



AIB expects increased demand for Milk Quota

14th February 2007

Following the launch of the new Milk Quota Trading Scheme, and the introduction of two market exchanges for the distribution of Milk Quota - before the start of the next milk year - AIB believes that there will be a significant increase in demand for the purchase of Quota under this year's scheme.

The results from the first exchange demonstrated a steady demand from dairy farmers to purchase Milk Quota. AIB believes that there will be greater demand and greater availability of Milk Quota in the second exchange. It is likely that farmers who previously adopted a 'wait and see policy' will help drive the demand for Milk Quota in the second exchange. AIB, in line with most market commentators, expects that up to 200 million litres will be transferred in the second exchange.

The dairy sector, like the agricultural industry in general, has been responding well to change over the last number of years. AIB has a proud track record in supporting the dairy sector and is determined to maintain that record. The bank wants to reassure farmers of its continued commitment to the sector, which, it recognises, plays a very important role in the Irish economy. AIB will, once again, be assisting dairy farmers with their purchase of Milk Quota under the new scheme by providing them with access to very competitive and flexible Milk Quota loans.

Michael Dowling, Head of Agri Strategy, AIB Bank, said: *"AIB is acutely aware of the important role that the dairy industry plays within Irish agriculture. Acquiring Milk Quota is a critical concern for dairy farmers wishing to expand their business and in AIB we would wish to assure Irish farmers of our continued support for the dairy sector by offering flexible, low cost finance for farmers purchasing quota in this year's scheme. Given the level of demand for quota and the resultant requirements for financial support, I would urge farmers intending to purchase quota in the forthcoming exchange to contact their local AIB branch for the details."*

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