

MPO Newsletter / Nuusbrieff

Represents and empowers the producer
April 2011

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SA dairy market grew by more than 4% in 2010

The South African market for dairy products grew by more than 4% in 2010. Recently released figures show that the demand for fresh milk grew by 4,5%, the UHT market by 5,1%, while the sales of pre-packed cheese increased by a significant 8,6%. The increase in sales was achieved at slightly lower prices than in 2009. According to MPO economist Dr Koos Coetzee, the positive growth of demand is an indicator that the South African market is aligning itself with international markets, that already experienced growth at higher prices during 2010. As the position of consumers improves, positive demand growth will continue - and with the expected increase in disposable income, the market may be less price sensitive than in 2010.

Movement control of animal products from FMD area relaxed

Following intensive veterinary investigations conducted by the Department of Agriculture, Forestry and Fisheries (DAFF) and its provincial counterparts over the past eight weeks, DAFF announced the relaxation of movement control measures from the foot and mouth disease (FMD) infected zone on 11 April. No evidence was found of active FMD or any spread of the virus. Resulting from the reduced risk profile, the Minister of Agriculture announced that the movement of meat hanged out to dry and matured animal carcasses will be allowed from the protected zone. Live animals are however still subject to movement control. For a copy of DAFF's press release in this regard <[click here](#)>.

Interim Rift Valley Fever report issued

The National Institute for Communicable Diseases (NICD) released its interim report on the 2011 Rift Valley Fever (RVF) outbreak on 8 April 2011. According to the NICD, an escalation in RVF activity was observed in recent weeks. From 1 January to 8 April a total of 20 laboratory confirmed human RVF infections were identified, but no fatalities have occurred. DAFF confirmed 21 animal RVF outbreaks during 2011 in the Western Cape, Eastern Cape and Northern Cape provinces. The NICD



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states that 85% of the humans infected with RVF work with animals on a regular basis within the farming and veterinary sectors and most of them contracted the disease through direct contact with infected animal tissues and/or body fluids. Exposure to mosquitoes and consumption of unpasteurised milk of infected animals can also lead to infection with RVF. For a copy of the full report, including a map showing confirmed human RVF cases per region, [<click here>](#).

MPO meets with USDA officials

A meeting between the MPO, represented by Dr Koos Coetzee, and a delegation from the United States' Department of Agriculture (USDA) took place last week. The delegation was led by the United States' agricultural attaché to South Africa, Mr Linstrom Terry, and consisted of researchers from the USDA's economic research service. Representatives of the National Agricultural Marketing Council also attended. The purpose of the meeting was to gain information about the dairy value chain in Southern Africa and the factors that impact on the growth of the local industry. The current situation in the USA and future developments were also discussed. According to Dr Coetzee, international liaison is important to ensure that local producers can be kept up to date with major economic trends.

Informative MPO route meetings in Gauteng and Mpumalanga

The MPO held six route meetings in Gauteng and Mpumalanga this week. Mr Bertus de Jongh, MPO CEO, gave an overview of the recently developed strategy for the primary dairy industry and Dr Koos Coetzee informed milk producers that international economic prospects continue to be positive and should impact favourably on local market conditions in future. Ms Barbara Bieldt briefed milk producers at the meetings in Gauteng on the latest developments with regard to sub-standard and illegal dairy imports. The meetings were generally well-attended, also by the producers of goat milk in Gauteng, and were characterised by positive and lively interaction between the milk producers and MPO representatives. A number of useful comments and suggestions by milk producers will be followed up by the MPO.

Irish Dairy Board reports decline in operating profits

The Irish Dairy Board (IDB), owner of the well-known Kerrygold brand, last week reported that its profits declined during 2010 despite an improvement of 6% in total sales. The IDB operates in 80 countries worldwide. Kevin Lane, chief executive, described 2010 as "a transitional year" with total sales reaching €1,9 billion. The Kerrygold brand achieved record sales and the IDB's consumer foods business in the USA and Germany showed double-digit growth. Constrained consumer spending and intense competition in the sector put downward pressure on



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the IDB's margins in the USA, where operating profits declined by a third from 2009. This resulted in total operating profits declining from €40,2 million in 2009 to €26,9 million in 2010. Mr Lane confirmed that the IDB will be concentrating on building new markets in Asia, the Middle East and Africa and is prepared to enter into joint ventures with other international organisations if the conditions are right. Mr Bertus de Jongh said that the IDB exported a number of low-priced consignments of cheddar cheese to South Africa from July 2010 to February 2011 which led to discussions with, among others, the Minister of Trade and Industry and Pick n Pay. The Department of Trade and industry is currently investigating measures other than import tariffs to counter single consignments of low-priced dairy products. Letters of complaint about the low-priced cheddar cheese imports were also sent to the IDB by the MPO.

New tainted milk scandal in China

Just days after Chinese authorities forced almost half of China's 1 176 dairies into temporary closure after failing to comply with safety requirements, the state media reports that three people were killed and 35, mostly children under 14, are ill after drinking nitrate-tainted milk. According to reports, the victims were poisoned by nitrate, a chemical used in the curing of meat. It was found in bulk milk on two farms in Gansu province in northwest China. The two farms have been sealed off and senior managers are being interrogated by Chinese officials. This is a major blow to Chinese authorities' efforts to restore confidence in its dairy products after the 2008 **melamine** scandal.

Young dairymen excel

Read about the achievements of young dairy farmers Grant and Brett Puttergill of the farm Bluegums in the Eastern Cape on page 33 of the April edition of *The Dairy Mail*.

Important dates

- **Large Herds Conference**, 6 to 8 June 2010, The Regent hotel, East London. To avoid disappointment please contact Julie McLachlan at 012 998 6616 or 083 740 2720 or send an e-mail to julie.mclachlan6@gmail.com or julie@cendel.co.za. <[Click here](#)> for a direct link to the official website.
- **Dairy farm managers' course**, 12 to 14 July in Caledon. This course will be presented in Afrikaans. Please contact Julie Mclachlan at 083 740 2720 or send an email to julie@cendel.co.za for programme information and a registration form.

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