ICMSA MARKET RESEARCH CAMPAIGN 2009

15th Sept 2009

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BACKGROUND

Since it's formation in 1950 as a lobbying force for dairy farmers, the ICMSA has continued to develop and now has a membership drawn from a wide variety of livestock farming particularly the dairy sector.

The ICMSA works to maintain the maximum number of farm families in the agricultural sector through its activities at a local level, as well as representing the views of farmers at local, national and European Union levels. It organises regular seminars and meetings throughout the country to inform farmers on the latest developments in agriculture. It offers expert advice to individuals and groups of farmers on critical issues such as Taxation, Rural Development and Farm Services.

The Association draws up its own policy documents on agriculture and strives to influence EU and State policy in the sector. It ensures that the media are fully informed of the views and the needs of all livestock farmers.

RESEARCH OBJECTIVE

To carry out computer aided telephone research (CATI) on dairy units as follows:

- Views on milk quota system
- Opinion on current dairy policy
- Forecasting milk prices in 2010
- Impact of price changes on dairy farmers
- On-farm investment in the last 5 years

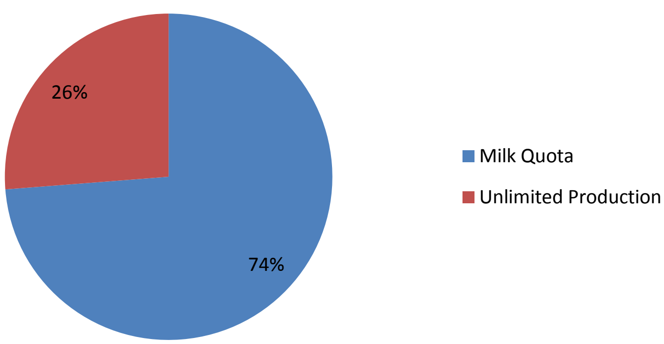
SUMMARY REPORT

RESEARCH SAMPLE BASE

263 dairy farmers were surveyed between 1st September and 16th September and that sample represented all dairy herd class sizes in Ireland.

QUESTION 1

Given a choice between a continuation of the milk quota system and a solid, stable price or an unlimited opportunity to produce milk with effectively no guarantee in price. Which would you prefer?

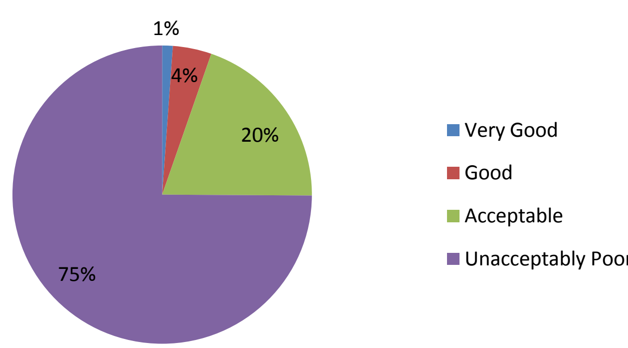


- 74% of farmers would continue with the milk quota system if they were guaranteed a solid and stable price.
- 26% of farmers would chose to produce unlimited quantities of milk even if there was effectively no guarantee in price.

QUESTION 2

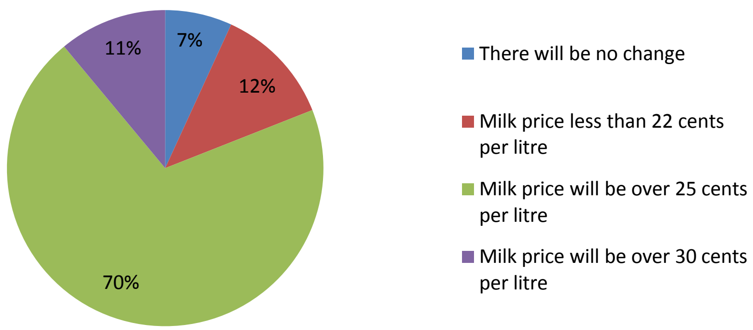
How do you rank the Minister for Agriculture Mr Brendan Smith, T.D. in terms of his policy on dairying?

- In terms of farmers' opinion on the current Minister for Agriculture's policy on dairying, the majority feel that this policy is *unacceptably poor*.
- 24% believe that current dairy policy is *good* or *acceptable*.



QUESTION 3

In terms of milk price in 2010…



70% of farmers agree that milk prices will be over 25 cent per litre in 2010.

12% believe that milk price will be less than 22 cent per litre.

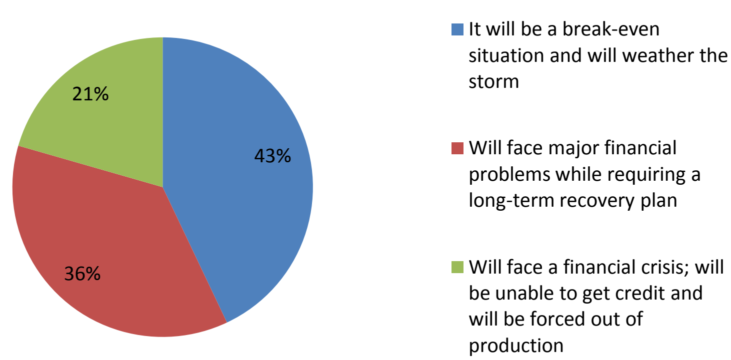
11% feel that in 2010, milk prices could reach over 30 cent per litre.

There will be no change to milk prices according to 7% of respondents.

QUESTION 4

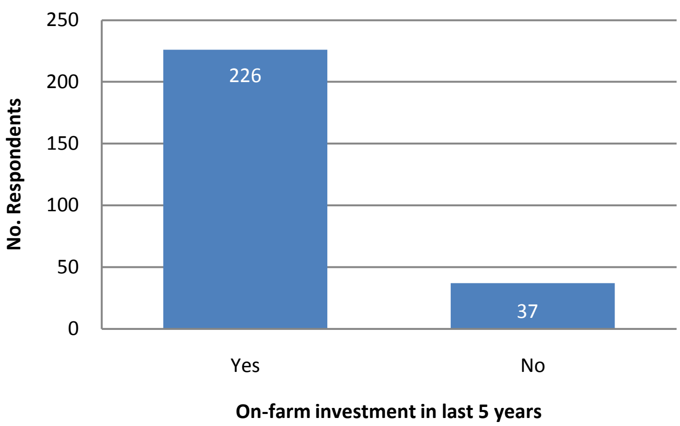
If the milk price is under 25 cent per litre in 2010 what will be the impact on your dairy farm business?

- If milk prices fall to under 25 cent per litre, 43% of farmers believe that *it will be a break-even situation and they will have to weather the storm.*
- 36% of farmers feel that they *will face major financial problems* in 2010, if prices fall. This will lead a long-term recovery plan being put in place.
- 21% of farmers fear that dairy farmers will be *forced out of production* if prices fall in 2010.



QUESTION 5

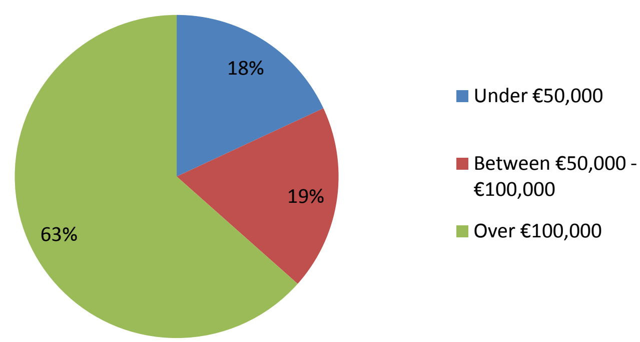
Did you make an on-farm investment in the last five years?



- 86% of farmers have made on-farm investment in the last 5 years.

If 'yes', how much?

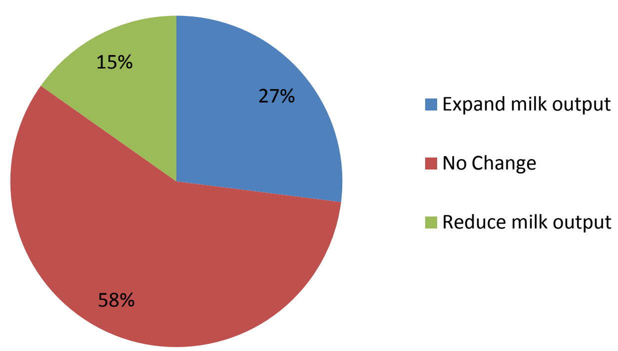
- 63% of those that made an on-farm investment spent over €100,000 in the last 5 years.
- 19% of farmers invested between €50,000-€100,000 in their farming business.
- 18% invested under €50,000 in their farm.



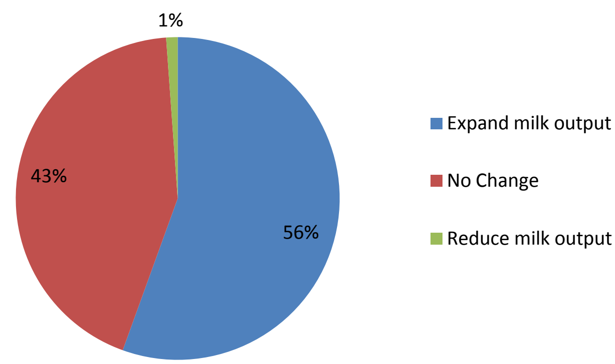
QUESTION 6

Faced with these two scenarios on milk price (i.e. milk price not greater than 25 cents per litre or milk price greater than 25 cents), which plan regarding milk production are you likely to adopt?

Milk price not greater than 25 cent



Milk price greater than 25 cent



If faced with milk price not increasing above 25 cent…

- 58% of farmers said they would make no change to their milk output.
- 27% would have to increase or expand their milk output.
- 15% of farmers would have to reduce their milk output in this situation.

If faced with milk price increasing above 25 cent…

- 56% of farmers said they would have to expand their milk output.
- 43% would make no change to their milk output.
- 1% of farmers would have to reduce their milk output in this situation.