

Reappraisal of the UE dumping on cereals to West Africa from 2006 to 2014

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If the majority of agricultural products of West Africa (WA) are excluded from liberalization in the Economic Partnership Agreement (EPA) with the EU, two major types of products for food security and for the long-term future of regional production have not been excluded: milk powder and cereals except rice. Their already very low customs duty -5% ad valorem – would fall to zero from 1 January of the year 6, that is to say from the beginning of the opening of the WA market to EU exports.

Table 1 shows that France has carried out nearly 87% of the EU28 exports of all cereals and particularly of wheat in 2014 – ten times more than Germany – and 2/3 of those of wheat flour. If the export share of the EU12 new Member States rose to 9.1% of cereals in 2013 this share was only 2.7% on average from 2010 to 2012 and fell to 3.9% in 2014. Therefore the assessment of the EU subsidies to its cereals exports to WA must be done essentially for the EU15 and especially for France. As the subsidies are managed at the EU level, we will analyze first the EU15 direct payments, mainly in the decoupled Single Farm Payment (SFP) also called the Single Payment Scheme (SPS).

Include		adding emporter or			• a m = 0 10 ama	2011
1000 tonnes	Extra-EU28	EU15	EU12	France	Germany	Spain
			2014			
Cereals	20 907 (100%)	20 087 (98,1%)	820 (3,9%)	18 133 (86,7%)	1 831 (8,8%)	113 (0,5%)
Wheat	20 751 (100%)	19 975 (96,3%)	776 (3,7%)	18 033 (86,9%)	1 831 (8,8%)	110 (0,5%)
Wheat flour	444 (100%)	413 (93,2%)	30 (6,8%)	295 (66,6%)	42 (9,5%)	9 (2%)
			2013			
Cereals	20 394 (100%)	18 532 (90,9%)	1 863 (9,1%)	16 601 (81,4%)	1 656 (8,1%)	3 (0,02%)
Wheat	20 006 (100%)	18 450 (92,2%)	1 556 (7,8%)	16 563 (82,8%)	1 656 (8,3%)	#0
Wheat flour	442 100%)	431 (97,5%)	11 (2,5%)	333 (75,4%)	31 (7,1%)	8 (1,9%)

Tableau 1 – France, the leading exporter of the EU28 cereals to West Africa in 2013 and 2014

Source: Eurostat

The articles 37 and 38 of Annex VII of Regulation (EC) No 1782/2003 of the European Council of 29 September 2003 have set the rule for calculating direct payments to cereals to be included in the SFP of each beneficiary: "Where a farmer has received area aids, the number of hectares, to two decimal places, for which a payment has been granted, respectively, in each year of the reference period, shall be multiplied by the following amounts: 1.1. For cereals, including durum wheat... by EUR 63/t multiplied by the yield as provided for in Article 4(2) of Regulation (EC) No 1251/1999 determined in the regionalisation plan for the region concerned applicable in the calendar year 2002"¹.

Let us recall that the calendar year N corresponds to the agricultural budget year EAGF (European Agricultural Guarantee Fund) from 15 October of the year N-1 to 14 October of the year N. It should be added that the SFP has been implemented in the EU15 plus Malta (which does not produce cereals) and Slovenia, the other new Member States since 2004 administering the SAPS (Single Area Payment Scheme). We will focus on the EU15 and

¹ http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32003R1782&from=EN

France and, as rice is run by a specific aid programme, we will only consider cereals without rice.

However it is appropriate to add the $\in 1.607$ billion of compulsory set aside aids to cereals out of $\in 1.778$ billion aids for set-aside of COPs (cereals, oilseeds, pulses) on average from 2000 to 2002, although the CAP reform of 2003, implemented from 2005 or 2006 (in France), has separated the "set-aside rights" (Articles 53 to 57) from the SFPs to "arable land", for the following reasons: i) the set-aside aids were granted only to COPs; ii) the set-aside was used to reduce cereals surpluses, which had the effect of raising prices; iii) the set-aside could be rotating, i.e. entered in the crop rotation, enhancing the productivity of land; iv) the rate of compulsory set-aside was reduced to zero for 2007 and 2008 and was eliminated by the Regulation on the "Health Check" of the CAP of 30 November 2008 which has assimilated the "set-aside rights" to normal SFPs. Therefore it is clear that we must add the set-aside rights to the SFPs created for cereals in the same proportion as the area of cereals in the total area of COPs (i.e. other than the areas of oilseeds, protein crops, rice and linseed).

Table 2 – Direct payments of the EU15 and France from 2000 to 2002 to integrate in the SFPs

1000 tonnes or ha; € million (€M)	2000	2001	2002	Total	Average
EU	15				
Production in 1000 t	213 826	199 740	211 645	625 211	208 404
Area in 1000 ha	37 284	36 503	37 422	111 209	37 070
Yield in kg/ha	5 735	5 472	5 656	5 622	5 622
Tonnage SFPs: average area 200-02x yield 2002: 1000t					209 653
SFPs: tonnage SFPs x 63 €/t : €M					13 208
Set-aside rights for cereals: €M	1371.3	1051.7	1422.3	2845.3	1 282
Total SFPs with set-aside aids: M€					14 490
Fra	nce				
Production in 1000 t	65 583	60 143	69 556	195 282	65 094
Area in 1000 ha	9 055	8 917	9 310	27 282	9 094
Yield in kg/ha	7 243	6 745	7471	21 459	7 153
Tonnage SFPs: average area 200-02x yield 2002: 1000t					67 941
SFPs: tonnage SFPs x 63 €/t : €M					4 280
Set-aside rights for cereals: €M	391.5	359.6	424.8	1 175.9	392
Total SFPs with set-aside aids: M€					4 672
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Source : Eurostat

France and Spain have chosen not to integrate in the SFPs, hence to maintain "coupled", 25% of direct payments (DPs) to cereals, but since 2010 these coupled payments were reintegrated in the SFPs.

However all DPs of the EU15 were subject to a levy known as "modulation" to contribute to the financing of Pillar 2 of the CAP on rural development. This percentage was initially set by Article 10 of the 2003 Regulation to 3% in 2005, 4% in 2006 and 5% from 2007 on but it was increased by the Regulation of 30 November 2008 on the "health check" at 7% for 2009 (year N which runs from 16 October of the year N-1 to 15 October of year N), 8% for 2010, 9% for 2011 and 10% for 2012^2 .

Modulation is levied only on DPs exceeding $\notin 5,000$ per beneficiary, and the calculation can be made from the Commission's reports on the distribution of total direct aids, decoupled and coupled by year and country³. But it is more reliable and simple to use the publication by the

² bilan de santéec.europa.eu/agriculture/healthcheck/before_after_en.pdf

³ http://ec.europa.eu/agriculture/cap-funding/beneficiaries/direct-aid/index_fr.htm

Commission on 10 June 2009 of the modulation paid by each EU15 Member State (MS) and transferred to Pillar 2 of rural development of the concerned MS⁴.

If durum wheat is part of cereals except rice whose DPs were transferred to the SFP, it benefited also from additional DPs and of DPs to quality that remained coupled until 2010 after which their amount in 2010 increased the total SFPs to cereals until 2013 (Table 3).

€ million	2006	2007	2008	2009	2010	2011	2012	2013	2014
				UE15					
Supplementary DP	398,3	55,8	46,1	49,1	47,5				
DP to quality	102,5	82,3	79,2	87,7	80,9				
Total DP	500,8	138,1	125,3	136,8	128,4				
				France					
Supplementary DP	58,3	14,2	13,7	13,6	13,4				
DP to quality	8,1	8	7,7	7,8	7,8				
Total DP	66,4	22,2	21,4	21,4	21,2				

Table 3 – Direct payments to durum wheat have been decoupled in the SFP in 2011

To calculate the modulation due to cereals, we only take into account that transferred to the SFP because the modulation on the remaining coupled aid to cereals has already been deducted from the DPs published in the EAGF annual financial reports. It is assumed that the share of modulation due by cereals in the SFP is identical to the share of the value of all DPs to cereals (excluding rice) in the value of total DPs, coupled and decoupled (Table 4). We see that this share is considerable since it was 42.5% on average from 2006 to 2013, of which 58.4% for France.

Millions d'€	2006	2007	2008	2009	2010	2011	2012	2013	2014
			EU1	5					
SFP to cereals with set-aside	14991	14628	14615	14627	14618	14618	14618	14618	14618
Total direct payments	34051	34752	34315	35030	34803	34490	34319	34176	
Share of direct payments to cereals	44,03	42,09	42,59	41,76	42,00	42,38	42,59	42,77	
			Fran	ce					
SFP to cereals with set-aside	4672	4672	4672	4672	4672	4672	4672	4672	
Total direct payments	7733	8074	8081	8167	8078	8008	7929	7968	
Share of direct payments to cereals	61,27	58,14	58,07	57,46	58,10	58,60	59,19	58,90	

Table 4 – Share of direct payments to cereals in total direct payments: EU15 and France, 2006-13

Source: annexes of the annual EAGF reports

Article 69 of the basic Regulation of the CAP reform (No. 1782/2003 of 29 September 2003) had provided that each Member State could use up to 10% of its national ceiling of direct payments "for specific types of farming which are important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural products". A report to the European Parliament considers that the use of Article 69 was barely 1% of the ceiling for EU15⁵.

The reform of the "Health Check" of the CAP in November 2008 provided for two other charges:

An additional modulation of 4% on beneficiaries of over €300,000 in DPs. This modulation mainly affects Germany because of its large holdings from the former GDR: 51.6% of the total in 2010 (against 6.9% for France), 56.6% in 2012 (against 7.7% for France), 55.7% in 2012 (against 7.5% for France) and 54% in 2013 (against 8.8% for France).
The ability to use up to 10% of DPs to finance other objectives. France has fixed the

⁴ http://eur-lex.europa.eu/legal-content/FR/TXT/HTML/?uri=CELEX:32009D0444&from=FR

⁵ http://www.europarl.europa.eu/RegData/etudes/etudes/join/2010/431604/IPOL-

AGRI_ET%282010%29431604_EN.pdf

percentage to 5% in favor of the premium to ewes and goats (\notin 150 million), crop insurance (\notin 100 million), organic farming (\notin 50 million), mountain milk (\notin 45 million), protein crops (\notin 40 million), against epidemics (\notin 40 million), durum wheat (\notin 8M), calves under the mother (\notin 4.6 million). According to the already quoted European Parliament's report the average percentage of national ceilings in DPs assigned to Articles 69 and 68 was 3.82% of the authorized ceiling of SFPs in the EU15 of which 5.61% in France.

I able 5	– Percentage of national ceilings of DPs for articles 68 and 69 in 2010
Eventail	Member States
7,5% to 10%	Slovenia, Greece, Hungary, Finland and Italy
4,8% to 5,7%	France, Portugal, Spain, Czech Republic and Latvia
2% to 3,5%	Netherlands, Romania, Slovakia and Bulgaria
1% to 2%	Belgium, Denmark, Austria, Estonia, Poland and Ireland
< 1%	Germany and Sweden
Zero	United Kingdom, Lithuania, Luxembourg, Cyprus and Malta

Table 5 – Percentage of national ceilings of DPs for articles 68 and 69 in 2010

Finally the Commission has imposed additional cuts in DPs under "financial discipline" for the years 2013 (2.453858% of the total DPs)⁶ and 2014 (1.309151% of the total DPs)⁷ and 1.393041 for DPs in 2015 (reduction of \notin 442 M), percentage which we apply to the cereals DPs after the other modulations.

DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	Table 6 – Direct payments to the E015 cereats except rice from 2006 to 2014											
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	€ million	2006	2007	2008	2009	2010	2011	2012	2013	2014		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			Calcula	ation before m	nodulations ar	nd other reduc	ctions					
Coupled DPs to cereals 6139 1229 1241 1233 1219 3.8 Image: constraint of the system of the syste	Production in 1000 t	195511	195183	226779	212035	203039	201681	202107	208063	225275		
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	SFPs +coupled DPs	14490	14490	14490	14490	14490	14490	14490	14490	14490		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Coupled DPs to cereals	6139	1229	1241	1233	1219	3.8					
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	SFPs to cereals	8351	13261	13249	13257	13271	14486	14490	14490	14490		
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	Coupled DP to durum	500,8	138,1	125,3	136,8	128,4						
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	Toal DPs to cereals	14991	14628	14615	14627	14618	14618	14618	14618	14618		
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	Compulsory modulation											
Normalized 44,03 42,09 42,59 41,76 42,00 42,38 42,59 42,77 Modulation to cereals 433 522 533 780 880 998 1118 111 Optional modulation of the former article 69 from 2006 to 2009 and of the new article 68 of the Health Check since 2010 Modulation rate 1% 1% 1% 3,82% 1403 1403 1403 1404 1307 129 131 128 579 586 590 600 000 000 € 1713,7 1486,5 1451 1416,9 1416,9 1405 1416,9 1416,9 141	Modulation rate	5%	5%	5%	7%	8%	9%	10%				
Modulation to cereals 433 522 533 780 880 998 1118 Optional modulation of the former article 69 from 2006 to 2009 and of the new article 68 of the Health Check since 2010 Modulation rate 1% 1% 1% 3,82% 3,8	Modulation for all DPs	984	1241	1252	1867	2095	2355	2625				
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	% " for cereals	44,03	42,09	42,59	41,76	42,00	42,38	42,59	42,77			
Modulation rate1%1%1%3,82%3,82%3,82%3,82%Modulation2663073073071379138313851403" for cereals117129131128579586590600Compulsory modulation of additional 4% on beneficiaries exceeding €300,000 of DPs from 2010 to 2014AD>300 000 €1713,71486,514511416,9Modulation68,559,55856,7" to cereals28,825,224,724,3Total modulation and reductions and net DPs to cereals until 2012Total modulations550651664908148816091733624Net DPs to cereals1444113977139511371913130130091288513994	Modulation to cereals	433	522	533	780	880	998	1118				
Modulation 266 307 307 307 1379 1383 1385 1403 " for cereals 117 129 131 128 579 586 590 600 Compulsory modulation of additional 4% on beneficiaries exceeding €300,000 of DPs from 2010 to 2014 AD>300 000 € 1713,7 1486,5 1451 1416,9 Modulation 68,5 59,5 58 56,7 " to cereals 10 28,8 25,2 24,7 24,3 Total modulation and reductions and net DPs to cereals until 2012 Total modulation 13719 1310 13009 12885 13994 Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 2,45386% + 1,30195% 13719 13130 13009 12885 13651 13473 DPs ocereals in current euros after modulation and reductions for financial discipline 13719 13130 13009 12885 13651 13473 DPs after modulation 14441 13977 13951 13719 13130 13009 12	Optional modu	Optional modulation of the former article 69 from 2006 to 2009 and of the new article 68 of the Health Check since 2010										
" for cereals 117 129 131 128 579 586 590 600 Compulsory modulation of additional 4% on beneficiaries exceeding €300,000 of DPs from 2010 to 2014 AD>300 000 € 1713,7 1486,5 1451 1416,9 Modulation 68,5 59,5 58 56,7 " to cereals 28,8 25,2 24,7 24,3 Total modulation and reductions and net DPs to cereals until 2012 Total modulations 550 651 664 908 1488 1609 1733 624 Net DPs to cereals 14441 13977 13951 13719 13130 13009 12885 13994 2,45386% + 1,30195% 343 178 Net DPs o cereals in current euros after modulation and reductions for financial discipline DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP	Modulation rate	1%	1%	1%	1%	3,82%	3,82%	3,82%	3,82%			
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	Modulation	266	307	307	307	1379	1383	1385	1403			
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Modulation 68,5 59,5 58 56,7 " to cereals 28,8 25,2 24,7 24,3 Total modulation and reductions and net DPs to cereals until 2012 Total modulations 550 651 664 908 1488 1609 1733 624 Net DPs to cereals 14441 13977 13951 13719 13130 13009 12885 13994 Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 343 178 Net DPs o cereals in current euros after modulation and reductions for financial discipline 343 178 DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 104x12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99	Compu	ilsory modula	tion of addition	onal 4% on be	eneficiaries ex	ceeding €300),000 of DPs	from 2010 to	2014			
" to cereals 28,8 25,2 24,7 24,3 Total modulation and reductions and net DPs to cereals until 2012 Total modulations 550 651 664 908 1488 1609 1733 624 Net DPs to cereals 14441 13977 13951 13719 13130 13009 12885 13994 Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 343 178 Per torne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	AD>300 000 €					1713,7	1486,5	1451	1416,9			
Total modulation and reductions and net DPs to cereals until 2012 Total modulations 550 651 664 908 1488 1609 1733 624 Net DPs to cereals 14441 13977 13951 13719 13130 13009 12885 13994 Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 343 178 2,45386% + 1,30195% 343 178 343 178 DPs o cereals in current euros after modulation and reductions for financial discipline 343 178 DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in	Modulation					68,5	59,5	58	56,7			
Total modulations 550 651 664 908 1488 1609 1733 624 Net DPs to cereals 14441 13977 13951 13719 13130 13009 12885 13994 Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 343 178 2,45386% + 1,30195%	" to cereals					28,8	25,2	24,7	24,3			
Net DPs to cereals 14441 13977 13951 13719 13130 13009 12885 13994 Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 343 178 2,45386% + 1,30195% 343 178 Net DPs o cereals in current euros after modulation and reductions for financial discipline 343 178 DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 10dex 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653		1	Fotal modulat	ion and reduc	tions and net	DPs to cereal	s until 2012					
Supplementary financial discipline for 2013 et 2014 (reduction on cereals DPs of 2012 for 2013 d of 2013 for 2014) 2,45386% + 1,30195% 343 178 Net DPs o cereals in current euros after modulation and reductions for financial discipline 343 13473 DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 10dx 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	Total modulations	550	651	664	908	1488	1609	1733	624			
2,45386% + 1,30195% 343 178 Net DPs o cereals in current euros after modulation and reductions for financial discipline 343 178 DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	Net DPs to cereals	14441	13977	13951	13719	13130	13009	12885	13994			
Net DPs o cereals in current euros after modulation and reductions for financial discipline DPs after modulation 14441 13977 13951 13719 13130 13009 12885 13651 13473 DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	Supplement	ary financial o	liscipline for	2013 et 2014	(reduction or	cereals DPs	of 2012 for 20	013 d of 2013	for 2014)			
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DP per tonne 73,86 71,61 61,15 64,70 64,67 64,50 63,75 65,61 59,81 DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653		Net DPs o ce	ereals in curre	ent euros after	modulation a	and reductions	s for financial	discipline				
DP in constant euros, deflated by the general consumers price index of the 12 Member States of the euro zone in the EU15, 100 in 2006 Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	DPs after modulation	14441	13977	13951	13719	13130	13009	12885	13651	13473		
Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653												
Index 12 MS eurozone 100 102,24 105,78 106,01 107,84 110,99 113,76 115,19 115,62 DP in constant euros 14441 13671 13189 12941 12175 11721 11326 11851 11653	DP in constant euros,	deflated by th	e general con	sumers price	index of the 1	2 Member St	ates of the eu	ro zone in the	EU15, 100 i	n 2006		
										115,62		
DP/t in constant euros 73,86 70,04 58,16 61,03 59,97 58,12 56,04 56,96 51,73	DP in constant euros	14441	13671	13189	12941	12175	11721	11326	11851	11653		
	DP/t in constant euros	73,86	70,04	58,16	61,03	59,97	58,12	56,04	56,96	51,73		

Table 6 – Direct payments to the EU15 cereals except rice from 2006 to 2014

⁶ http://eur-lex.europa.eu/legal-content/FR/TXT/?qid=1431201216327&uri=CELEX:52013PC0712

 $http://groupedebruges.eu/sites/default/files/publications/downloads/delegated_acts_reduction_payments_2014_march_2014.pdf$

We see that, despite the importance of these modulations of DPs to cereals, the DP per tonne averaged $\notin 65.4$ from 2006 to 2014, although it dropped to $63 \notin /t$ from 2012 to 2014, of which 59.8 \notin /t in 2014 because the 2014 harvest was exceptional.

However, as all calculations have been made in current euros, the division by the general price index of the 12 Member States of the euro zone among the EU15, which increased by 1.83% per year on average from 2006 to 2014, lowers DPs to 60.4 \notin /t on average from 2006 to 2014, of which 54.8 \notin /t from 2012 to 2014, of which 51.7 \notin /t in 2014. Let us add that the general price index of the EU15, where three States are not in the euro zone (Denmark, Sweden and the United Kingdom), evolved in a manner almost identical to that of the 12 Member States of the euro zone.

It can be concluded that the dumping of the EU15 on its cereals exports dropped sharply in recent years, at least in constant euros.

However, these calculations have only taken into account the DPs to the EU15 cereals while other subsidies are not negligible. They were notified either in the WTO "amber box" (trade distorting subsidies) or in the "green box", alleged not to have these effects and therefore allowed without limit. While export refunds and storage aids for cereals have disappeared since 2007, we must charge to cereals a part of the subsidies of these two boxes for the share of the cereal production value in the production value of all agricultural products.

						· · · · · · · · · · · · · · · · · · ·						
€ 1000	2006	2007	2008	2009	2010	2011	2012	2013	2014			
EU15												
1 – Cereals – rice	23 353	36 161	35 167	24 232	32 925	38 430	43 486	36 821	33 987			
2 - All agricultural products	249 762	275 414	285 176	256 609	277 248	299 822	313 049	314 934	307 411			
3 - 1/2 in %	12,24	17,02	17,27	12,83	15,72	18,15	18,69	16,68	15,99			
			Fr	ance								
1 – Cereals – rice	7 415	11 068	9 930	7 706	11 693	12 002	14 649	11 267	10 482			
2 - All agricultural products	53 710	59 343	60 789	55 564	61 138	65 909	69 547	66 161	65 535			
3 - 1/2 in %	13,81	18,65	16,34	13,87	19,13	18,21	21,06	17,03	15,99			

Table 7 - Production value of cereals except rice and of all agricultural products: EU15 and France

Source: Eurostat

The main subsidies, largely under-notified to the WTO, are those to agricultural investments, marketing and promotion, agricultural fuels and irrigation. All these under-notifications to the WTO are reported by OECD, except for irrigation for which we rely on a specific report for Spain.

All these subsidies are in the amber box – called AMS, "aggregate measurement of support" in the WTO jargon – for developed countries under the Agreement on Agriculture (AoA):

a) Article 6.2 ("investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures") which implies a contrario that they are not exempt for developed countries; b) paragraph 4 of Annex 4 ("Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products"; c) paragraph 13 of Annex 3 ("Other non-exempt measures, including input subsidies and other measures such as marketing-cost reduction measures");

d) as for the tax cuts in aids to fuel, they are to be considered under Article 1 of the Agreement on Subsidies and Countervailing Measures: "1.1 For the purpose of this Agreement, a subsidy shall be deemed to exist if: (a)(1) there is a financial contribution by a

government or any public body within the territory of a Member... (ii) government revenue that is otherwise due is foregone or not collected (e.g. fiscal incentives such as tax credits)".

As for irrigation subsidies, the EU did not notify any to the WTO, except maybe hidden in the subsidies to rural infrastructure notified in the green box. Yet they are considerable in the Southern EU, notably in Italy and Spain, not to mention Portugal and France. For Spain alone they have been estimated at between €906 million and €1,120 billion per year⁸. This is why, very conservatively, we will retain €1 billion per year for the whole EU15. Note that irrigation is not limited to fruits and vegetables or rice but is very significant also for other cereals, especially maize.

As the OECD data are for the EU27 we have eliminated those to the EU12 new Member States, assuming that their share in those non product-specific subsidies is the same as their share in the production value of all agricultural products of the EU27.

Table 8 shows that the main non-product-specific subsidies attributable to the EU15 amber box for cereals averaged \notin 1.410 billion from 2006 to 2013.

1000€	2006	2007	2008	2009	2010	2011	2012	2013
Agricultural insurances	527	662	774	566	852	794	728	683
Agricultural fuel	3618	3098	3140	3268	3386	3413	3342	3586
Agricultural loans	390	476	514	417	464	613	733	496
Farms investments	2996	2867	2901	3208	3761	4400	4283	4498
Promotion and marketing	1620	1687	1333	915	1021	1054	1030	1030
Irrigation	1000	1000	1000	1000	1000	1000	1000	1000
Total	10151	9790	9662	9374	10484	11274	11116	11293
Agricultural production EU15/EU28	84,33	85,83	82,26	84,14	83,86	82,55	85,69	82,96
Subsidies to EU15	8560	8403	7948	7887	8792	9307	9525	9369
" to EU15 cereals	1048	1430	1373	1012	1382	1689	1780	1563

Table 8 – Non-product-specific subsidies of the amber box attributable to the EU15 cereals

Source:

http://www.oecd.org/tad/agricultural-

policies/producerandconsumersupportestimatesdatabase.htm#country; notifications to the WTO

We can now summarize in Table 9 total subsidies to the EU15 cereals except rice, adding those of the amber box to direct payments. Assuming the amber box subsidies in 2014 were the same as those of 2013, in current euros the subsidy per tonne of cereals has averaged \in 73 from 2006 to 2013, of which \in 71.21 from 2011 to 2014. In constant euros, it was still \in 67.95 from 2006 to 2013, of which \in 62.53 from 2011 to 2014, of which \in 57.73 in 2014 due to a bumper harvest. Naturally, as cereals are the main component of animal feed, the subsidy per tonne of cereals will be reflected in the EU28 exports of animal products – meat, eggs and dairy products –, particularly to the ACP countries.

Table 9 – Total subsidies to the EU15 cereals except rice from 2006 to 2014

€ million	2006	2007	2008	2009	2010	2011	2012	2013	2014
		Г	otal subsidie	es in current	euros				
DPs after modulation	14441	13977	13951	13719	13130	13009	12885	13651	13473
Amber box NPS	1048	1430	1373	1012	1382	1689	1780	1563	1563
Total	15489	15407	15324	14731	14512	14698	14665	15214	15036
" in €/t	79,22	78,94	67,57	69,47	71,47	72,88	72,56	73,12	66,75
		Т	otal subsidie	s in constant	euros				
Price index of the euro zone	100	102,24	105,78	106,01	107,84	110,99	113,76	115,19	115,62
Total subsidies	15489	15069	14487	13896	13457	13243	12891	13208	13005
" in €/t	79,22	77,20	63,88	65,54	66,28	65,66	63,78	63,48	57,73

⁸ https://www.iisd.org/gsi/sites/default/files/pb8_irrigation.pdf

Table 10 summarizes the subsidies to cereals exports from the EU28 to West Africa (WA) from 2012 to 2014 based on earlier assessments for these three years⁹ but updating the subsidy per tonne on the basis of Table 9. Since the EU15 achieved 95.9% of grain exports from the EU28 to the AO in 2012, 90.9% in 2013 and 96.1% in 2014, as although the subsidy per tonne in the EU12 was lower, we consider that the estimate of the total subsidy per tonne made for the EU15 can be extended to the EU28.

To avoid overloading the table the FOB value of exports or the tonnage of exported products were not retyped but only the tonnage of cereals included in these products in accordance with an equivalent rate of cereals in the processed cereals. The dumping rate is the ratio between the amount of subsidies and the FOB value of products and it is therefore all the more low that there is little cereals in the processed product. The most significant dumping rate is obviously that of the exported unprocessed cereals, which increased from 28.6% in 2012 to 30.7% in 2013 and 31.8% in 2014. However, as the subsidy per tonne fell sharply in 2014 (largely due to a bumper crop), while it increased from 2012 to 2013, total subsidies to cereals exported to WA rose from €186.3 million in 2012 to €208.6 million in 2013 and retreated to €198.1 million in 2014.

Note that these subsidies to the EU28 cereal exports to WA only are already larger than the €164 million in customs duties of the EU GSP (Generalised System of Preferences) that Ivory Coast, Ghana and Nigeria would have to pay on their exports to the EU if the regional EPA is not ratified, on the basis of their actual exports of 2014.

1000 euros	Rate of2012 (subsidy of 72.56 \notin t)2013 (subsidy of 73.12 \notin t)2014 (subsidy of 66.									
	cereals	tonnes	€ 1000	Dumping	tonnes	€ 1000	Dumping	tonnes	€ 1000	Dumping
1001 wheat	1	1683530	122156,9	28,6%	2000587	146282,9	30,6%	2075062	138510,4	31,9%
1002 rye	1	0	0		1,3	0,1	10,1%		0	
1003 barley	1	6413	465,3	25,1%	1537	112,4	26%	0,3	#0	3,6%
1004 oats	1	3	0,2	22,2%	15	1,1	2,8%	101	6,7	5,8%
1005 maize	1	29730	2157,2	31,8%	36616	2677,4	43,8%	14752	984,7	34,6%
1006 rice	1	403	29,2	9,3%	668	48,8	6,2%	808	53,9	6,2%
1007 grain sorghum	1	40	2,9	3,2%		0	0	0,4	#0	#0
1008 other cereals	1	9	0,7	3,4%	10	0,7	5,1%	12	0,8	6,1%
Total raw cereals	1	1720128	124812,5	28,6%	2039434	149123,4	30,7%	2090736	139556,6	31,8%
1101 wheat flour	1,33	129867	9423,1	28,8%	58739	4295	28,5%	58993	3937,8	26,9%
1102 other flours	1,33	3163	229,5	22,3%	3657	267,4	20,3%	2447	163,3	19%
1103 gruaux, pellets	1,02	76307	5536,8	17,1%	91379	6681,6	18,5%	68963	4603,3	16,7%
1104 autres transf°	1,15	12740	924,4	8,8%	12947	946,7	8,9%	12162	811,8	8,6%
1107 malt céréales	1,43	293876	21323,6	24%	302770	22138,5	23,5%	319817	21347,8	23,3%
1108 amidon céréal	1,18	7239	525,3	21,3%	7062	516,4	21,1%	13061	871,8	23,8%
1109 gluten de blé	10	12406	900,2	58,8%	7080	517,7	49,6%	21846	1458,2	46,9%
19 prépar° céréales	1,25	290595	21085,6	4,4%	305194	22315,8	3,9%	353866	23620,6	3,5%
2203 bière de malt	0,17	9554	693,2	1,8%	11601	848,3	1,8%	13158	878,3	1,7%
220830 whisky	1,12	5335	387,1	1,4%	6188	452,5	1,4%	5710	381,1	1,3%
220850 gin&genièvre	1,12	4641	336,8	5,4%	4892	357,7	5,4%	4863	324,6	4,5%
220860 vodka	1,12	1616	117,3	2,6%	1720	125,8	3%	1485	99,1	2,3%
Total		2567467	186295,4	16,1%	2852663	208587	15,9%	296710	198054	14,6%

Table 10 – The EU28 subsidies to cereals products exported to West Africa from 2012 to 2014

Source : Eurostat

⁹ The EU dumping cereals, dairy and meats in 2012, total and to ACP countries, Solidarité, March 5, 2014, http://www.solidarite.asso.fr/Papers-2014?debut_documents_joints=30#pagination_documents_joints; Les subventions de l'UE28 en 2013 aux exportations de céréales, viandes et produits laitiers extra-EU28, vers les pays ACP et l'Afrique de l'Ouest, Solidarité, le 9 juillet 2014, http://www.solidarite.asso.fr/Articles-de-2014,684?debut_documents_joints=30#pagination_documents_joints; Detailed data for 2014 are not published but you can ask for them.