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Dairy and Products

EC Dairy Management Committee lowers Private Storage Aid and Export Refunds

2005

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Report Highlights:

On February 10, 2005, EC's Dairy Management Committee (Mancom) lowered the Private Storage Aid (PSA) level for butter for 2005, setting the fixed storage costs at €17.92/MT (from €24.0 in 2004) and the daily rates at €0.33 (down from €0.35). The maximum quantity is also reduced by 10,000 MT to 110,000MT. At the same time the Mancom lowered the export refunds 6 percent for WMP and by 10 percent for all cheeses. These decreases in support will reduce EC's subsidies on the dairy sector.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2]
[E3]

MEETING OF THE MANAGEMENT COMMITTEE FOR MILK AND MILK PRODUCTS ON FEBRUARY 10th, 2005.

Private Storage Aid

In accordance with Commission Regulation (EC) No 2771/1999, the aid for the private storage of butter (PSA) is fixed each year. The proposed aid for contracts concluded in 2005 is €17.92/ ton for the fixed costs, €0.33/ton a day for the costs of cold storage and an interest rate of 2.25 %. The PSA is limited to 110,000 Mt. The PSA opens on March 1st, 2005 and closes on August 15th.

Export Refunds

The Commission reduced the whole milk powder (WMP) refunds by 6 percent and all cheese refunds by 10 percent. The refund for "Feta" cheese made from cow milk was removed completely. All other rates remain the same.

Aid for the production of Casein from skimmed milk

The level of aid for the production of casein and caseinate from skimmed milk was reduced by 52 percent from €2.7/100 kg to €1.3/100 kg.

Extension of the validity of export licenses

Since 1 September 2004, Russia is requiring specific veterinary certification for dairy products originating in the EU. In some member states those certificates are not available yet. Therefore, an extension of the export licenses issued in August to November 2004, with destination to Russia was agreed.

Export tenders accepted

At this meeting, the Commission also awarded export refunds for 25,415 MT of skimmed milk powder (SMP) at €31/100 kg; 13,385 MT of butter (82% fat) at €136.5/100 kg, plus 800 MT to Russia at €131; 25 MT of butter (80% fat) at €134/100 kg and 5,611 MT of butteroil at €166.5/100 kg. All butter refunds were decreased by €1/100 kg compared to previous tenders.

Background

These cuts in subsidy levels for the PSA and export refunds are a logical consequence of the agreement in the 2003 CAP reform to reduce the intervention prices for butter and SMP in four yearly steps. As a result, this will lower the amount of subsidies the EC is spending on the dairy sector.

Related reports from USEU Brussels:

Report Number	Title	Date Released
E34097	Favorable Market Conditions Draws EU NFDI Intervention Stocks Down	12/02/2004
E34083	Dairy Annual	11/05/2004

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