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## EU-27

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### **EU halts all export subsidies for dairy; expands dairy fund**

**Report Categories:**

Dairy and Products

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**Report Highlights:**

On November 19, 2009, the European Commission ended export subsidies for butter exports, two weeks after halting export subsidies for all other dairy products. This occurs as 51,000 MT of butter and 65,000 MT of SMP were dedicated for EU domestic food aid programs in 2010. The budget for the new dairy fund is increased to €300 million, from €280 million.

**General Information:**

**European Commission ends all export subsidies for dairy.**

The European Commission (EC) Management Committee (Mancom) decided on November 19, 2009, to halt export subsidies for butter exports, after it had already halted export subsidies for all other dairy exports in its previous meeting in early November. This decision was taken as EU butter prices

further increased to about 30 percent above intervention price levels. A possible explanation for limiting EU butter exports comes from speculation about possible butter shortages in 2010 after the EC dedicated about two thirds or 51,000MT of butter intervention stocks to its [2010 food aid plan](#) [1] for the needy. Also, 65,000 MT of Skimmed Milk Powder (SMP) from intervention stocks was dedicated for EU domestic food aid in 2010.

### **Germany first Member State to provide new aid to dairy farmers**

The EU Commission approved the German government plan to pay new aid of about €100m for 2009 and 2010 to dairy farmers, in line with the recent EU decision to allow member states to pay up to €15,000 per farm over the 2-year period.

### **Milk fund budget expanded to €300 million**

On November 18, 2009, EU Agricultural Ministers accepted in the second reading of the 2010 EU budget that the emergency milk fund should be €300 million, as opposed to the European Commission's proposed €280 million. This money will be made available to Member States on a pro rata basis of milk production quota for the support of dairy farming after Member State programs receive EC approval.

[1]

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1779&format=HTML&aged=0&language=EN&guiLanguage=en>