



Revised Operating Procedures for the CWT Export Assistance Program

Effective April 18, 2018

The following procedures shall apply to the operation of the CWT Export Assistance Program for the remainder of 2018 and beyond (as appropriate), and shall constitute terms of any agreement reached to provide export assistance:

- 1. Eligible Participants.** Only fully participating CWT member cooperatives and wholly owned subsidiaries may apply for assistance in connection with export sales.
- 2. Basis for Application Acceptance.** CWT will receive bids and either award export assistance at the level requested or offer a level of export assistance it is able to provide. When insufficient funds are available to operate in this manner, CWT will cease making offers and award export assistance if the level of assistance requested is supported by market fundamentals and is in the best interests of the CWT program, as determined by CWT management.
- 3. Submission of Applications.** To be considered, bids for export assistance must be:
 - a. Submitted on the “CWT Application for Export Assistance” form and must provide all information required.
 - b. Applications must be submitted by e-mail to kgibsonwhite@nmpf.org and jtillison@nmpf.org, not later than 12:00 p.m., ET on Tuesday each week CWT is accepting applications.
- 4. Notification of Accepted Applications.** CWT will notify all members submitting applications via e-mail, not later than 4:00 pm ET on Wednesday of that week, whether their applications have been accepted or not. For bid applications not accepted outright, applicants must respond to CWT’s counter offers of assistance no later than close of business of Friday of that week unless advised otherwise by CWT management.
- 5. Eligible Products.** Eligible products must have been manufactured in the United States exclusively from U.S.-origin milk by a fully participating member cooperative of CWT, a wholly owned subsidiary of such a cooperative, or a joint venture (as defined in the note at the bottom of page 3) in which such a cooperative is participating. CWT will provide assistance only in connection with the export sales of the following:
 - Butter
 - Whole Milk Powder
 - Cheese(s) -
 - Cheddar
 - Colby¹
 - Gouda¹

- Monterey Jack¹
- Swiss/Emmentaler
- Blends of the natural cheese varieties listed above¹

¹ Export Assistance will be based on calculations using a cheddar cheese equivalent basis adjusted accordingly.

6. **Eligible Volume.** The volume of product eligible of assistance weekly for each member on a per customer, per country, per product basis are as follows:

- a. 150 metric tons for Butter²
- b. 150 metric tons for Whole Milk Powder²
- c. 300 metric tons for each eligible Cheese variety listed above

² CWT will consider bids in excess of 150 MT for Butter and Whole Milk Powder if the appropriate “Exception” criteria are met. (See page 5 for Exception Criteria).

7. **Eligible Destinations.** CWT will provide assistance in connection with export sales to any country except a country with which trade in the eligible product is restricted in accordance with U.S. export control regulations. **(Exceptions: Mexico and Canada are not eligible destinations for export assistance on any dairy products.)**

Note: A change in destination of an accepted bid invalidates acceptance by CWT of that bid unless approved by the CWT management.

8. **Packaging.** Sales of eligible products may be in retail-type packaging; however, the amount of assistance CWT provides will be based on standard bulk product and not on the retail value of the product.

9. **Sales and Export Period.** CWT will provide assistance only in connection with sales finalized and invoiced after the request for assistance (the bid) has been accepted by CWT or CWT’s offer accepted by the member cooperative.

Butter and Whole Milk Powder

CWT will only consider requests for assistance on butter and whole milk powder that are to be exported within 90 days after the month in which CWT accepted the bid. **In order to be considered the delivery period specified on line 8 of the bid form cannot exceed a three-month delivery window. For example, a bid submitted in the January cannot have a delivery window that extends beyond April.**

However, CWT will consider bids that request an extension of the delivery time period if the appropriate “Exception” criteria are met. (See page 5 for Exception Criteria).

Cheese

CWT will only consider requests for assistance on cheese(s) that are to be exported within 180 days after the month in which CWT accepted the bid. **In order to be considered the delivery period specified on line 8 of the bid form cannot exceed a six-month delivery window. For example, a bid submitted in the January cannot have a delivery window that extends beyond July.**

10. Calculation of Export Assistance. CWT will pay an export bonus on accepted bids equal to the metric tonnage actually shipped and entered into the country of destination, not to exceed 110% of the tonnage requested rounded to three decimal places multiplied by the accepted bid amount per metric ton.

11. Documents Required for Payment. CWT will pay the export bonus only after it has received the following documents:

a. A commercial invoice to CWT containing the following information:

- i. Name and address of purchaser in eligible country
- ii. Product description and specifications
- iii. Product tonnage
- iv. Invoiced product value, in U.S. dollars
- v. Export Assistance bid per ton
- vi. Date shipped from the CWT member's plant
- vii. Port of shipment
- viii. Name of vessel
- ix. Date and port of discharge
- x. Number(s) of shipping container(s)
- xi. Bill(s) of Lading number(s).

b. Bill of Lading showing date shipped from member plant

c. Stamped on-board bill(s) of lading with date and place of issuance.

d. Packing list(s).

e. A customs entry document, a paid receipt of applicable tariff duties, a bonded warehouse release form, a certification by the ocean carrier of off-loading and customs entry, or comparable document acceptable to CWT establishing the entry of the goods into the customs territory of the eligible destination.

f. Letter signed by authorized representative of the applicant attesting, to the best of his knowledge and belief, that the information provided in documents (a) – (d) above is true and accurate.

g. CWT retains the right to either collect samples of the product or require laboratory certification to attest to the product specifications.

12. Terms of Payment. CWT will pay export assistance within a commercially reasonable period after receipt of all required documents in good order, but in any case, not later than 30 days after receipt of all required documents. Product must be shipped by the bidding member and delivered to port of shipment within 30 days of the delivery period specified on the CWT Export Assistance Application. For this purpose, date of export will be the date stamped on the on-board bill of lading.

13. Calculation of Days. If the day for any action or obligation mentioned above falls on a Saturday, Sunday or federal holiday, then the day for such action or obligation shall be the next business day.

14. Settlement of Disputes. All bids and acceptances shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to its conflict of law provisions. Any dispute, claim, demand or controversy arising out of or relating to any Bid or any acceptance, or any agreement executed in connection herewith or any action to enforce any term, provision or condition hereof or thereof (a "Dispute") shall be finally

settled by binding arbitration administered in accordance with the terms and procedures set forth in the Bylaws of the National Milk Producers Federation.

15. Alteration of Terms. CWT reserves the right to alter the terms of its Export Assistance Program by publication of amendments to these Operating Procedures. Any amendment to these Operating Procedures will only affect those bids made and accepted after the publication of such amendment.

16. Information. Questions regarding participation and conduct of the CWT export assistance program should be directed to:

CWT Export Assistance Program
Management Office
2107 Wilson Blvd., Suite 600
Arlington, VA 22201
Phone: 888-Info-CWT (888-463-6298) Fax: 703-562-7444
info@cwt.coop

NOTE: A Joint Venture is where CWT member cooperative(s) owns at least 50% of a dairy product manufacturing facility with a processor not eligible for CWT membership and all the milk processed by the plant is from the CWT member cooperative(s) with the ownership interest. In this case, a CWT member cooperative with ownership interest can seek export assistance from CWT to market an eligible product overseas by completing CWT Export Assistance Application Form v1.0. and Joint Venture Export Assistance Bid Information form JV0804.

CWT Export Assistance Program Operating Procedures Exception Criteria

Effective April 18, 2018

CWT's current Operating Procedures continue to include specific restrictions on product volume and delivery period for butter and whole milk powder. The product volume and delivery period limitations found in the Operating Procedures (effective April 18, 2018) have been revised for eligible cheese(s) and are expected to meet the current needs of both member cheese exporters and the Export Assistance Program.

The limits on product volumes and length of the delivery window for butter and whole milk powder were put in place due to the cancellation of numerous bids involving those products and with large volumes and six-month delivery windows. These limitations have helped assure that CWT continues to meet its financial stewardship responsibilities and maintain the program's integrity.

However, in order to stimulate maximum export sales within the limits of our resources, CWT will provide added flexibility for butter and whole milk powder exports, where practicable. CWT management understands that some international customers prefer the certainty of a fixed price contract over a longer period of time and, perhaps, involving larger product volumes.

As a result, under the following circumstances, CWT will consider bids with product volumes per customer per week in excess of 150 MT for butter and 150 MT for whole milk powder and/or to extend the delivery time period beyond 90 days if unique situations arise and sufficient information is provided. Situations in which exceptions to the current operating procedures would be considered require:

- An email laying out the special circumstances necessitating an exception to the existing procedures.
- A completed bid form specifying the end customer, volume required, and specific delivery time frame not to exceed 6 months beyond the month in which the bid is submitted. An intended delivery schedule for product to be shipped by month should be included in the submission.
- The Member agrees to advise CWT staff each month of the volume of product shipped from the member's plant as part of the total shipment fulfillment.

CWT management reserves the right to eliminate consideration of such exceptions if either fiscal or cancellation issues occur in the future. It is in the best interests of the CWT Export Assistance Program to require that both members and their customers stay committed to all bid contracts submitted for consideration and accepted by the Program.