

MPO Newsletter / Nuusbrieff

Represents and empowers the producer

22

April 2011

Competition Commission withdraws case against milk buyers

The Competition Commission announced on Wednesday that the case against Clover, Nestlè, Parmalat and Ladismith Cheese relating to, among others, price fixing was withdrawn. The withdrawal follows the Supreme Court of Appeal's ruling in September 2010 that the Commission's initiation of an investigation into anticompetitive conduct in the milk industry was unlawful because it did not specify allegations faced by each firm and was not based on a reasonable suspicion that all firms in the industry were engaged in such conduct. However, the Commission has established a team to investigate the current state of competition in the production and processing sectors of the industry. Mr Bertus de Jongh, MPO CEO said it is a relief that the threat to the entire industry of payment of large fines to the Competition Commission has disappeared. To read the Competition Commission's press release < [click here](#) >.

Sharp decrease in milk production

Recently released figures show a sharp decrease in milk production in March 2011. Milk production is 3,68% less than in March 2010. This is the first year-on-year decrease since September 2010. According to MPO economist Dr Koos Coetzee, heavy rains and the sharp increase in feed and other input prices probably contributed to the decrease in production. Total production during January to March 2011 is 0,5% less than during the first quarter of 2010. MPO projection shows that this trend will probably continue during the rest of the winter. Total milk production for 2011 is currently estimated at 2 626 million litres, marginally higher than in 2010. The combination of lower production and market growth reported in the previous newsletter will put upwards pressure on producer prices in coming months.

Dti considers funding dairy value chain analysis

The continuous pressure on milk producers' profitability prompted the MPO to initiate an analysis to investigate the dairy value chain and factors affecting the competitiveness of the dairy industry in general and milk producers in particular.



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Discussions in this regard were held with the National Agricultural Marketing Council who indicated that a study could be undertaken at an approximate cost of R270 000. The MPO then approached the Industrial Development Division (IDD) of the Department of Trade and Industry (dti) with a request for funding. Ms Barbara Bieldt, manager market protection and development of the MPO said the IDD indicated that the study could be financed from its own budget depending on the availability of funds. The MPO will be notified if the necessary funds are available from the division's budget for this financial year.

Boost to MPO membership in Northern Cape and Free State

Mr Philip Swart, head of the MPO's member services, visited 40 milk producers on their farms in the Northern Cape and Free State last week. All the producers willingly signed the new membership form, which gives their milk buyers permission to deduct the planned increased MPO membership fee and pay it to the MPO. Mr Swart said the positive attitude and support displayed for the MPO are encouraging and he expects other producers to follow this example. Milk producers who have not yet signed the new membership form are urged to do it as soon as possible. To download the form from the MPO's website < [click here](#) > or alternatively contact Yolanda Strydom at 012 843 5600 or send an e-mail to yolanda.s@mpo.co.za.

Support for future focus of the MPO

At MPO meetings held this week in Potchefstroom, Leeudoringstad and Schweizer-Renecke producers expressed their support for the future focus of the MPO as presented by Mr Bertus de Jongh, MPO CEO. Dr Koos Coetzee, MPO economist briefed producers on local and international economic prospects. The meetings were once again well-attended with good interaction between MPO representatives and milk producers. MPO regional management representatives were elected at most of the route meetings held in the MPO North region during the past month.

Successful meeting between MPO and ARC

Mr Bertus de Jongh of the MPO last week met with Dr Shadrack Moephuli, CEO of the Agricultural Research Council for an in-depth discussion of the future of the dairy industry and the role that both organisations should play. Mr de Jongh said Dr Moephuli's work on dairy farms in the USA whilst completing his studies towards his doctoral degree from the University of Connecticut gave him a good understanding of the challenges faced by milk producers. They exchanged views and ideas in a frank and transparent manner and undertook to further discuss closer cooperation between the two organisations in the near future.



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Leadership Imbizo on agricultural job creation

At a conference on agricultural job creation held on Tuesday, government's lack of executive capacity was identified as a major handicap for agricultural employment. Various speakers put the blame for the reduction in agricultural employment on government. MPO economist, Dr Koos Coetzee presented a paper on the potential of the dairy industry to create jobs. According to him the dairy industry has significant potential for increased production resulting in job creation. However, the lack of an effective tariff policy and the inability of government to efficiently manage the country's bio-security system are major handicaps. The MPO has managed to a large extent to take over services formerly provided by government. This has enabled the primary dairy industry to continuously grow at a faster rate than other livestock industries.

Ferrero Rocher boss dies in South Africa

Pietro Ferrero, joint chief executive of the Ferrero group which owns Nutella and Ferrero Rocher, died from a suspected heart attack while cycling near Cape Town on Monday. The 47 year old Ferrero was in South Africa on a business trip. As was reported in a previous newsletter Ferrero Rocher is considering taking part in a takeover battle for Parmalat SpA (PLT), Italy's biggest dairy company. French dairy company Lactalis acquired a 29% share of Parmalat and a government-backed group of Italian investors is trying to block Lactalis from gaining control of the company. < [Click here](#) > to read the full story.

IDT information days in Western Cape

The MPO's Institute for Dairy Technology will be visiting the Western Cape during May to introduce and discuss it's new holistic advisory services to milk producers. Information days will be held from Tuesday, 10 May to Friday, 13 May at Swellendam, Riversdal, George and Tstikamma from 09:30 to 13:30. Milk producers who wish to improve profitability through optimal management of, among others, animal health and reproduction, restructuring of the business, dairy herd cost division and reproduction are urged to attend one of the scheduled events. For more information please call Dr Jan du Preez at 083 656 3638 or send an e-mail to jan.dupreez@mpo.co.za.

New bumper sticker winner

A new winner was announced in the MPO bumper sticker competition this week, a person driving a vehicle with registration number VKD 830 GP. Congratulations on winning the prize of R1 000. Anybody spotted driving with the MPO "Drink milk" sticker on a vehicle, stands a chance to win the cash prize of R 500. Winners are announced every second Tuesday on RSG Landbou, between 12:30 and 12:45. Should

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the prize not be claimed, it rolls over to the next draw.

Managing family farms

Look out for the latest edition of *The Dairy Mail* (TDM) which provides interesting and informative reading. Read expert opinions about the management and interaction between family and farming interests with practical current on-farm examples in The May edition of TDM.

Latest Lacto Data available

The latest Lacto Data containing up to date dairy industry information compiled by Dr Koos Coetzee, MPO economist, is published in the May edition of *The Dairy Mail* (TDM). This is a must read for all milk producers who are serious about optimising their farming businesses. To download the Pdf version of the Lacto Data from TDM's website < [click here](#) >.

Agri Outlook 2011 Conference

Agrimark Trends' annual Agricultural Outlook Conference this year takes place on 13 and 14 September at the CSIR International Convention Centre in Pretoria. The theme of the conference is “ *Challenges and opportunities affecting the Southern African Agricultural Sector*”. Please < [click here](#) > for full programme details. Earlybird registrations close on 30 April. To register please < [click here](#) > or contact Minda Bornman at minda@amtrends.co.za.

Mr Louw Steytler loses his wife in accident

Mrs Philiné Steytler, the wife of Mr Louw Steytler, President of Free State Agriculture, died tragically in an accident on Wednesday evening. The MPO sympathises with Mr Steytler and his family.

Three Farmers and a Greek

The motorcycle tour from Cape Agulhas to Cairo undertaken by Mr Rufus Dreyer, milk producer from Oyster Bay and vice chairman of the MPO Eastern Cape and three friends who aim to raise at least R1 200 000 to save the Adelaide Hospital is going well. The four friends are now in Kenya and have passed the halfway mark with more than 7 000 kilometres covered. For day to day reports on their progress, including photographs < [click here](#) >.

Important dates

- **MPO roadshow meetings:**
 - Free State, Contact Veronica Marais at 051 444 4603 or 083 276 4703 or veronica@mpo.co.za

Monday, 3 May:	10:00 – VKB Hall, Reitz
	14:00 – District Farmers Association Hall, Warden
Tuesday, 4 May:	11:00 – Qwa



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Qwa Wednesday, 5 May: Bethlehem	10:00 – Kleingraan, 14:00 - Senekal
Thursday, 6 May: Bloemfontein	10:00 – Senwes Hall,
Tuesday, 10 May	10:00 – Senwes, Parys 14:00 – Koppies
Wednesday, 11 May Hall, Ventersburg	08:30 – Farmers Association 14:00 – Senwes, Bultfontein
Thursday, 12 May Hall, Dealesville	10:00 – Farmers Association 14:00 – Horse Shoe Motel,
Kimberley Friday, 13 May Ladybrand	10:00 – OVK Head Office,

- **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.

[Links](#)

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

[Contact us](#)

[Bertus de Jongh](#) – Chief executive officer

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

[Dr Koos Coetzee](#) – Economist

[Philip Swart](#) – MPO member services

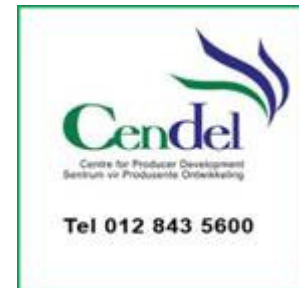
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