



Northern Ireland
Assembly

Dr William McCrea MP MLA
Chairperson, Committee for
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Commissioner Mariann Fischer Boel
European Commission
200, Rue de la Loi
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30 December 2008

Dear Commissioner Fischer Boel

Thank you for your prompt response, dated 27 November 2008. However, in light of the continuing crisis in the Northern Ireland dairy sector, I feel that I must press you again on the issue of EU support for the reintroduction of Export Refunds.

As you are probably aware, commodity dairy markets continue to fall and are at record historic lows in real money terms. This was reflected in United Dairy Farmers' December milk auction, which returned an average price for 30 million litres of 16.63 pence per litre (ppl). This compares with 17.30ppl in November, 18.03ppl in October and 25.1ppl in September. Indeed, compared with the average price at the December 2007 auction, this month's actual price represents a fall of 44%.

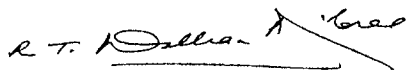
I cannot over-emphasise to you the hardship these disastrous prices are having, and will continue to have, in the coming months in rural communities and the wider economy in Northern Ireland. Those close to commodity markets tell me there are no signs of markets beginning to bottom out and the prospect is that as we start to see normal seasonal upturn in milk production in the EU, market returns will continue to fall. We urgently need the EU Commission to use Export Refunds to try and bring some stability to commodity dairy markets.

In your letter you outlined reasons not to intervene; however, I would put it to you that even though there may be doubts as to the efficacy of Export Refunds, the situation is now so serious that the EU Commission must act quickly to try and help our dairy industry. The alternative is to wait to see the effects of Intervention and PSA for butter. In my view, that would be a high risk strategy, because the likelihood is that intervention will fill very quickly and will have limited effect on falling markets. Given

that the volume of EU milk that would attract Export Refunds is small (less than 5%), the lower risk approach is to introduce these Refunds immediately. We need to remember that any market management measure will require time to take effect, and now is the time to introduce Export Refunds as we approach the seasonal upturn in milk production.

Dairy industry returns for processors and farmers are falling across the EU, nowhere more so than in Northern Ireland. We know that our milk auction is a barometer of where markets are and an early warning of what can be expected throughout the EU. The further fall in the December auction price is yet another indication of how serious the situation is. The Northern Ireland dairy industry is on its knees and needs help. The EU Commission has it within its power to provide that help. I would ask, therefore, that you use your good office to permit the reintroduction of Export Refunds.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R. T. O'Sullivan', with a horizontal line underneath. To the right of the signature, there is a small, illegible handwritten mark.

Dr William McCrea MP MLA
Chairperson to the Committee for
Agriculture and Rural Development