

LKL Newsletter

June 2019



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FRESHWAYS TO ABANDON PRICE BASKET MECHANISM

Like Medina before them, Freshways have given farms five weeks notice that their basket price formula is to be scrapped. Previously, they had five prices in their basket including ARLA, which they now regard as too high and holding their milk price at an uncompetitive level. The new Freshways pricing schedule will amount to a cut in milk price.

DAIRY CREST HISTORY

1981

Established as the milk processing arm of the Milk Marketing Board

1983

Launched Clover spread

1995

Bought Cathedral City brand from Mendip

1996

Privatised, became a PLC

2000

Acquired Unigate

2002

Acquired St Ivel

2006

Sells own label cheese business to First Milk

2007

Acquires St Hubert spreads, sold shortly afterwards

2013

Sells doorstep delivery operations

2015

Sale of entire liquid milk business to Muller

2019

Sold to Saputo for £1Bn

ARLA HOLD AGAIN AT 30.23PPL FOR JUNE

For the fifth consecutive month Arla have held their price while others fall. Arla organic also remains at @41.98; other organic buyers are seeing restricted volumes and A + B pricing re-introduced.

PRICE HOLDS

Crediton holds at 28.5ppl.

PRICE CUTS

Pensworth to 25.35ppl

Wyke to 28.47ppl

First Milk to 28.37ppl

UK PRICE COLLAPSE AT PEAK AVOIDED DUE TO TIGHT EUROPEAN SUPPLY

Static EU production is stopping UK and Ireland price meltdown due to record production litres here. Arla's price is holding up Dairy Crest and others. Spot prices slumped to 13ppl and milk was dumped because there is no spare capacity in UK plants. The last time prices crashed was in 2015/16, when several processors turned to A&B pricing, since then it lost support and has been largely phased out. A&B differentiated between regular and excess supplies. The UK has escaped a collapse due to poor production in Europe, but cannot rely on that in the future.

NZ & AUSTRALIA DROUGHT

New Zealand volumes dropped 8.25% on last year after its second warmest March. Dry conditions continued with farmers drying cows off early. The situation was worse in Australia, volumes were down 10.65%

2019 OPEN DAYS

YOU ARE INVITED TO OUR STEAK BBQ'S AND FARM OPEN DAYS!

Thursday 13 June

D Dalton & Son,
Wiltshire

Thursday 20 June

C & H Ford Ltd,
Somerset

Thursday 27 June

Price Farmers, Warwickshire

Thursday 4 July

R G Nash & Sons, Horsham,
Sussex



PRICE DROPS

Barber had to reduce its standard litre price by 0.75ppl from June 19. Blaming possible increase on import tariffs on imported EU dairy products by the USA. These are threatened as a result of the recent World Trade Organisation ruling that the EU provided subsidies to aeroplane manufacturer Airbus, providing unfair advantage against Boeing. The EU exported 134,000 tonnes of cheese to the USA last year.

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NEWS

CAMPAIGN AGAINST TRACTOR DRIVERS USING MOBILES

Tractor drivers have been warned about using mobile phones while driving. Police Scotland also say concerns have also been raised about tractor drivers exceeding the speed limit. Motorists caught using a hand held mobile phone while driving will have six penalty points and a £200 fine. The speed limit for a tractor and trailer up to 2.55m wide is 40kph (25mph). Tractors, such as a JCB Fastrac and Mercedes Unimog, can travel at 40mph.



GLOBAL DAIRY TRADE INDEX

The Global Dairy Trade index dropped 1.2% for the first time in 12 sales. The indicator of market sentiment has been on the increase since November 2018, but average commodity price fell £2,698/t on Tuesday 21 May. Whole milk powder and butter fell, while cheese is up 15.2% to a five-year high of £3,833/t. Skim milk powder rose 0.5% to £1,998/t.

CHINESE EXPORTS

Exports to China could be under threat after Defra refused to pay the cost of inspections from the Chinese Government. The Chinese Government wants to carry out inspections, but expects £45,000 costs to be covered by the UK. Defra said it was not prepared to pay anything towards the costs and it needed to be paid by industry. AHDB says it does not have the funds to pay. China is a growing market with big opportunities.

CATTLE HANDLING UNDER HSE SPOTLIGHT

Last year eight people died in cattle related incidents. HSE inspectors remind farmers of their duty to protect themselves, their workers and members of the public. They warn future inspections will be looking for proper handling facilities and crushes, trained and competent workers and a rigorous culling policy for temperamental animals.

FARMER FINED AFTER FRIEND'S FATAL FALL

A farmer has been ordered to pay £30,000 after a friend who was working for him died after falling from a ladder through a cowshed roof. Robert Latham, 64, near Wrexham, pleaded guilty to a breach of health and safety regulations. David Alan Rees, 56, was fatally injured while he was clearing out moss from a gutter on the farm.

GOVERNMENT IMMIGRATION ADVISORS CLUELESS ABOUT FARMING

The Migration Advisory Committee's (MAC) landmark report on the UK's post-Brexit immigration policy has been much criticised. Implications of accepting the MAC's recommendations could have a serious effect on the dairy industry. Former Farming Minister George Eustice hit out at the MAC for failing to understand farm businesses. During a parliamentary debate, he pointed out all six MAC members were economists, 'obsessed with abstract Theories' and with no real world experience, even going so far as to call for the committee chairman, Prof Alan Manning, to be sacked. People designing our future immigration system have a textbook-only understanding of the labour market. Representatives from industry are desperately needed on the MAC. The Government envisages an 'expanded role' for the committee in future.

NEW TECHNIQUE TO KEEP MILK FRESH FOR 60 DAYS

A Queensland company is seeking investment in Australia after developing technology that will keep milk fresh for 60 days. The world-first technology, developed by Coolum-based Naturo, has been approved by Dairy Food Safety Victoria and will allow milk products to be shipped to Asian markets. The milk keeps its natural colour and taste.



IRISH BEEF FARMERS GET £86M BREXIT AID

Irish beef farmers are to get an £86m cash injection following approval in Brussels of a special aid package to compensate them for losses related to Brexit. Its beef producing members have been suffering from price cuts, related to the effects of the weakness of sterling and Brexit uncertainty. Calculations, based on comparisons in beef prices from before the EU referendum and achieved by farmers over 2019, suggest Irish beef farmers have lost £86m. Agriculture commissioner, Irishman Phil Hogan, has been pushing for a compensation package in Brussels. The package is likely to consist of €50m (£43m) from EU and an equivalent from a national top-up. Could the disappointing beef prices be anything to do with the Irish government's concerted push to grow its dairy industry by 50% before 2020? That push is running ahead of schedule and amounts to a lot of extra calves from the expanded Irish dairy herd and a lot of extra beef to sell!



NEWS

COW MANAGEMENT MAGAZINE?

Those of you carrying out NMR milk recording should already receive this magazine. If anyone else wishes to receive a copy please email niccic@nmr.co.uk

HANDS FREE HECTARE EXPAND TO 35HA

The Hands Free Hectare project in Shropshire has received £2m of funding from Innovate UK to create a fully autonomous farm. Harper Adams University's campus in Shropshire aims to grow three different combinable crops over 35ha.

SAPUTO (EX DAIRY CREST)

Dairy Crest's brand name will be replaced by Saputo Dairy UK from July and follows the April acquisition of Dairy Crest by Canadian dairy Saputo for £1bn. There were currently no plans to change the name of Dairy Crest Direct - the producer group of 330 south-west dairy farmers which supplies Davidstow. There are plans to increase cheese output at Davidstow from 50,000t a year to 77,000t. All milk producers are located within 80 miles of the Davidstow factory. Cathedral City is a highly profitable brand. There is potential to take some new farmers on. Saputo will look to export UK cheddar cheese brands across Europe, the US and Canada. Saputo is one of the top 10 dairy processors in the world, with production in Canada, the US, Argentina and Australia.

AFRICAN SWINE FEVER COULD IMPACT WORLD DAIRY PRICES

African swine fever (ASF) could have a longer term positive impact as demand for beef goes up. Rabobank flagged falls in the prices of some milk-derived products used in pig feed as the Chinese herd contracts. China imported an average of 84,000 tonnes of lactose annually plus about 530,000t of whey and whey permeate, which are composed largely of lactose. Half was used in animal feed. However, long term ASF is likely to prove bullish for dairy prices in exporting countries as beef demand increases to replace losses in pork output. Rabobank said this could result in culling of dairy cows to fill the gap, constraining Chinese milk production and putting positive pressure on global milk prices.

WORLDS FIRST FLOATING DAIRY FARM— £70,000 PER COW PLACE!

32 cows have entered the world's first floating dairy farm in Rotterdam. The luxurious home has robotic milking, slurry robot, spacious cubicles, automatic belt feeder and a rubber walkway. Manure will be separated and used as nutrient for Rotterdam's gardens and parks. Those behind the floating farm say it was developed to highlight the increasing scarcity of farmland and the growing world population. The floating farm will cost in the region of £2.26 million, by any measure, it's carbon footprint must be colossal.

'MILK' CREATED BY FERMENTATION IN A TEST TUBE

An American start-up is seeking to replicate cows' milk using fermentation techniques. Perfect Day, a California-based company, is crafting dairy protein using biotechnology to extract casein and whey. It claims it has 'the very same blueprint, in the form of DNA, which cows use everyday'.

NFU CALL FOR END TO UNCERTAINTY FOR DAIRY

NFU dairy board chairman Michael Oakes at the Eucolait dairy conference in Edinburgh, highlighted the significance of the EU market with 90 per cent of exports going to the EU between 2013 and 2017. Mr Oakes said the industry was still in the dark over the future trading environment and whether it would have access to the workforce it needed. He called on the Government to support the growth of the British dairy sector by helping to access key markets and invest in domestic processing capacity.

CHINA BANS SEMEX AND ALTA IN TRADE WARS

China has refused to renew export licences for Canadian companies Alta and Semex. Semex has a modern semen production facility within China, the ban does not affect this enterprise. China and the US are embroiled in trade disputes but China appeared to be targeting Canadian agricultural products and Chinese importers have also stopped buying Canadian canola. Tensions mounted following the arrest of Meng Wanzhou, Chief financial officer of telecoms giant Huawei, on December 1, 2018 in Vancouver. Ms Meng faces extradition to the US, based on possible violation of sanctions against Iran. It coincided with Huawei technology being banned in the US, Canada, Australia and New Zealand.

PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Matthew Keyworth, Richard Holland, Georgian Timofticiuc, Marianne Hooper and Adrian Werbinski



WELCOME TO:

FARMERS

PHR Farms, J & M Craig, RK & SG Miller & Sons, JB Williams & Partners and M R and D & H Edwards, K A G and HCW Cobbledick



The divorcing British couple were told to divide their Earl Grey tea bags in half after the court's ruling it was proper tea.

Where are average things manufactured? *The Satisfactory.*

You don't need a parachute to go skydiving. You need a parachute to go skydiving twice

I'm not lazy. I'm on energy saving mode.

I drive way too fast to worry about cholesterol.

When you have teenagers it is important to also have a dog, so that something in the house is pleased to see you.



My bed is a magical place where I suddenly remember everything I forgot to do.

My doctor told me to watch my drinking. So now I drink in front of a mirror.



The most terrifying thing a woman can say is, "Notice anything different?"

Somebody keeps sending me flowers with the heads cut off. *Sounds like you are being stalked.*

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LKL 2020 CALENDAR PHOTO COMPETITION

Please send in your best dairy farming pictures by *1 August* for the 2020 **LKL** calendar. A bottle of whisky to all those who have a picture included! Please email pictures to carol.adlem@lkl-services.co.uk

