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Photo attached. Caption embedded.

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29th September 2015

COVENEY HOSTS FIRST MEETING OF DAIRY FORUM

FOCUS ON MARKET DEVELOPMENTS AND PRICE VOLATILITY

Minister for Agriculture, Food and the Marine, Simon Coveney T.D. today hosted the first dairy forum for stakeholders in the sector. The forum has been established by the Minister to focus on strategic issues for the development of Ireland's dairy sector. Today's attendees were drawn from the farming, processing and banking sectors, with representatives from Bord Bia, Enterprise Ireland, the Environmental Protection Agency, Teagasc, Animal Health Ireland, and the Irish Cattle Breeding Federation (ICBF) also attending.

Commenting on the background to the forum the Minister said *"as we know, 2015 is an historic year for the Irish dairy sector as EU dairy quotas have been abolished. I've consistently said this decision provides a great opportunity for the Irish dairy sector but equally sets us some challenges which will have to be managed along the way. This forum is about bringing key stakeholders together to assess their preparedness for this growth opportunity and to focus on strategic issues facing the sector over the next few years"*.

The first meeting of the forum focussed on market evolution and price volatility. The package of dairy measures agreed at the EU Council of Agriculture Ministers on September 15th, was also discussed.

On market issues, the forum received a presentation from Ornua on recent developments for key dairy commodities and the likely outlook in the short to medium term. Commenting on the presentation and discussion afterwards, the Minister said *“there’s no question but that 2015 has been a challenging year for exporters of dairy products as a number of factors, including increased output in dairy producing countries and slowing demand in China and Russia. However there have recently been tentative signs that markets may be starting to stabilise as global production eases off slightly while demand starts to slowly increase again.”*

Participants also discussed potential measures to mitigate the impact of volatility, following a presentation by Dr. Michael Keane of UCC, on potential market and policy tools. Referring to this discussion, Minister Coveney said *“recent price volatility has been a reflection of turbulent global markets. This means Irish farmers are receiving a reduced farmgate price for their milk this year and I am fully aware of the difficulties which this has caused.*

While some price volatility is inevitable it is important that Irish farmers and processors have the tools to help overcome its worst extremes. The potential tools available go beyond EU market support measures. They include futures markets, longer term fixed price contracts between farmers and processors, more stable supply and price arrangements between processors and purchasers of raw materials and finished products, and more flexible banking arrangements for farmers, calibrated to allow for periods of temporary market downturn. Today’s forum provided the opportunity for relevant stakeholders to engage in a collaborative way on these challenges and to consider how they might respond”.

Concluding, Minister Coveney emphasised that the medium to long term outlook for dairy remained extremely positive *“The main message is that notwithstanding current market developments, global demand is expected to strengthen substantially in the medium to long term and it is essential that the Irish dairy sector is positioned to take full advantage of this opportunity. Today was a useful opportunity to for the industry to engage collectively on how it might go about that”. For my part, I will chairing the first meeting of the High Level Implementation Committee of the Food Wise 2025 strategy tomorrow, and I am determined that the agencies represented there will play their part in ensuring that the State plays its part in providing the policy and*

operational framework needed to realise the tremendous growth opportunity for the dairy sector”.

Note for Editors

The two presentations from today’s meeting can be found on the Department’s website at
<http://www.agriculture.gov.ie/farmingsectors/dairy/dairyforum/>

Ends