

LKL Newsletter

March 2018



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FIRST MILK 1.25PPL CUT TO @ 27PPL → 28.2PPL

The 1.2ppl cut across all contracts means prices will vary from liquid at @27ppl to manufacture at just over a penny higher depending on the factory supplied.

OVENS GOES LEGAL AGAINST ARLA

Jonathan Ovens and Ovens' dairy business D Mortimer & Sons have issued notices prior to commencement of legal action for loss of directorships, tarnished reputation and loss of Arla membership. Arla have now converted Ovens' farming business onto a lower-priced Arla Direct milk supply contract. It may be the start of a very expensive litigation process for Arla members.

NORWEGIAN FIRM MOVE THEIR CHEESE MAKING TO IRELAND

Norwegian firm Tine is investing £68.7m in a new cheese plant in Ireland with Dairygold because 'of the quality of raw materials and high levels of agricultural expertise in the country'. The site will have the capacity to produce about 20,000 tonnes of Jarlsberg cheese a year from 200m litres of milk. Tine said it wanted to expand outside of Norway, due to the end of its agricultural export support scheme in 2020. This has massively subsidised Norwegian milk prices.



ARLA STUNS INDUSTRY WITH 2.16PPL DROP TO 26 → 27.1PPL, 5P CUT NOW SINCE AUTUMN 17!

Arla have dropped their March price by 2.5 Eurocents which means 2.16p in the UK. Liquid is now 26ppl with manufacturers' contracts at 27.1ppl, this is now a 5ppl drop since late Autumn! A fall of this magnitude was not expected and it can only be hoped that the wider market will resist a fall of this size.

BILL GATES FUNDS DAIRY RESEARCH

Bill Gates has invested £29m in British research to breed a tough hybrid milk cow for Africa. Edinburgh based GALVmed is researching genetics and vaccines to breed a cow with milk yield comparable to Europe but with high heat tolerance. Livestock are critical for helping to alleviate hunger in the developing world, Gates said.



MINETTE BATTERS NEW NFU PRESIDENT

Newly elected NFU president Minette Batters has vowed to champion the farming industry. The Wiltshire beef farmer said it was critical for agriculture's voice to be heard during Brexit negotiations. Guy Smith takes on the role of deputy president.

REMINDER TO BOOK YOUR PLACE FOR THE 2018 NATIONAL HERDSMANS CONFERENCE

8th National Herdsmans Conference

Focus: Fertility

16 - 17 April 2018
Harper Adams University College



The conference is fun and a chance to update skills. There will be a mix of conference papers, on-farm practical sessions and an informal dinner. All attending will be made very welcome. www.nationalherdsmansconference.com or ring the LKL office on 01722 323546. **Only £69 for LKL sub-contractors, for a 2 day dairy conference including all food and accommodation.**

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NEWS

ARLA ACQUIRE YEO VALLEY BRAND

Arla have announced it will acquire Yeo Valley Dairies Ltd. The transaction will give Arla the rights to use the Yeo Valley brand in milk, butter, spreads and cheese under an intellectual property licence. The Yeo Valley yogurt, ice cream, cream and desserts business will continue to run independently under the ownership of the Mead family. Arla's ambition is to encourage customers to trade up from standard to organic milk, butter and cheese. Only 4% of milk sold in the UK fresh milk market is organic, compared with 10% in Germany, 16% in Sweden and 29% in Denmark.

CULLING LEADS TO 58% TB DROP

Badger culling has contributed to a 58% decrease in TB in cattle in Gloucestershire. Vets strongly advise dairy farmers to join any cull schemes in your area that become available. Vaccination may be a long-term future solution but nothing has reduced TB incidence to this extent and is available now if you are in a cull area.

ARLA INVEST £72 MILLION

£72 million will be invested in the UK; £34 million will be spent at Aylesbury for the production of lactose free dairy products.

FOOD AND DRINKS SECTOR IN LABOUR STRUGGLE

A survey by the Association of Labour Providers (ALP) has found 70% of food and drink manufacturing firms are struggling or in crisis because of an inability to source workers. 49% of labour providers feared they would not be able to supply sufficient seasonal agricultural workers in 2018.



TB FEARS

Some in the NFU are fearing Defra Secretary Michael Gove could be wavering in his commitment to the badger culls. NFU Presidential elect Minette Batters said: "Michael Gove is going to call a review of all TB policy, so the culling is in a very difficult place." She argued it would be more difficult for MPs to undo culling policy if funding for animal health as a whole was ringfenced. Losing €30 million (£26.4m) of TB funding from the EU in September was stated as a worry by dairy board chairman Michael Oakes.

ARLA WIN ALDI AND RISE TOWARDS 50% OF SUPERMARKET MILK

Arla have secured 75% of Aldi's own-label liquid to lift their share of the supermarket milk market to @ 42%. Arla have won larger volumes with Sainsbury and Morrison; the supermarkets have sought to reduce Müller's share after their takeover of Dairy Crest.

Müller/Wiseman and Dairy Crest had a combined 62% of the supermarket milk market, this has now been cut to about 52%. 5 years ago the big three suppliers had virtually 100% of supply. Supermarkets have tried to diversify using smaller processors including Freshways/Nijjar, Medina, Payne's, Tomlinson's, Graham's, Cotteswold and Braeforge. Aldi and Lidl have more than doubled their liquid milk sales as their share of the market continues to grow.



EU FARMERS FIGHT MERCOSUR DEAL

European farming group Copa Cogeca has stepped up its fight to stop an EU-Mercosur trade deal. Farmers fear huge increases in the amount of beef, sugar and poultry imported from Mercosur countries.



A deal would allow more Latin American beef to enter the EU in exchange for lower tariffs on European exports such as cars. It is not yet known if the UK will replicate the arrangements after Brexit.

WAITROSE TO SELL MILK IN 'FOOD TO GO' LUNCH SECTION

Sylvia Crocker has been pushing several of the big retailers to support her 'milk and sarnies' project. The idea would see shoppers encouraged to choose milk over sugary drinks when buying their lunches. Waitrose has agreed to trial the project across more than 60 of its stores, beginning next week. Semi-skimmed 500ml bottles of Cravendale will be sold for 60p alongside its pre-packed sandwiches and salads. Moira Howie, nutrition manager at Waitrose, said milk was an 'ideal' drink to go and a great source of protein and calcium. "It hydrates and quenches thirst and is a perfect addition to a healthy balanced diet," she added.

LOWER CARBON FOOTPRINTS

The UK dairy sector has achieved an 18% energy efficiency improvement since 2008. Dairy UK states that the sector has already exceeded the 2020 Climate Change Agreement and Dairy Roadmap targets of 13.6% and 15%, respectively.

NEWS

ANTI-DAIRY CAMPAIGNING

High profile social media campaigns against dairy have grabbed national media attention. #veg January encouraged people to make a New Year's resolution, or at least a January-long one, to cut out meat and dairy from their diets. The Government's recommendations on dairy are that it should make up 8% of our daily dietary intake. Actual consumption is about 20%. Vegan alternatives, such as almond and soya, cost about £1.80/litre for branded products or £1.40/litre for supermarket own-label. Double the price of dairy equivalents. A big growth opportunity for dairy is in convenience; on-the-go products and protein supplements.



8,000 TONNES OF SKIMMED MILK POWDER IN THE UK

As part of the Common Agricultural Policy, EU Member States can intervene to stabilise the market by buying surplus supplies. These supplies are then stored until the market price increases, when they can be put back for sale. The UK currently holds 8,000 tonnes of skimmed milk powder in stock. Minister George Eustice stated that it is still to be determined what will happen to these stocks if they are still held in storage when the UK leaves the EU.



40% GRANTS FOR FARM EQUIPMENT, DEADLINE TO APPLY 14 MARCH - GRANT FUNDING AVAILABLE OF £3,000 UP TO £12,000

Aim of the grant: To improve animal welfare. Each item available for funding is listed with a standard cost price. This is the maximum price that will be funded at 40%.

- Cattle Crushes and Handling Systems
- Foot Trimming Crushes
- Electronic Weigh Systems
- Automated Footbaths
- Cluster Flush
- Heat Detection Systems
- Badger Proof Feed Troughs
- Cow Brush
- Automatic Calf Feeder and Milk Pasteuriser
- Sheep and Pig Handling Systems
- Plate Meters
- Electric Fence Energiser
- GPS
- Slurry Application Systems (dribble bar, injector)
- Heat Recovery, Vacuum Pumps, Hydraulic Ram Rumps
- Seed Drills
- Electric Scraper Systems

Online application requiring SBI & CPH numbers. The RPA will assess and score each application. As soon as the grant has been approved, you will have 150 days in which to purchase.

REVOLUTIONARY MILK PRICE INSURANCE SCHEME

Dairy farmers will be offered an insurance product later this year to protect themselves against volatile milk prices. The product is intended to make buying milk price insurance simple. It will pay out to producers if the Defra farmgate milk price index drops below a level of the farmer's choosing. Payment is automatic and without paperwork. Stable, the company behind the insurance, is the brainchild of Somerset farmer's son Richard Counsell. The Stable product has been designed with simplicity in mind and requires the farmer to answer three basic questions to obtain an online quote. The number of litres they would like to protect, the time over which protection is required and the price at which they want their milk to be covered. Cost of protecting milk is about 3% of the asset price, roughly 1p/litre. The insurance relies on a price index. Algorithms forecast the future price of milk, which enables insurers understand the risk of a price fall. In America, the Department of Agriculture (USDA) discounts the farmer's insurance premium. If you do not have predictive capabilities then you need a higher premium for taking the risk. The US government steps in and makes it cheaper, using state funds. The Stable product has now secured investment from insurance companies and underwriters. Farmers retain a majority holding, with a 60% ownership of the company.

PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Chris Gowen, Andrei Calugrita, Mircea Ciprian Dimoiu



WELCOME TO:

FARMERS

C R Dutton & Sons



Congratulations to Richard and Gemma Pickervance, of D E Pickervance & Sons, on the birth of their baby son, Jaxon Carter, born on 27 January 2018 weighing 7lb 13oz.



If you are ever going to try cross country skiing, start with a small country.



Congratulations to Stephen Lee, Herd Manager at A G Lambert & Partners, winner of the Chris May Memorial Award



NMR Chairman Trevor Lloyd, Herd Manager Stephen Lee and Lord Donald Curry.

Congratulations to Roy and Angela Williams at AJ and C Martin with their Champion bull, winning:-

- 1st Champion Continental Bull
- 3rd prize Continental Bull
- 2nd prize Native Heifer
- 3rd prize Native Bull



In Like A Lion, Out Like A Lamb

By Lori Hill

March roars in like a lion
So fierce
The wind so cold
It seems to pierce.

The month rolls on
And Spring draws near
And March goes out
Like a lamb so dear.

With minus 7 and snowstorms to greet March 2018 we can only hope this weather lore will come true this year. Hang in there, Spring is coming!

My girlfriend left me
because she couldn't cope
with my OCD. I told her
to close the door five
times on her way out.

My childhood
punishments have
become my adult
treats:-

1. Not leaving my room.
2. Not leaving the house.
3. Missing someone's birthday party.

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