

New ICOS Website Launched



ICOS has launched its new website in the past week and we hope it will prove to be a valuable resource to the whole sector. Featuring modern, bright, clear imagery and full of valuable information, it aims to provide a central go-to place for information on the co-op movement in Ireland

and particularly the dairy and livestock sectors.

Hopefully, the dairy supply chain section will be of particular interest <http://www.icos.ie/supply-chain/dairy-supply-chain-intro/>

Here you will find Irish and international dairy market information, as well as other resources relevant to milk production.

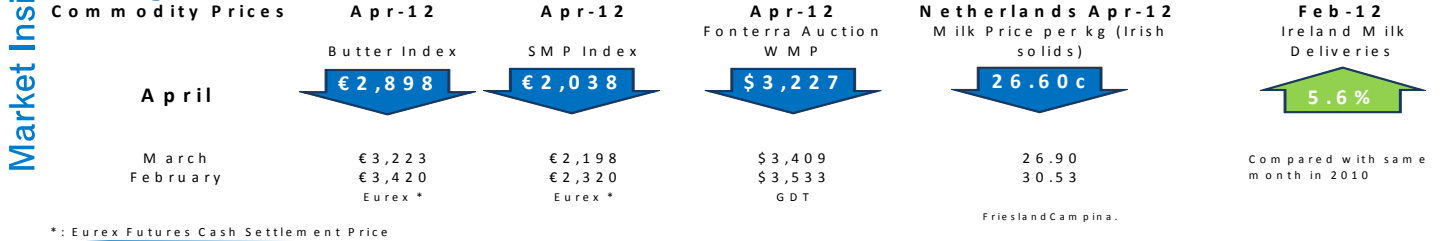
1. Milk to dairy products calculator

So, what does your milk produce?



The website also features a number of calculators and tools, including conversion of milk volume into tonnage of product, conversion of world market prices for commodities and raw milk into Irish equivalent milk prices. We aim to make this site as relevant to dairy farmers as possible and would welcome your comments, and observations.

Dairy Markets

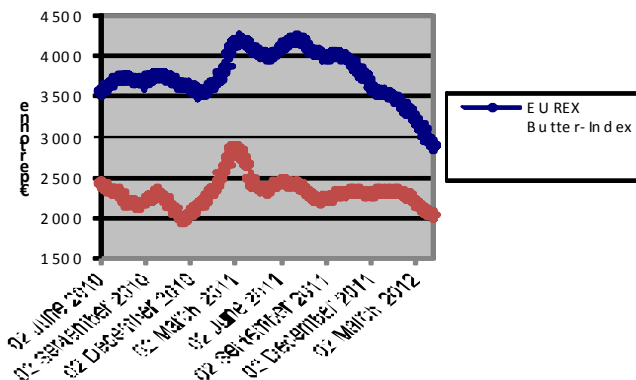


*: Eurex Futures Cash Settlement Price

Markets continue to show weakness, with last week's 1.5% "rally" in the Fonterra Global Dairy Trade Auction doing little to boost sentiment.

The Eurex Exchange indices continue to fall with the butter index falling almost 8% in the last month to €2898 and the SMP index falling by 5.5% to €2038.

EUREX Dairy Futures Market Indices



Dutch milk prices continue to weaken, with Friesland Campina's April price dropping by a further 0.5c/kg for milk, with 4.41% fat and 3.47% protein. Their April price, inclusive of seasonal adjustment, for milk of Irish standard constituents, now sits at just over 26.6c/kg, or 27.4c per litre. Interestingly, the price drop reflects a combination of an 8.3% drop in the fat value and a 4.2% increase in the protein value in the Friesland Campina A+B-C pricing scheme.

Global Dairy Trade Auction Results-3rd April

Changes in Price Indices	Price Changes from Previous Event				All Contracts
	Contract 1 May12	Contract 2 Jun12	Contract 3 Jul12-Sep12	Contract 4 Oct12-Dec12	
Anhydrous Milk Fat (AMF)	n.a.	8.1%	7.9%	11.8%	8.3%
Cheddar	n.a.	4.7%	26.5%	n.a.	13.2%
Lactose (LAC)	n.a.	n.a.	n.a.	n.a.	n.a.
Milk Protein Concentrate (MPC70)	n.a.	13.1%	n.a.	n.a.	13.1%
Rennet Casein (RenCas)	n.a.	13.8%	n.a.	n.a.	13.8%
Skim Milk Powder (SMP)	-1.8%	-1.8%	0.9%	3.3%	-0.8%
Whole Milk Powder (WMP)	n.a.	-3.2%	-2.1%	-2.1%	-2.8%
All Products (Trade-Weighted)	-1.8%	-0.8%	5.7%	1.1%	1.5%

ICOS Skillnets - Billy Goodburn



Where has all the optimism gone?

Have optimism, hope and positive thinking been sentenced to death by the new powers of recession-driven doom, gloom and negativity?, questions Billy

Goodburn, Network Manager of ICOS Skillnet.

If the answer is yes, then Billy is championing the campaign for a reprieve because it is his belief that we need to be optimistic, think positively and look to the future in order to ride the storm. And he firmly believes that the co-operative industry has a lot to be optimistic about.

As the Network Manager for ICOS Skillnet, Billy Goodburn is rightly proud of the training facilities available to the co-op sector. ICOS Skillnet was established in 2006 by ICOS to ensure that the training needs of the co-op industry were identified and met in line with the national strategy.

As a national training organisation, it delivers accredited and affordable training to the industry within the National Framework of Qualifications. ICOS member companies can and have enjoyed savings of up to 50% on the cost of training through ICOS Skillnet who offer over 50 courses.

"Ongoing training and upskilling is crucial to ensure that the industry survives the recession. We have already laid very solid foundations through training which has been undertaken over the past number of years. Over 3,500 people have benefited from ICOS Skillnet courses since 2006, for which the industry is reaping the benefits. We can now offer employees a professional environment with a defined career path on which to build their futures and as a result, the industry has top-class employees at its disposal. What is critical now is that we maintain this momentum and ensure that our exceptional employees can and will remain in our industry. The way to do this is to ensure that ongoing training and upskilling remains a key focus in the year ahead."

ICOS Skillnet has announced its course schedule for 2012 and already demand for courses is high which Billy finds encouraging. But again, he would advise co-ops to ensure that their staff are fully trained for the changing environment in which we are operating. We offer courses which are sector specific, geared at ensuring participants are fully trained in the varying facets of the co-op sector.

ICOS Skillnet will be sending out a survey to all member co-ops, to assess their specific training needs for 2012 and Billy will personally be visiting all member co-ops to assist them in identifying the individual needs.

Employers need to ensure that their staff are confident and capable of carrying out their duties in as safe an environment as possible. To ignore or put training on the long-finger until the recession subsides is a highly risky

strategy and one which could set the industry as a whole, and individual companies specifically, back dramatically."

The impact of the recession is being felt at all levels and many companies are battenning down the hatches until the storm subsides. However, we need prepare for the future by protecting our most important assets, our staff, with an ongoing training plan for them. When we come out the other side of the recession, we will need loyal, well-trained and fully motivated staff to identify and maximise the opportunities which the new era will present.

Through our training facilities, rising standards and new-found professionalism, the co-op industry has the ammunition to win the war but the responsibility must be on the co-ops themselves to avail of every opportunity available to them to come out fighting!"

The ICOS Skillnet is funded by member companies and the Training Networks Programme, an initiative of Skillnets Ltd, funded from the National Training Fund through the Dept of Enterprise, Trade and Employment.

About Billy



Billy has over 20 years international experience primarily in the South African, Irish & UK private security industries and in the South African Defence Forces and Police Service.

He laid the foundations for his commercial expertise with a UK and Irish based company before moving onto the senior management team of the Irish Security Industry Association, with responsibility for the development of a training regime, ensuring that the training needs of the Irish Security Industry are in line with the National Skills Strategy. He has also been an integral player in the drive to raise the standards of the security industry through his involvement in the development of industry specific Quality Assurance Scheme.

Billy has chaired a number of groups and has been a key figure in the security industry as a representative to various bodies including Educators, Social Partners, Industry Sectors, Regulators, Government Ministerial Offices, Trade Associations, Funding Agencies, Security Congress of Ireland, An Garda Síochána and Standards Development at both a National and International Level. With over 20 years' experience in Industry he brings a wealth of knowledge and expertise which ensures the highest level of quality in the services provided.

He can be contacted on:

Email: billy.goodburn@icos.ie or on 01- 6131349 or on mobile: 087-126-5542

Seamus O'Donohoe Appointed CEO of ICOS



The Board of ICOS have appointed Seamus O'Donohoe as Chief Executive in place of Tom O'Callaghan who has departed from the Society to pursue a career in the private sector. Seamus has worked with ICOS since 1980 and was formerly Secretary of the Society.

US Legislation Aims to Protect Farmer Margins

Draft legislation, now before the U.S. Congress, known as the Dairy Security Act, aims to repeal the current dairy safety net and replace it with an insurance program focused on protecting farmers' margins rather than price.

The change of thinking is said to be critical, because it recognizes the reality that it doesn't matter what the price of milk is, if it costs a farmer more than that to produce it.

Under the bill, when the margin between milk prices and feed costs falls below \$4 per hundredweight for two months, an insurance-like "margin protection program" will cover the difference between the price of milk and average feed costs for most of a farmer's output. To prevent steep milk price declines or prolonged low margins, a standby program will encourage farmers to reduce their milk output, if needed to help balance supply and demand.

Together, these two elements would moderate the wild price swings that

have plagued the dairy industry in recent years. In addition, by eliminating price supports, the bill would allow for growth both domestically and internationally. Most importantly, the new program is voluntary. Dairy farmers will not be required to participate in the program. They will have the option to go it on their own, or they can choose a government safety net, that also, if necessary, will require them to adjust their milk production.

Finally, the bill saves taxpayers' money at least \$100 million over five years, according to the Congressional Budget Office.

Independent economists say the Dairy Security Act's margin protection program offers better protection for farmers than current programs when help is most needed. At the same time, they say, replacing today's dairy price supports and direct payments won't hurt either milk prices or milk production.

Nestlé Continues to develop its Operations in Chile with €100m Investment



Nestlé has invested more than €100m in a new factory in Chile as part of its continued commitment to developing its operations in the country.

The factory will produce a range of milk products and ingredients with added nutritional value for domestic consumption and for export to the United States, Central America, the Middle East and Asia.

When fully operational, the factory will have a production capacity of 30,000 tonnes of milk powder, enabling Nestlé to meet increased demand for dairy products that offer a nutritional 'plus'. One of the most technologically advanced dairy factories of its kind in the world, it will provide 300 direct jobs and 1,500 indirect jobs.

The new factory is located in the region of Osorno in southern Chile. It is the latest in a long line of investments Nestlé has made in the country since it started its operations with dairy products in 1934.



In Chile, Nestlé operates a dairy support programme in all the regions where its milk factories are located. It reaches a total of about 1,200 milk producers.

Since 2001 the company has also participated in a government initiative that aims to strengthen the relationship between private

companies and their suppliers.

Nestlé in Chile

Nestlé Chile is part of the Nestlé Group. Worldwide, Nestlé employs about 328,000 people and has factories or operations in almost every country in the world. The Group sales for 2011 were almost €65 billion.

In 2010 the company opened its first Research and Development Centre in South America in the Chilean capital Santiago. The centre leads Nestlé's global research and development efforts for biscuits and cereal-based snacks.

Risk Management

On April 18th ICOS will host a Dairy Risk Management seminar, featuring leading international speakers, focusing on price volatility and appropriate tools to manage the associated risks.

The meeting will be addressed by Liam Fenton and Charles Hyland of FC Stone Europe, leading commodity risk managers, with a particular expertise in dairy markets, as well as David McGowan, risk manager with Fonterra, as well as a representative of the Eurex Exchange.

Topics to be addressed include:

- Market volatility
- Lessons from other markets
- Introduction to risk management
- Futures and OTC market tools
- Price risk management for dairy
- How Fonterra use these tools
- Fonterra's vision for the development of this market

For more details on the seminar, contact TJ Flanagan at t.flanagan@icos.ie

Farmer's Concern at Fonterra Plans

Concern is growing among Fonterra's farmer owners about plans to allow outside investor exposure to Fonterra, according to the New Zealand Herald.

The Dairy Industry Restructuring Amendment Bill, currently making its way through the New Zealand Parliament provides for Fonterra to move to its proposed Trading Among Farmers system if the co-op chooses to do so.

Fonterra's proposal aims to remove redemption risk and provide permanent share capital, with farmers buying and selling shares among themselves rather than with the company, according to the paper.

The proposal provides for farmers to place shares with a Fonterra Shareholders' Fund and be paid the share value for the rights to dividends and any change in market value, while retaining voting rights. The fund would raise the money to pay farmers by selling investment units, which would be managed through the stock exchange.

The proposed capital structure change was given 89.85 per cent support by farmers in 2010. While farmers had accepted the concept of trading among farmers but there reported to be significant unease with the concept of outside investment. In the words of one of the objectors "As soon as you have outside investors then you have dual control ... one is to maximise return to investors which invariably, if everything

Tesco Drops Milk Price in Line with Cost Tracker

UK milk producers supplying Tesco's Sustainable Dairy Group will suffer a 0.65 pence per litre price cut (down to 29.56 ppl), following the six month independent cost tracker review. The Cattle site reports that suppliers who don't participate in the cost tracker will be paid 29.06 ppl.

The new price recognises a feed cost reduction, as well as fuel and labour price increases. Tesco claims that since 2007, it has paid £145 million into the Tesco Sustainable Dairy Group over and above the average UK milk price paid to farmers.

Tesco say that the Sustainable Dairy Group aims to ensure that farmers are paid a fair price for their milk with additional provisions for making a profit including capital investment, depreciation of assets and unpaid family labour. A Spokesman said: " Five years ago the Tesco Sustainable Dairy Group was established to address the huge uncertainty faced by dairy farmers caused by continuing volatility in the markets, providing much needed stability. Our 700 farmer members continue to benefit from Tesco's pledge to recognise the true cost of production with additional provisions, which means a brighter future for British dairy farmers."

Market Movement

	€ 1 : US\$	1€ : GB£	Oil Price (Brent) - Carbon Spot: 1 US\$ pbl	EU A
April	\$ 1.307	£ 0.8252	\$ 119.91	€ 6.54
March	\$ 1.314	£ 0.835	\$ 122.6	€ 8.44
February	\$ 1.327	£ 0.835	\$ 116.2	€ 8.42



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