

Director Development Programme a Huge Success

The recently concluded 2011/12 ICOS Dairy Director Development programme has been an enormous success, with almost 90 Directors in total having enrolled for the training. The programme was delivered in three locations, Portlaoise, Carrick on Shannon, and Charleville, and it was extremely well received, with participant feedback indicating that it

met or exceeded the expectations of over 90% of delegates. Indeed, the participants indicated that they felt that the programme should be rolled out to all co-op Directors in time. ICOS is very grateful to the Directors who made such an enormous commitment, and gave 4 long days to the process, and we are already preparing for the next programme, to

be delivered later this year. It is quite obvious that Directors benefit, not only from the training delivered, but also from the process of working, with directors of other co-ops, to develop policies to face the challenges posed by expansion.

Continued on page 3

Dairy Markets

Commodity Prices	Feb-12	Feb-12	Feb-12	Netherlands Feb-12	Dec-11
	Butter Index	SMP Index	Fonterra Auction WMP	Milk Price per kg (Irish solids)	Ireland Milk Deliveries
January	€3,420	€2,320	\$3,533	30.53c	17.6%
January	€3,520	€2,325	\$3,554	31.16	Compared with same month in 2010
December	€3,612	€2,305	\$3,637	34.09	
	Eurex *	Eurex *	GDT	Friesland Campina.	

*: Eurex Futures Cash Settlement Price

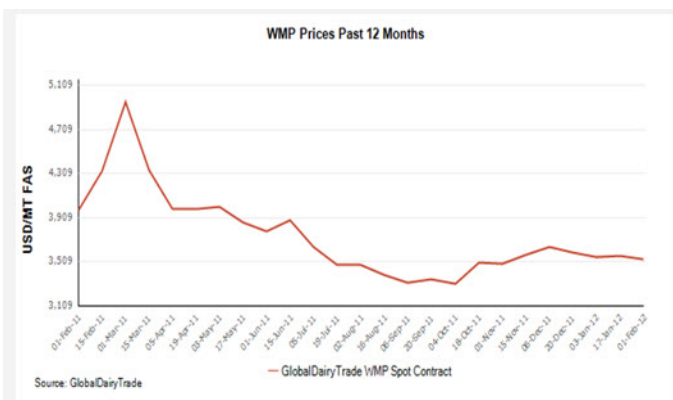
Dairy markets have continued to weaken, both in Europe and internationally. European butter prices continue to decline, down €100 since last month, according to the Eurex Index of Dutch, French, and German Prices, although they are down around €800 or almost 20% on the price at the start of last season. The SMP index is only down €5 in the month, but, importantly, it's about €340, or 13% less than this time last year.

The Global Dairy Trade WMP price has slipped by around 1% in the past fortnight, but it is at a massive 30% below the price achieved just under 12 months ago.

Meanwhile, Rabobank in their most recent Global Dairy Outlook, predicts compound annual consumption growth of around 2.4% to 2015, although with worrying regional disparities. Growth in Europe is predicted to be of the order of below 1% with growth rates of 4% and 5% in Asia and the Indian subcontinent.

Also worrying is the prediction of cheese consumption growth underperforming the market in general, while demands for whey will outstrip the "highly coveted" supply.

Importantly, however, Rabo predict that on the assumption that world demand, over the next 5 years, will grow stronger than the ability of low cost regions to meet it, and that some of the supply will have to come from higher cost regions, then in order to stimulate that supply, world WMP prices will need to be in the range of \$3,300 to \$3,800 per tonne. Accordingly, efficient co-ops selling on the world WMP market should be able to return milk prices in the range of 27c-32c (€) per litre.



ICOS Macra Co-op Leadership Training



Last week the Participants in the inaugural ICOS Macra Co-op Leadership Training Programme visited Carbery Milk products in Ballineen to continue their development. The visit was hosted by Carbery Chairman Derry Connolly, and Barryroe Chairman John O'Brien, as well as CEO Dan McSweeney.

Chairman Derry Connolly welcomed the participants and emphasised the importance of training for young leaders in preparing effectively for the change facing the sector. Dan McSweeney gave an insight into the development of the Carbery business and the strategy adopted by the Board to develop the business within the constraints imposed by milk quotas. The participants were extremely impressed by the global footprint of the Carbery Group and its success in developing such a sophisticated knowledge driven business from a small geographical base in West Cork. They also welcomed the efforts being made by Carbery to bring clarity to the post quota position by bringing forward their proposals on processing capacity and the share standard.

Danes push the animal welfare issue in Brussels

Mette Gjerskov, the new Danish president of the European Agriculture Council has said that Animal Welfare will be one of her key priorities during her term of office.

While ICOS welcomes the recent publication of the EU Strategy for the protection and welfare of animals 2012-2015, we are advocating a focus on ensuring current rules are enforced properly rather than new laws in the area.

ICOS is also following a campaign supporting simplification of rules to cut the administrative burden on our co-op members.

Cogeca launches European Award for Co-operative Innovation

To celebrate the launch at European level of the International Year of Cooperatives 2012, Cogeca the umbrella body for Agri Co-ops in Brussels has announced 4 awards will be granted for examples of innovation in co-ops. The areas are-

- Food processes: Improvement of environmentally sustainable food production processes or development of products or processes adding value to primary production that contribute to human nutrition and well-being.
- Non-food processes: Development of environmentally sustainable non-food production processes.
- Resource Efficiency: Innovations leading to improved sustainability and a more efficient use of resources.
- Co-operative Entrepreneurship/ Member service: any activity (including financial structures) that contributed to improve relations with the co-operative members.

All ICOS members are eligible to apply for these awards. Deadline for applications is the 19th of March and for details contact the Brussels office of ICOS or visit the website <http://eaci.copa-cogeca.eu>.

EU post 2013 Market Measure Negotiations Continue



ICOS is working closely with Irish officials as EU Farm Ministers mull over Commission proposals to continue with measures to manage the agricultural commodity markets under the CAP post-2013.

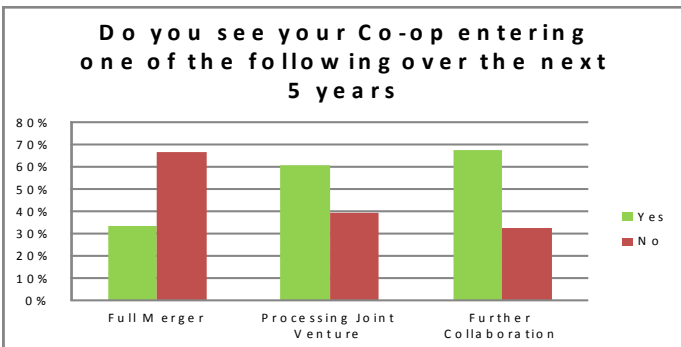
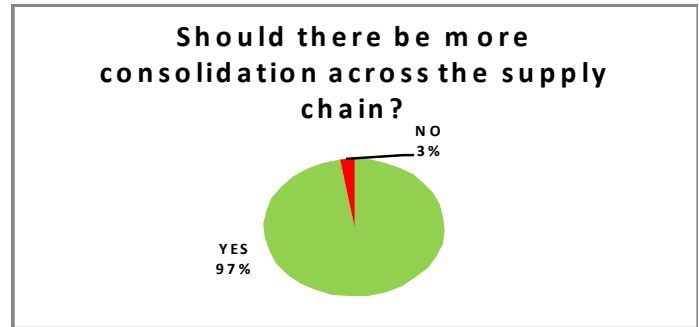
ICOS is advocating the retention of strong and reactive measures and supports that will put a safety net on the price of milk in times of crisis like we faced in 2009. It must also be noted that Poland, Spain and Portugal attempted to initiate a campaign to extend the EU Milk Quota regime beyond 2015 and ICOS will resist this strongly. On the issue of export refunds in dairy, Commissioner Ciolos said they should only be abolished if other trade partners take similar actions, a statement that is warmly welcomed by ICOS.

ICOS is also lobbying strongly for greater recognition of the Irish dairy co-operative model in the market management negotiations and we are getting support on the idea.

Director Development Programme a Huge Success

As part of the development programme, the Directors participated in training sessions on Co-op Governance, Leadership and Strategy, Finance, and Dairy processing and Operations. At the end of the Charleville programme, participants completed a survey to gauge their views on future strategic directions for the industry. When asked about the likelihood of their co-op being part of a merger, JV, or further consolidation over the next 5 years, only 30% foresaw full merger, but 60% and 66% respectively predicted Joint Ventures or further consolidation for their own co-op.

When asked whether there should be increased consolidation across the supply chain, encompassing marketing, innovation and R&D, 97% agreed.

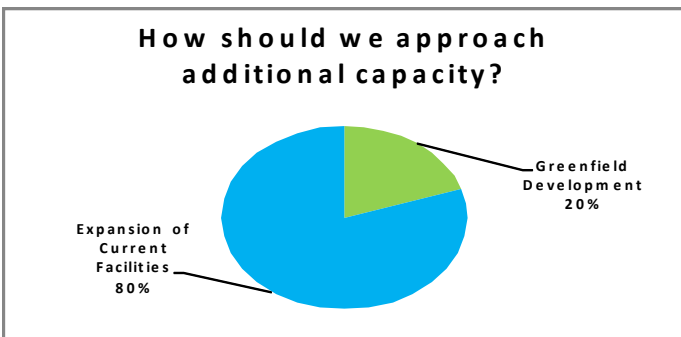


When asked as to the best approach to handle additional milk flows, 80% felt that an expansion of current facilities was best, with only 20% supporting Greenfield developments.

When asked to identify their priorities for ICOS over the coming year, the Directors highlighted Training, Director Development, Governance, Milk Pricing, Funding, and Consolidation.



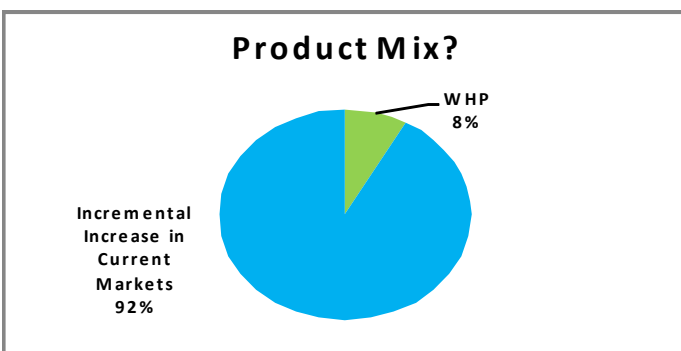
Pictured, Dairygold participants in the recent ICOS Director Development programme, held in Charleville; Vincent Buckley, Chairman IDB, Bertie O'Leary, Dairygold Chairman, and recently elected Directors, Richard Hinchion, Liam Foley and Edmund Lynch.



On the optimum product portfolio for additional milk, 92% felt we should incrementally increase the volumes of current products, with only 8% feeling that our strategy should be based on Whole Milk Powder.



Pictured, at the recent Director Development programme; Tom O'Callaghan, ICOS CEO, Michael Ahern and Sean Bugler, Kerry Co-op Creameries, and Kevin Kiersey IDB.



Director Development Programme a Huge Success

Projected Year End Milk Quota Position

A survey of dairy co-operatives, representing 95% of the national pool, indicates an over-quota position of approximately 35 million litres (0.6%) at 31st March 2012. This projection is on supply to milk purchasers to the 31st December 2011 and a similar intake for January, February and March 2012 to that intake in the same period last year.

A 10% reduction in the supply from January, February and March for those co-operatives over quota as of the 31st of December 2011 would result in an over quota position of 18 million litres (0.3%) at the 31st March 2012.

New suppliers – closing date for temp quota transfers

The Department of Agriculture, Food and Marine has requested all milk purchasers to advise producers who are dual-quota holders that the closing date for receipt of applications to transfer quota from one co-operative to a second co-operative for the current quota year is the 29th February 2012. This is a new requirement and will be of benefit to co-operatives in establishing their available quota position in the run up to the milk quota year-end.

Dairy Hygiene Grand Scheme re-launched

The revised Dairy Hygiene Grant Scheme came into operation on the 20th Dec 2011 and will be closed for valid applications on 31st Dec 2013. Tranche payment system will continue to operate with the first tranche at the end of January when € 4.425m will be made available. A further seven tranches for a similar grant amount will be made available over the grant period, giving a total fund of €35.4m. This is in addition to the €9.6m approved in 2011. Applications which were sent to the Department will be returned and may be resubmitted for grant approval provided that the work has not commenced.

The major changes in the current Scheme are that producers with a quota of between 50,000 litres and 1 million litres are eligible. This means that the production unit criteria for other farming enterprises in assessing applications have been removed. Apart from the foregoing, the general conditions are similar to last year's scheme, with the priority criteria for quota holders in operation. Refer to the Government's website, www.agriculture.ie, under the heading *Farm Buildings* for full details.

New Zealand Pasture Growth Potential is exceeding the Historic Norm.

According to NZX Agrifax, the NZX Pasture Growth Index (PGI) has tracked above the long-term average throughout January. Normally the Index drops off in January, but this year it been at more than double the long term average. Lack of moisture is normally the limiting factor, but this has been

less of a problem of late. The index, which reads 1 for 100% growth potential, and 0 for zero potential, has moved from 0.39 in early January (whole country average) to 0.14 for 1st February.

Launch of the logo for the Irish Presidency of the EU council in the first 6 months of 2013



The Taoiseach, Tánaiste and European Affairs Minister last week launched the winning logo for Ireland's EU Presidency in the first half of 2013. The logo was chosen by the public in an online poll which received more than 14,000 votes from 30 Nov to 31 Dec.

Speaking at the launch the Taoiseach said:

"Ireland's EU Presidency will provide us with an opportunity to once again demonstrate our ability to manage the agenda of the EU and to deliver a first class Presidency. This is a unique opportunity

for us to accentuate positive perceptions about our Country as a small, vibrant, open and innovative State and a committed member of the European Union."

	€ 1 : US \$	1 € : GB £	Oil Price (Brent) - Carbon Spot: 1 US \$ p b l	EUA
February	\$ 1.327	£ 0.835	\$ 116.2	€ 8.42
January	\$ 1.27	£ 0.823	\$ 112	€ 6.31
December	\$ 1.34	£ 0.856	\$ 110	€ 7.16



Find us on LinkedIn:
Irish Cooperative
Organisation Society



Follow us on Twitter:
ICOS_BXL



Contact us at:
The Plunkett House, 84
Merrion Square, Dublin 2
Tel: +353 (0)1 6764783

If you wish to be added to the icos Dairy Digest mailing list, please contact TJ Flanagan at t.flanagan@icos.ie

Please forward this newsletter to your colleagues, farmer friends & discussion group members!

Copyright Note - The content of DairyDigest can be republished and used in any other media but ICOS must be credited as the source.