

Quota Abolition... Volatility

The Minister for Agriculture, Food and the Marine, Simon Coveney TD met ICOS Dairy Co-operative Chairmen for a mutual sharing of viewpoints relating to the future of the Irish dairy industry, last week.

The discussions focused on initiatives to curb the impacts of market volatility post quota and associated risk management tools which might be used to protect market returns. ICOS stated that a concerted national effort is needed to assist farmers in managing increased milk production and the inevitable price volatility that will characterise global markets, both for dairy products and for supply inputs. Dairy markets have had substantial volatility over the last five years even with a quota environment to control supply.

ICOS President, Bertie O'Leary and the Minister agreed that in the first instance co-operatives should use existing market management tools to maximum effect, while acknowledging that they will have a reduced impact because of the fact that they are now being activated at extremely low price levels (the equivalent of 20c per litre).

In addition, ICOS and the Minister committed to explore and develop additional optional risk management tools, (possibly based on futures). These could give farmers the option of locking in at least a proportion of their milk at reasonable price levels to protect from market volatility. ICOS President Bertie O'Leary said: "It is inevitable that uncertainty about potential supply increases will result in increased volatility risks, at least in the short term. As milk suppliers plan to expand their

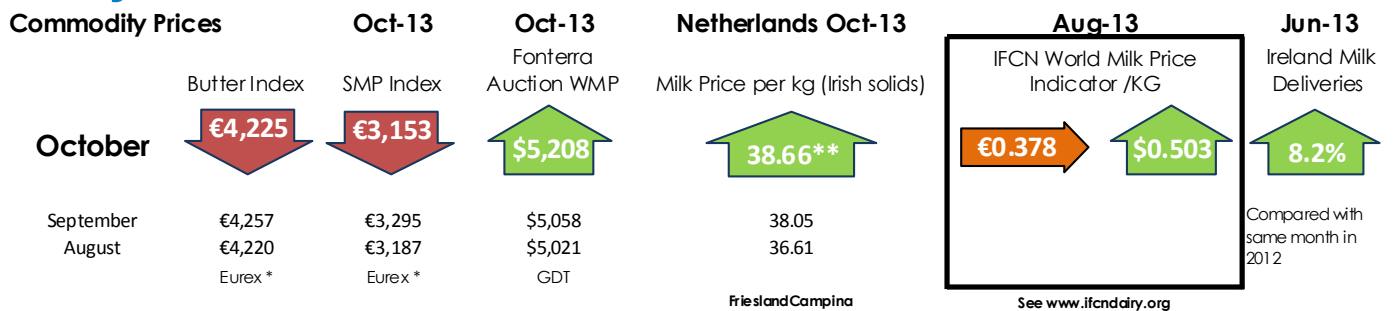
business and expose themselves to higher debt levels, ICOS will explore all possible instruments to help farmers and their co-operatives to manage volatility in a manner that gives them the option of reducing their exposure to unpredictable markets."

Mr O'Leary said that Europe is significantly behind the United States in the development and use of market tools to manage price volatility.

"Useful initiatives have already been taken by some of our co-operatives in the area of fixed price schemes, however, more work needs to be done on a collaborative basis to identify and develop appropriate income stabilising tools for farmers. Tools need to be designed that will give farmers confidence in their reliability and transparency. That will be essential for maximum uptake and impact," he said.

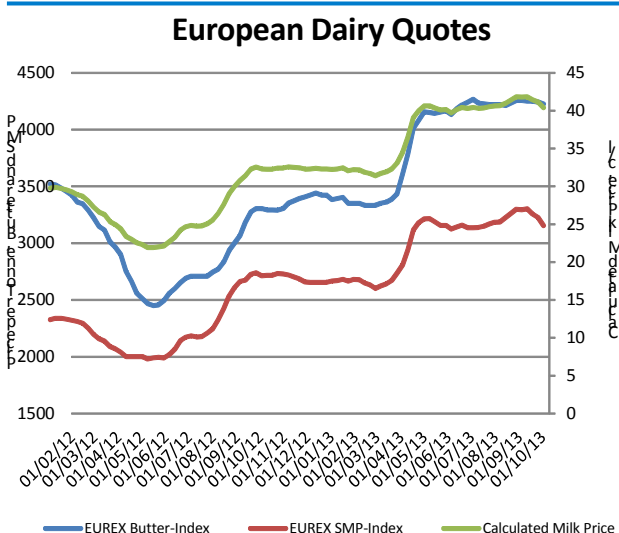


Dairy Markets



*: Eurex Futures Dairy Market Indices

** : Inclusive of seasonality bonus



Markets Softening

European markets, for butter and SMP have finally reacted to the strong production, globally, prompted by good weather and cheaper feed. The Eurex butter index, at €4225 has drifted down 1% from its July peak of €4267, and the SMP index, at €3153 is over 4% down on its August peak, of €3298.

The Irish Dairy Board Purchase Price Index, however, continues to rise, although more slowly, with the September Index rising to 133.7 (from 133.5 in August).

The USDA "All Milk" average price continues to strengthen also, rising to \$19.8/cwt in September. It's just ahead of the price for the same month last year, but still trailing the September peaks of \$21.8 and \$21.1 achieved in 2007 and 2011.

Meanwhile, Fonterra have set the final farm gate milk price for last season. They will pay \$5.84 per kg solids, with a further dividend of 0.32c. This would be equivalent to about 23.5c/l for Irish solids for the basic milk price, with an additional dividend of about 1.3c/l. The current forecast for the current season (2013/14) is for a total payout (including dividend) of about \$8.62/kg solids. This would equate to about 34.8c/litre, for Irish solids.

ICOS hold Bilateral Meetings with German, French & British Dairy Organisations

During September, ICOS stepped up our campaign against supply management, and for strong dairy tools by organising a series of bilaterals with key dairy organisations.

As part of this process, a special delegation of senior German dairy industry figures in Dublin today including officials of the German Farmers Association (Deutscher Bauernverband), the Rhineland Farmers Association, the Lower Saxony Dairying Association and the Bavarian Association of Dairy Farmers, came to ICOS H.Q. in Dublin to negotiate a position on the matter.

The German Delegation and ICOS issued a Joint Declaration against any suggestion of milk supply management post-quota.

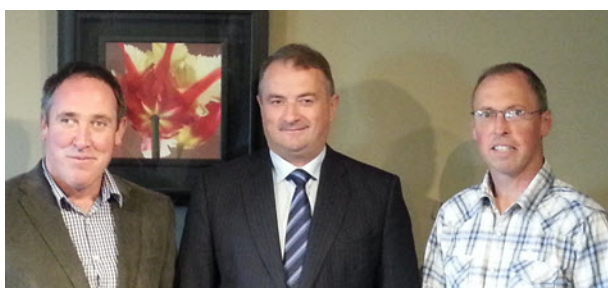
This declaration was on top of an existing agreement that ICOS had brokered with 13 other dairy producing nations against 'quotas by the back door' post 2015.

ICOS also met with the French dairy producers organisation in Lille, who supported the market management initiatives. Thereafter we met the head of dairy of the British NFU Mansel Raymond in Brussels to copper fasten our position ahead of the EU dairy conference.



New Men on the ICOS Dairy Expert Committee

ICOS President, Bertie O'Leary, pictured, above, with two new members of the ICOS Dairy Expert Committee, Derry Connolly, of Lahana, Drimoleague, representing Drinagh Co-op, and Robert Shannon, of Ballinascorthy, Clonakilty, representing Lisavaid Co-op.



Milk Quota

National Situation

Figures published by the Department show the country 1.4% under quota at the end of July. The following are relevant figures for the past four years:

	2010/2011	2011/2012	2012/2013	2013/2014
April	(4.12)	8.70	3.7	(8.6)
May	(5.6)	4.96	1.6	(4.6)
June	(4.6)	3.98	1.01	(2.6)
July	(4.10)	3.7	(0.50)	(1.4)
August	(5.5)	2.8	(1.43)	(0.4)

() indicates under quota

It is recalled that the quota year 2011/2012 finished at 1.05% over quota.

In general, the period from 1st September to 31st December is the critical period in influencing the National Position at 31st March. Obvious factors are: the milk price, weather and feeding patterns. In addition,

the increase in the national herd, in preparation for the removal of quotas from 1st April 2015, is an additional factor that will play an influence in the current quota year. At this stage it is too early to do the final national projection but as can be seen, the figures for the 2013/2014 quota year are heading in the wrong direction.

Milk Quota Trading Scheme

All co-operatives and farming organisations should be alert that the first stage of the final Milk Quota Trading Scheme has been announced. The closing date is Friday, 11th October. The closing date for the second stage will be 7th February 2014. Apart from those two stages, there is no other facility for a dairy farmer who wishes to exit quota through the Trading Scheme to be accommodated. Every co-op should, through their newsletters and payments to dairy farmers, alert all producers of these last two opportunities to buy and sell quota.

Quota Schemes in General

It must also be appreciated that the two remaining schemes, temporary leasing and fleximilk, will continued for the current and final quota year (2014/2015). It must also be appreciated that full quota regulations will remain in place until 31st March 2015.

Changes to Fleximilk Rules

Dairy co-operatives have alerted their milk suppliers that a new allocation criteria is in place this year with 85% (down from 90%) of the pool allocated to producers with quota of less than 350,000 litres and 15% to producers over 350,000 litres. For the 2014/2015 milk quota year the allocation will be 80% and 20%.

Dairy Hygiene Grant Scheme ends on 31st December 2013

The grant scheme closes for valid application on 31st December 2013.

The Scheme, which came into operation on 20th December 2011, offers 40% grant aid on milking machine equipment and milk storage equipment and ancillary cooling equipment.



Co-operative Development Executive

The Irish Co-operative Organisation Society Ltd (ICOS) is the central representative organisation for farmer controlled co-operative businesses in Ireland. Our members play an important role in all aspects of the Irish Food Industry with combined sales of over 12 billion euro in 2013.

A highly motivated, articulate, **Co-operative Development Executive** is now required.

The successful candidate will be required:

- To recruit and advise new rural groups with the potential to start a co-op
- To assist existing members of ICOS on matters related to co-op rules and legislation
- To develop and promote co-op rural development policy within ICOS
- To assist in general policy development in other co-op sectors
- To develop a good knowledge of co-operative law and governance
- To be based in Dublin and travel from time to time to all parts of the country

You should:

- Be a graduate in a relevant discipline
- Have at least three years' post qualification experience
- Have very good communication and computer skills
- Have a good knowledge of agriculture, rural and public policy
- Have some familiarity with co-ops and preferably have an agricultural background
- Have a strong business and commercial focus

A competitive salary commensurate with experience will be offered.

Closing date for applications is Wednesday, 16th October 2013.

Candidates should apply via e mail in strict confidence, and attaching a curriculum vitae (CV), covering letter and salary details to info@icos.ie

Seamus O'Donohoe
CEO
ICOS Ltd.

Upcoming Courses – October 2013

1. I-Can-Do (Digital Skills Training)
2. Managing People
3. Supervisory Management
4. Train-the-Trainer
5. Advanced Confined Space & Breathing Apparatus
6. Confined Space
7. Milking Machine Technician (Refresher Training)

Courses for November 2013

1. Advanced Confined Space & Breathing Apparatus
2. Livestock Management - Mart Director Training Programme
3. Forklift Training
4. Drover Training
5. Agri-Co-Operative Leadership Programme

For more details and dates on any training courses, please visit www.icoskillnet.ie or contact us on 01-6131348 or on email: breda.flood@icos.ie or billy.goodburn@icos.ie

All our programmes are offered free to Eligible job seekers.

Spaces on all programmes are limited and will have to be allocated on a first come first serve basis. We attach details of the various programmes for your information and consideration.

If you wish to make a booking, please contact either Billy Goodburn (0871265542) or Breda Flood.

Continuous Professional Development & Recognition of Learning

As part of our on-going drive to support the co-operative sector, in up-skilling and continuous professional development, ICOS Skillnet is

delighted to announce that we have now been approved as an Institute of Leadership and Management (ILM) quality assured training provider.

The ILM is the corporate division of City & Guilds and their qualifications are internationally recognised.

As part of our application, we have had a number of our programmes recognised as follows:

1. Dairy Co-operative Director Training Programme
2. Agri-Co-operative Leadership Programme
3. Livestock Management - Mart Director Training Programme
4. Mart Management & Livestock Auctioneering



Further to this we remain a Quality & Qualification Ireland (QQI) approved centre, offering formal qualifications to the co-operative centre that are recognised on the National Framework of Qualifications from Levels 1-6.



For further information, contact Billy Goodburn on billy.goodburn@icos.ie

Some Statistics: (Over the last two years.....)

- > 3,000** The number of co-operative staff that attended training courses offered by ICOS Skillnet, across a wide range of programmes
- 80 +** The number of courses now offered through ICOS Skillnet
- €400,000** The amount of funding given to co-operatives towards their training and development costs over the last two years
- 130** The number of eligible, unemployed persons that attended ICOS Skillnet courses for free

Calendar of Events:

- | | |
|-----------------------------------|---|
| 9th October | ICOS as stakeholder in US/EU Trade talks |
| 10th October | European Parliament Agriculture Committee |
| 14th October | ICOS with Commission in CAP Advisory Meeting |
| 17th October | EU Working Party on sustainability schemes |
| 18th October | EU advisory group on agricultural quality assurance |
| 22/23rd October | UN/FAO conference on the Future of Family Farming |
| 25th October | Working Group on Risk Management |

Milk Quota Abolition Countdown

538 days...
and counting!

Glanbia west Waterford advisory visit Brussels

Last week, Ireland South MEP Sean Kelly along with ICOS hosted the West Waterford Glanbia advisory group for a study tour of Brussels. The group of over 40 comprised started with a visit to the farm of Guido Veys who is chairman of Belgian dairy co-operative Milcobel with over 3,000 members.

Guido has a robotic milking system and is a passionate advocate of corporate governance, the co-operative model and the application of innovation.

The Thursday comprised of meetings with:

- Sean Kelly MEP
- Senior Agriculture officials such as Dermot Ryan, Head of Agri in the Irish Perm Rep

- Conor Mulvihill of ICOS Brussels spoke on regulatory activities and trade coming towards 2015 quota abolition
- Carla Clissmann, Glanbia Head of European Nutritional Sales spoke on new market areas and the importance of the sustainability agenda for sales growth



EU Commission High Level Dairy Conference Debrief: Market Management Rejected

After a long campaign against market management by ICOS, our work was validated by an independent Ernst and Young report presented to the Commission which comprehensively rejected proposals for milk supply controls post quota.



Ernst and Young France were commissioned to conduct an **“Analysis on the future developments in the dairy sector”** by the EC Agriculture and Rural Development Directorate-General.

Their report comprehensively rejects the so called “buy out” (supply management) proposals, describing them as unworkable. Ernst & Young did however call for strong measures to help farmers to deal with the inevitable volatility which will occur when milk production quotas are abolished. Another position that ICOS has heavily advocated.

ICOS has continually worked to ensure that all parties in the sector to work to develop support tools to protect dairy farming incomes as neither farmers nor their co-ops can absorb the milk price volatility which looks likely in the future, without strong tools.

EU market tools need to be strengthened, and new innovative financial measures – perhaps based on futures markets – need to be developed. The first step in the development of these mechanisms will be to introduce transparent and objective milk pricing tools.

ICOS has worked hard to develop such just such an approach and will continue to do so. ICOS had previously orchestrated a coalition of co-

operative and farming organisations in 13 European dairy producing countries are opposed to suggestions for discretionary milk supply controls following quota abolition in 2015. These proposals had been originally suggested by French MEP Michel Dantin.

ICOS and its coalition of organisations had demanded that any such proposals should be unequivocally ruled out by the EU, and this conference backed these arguments.

Commissioner Ciolos did commit to the setting up of a European Milk price observatory as well as another report on the implementation of the ‘Milk Package’. ICOS will continue to monitor developments here closely.

Trade: ICOS appointed as official stakeholder in EU/US Trade negotiations

ICOS has been accepted by the European Commission Directorate General Trade as an official stakeholder representing European and Irish Agri Business on the key US/EU trade talks that are gathering momentum.



The second round of negotiations on the deal were supposed to start this week, but have been cancelled due to the US government shutdown.

ICOS is also getting involved on behalf of member co-operatives in negotiations with Israel, Thailand, Vietnam, Myanmar, Singapore to name a few, and we hope to get key staff from member co-ops involved in trade missions to these markets so they can take advantage of bilateral deals early.

The Importance of Removing Calves Persistently Infected with BVD from the Herd

Calves born persistently infected (PI) with BVD virus have been exposed to the virus in the womb, typically between 30 and 120 days of pregnancy. In a small proportion of cases (~6%) this happens because the calf’s mother is also PI. However, in the remaining 94% of cases, it occurs because the mother has herself been infected with BVD virus for the first time during early pregnancy. While the mother will go on to develop immunity, her calf is born PI (if it is not aborted). Infection at other stages of pregnancy can have other negative consequences, including failure to conceive and birth defects.

While they may be ‘apparently healthy’ at birth, PI animals typically do not thrive, with the majority dying from scour or pneumonia within 12 to 18 months.

PI animals have very high levels of virus in their bodies and are the main source of infection for other animals, as all bodily fluids contain virus that can be transmitted either directly (e.g. nose to nose) or indirectly (e.g. on hands, clothing, boots) within and between herds. Where infection is transmitted from PI animals, particularly to calves, it often results in a weakening of their immune system, leaving the newly-infected calf much more susceptible to scour and pneumonia.

For all of these reasons it is recommended that PI animals are culled as soon as possible after identification. Failure to do so runs the risk that it will cause illness in other calves and that it will create further PI calves through infection of

pregnant heifers and cows which will not be detected until the following calving season. PI calves will usually die before reaching a saleable weight.

The BVD Implementation Group is in the process of establishing the requirements to allow herds to enter the monitoring phase and the monitoring options that will be available in that phase of the programme. For example, two of the key criteria that must be met for a herd to move into the monitoring phase will be as follows:

1. The BVD test status of all animals in the herd must be known (on the basis of both ‘direct’ and ‘indirect’ results)
2. No animal which has given a positive or inconclusive result to a BVD test may have been present in the herd in the 12 months preceding the transition to the monitoring phase.

The above criteria will have immediate relevance to the farmers who entered the programme in the voluntary phase in 2012 and who are anticipating finishing tag testing in 2014. In particular, these herd owners should be aware that any PI animals on their holdings will need to have been disposed of by the end of this year to enable the transition to the monitoring phase in January 2015.

A full update on the progress of the BVD programme is now available on <http://www.animalhealthireland.ie/news.php?id=64> Further information on PI animals is available on the FAQ web page <http://www.animalhealthireland.ie/page.php?id=115>

Farm-specific queries should be directed towards the farm’s own veterinary practitioner.

	€1 : US\$	1€ : GB£	Oil Price (Brent) - US\$ pbl	Carbon Spot: 1 EUA	IFCN World Feed Price Indicator /KG*	IFCN World Feed Price Indicator /KG*
October	\$1.36	£0.84	\$109.86	€4.73	€0.224	\$0.298
September	\$1.33	£0.84	\$113.53	€5.19		
August	\$1.33	£0.86	\$107.86	€4.44		



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