

CHEESE MARKET NEWS®

The Weekly Newspaper Of The Nation's Cheese And Dairy/Deli Business



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Pepper cheeses enjoy growth with trends in spicier foods

By Rena Archwamety

MADISON, Wis. — For cheese eaters and diners who like it hot, the spicy options are growing. Restaurant chains and cheesemakers have taken note of Americans' more adventurous palates.

Menu items increasingly are featuring hot peppers and Pepper Jack cheeses, and pepper cheeses themselves are growing in variety and heat index.

Cabot Cheese's director of marketing, Amy Levine, says Cabot has seen it's spiciest cheese, Habanero Cheddar, appeal to a broader and broader audience as the interest in hot foods is growing to a larger

population. She says certain markets, such as Texas and Florida, tend to consume more peppers in their cheese. Cities with strong sales of hot pepper cheese include Phoenix, Pittsburgh, Little Rock, Dallas, New Orleans and Minneapolis, she adds.

Millennials most enjoy spicy food, and "spicy" is the second-leading flavor mentioned on U.S. menus (behind garlic), with room for growth, according to an August report, "Innovation on the Menu: Flavor Trends" from market research company Mintel. The Mintel report also indicates that spicy-flavored items on restaurant menus grew 13 percent between the first quarter of 2009 and the first quarter of 2012, increasing every year.

This summer Chili's debuted six spicy "Pick-a-Pepper" entrees. Red Robin Gourmet Burgers Inc. introduced limited-time "Fiery Ghost" and "Cry Baby" styles to its burger upgrade options, which include pepper jack cheeses, spicy sauces and the super-spicy ghost pepper.

"The culinary world has really embraced the chile pepper in a number of ways across the American dining landscape,"

says Dave Woolley, executive chef, Red Robin.

• Staple and variety

The cheese world also has embraced the hot pepper. Though Pepper Jack cheeses started emerging in the 1970s, this variety recently has become more of a staple than just specialty. Cheesemakers continue to experiment with different combinations, from sweet papadews to habanero and even ghost pepper cheeses that test the limits of spice tolerance.

Rumiano Cheese Co., Crescent City, Calif., first started making Pepper Jack in the early 1980s after brothers Baird and John Rumiano took over the company as third-generation owners. They use the same Monterey Jack the company has been producing for 91 years to create Jalapeno Pepper Jack, Habanero Jack, and Chipotle and Mango Habanero varieties. Rumiano's Organic Pepper Jack also is popular in natural food stores across the country, and its jalapeno habanero slices are used by a sandwich chain.

John Rumiano, the company's vice president, explains how he and his brother created their first batch of Pepper Jack.

"My brother Baird went down to Safeway and bought a

jar of pimentos and some whole canned jalapenos, chopped them up and put them in the cheese," he says.

After searching for the best quality peppers and combinations, the company now uses red bell peppers and Jalapenos sourced from Mexico in its award-winning Pepper Jack.

"It's become a staple over the years," Rumiano says. "It used to be Cheddar, Monterey Jack and Swiss. Now Pepper Jack is right up there."

John Jaeggi, coordinator for the Cheese Industry and Applications Program at the Wisconsin Center for Dairy Research, says most companies that make cheese now have some sort of pepper cheese in their product offerings. Monterey Jack tends to be the preferred base for pepper cheeses because as a stirred-curd cheese, it is easier to add and evenly distribute the peppers on the open curd table before they are pressed in with the cheese.

"With Muenster and Havarti, it's a little more of a challenge," Jaeggi says. "Those cheeses are pumped from a vat and the curd and whey mix onto the table. When you add peppers, you don't want a lot

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Dairy groups file legal action over Class 4b price alignment

SAN BERNARDINO, Calif. — Legal action was filed last Friday on behalf of Milk Producers Council, Dairy Farmers of America, Security Milk Producers Association and California Dairy Campaign. The "Writ of Mandamus," filed in the Superior Court of California, San Bernardino County, states that the California Department of Food and Agriculture (CDFA) failed to follow the law in refusing to bring California's Class 4b price into better alignment with the prices being paid by cheese manufacturers around the country.

The legal action stems from a CDFA hearing that was held May 31-June 1 to consider changes to the formula used by CDFA to calculate California's Class 4b monthly minimum price. CDFA slightly increased the whey factor in the Class 4b formula, but it was by less than what dairy producer groups had requested. CDFA also denied a subsequent request for an emergency hearing to consider further increases. (See "CDFA denies WUD request for hearing on milk pricing" in the Aug. 24, 2012, issue of Cheese Market News.)

"The law is very clear that the prices announced by CDFA must be in reasonable alignment with prices paid for comparable milk produced and sold around the country," says Rob Vandenheuvel, general manager, Milk Producers Council. "CDFA is violating that law and rewarding our cheese manufacturers — including several huge national and international corporations — with a state-sponsored discount on the milk they buy, all at the expense of roughly 1,600 California dairy families that deserve a fair price for their milk."

The dairy groups bringing the legal action say that CDFA has a history of discounting the Class 4b price below the federal milk marketing order (FMMO) Class III price, but that discount has

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July production of cheese up 2 percent from year ago

WASHINGTON — Total U.S. cheese production, excluding cottage cheese, was 874.4 million pounds in July, up 2.3 percent from July 2011, according to data released this week by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's Dairy Production chart on page 19.)

July total cheese production was down 5.4 percent from June 2012 production on an average daily basis.

Total Italian-type cheese production in July was 368.4 million pounds, up 2.3 percent from July 2011 production. Production of Mozzarella, the largest component of Italian-type production, was up 1.6 percent from a year earlier to 291.1 million pounds.

Production of American-type cheese in July was up 1.8 percent from a year earlier, climbing to 356.2 million pounds. Production of Cheddar, the largest component of American-type production,

Turn to NASS, page 19 ⇨

Cottage cheese market shows growth potential

By Aaron Martin

MADISON, Wis. — Once a staple in refrigerators across the country, cottage cheese has seen a dramatic decline in per capita consumption in recent decades while other segments of the dairy industry have seen steady or dramatic gains.

Meanwhile, international cottage cheese markets

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MARKET INDICATORS

National Dairy Products Sales Report

For the week ended:	9/1/12	8/25/12	8/18/12	8/11/12
Cheese 40-lb. Blocks:				
Average price ¹	\$1.8469	*\$1.8117	\$1.7540	\$1.7171
Sales volume ²	11,362,818	*11,890,833	11,772,770	11,572,541
Cheese 500-lb. Barrels:				
Average price ¹	\$1.9316	*\$1.9252	\$1.8699	*\$1.8047
Adj. price to 38% moisture	\$1.8313	*\$1.8324	\$1.7820	*\$1.7137
Sales volume ²	9,461,649	*10,326,055	9,502,681	10,004,452
Moisture content	34.60	34.86	\$34.94	\$34.71
Butter:				
Average price ¹	\$1.7686	\$1.7576	\$1.7154	\$1.6632
Sales volume ²	4,275,232	2,349,268	3,151,123	3,561,118
Nonfat Dry Milk:				
Average price ¹	\$1.3263	*\$1.2960	\$1.2573	*\$1.2438
Sales volume ²	13,326,460	*15,599,488	15,651,726	*17,615,498
Dry Whey:				
Average price ¹	\$0.5597	*\$0.5475	\$0.5396	\$0.5304
Sales volume ²	8,130,756	*9,076,497	8,660,052	8,770,067

¹/Revised. ²/Prices weighted by volumes reported. ³/Sales as reported by participating manufacturers. Reported in pounds. *More information is available by calling AMS at 202-720-4392.*

CME FUTURES for the week ended September 6, 2012

Class III Milk*

	Fri., Aug. 31	Mon., Sept. 3	Tues., Sept. 4	Wed., Sept. 5	Thurs., Sept. 6
SEP12	18.89 4,854	Markets Closed	18.97 4,804	18.78 4,768	18.86 4,745
OCT12	19.76 5,322		19.95 5,344	19.76 5,486	19.64 5,310
NOV12	19.90 4,066		20.07 4,074	19.88 4,094	19.85 4,082
DEC12	19.88 3,585		20.10 3,570	19.87 3,582	19.80 3,570
JAN13	19.77 1,371		19.93 1,400	19.82 1,396	19.68 1,424
FEB13	19.37 1,186		19.52 1,204	19.39 1,207	19.25 1,255
MAR13	19.20 1,060		19.37 1,076	19.20 1,085	19.10 1,115
APR13	19.12 811		19.17 812	19.12 815	18.98 831
MAY13	18.87 674		18.90 684	18.90 687	18.83 686
JUN13	18.65 583		18.70 594	18.65 594	18.62 599
JUL13	18.80 469		18.80 479	18.80 479	18.74 484
AUG13	18.55 469		18.56 480	18.56 480	18.56 487
SEP13	18.35 333		18.40 333	18.45 339	18.40 344
OCT13	18.15 288		18.15 288	18.20 287	18.20 287
Total Contracts Traded/ Open Interest	1,201/25,542			838/25,613	831/25,770

Class IV Milk

	Fri., Aug. 31	Mon., Sept. 3	Tues., Sept. 4	Wed., Sept. 5	Thurs., Sept. 6	
SEP12	18.20 120	Markets Closed	18.20 120	18.20 120	18.20 120	
OCT12	19.47 75		20.00 78	19.95 85	19.89 85	
NOV12	19.97 64		20.25 66	20.00 73	20.00 73	
DEC12	19.99 68		20.25 70	20.00 77	20.00 77	
JAN13	19.20 58		19.20 58	19.20 58	19.20 58	
FEB13	19.00 56		19.00 56	19.00 56	19.00 56	
MAR13	19.00 57		19.00 57	19.00 57	19.00 57	
APR13	18.00 7		18.00 7	18.00 7	18.00 7	
MAY13	18.00 7		18.00 7	18.00 7	18.00 7	
JUN13	18.00 2		18.00 2	18.00 2	18.00 2	
Total Contracts Traded/ Open Interest	0/514			13/521	29/542	0/542

Cash-Settled NDM

	Fri., Aug. 31	Mon., Sept. 3	Tues., Sept. 4	Wed., Sept. 5	Thurs., Sept. 6	
SEP12	146.00 347	Markets Closed	145.50 347	145.50 347	143.00 346	
OCT12	159.90 293		159.50 293	159.50 293	158.75 300	
NOV12	164.50 245		164.50 245	164.50 245	164.50 248	
DEC12	164.00 194		165.00 194	165.00 194	165.00 194	
JAN13	165.00 5		165.00 5	165.00 5	165.00 5	
Total Contracts Traded/ Open Interest	6/1,084			1/1,084	0/1,084	24/1,093

Cash-Settled Butter

	Fri., Aug. 31	Mon., Sept. 3	Tues., Sept. 4	Wed., Sept. 5	Thurs., Sept. 6
SEP12	187.98 888	Markets Closed	188.00 888	188.00 901	188.00 909
OCT12	188.50 766		191.93 772	191.00 767	191.00 768
NOV12	188.50 710		190.00 715	190.00 710	190.00 712
DEC12	187.00 595		188.00 602	188.00 597	188.00 597
JAN13	181.20 75		181.20 77	181.20 77	181.20 77
FEB13	181.50 133		181.50 133	181.50 133	181.50 133
MAR13	182.50 52		182.50 52	182.50 52	182.50 52
APR13	183.00 47		183.00 49	183.00 49	183.00 49
MAY13	183.50 36		183.50 36	183.50 36	183.50 36
JUN13	183.50 45		183.50 45	183.50 45	183.50 45
JUL13	183.50 41		183.50 41	183.50 41	183.50 41
AUG13	180.50 10		180.50 10	180.50 10	180.50 10
Total Contracts Traded/ Open Interest	189/3,398		46/3,420	25/3,418	13/3,429

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.
[#]The total contracts traded for Class III milk includes electronically-traded contract volumes.
^{*}Total Contracts Traded/Open Interest reflect additional months not included in this chart.

NEWS/BUSINESS

New York lawmakers seek reclassification of Greek yogurt in nutritional guidelines

NORWICH, N.Y. — At a recent event at the Chobani Greek yogurt plant, U.S. Sen. Kirsten Gillibrand, D-N.Y. and U.S. Rep. Richard Hanna, R-N.Y., announced support for the reclassification of Greek yogurt under USDA's MyPlate nutrition guides.

Currently, Greek yogurt is not differentiated from traditional yogurt, but the lawmakers say that Greek yogurt has twice the protein of regular yogurt.

"Greek yogurt should be a protein option during lunch in our schools," Gillibrand says. "Greek yogurt has so much protein because it requires up to three times the amount of milk. This is a win for our students and a win for our community."

Hanna notes that Greek yogurt is a "booming" industry in upstate New York that is creating jobs and revitalizing farm businesses.

"Greek yogurt also happens to be tasty, healthy and rich in protein," he says. "It is only right that Greek yogurt be properly counted as a protein in school lunches so that more children will be able to enjoy this nutritious food. Updating the nutrition guidelines will have a real positive impact on our kids and our growing Greek yogurt industry."

Hamdi Ulukaya, Chobani president and CEO, notes that Chobani was

founded with the goal of making Greek yogurt accessible to everyone.

"But currently our nation's schools struggle to make this healthy offering available to children throughout the school day," Ulukaya says. "We strongly support Sen. Gillibrand and Rep. Hanna's initiative to differentiate Greek yogurt from regular yogurt and make this protein-packed option more affordable under the National School Meal Program Guidelines."

In a recent letter to USDA, Gillibrand and Hanna urge Agriculture Secretary Tom Vilsack to update the MyPlate nutrition guides to reflect the health benefits of Greek yogurt.

They note that Greek yogurt should be permitted as an affordable, high protein option under the National School Lunch Program, which is responsible for feeding 31 million students daily.

Greek yogurt can provide critical nutrients for an affordable and balanced meal within the dairy and protein food groups," the lawmakers write. "Greek yogurt is one of the fastest-growing food industries and has become a nutritious and popular snack for adults and children across America. We respectfully request that the USDA update their nutrition guidelines and education materials to reflect the positive health benefits of Greek yogurt." **CMN**

California Minimum Prices

Released September 4, 2012

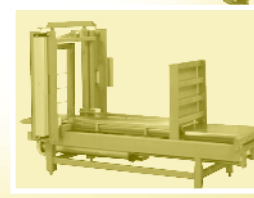
	Butterfat	SNF	Equivalent
Class 4a	\$ 1.8276/lb.	\$ 1.0350/lb.	\$ 15.40/cwt.
Class 4b	\$ 1.8276/lb.	\$ 1.1694/lb.	\$ 16.57/cwt.

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WCMA UPDATE



Perspective: WCMA

John Umhoefer is executive director of the Wisconsin Cheese Makers Association. He contributes this column monthly for *Cheese Market News*®.

Sneak preview: New whey opportunities report

Against a backdrop of skyrocketing whey exports from Wisconsin, Dairy Business Innovation Center (DBIC) is preparing a report on opportunities for cheese manufacturers of all sizes to increase the value of their whey.

In August, the Department of Agriculture in Wisconsin noted that the state's whey exports in the first six months of 2012 reached \$57.3 million, 30 percent higher than the same period in 2011. Wisconsin whey exports are on track to surpass last year's record exports of \$99 million for the calendar year.

This year's surge makes Wisconsin the leading whey exporter in the United States, the department reports.

One portion of this new DBIC whey opportunities report is complete, and has been made available for discussion in this article. Dairy consultants Kelton Greenway and Rich Scheuerman interviewed 15 major processors of whey in Wisconsin to produce a unique snapshot of the whey industry from the perspective of the companies that purchase whey from cheese manufacturers and process final whey products.

The entire whey opportunities report

will be complete later this fall.

• Whey processors

The work done by Greenway and Scheuerman does not list the 15 processors interviewed, but notes that seven companies and cooperatives had captive whey processing plants that receive whey only from their cheese operations. Five dairy processors had captive whey plants that accepted whey from their own system and purchased whey from other cheesemakers. And three companies were not affiliated with any cheesemaking operations and purchased all whey from others.

• Whey products in Wisconsin

The DBIC report notes that finished whey products in Wisconsin range from dried sweet whey to highly refined whey protein isolates. Removing lactose from whey allows production of whey protein concentrate or WPC. WPC composition typically ranges from 34 percent to 80 percent protein in the dry matter. When the protein composition exceeds 90 percent, the product is termed whey protein isolate or WPI.

Greenway and Scheuerman see increasing production of 80 percent

WPC and 90 percent WPI, as well as "non-traditional value-added products" that processors would not elaborate on for this report.

Several Wisconsin whey processors also refine whey permeate (the byproduct of concentrating whey proteins) into dry lactose products, while some simply dry the permeate or concentrate the liquid permeate for animal feed markets.

• Processor comments

The report distills several "themes" that arose from direct interviews conducted by Greenway and Scheuerman. This article condenses these learnings due to space considerations.

- Theme 1: Real demand

Processors buying whey solids from cheesemakers are generally interested in procuring additional sources, the report states. The most desirable sources are uncolored whey from American-style cheese manufacturers and whey solids that have been concentrated (via reverse osmosis) by the cheesemaker.

Processors buying whey from cheese manufacturers typically pay using a formula based on the market value of their primary finished whey product. Most companies base liquid whey pricing on either the dry sweet whey or dry WPC market prices (reported by USDA). As the market for procuring raw whey becomes more competitive, purchasers are sharing more of the dollar value of finished whey products with their raw whey suppliers, the report states.

Overall, Wisconsin's whey processing industry has under-utilized capacity and in particular cases this generates some intense competition for limited volumes of choice supplies. The processors report that pricing competition, including freight factors, has made a significant negative impact on these processors' returns on investment.

- Theme 2: Understand our needs

Some whey processors believe that whey-supplying cheese plants do not appreciate the risk involved in investing large amounts of capital in whey

processing plants, the report states. Cheese plants with very little investment in whey processing should not expect significant returns, the processors stated.

These whey processors face high quality standards from the buyer of finished whey products. The report singles out whey products used in infant nutrition, as well as whey products certified as kosher and Halal.

Several obstacles in the raw whey supply challenge these high standards from buyers. For example, the report notes, small cheese companies may not have sufficient volume to assemble a tanker load, making transportation prohibitively expensive. In addition, small cheese companies justifiably focus most of their attention on cheese, with minimal investment in whey handling.

Quality problems from raw whey can include bacterial issues, lack of cooling, cheese condiment flavors in whey, contamination with salt, added cheese color and inconsistent mineral profiles.

- Theme 3: Growth and challenges

Whey processors interviewed for the DBIC report expect a continuing trend toward production of higher protein WPC and WPI. There is interest in additional lactose production and whey permeate drying vs. sales to animal feed markets.

The processors noted these challenges: 1. securing a stable volume of suitable whey solids supplies at reasonable prices; 2. high capital costs to build and expand whey plants; 3. cost of regulatory compliance (including Wisconsin's Department of Natural Resources, FDA and OSHA); 4. volatility in finished whey product markets; and 5. keeping whey production capacity growing alongside growing cheese production.

These processors see the addition of whey values in USDA's Class III (cheesemilk) price as a negative for cheese manufacturers and the whey industry.

• Conclusion

That final challenge noted by whey processors — the stress of high whey values in the mandated Class III milk price — spurred this 2012 study from DBIC. Small to mid-sized cheese manufacturers across the United States bled red ink for months earlier this year as federal milk pricing reflected high whey prices. Cheesemakers were paying farmers the value of high-priced, dried whey — but these cheesemakers don't make dried whey, and never will.

The findings from Greenway and Scheuerman include recommendations for cheesemakers, and those recommendations will appear with other information on whey opportunities when DBIC releases the final report this fall. Stay tuned. **CMN**

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NEWS/BUSINESS



Hurricane Isaac brings rain to Southeastern states, causes some dairy production delays

By Alyssa Sowerwine

MADISON, Wis. — Southern coastal states braced themselves for Hurricane Isaac last week, with the dairy industry primarily affected by transportation and production delays in Southeastern areas.

In Louisiana, where the storm hit seven years nearly to the day following 2005's Hurricane Katrina, the state prepared last week by delivering gallons of diesel fuel and unleaded gasoline to hospitals, shelters and parishes, says Mike Strain, commissioner for the Louisiana Department of Agriculture and Forestry (LDAF).

Strain says dairy farmers approved by LDAF were permitted to purchase up to 50 gallons of fuel per day.

The storm dropped about 18-20

inches of rain in various areas, he says. This week, Strain noted that most of the state had power restored and, to his knowledge, all dairy farms and processing facilities were back up and running.

Strain adds that he was not aware of any dairy product loss during the storm.

He notes that there were minor transportation delays during the storm as highways were temporarily shut down, but "everything should be back up and running now."

USDA's Dairy Market News notes that "Tropical storm Isaac was not the event forecast in Florida, and many schools that were scheduled to close did not and, as a result, Class I demand remained strong."

Dairy Market News adds that most bottling plants in Louisiana and Mississippi were closed prior to Isaac's arrival,

but deliveries resumed later in the week.

However, this week Dairy Market News notes that the remnants of the storm have caused some problems in the Southeast.

"Some bottling plants were shut down late last week and going into the weekend, causing milk supplies to be pushed to manufacturing plants," Dairy Market News says. "Those same plants reopened coming out of the holiday weekend with very strong pulls to refill the pipeline. Trucking availability was short of what was needed, causing some delivery delays. In order to cover Class I demand, 20 spot loads were imported into the Southeast this week."

Kristi Dale, director of media relations and public affairs for Dairy Farmers of America (DFA), says that DFA members generally fared well through the hurricane.

"Aside from power outages, there was very limited impact on the farms. In addition, a benefit of cooperative membership is that we have systems in place to address issues such as inclement weather," Dale says. "Due to temporary plant closures, we relied on our diverse marketing network to shift about 80 loads of milk to different

facilities."

In Florida, one dairy farmer reported 9 inches of rain in just 16 hours, says Mick Lochridge, senior manager of industry communications for producer group Florida Dairy Farmers, Maitland, Fla.

Lochridge notes that following Hurricane Katrina, dairy farmers are generally better prepared for this type of weather and many took care to make sure generators were functioning and gassed up before the storm hit.

He adds that no damages or injuries to dairy farms or processing facilities have been reported.

Andy Prosser, spokesperson for the Mississippi Department of Agriculture, says one dairy farmer reportedly had to pour out some milk that had gone bad because it was not kept cool during a power outage. Prosser was unsure of the amount of milk that was dumped.

Other than the small loss of milk, no other significant effects to the dairy industry in Mississippi as a result of the storm were reported, he says.

State agriculture officials from Alabama and Georgia say no significant damages to the dairy industry or transportation/distribution have been reported. CMN

Retailers to join CIAA at trade show in Paris

WASHINGTON — The Cheese Importers Association of America (CIAA) has selected the food retailers for its trip to the SIAL trade show in Paris Oct. 20-24.

They are: Robert Cutler, Western Family Foods Inc., Tigard, Ore.; Debbie Harris, New Seasons Market, Portland, Ore.; Shauna Howell, Town & Country Markets, Kirkland, Wash.; Marc Nosal, Super Valu, Eden Prairie, Minn.; Kristine Rogers, Fred Meyer, Portland, Ore.; and Nancy Wangles, Dierbergs Markets, Chesterfield, Mo.

Food retailers selling wholesale cheese were invited to apply for this all-expense paid trip to SIAL, which is the world's largest food trade show. SIAL is held every two years in Paris, and features several exhibition halls of cheese and gourmet foods. The retailer guests were selected via a random lot-

tery drawing, which was held in August.

These selected U.S. retailers will attend the SIAL show as guests of CIAA and participate in all events and dinners with CIAA members as part of the CIAA-sponsored SIAL trip. They will have VIP access to the SIAL show, where they will have numerous opportunities to network with international food manufacturers and professionals.

Additionally, CIAA has partnered with Cniel, the organization representing French dairy processors, for a special tour of a wide array of French food retailers. The CIAA's retailer guests will have the chance to tour the following French retail outlets: Rungis, the world's largest fresh produce market; Carrefour, a French hypermarket; and upscale cheese shops and gourmet retailers. CMN

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NEWS/BUSINESS



USDA awards grant to help construct access road to new yogurt facilities in Batavia, N.Y.

BATAVIA, N.Y. — USDA's Rural Business Enterprise Grant program recently awarded a \$199,821 grant for the Genesee Valley Agri-Business Park here to construct a new access road into the park to help pave the way for Pepsi's Muller Quaker Greek yogurt plant. The first phase of the 363,000-square-foot yogurt plant's construction is scheduled to be completed next year.

Specifically, this award will help fund

the completion of a secondary access road in the park that will accommodate the influx of trucks and employee vehicles. This work will improve transportation to the Agri-Business Park so it can support Pepsi's new Muller Quaker Greek yogurt facility, as well as the 42,000-square-foot Alpina yogurt plant that opens this fall and other current tenants.

"This federal grant will literally pave

the way to a booming Greek yogurt and food processing hub in Batavia," says U.S. Sen. Charles E. Schumer, D-N.Y., who led efforts to secure this and other grants to help development at the Agri-Business Park.

In May USDA awarded the Town of Batavia a \$105,500 grant to upgrade an essential pump station to increase the park's wastewater system's capacity. In addition to more than \$300,000 in USDA funding, Schumer also helped to secure a \$1 million grant from the U.S. Economic Development Administration (EDA) in July to construct an aquifer-direct water supply system required by the business park's food processor

tenants like Muller Quaker since the municipal water is not optimal for the manufacturing process of yogurt products.

"We would like to recognize Sen. Schumer's leadership in securing more than \$1.3 million, which provides the Genesee Valley Agri-Business Park with a new access road and the capability to offer low-cost water to tenants," says Sam Lteif, CEO of Muller Quaker Dairy. "Muller Quaker Dairy is excited to be able to produce and ship our delicious yogurt to eagerly awaiting consumers in the U.S. The senator's efforts are helping to make New York state the nation's center for yogurt manufacturing." CMN

Organic Pastures raw milk products recalled

SACRAMENTO, Calif. — Raw milk, raw nonfat milk and raw cream produced by Organic Pastures Dairy of Fresno County are the subjects of a statewide recall and quarantine order by California State Veterinarian Annette Jones.

The quarantine order follows the confirmed detection of *Campylobacter* bacteria in raw cream at the dairy.

No illnesses have been reported at this time.

Under the recall, Organic Pastures Dairy brand Grade A raw cream, Grade A raw milk and Grade A raw skim milk, all labeled with a code date of SEP 13, 2012, have been pulled from retail

shelves. Consumers are strongly urged to dispose of any product remaining in their refrigerators.

California Department of Food and Agriculture (CDFA) inspectors found the bacteria as a result of product testing conducted as part of routine inspection and sample collection at the facility.

According to Organic Pastures, "During routine state testing, CDFA detected *Campylobacter* in one of our raw cream samples from that date code. As a precautionary action, CDFA is also recalling our Raw Whole Milk and Raw Skim Milk, even though they tested negative for *Campylobacter*." CMN

Face Rock Creamery breaks ground on new 6,000-square-foot cheese factory and outlet

BANDON, Ore. — Face Rock Creamery has broken ground on a 6,000-square-foot cheese factory and retail outlet here on the site of the former Bandon Cheese Factory, which has been closed for a decade.

Co-owner Greg Drobot told the audience of about 100 people at a groundbreaking ceremony last week that production of Cheddar, Jack, cheese curds, butter and other exotic styles of cheese will begin there this spring.

The project is anticipated to cost \$2 million. Bandon city officials used urban renewal funds to buy the vacant

two-acre site of the former Bandon Cheese Factory for \$500,000 last summer. Face Rock Creamery will pay a percentage of its gross revenue to the city in lieu of rent.

When the creamery is producing at full capacity, Drobot says it will employ 10 people. He hasn't yet hired a cheesemaker.

"We hope our cheese will be its own marketing campaign," he says. "There's such a built-in demand locally."

For more information, or to view detailed plans, visit www.facerockcreamery.com. CMN

CWT assists 1.1 million pounds of exports

ARLINGTON, Va. — Cooperatives Working Together (CWT) has accepted seven requests for export assistance from Dairy Farmers of America, Darigold and United Dairywomen of Arizona to sell 734,139 pounds (333 metric tons) of Cheddar and Monterey Jack; 352,740 pounds (160 metric tons) of butter; and 44,082 pounds (20 metric tons) of anhydrous milkfat (AMF) to customers in Asia, Central America and the Middle East. The product will be delivered

September through December 2012.

In 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda totaling 79.1 million pounds, butter totaling 56.7 million pounds, and AMF totaling 123,459 pounds, to 34 countries on four continents.

CWT pays export bonuses to the bidders when delivery of the product is verified by the submission of the required documentation. CMN

Prices up in latest GlobalDairyTrade auction

AUCKLAND, New Zealand — The trade weighted index rose 6 percent, and prices for all commodities saw significant increases Tuesday during the latest auction on GlobalDairyTrade (GDT), Fonterra's internet-based sales platform.

U.S. analysts say the price increases can be attributed at least in part to the commodity price strength seen in recent weeks for dairy products on the Chicago Mercantile Exchange.

Average prices for commodities and the percent change from the last GDT event are as follows:

- Buttermilk powder: US\$3,091 per metric ton FAS (\$1.4021 per pound), up 15.8 percent.
- Milk protein concentrate: US\$6,173 per metric ton FAS (\$2.8000 per pound),

up 15.5 percent.

- Anhydrous milkfat: US\$3,530 per metric ton FAS (\$1.6012 per pound), up 11.8 percent.

- Rennet casein: US\$7,825 per metric ton FAS (\$3.5494 per pound), up 10.1 percent.

- Skim milk powder: US\$3,211 per metric ton FAS (\$1.4565 per pound), up 7.5 percent.

- Cheddar: US\$3,593 per metric ton FAS (\$1.6298 per pound), up 5.3 percent.

- Lactose: US\$2,059 per metric ton FAS (\$0.9339 per pound), up 5.2 percent.

- Whole milk powder: US\$2,978 per metric ton FAS (\$1.3508 per pound), up 4.3 percent.

The next trading event will be held Sept. 18. For more information, visit www.GlobalDairyTrade.info. CMN

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NEWS/BUSINESS



Uncertainty over future business conditions dampens July Restaurant Performance Index

WASHINGTON — As a result of softer customer traffic and a dampened outlook among restaurant operators, the National Restaurant Association's Restaurant Performance Index (RPI) fell to its lowest level in nine months, according to the National Restaurant Association.

The RPI stood at 100.2 in July, the lowest mark since a reading of 100.0 in October. However, July still represented the ninth consecutive month that the RPI stood above 100.

"Although restaurant operators reported positive same-store sales for the 14th consecutive month in July, their economic outlook for the months ahead continued to soften," says Hudson Riehle, senior vice president of the Research and Knowledge Group for the National Restaurant Association. "Only 22 percent of restaurant operators expect economic conditions to improve in the next six months, the lowest level in 10 months."

School promotions accompany bump in some advertised retail dairy prices

WASHINGTON — The dairy case showed prominently in store ads during the most current reporting period, says USDA's Agricultural Marketing Service (AMS) in its most recent National Dairy Retail Report released Thursday.

AMS says that dairy products were featured in back to school ads for smaller pack milk and for cheese snacks. Tie-ins were common in ads for milk and cereal for getting kids breakfast for the school day.

In addition, the start of the college football season highlighted related ads for cheese, cream cheese and sour cream, AMS says. The Labor Day weekend also provided a backdrop for most ads, and dairy products were showcased around picnic and barbecue themes.

Under conventional dairy, AMS reports that 8-ounce block natural varieties of cheese this week were at a weighted average advertised price of \$2.30, up from \$2.20 two weeks earlier.

This week 1-pound block natural varieties of cheese had a weighted average advertised price of \$3.39, down from \$3.45 two weeks ago. Two-pound block natural varieties of cheese had a weighted average advertised price of \$6.06, up from \$5.03 two weeks earlier.

For natural varieties of 8-ounce shreds, the weighted average advertised price this week was \$2.24, up from \$2.19 two weeks earlier, and natural varieties of 1-pound shreds were at a weighted average advertised price of \$3.65, up from \$3.28 two weeks ago.

This week 1-pound natural varieties of conventional butter had a weighted average advertised price of \$2.62, down from \$2.67 two weeks earlier. CMN

The Current Situation Index, which measures current trends in same-store sales, traffic, labor and capital expenditures, stood at 99.8 in July — down 1.7 percent from June's level of 101.5. Although same-store sales remained positive in July, the softness in the labor and customer traffic indicators outweighed performance, which led to a CSI reading below 100 for the first time in nine months.

Fifty-three percent of restaurant operators reported a same-store sales gain between July 2011 and July 2012, down from 61 percent who reported positive sales in June. In comparison, 36 percent of operators reported lower same-store sales in July, up sharply from

24 percent in June.

The Expectations Index, which measures restaurant operators' six-month outlook for same-store sales, employees, capital expenditures and business conditions, stood at 100.7 in July — down 0.6 percent from June and the fourth consecutive monthly decline.

Overall, restaurant operators remain cautiously optimistic that sales levels will improve in the months ahead, though their outlook softened from recent months. Forty-two percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), down from 50 percent who reported similarly last month. Meanwhile, 15

percent of restaurant operators expect their sales volume in six months to be lower than it was during the same period in the previous year, up from 13 percent last month.

In contrast to generally positive outlooks for sales, restaurant operators are noticeably less optimistic about the direction of the overall economy. Only 22 percent of restaurant operators said they expect economic conditions to improve in six months, down from 28 percent last month and the lowest level in 10 months. Meanwhile, 22 percent of operators said they expect economic conditions to worsen in the next six months, while 56 percent think conditions will stay about the same. CMN

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NEWS/BUSINESS



Feta from Euphrates Inc., Johnstown, N.Y., named grand champion at New York State Fair

SYRACUSE, N.Y. — A Feta entry from Euphrates Inc., Johnstown, N.Y., was named grand champion of this year's New York State Fair dairy products contest. Judging for the contest took place Aug. 6-8 at Cornell University, Ithaca, N.Y.

Gold and silver medals were awarded to the top two entries in each class, and the first and second place winners also were recognized during the New York State Fair's Dairy Day Awards Reception Aug. 27. The winning entries this year include:

A. American Style Cheese

1. Cheddar Cheese — 90 days to less than 6 months

First: Rob Blount, Great Lakes Cheese, Adams, N.Y.

Second: McCadam Cheese, Chateaugay, N.Y.

2. Cheddar Cheese — at least 6 months

First: McCadam Cheese, Chateaugay, N.Y.

Second: McCadam Cheese, Chateaugay, N.Y.

3. Cheddar Cheese — at least 18 months

First: McCadam Cheese, Chateaugay, N.Y.

Second: McCadam Cheese, Chateaugay, N.Y.

B. Cottage Cheese

4. Creamed Cottage Cheese — 4 percent butterfat

First: Upstate Niagara, Buffalo, N.Y.

Second: Mikol Donato, HP Hood, Vernon, N.Y.

5. Lowfat Cottage Cheese

First: Doug Wright, HP Hood, Arkport, N.Y.

Second: Upstate Niagara, Buffalo, N.Y.

6. No Fat or Nonfat Cottage Cheese

First: Mikol Donato, HP Hood, Vernon, N.Y.

Second: HP Hood, LaFargeville, N.Y.

C. Cheese, Other Varieties

7. Cream Cheese/Neufchatel

First: Suzanne Ardison-Roy, Kraft Foods, Lowville, N.Y.

Second: Suzanne Ardison-Roy, Kraft Foods, Lowville, N.Y.

8. Low Moisture Part Skim/Low Moisture Whole

First: Kraft/Polio, Campbell, N.Y.

Second: Mark Scarpenna, Sorrento Lactalis, Buffalo, N.Y.

9. Ricotta Cheese

First: Mark Scarpenna, Sorrento Lactalis, Buffalo, N.Y.

Second: Kraft/Polio, Campbell, N.Y.

10. Provolone Cheese

First: Hagan Edwards, Empire Cheese, Cuba, N.Y.

Second: Brian Pinney, Empire Cheese, Cuba, N.Y.

D. Processed Cheese/Foods or Cold Pack Cheese Foods & Natural Cheeses with Flavoring

11. Processed Cheese/Foods or Cold Pack Cheese Food with or without Flavoring and/or Condiments

First: Michael Basloe, Herkimer Cheese Co., Ilion, N.Y.

Second: Robert Basloe, Herkimer Cheese Co., Ilion, N.Y.

12. Flavored Natural Cheese

First: Palatine Valley Dairy, Nel-liston, N.Y.

Second: McCadam Cheese, Chateaugay, N.Y.

E. Open Class Cheese

13. Other Cheese not covered by the above classes

First: Euphrates Inc., Johnstown, N.Y., *Feta*.

Second: McCadam Cheese, Chateaugay, N.Y., *Muenster*.

14. Cheese Made from Milk Other Than Cow's Milk

First: Ilyssa Berg, Garrattsville, N.Y., *Fine Herbs Chevre*.

Second: Blue Moon Bend Farm, Marion, N.Y., *goat's milk cheese*.

F. Other Dairy Products

15. Sour Cream

First: Howard Holdridge, HP Hood, Vernon, N.Y.

Second: Mikol Donato, HP Hood, Vernon, N.Y.

16. Buttermilk — Full Fat, Reduced and Lowfat

First: Doug Wright, HP Hood, Arkport, N.Y.

Second: Upstate Niagara, Buffalo, N.Y.

17. Dairy Dips — Made from Dairy Ingredients

First: Doug Wright, HP Hood, Arkport, N.Y.

Second: Michael Basloe, Herkimer Cheese Co., Ilion, N.Y.

18. Lowfat Yogurt

First: Upstate Niagara, Buffalo, N.Y.

Second: Doug Wright, HP Hood, Arkport, N.Y.

19. Fluid Milk

First: Upstate Niagara, Rochester, N.Y.

Second: Battenkill Valley Farm Dairy, Salem, N.Y. **CMN**

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NEWS/BUSINESS



FDA issues draft guidance for industry on use of food categories for facility registrations

WASHINGTON — FDA recently issued a draft guidance for the industry on the use of food categories in food facility registrations.

FDA says it believes that it is necessary for a food facility to submit to FDA a registration containing the general food category and any other food categories if applicable for a quick, accurate and focused response to a food-safety related issue, actual or

potential bioterrorist incident, or other food-related emergencies or incidents. The information about a facility's food categories is a key element to allow for rapid communications between FDA and facilities directly impacted by any of these possible incidents, FDA says.

The Food Safety Modernization Act (FSMA) provides that, when determined necessary by FDA "through guidance," a registrant must submit

a registration to FDA containing information necessary to notify FDA of the general food category of any food manufactured, processed, packed or held at the registrant's facility.

FSMA also provides that FDA may, through guidance, determine that additional food categories are appropriate for the purposes of food facility registration. Among the additional food categories FDA says it believes are appropriate for food facility registration, and will include as mandatory fields when the guidance is finalized, are:

- Cheese and cheese product categories: soft, ripened cheese; semi-soft cheese; hard cheese; other cheeses and cheese products;

- Dietary supplement categories; proteins, amino acids, fats and lipid substances; animal by-products and extracts; herbals and botanicals; and

- Baby (infant and junior) food products including infant formula.

Additional food categories for foods and animal consumption include amino acids or related products, animal-derived products, chemical preservatives, enzymes, fats or oils, milk products, recycled animal waste products and other categories.

For more information, visit www.fda.gov/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments. Comments on this draft guidance can be submitted at www.regulations.gov. CMN

Health Canada warns of risks of raw milk

OTTAWA — Health Canada, Canada's federal department of health, recently issued a public advisory to warn Canadians of the risks of drinking raw milk.

The sale of raw milk (except for further manufacturing) is prohibited in Canada. Raw milk advocates currently are challenging this rule in the Ontario Court of Appeal in a case involving an Ontario dairy farmer convicted of distributing raw milk through a cow-share operation.

"Although raw milk is not allowed to be sold in Canada, people have become ill after drinking it when visiting farms. While pasteurized milk is now the standard, there are some Canadians who

continue to prefer raw milk because they believe it is healthier. However, it is important to note that any possible benefits are far outweighed by the serious risk of illness from drinking raw milk," Health Canada warns.

The advisory also points out that the number of foodborne illness outbreaks from milk has dramatically decreased since pasteurization was made mandatory by Health Canada in 1991.

Health Canada notes that raw milk cheese is allowed for sale and considered safe because its manufacturing process helps to eliminate many pathogens that may be present in raw milk. CMN

Davisco Foods opens new office in Singapore

EDEN PRAIRIE, Minn. — Davisco Foods International Inc. this week announced the opening of a new representative office and distribution center in Singapore. The expansion will oversee a network of offices connecting Davisco to one of the fastest-growing markets in the world.

The new Singapore office will be headed by David Curta, director of international sales, and will target a region with one of the highest growth rates for dairy consumption in the world. This rapid growth has created increased demand for high-quality whey protein ingredients and cheese varieties matching Davisco's global reputation as an industry leader in dairy product quality, company officials say.

"Singapore's advantageous geographical location helps provide Davisco with countless opportunities to better serve and expand our market in Asia," says Jon Davis, CEO, Davisco Foods International. "I couldn't be more excited about the global demand for Davisco's high-quality dairy products and look forward to better serving the Asian community through Dave Curta's exceptional leadership."

The new Singapore expansion will complement Davisco's global position by joining offices already established in Geneva, Switzerland and Shanghai, China, and distribution centers located in Rotterdam, the Netherlands and Tianjin, China, Davis says.

Davisco's ingredients also have grown to become a high quality premium supplier to multinational food companies around the world, Davis adds.

"Many of the ingredients in this re-

gion have historically been considered commodities, but now the specialty ingredient opportunities are rapidly increasing, and we are positioned to meet this demand with our high-quality product," says Polly Olson, vice president of new business development, Davisco Foods International.

Davisco Foods International is a privately held, family-owned, international cheese and food ingredient company headquartered in Le Sueur, Minn. CMN

Researchers at Cornell use spore testing to improve quality, shelf life of dairy products

ITHACA, N.Y. — Researchers at Cornell's College of Agriculture and Life Sciences Milk Quality Improvement Program have identified spore-forming bacteria in milk and information that can improve the quality and shelf life of dairy products.

The study, published in the March issue of *Applied Environmental Microbiology*, identifies predominant strains of spore-forming bacteria, *Paenibacillus*, which can spoil milk and cause off flavors in dairy products.

The bacteria can survive in dormant form for years despite the best practices in cleaning, processing and packaging.

According to co-author and research support specialist Nicole Martin, the spores are not only resistant to heat from during pasteurization, but it may stimulate germination. Some also can reproduce in refrigerated dairy products

at temperatures that would stymie other types of bacteria.

Researches also investigated how pasteurization affects the presence of such bacteria.

Concerns about food safety have prompted many dairy processors to increase pasteurization temperatures above the 161 degrees Fahrenheit minimum set by the government. Reports, however, suggest this practice actually led to more spoilage once the products were refrigerated.

Tallying bacterial numbers throughout the refrigerated shelf life of milk pasteurized at two different temperatures — 169 degrees Fahrenheit and 175 degrees Fahrenheit — researchers found that lowering the temperature reduced bacterial growth during refrigerated storage, especially 21 days after pasteurization. CMN

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Photo courtesy of Wisconsin Cheese Mart

AGE OF FLAVOR — A 28-year-old Cheddar was recently discovered by Edward Zahn, owner of the now-closed County Line Cheese in Oconto, Wis. Earlier this year, Zahn discovered the 28-year-old Cheddar, as well as a 34- and 40-year-old Cheddar, in wooden boxes in the back of his walk-in cooler. Ken McNulty, president of Wisconsin Cheese Mart, Milwaukee, will offer the 28-year-old Cheddar for \$6 an ounce at a Block Cutting Party on Oct. 6 at Wisconsin Cheese Mart. The 40-year-old Cheddar will be sold only in the store for \$10 per ounce, and the 34-year-old Cheddar will be saved for a later date.

28-, 34-, 40-year-old Cheddars discovered; 28-year to be sampled Oct. 6 at tasting event

By Alyssa Sowerwine

MILWAUKEE — Samples of a 28-year-old Cheddar discovered earlier this year will be offered for \$6 an ounce during a tasting event at Wisconsin Cheese Mart, Milwaukee, on Oct. 6.

The 28-year-old Cheddar was made by Edward Zahn, longtime cheesemaker at County Line Cheese, Oconto, Wis. Zahn retired from the business this year and discovered the 28-year Cheddar — as well as a 40-year-old and 34-year-old Cheddar — in the back of his walk-in cooler this spring.

“They were just stacked back there, in boxes,” Zahn says. “I’ve aged a lot of cheese over the years, and these blocks

just happened to get overlooked.”

Zahn says he has tried the 40-year Cheddar, and while very sharp, “it’s not bad.”

“I thought it would be too strong, but it was pretty good,” he says.

Zahn worked at County Line Cheese until 1989 when a back injury forced him to quit cheesemaking. He then opened Z’s Cheese Shoppe and acquired much of the cheese that had been made at County Line. He decided to retire and close the cheese shop in July.

Zahn began selling the 40-year-old Cheddar “under the radar” for less than \$50 a pound before his son sent an e-mail to Ken McNulty, president of Wisconsin Cheese Mart, alerting him to the historic inventory of cheese, at which time McNulty offered to purchase all of it.

The 28-year-old Cheddar will be priced at \$6 per ounce and will be sold at Wisconsin Cheese Mart’s cheese bar as well as at the retail store and online, says McNulty, who purchased about 120 pounds of the 28-year cheese. It will retail for about \$96 a pound.

“We are extremely lucky to have found these blocks of Wisconsin Cheddar and look forward to sharing them with the public for the first time on Oct. 6,” McNulty says.

The 40-year-old Cheddar, of which McNulty purchased about 20 pounds, will only be sold in store at Wisconsin Cheese Mart and not online, McNulty says. It will be sold for \$10 an ounce so more people can try the cheese, he says.

The 34-year-old Cheddar will be saved for a later date.

McNulty adds that the Oct. 6 event also will include a series of other 20-plus-old Cheddars from Zahn and cheesemaker Wayne Hintz, owner of Spring-side Cheese, Oconto Falls, Wis. CMN

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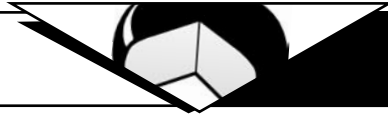
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HARTLAND, Wis. — Dorner Manufacturing Corp. can now provide dairy processors immediate technical advice with its new “conveyor live chat” feature.

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and information about their conveyor system and application from a company engineer.

Users can log into the system and an engineer will answer questions in a text chat.

For more information, visit www.dornerconveyors.com. CMN

Volumetric Screw Feeder is SSI compliant

CHANHASSEN, Minn. — Powder Process Solutions Inc. has developed a new Volumetric Screw Feeder (VSF), a medium- to high-capacity feeder that meets 3-A Sanitary Standard Inc. (SSI) standard 81-00.

The VSF is suited for bulk material handling as a medium- to high-capacity feeder with auger diameters from 4 inches to 10 inches, and lengths to fit almost any application, the company says.

A variety of outlet options are available, including ferrules, flanges, flexible sleeve fittings and plain tube stubs. The Volumetric Screw Feeder with Overflight (VSFO) incorporates overflighting in the auger design to improve feeding of non-free-flowing materials, the company says.

The entire line of VSF and VSFO feeders are constructed of stainless steel, and a demountable design allows for easy disassembly and cleaning, the company says.

For more information, visit www.powder-solutions.com/processing/products/conveyors/screw-feeders. CMN

Alfa Laval tank weighing system measures air

RICHMOND, Va. — Alfa Laval Inc. has introduced a new weighing system technology for tank mixing, dosing level, or batch-related applications in the beverage, food and biopharm industries.

The new weighing system measures tank weight based on the deformation of an air gap surrounding a patented, capacitive sensor — compared to typical weighing systems that rely on weight or force applied directly to a sensor — the company says.

As a result of the new weighing method, Alfa Laval says its weighing systems are non-contact, and allow for a more consistent and accurate measurement of weight.

The non-contact sensor also helps absorb higher shocks and overloads of up to 1,000 percent, compared to 200 percent with typical systems, the company says.

Each weighing system weighs tanks up to 220,000 pounds, and can be set to an accuracy level of .025 percent of full scale.

The sensor design and digital platform allow for both horizontal and vertical tank forces to be weighed without additional tank equipment, such as tank balancers. The digital platform also allows for easier installation, as the weighing systems do not require expensive mounting brackets or time-consuming re-calibration. Standard coaxial cables can be cut or replaced without re-calibration, for even faster and easier installation. All weighing systems are factory calibrated and matched to every individual vat and product.

For more information, contact Michael O’Grady, market unit manager of tank equipment, at 262-605-2676 or michael.ograd@alfalaval.com, or visit www.alfalaval.com. CMN

Delkor Systems releases new package closure application for dairy processors

MINNEAPOLIS — Delkor Systems Inc. has released a new package closure application, the Delkor Capstone L1-500, that can be used in dairy food applications.

The Delkor Capstone L1-500 closer incorporates a corrugated base tray to provide carton support, coupled with a graphic paperboard carton lid to seal in and protect the product. The company says the end result is a product that uses less material, thereby lowering costs, with added visual shelf appeal.

The Delkor Capstone L1-500 adapts to other packages and ap-

plications and has a compact footprint that saves production space. It has a robust design to ensure dependable service, and a hygienic stainless steel construction with Washdown IP67 for easy cleaning. It also features an ergonomically designed low-level, pneumatic blank magazine which facilitates easy blank loading.

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EVENTS



PACK EXPO begins with speakers Oct. 28

CHICAGO — PACK EXPO, which will be held here at McCormick Place Oct. 28-31, will kick-off at 5:15 p.m. Oct. 28 with featured speakers Dennis Miller and James Carville.

The event will feature live discussion between Miller, comedian and host of his own radio show, and Carville, a political consultant and a former advisor to President Bill Clinton. These speakers will give their views of the upcoming elections, and also will field questions.

The expo will bring together more than 46,000 buyers from all over the

globe and 1,800-plus leading suppliers that will showcase state-of-the-art materials, machinery and methods for packaging and processing in every market.

The expo will feature more than 1.1 million square feet of exhibit space, including breakthrough technology, integrated processing-packing solutions, product launches and on-site demonstrations.

The cost is \$125 per ticket, or \$1,000 for 10 tickets. For more information, or for tickets, visit www.packexpo.com. CMN

New dates set for 2012 ADPI symposium

RALEIGH, N.C. — The 2012 American Dairy Products Institute (ADPI) Technical Symposium will be held here Nov. 13-14 at the Sheraton Raleigh Hotel. The theme will be Optimizing Quality and Expanding Applications.

Session topics include:

- Critical control points for optimizing flavor in dried ingredients and ingredient applications. This session will include a hands-on sensory analysis of proteins and beverages.

- The latest updates on whey bleach-

ing, bleaching parameters and bleaching alternatives.

- Expanding protein's functional properties. This session will include a hands-on sensory analysis of applications.

- Membrane fractionation of milk and whey components.

Sessions will be presented by industry leaders including Mary Anne Drake, Allen Foegeding, Dave Barbano and others.

For more information, visit www.adpi.org. CMN

Registration open for Dairy Practices Council annual conference Nov. 6-9 in Madison, Wis.

MADISON, Wis. — The 43rd annual conference of the Dairy Practices Council (DPC) will be held here at the Crown Plaza Nov. 6-9.

DPC holds a three-day conference each fall to provide a forum where topics of common interest can be discussed among attendees. The program covers topics ranging from farm production to

plant production.

New this year, the DPC will host a National Mastitis Council (NMC) Workshop Nov. 6, the day before the DPC conference starts. Also featured this year will be a tour of the Babcock Hall Dairy Plant at University of Wisconsin-Madison.

For more information, or to register, visit www.dairypc.org. CMN

Co-founder of Zingerman's to hold visioning session with dairy professionals in Wis.

MADISON, Wis. — Wisconsin Cheese Originals will host Ari Weinzwieg, co-founder of Zingerman's Community Business, for a one-day visioning session here at the Monona Terrace Nov. 8.

The session, which will be limited to 30 attendees, aims to help participants create or refine a personal or business vision, and use a variety of new management tools and network of peers to help

get past roadblocks.

Cost is \$375 per person and includes training materials and lunch. Tickets are available at www.wicheesefest.com/store/zingtrain.

For more information, contact Jeanne Carpenter, executive director of Wisconsin Cheese Originals, at 608-358-7837 or jeanne@wordartisanllc.com. CMN

Kosherfest set for Nov. 13-14 in New Jersey

SECAUCUS, N.J. — Kosherfest — a two-day kosher food, wine and spirits show — will be held here at the Meadowlands Expo Center Nov. 13-14.

According to the show's producer, more than 6,000 industry professionals will attend and more than 350 exhibitor booths will be featured.

"Kosherfest 2011 was by all accounts the most dynamic kosher food show ever with more new products, more nations represented, and more

buyers looking for kosher products. It was a 'buying' show in that millions of dollars of orders were written at the show as the industry continues to expand at an impressive pace," says Menachem Lubinsky, president of LUBICOM Marketing Consulting, which co-produces the annual show with Diversified Business Communications.

For more information, visit www.kosherfest.com. CMN

Washington State Dairy Industry Annual Meeting is Nov. 13-15 in Cle Elum, Wash.

CLE ELUM, Wash. — The Washington State Dairy Industry Annual Meeting will be held here at the Suncadia Resort Nov. 13-15.

The deadline to register is Oct. 26. After that point there will be a \$35 late registration fee.

Program highlights include:

- **Consumer Attitudes**, presented by Patti Brumbach, Washington State Beef Commission (WSBC), and Blair Thompson, Washington State Dairy Products Commission (WSDPC).
- **Darigold International Markets**,

presented by Dermot Carey, Darigold Inc.

- **Dairy Globalization**, presented by Brett Burgess, Bain & Co.

- **Dairy Sustainability**, presented by Don Shriver on behalf of the Innovation Center for U.S. Dairy.

- **Innovation Center for U.S. Dairy Overview/Dairy Research Institute**, presented by Stan Erwine, Dairy Management Inc. (DMI).

For more information, or to register, visit www.wadairyfederation.org. CMN

North Carolina State University farmstead cheesemaking short course is Nov. 27-29

RALEIGH, N.C. — North Carolina State University (NCSU) will hold a short course on farmstead cheesemaking here Nov. 27-29.

The course is designed to convey the basic concepts of farmstead cheese production, including basic sanitation and milk processing, basic and cheese microbiology, quality control, hands-on cheesemaking and package labeling issues.

Cost to attend the course is \$750, and the registration deadline is Oct. 15. Due to a USDA Rural Development grant from the North Carolina Dairy Advantage Program, the first 10 applicants from North Carolina will receive a \$200 discount on the registration fee.

For more information, contact Gary Cartwright at gcart@ncsu.com or 919-513-2488. CMN

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PEOPLE



Winners of 2012-2013 John Brandt scholarships announced

ARDEN HILLS, Minn. — The Land O'Lakes Foundation recently awarded the 2012 John Brandt Memorial Foundation scholarships to graduate students studying information that affects consumers' dairy purchases and nutrition in ruminant animals.

Scholarships for the 2012-2013 school year were awarded to Molly Paterson, a student of Iowa State University, and Sam Fessenden, a student of the University of Minnesota.

The John Brandt Memorial Foundation scholarship program supports graduate students pursuing work in dairy animal, food science or agribusiness at Iowa State University, South Dakota State

University, the University of Minnesota and the University of Wisconsin-Madison. The scholarships are awarded in memory of John Brandt, an industry organizer who formed and remained president of Land O'Lakes until his death in 1953.

Paterson earned her bachelor's degree in dairy manufacturing with a minor in food safety from South Dakota State University. Her research focuses on consumer perceptions, preferences and behaviors with fluid milk and will examine consumers' perceptions and preferences regarding how milk is processed and how it tastes. The

research, she says, will provide information about what affects consumers' milk purchases.

Fessenden received his bachelor's degree in research in animal science from Cornell University. His research focuses on the use of hops acids — he compounds responsible for providing flavor and aroma to brewed products — in animal feeds.

Those interested in applying for the 2013-'14 school year can find more information and download an application form at www.landolakesinc.com. Applications for the 2013-2014 school year will be accepted after March 1. CMN

Glanbia awards scholarships for 2012-2013 year

TWIN FALLS, Idaho — Glanbia Foods has named its 2012-2013 scholarship recipients.

Students receiving a \$2,500 scholarship are:

- Case Southfield, son of Edwin and Patty Southfield of Southfield Dairy in Wendell, Idaho, plans to study physics in the pre-med program at Texas Christian University in Fort Worth, Texas.

- Luke Visser, son of Russell and Jennifer Visser of Big Sky Dairies in Gooding, Idaho, plans to study engineering at Baylor University in Waco, Texas. CMN

Comings and goings

Salvador Aguilar has been named the sales manager of the Mexico region for **Dorner Manufacturing Corp.**, Hartland, Wis. In his new role, Aguilar will work with sales channel partners and key accounts to grow the company's industrial and sanitary conveyor business throughout Mexico. Prior to joining Dorner, Aguilar worked in three sales positions that involved growing business presence in Mexico. He lives in Mexico City.

Elise Fennig has been appointed vice president of industry affairs for the **Grocery Manufacturers Association (GMA)**, Washington, D.C. In her new role, Fennig will work to strengthen GMA's ability to foster growth and value chain efficiency through collaboration among retailers, manufacturers and suppliers. Prior to joining GMA, Fennig worked for the American Frozen Food Institute (AFFI). She most recently served as vice president of member services at AFFI.

John Ruff has been named the 2012-2013 president of the **Institute of Food Technologists (IFT)**, Chicago. Ruff, formerly senior vice president of Kraft Foods, will work with members and staff to support IFT's mission of advancing food science and assuring a safe, abundant food supply.

Pastoral Artisan Cheese, Bread & Wine, Chicago, has named **Chrissy Camba** as the inaugural chef at Bar Pastoral, a new neighborhood bistro. In her new role, Camba will pair cheeses and specialty food to create flavorful combinations. Bar Pastoral will focus on seasonal cuisine, artisan cheeses, pickling, preserves and other accompaniments. CMN

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NEWS/BUSINESS



GROWTH

Continued from page 1

have grown during that span, research released in June by Dairy Management Inc. (DMI)—funded with dairy checkoff funds—suggests that U.S. cottage cheese producers could garner that same industry growth with new marketing strategies and an emphasis on product innovation.

“There has been a long-term slide in consumption of cottage cheese in the United States. If we look at per capita consumption today and compare it to trends in the '70s, (consumption) is at about half the level that it used to be,” says Madlyn Daley, senior vice president

of strategic insights evaluation for DMI.

According to data from USDA Economic Research Service, per capita cottage cheese consumption in the United States peaked in 1972 with the average consumer eating about 5.5 pounds in that year. In subsequent years, per capita consumption dipped to an average of about 4 pounds in 1986, 2.5 pounds in 1996 and bottomed out at about 2.3 pounds in 2008. Meanwhile, the data shows that per capita consumption of yogurt has jumped from 7.3 pounds in 1985 to 19.1 pounds in 2006 to 23.1 pounds in 2009.

“Over the same time period that cottage cheese consumption has been sliding, the yogurt category has really emerged. There may be a few dairy

products, such as yogurt, that are filing the need that cottage cheese used to in the past,” Daley says.

DMI found that 11 percent of consumers reported consuming cottage cheese at least once every two weeks from 2010-2011, while 31 percent ate yogurt at least once every two weeks during that time.

Hand in hand with reductions consumption of cottage cheese, sales have rapidly declined. According to USDA data, the volume of cottage cheese sales in 2011 declined by 3.7 percent from the total in 2010 alone. The average price in 2011 stood at about \$2.15 per 16-ounce unit.

The decline in cottage cheese consumption also can be seen in restaurants. DMI research shows that 143,092 servings of cottage cheese were dished up at restaurants from April 2006 to March 2007. From April 2011 to March 2012, the number of servings dropped to 84,505. DMI also notes that at-home eating patterns of cottage cheese have experienced a similar decline.

However, despite declining cottage cheese sales in the United States in recent decades, the product is surging in popularity overseas. Daley attributes the phenomenon to product innovation and marketing strategies that present the product to new demographics of consumers in new ways.

Large curd and small curd varieties are the primary types of cottage cheese in the United States. However, producers in other countries have abandoned the traditional “curd” texture and have created a whipped product with a smooth texture.

“It’s a different style of product,” Daley says. “That creates opportunities to bring in different consumers.”

Cottage cheese producers abroad also have innovated new flavor pro-

**“I believe
the biggest opportunity
for cottage cheese
is to drive awareness
for its amazing
protein benefit.”**

Rachel Kylio
KEMPS LLC

files, which has sparked interest in the product. Daley says producers in the United States have incorporated fruit into cottage cheese products, but producers abroad have experimented with more savory flavor profiles.

“They use herbs, garlic, onion, chili, salmon, nuts and chocolate. There is a lot of variety taking place,” she says.

Along with new textures and flavor combinations, some international marketing campaigns have dropped the name “cottage cheese” all together.

“In the United States, ‘cottage cheese’ is the product’s standard identity. As we look to other countries, they lose the name ‘cottage cheese’ altogether, and often times they highlight the fact that it’s a fresh cheese,” Daley says.

A glance at the number of new cottage cheese products launched abroad compared to cottage cheese products launched in the United States shows a widening product innovation gap between the two markets.

According to DMI’s research, new cottage cheese products developed in the United States accounted for about 9 percent of the total number of new

Turn to *MARKETING*, page 15 ⇨

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NEWS/BUSINESS



MARKETING

Continued from page 14

cottage cheese products developed worldwide from 2010-2012. Producers abroad developed 214 new cottage products in 2010, 192 new products in 2011 and 84 by the halfway point of 2012. In the United States, there were no more than four new cottage cheese products introduced in any year between 2001-2006, no more than 20 new products developed in any year between 2007 and 2011, and there were five new products introduced into the marketplace by the halfway point of 2012.

When it comes to growing the cottage cheese market in the United States, Daley believes a multi-faceted approach that entwines marketing initiatives and product innovations to be the best approach.

DMI research shows that people older than 65 account for 20 percent of cottage cheese consumption in the United States, people age 55-65 account for 13 percent, and people age 45-55 account for 10 percent.

"If we can try to expand our user base beyond that aging profile, there's great opportunity," she says.

Gail Alden, director of marketing and media events for Traders Point Creamery, Zionsville, Ind., says many times mothers who visit the creamery will say their children won't eat cottage cheese.

"The kid will try it and love it, and the mother will look at you with a surprised look on her face," Alden says. "It always helps to get that spoon in their mouth."

Traders Point Creamery prides itself on producing organic products using milk from the grass-fed dairy owned and operated by Jane Elder Kunz and Peter Kunz. Traders Point's artisanal cottage cheese is sold in 16-ounce glass bottles in Whole Food stores and boutiques across the country. The creamery has been able to carve out an artisanal niche in the cottage cheese market that appeals to consumers in younger demographics.

"We use more traditional methods of cheesemaking vs the more modern machinery that's usually used. We produce our cottage cheese in small batches in a very hands-on process," Elder Kunz says. "Customers really love it, and we know that for a fact because we go to farmer's markets throughout the region and let them sample it."

Cottage cheese has rarely been marketed as an artisanal product. According to DMI's research, the product's top marketing claims in the United States are the it's lowfat, kosher, low in calories and low in carbohydrates.

"Cottage cheese has been closely linked to being a diet food," Daley says. "One thing that hasn't been highlighted is that the protein content of cottage cheese is very high. Eggs are considered a high-protein food, and cottage cheese is aligned right with it."

Rachel Kylo, vice president of marketing for Kemps LLC, Cedarbrug, Wis.,

agrees that promoting the nutritional value of cottage cheese could be the best opportunity to spur sales growth.

"I believe the biggest opportunity for cottage cheese is to drive awareness for its amazing protein benefit," Kylo says. "A 6-ounce serving of cottage cheese delivers 19 grams of protein. That compares to 12-14 grams in Greek yogurt and 6-8 grams in regular yogurt. (Cottage cheese) is a protein powerhouse and our consumer research shows that consumers have little awareness about that compelling benefit."

Companies like Kemps and Traders Point Creamery also demonstrate that the under-served, value-added cottage segment has gained some traction in the domestic market in recent years.

Kemps markets "Cottage Cheese and

Chives," which recently took second place in the World Dairy Expo Championship Dairy Product Contest in the flavored cottage cheese category. Kylo says the company began marketing Cottage Cheese and Chives about five years ago, and the product has developed a "loyal consumer following."

Traders Point Creamery uses its on-site restaurant to serve its artisanal cottage cheese in savory recipe combinations. One recipe includes dill, green onion and radish mixed with cottage cheese. Customers are then provided with recipe cards so they can recreate the dish.

Straying away from the traditional 16-ounce units of cottage cheese also can help consumers capture the ever-increasing "on-the-go" consumer

demographic.

"(Kemps) launched a single-serve cottage cheese (a 6-ounce cup similar to yogurt) several years ago. Consumers told us that they wanted cottage cheese in a convenient, single-serve package that they could use for 'on-the-go' eating occasions. This new size has generated incremental sales for our company," Kylo says.

Traders Point Creamery, meanwhile, has garnered attention with its unique glass jar packaging.

"It has a very upscale look, and that helps tell the story of the product right off the bat," says Elder Kunz.

While a handful of companies, large and small, have a secure a foothold in the cottage cheese market, DMI's research indicates that more opportunities to grow the market exist. CMN



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NEWS/BUSINESS



Nelson-Ricks looks to transition with partner or buyer after 100+ years of family ownership

By Rena Archwamety

SALT LAKE CITY—Nelson-Ricks Creamery Co., known for its Monterey Jack and other quality cheeses under the Banquet brand, is ready to enter a new chapter after more than 100 years of family ownership.

Reagan S. Wood, president of Nelson-Ricks Creamery Co., has announced that the company is looking for a business partner or buyer with experience in the cheese and dairy industry to help take the business to the next level.

"The family and shareholders are getting older. They would be interested in passing it on to another company or set of owners that could take the name, the 100 years plus years of experience with the Banquet brand, and take it forward," Wood says.

Nelson-Ricks Creamery started in 1907, delivering butter with two spring

wagons and one horse. Still under Nelson family ownership, the company now focuses on cheeses and can make Cheddar, aged Cheddar, Monterey Jack, Colby, Colby Jack, Mozzarella and Monterey Jalapeno cheeses. In addition to Banquet, the company sells specialty cheeses under the Grand Teton brand and owns other labels including La Fiesta, Fiesta and Gold Nugget.

The company's Banquet and other cheeses are sold primarily in southern California and Arizona, though the cheese also is sold in Utah, Idaho and northern California. Wood says the Banquet brand is popular with the Hispanic community, and some of its distributors, including Costco, sell the cheeses in Mexico.

"We have all sorts of products. The difficulty we have is that of a small manufacturer competing against larger

manufacturers," Wood says. "Our focus is on special, unique cheeses, and sales have been steady but slightly declining. So we're at a time where we could grow, but to grow, it takes capital."

The company is open to either a buyer or a partner who could add capital to the company and help it grow. Wood says Nelson-Ricks might be an ideal acquisition or partnership for companies from out East who are looking to establish their business in the West through branding or co-branding with the Banquet label.

Nelson Ricks has two plants: its manufacturing facility in Sugar City, Idaho, just outside of Rexburg; and its cut-and-wrap, cold storage and corporate facility in Salt Lake City.

The Salt Lake City location is a good hub for shipping and distribution, and this facility includes just under two acres,

so there is room for expansion if needed, Wood says. The manufacturing facility near Rexburg, Utah, is on 58 acres, so there is plenty of potential there for future expansion.

Nelson-Ricks owns its facilities and has no debt except for one nominal equipment lease. Wood estimates that the cheese plant could produce 280,000 pounds a week at full capacity, though currently it is only being used at 10 percent of its potential capacity.

"We're known for our high-quality cheese," Wood says. "It's been a family-owned company for over 100 years, and we're looking for a win-win situation for the company, employees and our milk producers."

For more information about the company, Wood can be reached at 801-364-3607 or info@banquetcheese.com. **CMN**

PEPPER

Continued from page 1

of contamination in the whey stream."

However, Jaeggi says Jalapeno Muenster and Havarti varieties are not uncommon, and he even has seen habanero peppers in aged Parmesan, where the heat combines well with the sweet, fruity Parmesan. He says peppers also have been pressed on the outside of cheeses or layered in the middle by small, farmstead cheesemakers.

Decatur Dairy Inc., Brodhead, Wis., makes Pepper Havarti, Pepper Muenster, Pepper Brick and a Farmers cheese with sweet and hot peppers. Cheesemaker Steve Stettler says the company's pepper cheese foodservice line is growing, and he has seen more demand for Pepper Havarti and Pepper Muenster on the retail side. He estimates Decatur Dairy now makes 4,000-5,000 pounds of pepper cheeses a week, while five years ago the company made only 4,000 pounds every two months.

A lot of the products Decatur Dairy makes are customer-driven, Stettler says, adding that the adventurous consumer

has been good for the dairy industry.

"Most of the pepper cheese we make is customer-driven," he says. "We can use jalapeno, habanero, sweet and hot — there are all kinds of peppers available out there, and everyone has their own degree. We can change the variety and look, depending on what people want — more red than green or green than red — we can mix and match peppers."

• Fired-up competition

Decatur Dairy won best of class for its Pepper Havarti in the Pepper Flavored Cheeses (natural styles other than Cheddar, Colby and Jack) category at this year's World Championship Cheese Contest. Decatur's Pepper Havarti also was selected as one of the top 16 finalists among the contest's 2,504 entries from 24 countries.

"The pepper class is a big win. It's a huge class. You can put pepper in anything, and everyone seems to be doing a pepper cheese," Stettler says. "You're going up against cheeses that are pretty artistically put together."

Jaeggi, who was one of the judges for the pepper class at the World Championship Cheese Contest this year, says pepper cheese entries have grown quite a bit in recent years. The pepper cheese

classes were so big this year that the entries had to be split up between two or three judging teams.

When scoring pepper cheese in contests, Jaeggi says the first thing judges look at is an even distribution of peppers so there are not areas where there are big chunks or concentrations of pepper and others where there are none.

However, how a pepper cheese is scored in a contest is not always the same as what consumers want, Jaeggi says.

"Consumers want to taste them. As a judge, judges always want to make sure there is a balance of cheese flavor with condiment flavor," he says. "If it's for the consumer, going for foodservice — like the Wendy's fast food chain's use of Pepper Jack, or Subway — for something like that you will want a lot of flavor. A lot of times the flavor will be volatile, flash up. They will want a large amount of pepper."

Jaeggi adds that he thinks there is still room for more pepper cheese varieties and innovation.

"I think consumers are liking it more and more," he says. "Combinations of peppers, habanero and jalapeno blends, peppadew which is lower in heat. The ghost pepper is coming on with more extreme high heat. You're seeing (peppers) in more cheeses."

• Bitten by the hot bug

Levine says Cabot's pepper cheeses are known for their bold flavors, and its Habanero Cheddar is one of the hottest pepper cheeses out there. She adds that Cabot has seen more men get excited about flavors like Habanero, and that this cheese goes well with tailgating and other activities.

"It's been a huge success for us," she says of the Habanero Cheddar. "Sometimes when people sample it, they're a little surprised by how hot it is. It's pretty hot, but it's very popular. People love it."

Levine adds that Cabot's Habanero Cheddar is the No. 1 selling pepper-flavored Cheddar in the United States, and it has won in hot cheese categories

at the Scovie Awards and Firey Food Challenge.

In addition to the Habanero Cheddar, Cabot makes a Chipotle Cheddar with a milder heat and smoky flavor, a Pepper Jack and Light Pepper Jack, and a Light Jalapeno Cheddar that won first in the lowfat flavored cheese class in last month's American Cheese Society contest.

The bold flavor of Cabot's pepper cheeses make them ideal for recipes, and many of the recipes on Cabot's website call for the pepper cheeses.

"They tend to go really nicely in a lot of different recipes, soups and salads," Levine says. "We made a habanero mac and cheese, and a pepper jack mac and cheese. It gives more body, more robustness to recipes."

The reduced-fat pepper cheeses are seen in quite a few of the recipes, helping to add more flavor and punch to healthier fare, Levine says.

Jaeggi notes that one thing that masks the heat of the hot peppers in cheeses is fat, so the lower the fat level of a cheese, the more intense the heat will be. This can work well when cheesemakers are looking to create a flavor profile in reduced-fat and lower-sodium cheeses.

"In the case of lower fat, lower sodium cheeses, people look at peppers and other condiments to offset the lack of salt flavor or salt in cheeses," Jaeggi says. "It's a flavor perception outside of sodium. It won't take the place of sodium, but it helps with overall flavors."

The appeal of spicy cheeses is spreading even to a younger set of consumers. Levine recalls a sampling event where a child came up to try a piece of Cabot's Habanero Cheddar.

"I was waiting for the tears, but he was all jazzed up and came back for more with his mom and dad," she says.

"People are trying lots of different flavors and spices, and heat becomes just another part of that," Levine adds. "I think consumers have been bitten by the hot bug." **CMN**

AUCTION

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● STORAGE 13

NEWS/BUSINESS



Land O'Lakes reports net sales earnings up both for second quarter, first half of year

ARDEN HILLS, Minn. — Land O'Lakes Inc. recently announced its second-quarter earnings, with net sales up both in the second quarter and first half of the year.

Net sales for the second quarter were \$3.6 billion, up from \$3.5 billion for the same quarter last year. Net sales year-to-date through June were \$7.5 billion,

up 8 percent from \$6.9 billion for the first half of 2011. First half sales were down 7 percent in the company's dairy foods business, primarily because of market conditions.

Lower quarterly and first half earnings were attributable to the overall economic environment, declining markets and excess milk supplies, which

impacted Land O'Lakes' dairy foods business. These factors were partially offset by exceptionally strong earnings in the company's crop inputs business.

For the second quarter, Land O'Lakes reported earnings of \$47.3 million compared with \$67.1 million for the same period in 2011. Year-to-date net earnings through June were \$131.9 million, down from \$168.1 million during the first half of 2011.

"Earnings across business units are mixed as we face continuing challenges from the struggling national economy and volatile markets," says Chris

Policinski, president and CEO, Land O'Lakes. "We are addressing these challenges by focusing on growing revenues, reducing costs, improving efficiencies and streamlining processes as part of our company-wide initiative called 'Total Margin Management.'"

Land O'Lakes' total debt as of June 30 was \$1.38 billion, up \$320 million from the same date a year earlier. The increase was due to several acquisitions which now are generating additional cash flow, as well as higher working capital needs related to growth and increased commodity prices. **CMN**

Saputo reports first quarter financial results

MONTREAL — Saputo Inc. recently reported its financial results for the first quarter of fiscal 2013, which ended June 30. Net earnings totaled C\$121.8 million, down 3.8 percent from the first quarter of the previous year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) amounted to C\$203.0 million, a decrease of 3.1 percent.

Revenues for Saputo's first quarter totaled C\$1.70 billion, an increase of 3.6 percent. Basic earnings per share were C\$0.61 and diluted earnings per share were C\$0.60 for the quarter, compared to basic earnings per share of C\$0.62 and diluted earnings per share of C\$0.61 for the same quarter last fiscal year.

In Saputo's U.S. segment, market factors negatively impacted EBITDA by approximately C\$14 million. A better product mix of dairy ingredients offset unfavorable dairy ingredients

market conditions, positively affecting revenues and EBITDA in both the U.S. and Canadian dairy products division compared to the same quarter of fiscal 2012. The weakening of the Canadian dollar vs. the U.S. dollar during the quarter had a positive impact on revenues and EBITDA compared to the same quarter last year.

Inventory was written down by \$2.5 million in the Argentinian division in accordance with the drop of selling prices in the export market at the end of the quarter.

Saputo's board of directors reviewed the company's dividend policy and increased the quarterly dividend from C\$0.19 per share to C\$0.21 per share, representing a 10.5-percent increase. The quarterly dividend will be payable Sept. 17 to common shareholders who were on record by Sept. 6. **CMN**

Cabot Creamery gets B Corporate Certification

CABOT, Vt. — Cabot Creamery Cooperative is the first dairy cooperative to achieve B Corporation Certification, a validation of its attention to environmental and social impacts on stakeholders.

Cabot joins a growing legion of cooperatives, fellow Northeast organizations and forward-thinking national brands that have been certified by the nonprofit B Lab. The announcement of Cabot's certification coincides with the updated release of its popular Reward Volunteers mobile application, a collaborative effort to promote community development through volunteerism.

Certified B Corporations are businesses around the globe that meet rigorous and independent standards of social and environmental performance, accountability and transparency. B Lab, a nonprofit organization based in Berwyn, Pa., uses its B Impact Assessment to certify B Corps much the same way Fair Trade USA certifies Fair Trade coffee or the U.S. Green Building Council certifies LEED buildings.

"Cabot's B Corporation Certification is an important third-party validation of our business practices," says Dr. Richard Stammer, Cabot CEO. **CMN**

NASS

Continued from page 1

was up 0.8 percent from July 2011 to 258.6 million pounds.

In this month's report, NASS updated U.S. regional and/or state production for Cheddar, Other American Types, Total American Types, Brick and Muenster, Mozzarella, Parmesan, Total Italian, Hispanic and Gouda cheese for 2011 and 2012 due to revised data provided by manufacturers. The chart on this page has been updated to include these revisions.

Wisconsin led the nation's cheese production in July with 214.6 million pounds, a 4.1-percent gain vs. its production a year earlier. California production was up 1.3 percent from a year earlier to 185.6 million pounds.

The next four cheese-producing states in July were Idaho with 72.9 million pounds, up 3.3 percent from a year earlier; New York with 59.7 million pounds, up 4.3 percent; New Mexico with 58.2 million pounds, down 4.6 percent; and Minnesota with 48.9 million pounds, up 1.0 percent.

NASS reports total U.S. butter production in July was 132.8 million pounds, down 2.0 percent from a year earlier. On an average daily basis, July butter production was down 6.5 percent from June 2012.

California led U.S. butter production with 49.7 million pounds, up 4.9 percent from July 2011. **CMN**

Dairy Product Production — July 2012

	July 11	July 12	% Change	YTD 2011	YTD 2012 ²	% Change
Cheese						
American types ¹	349,922	356,233	1.8	2,490,150	2,535,344	1.8
Cheddar	256,603	258,636	0.8	1,815,850	1,850,739	0.8
Other American	93,319	97,597	4.6	654,300	684,605	4.6
Blue & Gorgonzola ²	6,853	7,236	5.6	48,285	51,102	5.8
Brick & Muenster	12,770	13,540	6.0	89,714	91,923	2.5
Cream & Neufchatel	57,834	61,722	6.7	382,632	431,044	12.7
Feta	7,321	7,804	6.6	49,868	49,526	-0.7
Gouda	954	1,221	28.0	7,118	21,250	198.5
Hispanic	17,014	18,164	6.8	129,621	127,124	-1.9
Italian types	360,273	368,309	2.3	2,661,665	2,706,047	1.7
Mozzarella	286,486	291,130	1.6	2,060,003	2,120,951	2.0
Parmesan	21,689	20,476	-5.6	170,629	178,654	4.7
Provolone	28,283	29,864	5.6	201,966	206,496	2.2
Ricotta	15,842	17,238	8.8	143,680	132,696	-7.7
Romano	2,549	3,620	42.0	28,025	26,900	-3.7
Other Italian	5,424	6,071	11.9	37,353	40,251	7.8
Swiss	27,315	26,891	-1.6	48,285	51,102	5.8
All other types	14,824	13,219	-10.8	90,461	99,913	10.4
TOTAL CHEESE	855,080	874,429	2.3	6,141,423	6,303,302	2.6
Butter	135,460	132,776	-2.0	1,073,784	1,129,308	5.2
Cottage cheese - curd	35,514	35,182	-0.9	250,779	245,650	-2.0
Cottage cheese - creamed	27,449	27,790	1.2	190,897	184,947	-3.1
Cottage cheese - lowfat	31,616	32,322	2.2	228,358	228,868	0.2
Sour Cream	98,374	100,169	1.8	703,612	720,843	2.4
Yogurt (Plain & Flav.)	337,614	355,290	5.2	2,527,337	2,611,733	3.3
Canned Evap. & Cond.	44,625	(D)	N/A	295,580	N/A	N/A
Dry Whole Milk	4,117	4,788	16.3	39,901	33,316	-16.5
NDM - Human	133,273	149,338	12.1	924,548	1,219,826	31.9
Skim Milk Powders	39,653	37,238	-6.1	253,597	163,221	-35.6
Dry Skim - Animal	793	917	15.6	4,869	6,403	31.5
Dry Buttermilk	6,961	6,988	0.4	59,763	66,809	11.8
Cond. Whey - Human	8,227	7,928	-3.6	57,293	60,603	5.8
Dry Whey - Human	78,417	86,410	10.2	588,866	585,949	-0.5
Dry Whey - Animal	3,335	3,867	16.0	26,487	33,246	25.5
Lactose - Human & Animal	85,263	85,831	0.7	584,227	607,231	3.9
WPC - Human	31,904	31,878	-0.1	226,659	241,249	6.4
WPC - Animal	2,779	2,201	-20.8	20,034	18,438	-8.0
WPC 25.0-49.9 Percent	19,294	17,617	-8.7	138,677	141,756	2.2
WPC 50.0-89.9 Percent	15,389	16,462	7.0	108,016	117,931	9.2
Protein Isolates	5,207	4,836	-7.1	35,202	38,247	8.7
Ice Cream, hard	72,796	73,802	1.4	488,016	486,730	-0.3
Ice Cream, lowfat, total	43,397	39,924	-8.0	260,948	265,872	1.5
Frozen Yogurt	5,525	5,891	6.6	36,494	38,416	5.5

Notes: Production reported in thousands of pounds, except frozen products, which are reported in thousands of gallons.

Source: USDA. All production percentages are rounded.

¹Includes, Cheddar, Colby, Monterey and Jack. ²YTD includes current plus revised previous months' data.

(D) Withheld to avoid disclosing data for individual operations

NEWS/BUSINESS



CDFA

Continued from page 1

increased significantly since 2010. The gap in 2010 was about \$1.24 per hundredweight, and since the beginning of 2011, the California Class 4b price has averaged \$2.00 per hundredweight below the FMMO Class III price.

The groups say that because CDFA's pricing policy fails to maintain a reasonable relationship with comparable milk prices around the country, an average-sized California dairy milking 1,000 cows lost about \$390,000 of revenue. The groups claim that cumulatively, more than \$590 million

was retained by the state's cheese manufacturers that should have been paid to California's dairy families.

Dairy processors, however, have fought against further changes to the Class 4b price, saying it will create uncertainty for cheesemakers and that more time is needed for the market to adjust to the most recent changes.

"Prices are higher in other regions of the country because local market conditions warrant them, not because of government mandates," wrote R. Gregory Dryer, executive vice president of industry and government relations for Saputo Cheese USA Inc., in a response to last month's petition for an emergency hearing. "Efforts to manipulate or manage markets often

"If we have learned one thing from this crisis, it is that the current regulatory and pricing system needs to change."

Karen Ross
CALIFORNIA DEPARTMENT
OF FOOD AND AGRICULTURE

interfere with, delay, or impede their orderly functioning."

This week California Agriculture

Secretary Karen Ross posted on the CDFA website more details on the California Dairy Future Task Force that she formed as part of the Class 4b hearing decision. She says last week invitations were issued to 32 dairy farmers, cooperatives and processors to serve on the task force and says it is imperative that task force members begin work as soon as possible and strive to develop recommendations by the end of the year. A report by global management consultant McKinsey and Co., which was commissioned by the California Milk Advisory Board in 2006 and provided concepts for long-term sustainability and industry growth over a 20-year period, will serve as a common starting point upon which the task force will begin to build.

"If we have learned one thing from this crisis, it is that the current regulatory and pricing system needs to change and all sectors of the industry need to collaborate and develop reforms that can bring new markets and new stability to the marketplace," Ross says. CMN



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Upstate Niagara named 'Best Milk' processor in New York by Cornell

ITHACA, N.Y. — Upstate Niagara Cooperative in Rochester has been named the 2012 "Best Milk" processor by Cornell University's New York State Milk Quality Improvement Program.

Upstate Niagara scored a 97.5 out of a possible score of 100 to win the award. Battenkill Valley Creamery of Salem took second place with a score of 88.8. Third place was Garelick Farms in Rensselaer and fourth was Stewart's Processing in Saratoga Springs.

The awards were announced Aug. 27 at the New York State Fair. The selection of Upstate Niagara as the best milk in the state is part of New York state's Milk Quality Improvement Program, which began in 1972.

Since 1997, the Milk Quality Improvement program, which is a dairy farmer-funded program established at Cornell University by Professor Emeritus David Bandler, has selected the winners of the top quality fluid-milk products in New York state.

Program officials visit all participating fluid milk-processing plants (about 150 of them) twice a year, and they collect fluid milk samples which are analyzed when they are received and again 14 days later, near the end of the sell-by date.

Microbiological and chemical tests are performed, and trained sensory panelists taste each sample and score it for flavor and odor. Cornell food science experts run the analytical tests, judging such criteria as butterfat content and post-pasteurization bacteria counts within the milk's sell-by date. CMN

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