



Challenges of Exports of BiH Dairy Products to the EU

State of play

BiH is not able to export most of its products of animal origin to the EU market because it has so far failed to adopt EU standards in the veterinary and food safety sector.

The accession of Croatia to the EU on 1 July 2013 and the subsequent loss of its market for BiH producers highlighted the problem of non-compliance with EU standards in the veterinary and food safety sector. Once the EU standards are met, BiH producers would be able to sell their products not only in Croatia, but in all the EU member states, a market of over 500 million consumers.

The background

To meet conditions for export to the EU, BiH needs to adopt laws regulating this area:

- the **Veterinary Law**
- the **Law on Food Safety**
- the **Law on Agriculture and Rural Development.**

The EU provided support via TAIEX (http://ec.europa.eu/enlargement/taix/index_en.htm) in drafting these amendments. However, the deadline of their adoption was not met, and the laws are internally put on hold.

The EU has invested around 19 million EUR over past 10 years to help BiH authorities meet the conditions for export to the EU.

In order to reduce the time gap until these laws are adopted, BiH authorities offered a provisional solution: a *Protocol establishing the Chain of command meeting the requirements for export of milk and dairy products originating from Bosnia and Herzegovina to the EU, in accordance with article 4 of the Regulation 605/2010* ('Milk Protocol'). The 'Milk Protocol' was signed between the Ministry of Foreign Trade and Economic Relations of BiH and the entities' and cantons' Ministries of Agriculture on 26 September 2013. Its aim was to establish a clear chain of command and control in the process of dairy production in order to enable BiH to be listed as authorised exporter of pasteurised milk and hard cheese to the EU. This Protocol has not been fully implemented yet.

To help BiH be listed as a country allowed to export to the EU, the EU organised an FVO (European Commission's Food and Veterinary Office, http://ec.europa.eu/food/fvo/index_en.cfm) mission to assess practical implementation of the Milk Protocol and evaluate official controls over the production and processing of dairy products destined for export to the EU.

The audit was carried out in January 2014, and found that the country is not yet ready to export to the EU. Capacities to implement official controls and ensure an efficient exchange of information within the control chain need further improvements.

The FVO report came out in May 2014 and the BiH responded to its recommendations with an Action Plan in June 2014.

The draft report and the BiH response are available on the DG SANCO website:

http://ec.europa.eu/food/fvo/ir_search_en.cfm

Following negative comments from the FVO, BiH prepared a second, revised Action plan at the end of August 2014. The FVO response of 18 November 2014 stated that while the actions proposed by BiH will greatly improve the control systems in place, they do not provide fully satisfactory guarantees with regard to five of the six recommendations.

The 'Green Light' to export to the EU will depend on how quickly the BiH authorities will implement the Action Plan, once approved. The FVO will only carry out a follow-up mission once there is a reasonable assurance that the Action Plan is fully implemented. As the situation stands now, the next FVO mission on dairy could be expected in about one year's time. In case that the follow-up mission discovered further weaknesses, the process might be further delayed. This would prolong the damage incurred to the agricultural / dairy producing sector in BiH.

The EU has already designated Ploče harbour for export of non-EU compliant animal origin products to third countries.

Way forward

In the interests of an efficient solution to BiH's current inability to export goods of animal origin to the EU, and in order to address the concerns of its dairy producers, BiH authorities need to urgently implement the EU (FVO) recommendations from January 2014 and thus create the prospect for the country to be allowed to export its products to the EU in the foreseeable future.

The best interests and health protection of consumers in BiH would be well served if progress is made – the same standards are not applied for the milk exported to the third countries and for the milk placed on BiH market, which is of lower quality.

For now, BiH exports fish, honey and sugar to EU. Potato is expected to be eligible for export to the EU in 2015, provided it meets the given conditions.



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Summary of FVO comments from 18 November 2014 to the revised Action Plan submitted by BiH authorities on 27 August 2014 to address the EU recommendations following the FVO mission in January 2014:

1

On the *official audit controls*: While the development of an audit capacity is welcomed and while it has the potential to bring about improvement of the official control systems, **this does not address all aspects of the recommendation** [e.g. the FVO audit found that local CAs are not obliged to follow recommendations, instructions and guidelines issued by the SVO or entity level CAs; the current system does not ensure that corrective actions are taken or followed-up when non-compliances are detected; as for the audit capacity, no guarantees of when the new audit capacity will be fully operational are provided];

2

On the sufficient *knowledge of staff* involved in controls and certification: the training plan and the training courses already delivered **satisfactorily** address this recommendation;

3

On establishment of *documented control procedures* for official controls at dairy processing establishments and milk production holding: **may be satisfactory** with further clarification and once clarified/corrected the training plan provided in response to recommendation number 2 with the (reviewed) instruction issued. Certification: the check on export **still incomplete** if the veterinary inspector only carries out an identification check and check of authenticity of certificates and not the accuracy of the content of the documentation. Verification of the information in the documents need to be added to the check of existence of the documentation within the checklists for conducting official controls;

4

on *approval of dairy establishments to be listed for EU export*, together with milk production holdings where they source the raw milk (Regulation (EU) No 854/2004, to meet requirement in the business of live animal breeding, production, treatment, processing and storage of products of animal origin for the purpose of export to the European Union market): this recommendation **may be addressed if** in-depth verification of the requested documentation takes place, as specified above under no 3;

5

on ensuring *inspection of milk production holdings* performed in line with EU compliant model certificate (stipulated under the Regulation of 605/2010 on the official controls) and on *the quality of the raw milk* used for the manufacturing of dairy products that needs to meet the requirements set out in the mentioned certificate: while the **implementation of the action proposed will greatly strengthen** the control system, **a number of issues remain outstanding** or in need of clarification;

6

on ensuring *principles of certification* equivalent to those laid down in Council Directive 96/93/EC (control/veterinary certification of the *health status* of animals and consignments of animal origin in domestic and international trade, as required by the mentioned Directive): The **implementation of the training plan** (in point 1), the audits of controls (response to recommendation 1) and the instruction concerning **export certification procedures** for consignments of milk and milk products, **should together bring improvement** in the reliability of the certification system. However, a number of important elements of the above Directive are still not included.