



Farmers seek price increases

Andrew Hamilton

PRESSURE is mounting on Co-Op to pass on further price increases to beleaguered dairy farmers, as farm leaders called for a total overhaul of the structure of the European dairy industry.

With milk prices starting to rebound slightly from last years all time low, Clare farmers are being cautioned not to expect continued price stabilisation in 2010.

Speaking last week ICMSA President, Jackie Cahill dubbed the EU policy of milk a total failure and accused national and European policy makers of being unable or unwilling to accept that production levels and farm price were linked.

"The prospects for EU milk price in 2010 unfortunately are not encouraging. It is almost a certainty that the average 2010 milk price will not reach the level of 28 cent per litre or higher which is the basic minimum required to avoid further losses in dairy farming in Ireland," he said.

"Already there are indications of milk prices of 26.5 cent per litre being offered in Northern France for March milk. The fundamental and substantial imbalance in the EU market combined with the reluctance of the Commission to fund the export of product out of the Community and an overhang of supply from last year is the major obstacle to that upward price movement dairy farmers so badly need."

The ICMSA President accused the EU Commission and the Member States who favour continuing the policy of quota deregulation of failing to grasp the fundamental point of market balance and actively building up problems rather than solving them.

Meanwhile, the IFA National Dairy Committee Chairman, Kevin Kiersey, said the outcome of the Fonterra auction last week revealed a 7 per cent dip in the average price for whole milk powder, but a 4.4 per cent increase in the average price of anhydrous milk fat.

He said that an increase in world butterfat prices, coupled with the recent slight strengthening of the US dollar against the euro, would help make EU butter exports more competitive on world markets without the help of export refunds, just as EU SMP and cheese exports currently are.

"There is some evidence that EU dairy product prices have reached a plateau at high levels, with butter at least 40 per cent above interven-

tion price, and SMP over 20 per cent above," he said.

"While there is some concern that large commodity stocks in the EU and the US could overhang the market unless released carefully, all industry commentators consider the outlook for dairy product demand as positive as the global economic downturn comes to an end from this year."