



HE Catherine Ashton MP, EC Commissioner for Trade  
HE Mariann Fischer Boel, EC Commissioner for Agriculture

Dear Commissioners

We are writing to object to the European Commission's recent decision to reintroduce export refunds on butter, cheese and whole and skimmed milk powder.

This decision appears to be in response to short-term pressures which could trigger wider consequences resulting in a further deterioration in world dairy prices. We urge you to reverse the decision.

Australia has welcomed the strong efforts made by the EU in recent years to undertake reform of the Common Agriculture Policy. The Commission's decision on dairy export subsidies, however, represents a serious backward step. European export subsidies will likely drive international dairy prices even lower and, at the very least, prolong the current downturn. Not only will it impact on dairy producers in countries such as Australia and including many developing countries which trade at world prices, it may also trigger the re-introduction of similar subsidies in other major dairy producing countries.

In the interim, we hope you will exercise a high degree of restraint in the setting of the level, volume and duration of the refunds. Unless utmost care is taken in the setting of the level of the subsidy, it will be difficult for world prices to recover. It would be extremely regrettable if you extended subsidies to developed country markets such as Japan and Canada, which were excluded from previous EC subsidy programs.

We have appreciated the close working relationship between Australia and the EU in relation to both the current financial crisis and in completing the Doha negotiations. The EC decision on export subsidies sends an unhelpful signal in the context of the recent commitment by the G20 to an open global economy, and underlines the urgency with which we need to finalise the agriculture modalities.

We look forward to continuing our close cooperation to help bring the Doha round to a successful conclusion.

Yours sincerely

**SIMON CREAN**  
MINISTER FOR TRADE

**TONY BURKE**  
MINISTER FOR AGRICULTURE,  
FISHERIES AND FORESTRY