

Newsletter 129

28 July 2015

Massive milk surpluses in many countries are now really serious, mainly because of milk and grain subsidies in many countries, and maize-made ethanol, as fuel, found to be not be as good as promoted by USA money makers, so maize and milk are in surplus. The USA's 50% subsidy on maize for decades has increased the surpluses which have been dumped into New Zealand and other countries, and bankrupted some our maize growers.

New Zealand should apply import tariffs at the same rate as all subsidised products.

In 2002 the USA deceptively told our weak and ignorant government that the NZ Dairy Board was a government owned monopoly. Of course they were wrong, because as we know, it was owned and operated by 11,000 NZ dairy farmer producers.

However, USA and their dairy farmers were really jealous about how well our Dairy Board marketed our better quality pasture-fed milk to a hundred countries, and how cheaply NZ dairy farmers produced open air milk, except for small subsidies pre-1985. One Wisconsin dairy farmer emailed an NZ discussion group that USA should nuke New Zealand. I received one.

USA has not been able to sell all its subsidised over-priced inferior grain-fed milk, from short-lived cows in smelly barns, so over the years they have given some milk to poor countries we have normally sold to.

USA then insisted that our Dairy Board be closed and they, under our weak governments (plural), because neither have corrected the imposed rules on New Zealand by which a new organisation later called Fonterra, has to sell to anyone. This is the biggest disaster to ever hit New Zealand. The 15 serious mistakes that Fonterra has made, deserves a government investigation, as they have done to a county council, jail and hospital.

It means that the massive foreign dairy factories now being built in Pokeno, Otorohanga, Wanganui and the South Island, will be able to buy milk as they want it from Fonterra, process it and market it more cheaply against Fonterra, world-wide and reduce our milk prices still further.

TPP

I shudder what the planned USA controlled TPP will do to New Zealand and other small countries like Japan whose people want home grown foods, so as not to be dependant on imports. The small countries and those low in exports will become TPP Greeces, or another USA killed Haiti. Read about Haiti and TPP in the GrazingInfo eBook in the Political chapter.

I don't know whose stupid idea it was to sell the world's best milk by auctioning, except some lazy ignorant over-paid bureaucrat. I told Fonterra (and New Zealand - see the first Newsletters) in their early days that it would be a disaster. It has lowered our dairy farmers' incomes, and because it suits all milk buyers, some around the world have used it as their milk buying prices, which is another part of the fury many dairy farmers in other countries are now showing, by demonstrating in their thousands.

Throwing milk away is just one disposal method. Some farmers have had to sell surplus milk at below cost, while others kill some cows because feeding them and disposing of milk are both costs.

China's Ministry of Agriculture (MOA) has warned that such drastic measures are increasingly frequent as many dairy processing companies stop the purchase of fresh milk.

Wang Dingmian, former managing director of China's Dairy Association, said discarding milk and killing cows first started in 2009, and over 100,000 of their farmers a year have quit the industry since then.

Why didn't Fonterra know about this before they went and helped increase China's milk production by 12% last year after they had no increase since 2001.

It amazes me that Fonterra and the media have not told us about this international disgrace and the farmer fury.

Now stop reading this and Google for 'dairy farmers dumping milk' and then immediately click 'Images for dairy farmers dumping milk'

You won't believe what you'll see in Brussels, Belgium - fifty tankers getting rid of milk by spreading it on ploughed paddocks, plus worse in other countries.

Now read on -

New Zealand dairy farmers give free milk to all our school children. If all countries did the same it would use some of the surplus and encourage future consumption. If all milk producers copied the Lewis Road Creamery milks, it would also increase milk consumption, because it has no toxins, and because the Permeate to which some people are allergic, is removed. Also more adults and children would be trained to drink milk, rather than fizzy sugary toxins.

Another cause is the subsidies on milk and cattle feeds which have increased in USA by 25% since 2005, but they don't have markets for their milk, and USA grain producers are wanting more income because their costs have increased.

New Zealand's milk production has increased by about 2% a year for several years, some of it from those farmers buying PKE and other expensive supplements, so they produced a bit more milk with less net profit. I hope all have stopped feeding it now, because it helps create surplus milk and lower milk prices and unfortunately, enemies in other countries, which we don't ever need, e.g., those fighting the spreading of palm kernel production which kills native forests and wild animals.

Another Fonterra Mistake

Fonterra training the Chinese how to produce more low cost milk, increased their production by 12% in 2014, which was their first increase since 2001. Is Fonterra mad? The result is China buying almost none of our milk.

USA Again

Instead of limiting milk production, the USA's insurance policy limits the farmers' ability to buy their subsidised insurance to cover their losses, after they produce too much milk and cause prices to fall further.

The current USA dairy subsidy program pays farmers when milk prices sink below a certain level. USA maize growers have had a 50% subsidy since 1984 I know of, when we bought a bankrupt 106 ha farm on Greenhill Road at Puketaha near Hamilton. 50% subsidised USA maize (corn) being dumped into NZ, caused it and other bankruptcies then and still.

USA maize costs have risen in recent years because of drought, expanding into poorer soils and decreasing ethanol manufacturing. So USA farmers getting a good price for their maize still found themselves losing money.

"You'd be foolhardy not to sign up for milk insurance," added Ken Nobis, a 69-year-old dairy farmer in St. John's, Michigan.

In New Zealand, you dairy farmers should get together and make Fonterra start managing their (your) dairy business.

Sacking 500 obviously over employed staff by the bureaucratic system shows their inefficiency.

This is what happened in Hamilton. An engineer was employed at a high salary and given an office which he left in disgust after two months because no one had come to his office so he was not given any work, so went back to his previous employment.

Another disaster was one factory selling to three buyers at auction. Two were very small, so Fonterra dropped them and sold just to the large buyer. What does that cause at an auction??!!

Best wishes

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