

CHEESE MARKET NEWS®

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



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Industry looks at technology, strategies to handle acid whey

By Alyssa Mitchell

MADISON, Wis. — The Greek yogurt boom in the United States has had obvious benefits for the dairy industry, with Greek yogurt manufacturers starting up, expanding and providing additional outlets for dairy farmers' milk. But along with those benefits, some challenges have emerged.

"Greek yogurt is still a new product, and the yogurt industry has limited experience in dealing with the Greek whey co-product, which is different from sweet whey produced by cheesemaking," says Shantanu Agarwal, director of product research and ingredient technology for the Dairy Research

Institute (DRI), which was established under the leadership of U.S. dairy farmers through the dairy checkoff.

Agarwal notes that Greek yogurt processors have to deal with a large volume of Greek whey co-product, which has a high percentage of water (94 to 96 percent), little or no protein and a small amount of lactose (3 to 4 percent), minerals (0.6 to 1 percent) and organic acids (0.7 to 1 percent).

"This makes processing for individual components like lactose or just drying it less economical at present," he says.

In comparison, sweet whey from cheesemaking contains higher values of whey protein (0.8 percent) and lactose (4.8 percent), which makes processing more economical, he notes.

The "acid whey" byproduct of Greek yogurt production is a natural byproduct not only of Greek yogurt but also cream cheese and cottage cheese production; five parts milk input yields roughly one part cheese or yogurt and four parts acid whey, notes Jones Laffin Co. Inc., Boone, N.C.

In early 2012, USDA's Agricultural Research Service (ARS) established a cooperative research agreement with

Jones Laffin to patent "an effective system for the economical and effective processing of acid whey."

Joe Laffin, president of Jones Laffin, notes the new process is an all-natural method of separating the component ingredients of raw acid whey — water, lactose and protein — and turning them into valuable commodities that can be sold as ingredients in the food industry.

The remaining product is potable water that can be released into sewer and septic systems without damaging the environment, according to Laffin.

"Producers of soft cheeses and Greek yogurt currently have no revenue-positive uses for acid whey, and as demand for Greek yogurt continues to boom, acid whey will pose even greater environmental risks while constraining dairy producers' ability to grow," Laffin says.

The new technology for turning acid whey into useful ingredients for the food industry is a newer use for the product.

Some manufacturers already have found uses for acid whey in animal feed.

Late last year, Greek yogurt maker Fage USA, Johnstown,

N.Y., announced a deal with Proliant Dairy, Ankeny, Iowa, for Proliant to purchase Fage's whey and turn it into a shelf-stable, easily transportable dry ingredient for global food and feed industries.

Previously, Fage was dumping about 25 million gallons of acid whey per year, the company says.

Laffin notes that acid whey really is a problem of volume.

"While it can be used in animal feed, its use must be limited," he says. "A chief danger is that, if it gets into waterways, it can result in massive fish kills and creation of a 'dead sea' effect by depleting oxygen."

Through its cooperative research agreement with ARS, Jones Laffin plans to introduce its new technology over the next several months. While the process has been developed and a demonstration-scale commercial unit in LaSalle, Ill., is in the works, more work remains to optimize the process and scale it for widespread commercial use, Laffin says.

"The ability to capture protein from sweet whey byproduct has been part of the dairy industry for some time, but until now no one has been

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INSIDE

◆ **Guest column:** 'Key principles enshrined in new dairy safety net.'

For details, see page 4.

◆ **Yakult begins production at California plant.**

For details, see page 5.

◆ **Production of MOO Milk brand discontinued.**

For details, see page 9.

◆ **Kraft recalls cottage cheese products due to improper storage.**

For details, see page 11.

IDFA, NMPF urge lawmakers to reject federal raw milk bills

WASHINGTON — In a letter sent Monday to the full House of Representatives, the International Dairy Foods Association (IDFA) and the National Milk Producers Federation (NMPF) urged lawmakers to reject proposed federal legislation that would allow the direct sale of raw milk across state lines.

The letter, addressed to House Speaker John Boehner, R-Ohio, and Minority Leader Nancy Pelosi, D-Calif., with copies to all House members, warns that additional availability of raw milk would increase the number of illnesses and deaths of people who consume it.

The "Milk Freedom Act of 2014" and the "Interstate Milk Freedom Act of 2014" both were introduced by Rep. Thomas Massie, R-Ky., on March 26. The Milk Freedom Act of 2014, H.R. 4307, would prohibit the federal government from regulating the direct sale of raw milk, thereby allowing it to be sold across state lines. The Interstate Milk Freedom Act of 2014, H.R. 4308, would prohibit federal regulations on the direct sale of raw milk across boundaries of two adjacent states where the sale of raw milk is legal. (See "Industry voices concerns on federal raw milk legislation" in the March 28, 2014, issue of Cheese Market News.)

IDFA and NMPF say repealing the interstate ban would greatly increase the production and consumption of a known health hazard.

"Removing regulations for the interstate sale of raw milk in the United States increases the risk to public health, opening up consumers to the inevitable consequence of falling victim to a foodborne illness," they say in the letter. "No matter how carefully it is produced and no matter how well-intentioned the dairy farmer, the direct consumption of raw milk is an inherently dangerous practice. Americans have become ill after consuming raw milk obtained from farms of varying sizes, from cow-share programs, and from licenses, permitted, or certified raw milk producers."

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U.S. milk production up 1 percent over year earlier

WASHINGTON — Milk production in the 23 major milk-producing states during April totaled 16.31 billion pounds, up 1.2 percent from April 2013, according to preliminary data recently released by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's Milk Production chart on page 10.)

Revised March milk production in the 23 major states, at 16.69 billion pounds, was up 1.1 percent from March 2013. The March revision represents an increase of 6 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Total U.S. milk production in April is estimated at 17.43 billion pounds, up 1.0 percent from a year earlier, according to NASS. There were an estimated 9.23 million cows on U.S. farms in April, up 10,000 head from the previous month. Due to limited reporting

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CDFA letter to stakeholders notes Task Force progress

SACRAMENTO — The California Department of Food and Agriculture (CDFA) in a recent letter to dairy industry stakeholders noted progress made by the California Dairy Future Task Force as well as the progress of a specific work group under the task force, the Class 4 Pricing Reform Group.

The Dairy Future Task Force
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MARKET INDICATORS

Chicago Mercantile Exchange Cash prices for the week ended May 23, 2014

	Monday May 19	Tuesday May 20	Wednesday May 21	Thursday May 22	Friday May 23
Cheese Barrels					
Price	\$1.9600	\$1.9600	\$1.9600	\$2.0200	\$2.0200
Change	NC	NC	NC	+6	NC
Cheese 40-lb. block					
Price	\$1.9800	\$1.9600	\$1.9600	\$2.0200	\$2.0200
Change	-1 3/4	-2	NC	+6	NC

Weekly average (May 19-23): Barrels: \$1.9840(+.0120); 40-lb. Blocks: \$1.9880(-.0190).
Weekly ave. one year ago (May 20-24, 2013): Barrels: \$1.7335; 40-lb. Blocks: \$1.7600.

	Monday May 19	Tuesday May 20	Wednesday May 21	Thursday May 22	Friday May 23
Grade A NDM					
Price	\$1.7875	\$1.7925	\$1.7925	\$1.7925	\$1.7925
Change	+1/4	+1/2	NC	NC	NC

Weekly average (May 19-23): Grade A: \$1.7915(+.0100).

	Monday May 19	Tuesday May 20	Wednesday May 21	Thursday May 22	Friday May 23
Grade AA Butter					
Price	\$2.1550	\$2.1675	\$2.1625	\$2.1700	\$2.1800
Change	-1/2	+1 1/4	-1/2	+3/4	+1

Weekly average (May 19-23): Grade AA: \$2.1670(+.0025).

Class II Cream (Major Northeast Cities): \$2.7449(NC)-\$2.9870(+.0920).

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Weekly Cold Storage Holdings						May 19, 2014	
	On hand Monday	Week Change	Change since May 1 Pounds	Percent	Last Year Pounds	Change	
Butter	21,522	+373	+250	+1	18,058	+3,464	
Cheese	87,656	+1,211	+1,553	+2	113,703	-26,047	

(These data, which include government stocks and are 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
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	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31								

STAFF

Susan Quarne, Publisher
(PH 608/831-6002; FAX 608/831-1004)
e-mail: squarne@cheesemarketnews.com
Kate Sander, Editorial Director
(PH 509/962-4026; FAX 509/962-4027)
e-mail: ksander@cheesemarketnews.com
Alyssa Mitchell, Senior Editor
(PH 608/288-9090; FAX 608/288-9093)
e-mail: amitchell@cheesemarketnews.com
Rena Archwamety, News/Web Editor
(PH 608/288-9090; FAX 608/288-9093)
e-mail: rena@cheesemarketnews.com
Emily King, Assistant Editor
(PH 608/288-9090; FAX 608/288-9093)
e-mail: eking@cheesemarketnews.com

REGULAR CONTRIBUTORS

John Umhoefer, FCStone, International Dairy Foods Association, National Milk Producers Federation, U.S. Dairy Export Council, Eric Meyer, Rice Dairy

SUBSCRIPTIONS & BUSINESS STAFF

Subscription/advertising rates available upon request
Contact: Susan Quarne - Publisher
P.O. Box 628254, Middleton, WI 53562
PHONE 608/831-6002 • FAX 608/831-1004

WEBSITE: www.cheesemarketnews.com

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CHEESE FUTURES* for the week ending May 22, 2014

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

	Fri., May 16	Mon., May 19	Tues., May 20	Wed., May 21	Thurs., May 22
MAY14	2.172 1,661	2.171 1,661	2.175 1,666	2.176 1,673	2.172 1,696
JUN14	1.966 1,733	1.936 1,764	1.940 1,790	1.940 1,796	2.011 1,792
JUL14	1.942 1,471	1.928 1,479	1.945 1,480	1.941 1,490	1.992 1,467
AUG14	1.942 1,317	1.935 1,324	1.959 1,324	1.948 1,329	1.970 1,331
SEP14	1.941 1,220	1.942 1,237	1.954 1,238	1.954 1,238	1.982 1,239
OCT14	1.932 1,207	1.929 1,212	1.936 1,216	1.938 1,216	1.955 1,216
NOV14	1.884 1,247	1.884 1,271	1.891 1,271	1.900 1,272	1.923 1,282
DEC14	1.846 1,266	1.845 1,291	1.845 1,291	1.850 1,294	1.870 1,320
JAN15	1.815 202	1.815 202	1.830 219	1.830 224	1.830 224
FEB15	1.814 152	1.815 155	1.825 172	1.825 180	1.825 180
MAR15	1.814 128	1.814 130	1.826 137	1.830 157	1.830 157
APR15	1.814 138	1.814 138	1.832 145	1.832 150	1.832 150
MAY15	1.814 126	1.814 126	1.830 133	1.830 138	1.830 138
JUN15	1.815 159	1.815 159	1.830 166	1.830 171	1.830 171
JUL15	1.814 89	1.814 89	1.814 89	1.820 89	1.820 89
AUG15	1.810 79	1.810 79	1.810 79	1.810 79	1.810 79
Total Contracts Traded/ Open Interest	247/12,282	252/12,404	211/12,521	128/12,601	169/12,636

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.
*Total Contracts Traded/Open Interest reflect additional months not included in this chart.

DRY WHEY FUTURES* for the week ending May 22, 2014

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

	Fri., May 16	Mon., May 19	Tues., May 20	Wed., May 21	Thurs., May 22
MAY14	66.85 439	67.10 438	67.10 438	67.10 438	67.65 435
JUN14	65.45 481	65.33 480	65.50 480	65.63 478	65.70 478
JUL14	62.00 348	62.03 356	62.25 357	62.75 369	62.75 369
AUG14	61.50 327	61.00 328	61.00 328	61.53 338	61.53 338
SEP14	59.50 263	59.50 263	59.50 263	59.50 264	59.50 264
OCT14	59.00 191	59.00 191	59.00 191	59.00 191	59.00 191
NOV14	58.75 168	58.25 172	58.25 172	58.25 174	58.25 174
DEC14	57.25 225	57.00 228	57.00 228	57.00 232	56.28 234
JAN15	55.00 79	55.00 79	55.00 82	55.00 82	55.00 82
FEB15	53.50 28	53.50 28	53.50 28	53.48 29	53.48 29
MAR15	52.50 37	52.50 37	52.50 49	52.50 49	52.50 49
APR15	52.00 34	52.00 34	52.00 34	52.00 34	52.00 34
MAY15	52.00 31	52.00 31	52.00 31	52.00 31	52.00 31
Total Contracts Traded/ Open Interest	12/2,753	33/2,767	18/2,783	63/2,811	7/2,810

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.
*Total Contracts Traded/Open Interest reflect additional months not included in this chart.

Dry Products*

May 23, 2014

NONFAT DRY MILK

Central & East:

low/medium heat \$1.7400(+4)-\$1.9850(-5);
mostly \$1.7400(-1)-\$1.9175(-6).
high heat \$1.9500-\$2.0350(-5).

West:

low/medium heat \$1.7600(+4)-\$2.0000;
mostly \$1.7650(-1 1/2)-\$1.9375(-1 1/4).
high heat \$1.9975(-2)-\$2.0900(-4).

Calif. manufacturing plants: extra grade/grade A weighted ave. \$1.8284(-.0102)
based on 17,679,784 lbs. Sales to CCC: 0 lbs.

WHOLE MILK POWDER (National):

\$2.0500-\$2.1000(-10).

EDIBLE LACTOSE

(FOB)Central and West: \$.4300(-2)-\$.6875(-1 3/4); mostly \$.5400(-2)-\$.6325(-1/4).

DRY WHEY

Central:

nonhygroscopic \$.6425(-1/4)-\$.7500(-2);
mostly \$.6500(-1/4)-\$.6825.

West:

nonhygroscopic \$.6050-\$.7200;
mostly \$.6300-\$.6950(-3/4).

(FOB) Northeast:

extra grade/grade A \$.6925(+1 1/4)-\$.7425(+1/2).

ANIMAL FEED (Central): Whey spray milk replacer \$.4875-\$.6475.

WHEY PROTEIN CONCENTRATE (34 percent): \$1.5500-\$1.9100(-1);

mostly \$1.6600(-1 1/2)-\$1.8200(-2 3/4).

DRY BUTTERMILK

(FOB)Central & East: \$1.8000-\$1.9150(-1 1/2).

(FOB) West: \$1.7500(-7)-\$1.9675(-3 1/4); mostly \$1.8200(-3)-\$1.9125(-2 1/4).

CASEIN:

Rennet \$4.7500-\$5.2000; Acid \$5.0000-\$5.4000.

*Source: USDA's Dairy Market News

NEWS/BUSINESS



IDFA announces most innovative dairy items

INDIANAPOLIS — Two new milk and cultured dairy products — Cucumber Dill Cottage Cheese and Caramel Apple Flavored Milk — were named the most innovative dairy products in the Most Innovative Dairy Products Competition.

The awards were presented at the International Dairy Foods Association's Milk and Cultured Dairy Conference, which took place May 20-21 in Indianapolis. The competition was sponsored by TIC Gums, a creator of advanced texture and stabilization solutions for food and beverage companies.

"The competition for new products and prototype flavors provide great insight into the creative approach that milk and cultured dairy companies and flavoring suppliers are using to create new flavors and products," says John Allan, vice president of regulatory affairs, IDFA.

HP Hood's Cucumber Dill Cottage Cheese was named the most innovative cultured dairy product.

"Hood has a history of bringing new, high quality flavors to the cottage cheese category in New England," says Sarah Barrow, spokesperson, HP Hood. "This flavor, cucumber and dill, provides an opportunity to continue that history of innovation while adding unique, savory flavors to the category."

A newly developed, yet-to-be-released Caramel Apple Flavored Milk, submitted by SensoryEffects Flavor Systems, was named Most Innovative Milk or Cultured Dairy Prototype Product. SensoryEffects is a flavor company serving the dairy industry.

"This winning flavored milk prototype leverages our strength of hybrid flavor combinations and is just one example of an extensive library of products available to meet demand for flavored milk and cultured dairy innovation," says Mike Smith, technical director, SensoryEffects. "We provide innovative product development and solutions to support our customers and drive demand for dairy consumption." CMN

Advanced Prices and Pricing Factors

	June 2014	May 2014
Base Skim Milk Price for Class I¹:	\$15.58/cwt.	\$17.45/cwt.
Advanced Class III Skim Milk Pricing Factor:	\$15.58/cwt.	\$17.45/cwt.
Advanced Class IV Skim Milk Pricing Factor:	\$15.23/cwt.	\$16.36/cwt.
Advanced Butterfat Pricing Factor²:	\$2.2356/lb.	\$2.1790/lb.
Class II Skim Milk Price:	\$15.93/cwt.	\$17.06/cwt.
Class II Nonfat Solids Price:	\$1.7700/lb.	\$1.8956/lb.
Two-week Product Price Averages:		
Butter:	\$2.0176/lb.	\$1.9708/lb.
Nonfat Dry Milk:	\$1.8768/lb.	\$2.0040/lb.
Cheese:	\$2.2029/lb.	\$2.3695/lb.
Dry Whey:	\$0.6724/lb.	\$0.6751/lb.

Note: The Class I price equals the Class I skim milk price times 0.965 plus the Class I butterfat price times 3.5, rounded to the nearest cent.

For information only: The Class I base price is \$22.86.

1/ Higher of advanced Class III or IV skim milk pricing factors. The Class I skim milk price equals this price plus applicable Class I differential.

2/ The Class I butterfat price equals the price plus applicable Class I differential divided by 100.

Data provided by USDA

National Dairy Products Sales Report

For the week ended:	5/17/14	5/10/14	5/3/14	4/26/14
Cheese 40-lb. Blocks:				
Average price ¹	\$2.1602	\$2.2125	\$2.2460	\$2.2918
Sales volume ²	13,154,318	12,368,048	*11,318,467	*12,229,321
Cheese 500-lb. Barrels:				
Average price ¹	\$2.2730	\$2.3326	\$2.3554	\$2.3543
Adj. price to 38% moisture	\$2.1651	\$2.2299	\$2.2556	\$2.2495
Sales volume ²	10,115,480	9,178,463	10,329,392	9,518,682
Moisture content	34.91	35.14	35.26	35.11
Butter:				
Average price ¹	\$2.0544	\$1.9894	\$1.9042	\$1.8631
Sales volume ²	3,377,229	4,410,235	3,856,954	6,324,654
Nonfat Dry Milk:				
Average price ¹	\$1.8556	*\$1.8983	\$1.9475	*\$2.0145
Sales volume ²	29,316,026	*29,032,948	28,196,630	*19,166,675
Dry Whey:				
Average price ¹	\$0.6727	*\$0.6721	\$0.6751	\$0.6873
Sales volume ²	8,775,747	*9,424,719	8,212,237	*7,398,131

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

MARKET INDICATORS



International Dairy Markets

May 23, 2014

Western Europe

Butter: 82 percent butterfat \$4,375(-125)-\$4,900(-100).

Butteroil: 99 percent butterfat \$5,275(-150)-\$5,925(-125).

Skim Milk Powder: 1.25 percent butterfat \$3,675(-200)-\$4,100(-275).

Whole Milk Powder: 26 percent butterfat \$4,400(-250)-\$4,800(-100).

Whey Powder: Nonhygroscopic \$1,225(-25)-\$1,425(-50).

Oceania

Butter: 82 percent butterfat \$3,550(-150)-\$4,300(-100).

Cheddar Cheese: 39 percent maximum moisture \$4,200-\$5,000.

Skim Milk Powder: 1.25 percent butterfat \$3,575(-250)-\$4,300(-100).

Whole Milk Powder: 26 percent butterfat \$3,675(-100)-\$4,550(-50).

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.

CME FUTURES for the week ended May 22, 2014

Class III Milk*

	Fri., May 16	Mon., May 19	Tues., May 20	Wed., May 21	Thurs., May 22
MAY14	22.58	22.56	22.58	22.56	22.59
JUN14	20.49	20.19	20.27	20.23	20.98
JUL14	20.01	19.82	20.07	19.98	20.69
AUG14	19.93	19.87	20.05	19.99	20.31
SEP14	19.84	19.84	20.03	20.03	20.29
OCT14	19.67	19.61	19.79	19.80	20.00
NOV14	19.19	19.13	19.22	19.23	19.49
DEC14	18.71	18.68	18.69	18.71	18.96
JAN15	18.24	18.25	18.32	18.35	18.40
FEB15	18.07	18.06	18.16	18.17	18.20
MAR15	18.05	18.05	18.10	18.11	18.15
APR15	18.00	18.00	18.08	18.10	18.13
MAY15	18.04	18.05	18.10	18.10	18.11
JUN15	17.92	17.92	18.10	18.10	18.04
JUL15	17.80	17.80	18.00	18.00	17.93
Total Contracts Traded/					
Open Interest	715/27,099	583/27,326	833/27,412	850/27,619	1,773/27,660

Class IV Milk*

	Fri., May 16	Mon., May 19	Tues., May 20	Wed., May 21	Thurs., May 22
MAY14	22.55	22.57	22.57	22.61	22.58
JUN14	22.07	21.95	22.05	22.09	22.26
JUL14	21.58	21.60	21.60	21.65	21.93
AUG14	21.39	21.39	21.34	21.34	21.65
SEP14	21.23	21.23	21.20	21.25	21.44
OCT14	20.77	20.76	20.78	20.95	21.12
NOV14	20.44	20.44	20.45	20.60	20.79
DEC14	20.10	20.09	20.13	20.25	20.30
JAN15	19.35	19.38	19.50	19.72	19.72
FEB15	18.75	18.75	19.06	19.25	19.25
MAR15	18.48	18.50	18.80	19.00	19.00
Total Contracts Traded/					
Open Interest	83/8,809	74/8,850	110/8,895	104/8,972	179/9,075

Cash-Settled NDM*

	Fri., May 16	Mon., May 19	Tues., May 20	Wed., May 21	Thurs., May 22
MAY14	187.00	187.40	187.50	188.00	187.13
JUN14	179.25	179.25	178.25	178.60	179.00
JUL14	178.00	178.00	177.90	178.98	179.50
AUG14	178.00	178.00	177.00	178.00	179.25
SEP14	178.25	178.50	178.48	179.15	179.75
OCT14	174.50	174.60	176.00	177.03	178.50
NOV14	172.00	172.50	173.50	175.03	175.25
DEC14	170.00	170.00	171.00	171.50	171.83
JAN15	165.00	165.00	165.50	166.75	166.75
Total Contracts Traded/					
Open Interest	70/3,610	75/3,639	114/3,674	102/3,680	91/3,734

Cash-Settled Butter*

	Fri., May 16	Mon., May 19	Tues., May 20	Wed., May 21	Thurs., May 22
MAY14	202.90	202.85	203.75	203.75	204.90
JUN14	208.48	208.55	210.00	211.00	213.13
JUL14	199.45	199.50	199.60	201.00	205.00
AUG14	192.00	192.05	191.50	192.90	196.63
SEP14	190.78	189.75	189.00	190.50	194.75
OCT14	185.65	185.00	184.00	185.63	189.00
NOV14	182.50	182.10	181.50	182.50	186.75
DEC14	180.10	180.05	180.00	180.50	184.00
JAN15	178.10	176.50	175.80	175.80	177.50
FEB15	178.85	176.78	177.10	177.10	178.00
Total Contracts Traded/					
Open Interest	140/6,066	144/6,091	165/6,149	89/6,190	231/6,294

Daily market prices are available by visiting CME's online statistics sites at <http://www.cmegroup.com>.
*Total Contracts Traded/Open Interest reflect additional months not included in this chart.

GUEST COLUMNIST



Perspective: Industry Matters

Jim Mulhern, president and CEO of the National Milk Producers Federation, contributes this column for *Cheese Market News*®.

Key principles enshrined in new dairy safety net

In the aftermath of the economic bloodbath created by the Great Recession of 2008-2009, a period during which dairy farmers collectively lost \$20 billion in equity, it became painfully obvious that a complete reform of farm policy was needed. The National Milk Producers Federation spent the next two years developing an innovative means of protecting farmers against low milk prices and, just as importantly, high feed costs—because rapidly rising feed costs had become the more urgent issue in the past decade.

After years of struggle on Capitol Hill to get a new dairy program enacted by Congress, what has emerged from this challenging process is an unprecedented opportunity for dairy producers to work with the federal government to gain protection from the unpredictable, catastrophic price shocks that unfortunately have become common in recent years.

While important questions about the new Margin Protection Program (MPP) still need to be answered by the Agriculture Department, it's already clear that this new safety net will provide much improved economic security for the domestic dairy sector in the 21st century. Here are some reasons why:

Flexibility: Farmers can choose their own level of margin protection each year. USDA is expected to create an open enrollment window in the preceding year, during which farmers can decide their coverage options for the following year. Each year, a producer's historic base can be insured from 25 percent to 90 percent, from the premium-free \$4/cwt. coverage level, up to \$8/cwt. NMPF has suggested to USDA ways that the program can be made farmer-friendly, while at the same time helping keep costs of the MPP at reasonable levels.

Affordability: NMPF worked with Congress to ensure that the MPP's premium levels are affordable to farms of all sizes, including those that may not have previous experience with private-sector risk management tools. Beyond the nominal annual sign-up fee of \$100, basic coverage at \$4/cwt. is free, at all levels of milk production. Prices for coverage rise in proportion to the degree of risk covered. But, particularly for the first 4 million pounds of coverage, a valuable safety net can be obtained for mere pennies per hundredweight each year. And risk coverage on production more than 4 million pounds is very reasonable at lower and mid-levels of margin protection.

Equitability: The MILC program formally ends on Sept. 1. The practical value of this program eroded over the past decade, as its annual coverage cap is now exceeded by the average-size dairy, which produces closer to 4 million pounds annually. With the majority of our milk supply coming from farms not adequately covered by the MILC program, the new MPP provides better protection because it has no insurance coverage limitations. This is a far more equitable way to protect our milk production—and dairy farm—infrastructure than the previous size-denominated efforts. We need modern risk management going forward, not a program designed for the past.

Adaptability: One of the arguments against the previous safety net employed by USDA is that the dairy product price support program—even at a ridiculously inadequate price level around \$10/cwt.—made it harder for domestic markets to clear during periods of oversupply, and at the same time, harder for the United States to compete internationally. It was easier to sell surplus cheese, butter and skim milk powder to the government than to commercial markets. That problem was

solved by terminating the price support program. USDA is no longer a customer for surplus dairy commodity production, at any price. This means processors will adjust their product mix to what domestic and international customers want, not what USDA CCC purchasing standards dictate. The MPP will help the industry further adapt to the ebb and flow of global markets.

These four principles were the ones NMPF pursued in its efforts to create a new dairy program. Enshrining these principles in the new MPP is a tribute to the work of dairy farmers who, despite significant opposition, persevered in pushing for something new and better. Yes, this program is not the whole loaf that we sought. But it will be far, far better than what it replaces.

USDA still has important decisions to make, from the timing of first-year enrollment, to the schedule of premiums to be paid by enrollees, to how farms with different ownership structures will be treated. It also has to flesh out how the complementary dairy product donation program will operate if and when margins become extremely low. Those issues will be resolved in the coming months.

But the bottom line is this is a once-in-a-generation revolution in risk management in America's dairy sector, allowing our 50,000 farmers the opportunity to preserve equity in a way that their fathers and grandfathers never could. Those who enroll will have skin in the game in the form of their premium payments, so this is not a government handout. Most of all, the new MPP is an illustration that cooperation and hard work have their rewards. 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



GDT price index, most commodity prices lower; auction surpasses sales of 1 million MT

AUCKLAND, New Zealand—The Global Dairy Trade (GDT) price index decreased 1.8 percent, and average prices for most commodities were lower Tuesday following the latest auction on GDT, Fonterra's internet-based sales platform.

The average price achieved across all contracts and contract periods increased 1.9 percent for anhydrous milkfat to US\$4,255 per metric ton FAS (\$1.9300 per pound). Rennet casein also had an average price increase of 4.6 percent to US\$11,861 per metric ton FAS (\$5.3801 per pound).

All other commodities' average prices were lower. The average price and percent change from earlier this month are as follows:

- Butter: US\$3,667 per metric ton FAS (\$1.6633 per pound), down 3.8 percent.
- Buttermilk powder: US\$3,950 per metric ton FAS (\$1.7917 per pound), down 1.9 percent.

- Cheddar: US\$4,108 per metric ton FAS (\$1.8634 per pound), down 2.1 percent.

- Skim milk powder: US\$3,733 per metric ton FAS (\$1.6933 per pound), down 3.5 percent.

- Whole milk powder: US\$3,877 per metric ton FAS (\$1.7586 per pound), down 1.1 percent.

The next trading event will be held June 3. For more information, visit www.globaldairytrade.info.

GDT this week also announced that it has surpassed sales of 1 million metric tons of dairy products during the past 12 months.

Paul Grave, GDT director, says the milestone reflects consistent strong growth in volumes from its sellers, particularly non-Fonterra sellers who have doubled their volumes in each of the last two years.

"1 million metric tons represents a 27-percent increase in quantity sold

over the last two years, which has been achieved despite an environment of sustained high dairy prices," Grave says. "This quantity of product, traded

Natural cheese stocks 8 percent lower vs. '13

WASHINGTON—Total natural cheese in cold storage in the United States amounted to 1.04 billion pounds at the end of April, up 2 percent from March 31, 2014's 1.02 billion pounds but 8 percent lower than the 1.12 billion pounds in cold storage at the end of April 2013, according to data released Thursday by USDA's National Agricultural Statistics Service (NASS).

Natural American cheese in cold storage totaled 648.1 million pounds April 30, 2014, up 1 percent from March 31, 2014's 639.1 million pounds but 7 percent less than the 698.7 million pounds in cold storage at the end of April 2013.

Swiss cheese in cold storage totaled 27.5 million pounds April 30, 2014, up

to such a wide group of buyers across 90 countries worldwide, reinforces the credibility of the market prices established through GDT auctions." CMN

less than 1 percent from the 27.4 million pounds in cold storage a month earlier. April 2014 Swiss cheese stocks were down 4 percent from April 30, 2013's 28.5 million pounds.

Other natural cheese in cold storage totaled 361.1 million pounds at the end of April 2014, up 3 percent from March 31, 2014's 351.8 million pounds and down 8 percent from the 394.1 million pounds in cold storage at the end of April 2013.

NASS reports butter in cold storage totaled 174.1 million pounds as of April 30, 2014, down 3 percent from March 31, 2014's 180.1 million pounds and down 44 percent from the 309.7 million pounds in cold storage a year earlier. CMN

NEWS/BUSINESS



House, Senate Appropriations Committees release fiscal year 2015 agriculture bills

WASHINGTON — The U.S. House and Senate Appropriations Committees this week released fiscal year 2015 Agriculture Appropriations bills.

The House and Senate Appropriations Subcommittees on Agriculture, Rural Development, FDA and Related Agencies each met Tuesday for markup of their respective agriculture appropriations bills. The Senate subcommittee approved its version of the agriculture spending bill Tuesday, and the Senate Appropriations Committee approved the bill Thursday.

• House bill

The House bill passed the subcommittee and now will be reported to the full appropriations committee, which is expected to consider the legislation next week.

The bill totals \$20.9 billion in discretionary funding, which is equal to the fiscal year 2014 enacted level, lawmakers note. The bill provides \$2.65 billion for agriculture research programs, including the Agricultural Research Service and the National Institute of Food and Agriculture, approximately equal to the fiscal year 2014 funding level.

The legislation provides \$1.5 billion for USDA's Farm Service Agency (FSA), \$27 million above the fiscal 2014 level, to support various farm, conservation, loan and emergency programs and to help U.S. farmers and ranchers with the implementation of the recently-enacted farm bill.

The bill provides \$1 billion for USDA's Food Safety and Inspection Service (FSIS), approximately the same as the 2014 level. Under the bill, FDA receives a total of almost \$2.6 billion in discretionary funding, an increase of \$23 million over the fiscal year 2014 enacted level. Total funding for FDA, including revenue from user fees, is \$4.5 billion, \$98 million above fiscal 2014. Within this total, food safety activities are increased by

\$25 million, and drug safety activities are increased by \$12 million.

The bill also provides \$6.6 billion in discretionary funding for the Women, Infants and Children Program (WIC), \$20.5 billion in required mandatory funding for child nutrition programs and \$82.3 billion in mandatory spending for the Supplemental Nutrition Assistance Program.

U.S. Sen. Debbie Stabenow, D-Mich., chair of the Senate Agriculture Committee, says she is opposed to the bill's effort to "gut conservation and energy programs that passed in the farm bill."

"These irresponsible cuts to some of the most important farm bill programs cannot be allowed to happen," Stabenow says. "When Congress passes laws with strong bipartisan majorities, the appropriations bills must reflect the will of Congress and the letter and the spirit of those laws."

Stabenow also notes the bill "vastly underfunds" the Commodity Futures Trading Commission (CFTC). The bill funds CFTC at \$218 million, an increase of approximately \$3 million above the fiscal 2014 level but \$62 million below the president's budget request.

National Farmers Union President Roger Johnson also says the bill cuts important funding from CFTC, noting this will limit the agency's ability to implement reforms included in the 2010 Dodd-Frank law and protect farmers and other end-users from excessive speculation.

"NFU (also) opposed the House's attempt to rehash 2014 Farm Bill battles by cutting funding for farm bill energy and conservation programs," Johnson says. "These programs were robustly debated throughout the long farm bill reauthorization process, and Congress' actions must not be undermined through appropriations. I encourage the House to emulate the Senate's more reasonable approach

as the bill progresses."

• Senate bill

Meanwhile, the Senate bill provides total funding of \$20.6 billion for Agriculture, Rural Development, FDA and Related Agencies for fiscal year 2015. The bill also includes \$100 million in disaster relief spending. Discretionary funding is \$90 million below the fiscal year 2014 enacted level but \$228 million above the president's budget request.

"By making smart investments in agriculture, we're helping secure America's economic future," says Sen. Mark Pryor, D-Ark., chair of the Agriculture, Rural Development, FDA and Related Agencies Subcommittee. "(The bill) includes funding for agricultural research, rural development, and our farmers and producers to help strengthen our agricultural sector, grow the economy and create jobs here at home."

The Senate bill provides \$1.139 billion for ARS, \$17 million above fiscal year 2014.

The bill provides \$1.292 billion for the National Institute of Food and Agriculture, which is \$15 million above fiscal year 2014. This amount

includes \$325 million for the Agriculture and Food Research Initiative.

The bill provides \$6.623 billion for WIC, \$93 million below fiscal year 2014, and fully funds anticipated participation.

The bill provides \$2.588 billion for FDA, which is \$36 million above fiscal year 2014. It includes all of the funding changes requested in the president's budget, including an increase of \$23 million for implementation of the Food Safety Modernization Act. The bill also includes \$1.5 million for the Office of Inspector General of the U.S. Department of Health and Human Services to increase oversight of the programs and operations at FDA.

The bill provides \$1.183 billion for the FSA Salaries and Expenses. The bill also provides \$3.5 billion for farm ownership loans and \$2.645 billion for farm operating loans. The levels are expected to fully fund the demand for these programs.

The bill provides \$1.023 billion for FSIS, \$12 million above fiscal year 2014. This includes full funding for federal, state and international inspection services. CMN

Whiteshell Dairy assets to be auctioned June 4

WINNIPEG, Manitoba — The assets of the former Whiteshell Dairy Foods Mozzarella cheese processing and packaging plant will be auctioned by Harry Davis & Co. June 4.

The sale will take place both onsite at the plant in Winnipeg, Manitoba, as well as via simultaneous online bidding at www.harrydavis.com.

Yakult begins production at California plant

FOUNTAIN VALLEY, Calif. — Yakult U.S.A. Inc., a subsidiary of Yakult Honsha Co. Ltd., Tokyo, announced the start of the production of Yakult, a probiotic drink, at its newly constructed California production plant May 16.

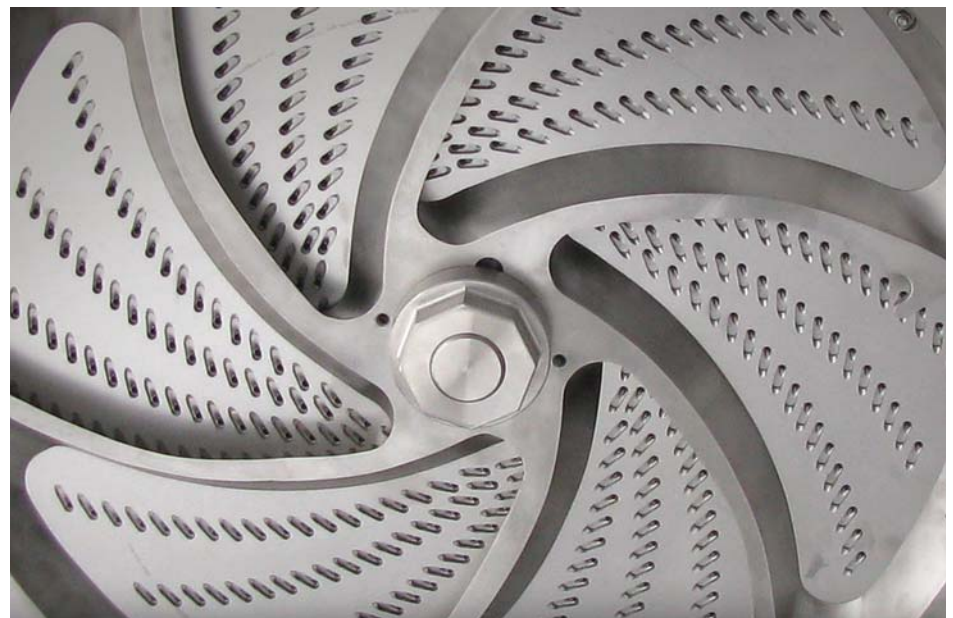
The California plant, located in Fountain Valley, Calif., had been under construction since June 2012.

Seven stainless steel silos, tanks and processors as well as six cheese vats — all produced in 2010 — will be sold along with a 2010 skid-mounted HTST system and other cheese production equipment, according to Harry Davis & Co.

For more information, visit www.harrydavis.com CMN

This plant will allow the company to supply the North American market with Yakult produced in the United States instead of importing it from Mexico.

The site is approximately 8.9 acres, the building area 63,500 square feet and the floor area 76,800 square feet. The initial production capacity will be 400,000 bottles per day. CMN



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NEWS/BUSINESS



Daisy Brand breaks ground on 200,000-square-foot sour cream facility in Wooster, Ohio

WOOSTER, Ohio — Daisy Brand recently broke ground on a new sour cream facility. The 200,000-square-foot facility being built in Wooster, Ohio, is expected to be fully operational by late 2015. The \$116 million project is expected to add

89 jobs to the company's roster. The new facility will be the company's first plant east of the Mississippi River and will provide the dairy processor with better access to markets in the East. Existing plants are in Case Grande,

Ariz., and Garland, Texas. "A strategic location, the ability to move product quickly, ready access to a quality supply of cream, and abundant clean water were factors in locating the plant in Wooster," says

Vince Taylor, president, Daisy Brand. "The cooler will be the first part of the plant brought on line for distribution of sour cream and cottage cheese from our existing facilities, followed shortly after by sour cream production." CMN

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CHEESE MARKET NEWS®

EVENTS



IMPA establishes agenda for 2014 annual conference, releases cheese contest details

SUN VALLEY, Idaho — The Idaho Milk Processors Association (IMPA) annual meeting and convention is to take place Aug. 14-15 at Sun Valley Resort in Sun Valley, Idaho.

Brian Wilson, president, IMPA, will kick off the event with opening remarks, followed by a keynote address by U.S. Rep. Mike Simpson.

To finish out the first half of the day, Dr. Bill Barton, State Veterinarian, Idaho Department of Agriculture, will deliver a Dairy Bureau Report. Brent Olmstead, Milk Producers of Idaho, Bob Naerebout, Idaho Dairymen's Association, and Kari-anna Fallow, United Dairymen of Idaho, will all lead sessions.

Following lunch, Alan Reed, chairman, IMPA, will lead the "New Product Development Competitions" with teams from Brigham Young University, Utah State University and the University of Idaho. The evening will feature a wine and cheese social to wrap up the first day of the conference.

Day two will include the IMPA business meeting, a company profile on Chobani Inc., the Hall of Fame Presentation and a panel discussion on challenges to dairy growth in Idaho.

Friday afternoon will feature a fishing

outing, hiking expedition, skeet tournament and golf tournament. A cocktail hour, banquet and event awards will wrap-up the conference.

Registration for the recreational events is separate from registering to the conference. The IMPA annual meeting and convention is \$300 per person for IMPA members and \$400 per person for non-members. The deadline to register is July 27.

The 19th annual IMPA Cheese Contest will be held prior to the meeting on Tuesday, Aug. 12 at the Glanbia Foods Inc. facility in Twin Falls, Idaho.

The contest is open to IMPA members from Idaho, Montana, Oregon, Utah, Wyoming and Washington with ties to Idaho. Companies that have land or dairy animals in Idaho, or that are processing some milk from Idaho producers, are eligible to enter the contest. Non-members and non-associate members may still submit cheese; their entries will be scored, but they are not eligible for awards.

Companies are welcome to enter any number of contest classes. If a company enters more than one sample per class, a separate individual must be assigned to each entry.

First, second and third place ribbons

will be presented for each class. The class awards will recognize the manufacturing company as well as the individual assigned to the entry.

This year's classes include: Class 1-Current Cheddar Cheese; Class 2-Medium Cheddar Cheese; Class 3-Sharp Cheddar Cheese; Class 4-Aged Cheddar Cheese; Class 5-Aged Cheddar Cheese; Class 6-Colby/Monterey Jack; Class 7-Hard Italian Cheese; Class 8-Soft/Semi-soft and French Italian Cheese; Class 9-Spiced Cheese; Class 10-Flavored Cheese; Class 11-Open Reduced Fat Cheese; Class 12-Open Class; Class

13-Swiss Cheese; Class 14-Farmstead Cheese; and Class 15-Granular Cheese for Manufacturing.

Each class champion entry will be auctioned at the Wine and Cheese Social on Thursday, Aug. 14. Entries winning a second place ribbon will be displayed and consumed at the social. All remaining entries will be donated to local food banks.

Entries are asked to be delivered or shipped to Glanbia Foods between Aug. 4 and Aug. 8.

For more information on the cheese contest or IMPA conference go to www.impaconference2014.com. CMN

PEOPLE



OTA honors U.S. Sen. Stabenow with award

WASHINGTON — U.S. Sen. Debbie Stabenow, D-Mich., Chairwoman of the Senate Agriculture Committee, was awarded the Organic Trade Association's (OTA) Public Servant Award May 21 for her outstanding and critical support of the organic industry throughout her career.

Walter Robb, co-CEO, Whole Foods, presented the award and praised Stabenow for her work for agriculture, and for organic agriculture in particular. Robb said her drive and commitment was critical to the successful passage of the Farm Bill.

When the Farm Bill was being drafted in 2012 and again in 2013, Stabenow was a strong advocate for organic, including the technical fixes regarding organic research and promotion orders, funding for a technology upgrade at the National Organic Program, and funding for data collection, OTA says.

"We want you [the organic industry] to be successful and we want you to grow the economy as well as grow your products and make your product," says Stabenow. "I believe we will have a strong economy with the success of your industry." CMN

Fat Toad Farms receives FedEx scholarship

MEMPHIS, Tenn. — Fat Toad Farm, Brookfield, Vt., a small business specializing in hand-crafted goat's milk caramel sauces, has been announced the winner of the second-annual FedEx Small Business Grant Contest. Fat Toad Farm will receive a \$25,000 grant to put toward its business and growth plan.

Fat Toad Farm plans to use the grant to improve its caramel production facility. Further, the company would like to upgrade its IT platforms and streamline its order intake, fulfillment and shipping services.

Now in its second year, the FedEx

Small Business Grant Contest attracted more than 5,000 entries and garnered more than 1.4 million votes.

"The outstanding quality of entrants again this year is indicative of the passion, commitment and creativity required by small business owners every day," says Rebecca A. Huling, vice president, customer engagement marketing, FedEx. "Small businesses have always played a large role in the FedEx customer community, and we are proud to be a part of their continued success through the FedEx Small Business Grant Contest." CMN

Comings and goings...comings and goings

The Cheese Importers Association of America (CIAA) has announced results of its 2014-2016 election of officers and directors. The new president is **Dominique Delugeau**, Saputo Cheese USA Inc., the first vice president is **Ken Olsson**, AV Olsson Trading Co., the second vice president is **Phil Marfuggi**, The Ambriola Co. Inc., the treasurer is **Daniel Schnyder**, Emmi Roth USA, and the secretary is **Ralph Hoffman**, Arthur Schuman Inc. The following directors were elected to a new three-year term with CIAA: **John Angiolillo**, Icco Cheese Co. Inc.; **Fiona Hutchinson**, Fonterra USA Inc.; **Linda Karaffa**, Norseland Inc.;

Kristine Lukachyk, Finlandia Cheese Inc.; **Mark Mazzella**, Atalanta Corp.; **Jordan Phiebig**, Galaxy Dairy Products Inc.; **Jim Robinson**, Jana Foods; **Paul Schilt**, Mifroma USA; **Iarlaith Smyth**, Irish Dairy Board; and **Philippe Surget**, Lactalis Deli Inc.

Norseland Inc., Darien, Conn., has appointed **Carter Califri** to general manager of sales and marketing. Califri has 20 years experience in sales and trade marketing. His professional affiliations include the International Dairy-Deli-Bakery Association and Promotion Optimization Institute. He reports directly to Linda Karaffa, vice president, Norseland. CMN

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NEWS/BUSINESS



Maine's Own Organic Milk announces it is discontinuing production of MOO Milk brand

FALMOUTH, Minn. — Maine's Own Organic Milk (MOO Milk) has announced it will no longer process organic milk at Smiling Hill Farm and is discontinuing the MOO Milk brand.

Since MOO Milk began production in 2010, Smiling Hill Farm has been the company's exclusive processor. However, the companies had relied on

an antiquated carton filler that was decommissioned and donated to MOO Milk. Due to the technologically obsolete equipment that was not capable of meeting the requirements of the company, Smiling Hill Farm and MOO Milk terminated their agreement.

The company plans to temporarily direct all its raw organic milk to Stonyfield's Londonderry, N.H., yogurt facility while it assists its member-farmers in arranging long-term contracts for their milk supply.

"The interim Stonyfield arrangement provides a tangible way for our current organic farms to remain viable and even flourish," says Bill Eldridge,

CEO, MOO Milk. "We are encouraged by the immediate interest expressed by Stonyfield, Organic Valley and Oakhurst in adding MOO Milk farms to their supply and sincerely hope that all of our MOO Milk farmers will find satisfactory long-term contracts with these other processors.

MOO Milk had explored the possibility of building a new facility in central Maine, but determined that it could not complete the undertaking in the time-frame needed to keep the brand viable.

The company is not filing for bankruptcy and has sufficient cash-on-hand to pay off all current obligations. MOO Milk expects to continue operating with

limited activity while it unwinds its retail commitments and transitions its bulk milk supply to a new home.

MOO Milk employs five people in Maine and one salesperson in Massachusetts.

"We made a valiant effort to process our own milk," says Eldridge. "But the production challenges were just too difficult without modern equipment."

The Maine Farm Bureau recently reported that it has authorized use of the Maine Farm Bureau Disaster Relief Fund to assist the organic farmers who supplied MOO Milk as they seek long-term buyers. The amount of funds available has not been determined. CMN

Minnesota dairy farmers benefit from new contract

BUFFALO, Minn. — The board of directors at Minnesota Milk Producers Association has finalized a professional services contract with Midwest Dairy Association. Under this new contract, Midwest Dairy's resources will be utilized to carry out specialized Minnesota Milk needs such as accounting and technology, and current staff will continue to fulfill Minnesota Milk priorities as part of the Midwest Dairy staff.

"We have done significant research on where our organization and our industry has been, where it is today, and where we expect it to be years from now," says Pat Lunemann, president, Minnesota Milk, and a dairy farmer from Clarissa, Minn. "We believe this agreement will strengthen our association and add efficiency in our quest to advance the success of our members."

Minnesota Milk and Midwest Dairy will maintain their separate identities and independent missions led by their separate boards. Midwest Dairy is prohibited by law from doing many of the initiatives of Minnesota Milk, in particular policy work and dairy farmer assistance. The roles of each association must continue to be separate and distinctly different, which is why all non-checkoff activity will continue to be financed and accounted for separately.

"Dairy farmers deserve the best from the organizations they support," says Bob Lefebvre, executive director, Minnesota Milk. "With increasing pressures on dairy farmers, we need to be more effective in everything we do for our members. This professional services arrangement will maximize the impact we have to our members without increasing dues, which are the same today as when the association began in 1977." CMN

USDA seeks string cheese for programs

KANSAS CITY, Mo. — USDA's Kansas City Commodity Office (KCCO) this week announced it is seeking 1.4 million pounds of low-moisture, part-skim string cheese for government feeding programs.

Offers are due by 9 a.m. CT June 3 in Kansas City. For more information, see <https://portal.wbsem.usda.gov/publicprocurement>. CMN

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All proceeds after expenses goes to Childhood Cancer Research

For more information please e-mail lseyferth@johnsonindint.com



NEWS/BUSINESS

CDFA

Continued from page 1

Force was formed in 2012 by CDFA Secretary Karen Ross to examine how to improve the state's milk pricing system. (See "CDFA slightly ups whey factor; calls for new task force" in the July 27, 2012, issue of Cheese Market News.)

The task force met several times in 2012 and 2013 and created four separate working groups to delve into specific issues. A meeting was held May 2 to hear recommendations of the Class 4 Pricing Reform Group and to discuss details of a specific proposal brought forth by five individual dairymen.

In a letter to stakeholders sent May 14, Ross says the Class 4 pricing working group has worked to explore alternative solutions to pricing Classes 4a and 4b milk in California.

"The goal was to evaluate market-based and other alternative pricing models and develop pricing mechanisms that appropriately share risk between producers and processors, promotes competition, incents innovation and directs milk to the highest and best use," Ross says. "This working group spent a great deal of time and energy moving high-level concepts on to specific options for the task force to discuss."

Ross notes the pricing working

group presented two options its members feel need further exploration:

- **The Hybrid** — This option would maintain the California system with two basic changes. It would allow Class 4a and 4b milk to be sold either in the pool, governed by regulated minimum prices or outside the pool, with the price negotiated independently between the buyer and seller. It also would directly index the regulated manufacturing class prices with federal order announced minimum prices.

- **Pooling differentials** — This option would eliminate regulated minimum prices for all classes of milk. Under this option, milk prices would be established through competitive negotiations, and differentials would be established for Class 1, 2 and 3 which would be collected and paid to quota holders, with a range of fixed differentials from \$1-\$3 to cover quota.

At the meeting, a comprehensive milk pricing/quota proposal also was introduced by a group of five dairymen — Geoff Vanden Heuvel, Tom Barcellos, Joey Airoso, Simon VanderWoude and Frank Mendonsa. Their proposal would:

- Couple the Class 4a price to the federal order Class IV price.
- Couple the Class 4b price to the federal order Class III price.
- Allow contractual agreements between milk producers and proces-

sors with specific guidelines. This would be for Grade A milk not subject to minimum pricing or pooling.

- Eliminate regional quota adjusters.

- Lower the quota differential from \$1.70 per hundredweight to \$1.50 per hundredweight or a dollar amount that will not exceed what Class 1, 2 and 3 contributes to the pool.

- Retire quota after 120 months.

- Require all quota milk to be sold to a regulated handler to be eligible for payment.

Ross notes that after hearing all of the presentations, the task force agreed to have the pricing group further explore and evaluate the comprehensive milk pricing proposal and to have the Quota Working Group further explore and analyze the quota piece of the dairymen's proposal.

The task force will be convening within the next 45 days to review the analysis from both working groups, she adds.

"There has been much activity and progress made and there is still much more work to be completed in developing details on these proposals," Ross says.

To help facilitate the level of understanding necessary for this dialog to continue, an email address, dairytaskforce@cdfa.ca.gov, has been established for questions and updates regarding the progress of the working groups, she notes.

"Please make use of this email address to communicate with us so that your input can be incorporated into the process," Ross says. "I believe we are all firmly committed to achieving results from the hard work completed so far and will tackle the hard work facing us so that California's dairy industry will continue its role as a global leader." CMN

RAW

Continued from page 1

In addition, the letter notes that no claims related to the health benefits of consuming raw milk have been substantiated in medical literature, and the perception that raw milk sales will help small farmers is erroneous.

"The benefits of consuming raw milk are illusory, but the painful costs of illness and decreased quality of life are very real," the groups conclude.

IDFA says it will continue its opposition to the sale of raw milk on both the federal and state level.

A bill to allow on-farm sales of raw milk directly to consumers passed 78-19 last week in Louisiana's House of Representatives but was rejected 4-1 by the state Senate's Health and Welfare Committee this week.

Among bills introduced in other states, one that would have allowed unlicensed on-farm sales of raw milk in Maine died in April. A similar bill in South Dakota was tabled recently when Dakota Rural Action and the South Dakota Department of Agriculture reached an agreement to create a work group to evaluate raw milk production and regulation in the state. CMN

NASS

Continued from page 1

last year because of sequestration, a comparison to a year earlier is not available. Production per cow in the United States averaged an estimated 1,888 pounds in April, the NASS report says.

In the 23 major states, there were 8.53 million cows on farms, up 10,000 head from a month earlier. Production per cow averaged 1,911 pounds.

Cows in California, the nation's leading milk-producing state, produced 3.68 billion pounds of milk in April, up 1.5 percent from the state's production a year earlier. There were 1.78 million cows on California dairies in April, unchanged from the previous month. Production per cow averaged 2,065 pounds in April.

Wisconsin followed with 2.30 billion pounds of milk, a 0.3-percent decline from April 2013. There were 1.27 million cows in Wisconsin in April, down 1,000 head from March 2014. Production per cow in April averaged 1,815 pounds. CMN

Milk Production — April 2014

	April 13	April 14	Pct. Chg.	YTD 2013	YTD 2014 *	Pct. Chg.
Arizona	411	424	3.2	1,597	1,626	1.8
California	3,622	3,678	1.5	13,991	14,504	3.7
Colorado	271	294	8.5	1,077	1,145	6.3
Florida	220	225	2.3	862	896	3.9
Idaho	1,117	1,129	1.1	4,358	4,453	2.2
Illinois	166	162	-2.4	659	637	-3.3
Indiana	328	331	0.9	1,281	1,289	0.6
Iowa	394	390	-1.0	1,565	1,527	-2.4
Kansas	247	259	4.9	969	1,009	4.1
Michigan	765	785	2.6	3,049	3,086	1.2
Minnesota	774	753	-2.7	3,110	3,014	-3.1
New Mexico	700	690	-1.4	2,742	2,716	-0.9
New York	1,132	1,135	0.3	4,457	4,468	0.2
Ohio	473	457	-3.4	1,852	1,791	-3.3
Oregon	213	223	4.7	826	861	4.2
Pennsylvania	904	905	0.1	3,567	3,568	0.0
South Dakota	163	171	4.9	658	678	3.0
Texas	816	887	8.7	3,231	3,406	5.4
Utah	170	174	2.4	660	681	3.2
Vermont	220	221	0.5	869	875	0.7
Virginia	153	154	0.7	593	603	1.7
Washington	537	555	3.4	2,084	2,158	3.6
Wisconsin	2,309	2,303	-0.3	9,249	9,086	-1.8
23 STATE TOTAL	16,105	16,305	1.2	63,306	64,077	1.2
EST. U.S. TOTAL	17,249	17,428	1.0	67,794	68,490	1.0

Note: Production reported in millions of pounds. Source: National Agricultural Statistics Service. *YTD figures include preliminary current month plus revised previous months.

NEWS/BUSINESS



Kraft Foods Group recalls 1.2 million cottage cheese products due to improper storage

NORTHFIELD, Ill. — Kraft Foods Group is recalling select Knudsen Cottage Cheese, Breakstone's Cottage Cheese, Simply Kraft Cottage Cheese and Daily Chef Cottage Cheese products.

Some ingredients used in these products were not stored properly. Kraft says

that while it's unlikely, this could create conditions that could lead to premature spoilage and/or food borne illness. The affected products all have code dates from May 9, 2014, to July 23, 2014.

Approximately 1.2 million containers of affected product were shipped to

customers across the United States. The products were not distributed outside of the United States.

The Tulare, Calif., manufacturing facility where all of the affected products were produced has ceased production and distribution of the affected prod-

ucts until Kraft works to address the problem.

Consumers who have purchased any of the affected products should not eat them. They can be returned to the store where originally purchased for a full refund. CMN

GREEK

Continued from page 1

successful in replicating this for acid whey," he says.

Laffin notes that scientists and engineers say acid whey is too "sticky," meaning the liquid clogs and fouls filter processes, and the component proteins and lactose stick together chemically.

"Jones Laffin's new system potentially solves these problems, which could offer the dairy industry an opportunity to turn a disposal expense into a new revenue enhancement," he says. "The result is a new source of valuable, usable protein, rather than an economic and environmental risk."

The new technology has led to the development of a process using specialized equipment that not only neutralizes acid whey but also captures valuable protein and lactose remaining in the byproduct, notes Alvin Jones, principal, Jones Laffin.

Jones notes the company anticipates it will be prepared to commercialize the technology later in 2014.

Laffin adds that the technology is very versatile in terms of its scale and could be used by manufacturers of various sizes.

"The equipment was designed with USDA with the idea of it being scaled for smaller to higher usage levels," he says. "We believe with what we've seen so far that we have an economical answer."

Meanwhile, dairy industry stakeholders also are examining ways to handle acid whey from Greek yogurt making. The U.S. Dairy Export Council (USDEC) and DRI last fall held a Greek Whey Round Table with the goal to evaluate current industry options and discuss a road map to identify opportunities for Greek whey use.

"We wanted to make sure Greek yogurt processors were aware of all the options by offering resources including university research, solutions from equipment suppliers and best practices adopted by industry leaders," Agarwal says. "With these resources, processors can choose the path that best meets their needs."

He notes that as a result of the Greek Whey Round Table, the industry has identified a series of short-, medium- and long-term opportunities to deal with Greek whey.

"In the short term, the dairy industry is very interested in optimizing the disposal of Greek whey in a sustainable way. For example, the whey could be added as feedstock to a dairy farm's an-

aerobic digester, reducing greenhouse gas emissions from waste and creating renewable energy as a result," Agarwal says. "A medium-term option would be to identify an economic value for Greek whey by developing technologies to both concentrate and dry Greek whey for animal feed. In the long term, the focus is on finding value-added components in Greek whey — for example, milk galacto-oligosaccharides, minerals, etc. — and working toward obtaining regulatory approval for human consumption."

In a Dec. 13, 2013, guest column in *Cheese Market News*, Véronique Lagrange, senior vice president of strategy and insights for USDEC, notes that while research shows there is potential value to be extracted from the Greek yogurt co-product stream, that extraction comes with a number of challenges, not the least of which is regulatory.

With less than 10 percent protein on a dry matter basis, the co-product does not qualify as whey according to Codex Alimentarius standards, she notes.

"Regulatory certainty is only one of the hurdles," Lagrange adds. "The product's composition makes it difficult and costly to process using existing technology. In addition, researchers are still in the early stages of identifying the components that offer the best nutritional and functional potential, as well as the applications where they might be used."

She notes, however, that early ap-

plications research looking at new, cost-effective technologies to process the Greek yogurt co-product indicate several possibilities for use in foods and beverages, the most promising being rehydration beverages, sweeteners and sodium replacement ingredients.

"Dairy ingredient manufacturers worried about additional dairy ingredient volumes coming onto the market and potentially putting downward pressure on pricing need not be concerned," Lagrange says. "While the volume of co-product is significant and rising, we are talking about a stream equivalent to about 56 million pounds of product solids in 2013, with lactose comprising the bulk at about 34 million pounds."

"To put that in perspective, the United States produced more than 1 billion pounds of lactose and an estimated 900,000 pounds of whey permeate in 2012," she adds.

Lagrange notes that the attendance and enthusiastic participation from yogurt manufacturers, dairy research centers and equipment providers displayed at the Greek Whey Round Table testifies to the industry's interest in and commitment to resolving the problem.

One benefit of Greek whey is that it can be a potential source for galacto-oligosaccharides that are an important prebiotic in certain applications, such as infant formula, Agarwal notes.

He adds that researchers also are looking outside of the food and bever-

age industry — for example, the oil and natural gas processing industry — to identify technologies to dry Greek whey.

"We need to find unique applications where these specific new ingredients can be used; examples include use of milk minerals for recovery beverages or sodium reduction," he says. "Through the Round Table, the dairy industry, university product and nutrition researchers and equipment suppliers are working together to achieve this."

He adds that the first step in the process is to identify a common name that consumers can relate to.

"Researchers and equipment suppliers also need to work with regulators to ensure the process technology and equipment meet regulatory hurdles," Agarwal says. "Since there is no standard of identity, getting a Generally Recognized as Safe notification also is very important."

Jones Laffin notes research from groups like DRI has helped the company to fine tune its methods to be an economical answer for the industry.

"USDA has been working very hard to streamline the work they're involved in with this process, and we're looking to pick up the pace with this in the coming months," Laffin says.

Jones adds that equipment has been delivered to a demo plant in Illinois.

"We want to move beyond the 'lab stage' now to show how this works," he says. CMN

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National assessment says climate change poses 'major challenge' to U.S. agriculture

WASHINGTON—Climate change “poses a major challenge” to U.S. agriculture because of the “critical dependence” of the agricultural system on climate and because of the complex role agriculture plays in rural and national social and economic systems, according to the third U.S. National Climate Assessment, which was recently released by the Obama administration. The assessment was developed over four years by climate scientists and technical experts.

Climate change has the potential to both positively and negatively affect the location, timing and productivity of crop, livestock and fishery systems on local, national and global scales,

the report says. It also will alter the stability of food supplies and create new food security challenges for the United States as the world seeks to feed 9 billion people by 2050.

“The cumulative impacts of climate change will ultimately depend on changing global market conditions as well as responses to local climate stressors, including farmers adjusting planting patterns in response to altered crop yields and crop species, seed producers investing in drought-tolerant varieties and nations restricting trade to protect food security,” the report says. “Adaptive actions in the areas of consumption, production, education and research

involve seizing opportunities to avoid economic damages and decline in food quality, minimize threats posed by climate stress and, in some cases, increase profitability.”

Changing climatic conditions affect animal agriculture in four primary ways, the report notes: feed-grain production, availability and price; pastures and forage crop production and quality; animal health, growth and reproduction; and disease and pest distributions.

Optimum animal core body temperature is often maintained within a 4 to 5 degree Fahrenheit range, while deviations from this range can cause animals to become stressed, the report notes. This can disrupt performance, production and fertility, limiting animals' ability to produce milk, meat or eggs.

Dairy and livestock production are more affected by the number of days of extreme heat than by increases in average temperature, the report notes. Elevated humidity exacerbates the impact of high temperatures on animal health and performance. Animals respond to extreme temperature events (hot or cold) by altering their metabolic rates and behavior. Increases in extreme temperature events may become more likely for animals, placing them under conditions where their efficiency in milk, meat or egg production is affected. Projected increases in extreme heat events will further increase the stress on animals, leading to the potential for greater impacts on production, the report says.

Other key messages for agriculture in the report include:

- Many agricultural regions will experience declines in livestock and crop production from increased stress due to diseases, weeds, insect pests and other climate change-induced stresses. Regional warming and changes in rainfall distribution have the potential to change the distributions of diseases that are sensitive to temperature and moisture, and lead to increased incidence of ketosis, mastitis and lameness in dairy cows.

- Current loss and degradation of critical agricultural soil and water assets due to increasing extremes in precipitation will continue to challenge both rainfed and irrigated agriculture unless innovative conservation methods are implemented.

- The rising incidence of weather extremes will have increasingly negative impacts on crop and livestock productivity because critical thresholds are already being exceeded. Climate change projections suggest an increase in extreme heat, severe drought and heavy precipitation. Climate conditions, such as dry spells, sustained droughts and heat waves all have large effects on crops and livestock. The timing of extreme events will be critical because they may occur at sensitive stages in the life cycles of agricultural crops or reproductive stages for animals,

diseases and insects.

Projected increases in the occurrence of extreme heat events will expose production systems to conditions exceeding maximum thresholds for given species more frequently, the report says. Goats, dairy cattle, sheep and beef cattle are the livestock species most widely managed in extensive outdoor facilities. Lack of prior conditioning to rapidly changing or adverse weather events often results in catastrophic deaths in domestic livestock and losses of productivity in surviving animals.

- Agriculture has been able to adapt to recent changes in climate; however, increased innovation will be needed to ensure the rate of adaptation of agriculture, and the associated socio-economic system can keep pace with climate change over the next 25 years, the report says.

“Adaptive actions in the areas of consumption, production, education and research involve seizing opportunities to avoid economic damages.”

U.S. NATIONAL
CLIMATE ASSESSMENT

Much of the economic literature suggests that in the short term, producers will continue to adapt to weather changes and shocks as they always have, with changes in the timing of field operations, shifts in crops grown and changing tillage or irrigation practices, the report adds. In the longer term, however, existing adaptive technologies likely will not be sufficient to buffer the impacts of climate change without significant impacts to domestic producers, consumers or both.

- Climate change effects on agriculture will have consequences for food security, both in the United States and globally, through changes in crop yields and food prices and effects on food processing, storage, transportation and retailing, the report says.

“The National Climate Change Assessment only confirms what family farmers and ranchers have been experiencing: global climate change is increasing the occurrence and severity of volatile weather events, which then directly impact agricultural risk, farmers' bottom lines and the entire rural economy,” says Roger Johnson, president of the National Farmers Union.

“The administration's report is clear. Congress must take legislative action to mitigate climate change in order to protect farmers, ranchers, consumers and rural communities.” CMN

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