

# CHEESE MARKET NEWS®

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



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## Dairy organizations weigh in as farm bill hearings continue

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WASHINGTON — As hearings on the 2012 Farm Bill get under way, several dairy industry groups are making their voices heard — if not at the hearings, in other ways.

The Senate Ag Committee on Thursday held a hearing on how the federal government can provide appropriate and cost-effective risk management tools for farmers.

Connie Tipton, president and CEO of the International Dairy Foods Association (IDFA), on Thursday said that while she recognizes the committee's time is limited, she feels it is unfortunate that dairy was not represented on the committee's panel.

"The committee is facing a

very difficult task in developing a farm bill that will save billions of dollars over the coming years," Tipton says. "Yet, before the committee endorses and funds programs for an entire array of commodities, it should consider whether dairy farmers deserve basic catastrophic insurance or other risk management tools without also being subjected to a new program that will involve government not only in their everyday business decisions, but will also damage our industry's ability to grow and create jobs."

Tipton is referring to a proposed supply management program for milk production, the Dairy Market Stabilization Program (DMSP), included in legislation, the Dairy Security Act, introduced by Rep. Collin Peterson, D-Minn., last year. The program is part of recommendations included in Foundation for the Future, a dairy policy reform proposal from the National Milk Producers Federation (NMPF).

The topic of supply management has been a contentious one in the dairy industry for the past couple of years.

A group of South Dakota dairy manufacturers also recently voiced to Congress their

opposition to the proposed milk supply management program.

Pointing to the growing dairy industry in South Dakota, the presidents and CEOs of four large dairy companies — Saputo Cheese USA Inc., Lake Norden Food Ingredient Co. (Davisco Foods International Inc.), Valley Queen Cheese Factory Inc. and Bel Brands USA Inc. — say it is "alarming" that Congress would consider legislation that would limit milk production, increase regulation and allow government interference in free markets.

"The dairy industry in South Dakota has been growing tremendously in recent years," the dairy leaders wrote in a letter to Sen. John Thune, R-S.D. "Our investments in dairy manufacturing plants in the state bring new jobs as well as increased demand for milk from dairy farmers."

The company officials also note that the ability to continue dairy production is important for the growing export opportunities available to the U.S. dairy industry.

Meanwhile, NMPF's board of directors earlier this week supported a resolution urging Congress to pass a farm bill in 2012 that contains an improved

safety net for farmers in the form of the Dairy Security Act. The resolution also notes that the organization does not support any approach in Congress that would extend current farm programs by another year and delay the creation of a better dairy program.

"Kicking the can down the road into 2013, where the farm bill is concerned, is neither good politics, nor good policy," says Randy Mooney, chair of NMPF. "The tough choices about budget priorities won't be any easier next year. But more to the point, dairy farmers need a better program than what we have right now."

Mooney adds that the industry has seen prices drop significantly in the first quarter of 2012 and margins are again compressed, even as farmers are struggling to recover from severe losses in 2009.

NMPF also voiced support for the Dairy Security Act at a farm bill field hearing held last week by the House Ag Committee. The hearing included testimony from three New York dairy producers who spoke in support of the legislation.

Neal Rea, a dairy farmer from Salem, N.Y., who is chair

Turn to HEARINGS, page 15 ⇨

## Experts discuss opportunities, challenges for dairy products

By Alyssa Sowerwine

MADISON, Wis. — A panel of dairy industry experts discussed the challenges and opportunities facing the dairy product market at a session during the 2012 Business Conference of the Professional Dairy Producers of Wisconsin (PDPW), held here Tuesday and Wednesday.

Wednesday's session, titled "Are We Ready? Challenges and Opportunities for the Dairy Product Market," included comments from moderator Deb Boyke and panelists Dean Sommer and K.J. Burrington, all with the Wisconsin Center for Dairy Research (CDR), and Vikki Nicholson, senior vice president of global marketing, U.S. Dairy Export Council (USDEC).

Boyke began the session by noting dairy product sales have continued to grow and are projected to continue to grow globally.

"U.S. exports have soared in recent years, while imports have dropped to more artisanal cheeses," she notes. "But we need to figure out how we can maintain that and what our opportunities are going forward."

Boyke also noted that research from Dairy Management Inc. (DMI) shows that while 54 percent of consumers are trying to get more protein into their diet, many do not always think of cheese as a protein source.

Meanwhile, 87 percent of consumers snack, so it is up to the industry to help consumers make the connection between cheese as a snack and valuable source of protein, she says.

In his presentation, Sommer highlighted the strong growth in Wisconsin specialty cheeses in recent years. He cited research showing that in 2010, more than 21 percent of the cheese made in Wisconsin was specialty cheese.

Sommer gives much credit for the growth in specialty cheese to excellent marketing programs and work from the Wisconsin Milk Marketing Board (WMMB).

Particularly, the Wisconsin Master Cheesemaker program has helped to fuel this growth, he says, and many retailers are specifically highlighting

Turn to PRODUCTS, page 14 ⇨

## Cheddars bring versatility, sense of place to retail

By Rena Archwamety

MADISON, Wis. — Few cheeses wear as many different hats as Cheddar. From milder block versions used for cooking, shredding and snacking to sharply aged and bandage-wrapped varieties that challenge the most experienced connoisseurs, Cheddar offers both mainstays in the dairy case and standouts in the specialty corner. It's both an everyday cheese and a treat for special occasions and holidays.

### • Cheese o' the Irish

To celebrate St. Patrick's Day, many stores and cheese shops are highlighting the sweet, creamy Irish Cheddars and other cheeses with ties to the Emerald Isle.

"We can safely say it's our biggest sales month of the year,"

Turn to CHEDDAR, page 8 ⇨

## AMPI sells Cass-Clay brand, plant to Kemps LLC

NEW ULM, Minn. — The leading dairy brand in eastern North Dakota changed hands on Monday as Associated Milk Producers Inc. (AMPI) announced that its Cass-Clay Creamery brand and plant have been sold to Kemps LLC.

Despite the sale of the Cass-Clay brand and its plant in Fargo, N.D., consumers won't notice

Turn to SALE, page 12 ⇨

# MARKET INDICATORS



## Chicago Mercantile Exchange Cash prices for the week ended March 16, 2012

	Monday March 12	Tuesday March 13	Wednesday March 14	Thursday March 15	Friday March 16
<b>Cheese Barrels</b>					
Price	\$1.5075	\$1.5525	\$1.5525	\$1.5825	\$1.5825
Change	+1/2	+4 1/2	NC	+3	NC
<b>Cheese 40-lb. block</b>					
Price	\$1.4925	\$1.5075	\$1.5075	\$1.5825	\$1.5825
Change	NC	+1 1/2	NC	+7 1/2	NC

Weekly average (March 12-16): Barrels: \$1.5555(+.0830); 40-lb. Blocks: \$1.5345(+.0580).  
Weekly ave. one year ago (March 14-18, 2011): Barrels: \$1.7805; 40-lb. Blocks: \$1.7585.

	Monday March 12	Tuesday March 13	Wednesday March 14	Thursday March 15	Friday March 16
<b>Extra Grade NDM</b>					
Price	\$1.2575	\$1.2575	\$1.2575	\$1.2575	\$1.2575
Change	NC	NC	NC	NC	NC
<b>Grade A NDM</b>					
Price	\$1.2675	\$1.2675	\$1.2675	\$1.2675	\$1.2675
Change	NC	NC	NC	NC	NC

Weekly average (March 12-16): Extra Grade: \$1.2575(-.0040); Grade A: \$1.2675(-.0020).

	Monday March 12	Tuesday March 13	Wednesday March 14	Thursday March 15	Friday March 16
<b>Grade AA Butter</b>					
Price	\$1.4675	\$1.4975	\$1.5075	\$1.5150	\$1.5150
Change	+1 3/4	+3	+1	+3/4	NC

Weekly average (March 12-16): Grade AA: \$1.5005(+.0505).

Class II Cream (Major Northeast Cities): \$1.7400(+.0354)-\$1.8850(+.0668).

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## Weekly Cold Storage Holdings March 12, 2012

	On hand Monday	Week Change	Change since March 1 Pounds	Percent	Last Year Pounds	Change
<b>Butter</b>	8,776	+334	+499	+6	7,270	+1,506
<b>Cheese</b>	135,890	+283	+346	+0	127,823	+8,067

(These data, which includes government stocks and is reported in thousands of pounds, are based on reports from a limited sample of cold storage centers across the country. This chart is designed to help the dairy industry see the trends in cold storage between the release of the National Agricultural Statistics Service's monthly cold storage reports.)

## CLASS III PRICE

(Dollars per hundredweight, 3.5% butterfat test)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06										

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## CHEESE FUTURES for the week ended March 15, 2012

(Listings for each day by month, settling price and open interest)

	Fri., March 9	Mon., March 12	Tues., March 13	Wed., March 14	Thurs., March 15
MAR12	1.505 1,393	1.505 1,393	1.520 1,391	1.520 1,391	1.522 1,391
APR12	1.538 1,279	1.547 1,280	1.545 1,330	1.569 1,329	1.576 1,323
MAY12	1.566 1,067	1.565 1,069	1.570 1,098	1.564 1,130	1.575 1,127
JUN12	1.605 1,031	1.610 1,033	1.610 1,045	1.610 1,047	1.633 1,052
JUL12	1.670 754	1.675 756	1.670 762	1.671 762	1.693 776
AUG12	1.705 705	1.705 710	1.712 725	1.716 729	1.721 734
SEP12	1.710 637	1.710 646	1.717 647	1.730 647	1.730 651
OCT12	1.718 512	1.718 512	1.725 537	1.725 542	1.726 542
NOV12	1.694 495	1.695 504	1.696 504	1.698 504	1.698 514
DEC12	1.694 506	1.694 506	1.694 506	1.695 506	1.696 507
JAN 13	1.692 18	1.683 22	1.683 22	1.683 22	1.683 27
FEB 13	1.754 1	1.754 1	1.754 1	1.754 1	1.754 1
Total Contracts Traded/ Open Interest	31/8,398	51/8,432	200/8,568	82/8,610	144/8,640

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.

## DRY WHEY FUTURES for the week ended March 15, 2012

(Listings for each day by month, settling price and open interest)

	Fri., March 9	Mon., March 12	Tues., March 13	Wed., March 14	Thurs., March 15
MAR12	58.28 443	57.25 444	57.53 450	58.00 450	58.15 451
APR12	51.50 342	52.50 342	52.50 353	53.00 354	56.50 354
MAY12	48.00 296	49.00 297	47.00 297	47.03 303	50.00 304
JUN12	46.50 311	48.50 312	45.75 319	46.98 319	49.00 321
JUL12	43.50 184	44.00 184	43.50 186	43.50 186	47.50 186
AUG12	43.00 206	45.60 204	45.00 202	44.95 202	46.75 198
SEP12	44.98 186	45.60 184	45.60 184	44.95 184	45.60 184
OCT12	44.68 161	43.50 161	42.50 163	42.50 163	45.00 164
NOV12	42.95 142	43.00 143	43.00 143	43.00 143	45.00 144
DEC12	42.50 137	42.50 137	42.50 137	42.50 137	45.00 139
JAN 13	40.00 3	40.00 3	40.00 3	40.00 3	40.00 3
Total Contracts Traded/ Open Interest	66/2,411	22/2,411	79/2,457	16/2,444	33/2,448

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.

## Cheddar Cheese and Dairy Product Prices

For the week ended: 3/10/12 3/3/12 2/25/12 2/18/12

### Cheese 40-lb. Blocks:

Average price<sup>1</sup>

Minn./Wis.	\$1.5746	\$1.5698	\$1.5826	\$1.6108
Other states	\$1.4834	\$1.4782	\$1.4877	\$1.4951
U.S.	\$1.4926	\$1.4873	\$1.4940	\$1.5046

Sales volume<sup>2</sup>

Minn./Wis.	1,001,438	919,888	651,923	887,566
Other states	8,910,193	8,386,706	9,180,300	9,873,023
U.S.	9,911,631	9,306,594	9,832,223	10,760,589

### Cheese 500-lb. Barrels:

Average price<sup>1</sup>

Minn./Wis.	\$1.5867	\$1.5850	\$1.5879	\$1.6022
Other states	\$1.5863	*\$1.5830	\$1.5964	\$1.5971
U.S.	\$1.5865	*\$1.5837	\$1.5922	\$1.5997

Adj. price to 38% moisture

Minn./Wis.	\$1.5215	\$1.5169	\$1.5213	\$1.5350
Other states	\$1.5082	*\$1.5002	\$1.5076	\$1.5137
U.S.	\$1.5146	*\$1.5065	\$1.5143	\$1.5245

Sales volume<sup>2</sup>

Minn./Wis.	5,434,424	4,071,556	4,837,908	6,077,040
Other states	5,805,132	*6,679,532	4,947,065	5,835,414
U.S.	11,239,556	*10,751,088	9,784,973	11,912,454

Moisture content

Minn./Wis.	35.34	35.22	35.29	35.29
Other states	34.79	*34.58	34.35	34.58
U.S.	35.06	*34.82	34.81	34.94

### Butter:

Average price <sup>1</sup> U.S.	\$1.4150	\$1.4234	\$1.4192	\$1.4411
Sales volume <sup>2</sup> U.S.	4,109,948	6,205,309	5,515,839	3,893,451

### Nonfat Dry Milk:

Average price <sup>1</sup> U.S.	1.3410	*1.3642	*1.3685	1.3635
Sales volume <sup>2</sup> U.S.	22,506,938	*19,121,044	*18,744,028	19,973,005

### Dry Whey:

Average price <sup>1</sup> U.S.	\$ .6193	*\$.6065	\$ .6110	\$ .6404
Sales volume <sup>2</sup> U.S.	7,924,406	*9,156,397	*9,028,734	9,348,570

<sup>1</sup>/Revised. <sup>2</sup>/Prices weighted by volumes reported. <sup>3</sup>/Sales as reported by participating manufacturers. Reported in pounds. More information is available by calling NASS at 202-690-2424.

# NEWS/BUSINESS



## CWT assists with exports of cheese, butter

ARLINGTON, Va. — Cooperatives Working Together (CWT) has accepted 39 requests for export assistance from Dairy Farmers of America, Darigold, Foremost Farms, Land O'Lakes, Maryland & Virginia Milk Producers Cooperative, Michigan Milk Producers Association and United Dairymen of Arizona to sell a total of 1,582 metric tons (3.5 million pounds) of Cheddar and Monterey Jack cheese and 2,657 metric tons (5.9 million pounds) of butter to customers in Asia, Central America, the Middle East and Africa. The product will be delivered

March through August 2012. In 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 30.4 million pounds and butter totaling 28.8 million pounds to 18 countries on four continents. On a butterfat basis, the milk equivalent of these exports is 876 million pounds or the annual production of approximately 42,570 cows. CWT will pay export bonuses to the bidders when delivery of the product is verified by the submission of the required documentation. **CMN**

# MARKET INDICATORS



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RETAIL PRICES (Consumer Price Index*)	Percent change versus				
	February 2012	1 mo.	6 mo.	1 year	2 years
Cheese & related products	226.319	-0.4	+1.5	+10.0	+11.3
Dairy & related products	219.377	-0.5	+1.2	+7.8	+10.4
All Food	232.486	-0.1	+1.3	+3.9	+6.3

\*Source: U.S. Department of Commerce. For index, prices during 1982-84 = 100.

## International Dairy Markets March 16, 2012

### Western and Eastern Europe

**Butter:** 82 percent butterfat \$3,900(-50)-\$4,300(-125);  
99 percent butterfat \$4,550(-50)-\$4,875(-125).

**Skim Milk Powder:** 1.25 percent butterfat \$2,750(-125)-\$2,925(-200).

**Whole Milk Powder:** 26 percent butterfat \$3,400(-200)-\$3,700(-200).

**Whey Powder:** Nonhygroscopic \$1,100(-50)-\$1,350.

### Oceania

**Butter:** 82 percent butterfat \$3,300(-200)-\$4,000.

**Cheddar Cheese:** 39 percent maximum moisture \$3,500-\$4,400.

**Skim Milk Powder:** 1.25 percent butterfat \$3,000(-50)-\$3,400(-100).

**Whole Milk Powder:** 26 percent butterfat \$3,375(-25)-\$3,650.

\*Source: Dairy Market News. Prices reported in U.S. dollars per metric ton, F.O.B. port. To convert to price per pound: divide price by 2,204.6 pounds.

## Dry Products\* March 16, 2012

### NONFAT DRY MILK

#### Central & East:

low/medium heat \$1.2000-\$1.4300(-1/2);  
mostly \$1.2300(-5)-\$1.3900(-1).

#### West:

high heat \$1.3800(-2)-\$1.4750(-1/2).  
low/medium heat \$1.2000-\$1.3900;  
mostly \$1.2200(-1)-\$1.3400(-1).  
high heat \$1.3300(-3)-\$1.4250(-6 1/2).

**Calif. manufacturing plants:** extra grade/grade A weighted ave. \$1.3445(-.0113)  
based on 13,976,893 lbs. Sales to CCC: 0 lbs.

**WHOLE MILK POWDER (National):** \$1.5800(-4)-\$1.6800(+1)

### EDIBLE LACTOSE

(FOB) Central and West: \$.7900-.9950; mostly \$.8200-.9000.

### DRY WHEY

#### Central:

nonhygroscopic \$.3000-.6875(-3);  
mostly \$.6050(-1 1/2)-\$.6400(-1 1/2).

#### West:

nonhygroscopic \$.3000-.6350;  
mostly \$.5000(+5)-\$.6100(-2).

(FOB) Northeast: extra grade/grade A \$.5000-.6875(-1 1/2).

**ANIMAL FEED (Central):** Whey spray milk replacer \$.4800(-1)-\$.6100.

**WHEY PROTEIN CONCENTRATE (34 percent):** \$1.4000-\$1.6700(+1/4);  
mostly \$1.5000-\$1.5400.

### DRY BUTTERMILK

(FOB) Central & East: \$1.2000(-6)-\$1.3425.

(FOB) West: \$1.2000-\$1.2900(-1 1/2); mostly \$1.2300(-1)-\$1.2850(-1/2).

**CASEIN:** Rennet \$4.3000-\$4.9000; Acid \$4.8200-\$5.1000.

\*Source: USDA's Dairy Market News

DISCLAIMER: Cheese Market News® has made every effort to provide accurate current as well as historical market information. However, we do not guarantee the accuracy of these data and do not assume liability for errors or omissions.

## CME FUTURES for the week ended March 15, 2012

### Class III Milk\*\*

	Fri., March 9		Mon., March 12		Tues., March 13		Wed., March 14		Thurs., March 15	
MAR12	15.42	6,289	15.45	6,245	15.49	6,138	15.50	6,134	15.51	6,096
APR12	15.24	4,775	15.46	4,682	15.48	4,675	15.69	4,664	15.95	4,745
MAY12	15.21	3,766	15.46	3,775	15.24	3,783	15.37	3,796	15.64	3,835
JUN12	15.64	3,220	15.80	3,219	15.66	3,267	15.73	3,258	15.96	3,283
JUL12	16.17	2,454	16.28	2,444	16.16	2,451	16.26	2,462	16.58	2,477
AUG12	16.42	2,381	16.52	2,381	16.50	2,389	16.66	2,392	16.95	2,379
SEP12	16.50	2,256	16.57	2,256	16.69	2,263	16.78	2,266	16.90	2,269
OCT12	16.47	2,037	16.50	2,036	16.55	2,054	16.71	2,059	16.80	2,068
NOV12	16.28	1,828	16.30	1,835	16.30	1,846	16.36	1,852	16.50	1,860
DEC12	16.25	1,752	16.35	1,759	16.34	1,761	16.40	1,767	16.50	1,771
JAN13	16.06	160	16.08	165	16.06	166	16.06	166	16.15	170
FEB13	16.10	120	16.05	125	16.05	125	16.05	125	16.05	127
MAR13	16.20	58	16.24	73	16.29	73	16.33	74	16.33	77
APR13	16.10	26	16.10	30	16.10	30	16.10	31	16.10	33
MAY13	16.10	16	16.10	20	16.10	20	16.10	21	16.10	23
JUN13	16.10	21	16.10	23	16.10	23	16.10	23	16.10	25
JUL13	16.25	15	16.25	15	16.25	15	16.25	15	16.25	15
AUG13	16.10	10	16.20	10	16.20	10	16.00	11	16.00	11
SEP13	16.25	1	16.25	1	16.25	1	16.25	1	16.25	1
Total Contracts Traded/ Open Interest	884/31,187		829/31,096		1,287/31,092		851/31,119		1,385/31,267	

### Class IV Milk

	Fri., March 9		Mon., March 12		Tues., March 13		Wed., March 14		Thurs., March 15	
MAR12	15.40	350	15.40	350	15.42	350	15.42	350	15.48	354
APR12	14.95	323	14.95	323	14.95	324	14.95	327	14.98	327
MAY12	15.27	280	15.27	280	15.05	279	15.05	279	15.05	279
JUN12	15.65	233	15.65	233	15.65	233	15.62	233	15.50	233
JUL12	16.00	55	16.00	55	16.00	55	15.99	55	15.98	55
AUG12	15.98	51	15.98	51	15.98	51	15.98	51	15.98	51
SEP12	16.35	55	16.35	55	16.35	55	16.34	55	16.34	55
OCT12	16.30	56	16.30	56	16.30	56	16.30	66	16.30	66
NOV12	16.43	58	16.43	58	16.43	58	16.43	58	16.43	58
DEC12	16.40	57	16.40	57	16.40	57	16.40	57	16.40	57
Total Contracts Traded/ Open Interest	42/1,518		0/1,518		2/1,518		15/1,531		16/1,535	

### Cash-Settled NDM\*

	Fri., March 9		Mon., March 12		Tues., March 13		Wed., March 14		Thurs., March 15	
MAR12	134.00	208	134.75	214	134.75	211	134.75	211	135.00	208
APR12	126.25	242	127.00	242	127.00	242	127.00	242	127.75	242
MAY12	125.75	231	125.78	231	125.78	231	126.03	230	127.00	230
JUN12	127.50	312	127.50	312	127.50	312	127.50	312	129.00	312
JUL12	130.00	276	130.00	276	130.00	276	131.50	286	131.75	286
AUG12	132.00	230	132.00	230	132.00	230	132.50	240	132.75	240
SEP12	133.00	151	133.00	151	133.00	151	133.25	166	133.28	166
OCT12	135.03	123	135.03	123	135.03	123	135.25	133	135.28	133
Total Contracts Traded/ Open Interest	78/1,964		6/1,970		6/1,967		125/2,031		4/2,028	

### Cash-Settled Butter

	Fri., March 9		Mon., March 12		Tues., March 13		Wed., March 14		Thurs., March 15	
MAR12	143.00	831	143.00	831	143.00	829	143.00	829	143.00	831
APR12	145.53	653	145.53	662	145.75	681	146.70	688	147.75	695
MAY12	149.00	592	149.00	592	149.50	592	150.00	604	150.00	606
JUN12	153.00	572	152.50	577	152.50	583	153.50	643	154.00	644
JUL12	154.50	496	154.50	498	154.50	505	155.00	508	155.00	508
AUG12	156.50	523	156.50	525	156.50	537	156.95	544	156.95	545
SEP12	157.50	505	157.50	507	157.50	516	157.50	516	157.50	516
OCT12	160.00	523	160.00	543	160.00	548	160.00	554	160.00	554
NOV12	162.50	452	162.00	452	162.00	466	162.00	467	162.00	467
DEC12	162.00	390	161.00	390	161.00	395	161.00	395	161.00	395
Total Contracts Traded/ Open Interest	142/5,537		77/5,577		120/5,652		141/5,748		19/5,761	

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 an additional month not included in this chart.

## GUEST COLUMNIST



## Perspective: Dairy Marketing

**James Robson** is CEO of the Wisconsin Milk Marketing Board, Madison, Wis. He is a guest columnist for this week's issue of *Cheese Market News*®.

## Formula for the future: Understanding the growing specialty cheese market

While total U.S. cheese volume sales have remained flat in the last five years, specialty cheese growth has been in high gear, reporting an increase of 3 percent per year from 2007-2011. While welcome, the news comes as no surprise to the Wisconsin cheese industry, which remains strongly committed to its leadership in specialty cheese production. But there is still a lot to learn.

Wisconsin produces nearly half of the specialty cheese made in the United States. Four-fifths of the state's growth in total cheese production for the past decade has come from specialty varieties, which comprise 21 percent of the state's total production. Among the leaders in growth are specialty Cheddars and Monterey Jacks, Hispanic varieties, Fontina, Provolone, Asiago and Feta. Existing Wisconsin plants are incorporating specialty cheeses into their product offerings, and artisan cheesemakers have joined the scene, bringing more small batch, hand-crafted choices as well as many one-of-a-kind originals.

Specialty cheeses are the right fit for Wisconsin and for the times. Although Wisconsin is proud to continue to be the home of both large and small operations

and to produce more cheese than any other state, high volume cheeses do not completely dominate our output. Virtually all of the dairy farms in Wisconsin are family owned and operated and they represent a diverse group, reflecting versatility, variety and flexibility, factors that facilitate the production of the more than 600 Wisconsin Cheese varieties, types and styles. Wisconsin cheesemakers use about 90 percent of the milk our dairy cows produce.

At the same time, consumer trends are encouraging; specialty cheeses in all the traditional channels — retail, foodservice and food processing — are using increasing amounts of specialty cheese. According to recent figures from Mintel International, a marketing research firm, 28 percent of consumers, skewing strongly to the 25-34 age group, buy specialty cheese. Other consumer food and eating trends also encourage specialty cheese growth. These include increased snacking, more in-home meal preparation, a spurt in the ever present American devotion to cheeseburgers (albeit a segment still dominated by processed cheese), a preference for bold and ethnic flavors, a desire for

quality foods, growth of prepared foods in grocery establishments and the casualization of restaurants as many white table cloth chefs have changed menus or opened restaurants that feature homey, affordable items such as grilled cheese and macaroni and cheese.

One of the most vibrant trends — an adamant consumer demand for sustainable, more local and natural foods with minimal processing — is also having a positive effect on these high-quality cheeses since many of them are produced in smaller volumes which do not support widespread distribution.

The Wisconsin Milk Marketing Board recently updated an in-depth analysis and report that examines trends driving the interest in specialty foods and specialty cheese production (nationally and within Wisconsin), along with estimates on specialty cheese usage in retail, foodservice and food processing channels. The analysis draws from a number of WMMB custom studies as well as published reports and articles, data from USDA, Wisconsin Agricultural Statistics Service and syndicated retail sales data bases.

U.S. specialty cheese usage totaled more than 1.8 billion pounds in 2010 and accounted for 16.9 percent of the total market for cheese, up from 1.6 billion pounds and 15.4 percent share in 2009. Specialty cheese usage is increasing across retail, foodservice and food processing.

At retail (traditional grocery, supercenters and specialty stores), specialty cheese accounted for 17 percent of total cheese volume sales in 2010. However, specialty cheese drove the growth at retail as total cheese sales declined in 2010 while specialty cheese volume sales increased 3.2 percent, nearly 729 million pounds. Some of the fastest-growing varieties included cheese blends; Italian varieties such as Fresh Mozzarella, Parmesan and Mascarpone; Blue; Gouda; and Hispanic varieties, including Queso Fresco, Cotija and Queso Quesadilla.

Looking at foodservice, specialty cheese accounted for 18 percent of total cheese usage in 2010, greater than the percentage at retail or in food

processing. Specialty cheese volume in foodservice grew 20.4 percent from 2009 to 2010 to more than 745 million pounds. Although nonspecialty cheese in foodservice also gained volume in 2010, it lost share as specialty cheese grew at a faster rate. Within foodservice, the greatest opportunities for specialty cheeses are in fine dining, casual dining, pizza, sandwich and prepared foods in grocery stores.

Specialty cheese has the smallest share of total cheese usage in the food processing channel at 15 percent. Specialty cheese volume in this channel grew 13.3 percent from 2009 to 2010 to 341 million pounds. Even though specialty cheese usage is less prevalent in food processing, it drove over half of the growth in total cheese usage in this channel. Food processors are turning to varieties such as Gorgonzola, Romano, Parmesan and aged cheeses to deliver stronger flavor profiles. Experimentation in pizza continues with diverse varieties that include Provel (a blended white processed cheese), Fontina, Romano, Monterey Jack, Cheddar and Feta. Fontina and Gorgonzola appeal to consumers seeking an "authentic" taste experience while Feta is used in a wide variety of applications that mix and match ethnic culinary boundaries.

There is still much to be learned about the specialty cheese market, but establishing the current size and growth rates of the market in the three channels is the prerequisite for formulating more targeted marketing programs. What is abundantly clear is that strategists can build on a foundation of present usage and trends that predicts continued growth. The outlook for specialty foods in general and specialty cheese in particular is bright, even in these unpredictable economic times as consumers increasingly seek higher quality food experiences. **CMN**

*The views expressed by CMN's guest columnists are their own opinions and do not necessarily reflect those of Cheese Market News®.*

## NEWS/BUSINESS



## Lebanon Cheese Co. charged with causing interstate shipment of adulterated Ricotta

**PHILADELPHIA** — U.S. Attorney Zane David Memeger this week announced that Lebanon Cheese Co., Lebanon, N.J., and the company's president, Joseph G. Lotito, have been charged with causing the interstate shipment of adulterated Ricotta cheese.

According to information from the U.S. Attorney's Office, Eastern District of Pennsylvania, the defendants are charged with having sold Ricotta Impastata cheese that was unfit for human consumption because the cheese was manufactured from truckloads of raw milk that had been condemned by Pennsylvania dairy processors for failing screening tests for the presence of beta-lactam antibiotics.

It is alleged that around January 2008 through July 2009, D.A. Landis Trucking — which has been charged separately — hauled milk from approximately 700 individual dairy farms in Southeastern Pennsylvania to large dairy processors. At least 20 of these loads allegedly tested positive for beta-lactam antibiotics using FDA-approved screening tests and were condemned and ordered to be destroyed by the dairy processor. The information alleges that dairy processors, based on information from D.A. Landis Trucking Inc., reported to the Commonwealth of Pennsylvania that the condemned milk was dumped at a local farmer's manure pit.

However, the U.S. Attorney alleges

that the drivers of the rejected loads were told by the trucking company's owner, Dean Landis, to return the condemned loads to the trucking yard, where they were pumped into another truck. The information charges that drivers then delivered the condemned loads of milk to Lotito at Lebanon Cheese Co.

Lotito allegedly purchased the condemned milk for approximately \$4 per hundred pounds, where the going rate of raw milk at the time ranged from approximately \$12 to \$23 per hundred pounds, depending on the intended end use. The drivers and the owner of the trucking company were allegedly paid in cash. Lotito and Lebanon Cheese Co. allegedly used the milk in the manufac-

ture of Ricotta cheese, which was then distributed to customers.

If convicted, defendant Lebanon Cheese Co. faces a maximum possible sentence of five years probation and a fine of \$200,000, and Lotito faces a maximum possible sentence of one year imprisonment, one year of supervised release and a \$100,000 fine.

A request for comment from Lotito's attorney, William DeStefano, has not been returned.

The case was investigated by the U.S. FDA Office of Criminal Investigations and the U.S. Department of Transportation Office of Inspector General and is being prosecuted by Assistant U.S. Attorney John Pease. **CMN**

## NEWS/BUSINESS



## 2012 FAPRI baseline shows increases in milk, cheese production, fluctuating all-milk price

WASHINGTON — U.S. cheese prices are not expected to fall as sharply in 2012 as butter, allowing the Class III milk value to exceed that of Class IV milk. In addition, cheese prices are expected to average about \$1.70 per pound long term and will continue to be an important indicator for dairy industry profitability, says a report released to Congress earlier this month from the University of Missouri's Food and Agricultural Policy Research Institute (FAPRI).

The baseline report, released each year, presents a summary of 10-year baseline projections for U.S. agricultural and biofuel markets. The report assumes normal weather and continuation of current farm policies. While the 2008 Farm Bill expires this year, analysts assume current law prevails through the 10 years, for comparison of policy alternatives.

The report notes that the outlook for the farm economy is generally positive, but with serious risks. Highlights of the report include:

- Net farm income peaked in 2011 and is projected to decline only slightly in 2012.
- Weather-reduced yields in 2011 have contributed to high prices for several major crops. Prices could fall if more favorable weather results in increased crop production in 2012.
- After years of rapid growth, ethanol production is expected to remain fairly stable for the next two years.
- Crop insurance may account for a substantially larger share of total public support to the farm sector than in the past. High prices reduce the likelihood of large expenditures on some traditional farm programs.
- Food price inflation increased in 2011, but is projected to slow later this year. By 2013, food prices increase at about the same rate as prices of other goods and services.

The report says the extreme price volatility of recent years may continue, as many of the factors that caused recent price swings remain in flux.

U.S. net farm income is projected at \$95 billion for 2012, down from \$98

billion in 2011, the report says.

"While net farm income may fall a little short of last year, we expect 2012 to be another good year for most producers," says Pat Westhoff, director of FAPRI. "Given current tight corn supplies, markets will be sensitive to news about 2012 supply-and-demand prospects."

Though the national dairy cow herd is expected to increase slightly for most of the projection period, the Western United States is the only region likely to experience growth, the report says.

National milk production per cow is projected to grow by an average of 1.2 percent per year in the next decade.

The report shows milk production at 199.2 billion pounds for 2012, increasing to 208.4 billion pounds by 2015 and to 224.2 billion pounds by 2021. The report estimates there will be 9.24 million dairy cows on U.S. farms in 2012, increasing to 9.28 million by 2015 and to 9.35 million by 2021. Milk per cow is estimated at 21,552 pounds in 2012, increasing to 22,458 pounds by 2015 and to 23,984 pounds by 2021.

FAPRI notes the West continues to have a sizable advantage in productivity per cow relative to other parts of the country. However, the Southern U.S. will exhibit the fastest per-year growth rate at 1.7 percent, following by the grain-producing/Great Lakes region at 1.4 percent, the report notes.

All-milk prices grew strongly in 2011, with Class IV prices about 70 cents above Class III for the second consecutive year, the report notes. The 2011 all-milk price was just over \$20 per hundredweight, but is expected to retreat to \$18.50-\$19 per hundredweight for most of the projection period.

American cheese production is estimated at 4.31 billion pounds in 2012, increasing to 4.59 billion pounds by 2015 and to 5.07 billion pounds by 2021. American cheese prices are projected to average \$1.66 per pound this year — down from \$1.81 per pound in 2011 — and increase to \$1.69 in 2015

and to \$1.74 in 2021.

Other cheese production is projected at 6.47 billion pounds in 2012, increasing to 6.89 billion pounds in 2015 and to 7.65 billion pounds in 2021.

Butter production also is expected to increase over the projection period, estimated at 1.89 billion pounds in 2012, increasing to 1.99 billion pounds in 2015 and to 2.10 billion pounds in 2021. Butter prices are projected to average \$1.73 per pound in 2012 — down from \$1.96 per pound in 2011 — but will fluctuate over the projection period, increasing to \$1.64 per pound in 2020 but falling to \$1.61 per pound in 2021.

Nonfat dry milk (NDM) production is estimated at 1.88 billion pounds in 2012, increasing to 2.18 billion pounds in 2015 and to 2.57 billion pounds in 2021. NDM prices are projected to average \$1.42 per pound in 2012, down from \$1.55 per pound in 2011. NDM prices are projected to peak in 2018 at \$1.54 per pound before dropping down to \$1.53 per pound from 2019-2021.

The report notes that the dairy industry is concerned with recent trends involving fluid milk consumption per person. Though per-capita fluid milk consumption has been declining for quite some time, the rate of decrease has accelerated recently, the report

says, noting that nutrition programs that eliminate or significantly reduce flavored milk availability in schools could reduce long-term fluid milk demand.

Meanwhile, the general trend for total cheese consumption per capita continues to be positive, the report says. American cheese will continue to become a smaller percentage of total U.S. cheese consumption, as demographics and taste trends favor other varieties.

The report notes that the level of cheese consumption per person will be extremely important to dairy industry profitability if fluid milk consumption declines as projected.

The report notes that 2011 was a second consecutive year of strong growth for dairy product exports, eclipsing 2008 levels for most products. While much of domestic butter and cheese production is consumed within U.S. borders, NDM markets depend heavily on exports, the report notes.

According to the report, international dairy prices are expected to remain relatively strong during the projection period, allowing for increased U.S. dairy product exports.

The full report is available at [www.fapri.missouri.edu](http://www.fapri.missouri.edu). CMN

## Darigold Inc. closes Dairy Fair cheese store

SUNNYSIDE, Wash. — Dairy Fair, which served as a visitor center, cheese store and deli at Darigold's Sunnyside, Wash., plant, closed Feb. 24 after 17 years of business.

"While this decision was difficult, it was required, as the store (was) not making enough money to cover its operational costs. In this type

of economic environment, it was a necessary decision," says Michelle Carter, communications coordinator, Darigold.

Operations at the Sunnyside plant, which produces bulk Cheddar, Monterey Jack and whey, will remain the same. Darigold does not have visitor centers at any of its other plant locations. CMN

## ACS offers scholarships to annual conference

RALEIGH, N.C. — The American Cheese Society (ACS) is offering full and partial scholarships to cheesemakers, retailers, students and local chefs to attend its 2012 Conference and Competition at the Raleigh Convention Center Aug. 1-4. The deadline to apply is March 30.

Scholarships include a travel stipend, hotel accommodations and free conference registration. Scholarships are offered through the American Cheese Education Foundation and the John Crompton Memorial Scholarship Fund. Details on requirements may be found at [www.cheesesociety.org/conference/scholarships](http://www.cheesesociety.org/conference/scholarships). Recipients will

be notified by April 30.

This year's ACS Conference and Competition includes session tracks for cheesemakers, retailers and cheese enthusiasts. Cheese tasting and pairing sessions are also featured.

Attendees have the opportunity to network with industry leaders and sample new cheeses from across the nation. For a look at this year's preliminary schedule, visit: [www.cheesesociety.org/conference/cheese-rally-in-raleigh-owning-our-future](http://www.cheesesociety.org/conference/cheese-rally-in-raleigh-owning-our-future).

For more information, contact Jana Hemphill at 720-328-2788 or [jhemphill@cheesesociety.org](mailto:jhemphill@cheesesociety.org). CMN

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## Audit of organic milk says improvements needed in detection, transparency, inspection

WASHINGTON — The U.S. Office of Inspector General (OIG) recently published the results of an audit to determine whether milk marketed as organic meets the standards of the National Organic Program (NOP). OIG concluded that based on the reviews it conducted as part of this audit, the NOP can take steps to better ensure that consumers who choose to pay a premium for organic milk are receiving the high-quality product they wish to purchase.

Specifically, OIG says NOP could improve in its detection of genetically modified (GM) material, greater transparency in its yearly list of USDA certified organic operations, addressing milk transporter responsibilities in organic system plans and conducting unannounced inspections.

The recommendations put forth by OIG to improve oversight of organic milk include:

- Conduct an analysis of GM detection methods and protocols. Based on the analysis results, determine whether to develop an issue guidance for certifying agents on the utilization of GM detection to identify potential

violations of the USDA organic regulations.

- Improve the NOP's list of certified organic operations so that it is up-to-date, authoritative and comprehensive;

- Develop and implement controls to ensure certifying agents have adequate oversight over the transportation of bulk raw organic milk so that NOP-prohibited substances do not come into contact with bulk raw organic milk and to ensure that the transportation process is included in the responsible parties' organic system plan.

- Develop and issue guidance instructing certifying agents concerning the minimum amount and frequency of unannounced inspections of NOP-certified milk operations, and how they should select milk operations for such inspections.

USDA's Agricultural Marketing Service, which operates the NOP, has responded to the recommendations, saying it generally agrees with the audit findings and recommendations.

To read the full audit report, visit [www.usda.gov/oig/webdocs/01601-0001-Te.pdf](http://www.usda.gov/oig/webdocs/01601-0001-Te.pdf). **CMN**

## ACS accepting apps for 2013 Cheese Exam

DENVER, Colo. — The American Cheese Society (ACS) recently announced that its inaugural Certified Cheese Professional Exam has filled to capacity for 2012, and the organization now is accepting applications for the 2013 exam.

The 2013 exam will be held immediately prior to the 2013 ACS Conference and Competition, the location and date of which are to be announced.

ACS notes that should any openings become available for the 2012 exam due to deferrals or cancellations, it will offer spaces to individuals who are approved to take the exam in 2013 on a rolling

basis, based on the order in which applications are received.

ACS announced the launch of the Certification Exam in November. The exam was established to encourage improved standards of comprehensive cheese knowledge and service and offer professionals in the cheese industry the opportunity to earn the title of "ACS Certified Cheese Professional" or "ACS CCP." (See "ACS announces launch of Certification Exam" in the Nov. 4, 2011, issue of Cheese Market News.)

For more information, visit [www.cheesesociety.org](http://www.cheesesociety.org). **CMN**

## Carr Valley launches new website for orders

LAVALLE, Wis. — Carr Valley Cheese Co. recently announced it is making its award-winning selection of American Originals and specialty cheeses easier to order and expedite for chefs, food-service professionals, gourmet stores and specialty shops.

The new website program at <http://www.artisancheesesource.com/> features simplified online ordering, no minimum order restrictions and Carr Valley cheeses that are often difficult to access and obtain through distributors, the company says

"There is a growing need among foodservice and retail market segments to be able to offer discerning custom-

ers a wide array of distinctive artisan cheeses made in America," says Sid Cook, Carr Valley owner and Wisconsin Master Cheesemaker. "Recognizing this necessity and the frustration of trying to get these cheeses, we've designed the Artisan Cheese Source program, a resource that offers an expanded variety of our cheeses at very competitive prices. Customers can order a fourth of a wheel or 50 wheels from us and we'll ship it with no hassles."

The Artisan Cheese Source site also includes information about care and handling, recipes and pairings, and a chef's corner for idea exchanges and cheese talk. **CMN**

## Dairy export volumes remain consistent

WASHINGTON — The U.S. Dairy Export Council (USDEC) reports that January U.S. dairy export volumes were consistent with monthly volumes posted since spring 2010, according to the most recent trade data released by USDA's Foreign Agricultural Service. In the November-January period, U.S. exports of dry ingredients (milk powder, whey, lactose), cheese and butterfat were 886.0 million pounds, up 4 percent from the previous year. (The figures released by USDA and USDEC are in metric tons; Cheese Market News has converted the data to pounds by multiplying by 2,204.6.) Combined dairy exports in January were valued at \$425.5 million, up 28 percent compared to a year earlier.

January U.S. exports of milk powder, including nonfat dry milk/skim milk powder (NDM/SMP) and whole milk powder (WMP) totaled 90.5 million pounds, up 1 percent from January 2011. NDM/SMP exports dropped 1 percent to 85.3 million pounds and WMP exports dropped 33 percent to 5.1 million pounds in January compared to a year earlier. USDEC says January NDM/SMP exports improved 15 percent on December volume. In the November-January period, NDM/SMP sales to Mexico were up 54 percent from the prior year, but shipments to Southeast Asia and to the Middle East/North Africa both were down 24 percent.

Total whey proteins exported in January totaled 80.5 million pounds, up 1 percent from a year earlier. Compared to January 2011, exports of dry sweet were

up 11 percent to 48.1 million pounds; exports of whey protein concentrate (WPC) were down 15 percent to 29.2 million pounds; and exports of whey protein isolate were up 45 percent to 3.2 million pounds. USDEC says January whey exports were lower than prior months, with volumes of dry sweet whey and WPC each down 11 percent from December. In the November-January period, sales to China, the major customer for U.S. whey, were up 16 percent, while shipments to Southeast Asia were down 14 percent and exports to Mexico were up 21 percent.

Exports of cheese in January totaled 42.8 million pounds, up 3 percent from a year earlier. In the November-January period, USDEC says shipments to Mexico were up 16 percent from the prior year, while additional gains were posted in exports to Japan (+44 percent), Saudi Arabia (+95 percent) and Central America (+81 percent).

Lactose exports in January totaled 56.4 million pounds, up 8 percent from a year earlier. In the November-January period, lactose exports to New Zealand were up 51 percent and sales to China increased 40 percent, USDEC reports.

January sales to Mexico, the largest market for U.S. dairy products, were valued \$99 million, up 44 percent from January 2011 dairy export sales. January sales of U.S. dairy products to Southeast Asia were valued at \$80 million, up 5 percent, and sales to Canada were valued at \$44 million, up 24 percent from a year earlier, USDEC reports. **CMN**

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# Retail WATCH

NEWS & MARKETING IDEAS TO HELP SELL MORE CHEESE

## Holland's Family Cheese wins big in competitions, makes plans to grow

By Kate Sander

**THORP, Wis.** — If Marieke Penterman's original plans had come to fruition, she would have been a children's furniture designer. Thank goodness for cheese connoisseurs, her original plans didn't work out.

Penterman, the acclaimed cheesemaker and co-owner of Holland's Family Cheese, came up with being a cheesemaker one night shortly before she turned 30 as she wrestled with ideas about what to do with her future. A new mother of twins, she was enjoying motherhood but also looking for a business venture that would complement her desire to be with her young family.

**“Being new to the country, I couldn't get used to Cheddar and Colby and curds. I wanted to make a farmstead Gouda because that's what I like.”**

Marieke Penterman  
HOLLAND'S FAMILY CHEESE

She threw the idea of cheesemaking out to her dairy farming husband, Rolf, late one night.

“And like every good husband says, he said, ‘yes dear, let's talk about it tomorrow,’” Marieke Penterman recalls with a laugh.

That simple conversation was the beginning of an award-winning tradition that has taken Wisconsin and the rest of the country by storm.

Coming from families of dairy farmers — she and Rolf both grew up on 60-cow dairies in the Netherlands — they knew cows but not a lot about the cheesemaking process. Marieke soon found herself meeting with the Dairy Business Innovation Center and learning all about a business plan and cheesemak-

ing — including the fact that she would need a cheesemaking license, something she had never before considered.

As she explored the idea of a cheesemaking venture, Marieke, who came to the United States in 2003 to join her husband Rolf, decided to make the cheeses with which they were familiar from their homeland.

“Being new to the country, I couldn't get used to Cheddar and Colby and curds. I wanted to make a farmstead Gouda because that's what I like,” she says.

Clearly, other people like it too.

Shortly after Holland's Family Cheese LLC made its first batch of cheese in November 2006, the company began raking in the awards.

The first accolades came early with a best of class showing for Foenegreek Gouda in the 2007 U.S. Championship Cheese Contest.

Last year, the company won three best of class awards in the biennial U.S. Championship Cheese Contest, sponsored by the Wisconsin Cheese Makers Association (WCMA) as well as a position in the coveted top three for the entire contest with a second runner-up finish to the U.S. Champion.

In last week's World Championship Cheese Contest, also sponsored by WCMA, Holland's Family Cheese also enjoyed similar success, placing first in the Smoked Soft and Semi-Soft Cheeses Class with Marieke Gouda Smoked, a cheese that was selected by judges to be in the top 16 cheeses in the competition. In addition, the company received first in the Flavored Gouda Class with Marieke Gouda Cumin, first in the Semi-Soft Open Class with Marieke Golden, second in the Aged Gouda Class with Marieke Gouda Super, aged 18-24 months, and third with Marieke Gouda Mature, aged 6-9 months.

The company has won awards — more than 50 total — in every contest it has entered.

Marieke Penterman attributes the success to a few factors. One of the most important is the quality of the milk used to make the cheese. The milk comes directly from the 850 Holsteins on the free stall dairy farm Rolf and his brother Sander Penterman operate. The fresh milk is sent through a pipeline directly from the cows to the cheese vat, where it is cooled.



© Red Wave Pictures

**BEST OF CLASS** — Holland's Family Cheese had three best of class winners in last week's World Championship Cheese Contest.

“We actually have to cool it down instead of warming it up,” Marieke Penterman says.

The fact the cheese is made from raw milk contributes to its high quality flavor as does the use of good cultures directly from the Netherlands, she says.

In addition, the company has “an amazing team” of employees, she says.

“Going into this, I never thought it would be so much work,” Penterman says. “Every person on my team is critical.”

**“Going into this, I never thought it would be so much work. Every person on my team is critical.”**

Marieke Penterman  
HOLLAND'S FAMILY CHEESE

Currently, the company is making about 800 pounds of cheese four days a week, double its production from less than two years ago, when it had to slow things down a bit.

Despite all of the contest wins, learning how to manage a cheese business and adjusting from the mindset of a dairy farmer — where you can't control the price but at least you know when you're going to get paid — to a cheesemaker — where you set your own price but

don't necessarily know when you will be paid — has been a challenge.

“When we started this in November of 2006, after a while we noticed we were making cheese but it was not rolling out the door. Marketing was something totally new we had to conquer,” Penterman says.

“You cannot control when the cheese is rolling out and you're getting your money, so we had to take a step back and go to half production,” she says. “Going back to full production again this year is a big achievement for us.”

But with multiple contest wins and a focus on marketing — hiring a marketing director, implementing a pre-order program, offering open houses, communicating with customers through newsletters and taking advantage of social media tools such as Twitter, Facebook and 4-Square — things are going well and the company is finding it must further expand in order to continue growing.

“This year we hope to start a fifth day of cheesemaking, but we have to make some adjustments to do that,” she says.

Long-term, though, an added day is not enough capacity for the company. Whole Foods nationwide as well as a number of other specialty retailers and restaurants around the country feature the cheese, and with each win, more interest and demand is generated.

To that end, the Pentermans plan to expand on a 100-acre parcel of land in Thorp, Wis., and currently are working through the site design and approval process.

Turn to HOLLAND'S, page 9 ⇨

Also in **Retail WATCH:**

Joan of Arc brand offers getaway ... Page 9

Crystal Farms introduces new cheeses ... Page 10



Photo courtesy of the Irish Dairy Board

**LUCKY CHEESE** — Around St. Patrick's Day many cheese sellers, including this Whole Foods Market in Atlanta, promote Irish Cheddars and other cheeses such as Kerrygold's Dubliner and Cashel Blue.

## CHEDDAR

*Continued from page 1*

says Molly O'Loughlin, brands communication manager for the Irish Dairy Board cooperative, which markets Irish cheeses and butters internationally under the Kerrygold brand. "But we really are not just a seasonal item. Our sales are pretty strong throughout the year."

Many retailers currently are spotlighting Kerrygold's Cheddar varieties and other cheeses such as its signature Dubliner and its recently-introduced farmhouse Cashel Blue.

Aaron Foster, head buyer at Murray's Cheese in New York, says for St. Patrick's Day, Murray's is highlighting a Kerrygold Irish Cheddar and its Cashel Blue. Additionally, Murray's is featuring Ardahan, a washed-rind cheese from County Cork, Ireland, and Across the

Pond, a washed-rind cheese from New York's McGarr Farms, made by Keeley McGarr, who trained in Ireland to learn cheesemaking.

Sales of Irish Cheddar always spike around this time of year, Foster says.

"It's a great table cheese, and also recognized as a great beer-and-cheese cheese," he says. "I would say Irish Cheddar tends to sort of have a sweet quality that we really appreciate in the cheese. It tends to be particularly sweet and butterscotchy."

O'Loughlin says Kerrygold and Ireland are known for their rich, creamy aged Cheddar, which is a result of the milk produced by Irish cows.

"Cows in Ireland are eating grass from the lush pastures and climate," she says. "The milk these cows produce is richer in milkfat because of the grass they're eating. All our cheeses have a nice gold, yellow hue, which is from the beta-carotene in the grass."

Also popular this time of year are Kerrygold's Aged Cheddar with Irish Whiskey and its Dubliner with Irish Stout. O'Loughlin says these flavored varieties are more popular in the United States, while the plain Cheddar and Dubliner are huge in the United Kingdom and Ireland.

"We take aged Cheddar, break it down, mill it, add whiskey, put it in a wheel, and put wax on it," she says. "The whiskey brings out some burnt caramel

*Turn to AGED, page 11 ⇨*

## Kerrygold line now includes Cashel Blue

**EVANSTON, Ill.** — The Irish Dairy Board recently introduced the farmhouse cheese, Cashel Blue, to its line of Kerrygold dairy products sold in the United States.

Cashel Blue, an Irish artisanal Blue cheese, was developed in 1984 by the husband and wife team of Jane and Louis Grubb. The cheese is made entirely by hand on the Grubb family farm near Cashel in County Tipperary, Ireland. This cheese won gold at the World Cheese Awards in 2006 and 2010.

Like all Kerrygold dairy products, Cashel Blue is made only from milk from cows that graze on Ireland's pastures, and no growth hormones are allowed on these cows. The majority of the milk used to make Cashel Blue comes from the farm's pedigreed Friesian dairy herd, and the cheese is made from pasteurized whole milk.

The Irish Dairy Board describes Cashel Blue as a semi-soft and voluptuously creamy cheese with a round, full flavor and a slight Blue tang. The cheese is a buttery color with characteristic blue veining and large blue flecks from *Penicillium roqueforti*. The flavors become more pronounced over time.

Cashel Blue can be served on a cheese board with ripe pears, figs, water crackers or walnut bread; melted on grilled steak; mixed into salad dressings or served on salads; or stuffed in celery sticks and dates, the Irish Dairy Board suggests. The cheese is available in 3-pound random weight wheels.

For more information, visit [www.kerrygoldusa.com](http://www.kerrygoldusa.com). **CMN**

# Reny Picot Introduces Baked Brie in Pastry!

The partners at Old Europe Cheese have been working diligently to create two mouth watering baked Brie combinations — Plain Baked Brie in Pastry and Cranberry, Apricot & Almond Baked Brie in Pastry.

Each baked Brie begins with Old Europe Cheese award-winning Brie which is then hand wrapped in the freshest puff pastry for that home-made appearance. And just like Reny Picot Brie, only the finest and freshest ingredients such as wheat flour, butter, eggs, milk and sugar are used to create the puff pastry. Plus the fillings used in the Cranberry, Apricot & Almond Baked Brie are so fresh you will swear they were just harvested.

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## HOLLAND'S

Continued from page 7

Holland's Family Cheese envisions breaking ground on the new, state-of-the-art facility by the early part of 2013. In addition to building a new dairy and creamery, the company hopes to make the site an educational center for the city.

"We want to have an educational point of view so people can come here and learn," says Penterman.

In addition, the Pentermans have plans to begin producing ice cream at the new facility and hope to launch products such as yogurt and custard. Marieke Penterman also would like to try to make a Brie, another one of her favorite cheeses.

In the meantime, Penterman is focusing on her basic recipe, with a few twists. In fact, one of the best of class winners in this year's World Championship Cheese Contest is a new cheese that she is just trying out.

"Marieke Golden is similar to a Gouda but we have a different way of making it," she says. "We thought we'd enter it in the contest and if it would do well, we'd introduced it to the market. If not, we'd make it slowly disappear."

Apparently the only going away the cheese will be doing is flying out of the company's storage.

## Belle Chevre Inc. releases e-book on goat cheese ideas

ELKMONT, Ala. — Belle Chevre Inc. has released a new e-book, *50 Things to Do With Chevre*, which features quick ideas for using goat cheese.

The e-book includes tips on whipping up appetizers in seconds with chevre and creating cheese plates.

"I want everyone to know that goat cheese is simply the most versatile cheese around," says Tasia Malakasis, president, Belle Chevre. "There's so many nutritional benefits, too — everyone should be eating it."

The e-book is available at [www.cookwithchevre.com](http://www.cookwithchevre.com). CMN

## DCI Cheese's Joan of Arc brand offers getaway contest

RICHFIELD, Wis. — DCI Cheese Co. is holding its Flavor for All contest sponsored by Joan of Arc, the company's imported French cheese brand.

One grand prize winner will receive an all-inclusive weekend getaway, awarded as a \$2,000 Visa gift card.

In-store shelf talkers with tear pads featuring a coupon for Joan of Arc cheeses can be found in participating retailers through March 31.

Customers with smart phones also can connect directly to [www.joanofarc-brie.com](http://www.joanofarc-brie.com) via promotional display QR codes to enter the contest. CMN

The company's success in the contest even was noted by the Dutch press, which of course was proudly broadcasting that Vermeer, a mature Gouda-style cheese produced by a FrieslandCampina plant in the Netherlands, was the World Champion. But the press also noted that a Dutch cheesemaker living in the United States had award-winning cheeses too — news that Penterman's parents, still dairy farmers in the Netherlands, were excited to share with their daughter.

Still, there is a bit of family rivalry. You see, Marieke Penterman's parents ship their milk to the award-winning plant.

"They said to me, 'You still can't beat our milk!'" she says.

Clearly, Holland's Family Cheese is from an award-winning tradition, a tradition that can carry on as Marieke and Rolf raise their growing family of five young children. CMN



**FAMILY AFFAIR** — Marieke Penterman and her husband Rolf started Holland's Family Cheese in the midst of raising a young family. They now have five children: Luna (8), Joyce (8), Dean (5), Fenne (4) and Finn (2).

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For more information please visit [www.cheeseexpo.org](http://www.cheeseexpo.org)

## DCI Cheese Co. launches nine new specialty cheeses, 'Opa!' promotion for Nikos line

RICHFIELD, Wis. — DCI Cheese Co. is pleased to announce expanded product offerings for its Nikos and Landana brands, the addition of select cheeses from the Alexis de Portneuf and DuVillage 1860 lines, and a special promotion for its Nikos Feta line.

All new items are available exclusively through DCI and can be found in select retailers nationwide.

Under the Nikos brand, DCI Cheese has added Nikos Crumbled Fat Free Feta, available in a 6-ounce cup, as well as Nikos Feta in Brine, available in a 4-pound pail.

In addition, DCI Cheese has launched

a promotion for its Nikos line, "Add a Little 'Opa!' to Dinner." Through April 30, consumers are invited to visit [www.NikosFeta.com](http://www.NikosFeta.com) to access a wide variety of recipes, serving suggestions and wine pairings that are designed to complement the flavors of Nikos Feta.

While on the website, consumers may enter for a chance to win home delivery of meals from Seattle Sutton's Healthy Eating, a family-owned company offering a convenient approach to healthy eating.

In-store shelf talkers with tear pads featuring a coupon for Nikos Feta also can be found in participating retailers through April 30. Consumers with smart

phones also may connect directly to [www.NikosFeta.com](http://www.NikosFeta.com) via the promotional display's QR code to access the online entry form or to view recipes and wine pairings.

In addition the added items in its Nikos line, DCI Cheese Co. has added Red Pesto, a Dutch Gouda-style cheese crated with tomatoes, oregano and garlic, to its Landana line. The cheese is available in 7-ounce wedges in resealable parchment bags.

Under its Alexis de Portneuf line, DCI Cheese has added Bleubry, a soft Blue cheese; Cendillon, a vegetable ash-covered goat cheese; and Triple

Creme Brie.

Under the DuVillage 1860 line, the company recently added Moon Dust, a triple cream cheese coated in ash and accentuated with peppery and buttery hints, and Sir Laurier d'Arthabaska, a washed-rind cheese with a distinctive, full-bodied flavor.

Retailers interested in purchasing the new Nikos, Landana, Alexis de Portneuf and DuVillage 1860 items may contact a DCI sales representative by e-mail at [moreinfo@dcicheeseco.com](mailto:moreinfo@dcicheeseco.com), or call 1-800-782-0741.

For more information, visit [www.dcicheeseco.com](http://www.dcicheeseco.com). CMN

## Crystal Farms introduces two new cheeses

MINNETONKA, Minn. — Crystal Farms recently announced the addition of two new varieties of cheese to its product offerings. The new items include a line of pepper cheeses and spreadable cheese wedges, all available in stores now.

The spreadable cheese wedges are available in three flavors: Light Creamy Swiss, Light Garlic & Herb, and Light Jalapeno Pepper. The 4-ounce wedges come individually wrapped and are available in packages of six.

Crystal Farms' pepper cheeses, available in 8-ounce packages of chunks and slices, come in three flavors: Roasted

Red Pepper, Pepper Jack and Jalapeno & Habanero Jack.

"Crystal Farms is committed to product innovation and variety," says Hollie Schroeder, marketing manager, Crystal Farms Cheese. "Our new lines of spreadable wedges and pepper cheeses further that commitment by giving our customers even more delicious choices and flavors to enjoy."

The new cheese wedges are pepper cheeses join the company's existing lines of shreds, chunks, slices and String cheese.

For more information, visit [www.crystalfarmscheese.com/products](http://www.crystalfarmscheese.com/products). CMN

## Shamrock Farms joins The Breakfast Project

PHOENIX — The National Milk Mustache "got milk?" Campaign has launched The Breakfast Project to tackle the challenge of milk consumption at breakfast, and Shamrock Farms is extending campaign efforts with sponsored breakfasts at elementary schools and a public call to action benefitting the Arizona Partnership to End Childhood Hunger.

"While we want to raise awareness of the importance of breakfast, we've developed some specific outreach to help children, the population most affected by missing the critical nutrients breakfast and milk in particular can provide," says Sandy Kelly, director of marketing, Shamrock Farms.

Shamrock Farms, in partnership with

Kellogg's, visited Arizona elementary schools during National Breakfast Week, March 5-9, providing breakfast and teaching kids about the importance of starting the day with a nutrient-rich breakfast.

In addition, through April 30, Shamrock Farms is hosing a Facebook "Like" drive to earn servings of milk for children in need. For every new Facebook user to "like" the Shamrock Farms page during this time, one 8-ounce serving of milk, up to 10,000 servings, will be donated to the Arizona Partnership to End Childhood Hunger, which in turn will distribute the milk to affiliated summer breakfast programs throughout the state.

For more information, visit [www.shamrockfarms.net](http://www.shamrockfarms.net). CMN

## Shatto releases limited Cotton Candy Milk

OSBORN, Mo. — Shatto Milk Co. recently released Cotton Candy Milk for limited release.

"Shatto Cotton Candy Milk tastes like a glass of deliciously melted cotton candy with a creamy base," the company says. "The Cotton Candy Milk has been sampled during many of the previous special events held at Shatto Dairy Farm, each time creating a greater call for it to be released to stores."

The company adds that it is excited

to offer its first limited release product.

"For years, customers have been requesting this unique flavor," Shatto Milk Co. says. "We are so excited to have the opportunity to offer this product, something that is so very unique to our family and something that furthers our quest to make milk fun."

More information on the product can be available by e-mailing [office@shattomilk.com](mailto:office@shattomilk.com) or by visiting [www.shattomilkcompany.com](http://www.shattomilkcompany.com). CMN

## Cabot, Green Education Foundation to teach kids about health, community, sustainability

CABOT, Vt. — Cabot Creamery Cooperative has partnered with Green Education Foundation (GEF) to develop "The Wonder Wheel! Food for Healthy Kids and a Healthy World," a three-part lesson plan for middle school students that focuses on health, community and sustainability.

The program will help students explore what makes food healthy for them, their community and the environment, and is designed to engage students on a number of different levels. Students will participate in activities that include making cottage cheese, performing skits about cooperatives and participating in a food package redesign competition. At the end of the lessons, students will demonstrate how to make healthy and sustainable choices for themselves, their communities and their environment by making a personal "Wonder Wheel" of foods. By the end of the program, Cabot

says students will be able to evaluate personal food choices by reading nutrition labels, explain the benefits of food cooperatives and have knowledge they can apply at home about managing waste via the "Reduce, Reuse, Recycle" model.

Alexandra Groezinger, food and sustainability education programs manager for Cabot, says in addition to making cheese, health, community and sustainability are primary focuses for Cabot and driving forces behind most of its outreach.

"Over the years, Cabot has spearheaded and partnered with other concerned groups like GEF on efforts aimed to raise awareness and educate our consumers on each of these important issues," Groezinger says. "With the launch of 'The Wonder Wheel' program, we are excited to again help make a difference."

For more information, visit [www.cabotcheese.coop/wonderwheel](http://www.cabotcheese.coop/wonderwheel). CMN

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## Sartori debuts new aged goat cheese

MADISON, Wis. — During a special event March 7 during the final judging round of the World Championship Cheese Contest, Sartori Co. debuted samples of a new Limited Edition Aged Goat Cheese.

"We are very excited about our new aged goat cheese," says Pat Mugan, vice president of research and development, Sartori Co. "This is a new and very unique goat cheese and is a great addition to our Limited Edition line. It has a very clean taste, subtly complemented by some light tangy and citrusy notes, making it very approachable to even the most timid taster."

According to Sartori Master Cheesemaker Mike Matucheski, the cheese is officially being released in June.

Matucheski likens the cheese to an aged version of Caprimente, another goat cheese made by Sartori Co.

"It's sort of a naked Caprimente," he says. "It's a very interesting cheese, with a sweet and surprising flavor."

Sartori Limited Edition Aged Goat Cheese received a second place award at the 2011 World Cheese Awards in November.

For more information, visit [www.sartoricheese.com](http://www.sartoricheese.com). CMN

## Johnsonville, Kraft, Bertolli partner for new recipe contest

SHEBOYGAN FALLS, Wis. — Johnsonville Sausage has teamed up with Kraft and Bertolli to launch a new recipe contest, "Italian Inspiration."

Through the contest, which is underway through April 1, consumers are invited to upload a photo and description of their recipe creation featuring Johnsonville Italian Sausage. Six weekly prizes will be awarded throughout the contest, and one grand-prize winner will receive a culinary vacation for two to Abruzzo, Italy.

Bob Fitzgerald, brand manager, Johnsonville, adds that Kraft Grated Parmesan cheese and Bertolli Olive Oil are natural partners for the recipe contest.

"Both grated Parmesan cheese and olive oil are staples in Italian cooking," says Fitzgerald. "Kraft Grated Parmesan Cheese and Bertolli Olive Oil share the same passion for quality we at Johnsonville do, and we couldn't think of better partners to help inspire at-home cooks."

All eligible entries will be judged on originality, creativity, presentation and visual appeal. The creator of the recipe with the highest score will win the grand prize culinary vacation for two to Abruzzo, Italy, courtesy of CookingVacations.com.

Six weekly prizes will be awarded through a sweepstakes drawing and will include items from Kraft Grated Parmesan Cheese, Bertolli Olive Oil, Johnsonville Italian Sausage, DeLallo and LeCreuset.

For more information, visit the Johnsonville Kitchens Facebook page, [www.facebook.com/johnsonvillekitchens](http://www.facebook.com/johnsonvillekitchens), or [www.johnsonville.com](http://www.johnsonville.com). CMN

## AGED

Continued from page 8

butterscotch flavors in the Cheddar. It's one of our more specialty cheeses and is available at a lot of retailers now. Especially for St. Patrick's Day, stores want to feature that one."

### • U.S. Cheddar

Another region well-known for its Cheddar is Vermont, home to Cabot Creamery Cooperative and Grafton Village Cheese Co., two long-standing companies that specialize in Cheddar.

Grafton Village Cheese Co. of Grafton and Brattleboro, Vt., ages its Cheddars one to four or more years in its Premium, Classic Reserve, Gold and Four Star varieties. It also offers Maple Smoked Cheddar, Garlic Cheddar and Sage Cheddar, as well as the Grafton Duet, which features two layers of Grafton's 1-year Cheddar and one layer of St. Pete Select Blue Cheese. The company also offers a clothbound Cheddar as part of its cave-aged line.

The company's most award-winning cheese is its 2-year Aged Cheddar, which has received more than a dozen awards over the years. Part of its appeal is its versatility, according to Melissa Gullotti, communications director for the Windham Foundation, Grafton Village Cheese's parent company.

"It can stand on its own. It has a creamy mouthfeel and a little mellow tartness," Gullotti says. "But it also is great for cooking. It has a duality to it."

Gullotti says while Grafton Village's cheeses are sold across the country, the Vermont connection always remains. Vermont Cheddar cheese is a tradition, similar to Vermont maple syrup, she adds.

"We find people, if they come to visit Vermont, there's a connection there," she says. "If they purchase cheese, they're connecting it with Vermont in their memory. It's an association with a pleasurable visit."

Wisconsin, a state also associated with Cheddar and other cheeses, is home to Hook's Cheese Co. Inc., which is well-known for its aged Cheddars. The Mineral Point, Wis.-based company has been selling cheese aged 5 years or more since 1995, and now it ages white Cheddars up to 12 years and colored cheddars up to 15 years.

"When we bought this plant in 1987, we had a cold storage that was larger than we needed, so we decided to start aging Cheddar," says owner Tony Hook, who has been making cheese for 42 years. "We didn't plan on aging it to 10-15 years, but as it worked out, it worked out quite well for us."

Over the years, Hook says he has seen consumers gravitate more toward aged Cheddars. While the percent of Cheddar produced and consumed in the United States has decreased against faster growth of other varieties, Hook says specialty aged and extra sharp Cheddars have increased. Smaller producers, he says, have had to go into specialty Cheddars or other types of cheeses, while many larger Cheddar producers have switched to part or all Mozzarella.

Hook's sells 5-10 percent of its cheese at the Dane County Farmers' Market, about 50-60 percent to retail and the rest to chefs. Hook says his 5-year Cheddar, which retails for around \$15-\$20 a pound,

is the most popular variety.

"I think it's partially the price, and you still get quite a bit of flavor," he says. "Closing in behind that is our 10-year."

### • Challenging expectations

Murray's Cheese in New York offers a number of Cheddars to suit a variety of tastes, and the shop carries about six to eight different Cheddar cheeses at any given time, Foster estimates, ranging from block to clothbound varieties. Ten years ago, he says, the only clothbound Cheddars available were British Cheddars that were expensive to import. However, as people's palates have become more well-trained and adventurous, he has seen more of these cheeses available on the market and embraced by consumers.

"Cabot Clothbound, for example, is one of our best-selling cheeses across the board, not just in Cheddars," he says, adding that this cheese, made by Cabot Creamery Cooperative and aged at Jasper Hill Cellars in Vermont, is the "gold standard" among clothbound Cheddars.

In addition to the Kerrygold Irish Cheddar and Cabot Clothbound Cheddar, Murray's also offers a New York Cheddar from McCadam, a Pineland Farms Cheddar from Maine and a Prairie Breeze Cheddar from Milton Creamery in Iowa, as well as two clothbound Cheddars from London-based Neal's Yard Dairy: Isle of Mull and Montgomery's Cheddar.

"What's nice about Cheddar is that it appeals across a wide swath of our customer base," Foster says. "There are Cheddars

that are challenging, with great stories, like the Isle of Mull, which are for cheese nerds. Others are easily approachable and snackable, like Irish Cheddar. In between, there are Cheddars like Prairie Breeze and Cabot Clothbound, which many find delicious, but are a step up from wet block Cheddar."

Foster adds that it is a pretty natural stepping stone from industrial block Cheddar to artisan block Cheddar, to approachable clothbound Cheddar to a more challenging clothbound Cheddar. The most challenging Cheddars, he says, have a stronger flavor and often fall outside of people's general expectations of what Cheddar tastes like.

"When a customer purchases Cheddar, they have certain expectations, and I think the most challenging of clothbound Cheddars challenge those expectations," he says. "It's not a grilled-cheese cheese. These are cheeses that challenge the palate and other cheese on the plate. They're rustic and inconsistent."

As customers develop a taste for the more challenging Cheddars, the familiar block Cheddars and milder varieties remain popular. While Murray's adds new customers with a taste for more familiar cheeses like block Cheddar, it also converts other customers to its more artisan and clothbound varieties.

"As that happens, we really are just gaining customers," Foster says. "I think we have done a good job educating our customers on what Cheddar can be." CMN



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## NEWS/BUSINESS



## Wisconsin governor announces plan to grow state's dairy production, industry

MADISON, Wis. — State officials in Wisconsin are enacting measures they say will help increase the state's annual dairy production to 30 billion pounds by 2020.

A program, Grow Wisconsin Dairy 30x20, will provide dairy farmers access to a toll-free number that connects them with information and resources on growing their businesses, including Grow Wisconsin Dairy Grants.

"The goal of the Grow Wisconsin Dairy 30x20 program is to improve the long-term viability of Wisconsin's dairy industry through services to achieve an annual milk production of 30 billion pounds by 2020," says Gov. Scott Walker. "Our state's dairy processors need more milk to keep up with the consumer demand from around the world for our award-winning cheeses. The Grow Wisconsin Dairy Team is prepared to assist dairy farmers to make that happen."

In 2011, Walker adds, Wisconsin produced 26.1 billion pounds of milk, an increase of less than 1 percent from 2010.

Bill Bruins, president, Wisconsin Farm Bureau Federation, has endorsed the initiative and notes that "a growing business is a healthy business."

"With 2 percent annual growth, we

would add 500 million pounds of milk per year," he said. "This could be accomplished by adding 25,000 cows with a 20,000 pound herd average."

Bruins notes that each milk cow in the state generates \$20,000 in annual economic activity, and 25,000 additional cows would create \$5 billion in additional economic activity.

Wisconsin Department of Ag, Trade and Consumer Protection (DATCP) Secretary Ben Brancel led dairy discussions with industry leaders from across the state before coordinating a Grow Wisconsin Dairy Team and the 30x20 program, according to the governor's office.

Following the elimination of the Wisconsin Department of Commerce in 2011, dairy promotion and development activities that had operated under the program umbrella called Dairy 2020 transferred to DATCP. The Grow Wisconsin Dairy 30x20 program announced this week will replace the Dairy 2020 program.

For more information on the Grow Wisconsin Dairy Team and its 30x20 program, use the toll-free number 855-WIDAIKY (855-943-2479) or e-mail growwisconsin@dairy.wi.gov. CMN

## SALE

Continued from page 1

a difference, say representatives of AMPI and Kemps.

Terms of the sale call for Kemps to acquire rights to the Cass-Clay brand, however, AMPI will continue to serve as the brand's exclusive milk supplier.

"We are excited about building on the heritage of the Cass-Clay brand," says Jim Green, president and CEO, Kemps. "We look forward to providing fresh Cass-Clay milk from local farms for years to come."

AMPI and Kemps representatives say the sale is a "win-win" for both consumers and local dairy farmers who supply the milk.

"This sale allows each company to do what it does best," says Ed Welch,

CEO, AMPI. "It allows the dairy farmer-owners of AMPI to focus on maintaining a steady flow of the quality, wholesome milk that is the essential ingredient in making the Cass-Clay dairy products consumers crave."

Cass-Clay is recognized in the Upper Midwest for quality fluid milk, ice cream and cultured products such as yogurt and sour cream. Kemps will continue to manufacture and market the complete line of dairy products, the company says.

The Cass-Clay dairy cooperative was established in 1934 and originally marketed milk produced by member dairy farms in the Cass County, N.D., and Clay County, Minn. areas. Today, Cass-Clay markets milk from members in North Dakota, South Dakota, Montana and Minnesota with annual revenue of approximately \$100 million annually in recent years. CMN

## PEOPLE



### Comings and goings ... comings and goings

**Grocery Manufacturers Association (GMA)**, Washington, has announced the appointment of **Louis Finkel** as executive vice president of government affairs. In his new role, he will help GMA and member companies develop, promote and implement public policy solutions. Finkel currently serves as vice president, federal public affairs group, at McGuire Woods Consulting LLC, where he represents corporate, trade association and not-for-profit clients before Congress and executive branch agencies.

**Ohio state Sen. David Daniels**, R-Greenfield, has been appointed director of the **Ohio Department of Agriculture** by Ohio Gov. John Kasich. Daniels has represented Ohio's 17th Senate District since January 2011. He replaces Jim Zehringer, who was appointed to lead the Ohio Department of Natural Resources in November 2011.

**Teamsters General**, Washington, D.C., has announced that **Rome Aloise** has been appointed director of the union's Food Processing and Dairy divisions. Aloise has served as vice president of Western Region International since 2009 and has been an elected official for 37 years. As director of the two divisions, Aloise assumes the stewardship of more than 35,000 dairy workers and 60,000 food processing members across the country.

**National Farmers Union (NFU)**, La Vista, Neb., has re-elected **Roger Johnson** as president and **Claudia Svarstad** as vice president for two-year terms. Johnson was first elected NFU president in March 2009. Svarstad was first elected vice president during NFU's convention in 2008.

**Pacific Cheese Co.** Hayward, Calif., has announced that **Tony Ricker**, a company vice president, has been

appointed chief operating officer. As COO, Ricker will be responsible for the functions of operations, supply chain and quality assurance. Ricker previously ran the company's retail sales division. He came to Pacific Cheese from CROSSMARK, a leading sales and marketing services company in Plano, Texas. Before CROSSMARK, he held executive positions in operations, sales and general management at Kraft, Earthgrains and Sara Lee.

**Kantner Group**, Los Angeles, has announced that **Linda Cole** has been appointed its top executive in charge of customer service, and will report to CEO Douglas Kantner. Cole will be responsible for all aspects of customer service operations, including its global product orders, import and export business, and trade show marketing. She will work from the Kantner Group's offices in Wapoketona, Ohio. Cole has more than two decades of experience and previously led customer service operations for International Dairy Ingredients. From 2000-2009, she held various customer service positions at Euro Proteins, a company that was re-branded as Kantner Group in 2005. Previously, Cole worked for Fisher Cheese in its Ohio-based customer service group.

**Dr. Sonny Ramaswamy** has been appointed as director of **USDA's National Institute of Food and Agriculture (NIFA)** by President Barack Obama. Ramaswamy is currently dean of the college of Agricultural Sciences at Oregon State University and also serves as director of the Oregon Agricultural Experiment Station. Previously, he was the associate dean of Purdue's College of Agriculture and directed the university's agricultural research programs from 2006 to 2009. CMN

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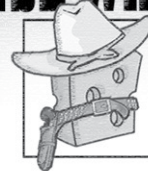
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● **STORAGE** 13



# NEWS/BUSINESS

## PRODUCTS

Continued from page 1

the Wisconsin Master's Mark on products made by graduates of the program.

"Specialty cheeses also have been gravitating to the top of cheese contests," Sommer says. In last week's World Championship Cheese Contest, sponsored by the Wisconsin Cheese Makers Association, Wisconsin cheeses took home 30 gold medals.

Part of the growth also can be attributed to the myriad of short courses available through CDR, which have helped to spur education and application throughout the Wisconsin cheese industry, Sommer says.

On a global scale, the artisanal

courses have brought in experts from countries spanning the globe, he notes.

Along with the growth in production and popularity of specialty and other cheeses in Wisconsin has been continued growth in the byproducts of cheesemaking, such as whey and milk ingredients, Burrington said in her presentation.

She notes that there has been a reduction in sweet whey powder due to the increase in demand for higher protein and higher value protein sources, such as WPC-34, WPC-80 and Whey Protein Isolate.

In addition, according to 3A Business Consulting, between 2005 and 2009, whey permeate production grew 17 percent per year, Burrington says. Meanwhile, WPC-80 production has increased 100 percent since 2003, and WPI production has increased 182

percent since 2003.

Burrington also highlighted some of the work CDR does for dairy ingredient applications, including providing research and development and product development support for USDEC's Dairy Ingredient Marketing Group for food companies.

CDR also has played a role in the development of U.S. milk protein concentrates (MPCs), Burrington notes. CDR ultrafiltration work started with cheese research, she says.

Domestic support of MPCs started with DairiConcepts in 2003 for both functionality and formulation work in beverages. Pilot plant/manufacturing support continued with T.C. Jacoby and Co. in 2006, she adds. There now are seven U.S. manufacturers.

More recent work has focused primar-

ily on characterization studies as new manufacturers of MPC start up in the United States, Burrington notes. The work includes comparisons with imported products to ensure that U.S. MPC can compete.

CDR also has been working on yogurt development. The center has developed expertise through working with ingredient companies wanting to sell their ingredients in yogurt, she says. There is a lot of contract work, as most ingredient companies do not have facilities to make yogurt.

To wrap up the session, Nicholson highlighted some of USDEC's work and the growing market for dairy product exports.

Nicholson notes that the U.S. dairy industry had a great year in 2011 and is continuing growth in the amount of dairy exports and the number of countries with which it is working.

She cites Korea as one example, noting that pizza is very popular in the country, and more than 50 percent of the pizza cheese used in chains in the country is U.S. cheese. The recently implemented free trade agreement with Korea and the United States will continue to fuel this growth, Nicholson notes. (See related article in this issue.)

Nicholson says Mexico also has been a booming market for U.S. dairy products, and pending trade agreements with Colombia and Panama could offer additional export opportunities.

Also during the PDPW Business Conference, James Su Hao of East Rock Limited noted that the Chinese are looking to the United States for ideas and expertise in helping their own dairy sector evolve.

Hao's company specializes in bringing American engineering to the Chinese dairy industry, and he notes that traditional dairy farms in his country have always consisted of several cows that grazed freely in grassy areas or on roadsides. However, modern operations are now being constructed, where cattle are housed in free-stall barns and milk in parlors, he says.

"Chinese dairy managers are slowly learning how to get more production out of their cows by using better feeding and animal care methods," Hao says. "As a result, the Chinese government is paying people to build better facilities, which is vital to meeting the dairy nutrition needs of our people."

In her presentation, Nicholson also highlighted China as a growing area of opportunity for U.S. dairy products. She notes the country's growing middle class, rising incomes and current insufficient domestic production to drive imports.

She adds that even with increased dairy production in China in the future, the country still has many safety concerns about its locally-produced products.

Going forward, Nicholson says the U.S. dairy industry should work toward global opportunities for whole milk powders and anhydrous milkfat, an area the United States is not currently taking advantage of.

She notes that milk production is heavy globally right now as well.

"We need to make sure we convert that milk into the right products," she says. **CMN**

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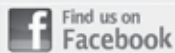
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NEWS/BUSINESS



**National Farmers Union releases Part 2 of policy study, outlines priorities at convention**

**LA VISTA, Neb.** — At its 110th Anniversary Convention here last week, the National Farmers Union (NFU) unveiled Phase 2 of its study on policy options for the 2012 Farm Bill and outlined the organization's priorities for ag policy going forward.

The study, commissioned by NFU and conducted by the University of Tennessee's Agricultural Policy Analysis Center, examines the Market-Driven Inventory System (MDIS), an alternative policy approach that NFU says will reduce overall farm payments. The approach includes a combination of farmer-owned reserves, increased loan rates, set-asides, the elimination of direct payments and reduced reliance on other government payment instruments. *(For more on Phase 1 of the study, see "NFU unveils study presenting policy options to reduce farm bill costs" in the Sept. 16, 2011, issue of Cheese Market News.)*

The study found that over the next 10 years, farmers and ranchers would receive a slightly higher income under MDIS than under current policies, while the federal government would spend approximately 40 percent of what it would if current policies are extended. The study estimates that current policies would cost a total of \$65 billion, while MDIS policies would cost \$26 billion from 2012-2020. The value of exports sold also would increase \$15 billion under MDIS policies during the period studied, NFU says.

"Farmers are entering a potentially dangerous period when it comes to the farm safety net," says NFU President Roger Johnson. "In Washington, we are seeing a 'cut first, ask questions later' attitude which will cause harm to the farm safety net and take away some of the protections that family farmers and ranchers need."

Johnson says MDIS would help provide farmers and ranchers with protec-

tion similar to what they receive now at a significantly lower cost to taxpayers.

"It would also help reduce the wild price swings that cause harm to so many," he adds. "Reduced price volatility will benefit farmers and ranchers, the hungry, ethanol producers and many others."

Also at the convention, NFU delegates adopted a special order of business regarding dairy policy reform. The special order called for "significant, thoughtful and effective changes to dairy policy."

In order to ensure further national dairy price stabilization, California, Idaho and all other unregulated areas should be brought into the federal milk marketing order (FMMO) program, the special order says.

NFU notes that recent legislative efforts have centered on a federally administered margin insurance program for farmers.

According to the special order, if margin insurance goes forward, efforts must be instituted to ensure that family dairies can remain competitive. For example, one effort would be instituting premium subsidies for the first 4 million to 5 million pounds of milk to help offset the cost of the margin insurance program, the special order says.

NFU notes that the number of dairy producers in the United States has declined "dramatically" in recent decades due to a lack of competition among dairy processors, swings in milk and dairy product prices and the lack of a transparent and functional market to determine the price of milk.

NFU delegates say that until Congress and the Obama administration can pass comprehensive dairy policy reform, it is "vital for the survival of the remaining dairy operations that USDA increase the dairy support purchase price to factor in today's cost of

markets. It will decrease milk supply by periodically requiring H.P. Hood to reduce milk payments to our suppliers and submit the difference of those payments to USDA."

The letter from Great Lakes Cheese states that the company believes "such direct government intervention in commercial dairy market transactions is not good public policy and will have a negative impact on New York's growing dairy industry.

"It will unpredictably limit milk supplies, likely at times when more milk is needed for our New York facility to meet demand," the letter from Great Lakes Cheese says. "It will impact business decisions on when and where to invest in new facilities and new product lines."

Last week's hearing was the first of four meetings across the country that the House Ag Committee is holding over the next six weeks to gather input on the farm bill. The Senate Ag Committee also will continue to hold hearings to gather information on the farm bill. **CMN**

production."

The special order also says that any changes to dairy policy "should acknowledge the lack of market power among

dairy farmers by including meaningful supply management tools."

NFU also called for inclusion of MDIS in the 2012 Farm Bill. **CMN**

**House Ag Committee approves budget letter, says farm bill a priority this year**

**WASHINGTON**—The House Agriculture Committee recently adopted the budget views and estimates letter which outlines the committee's budget recommendations for the agencies and programs under its jurisdiction for fiscal year 2013.

The letter will be submitted to House Budget Committee Chair Paul Ryan, R-Wis. The Ag Committee is required to submit a letter to the Budget Committee with its views and estimates regarding all matters within its jurisdiction to be set in the concurrent resolution on the budget for fiscal year 2013.

In the letter, the committee says it is dedicated to ensuring that the federal government continues to promote policies and risk management tools that will keep American agriculture and rural communities strong and U.S. citizens healthy and safe.

In the letter, the committee notes that its main focus this year will be on reauthorizing the farm bill, which expires Sept. 30.

The committee notes it will finalize its farm bill preparation with a series of field hearings which started March 9. *(For more on this year's farm bill hearings and other related coverage, see related article in this issue.)*

"Some may argue that the current agriculture economy and farm prices are strong and, therefore, now would be a good time to cut our agriculture policies even further," the letter says. "But this conclusion ignores lessons from history. The agriculture economy is highly cyclical. When prices fall, having sound farm policy in place is vital not just for producers but for the entire national economy."

The letter also summarizes the agriculture industry's contribution to the economy last year, which included

\$410 billion of goods produced.

"While agriculture would be the 25th largest economy based on the value of good produced alone if it were its own country, the farm safety net now constitutes less than one-quarter of one percent of the federal budget," the letter notes.

The letter adds the committee, "recognizing the dire fiscal situation this country is in," last fall developed a bipartisan farm bill proposal that would have contributed to deficit reduction while simultaneously reforming policies and providing risk management tools for the nation's agricultural producers.

The committee last fall proposed \$23 billion in net savings from programs under its jurisdiction. The cuts included \$15 billion from commodity programs, \$6 billion from conservation programs and \$4 billion from nutrition programs.

"That process, along with the audit hearings, field hearings and hearings here in D.C. have given the committee the information needed to write a farm bill that is more efficient and streamlined and that consolidates duplicative policies," the letter says. "The committee believes the best way to achieve deficit reduction across all programs under the committee's jurisdiction is to reauthorize the farm bill with sustainable and fiscally responsible reforms."

After reviewing the letter last week, Peterson said it illustrates the many challenges that lie ahead as Congress begins writing a new farm bill.

"I think the letter makes it clear that if the Agriculture Committee is left alone to do its work, we will work together to reduce the deficit in a responsible way while continuing to best represent our constituents," he says. "I support the letter and urge all members to vote for its adoption." **CMN**

**HEARINGS**

*Continued from page 1*

of the board for Agri-Mark and also a board member of NMPF, at the hearing said that "margin protection is the key to the success of dairy policy."

Following the hearing, several dairy processors, who noted they were not asked to testify at the hearing, spoke out opposing the Dairy Security Act.

H.P. Hood LLC, which operates five dairy plants in the state of New York, and Great Lakes Cheese Co. Inc., which owns two processing facilities in New York, submitted letters to Reps. Christopher Gibson, R-N.Y., and Bill Owens, D-N.Y., for the hearing record, voicing their opposition to the Dairy Market Stabilization Program and support for changes to federal milk marketing orders (FMMOs).

H.P. Hood's letter notes that the "DMSP will be a gross and unnecessary intrusion of government into dairy

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## NEWS/BUSINESS



## More processors, producers write to CDFA on potential hearing on Class 4b formula

SACRAMENTO, Calif. — Following requests submitted earlier this month for a new hearing to amend California's Class 4b formula, more dairy producers and processors have submitted additional comments both for and against a new hearing. (See "Western United Dairywomen files second petition with CDFA to amend Class 4b formula" in last week's issue of Cheese Market News).

The California Dairy Women Association (CDWA) as well as California dairy producers Bruce Burroughs of Sierra Vista Dairy and Marcia Crouse of Stefel Dairy each submitted letters to the California Department of Food and Agriculture

(CDFA) supporting the petition for a new hearing and a change to the 4b formula that more closely tracks federal order prices.

"California dairy families have suffered great material losses and irreparable harm caused as a result of the inequity in pricing," says Linda Lopes, president, CDWA. "California dairy families also need an emergency price increase. If something is not done soon California will lose many of our dairy families and their vendors."

The California Dairy Institute and dairy processors Hilmar Cheese Co., Rizo Lopez Foods, Saputo Cheese USA, Marquez Brothers International and

Kraft Foods each wrote to CDFA asking that it deny the petitions for a hearing.

Cipriano Rizo, CEO of Rizo Lopez Foods, notes that his company, which manufactures Hispanic-style cheese, currently has no income from the plant's whey stream, and that it was difficult to maintain competitiveness when it had the previously fixed \$0.25 factor in the pricing formulation. While a planned new facility will hopefully allow the company to break even on its whey stream, he says,

any more increase in the price will put the company at a loss on the whey again.

"We know that producers are experiencing some financial distress, but raising costs on the processors will only tend to eliminate their milk markets in a time of increasing milk production," Rizo says.

CDFA is expected to announce today whether or not it will call a new hearing. For more information and updates, visit [www.cdfa.ca.gov/dairy/dairy\\_hearings\\_matrix.html](http://www.cdfa.ca.gov/dairy/dairy_hearings_matrix.html). CMN

## ICTE early registration extended to March 19

MADISON, Wis. — Early registration for the 2012 International Cheese Technology Exposition has been extended to March 19 for dairy industry manufacturers and suppliers.

Nearly 3,000 industry personnel are expected to attend the largest Cheese Expo ever held in the United States set for April 10-12 at the Frontier Airlines Center in Milwaukee.

Rates for full registration and single day registration increase \$25 after March 19. However, industry manufacturers and processors who wish to solely walk the record-setting exhibit floor may attend absolutely free.

"Free registration for dairy manufacturing and processor personnel that wish to explore the exhibit floor is a hallmark of the Cheese Expo and true to our mission to support and educate the nation's dairy industry," says John Umhoefer, executive director, Wisconsin Cheese Makers Association, co-host of the event along with Wisconsin Center for Dairy Research.

Full and single-day registration provides access to more seminars and events than ever before, according to Umhoefer. For more information on the Cheese Expo, or to register, visit [www.cheeseexpo.org](http://www.cheeseexpo.org). CMN

## Babcock Institute gives ag training to U.S. troops headed to Afghanistan

MADISON, Wis. — When members of the Wisconsin National Guard's 82nd Agribusiness Development Team (ADT) recently deployed to Afghanistan for a year-long mission, they took with them specialized skills learned during a five-day "Ag 101" crash course coordinated by the Babcock Institute for International Dairy Research and Development and the Arlington and West Madison Agricultural Research Stations.

Last summer, the Babcock Institute directed a week-long training session for 58 soldiers and airmen of the 82nd ADT to help prepare them for work with Afghani farmers in the Kunar province. The training took place on the University of Wisconsin-Madison campus and the Arlington Agricultural Research Station with field trips to area farms, the University of Wisconsin's West Madison Research Station and the Wisconsin Department of Natural Resources' Nevin Fish Hatchery.

Instructors included experts in crops, livestock, food safety and nutrition, forestry and other fields from University of Wisconsin-Madison, University of Wisconsin-Extension and state and federal agencies. They covered topics ranging from Afghanistan soil, seeds, crops and harvests, to livestock and forest management.

The training was customized, which is one of the Babcock Institute's strengths,

says Director Karen Nielsen.

"We specialize in custom training programs for numerous groups throughout the year, and this training program was especially meaningful, as we were responsible for teaching U.S. troops skills that will improve the lives of farmers in Afghanistan," says Nielsen. "We reached out to a large field of technical experts for instruction on everything from beekeeping to fish farming to the ins and outs of growing corn, pomegranates and poultry."

Farmers in the Kunar province are subsistence farmers, and the region is home to fertile land and river valleys. But more than three decades of conflict have resulted in destroyed irrigation systems and a generation of lost agricultural knowledge. Part of the 82nd ADT's mission will be encouraging improved agriculture practices, helping Afghans become better able to produce food, and less dependent on expensive imports.

"The Babcock Institute is honored to have worked with the UW's Agricultural Research Stations at Arlington and West Madison to help train these troops about agriculture. We wish them well as they deliver Dairy State know-how to war-torn rural Afghanistan," says Nielsen.

To learn more about the Babcock Institute, visit [www.babcock.cals.wisc.edu](http://www.babcock.cals.wisc.edu) or call 608-265-0561. CMN

## Trade agreement with Korea enters into force

WASHINGTON — The free trade agreement (FTA) between the United States and Korea entered into force Thursday, eliminating thousands of tariffs on U.S. exports to Korea.

The U.S.-Korea FTA was approved by Congress in October 2011, along with trade agreements with Colombia and Panama. The agreements with Colombia and Panama have not yet been implemented. All three FTAs are expected to greatly increase the volumes of U.S. agricultural exports.

USDA Secretary Tom Vilsack says under the FTA, American agricultural exports should grow by \$1.9 billion.

"For America's farmers, ranchers and agricultural businesses the timing could not be better," he adds. "U.S. agriculture is currently experiencing one of its best periods in history thanks to the productivity and resourcefulness of American farmers and agribusinesses."

The U.S. Dairy Export Council (US-

DEC) and the National Milk Producers Federation (NMPF) say this is the most economically significant U.S. FTA in nearly two decades. NMPF CEO Jerry Kozak says the first-year access alone that the agreement provides for dairy food products equates to 270 million pounds of U.S.-produced milk.

"That's 4,435 loads of milk coming from America's hard-working dairy farmers to meet Korea's growing demand for safe and nutritious dairy products," Kozak says.

The International Dairy Foods Association says the implementation of the U.S.-Korea FTA will allow the U.S. dairy industry to gain tariff-free access for approximately 16,000 metric tons of cheese, milk powders, whey for food uses and other important dairy products. Tariffs on most dairy products eventually will be phased out over a period of 15 years. CMN



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