and is in line with the public interest of the People's Republic of China.

(ii) request

In order to protect the legitimate rights and interests of the relevant domestic dairy industry and its future development prospects, according to the People's Republic of China.

In accordance with the provisions of the Foreign Trade Law of the People's Republic of China and the Countervailing Regulations of the People's Republic of China, the Applicant requested the Ministry of Commerce of the People's Republic of China to conduct a countervailing investigation into the dairy products originating in the European Union and exported to China, and based on the results of the investigation, to make a recommendation to the Tariff Commission of the State Council to levy a countervailing duty on the dairy products originating in the European Union and exported to China.

Part II Confidentiality request

I. Requests for confidentiality

Pursuant to Article 22 of the Countervailing Regulations of the People's Republic of China, the Applicant requests that the materials contained in this application and the annexes thereto be treated as confidential, i.e., except for the investigation organ of this case and the departments stipulated in the Countervailing Regulations of the People's Republic of China that may examine and inspect the materials, such materials may be treated as confidential in any way, and it is prohibited to access, inspect, investigate, or learn about them in any way.

II. Summary of non-confidentiality

In order to make the comprehensive information in this application and its annexes available to the interested parties in this case, the applicant hereby produces a public version of the application and its annexes, and the materials and information relating to the application for confidentiality are described or summarised in non-confidentiality in the public version of the application and its annexes.

III. Methodological note on confidentiality

With respect to the data and information related to the trade secrets of the applicant's member organisations and the data that can be used to derive the trade secrets of the applicant's member organisations in the public text of this application, the applicant shall be treated confidentially in accordance with the following method:

First, with regard to the confidential data listed in the table, the original figures are replaced by indices or numerical intervals and changes in the original figures are indicated. The data involved include the sales price of similar domestic products, the difference between the import price of the product under investigation and the price of similar products and the extent of the price reduction, the unit cost of sales of similar domestic products, the gross profit per unit, production capacity, output, start-up rate, domestic sales, domestic sales plus self-use, market share, closing stock, sales revenue, pre-tax profit, pre-tax profit margin and other relevant data;

Secondly, for confidential information and data covered in the text, the original data and information have been omitted in square brackets "[ ]", and a summary of the relevant non-confidentiality has been provided as indices or numerical intervals in the table, or as numerical intervals alone, or as a textual summary.

Part III Evidence catalogue and inventory list

Annex I: Applicant' s certificate of registration of a legal person as a social organisation

Annex II: A note on the supply and demand of relevant dairy products in the country

Annex III: Import and Export Tariff Rules of the People's Republic of China, 2020-2024 Edition Annex IV Customs Import and Export Statistics of Relevant Dairy Products in China

Annex V: Financial data of the applicant's membership Annex VI: Information relating to EU dairy subsidies Annex VI: (1) Summary of EU Regulation 1308/2013 Annex VI: (2) Summary of EU Regulation 1307/2013

Annex VI: (3) Summary of EU Regulation 2020/2220 Annex VI: (4) Summary of EU Regulation 2021/2115

Annex VI: (5) EU Report on the 2022 VCS Project

Annex VI: (6) Breakdown of EU Common Agricultural Policy Intervention Funding Allocations Annex VI: (7) Rulings Related to the End-of-Term Review of Anti-Dumping Measures on Potato Starch Annex VI: (8) Information Related to the Number of Dairy Farms and Subsidies

Annex VI: (9) EU Dairy Sector - Key Features, Challenges and Prospects

Annex VI(10) How the relationship between members and co-operatives has changed within dairy co-operatives in Europe

Annex VI(11) Impact of mandatory written dairy contracts in European countries and their potential application in Scotland Annex VI(12) Rabobank's annual Global Dairy 20 ranking

Annex VI(13) Introduction to the official

websites of the relevant EU dairy producers
Annex VI(14) Commission Regulation (EC) No 2020-591
Annex VI(15) Ireland - Introduction relating to cash subsidies for dairy production equipment Annex VI:(16) EU Member State subsidies Regulation SA.61614 (2020/N) Annex VI:(17) EU Member State subsidies Regulation SA.56840 (2020/N) Annex VI:(18) EU Member State subsidies Regulation SA.56981 (2020/N) Annex VI(19) EU Member State Subsidies Regulation SA.101113 (2021/N) Annex VI:(20) EU Member State Subsidies Regulation SA.106755 (2023/N) Annex VI(21) EU Member State Subsidies Regulation SA.106754 (2023/N) Annex VI:(22) Croatia - Subsidies for Livestock Producers Related to the Introduction

Annex VI(23) Regulation SA.108270 (2023/N) on subsidies in the Member States of the EU

Annex VI(24) Regulation SA.100661 on subsidies in the Member States of the EU

Annex VI(25) EU Member State subsidies Regulation SA.108296 (2023/N) Annex VI:(26) EU Member State subsidies Regulation SA.110320 (2023/N) Annex VI(27) EU Member State subsidies Regulation SA.107400 (2023/N) Annex VI:(28) EU Member State subsidies Regulation SA.63134 (Regulation 2021/N)