To: Recipients of MAFF's consultation letter on the DBES of 14 December 1998

22 February 1999

Dear Sir/Madam

DATE BASED EXPORT SCHEME

1. I wrote to you on 14 December 1998 with details of our proposals for implementing Commission Decision 98/692/EC which enables exports of beef from the United Kingdom under the Date Based Export Scheme (DBES).

2. I would like to thank all those who commented on our proposed procedures for operating the DBES and the draft regulatory appraisal associated with the statutory instrument to implement this scheme. I will be writing individually to some respondents who raised specific detailed issues about our plans. However, the attached response document, which is being sent to all consultees, sets out the main points raised, and our comments and conclusions.

3. If you have any further comments I would be pleased to receive them.

Yours faithfully

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PROPOSALS FOR IMPLEMENTING THE DATE BASED EXPORT SCHEME (DBES)

Response to consultation

A. Responses to specific questions raised in the consultation document.

1. Can your organisation give any information on the likely scale of exports that is realistically to be expected over the first two years of the scheme and the throughput for which the scheme should therefore be designed to cope?

Although some respondents were optimistic that markets still existed, the general view was that current exchange rates, the fact that the UK is now a net importer of beef and the constraints of the DBES indicated that any beef export market in the next few years would be very small (10 - 20 000 tonnes in the first year was suggested). It was expected that the majority of slaughterhouses would choose not to export beef under the DBES due to the cost and limitations of dedication.

Comment

We are establishing the necessary administrative back up to the DBES on the assumption that there will be a limited take up for the Scheme in the early days. This may however grow as export markets are re-established, and we aim to be able to support a larger demand by recruiting additional staff if that should prove necessary.

2. Does your organisation know of any cases where there may be requests to prove dam survival other than through a search of official computer databases?

Respondents were strongly in favour of having the option to provide documentary evidence of dam survival if it could not be established by a search of official computer databases. It may not be widely used, but would be of particular interest for suckler herds and veal calves.
Comment

This response is in line with the assumptions which underly our proposals for implementing the Scheme. It is relevant to the comments of some respondents that the Scheme should also be open to cattle which are 6 to 12 months old (see point below). Our proposals provide for official veterinary statements and references to official records as a means of establishing that the dam survival criterion is satisfied.

Verification of dam survival based on documentary evidence will inevitably be slower and more expensive than checks of official databases. We will aim to streamline this procedure to the greatest extent without compromising its security. If a slaughterer wishes to make extensive use of documentary evidence, we will try, in discussion with them, to find an arrangement which suits their operation, within the Scheme requirements.

3. Is this system for recovering costs the best that can be devised or is any alternative preferable?

Opinion was divided over the recovery of costs. Some respondents were content with our approach but others felt that the Government should meet the initial running costs of the scheme. It was thought by some that the proposed charges would make British beef uncompetitive on the world market. No different methods of charging for eligibility checks were suggested. Some observed that the costs would be passed back to producers.

Comment

The Government is meeting the costs of setting up the Scheme. These include a considerable amount of IT development and some of the costs of establishing a new office at Gloucester to administer the Scheme. Despite the comments made, the Government remains of the view that it is reasonable to pass on the running costs of the scheme to the industry which benefits from the Scheme. This will be raised through charges to the DBES approved slaughterhouses for each animal checked for DBES eligibility; and to slaughterhouses and other meat premises for approval and for the cost of additional controls.

We have not yet fixed the level of charges because it is important that the cost estimates on which they are based are as accurate as possible, and we are continuing to work on this. For eligibility checks we aim to have levels of charge which will be closely related to the costs of processing the application. This may mean two or more rates of fee: for example, applications which are submitted electronically and rely solely on the checks of official databases for dam survival are significantly cheaper to process than paper applications accompanied by documentary evidence of dam survival. The method and level
of charging finally adopted will be publicised to ensure that all concerned with this trade are aware of these costs.

4. **Does the draft regulatory appraisal give a fair indication of the impact of the proposed regulations and how can it be improved?**

It was suggested that the additional costs for participating meat processing and cutting plants should be included in the regulatory appraisal. The costs involved if a UK retailer demands DBES beef in their products should also be mentioned. The point was made that the DBES may not necessarily increase revenue for the industry.

**Comment**

We are reviewing the regulatory appraisal in the light of the comments received. However, it is our view that the costs arising from commercial decisions of UK retailers are outside the scope of the regulatory appraisal because they do not flow directly from the proposals for regulation.

5. **Are there any particular issues which need to be covered in the planned guidance?**

The majority of comments emphasised the need for a simple guide to the rules and procedures of the DBES.

**Comment**

We are considering the suggestions made. A guidance booklet for general use on the rules and procedures of the DBES is being prepared, though we will not be in a position to publish it finally until the Commission inspectors have reported. There will also be more detailed guidance for slaughterers and processors of DBES beef and for LVIs. We hope to be able to show this material in draft to some of the organisations with an interest, though the timetable for producing it does not allow for full or lengthy consultation.
B. Comments received on Annexes A-D

6. Dam Survival

Many respondents suggested alternative methods of establishing dam survival.

Comment

Establishing that the dam survival criterion of the DBES is met is the principal limiting factor to identifying DBES eligible cattle. The establishment of the Cattle Tracing System (CTS) on 28 September 1998 provides an efficient tool for this purpose. However, CTS will not be able to provide significant coverage for this purpose until the majority of dams of potential DBES animals are animals born after September 1998 and are therefore registered on the system.

We are strictly constrained by the DBES Decision requirement that we “obtain and verify positive official evidence” that the dam survival criterion is fulfilled. The requirement for official evidence means that we cannot accept declarations from farmers, breed societies, auctioneers or vets who are not appointed as LVIs. It has been suggested that National Milk Record data could be used. We are discussing this with NMR but it is not certain that this proposal would be acceptable to the Commission, nor is it clear how well it will operate in practice. Commission inspectors have already confirmed in principle that our present proposals are acceptable. Any further changes/additions which we propose will have to be agreed with the Commission. At this stage, significant changes cannot be made without delaying the resumption of exports, and can only be contemplated as possible future developments.

7. Markets

It was generally thought important not to exclude livestock markets from the DBES. It was suggested that markets could play a significant role in identifying suitable stock for DBES slaughterhouses.

Comment

As noted in the consultation document, our intention is that the DBES should focus on identifying eligible cattle which are intended to be slaughtered in approved slaughterhouses for export. We wish to avoid opening up the scheme to a large volume of speculative applications which would not be matched by exports. We therefore propose that for the present, the identification of eligible cattle will be based on applications from DBES approved slaughterhouses. However, we will keep this under review.
In the meantime, in order to prepare applications, slaughterhouses will need to identify the producers from whom they want to source their animals. We expect that this will mainly be done directly between slaughterers and farmers. However, there may be opportunities for markets to act as agents or as collection centres, if producers or slaughterers see advantage in that. This would be for the parties concerned to arrange.

8. Applications

Some respondents were concerned that only DBES slaughterhouses were permitted to submit applications for eligibility checks.

Comment

We cannot see any way to open the scheme more widely without giving rise to large numbers of speculative applications. Given likely levels of demand, we believe that sufficient animals will be found to meet export requirements. However, we will keep this particular aspect of the scheme under review to ensure that it does not cause serious market distortions.

9. Information about DBES eligible cattle

The results of checks on the DBES eligibility of cattle should be given to the owner of the animals as well as to the slaughterhouse which submitted the application for the checks to be carried out.

Comment

We accept that it is reasonable for the owners of cattle to be informed of the results of DBES eligibility checks in respect of their cattle. The DBES Unit will therefore send this information both to the applicant slaughterhouses and to the farmers whose cattle are included in the application. Each of the farmers concerned will only receive the results of the checks in respect of their cattle and not other farmers’ cattle.
10. **12 Month age limit**

Concern was expressed that a 12 month minimum age limit for cattle to be entered into the DBES would prevent the development of export markets for pink veal and young bull beef.

**Comment**

The proposal for a 12 month age limit for cattle entering the DBES was made because the searches of official databases for evidence of dam survival give very limited results for the 6 - 12 month age category. Documentary evidence would be needed in most cases: that is more complex and expensive and there would have been little point building this into the scheme if there were no demand. However, in the light of the views expressed, it is now proposed that applications for DBES eligibility checks should be permitted at any time after the animal is 6 months old. We are adapting our procedures for implementing the Scheme accordingly.

11. **A more relaxed scheme?**

Several respondents commented on the need to negotiate a more relaxed scheme than the DBES. The requirement for all DBES premises to be dedicated to handle only export eligible bovine products has been singled out as a particular problem.

**Comment**

We are all too aware that some of the conditions of the DBES are burdensome and difficult to comply with. Although the UK made it clear during negotiation of the DBES that it considered the rules to be stricter than necessary, other Member States would not have accepted the DBES without them. There is no reason to believe that this position would be any different if the Decision had been postponed.

The requirement for dedication is in the European Commission’s DBES Decision and we are obliged to apply it. Alternative methods of ensuring that export eligible beef is not handled together with non-eligible product - such as export dedicated days - are not available.

Responses to this consultation have confirmed the Government’s view that dedication is the most significant commercial problem in the Decision and this will be a high priority in any review of the DBES Decision. However, it is also the Government’s view that we need to demonstrate that the present scheme works and build confidence in UK controls before we can press for relaxations of the rules.
12. **Arrangements for the export of bovine products from beef of foreign origin (XAP scheme)**

Clarification of the relationship between the DBES and the XAP arrangements for the export of bovine products from beef of foreign origin was requested.

**Comment**

XAP-registered establishments are currently permitted - with appropriate controls including time separation - to use British beef for domestic production and imported beef for export production. These establishments must decide whether in future they wish to handle and/or process DBES beef for export. If so, they will have to become dedicated to handle or process only beef and beef goods which are eligible for export (i.e. DBES, ECHS or imported). No other British beef can enter the premises, and any export-eligible beef product which is released onto the domestic market must have all additional export marks cancelled or removed. If XAP establishments do not want to adopt the controls needed for approval to handle DBES beef then they may continue under the present arrangements, using imported beef for export production and non-DBES eligible beef for domestic production.

We will be providing guidance for such premises on the new requirements.