

## **Rough estimate of feed subsidies going to EU and US exported meats**

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### ***EU and US feed subsidies are coupled input subsidies***

#### **1) Feed subsidies are input subsidies**

According to OECD, "*Input subsidies are typically explicit or implicit payments reducing the price paid by farmers for variable inputs (for example, fertilisers, **feed**, seeds, energy, water, transportation, insurance), which are provided to farmers through policy instruments, including interest concessions, tax rebates and budgetary transfers to input industries to provide lower input prices paid by farmers*"<sup>1</sup>.

#### **2) The legal basis in the 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 means clearly that, to the contrary, inputs subsidies granted to rich countries' farmers (and to large farmers in middle-income developing countries) have to be included in the AMS.

b) Annex 2 paragraph 1: "*1. Domestic support policies for which exemption from the reduction commitments is claimed shall meet the fundamental requirement that they have no, or at most minimal, trade distortion effects or effects on production... The support in question shall not have the effect of providing price support to producers*". The effect on production and price of subsidies to farmers growing feed grains is all the more important that these feedstuffs represent more than 50% of the production cost of poultry and hogs.

c) Annex 3 paragraph 13: "*Other non-exempt policies, including input subsidies and other policies such as marketing cost reduction measures*".

### ***The CAP has always linked the common market organisations (CMOs) for poultry and pork to the cereal CMO***

#### **1) The EU CMOs for poultry, eggs and pigmeat have been ancillary to the cereals CMO**

Prior to the CAP reform of May 1992, the pork and poultry meats and eggs CMO "*The legislation governing them currently Council Regulations 2759/75 on pigmeat, 2771/75 on eggs, and 2777/75 on poultry meat, has always been enacted in parallel with the legislation governing the common organisation of the market in cereals*"<sup>2</sup>, being considered as transformed cereals, implying that the import levies as well as the export refunds on pork, poultry meat and eggs were related to their theoretical cereals content. This close connexion was also used to derive "*the compensatory amounts on pig, poultry meat and eggs... from the compensatory amounts to the relevant quantity of feed-grain*".

This close connexion between the CMO of cereals and pig and poultry meats is an additional clear proof that the reduction of the EU cereals prices, compensated by direct payments to COP, has been mainly devised to make them a direct substitute to tariffs and export refunds on pig and poultry meats. Consequently direct payments on COP are as much coupled subsidies as the tariffs and export refunds they are replacing.

#### **2) Reducing feed costs was one of the main objectives of the CAP reforms of 1992 and 1999**

a) This objective is explicitly claimed by the European Commission (EC): "*Consumption of EU cereals in the animal feed sector and in the processing industry in EUR-12 has increased by some 20 million t. between 1992-93 and 1996/97. This increase is to be compared to the previous trend of a 2*

<sup>1</sup> OECD, *Methodology for the measurement of support and use in policy evaluation*, 2002.

<sup>2</sup> John A. Usher, *Legal aspects of agriculture in the European Community*, Clarendon Press, 1988.

million t. annual decrease, over the period 1985-1992. In compound feed, the rate of incorporation of cereals rose from 35% before the reform to 44% in 1996/97, representing an increase of 11 million t. On-farm use has also increased substantially, from 45 million t. in 1992/93 to 50 million t. in 1996/97<sup>3</sup>, and "The 1992 reform of the CAP aimed to render cereals grown in the Community more competitive both internally in the Community and on the world market. During the 1980s and early 1990s, home-grown cereals continuously lost market share on the internal market for animal feed to the benefit of imported cereals substitutes"<sup>4</sup>. This strategy has succeeded since the increase in EU cereals production, practically entirely fed to animals, has reached 33.6 million tonnes between 1992 and 2002. Since direct payments to COP have had the treble effect of increasing production, lowering prices, and reducing the volume of imported feedstuffs, if they are not a "market price support", what else are they?

b) In 2002, the European Commission recognized formally that "The shift over to direct aid payments in the cereals sector has also created new cross sectoral distortions. The average 45% decline in the EU intervention price of cereals over the decade of the 1990s has seen a decline in the price of EU produced animal feed stuffs. In industries where animal feed constitutes a major cost component this decline in EU cereals prices has greatly improved the competitiveness of EU producers<sup>5</sup>. Thus in the poultry sector, where animal feed costs account for up to 70% of production costs<sup>6</sup>, declining cereal prices have led to significant cost savings. This in turn has contributed to the expansion of both EU poultry meat production and exports. Indeed, the cost savings have been such that despite the expansion in EU poultry meat exports, the level of export refund payments in the poultry meat sector have declined dramatically over the 1990s"<sup>7</sup>. This quotation is wonderful since the European Commission recognizes explicitly three things: (1) first that direct payments have created distortions; (2) that the increased competitiveness they have conferred to poultry have fostered poultry exports; (3) that direct payments have replaced export refunds.

***The sharp reduction in EUs export subsidies has been largely replaced by increased domestic subsidies benefiting to exported cereals and animal products***

1) Total EU subsidies to exported cereals

a) The following table shows how direct payments to cereals going to exported cereals and pig and poultry meats have largely substituted decreasing export refunds.

Total subsidies to EU-15's exports (X) of cereals, including direct payments (DP) on exported cereals

In million tonnes (Mt) and billion €(B€)	86-90	1992	1996	1997	1998	1999	2000	2001	2002
Production of cereals: Mt	186.2	180.6	208.7	208.1	213.8	203.5	216.7	202.5	215.0
Exports of cereals: (Mt)	28.699	36.405	20.453	20.821	19.995	27.288	28.906	19.403	18.354
% Exports/Production of cereals	15.4	20.2	9.8	10.0	9.6	13.4	13.3	9.6	8.5
Export refunds on cereals: (B€)	3.709	3.282	0.313	0.532	0.429	0.883	0.824	0.260	0.099
Direct payments to cereals: (B€)	0	0.582	12.672	12.492	12.901	12.820	12.979	14.220	14.992
DP per tonne of cereals: (€t)	0	3.2	60.7	60.0	60.3	63.0	59.9	70.2	69.7
DP on exported cereals: (B€)	0	0.117	1.242	1.249	1.207	1.719	1.731	1.363	1.280
(Refunds + DP) on exported cereals (B€)	3.709	2.276	1.664	1.956	1.658	2.983	2.555	1.623	1.379
" in % of 1992	+63%	100	-27%	-15%	-27%	+31%	+12%	-29%	-39%
(Refunds + DP) per exported t (€t)	129.2	62.5	81.4	93.9	82.9	109.3	88.4	83.6	75.1

Source: FAOSTAT (production and exports), EAGGF (direct payments), EU's notifications to WTO (export refunds)

<sup>3</sup> European Commission, *Situation and outlook: cereals, oilseeds and protein crops*, Agenda 2000, July 1997.

<sup>4</sup> EU Official Journal C 192, 08/07/1999 p. 0001 – 0034.

<sup>5</sup> Before the cereal sector reform process, feed costs constituted 70% of the production cost of EU poultry farmers. An average 50% reduction in EU cereal prices has had profound effects on the competitiveness of EU poultry production, which has been reflected in a rapid expansion of EU poultry meat exports.

<sup>6</sup> This is according to a recent report compiled on behalf of Action Aid on the impact of CAP aids on poultry farming in the Gambia, entitled "Free Trade or Fowl Deeds?"

<sup>7</sup> European Commission, *The CAP dimension*, 30-04-2002  
([www.epawatch.net/general/text.php?itemID=12&menuID=33](http://www.epawatch.net/general/text.php?itemID=12&menuID=33))

We see that total export subsidies, including direct payments on exported cereals, have largely exceeded in 1999 and 2000 the amount of 1992, even if they have been significantly lower in 2001 and 2002 as a consequence of much lower exports. However, in total export subsidies per tonne of exported cereal, the figure of 2002 remains higher than in 1992.

Consequently, the EU should cease to claim that its export subsidies on cereals have almost disappeared.

b) The more so as we should count not only blue direct payments going to exported cereals but all the other domestic subsidies going to exported cereals:

(i) First the amber box subsidies: tax rebates on agricultural fuel, irrigation subsidies, insurance subsidies, subsidies to cereals in transformed products (called "non-annex 1 products"). This amounts to about €3.674 billion<sup>8</sup> in 2001 and applying the percentage of cereals in the EU agricultural production value, i.e. 12.9% in 2001, this adds €474 million to cereals subsidies and, given that cereals exports accounted in 2001 for 9.6% of cereals production, this leads to €45 million in amber box subsidies to exported cereals.

(ii) But also the subsidies notified in the green box (including investment subsidies improperly notified there) and going to cereals<sup>9</sup>. Multiplying again 12.9% by all green box subsidies (i.e. €20.452 billion in 2001, when there was no decoupled income subsidy), this gives €2.638 billion and multiplying it by the 9.6% of the rate of exported cereals production gives eventually €253 million of green subsidies to exported cereals.

(iii) Adding these €98 million of amber and green subsidies to the blue subsidies to exported cereals in 2001 gives total domestic subsidies to exported cereals of €1.661 billion in 2001. Adding the €260 export refunds gets to €1.921 billion which, divided by 19.403 million tonnes of exported cereals, gives a total export subsidy of €99 per tonne. An amount to be compared with the total production cost of €160 for wheat in France (cost including farmers' income), one of the EU most competitive Member country. Which gives a dumping rate of 61.9%. Actually the dumping rate is higher since we should compare the total export subsidy with the EU average production cost, not with the production cost of the most competitive country.

## 2) Cereals subsidies to exported poultry meat

EU-15 export subsidies to poultry meat, including direct payments (DP) on cereals in exported poultry

Million tonnes (Mt) and million €(M€)	86-90	1992	1996	1997	1998	1999	2000	2001	2002
EU cereals in feedstuffs: Mt			97.615	103.587	107.628	111.924	107.693	115.232	115.792
% EU cereals in feedstuffs			46.8%	49.8%	50.3%	55.0%	49.7%	56.9%	53.9%
Production of poultry meat: Mt	6.163	7.151	8.308	8.550	8.893	8.721	8.801	9.076	8.977
Exports of poultry meat: Mt	0.384	0.519	0.845	0.948	1.034	1.036	1.046	1.009	1.147
Refunds on poultry meat exports: M€	141.7		115.9	73.0	76.1	89.5	75.4	56.8	90.5
% of exports with refunds		91%	44%	39%	35%	31%	24%	21%	21%
Cereals in poultry meat exports: Mt	0.499	0.675	1.099	1.232	1.344	1.347	1.360	1.312	1.491
DP by tonne of cereals: €t	0	3.2	60.7	60.0	60.3	63.0	59.9	70.2	69.7
DP to cereals fed to poultry exp.: M€	0	2.2	66.7	73.9	81.0	84.9	81.5	92.1	103.9
(Refunds+DP) to poultry exports: M€	141.7		182.6	146.9	157.1	174.4	156.9	147.6	194.4
(Refunds + DP)/t of poultry export: €t	369.0		216.1	155.0	151.9	168.3	150.0	150.4	169.5

Source: FAOSTAT (production), <http://forum.europa.eu.int/irc> (exports), EAGGF (direct payments), EU's notifications to WTO (export refunds). We have used 1.3 kg of cereals per kg of poultry meat.

This table shows that, although the percentage of poultry exports with refunds has slumped from 91% in 1992 to 44% in 1996 and 21% in 2002, total subsidies on exports of poultry meat have risen from

<sup>8</sup> Jacques Berthelot, *The empty promise and perilous game of the European Commission to slash its agricultural supports*, 3 November 2005, [http://www.wto.org/french/forums\\_f/ngo\\_f/pospap\\_f.htm](http://www.wto.org/french/forums_f/ngo_f/pospap_f.htm)

<sup>9</sup> Jacques Berthelot, *The green box: a black box which hides the gold box*, Solidarité, [http://www.wto.org/french/forums\\_f/ngo\\_f/pospap\\_f.htm](http://www.wto.org/french/forums_f/ngo_f/pospap_f.htm)

1996 to 2002, even if they have decreased significantly in 2000 and 2001. And if total subsidies by tonne of poultry meat exported have decreased from 1996 to 2002, they have increased from 1997 to 2002.

The increase is significantly higher if we include the amber and green subsidies to cereals: total export subsidies on poultry exports reached then €186.7 million in 2001 or €185 per tonne. Compared to a French production cost of €1,250 per ton of carcass, this implied a dumping margin of 14.8%. However we should be cautious about these figures given that the world prices of chicken meat are highly variable according to the type of product, going from \$400 per ton to more than \$2,000 per ton. And for an average world price of about \$600 per ton in 2001, the dumping margin would be of 30%.

### 3) Cereal subsidies to exported pig meat

EU-15 total export subsidies to pig meat, including direct payments (DP) on cereals in exported pig meat

Million tonnes (Mt) & million €(M€)	86-90	1992	1996	1997	1998	1999	2000	2001	2002
EU cereals in feedstuffs: Mt			97.615	103.587	107.628	111.924	107.693	115.232	115.792
% EU cereals in feedstuffs			46.8%	49.8%	50.3%	55.0%	49.7%	56.9%	53.9%
Production of pig meat: Mt	15.233	15.247	16.509	16.378	17.777	18.144	17.674	17.613	17.846
Exports of pig meat: Mt	0.462	0.437	0.791	0.896	1.034	1.386	1.260	1.032	1.164
Refunds on exports of pig meat: M€			96.2	71.1	74.4	356.1	243.1	33.8	20.0
Cereals in exports of pig meat: Mt	0.924	0.874	1.582	1.792	2.068	2.772	2.520	2.064	2.328
DP to cereals in €t	0	3.2	60.7	60.0	60.3	63.0	59.9	70.2	69.7
DP to cereals in exported pigmeat: M€		2.8	96.0	107.5	124.7	174.6	150.9	144.9	162.3
Refunds+DP to exported pig meat: M€			192.2	178.6	199.1	530.7	394.0	178.7	182.3
(Refunds + DP)/t pigmeat export: €t			243.0	199.3	192.6	382.9	312.7	173.6	156.6

Source: FAOSTAT (production and exports), EAGGF (direct payments), EU's notifications to WTO (export refunds). We have used 2 kg of cereals per kg of pig meat.

We see that the respective weight of export refunds and direct payment to cereals fed to pigs has varied greatly from 1996 to 2002 because of two years of high export refunds (1999 and 2000). If we except these years, refunds have decreased from 1996 to 2002 while cereals consumed by exported pig meat has increased more, so that in the last two years 2001 and 2002, the amount of direct payments on cereals consumed by the exported pig meat have been 5.7 times higher than the amount of export refunds. Except these two years the total amount of subsidies going to exported pig meat has almost remained stable. However, except these two years, the total amount of subsidies per tonne of pig meat has significantly decreased. But, if we include the amber and green subsidies to cereals fed to hogs, the €9 in domestic subsidies per exported tonne of cereal gives €204.3 million for the 1 million exported tonnes and, with the €33.8 million of export refunds, gives €238.1 million in total export subsidies or €230.7 per exported tonne of pork.

### 4) Other cereals and feed subsidies are not included

These data on export subsidies to poultry and pig meats are largely underestimated since they do not take into account all feed subsidies: to EU oilseeds meals, pulses, dried fodder. Taking them into account (but deleting of course the large amount of imported feed: soybean, corn gluten feed, other oilseed meals, animal feed up to 2002) would increase direct payments to exported poultry and pig meat by at least 10%.

Besides, as feed grains are also consumed significantly by dairy cows, beef, calves (and here there are large subsidies to skimmed mill powder fed to calves), sheep (but the EU does not export sheep meat) and other small animals (rabbits), more hidden export subsidies should be counted.

### *The significant amount of US feed subsidies to exported meats*

1) In the US feed costs account for around 62% of poultry costs, 47% of hog production costs, and 17% of beef cattle costs, and corn and soybeans account for 83-91% of the ingredients in most feed

grains<sup>10</sup>. These feed subsidies are also export subsidies for the feed consumed by the exported animal products.

Subsidies going to feed crops used to feed US animals

Subsidies in million \$	1995	1996	1997	1998	1999	2000	2001	2002	2003
Feed corn: M bu	4,693	5,277	5,482	5,468	5,665	5,842	5,864	5,563	5,798
% of feed corn	63.41	57.16	59.54	56.03	60.24	58.92	61.71	62.04	57.47
Corn subsidies	2,724	1,861	2,695	4,826	7,238	7,733	5,488	1,981	2,812
Feed corn subsidies	1,727	1,064	1,605	2,704	4,360	4,568	3,387	1,229	1,616
Feed sorghum: M bu	295	516	365	262	285	222	230	170	180
% of feed sorghum	64.27	64.91	57.57	50.39	47.90	47.13	44.75	47.09	43.80
Sorghum subsidies	238	241	276	490	674	636	451	189	213
Feed sorghum subsidies	153	156	159	247	323	300	202	89	93
Feed barley: M bu	179	217	144	167	140	136	104	84	84
% of feed barley	49.86	55.36	40.00	47.44	51.47	42.77	41.94	37.00	30.22
Barley subsidies	78	119	114	264	262	290	203	83	70
Feed barley subsidies	39	105	46	125	135	124	85	31	21
Feed wheat: M bu	154	308	251	391	283	304	191	126	225
% of feed wheat	7.05	13.53	10.12	15.35	12.31	13.62	9.76	7.78	9.63
Wheat subsidies	587	1,672	1,411	2,764	3,696	3,656	2,485	975	1,373
Feed wheat subsidies	41	226	143	424	455	498	243	76	132
Feed oats subsidies**	7	8	29	46	59	20	6	4	6
Soybean subsidies	-	-	-	480	2,491	3,010	4,310	670	1,141
% of US meal value*	-	-	-	283	1,470	1,776	2,543	395	673
Total feed subsidies	1.967	1.559	1.982	3.829	6.802	7.286	6.496	2.099	2.541

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;  
[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>

2) To compute the subsidies going to feed, and using USDA data and the Environment Working Group's Farm subsidies database by product, we can allocate the subsidies according to the percentage of each crop used as feed inside the US. These subsidies include some green subsidies ("production flexibility contracts" up to 2002 and "direct payments" since 2002) as well as the subsidised part of the product-specific AMSs. Of course they include only actual subsidies, not the market price support components of the AMSs.

We see how large these subsidies are, particularly from 1999 to 2001, which should be allocated to the various animal products according to their consumption of each feed grain.

3) However these figures are underestimated since:

- a) Some feed are not included: corn gluten feed, cotton meal, wheat residues and other oilseeds meals. And for feed going to dairy cows and bovine cattle we should add subsidies going to fodder (including alfalfa, corn silage) and skimmed milk powder to feed calves.
- b) Some subsidies are not included: coupled subsidies of the non product-specific AMS – irrigation subsidies (particularly to grow alfalfa and corn silage), insurance subsidies, subsidies to agricultural loans, federal outlays for grazing livestock on federal lands, taxing into account the under-notification and the oversight to notify the detaxation of agricultural fuel<sup>11</sup> – and green box subsidies other than "production flexibility contracts" and "direct payments".

<sup>10</sup> Figures given to us by Tim Wise from Tufts University: ERS, Livestock Dairy and Poultry Outlook (<http://usda.mannlib.cornell.edu/reports/erssor/livestock/ldp-mbb/2002/ldp-m102f.pdf>); Economic and Structural Relationships in U.S. Hog Production, William D. McBride and Nigel Key, Agricultural Economic Report No. (AER818) 60 pp, February 2003.

<sup>11</sup> Jacques Berthelot, *The King is naked: the impossible U.S. promise to slash its agricultural supports*, 7 November 2005, [http://www.wto.org/french/forums\\_f/ngo\\_f/pospap\\_f.htm](http://www.wto.org/french/forums_f/ngo_f/pospap_f.htm)

Under-notifications of subsidies in the PS AMSs, the NPS AMS and the green box

\$ million	1995	1996	1997	1998	1999	2000	2001
Additional subsidies in the product-specific AMSs							
Insurance subsidies	527	985	977	627	463	1,057	1,434
Additional subsidies in the non product-specific AMS							
Farm loan subsidies	670	664	561	561	561	561	561
Irrigation subsidies*	3,680	3,680	3,680	3,680	3,680	3,680	3,680
Agri. fuel subsidies	2,385	2,385	2,385	2,385	2,385	2,385	2,385
Sub-total	6,741	6,735	6,729	6,626	6,626	6,626	6,626
Additional subsidies in the applied total AMS							
Notified subsidies	1,386	1,115	567	4,584	7,406	7,278	6,828
Applied NPS AMS	8,127	7,850	7,296	11,210	14,032	13,904	13,454
Allowed de minimis	9,505	10,285	10,194	9,544	9,237	9,476	9,925
Additional subsidies in the applied total AMS							
Total AMS	8,654	8,835	8,273	11,837	14,495	14,961	14,888
Green box subsidies other than "production flexibility contracts" and "direct payments"							
Other green box subsidies	11,156	16,602	17,767	18,644	18,979	19,914	19,096
Grand total of the amber and blue box not already included in the notified coupled subsidies							
Total	19,810	25,437	26,040	30,481	33,474	34,875	33,984

\* For lack of time, the figure of irrigation subsidies estimated for 2004 has been extended all over the period and, to avoid contesting of the figure, the estimate has been halved from \$7,360 billion to \$3,680 billion.

4) Both types of subsidies could be incorporated to the various feed grains by distributing them according to the share of the production value of the feed grains in the whole US agricultural production value.

Additional corn feed subsidies of the amber and green boxes not notified

In million \$	1995	1996	1997	1998	1999	2000	2001	2002	2003
Additional amber and green box subsidies not already included in the notified coupled subsidies									
Total	19,810	25,437	26,040	30,481	33,474	34,875	33,984		
Value of US agricultural production									
Ag production	204,000	228,000	231,000	220,000	213,000	219,000	228,000	219,000	243,000
Notified and additional not properly notified corn feed subsidies:									
Corn value	24,202	25,149	22,352	18,922	17,104	18,499	18,879	20,882	24,477
% of feed corn	63.41	57.16	59.54	56.03	60.24	58.92	61.71	62.04	57.47
Feed corn value	15,344	14,375	13,308	10,602	10,303	10,900	11,650	12,955	14,067
Share/ag value	7.52%	6.30%	5.76%	4.82%	4.84%	4.98%	5.11%	5.92%	5.79%
Add. feed subsid.	1,498	1,603	1,500	1,469	1,620	1,709	1,737		
Not. feed c. sub.	1,727	1,064	1,605	2,704	4,360	4,568	3,387	1,229	1,616
Total feed c sub.	3,225	2,667	3,105	4,173	5,980	6,277	5,124		

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;

[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>

Add. feed subsid.: additional feed subsidies of the amber and green box not already included in the following line.

Not. feed c. sub.: notified feed corn subsidies.

Additional sorghum feed subsidies of the amber and green boxes not notified

In million \$	1995	1996	1997	1998	1999	2000	2001	2002	2003
Additional amber and green box subsidies not already included in the notified coupled subsidies									
Total	19,810	25,437	26,040	30,481	33,474	34,875	33,984		
Value of US agricultural production									
Ag production	204,000	228,000	231,000	220,000	213,000	219,000	228,000	219,000	243,000
Notified and additional not properly notified sorghum feed subsidies:									
Sorghum value	1,390	1,986	1,409	904	937	846	979	855	965
% feed sorghum	64.27	64.91	57.57	50.39	47.90	47.13	44.75	47.09	43.80
Feed sorgh value	893	1,289	811	456	449	399	438	403	423
Share/ag value	0.44%	0.57%	0.35%	0.21%	0.21%	0.18%	0.19%	0.18%	0.17%
Add. feed subsid.	87	145	91	64	70	63	65		
Not. feed s. sub.	153	156	159	247	323	300	202	89	93
Total feed s. sub.	240	301	250	311	393	363	267		

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;

[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>

Add. feed subsid.: additional feed sorghum subsidies of the amber and green box not already included in the following line.  
 Not. feed s. sub.: notified feed sorghum subsidies.

**Additional barley feed subsidies of the amber and green boxes not notified**

In million \$	1995	1996	1997	1998	1999	2000	2001	2002	2003
Additional amber and green box subsidies not already included in the notified coupled subsidies									
Total	19,810	25,437	26,040	30,481	33,474	34,875	33,984		
Value of US agricultural production									
Ag production	204,000	228,000	231,000	220,000	213,000	219,000	228,000	219,000	243,000
Notified and additional not properly notified barley feed subsidies									
Barley value	1,028	1081	862	686	578	648	535	606	755
% of feed barley	49.86	55.36	40.00	47.44	51.47	42.77	41.94	37.00	30.22
Feed barl value	513	598	345	325	297	277	224	224	228
Share/ag value	0,25%	0,26%	0,15%	0,15%	0,14%	0,13%	0,10%	0,10%	0,09%
Add. feed subsid.	50	66	39	46	66	45	34		
Not. feed b. sub.	39	105	46	125	135	124	85	31	21
Total feed b. sub.	89	171	85	171	201	169	119		

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;  
[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>  
 Add. feed subsid.: additional feed barley subsidies of the amber and green box not already included in the following line.  
 Not. feed b. sub.: notified feed barley subsidies.

**Additional wheat feed subsidies of the amber and green boxes not notified**

In million \$	1995	1996	1997	1998	1999	2000	2001	2002	2003
Additional amber and green box subsidies not already included in the notified coupled subsidies									
Total	19,810	25,437	26,040	30,481	33,474	34,875	33,984		
Value of US agricultural production									
Ag production	204,000	228,000	231,000	220,000	213,000	219,000	228,000	219,000	243,000
Notified and additional not properly notified wheat feed subsidies									
Feed wheat value	690	1324	839	1041	688	779	528	439	764
Share/ag value	0,34%	0,58%	0,36%	0,47%	0,32%	0,36%	0,23%	0,20%	0,31%
Add. feed subsid.	67	148	94	143	107	126	78		
Not. feed w. sub.	41	226	143	424	455	498	243	76	132
Total feed w. sub.	108	374	237	567	562	624	321		

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;  
[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>  
 Add. feed subsid.: additional feed wheat subsidies of the amber and green box not already included in the following line.  
 Not. feed w. sub.: notified feed wheat subsidies.

**Additional soybean meal subsidies of the amber and green boxes not notified**

In million \$	1995	1996	1997	1998	1999	2000	2001	2002	2003
Additional amber and green box subsidies not already included in the notified coupled subsidies									
Total	19,810	25,437	26,040	30,481	33,474	34,875	33,984		
Value of US agricultural production									
Ag production	204,000	228,000	231,000	220,000	213,000	219,000	228,000	219,000	243,000
Notified and additional not properly notified soybean meal subsidies									
Soy meal use: Mt	29.200	29.271	30.052	31.785	33.723	33.380	34.807	36.377	35.597
S meal price: \$/t	225	260	175	132	132	160	165	154	179
Soy meal value	6570	7610	5259	4196	4451	5341	5743	5602	6,372
Share/ag value	3,22%	3,34%	2,28%	1,91%	2,09%	2,44%	2,52%	2,56%	2,62%
Add. s. feed sub.	638	850	594	582	700	851	856		
Not. soy meal sub	-	-	-	480	2.491	3.010	4.310	670	1.141
Tot. soy meal sub	638	850	594	1062	3191	3861	5166		

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;  
[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>  
 Add. s. feed sub.: additional soybean meal subsidies of the amber and green box not already included in the following line.  
 Not. soy meal sub.: notified soybean meal subsidies.

**Total feed subsidies taking into account improperly notified or not notified subsidies**

In million \$	1995	1996	1997	1998	1999	2000	2001
Corn	3,225	2,667	3,105	4,173	5,980	6,277	5,124
Sorghum	240	301	250	311	393	363	267
Barley	89	171	85	171	201	169	119
Wheat	108	374	237	567	562	624	321
Soybean meals	638	850	594	1,062	3,191	3,861	5,166
<b>Total</b>	<b>4,300</b>	<b>4,363</b>	<b>4,271</b>	<b>6,284</b>	<b>10,327</b>	<b>11,294</b>	<b>10,997</b>

Source: <http://usda.mannlib.cornell.edu/reports/erssor/field/fds-bby/fds2005.pdf>;  
[http://www.usda.gov/nass/pubs/agr04/04\\_ch1.pdf](http://www.usda.gov/nass/pubs/agr04/04_ch1.pdf); <http://www.ewg.org/farm/region.php?fips=00000#topprogs>

5) Export share and value of US meat of beef, pork, poultry and all meats

**Export share and value of US meat of beef, pork, poultry and all meats**

Meats in million tonnes	1999	2000	2001	2002	2003	2004
Beef: production	12.1	12.3	12.0	12.4	12.0	11.3
Beef: exports	1.0	1.2	1.0	1.1	1.1	0.2
Beef: export share	8.2%	9.5%	8.4%	8.9%	9.1%	1.8%
Beef: export value	2,698	3,252	2,696	2,644	3,197	584
Pork: production	8.8	8.6	8.7	8.9	9.1	9.3
Pork: exports	0.5	0.6	0.6	0.7	0.7	0.8
Pork: export share	5.2%	6.7%	7.2%	7.3%	7.7%	9.0%
Pork: export value	1,184	1,555	1,630	1,565	1,647	2,092
Poultry: production	16.0	16.4	16.8	17.3	17.5	18.0
Poultry: exports	2.5	2.9	3.2	2.7	2.8	2.7
Poultry: export share	15.8%	17.7%	18.9%	15.5%	15.9%	14.7%
Poultry: export value	1,769	1,961	2,283	1,733	1,934	2,211
All meats: production	37.3	37.6	37.8	39.0	38.9	38.9
All meats: export	4.0	4.7	4.9	4.4	4.6	3.7
All meats: export share	10.8%	12.5%	12.8%	11.4%	11.8%	9.6%
All meats: export value	5,733	6,850	6,713	6,011	6,838	4,966

Source: FAOSTAT

6) In a first approximation we can assume that feed is only going to meat of the main animals (beef, pork and poultry), deleting the share going to milk, eggs and small animals and fish.

**Rough estimate of feed subsidies to all US exported meats**

Values in \$ million	1999	2000	2001
All meats: export share	10.8%	12.5%	12.8%
Total feed subsidies	10,327	11,294	10,997
Feed subsidies on all exported meats	1,115	1,412	1,408
All meats: export value	5,733	6,850	6,713
Rate of dumping of feed subsidies on exported meats	19,5%	20,6%	21,0%

To distribute the feed among the main meats we need to know the composition of feed rations for each meat.

***Taking into account feed subsidies gives product-specific AMSs to animal products and reduces the allowed product-specific de minimis***

Feed subsidies should be notified in the product-specific AMSs of animal products, which will reduce much the EU and US allowed product-specific *de minimis*.

1) The EU allowed *de minimis* support of the product-specific AMSs, it is now much lower than the €6.7 billion computed previously since the production value of agricultural products without a product-specific AMS falls from €33.3 billion to €3.0 billion. Indeed taking into account the feedstuffs subsidies gives now a product-specific AMS to the production of pigmeat (production value of €25.625 billion), poultry and eggs (€17.277 billion) and milk (€40.134 billion: the notified AMS on dairy products was only for butter and skimmed milk powder but the whole milk production should be

concerned). The actual *allowed de minimis* support of the product-specific AMSs falls therefore at €2.7 billion (5% of €53 billion). And reducing it by 80% as Peter Mandelson has proposed on 28 October would take it back to a mere €540 million, to compare with the applied €468 million in 2001-02, leaving a minuscule margin of increase of \$72 million. There is nothing to brag about.

2) If the coupled subsidies of the marketing loan family (loan deficiency payments, marketing loan gains, net value certificates) are already included in the notified product-specific AMSs of the benefiting grains, the notification should have distinguished two categories of product-specific AMSs:

- (i) The AMSs specific to grains not used as feed in the US, i.e. the grains used for other domestic needs or exported as grains or transformed products including soybean meal or corn gluten feed, should have been notified in the specific AMSs of the grains.
- (ii) The AMSs specific to grains used as feed in the US, which should have been notified as specific to the meats, eggs and dairy products having used the subsidized feed grains.
- (iii) Each part should also have been notified as export subsidies of the grains or of the animal products.

We see that the transfer to animal products of the part of coupled subsidies attributed to grains does not change the total amount of product-specific AMSs but only its distribution.

3) The US huge hidden subsidies going to animal products give product-specific AMSs to the production of animal products which up to now did not have one: beef (production value of \$29.293 billion in 2001), pork (\$11.430 billion), poultry and eggs (\$24.0 billion), sheep and lamb (\$298 million). Only dairy had already a product-specific AMS given its market price support. This will add \$65.021 billion to the production value of products with an AMS in 2001, so that the production value of products without an AMS will shrink to \$10.735 billion since it was of \$75.756 billion in 2001. Which means that the *allowed de minimis* specific support will slump to \$537 million, and reducing it at 2.5% of the agricultural production value would reduce it to \$268 million!