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**PRESS RELEASE ISSUED BY ETIENNE TERRE'BLANCHÉ,  
MANAGING DIRECTOR OF THE MILK PRODUCERS' ORGANISATION**

**Concern over further price cuts for milk producers**

“The Milk Producers’ Organisation (MPO) is very concerned over further price cuts in the producer price for milk, announced by milk buyers,” said Etienne Terre’Blanché, managing director of the MPO. “These price cuts mean that milk producers now carry the sole responsibility for absorbing increased input costs throughout the dairy value chain. This is creating an untenable situation.”

“The drop in milk production that will result from these price cuts, combined with factors such as the devaluation of the rand, which will make dairy imports expensive, once again creates the possibility of milk shortages in 2009,” Terre’Blanché said. “In the end, the consumer will pay the price.”

Terre’Blanché urged milk buyers to also take the long-term implications of decisions regarding producer prices, into account. “Over the past number of years, the industry was characterised by wrong price signals relayed at the wrong time. No milk producer or the dairy industry can plan or even survive when prices fluctuate so dramatically within such a short space of time. If the right decisions are not made now, the fluctuation of prices and milk shortages will in future be more dramatic and will occur within shorter cycles.”

**For further information, contact Etienne Terre’Blanché on 012 843 5600 or 082 900 7676.**

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