



MPO Newsletter / Nuusbrief

29 October 2010

Dairy industry refuses further concessions to the European Union

The South African dairy industry is not prepared to give any further trade concessions to the European Union (EU). This was pointed out to officials of the Department of Agriculture, Forestry and Fisheries (DAFF) at two consultative meetings held last week. Dr Koos Coetzee, industry representative at the Agricultural Trade Forum explained why the industry is reluctant to provide opportunities for tariff-free and low-tariff imports to the European Union: "The South African dairy industry already provides various provisions for imports at low or no tariffs and cannot afford to increase these quotas. We are a net importer of dairy products from the EU; our market is thus already open for EU exports. The European Union subsidises milk producers heavily and South African producers cannot be expected to compete against these subsidised producers.

"Our experience with previous and current SA-EU agreements is that we provide access to our markets but, as a result of various technical barriers put up by the EU and the inability of SA official structures to comply with EU requirements, are unable to benefit from quotas granted by the EU. DAFF officials accepted the viewpoint of the dairy industry," he said. The MPO will continue to monitor the SA-EU trade negotiations to ensure that the interests of milk producers are taken into account."

MPO provides information to members of parliament

The MPO was requested by AgriSA's parliamentary representative to provide information to a parliamentary fact-finding mission to the EU. Dr Koos Coetzee provided information on the current SA-EU, Trade and Development Cooperation Agreement and the proposed EU-Southern African Customs union (SACU) Economic Partnership Agreement to the delegates. Industry's reluctance to enter into further agreements with the EU was explained to them (See above for details).

MPO North and MPO Free State discuss mutual affairs

Management committee members from MPO North and Free State met in Pretoria last week to discuss shared interests.



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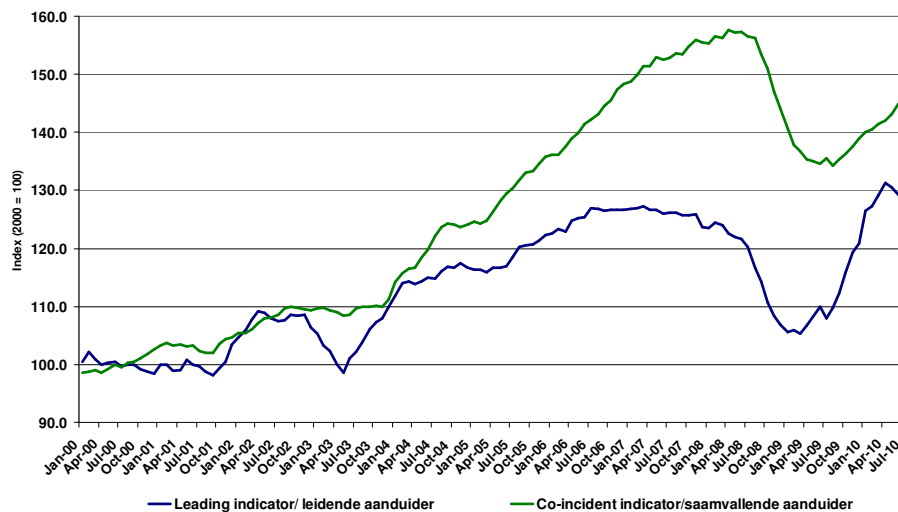
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Among these were that production statistics are distorted by the fact that Gauteng processors procure raw milk from the Free State. Concern was also expressed over the apathetic attitude displayed by some milk buyers towards the MPO. These buyers also do not deduct MPO membership fees from producers. A decision was taken that MPO management members from the Free State and MPO North will visit the relevant buyers in an effort to resolve differences. The meeting also discussed the seasonality of milk production and ways and means to address it. A follow-up meeting will be held shortly.

Economic recovery still shaky

The SA Reserve Bank's recently published composite business cycle indicators show that the recovery of the South African economy is still shaky. The leading indicator of business activity, an indication of future economic activity, has decreased slight from 131 in July to 130,9 in August. This level is however still substantially higher than the low of 105,3 reached in May 2009. The coincident indicator shows a constant improvement since the low reached in August 2009. It increased from 144,9 in June 2010 to 145,9 in July 2010. According to Dr Koos Coetzee these indicators show that, the recovery of the South African economy in the following months will be slow and may be erratic. The Reserve Bank business cycle indicators are shown in Figure 1.

Figure 1:



SLA with SARS

After a request from the MPO, the customs and border management unit from the South African Revenue Services (SARS) has notified the MPO they wish to enter into a service level agreement with the organisation. The MPO has been



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tasked to compile a draft document which will be combined with the SARS unit's input. A workshop to discuss the document will be held soon. Ms Barbara Bieldt, manager market protection and development of the MPO says that this is a further step in the action plan to curb low priced, sub standard and illegal dairy imports. Read more on market protection in the new [The Dairy Mail](#).

[New The Dairy Mail available now](#)

The latest edition of The Dairy Mail is on its way to farmers this week. The November magazine carries must-read articles on how our market is protected; there is also some interesting articles on what MPO KwaZulu-Natal is doing as well as some insight into the MPO chairpersons. There is, among other attention-grabbing articles, a story on raising kids (the goat kind) and a report on the AMT Agricultural Outlook Conference in Pretoria. Follow this link to [The Dairy Mail](#) for more information.

[SABS publishes standards for self-mixing of livestock feeds](#)

The South African Bureau of Standards (SABS) has provided a copy of the proposed standards for self-mixing of animal feed to livestock industries. The standard will be published for comment in two weeks' time. The purpose of the standard is to provide guidelines for good agricultural practice to farmers who mix their own feed. According to Dr Koos Coetzee, MPO economist who represents the dairy industry on the technical SABS committee dealing with these standards, this standard was drawn up with the practical requirements of self-mixers as a basis. Compliance with the minimum requirements in the standard will ensure that farmers satisfy processors' and retailers requirements. For a copy of the proposed standard < [click here](#)>

[New CEO at Parmalat?](#)

Rumour has it that Parmalat has appointed a new female chief executive officer, apparently hailing from Europe. If true, it will be the first time that a woman is in charge of a major dairy company in South Africa. We will publish the full story as soon as more details become available.

[Links](#)

[Milk Producers' Organisation – The Dairy Mail](#)

[Contact us](#)

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[Barbara Bieldt](#) – Manager: Market protection and development

[Dr Koos Coetzee](#) – Economist

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