

MPO Newsletter / Nuusbriëf

18 February 2011

Parmalat to increase price

Parmalat this week informed milk producers that a price increase and a winter incentive premium will probably come into effect on 1 April 2011. This is welcome relief for milk producers who struggle to maintain production levels at the current milk price. Dr Koos Coetzee, MPO economist said this is good news for milk producers and expressed the hope that other buyers will follow suit as the supply/demand situation locally and internationally has improved from last year.

Total imports in 2010 low

The MPO and Agri Inspec held their monthly import management meeting this week. An analysis of total imports of dairy products during 2010 indicated that imports represented only 4,6% of total milk production last year. When taking into account that the South African dairy industry operates wholly according to free market principles and has to compete against imported dairy products of which the prices are low as a result of government assistance, it is remarkable that imports are limited to such a low level. Ms Barbara Bieldt, manager market protection and development of the MPO, said that Agri Inspec plays a significant role in the management of, in particular, illegal and sub-standard imports and that problems in this regard are currently minimal. Furthermore, the MPO's risk management system and formal structures for cooperation with relevant authorities are improved on a continuous basis to protect the market for milk producers.

Revival of demand in certain regions

The MPO this week received numerous enquiries from milk processors in Gauteng and the Eastern Cape who require additional milk. Furthermore, a number of milk buyers in these regions confirmed that an increase in the demand for dairy products is also experienced.

Australian Dairy industry positive about future

The latest "Situation and Outlook" report from Dairy Australia is positive about prospects for 2011/2012. According to the report, global milk production responds much slower than expected to increased producer prices. New Zealand

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production is expected to increase by between 1% and 3% in 2011. However, this is highly dependent on good conditions in autumn. Australian production will be in line with the previous year, while cold winter conditions slowed seasonal production in Europe. EU intervention stocks are also significantly lower than the previous year. US production is growing, but will be limited by high feed prices. Global demand remains firm in spite of much higher prices. Chinese and Russian imports are strong and will probably remain strong, although policy changes in Russia may threaten Russian imports. On the negative side concerns exist about unpredictable currency swings. Dairy Australia expects an increase of more than 20% in producer prices for 2011/2012. The full Dairy Australia report is available on this link www.dairyaustralia.com.au/Situation-and-Outlook

KZN Central Committee meets

At a meeting of the MPO Kwa-Zulu Natal's (KZN) Central Committee under the chairmanship of Mr Tom Turner, MPO CEO, Mr Bertus de Jongh provided information about recent developments and activities at the MPO. Dr Koos Coetzee, MPO economist, gave an overview of economic prospects, which is more positive on a national and international level. Feedback regarding the progress with the process to increase membership fees was also given. Nearly 80% of milk producers in KZN have already agreed to the increase. Mr de Jongh said this is encouraging and that he hopes the other regions will follow KZN's lead.

KZN Farmer Action Committee meeting positive

Mr Bertus de Jongh and Dr Koos Coetzee also attended a KZN Farmer's Action Committee meeting, which was characterised by positive interaction between MPO representatives and milk producers. Co-operative issues were revisited in view of the role that farmer groups established according to this principle can play in the protection of milk producers' interests. The strategic importance of rural development and the consequent upliftment of rural communities were also discussed.

Management of MPO Western Cape meets

Various issues of mutual interest were discussed at a meeting of the MPO Western Cape management on Thursday. Mr Philip Blanckenberg, chairman MPO Western Cape led the meeting and the MPO was represented by Mr Bertus de Jongh and Dr Koos Coetzee. The current situation of the dairy industry in the Western Cape enjoyed priority and was discussed at length. As a result of this a decision was taken to arrange a planning session for Western Cape milk producers in the near future in order to formulate a strategic approach for dealing with the challenges facing the dairy

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industry in the region. The meeting took note of the positive producer price movements taking place at the moment and the improved market conditions on a national and international level. However, concern was expressed about expected cost increases. Other issues discussed included milk quality, the MPO Western Cape's budget for 2011 and attendance of the Large Herds Conference to be held from 6 to 8 June in East London.

MPO regional coordinators report back

A meeting between regional coordinators and MPO management was held on Tuesday. This meeting takes place at least three times a year and provides a platform for information sharing where all matters of interest to producers are discussed on a regional and national basis. Tuesday's meeting focussed on feedback from the regions and a plan of action to obtain consent from milk producers for increased MPO membership fees. Mr de Jongh stressed the point that the MPO cannot sustain itself anymore with current membership fees received and it is therefore necessary to step up the drive for higher fees. Appreciation was expressed towards the regional coordinators for services rendered to milk producers during the past year.

MPO Board to develop strategy

The MPO Board will meet next week Wednesday for a strategic planning session aimed at the development of a strategy for the primary dairy industry. Such a strategy is of critical importance in view of the dynamic nature of the industry and will determine the future focus of MPO services in order to continue addressing the needs of milk producers. An MPO board meeting on the next day will follow the planning session. At the meeting issues relevant to the industry will be discussed and feedback on MPO activities will be given.

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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