



Northern Ireland
Assembly

Tom Elliott MLA
Deputy Chairperson, Committee for
Agriculture and Rural Development
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Belfast
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Commissioner Mariann Fischer Boel
European Commission
200, Rue de la Loi
B-1049 Brussels
Belgium

9 March 2009

Dear Commissioner Fischer Boel

I am writing to you on behalf of the Committee for Agriculture and Rural Development to again express our concern at the severe financial conditions being experienced by the Northern Ireland milk sector.

As a consequence of commodity markets remaining depressed, mainly as a result of large stock overhangs, dairy farmer milk prices remain below the costs of production. The recent increase in Fonterra's March auction over its January and February prices for WMP is welcome and is hopefully a sign that milk powder markets may be bottoming out. However the volume of product in stock around the world remains high and returns at present are still below Intervention level.

The large volumes offered for both butter and SMP Intervention is an indication that markets are still not providing returns equivalent to Intervention. As European milk production is increasing towards peak production, the Committee believes that the European Commission needs to continue to fully utilise its market management tools to try to build some momentum for recovery on the back of the Fonterra auction result.

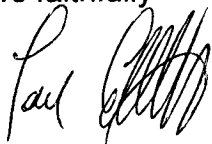
The Committee would also ask that the Commission recognise that in the current depressed markets, intervention is needed on a scale greater than they had anticipated and would call on the Commission to raise the ceilings for both butter and SMP. The alternative of recourse to tendering will only cause increased uncertainty and have an adverse effect on markets.

With regards to Export Refunds, markets for WMP are fragile and following the filling of intervention butter, may see an increase in supply. Export markets continue to

return lower prices compared to Intervention, even with the current rate of Export Refunds. The current rate of 290 Euro per tonne needs to increase to 350 to 370 Euro per tonne to bring overall returns onto a par with Intervention.

I would ask that you consider our concerns positively and help maintain our proud industry.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tom Elliott', written in a cursive style.

Tom Elliott MLA
Deputy Chairperson to the Committee for
Agriculture and Rural Development