



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/1/2004

GAIN Report Number: E24041

European Union

Dairy and Products

Dairy Management Committee decides on export refund rules

2004

Approved by:

Justina Torry

U.S. Mission to the European Union, Brussels

Prepared by:

Karin Bendz

Report Highlights:

New rules introducing a system of export refunds by tender for butter, butter oil and skimmed milk powder, a move to differentiate export refund rates according to destination have been finalized.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E2]

Dairy Management Committee decides on export refund rules.

New rules introducing a system of export refunds by tender, for butter, butter oil and SMP¹, a move to differentiate export refund rates according to destination, and new requirements to prove that exports arrive at the given destination were finalized at the meeting February 26, despite calls from France at Tuesday's Council to keep the system for export refund administration simple.

The introduction of a tendering system for export refunds, only for SMP, butter and butter oil – and for a minimum bid of ten tons, has been a clear Commission intention since the Court of Auditors criticized the poor transparency of the export refund system last July.

There were a number of late changes in the text including: the stipulation that bids must be submitted to the relevant national authority by the Wednesday 11 am prior to the adjudication, an increase in the proposed guarantee for SMP, and the need to stipulate the intended export destination when bidding.

The separate move to introduce different refunds for different destinations was driven mainly by Russian threats to introduce import quotas. As a gesture towards the Moscow authorities, it was agreed to reduce refund rates for butter/butter oil destined for Russia by 10%.

Further changes include the removal of all refunds on dairy products destined to the new Member States, and a 30 percent cut in all rates for Andorra and Gibraltar.

The differentiation in rates obliged the meeting to finalize rules on the proof of arrival at the intended export destination, another controversial issue that has also been under discussion for several weeks.

Applicable immediate, the Commission conceded that a transitional regime should apply until the end of the year with a wider range of documents deemed acceptable proof.

A further notable issue that was finalized was the implementing regulation for the dairy quota regime following last June's reform. One significant change here is the change in the system of volume controls, whereby Member States will be obliged in the future to make controls on at least 1 percent of farms in 2004/2005 and 2 percent from 2005/2006 onwards.

At present Member States are obliged to check at least 40 percent of volumes delivered to dairies, but only need to make checks at farm level where there are indications of dubious practice.

The information in this report has been drafted from Agra-Facts.

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¹ SMP – Skimmed Milk Powder

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E23077	Dairy Semi-Annual	5/20/03
E24023	Export Refunds on pig meat	2/05/04
E23080	Fruit and Vegetables Export Refunds	5/22/03
E23044	Fruit and Vegetables Export Refunds	3/24/03

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