

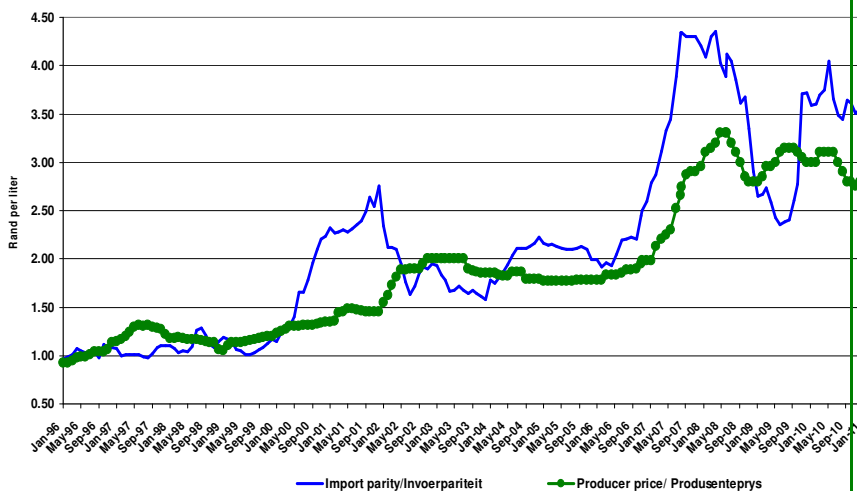
MPO Newsletter / Nuusbrief

11 February 2011

Higher world prices and weaker rand good for local industry

The increase in dairy product prices and weaker rand will have a beneficial effect on the local dairy industry. According to MPO economist Dr Koos Coetzee, the sharp increase in prices since 2009 as well as the current weakening in the value of the rand has increased both import and export parity. It will hopefully limit imports and provide some export opportunities for South African processors. Figure 1 shows the movement of import parity and average producer prices. As import parity is higher than the current producer prices, it will have an upwards pull effect on producer prices.

Figure 1: Producer and import parity prices



Market conditions improve

In the past week, the MPO received a number of enquiries from milk buyers who needed additional milk. These enquiries are in total contrast with news two weeks ago where some producers were merely informed that their buyer was no longer interested in their products. A number of buyers confirmed that there is a noticeable improvement in the market. Milk producers are hopeful that these short term signals point towards better medium and long term demand and that it may

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in time translate into higher producer prices. Over the past few months the milk price came under pressure to such an extent that many producers find it difficult to maintain production. A turning point in the profitability of the milk producer is extremely important for the dairy industry in South Africa.

Export certification discussed

A work group consisting of representatives of the MPO, the secondary industry and the Departments of Health (DoH) and Agriculture, Forestry and Fisheries (DAFF) met this week to discuss the progress made with the export certification of dairy products. South African dairy processors can still not export to the EU since DAFF's chemical residue monitoring programme is not in operation. A national programme based on the EU requirements was run in March 2010 during which 366 milk samples from milk producers were collected and analysed by DAFF. All these milk samples complied with South African regulations. DAFF cancelled a follow-up programme scheduled for October 2010 due to internal capacity constraints. The work group decided that DAFF will be requested to give an update of the progress on the issue. DAFF obtained the import requirements of most African countries, excluding Lesotho, Angola and Madagascar. It was noted by the meeting that the import requirements of different countries are not consistent and clarification are needed from DAFF before a document can be compiled for use by the industry. The meeting was informed that Lesotho recently instituted import control and certification requirements with respect to dairy products without any prior notification to the South African authorities. Ms Barbara Bieldt, manager market protection and development of the MPO said that the work group will submit a request to DAFF to negotiate harmonised export protocols, which include information sharing, with all the country's African trading partners in order to facilitate and promote the export of dairy products.

Transformation workshop in KZN

A Milk SA Transformation workshop was held at Cedara in KwaZulu-Natal last week. Mr Tom Turner, Chairman, MPO KZN, Mr Edsel Hohls, milk producer and Debbie Thomson, MPO KZN regional coordinator and Dr Nico Schutte represented the MPO at this meeting together with other crucial partners. The next step will be to form a steering committee to help identify local transformation projects and to promote the development of future projects. The development of such projects will be included in the strategy of the MPO KZN. The KZN Department of Agriculture and Environmental Affairs and MPO KZN have already entered into an agreement of cooperation which should result in better interaction between the province's primary dairy industry and the department.

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Transformation document in the making

The MPO is busy compiling a document under leadership of Mr Danie Schutte to be submitted to Milk SA. This document mainly consists of a record of the MPO's involvement with transformation through mentorships, technology transfer and training and will also contain recommendations for the future. The MPO regularly spends more money on transformation on behalf of its members than entire membership fees received. The information in the document will be used to assist milk producers in compiling and improving their BEE scorecards.

Farmers and climate change

Want to know more? This topic will be presented by professor Peter Johnston at the SA Large Herds conference to be held from 6-8 June at the Regent Hotel in East London. Visits to BEE joint-venture farms in the Alice district will take place on 8 June 2011. Among others, demonstrations on pasture allocations will be done by Philip Terblanche while Nigel Lok will give an overview of technology in practice. <Click here> for full programme details. The deadline for registration is currently 30 April but will be brought forward if maximum capacity is reached on an earlier date. Producers who are interested in attending the conference are urged to register as soon as possible to avoid disappointment. Register now by following this <link>. Send an e-mail to Sarine Wolmarans at Agrivia at sarine@agrivia.co.za for travel and accommodation bookings.

Group discusses agribusiness

The Agribusiness unit of the University of the Free State presents a market workshop on 17 February, on campus at the CR Swart auditorium, starting at 09:00. Registration includes lunch and workshop material. These workshops are held every term, lead by Prof Johan Willemse, and are usually attended by about a 100 farmers/banks or agribusinesses. At every workshop the macro economy (interest rates, exchange rate, commodity prices), grain (current prices, imports and exports, international/local production volumes and forecasts), and livestock (current prices, imports and exports, international/local production volumes and forecasts) are discussed. The emphasis is on group discussions to anticipate future market trends and the appropriate business strategy. Scenarios and strategy sessions are also presented on request to agribusinesses and farmer or industry groups. Interested parties are invited to confirm their attendance with Lize Terblanche at 051 401 09052/2824 or send an e-mail to terblanchel@ufs.ac.za. Contact the university's Department of Agricultural Economics' [Agribusiness website](#) for more information.



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Transport needed for stud cows

At the national award ceremony for Master Dairyman in Bloemfontein, Gerhard van Rensburg, Master Dairyman Eastern Cape, offered to donate two of his stud Jerseys to Johanna and Matli Motaung. Johanna was announced developing farmer of the year. She has 30 Holsteins on a farm between Ficksburg and Rosendal in the eastern Free State. This gift now needs wheels. Readers who can supply transport for the two prize cows are urged to contact Gerhard van Rensburg at laffie@icon.co.za, or at 082 376 5038.

Veterinary conference in Free State

A veterinarian-livestock farmer summit is held at De Stijl Hotel, Gariep Dam, on 25 March, from 14:00 to 18:30. On the agenda are a summary of veterinary services provided in South Africa and an overview of the red meat industry. Dr Koos Coetzee, MPO economist will shed light on the current and future prospects of the dairy industry. Closer cooperation between livestock producers and the veterinary profession will also be discussed. Contact Madaleen Schultheiss at vetlink@mweb.co.za for bookings and information.

Demand for rental cows in Free State

From time to time the MPO receives requests from producers who are looking for cows to rent, or who want to make some of their own cows available for hiring. There is currently a request from a Free State producer urgently needing cows to rent. Producers who are interested can contact Philip Swart at the MPO at philip@mpo.za, at 012 843 5672. The MPO is eager to assist in finding solutions.

Africa Trade and Export Conference

The second Annual Africa Trade and Export Conference takes place at the Southern Sun Grayston Hotel, Sandton on 22 to 23 February 2011. One of the main objectives of this event is to highlight the developments, challenges and opportunities in facilitating trade in Africa. The agenda also includes an exploration of export opportunities available to the African continent into high growth developing economies now that their traditional trade partners, such as the US and Europe, have had sluggish recovery from the global economic crisis. Please call George Madzivhe at (011) 781 6222 or send an e-mail to global16@globalprospectus.co.za if you are interested to attend.

Links

Milk Producers' Organisation – The Dairy Mail

Contact us

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Barbara Bieldt – Manager: Market protection and development

Dr Koos Coetzee – Economist

Philip Swart – MPO member services

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