

CHEESE MARKET NEWS®

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



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Stakeholders discuss export opportunities, experiences

By Alyssa Mitchell

MADISON, Wis. — As the dairy industry becomes increasingly globalized, exporting continues to gain traction for U.S. dairy manufacturers as an area of potential revenue growth.

At a session Thursday during the Wisconsin Cheese Industry Conference titled “World Markets Knocking at Your Door — What are you Going to Do,” partners in state and regional marketing organizations discussed the resources available to cheese manufacturers interested in making inroads into foreign markets, as well as opportunities and challenges in exporting.

“The numbers say it all — nearly 96 percent of today’s consumers live outside the United States,” says Ashwini Rao, economic development consultant with the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP).

Rao notes that exporting is not something for only large companies; in fact, small firms account for 97 percent of all exporters, she says.

DATCP’s Wisconsin International Agribusiness Center assists food and agricultural companies to build their export business. Services include “beginner exporter,” with one-on-one consultations and educational seminars; “intermediate exporter,” which overviews export documentation, market research and financing; and “advanced exporter,” which explores promotions and market development programs.

Exporting increases sales and profits and reduces dependence on existing markets, she notes.

However, exporting isn’t without its challenges. There can be administrative costs, the need to dedicate personnel to travel, a waiting period for

payments on product shipped and other regulatory challenges to adjust to, Rao says.

“Taking the leap” on exporting requires four basic steps, Rao notes:

- **Management commitment** — In order to be a successful exporter, companies need to make a long-term commitment with a dedicated staff. It’s important to understand export procedures and have knowledge of the various role players in the process, Rao says.

- **Planning and strategy** — It’s very important to do foreign market research, Rao notes. What is the growth potential for product in other countries? How is it priced there? What product design, quality and functionality are consumers looking for?

- **Product readiness** — Potential exporters need an international marketing plan with defined goals, strategies and target markets, Rao notes. For example, companies should think about whether their current packaging and labeling will work in foreign markets. It also is wise to engage the services of a sales representative or distributor, or partner with a local firm in the desired market.

- **Export mechanics** — Companies need to examine if they have the financing and production capacity to meet export demand. It’s also important to be informed of regulatory and legal requirements for products in other countries, Rao notes.

“Export success includes critical factors such as a strong domestic base — typically — a long-term commitment to exporting, allocation of resources and a good product,” Rao says.

Merle Snyman, director of market research and analysis for the U.S. Dairy Export Council (USDEC), notes that the U.S. dairy industry has had an average growth of 21 percent per year for the last 10 years for dairy exports.

Making the right product, packaging and specifications for each customer can be challenging, she says.

Specifications can be challenging in markets like Korea, for example, as consumers there tend to buy in very small amounts, requiring very small packaging — something U.S. manufacturers need to adapt to in order to make inroads in retail and foodservice, she says.

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Trade Promotion Authority bill passes in Senate committee

WASHINGTON — Legislation to authorize Trade Promotion Authority (TPA), which would establish firm rules and help streamline the passage of U.S. trade agreements currently in negotiation such as the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP), this week passed the U.S. Senate Committee on Finance with a 20-6 vote, along with three other related trade bills.

“By acting to further break down barriers for American exports, we successfully advanced a strong trade agenda that will help move America forward,” says Senate Finance Committee Chairman Orrin Hatch, R-Utah. “These bills will open new markets for American-made products, which is vital for job creation and economic growth. Our work is not yet done. We need to continue with our bipartisan efforts and work to push these measures through the Congress and enacted into law.”

Sen. Ron Wyden, D-Ore., Ranking Democrat on the Senate Finance Committee, says this legislation is a “fresh approach” that will send America’s trade policy in a more progressive direction.

“With this legislation, our standards for trade agreements will be higher,” Wyden says. “Our enforcement of trade laws will be much tougher and our workers will have the support they need. The process of negotiating and moving trade agreements will be more open, more transparent and more democratic.”

U.S. dairy industry groups have largely supported the passage of TPA legislation. (See “Dairy groups urge action on TPA legislation” in last week’s issue of Cheese Market News.)

The National Milk Producers Federation (NMPF) and U.S. Dairy Export Council (USDEC) note that renewing TPA, which expired in 2007, is particularly important to the U.S. dairy industry because the United States now exports the equivalent of one-seventh of its milk production.

The International Dairy Foods Association (IDFA) notes that the TPA legislation being considered includes several key negotiating objectives,

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U.S. Championship Cheese Auction raises \$179,090

MADISON, Wis. — Cheese industry lovers and supporters gathered Wednesday evening at the Wisconsin Cheese Industry Conference (WCIC) here for the biennial U.S. Championship Cheese Auction, raising \$179,090.

The auction is part of the biennial WCIC, hosted by the Wisconsin Cheese Makers Association (WCMA) and the Wisconsin Center for Dairy Research (CDR). Funds raised go toward support of future cheese contests, WCMA scholarships and a Member Education Initiative instituted by WCMA.

Each item for bid at the auction placed first in its class at the U.S. Championship Contest, held last month at Lambeau Field, Green Bay, Wisconsin. Some of the award winners were combined into one category for bid.

The largest bid of the night was placed on Item 46, the Grand

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Milk production in U.S. climbs 1 percent in March

WASHINGTON — Milk production in the 23 major milk-producing states during March totaled 16.88 billion pounds, up 1.1 percent from March 2014, according to data released this week by USDA’s National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN’s Milk Production chart on page 23.)

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MARKET INDICATORS

Chicago Mercantile Exchange Cash prices for the week ended April 24, 2015

	Monday April 20	Tuesday April 21	Wednesday April 22	Thursday April 23	Friday April 24
Cheese Barrels					
Price	\$1.6250	\$1.6250	\$1.6200	\$1.6200	\$1.6200
Change	NC	NC	-1/2	NC	NC
Cheese 40-lb. block					
Price	\$1.5750	\$1.6075	\$1.6100	\$1.6100	\$1.6100
Change	NC	+3 1/4	+1/4	NC	NC

Weekly average (April 20-24): Barrels: \$1.6220(+.0070); 40-lb. Blocks: \$1.6025(+.0285).
Weekly ave. one year ago (April 21-25, 2014): Barrels: \$2.2115; 40-lb. Blocks: \$2.2205.

	Monday April 20	Tuesday April 21	Wednesday April 22	Thursday April 23	Friday April 24
Grade A NDM					
Price	\$0.9250	\$0.9250	\$0.9275	\$0.9275	\$0.9300
Change	NC	NC	+1/4	NC	+1/4

Weekly average (April 20-24): Grade A: \$0.9270(NC).

	Monday April 20	Tuesday April 21	Wednesday April 22	Thursday April 23	Friday April 24
Grade AA Butter					
Price	\$1.8300	\$1.8300	\$1.8300	\$1.8300	\$1.8300
Change	+2 1/4	NC	NC	NC	NC

Weekly average (April 20-24): Grade AA: \$1.8300(+.0555).

Class II Cream (Major Northeast Cities): \$2.0051(+.0660)-\$2.2003(+.0690).

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Weekly Cold Storage Holdings April 20, 2015

	On hand		Week		Change since April 1		Last Year	
	Monday	Change	Pounds	Percent	Pounds	Change	Pounds	Change
Butter	13,971	+1,235	+3,335	+31	19,919	-5,948		
Cheese	99,750	+1,083	+4,066	+4	84,166	+15,584		

(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
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	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56									

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CHEESE FUTURES* for the week ending April 23, 2015

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

	Fri., April 17	Mon., April 20	Tues., April 21	Wed., April 22	Thurs., April 23
APR15	1.611 4,638	1.613 4,602	1.616 4,610	1.612 4,609	1.611 4,618
MAY15	1.632 4,431	1.661 4,436	1.678 4,437	1.677 4,450	1.704 4,419
JUN15	1.642 4,324	1.671 4,303	1.690 4,343	1.689 4,345	1.741 4,341
JUL15	1.680 3,303	1.718 3,307	1.740 3,304	1.729 3,304	1.768 3,304
AUG15	1.730 3,116	1.765 3,113	1.796 3,108	1.782 3,105	1.802 3,087
SEP15	1.763 3,095	1.790 3,100	1.810 3,105	1.803 3,109	1.810 3,117
OCT15	1.783 2,585	1.796 2,583	1.800 2,572	1.790 2,574	1.796 2,574
NOV15	1.794 2,716	1.800 2,731	1.800 2,728	1.790 2,729	1.792 2,729
DEC15	1.784 2,549	1.786 2,549	1.793 2,549	1.785 2,561	1.795 2,563
JAN16	1.743 225	1.743 225	1.748 225	1.756 229	1.760 237
FEB16	1.738 153	1.745 153	1.745 155	1.752 159	1.755 169
MAR16	1.736 176	1.739 176	1.739 176	1.741 180	1.745 192
APR16	1.730 147	1.730 147	1.730 156	1.741 165	1.741 187
MAY16	1.730 125	1.730 125	1.730 143	1.735 156	1.745 176
JUN16	1.730 137	1.730 137	1.731 137	1.740 146	1.750 171
JUL16	1.757 15	1.757 15	1.757 15	1.757 20	1.760 39
Total Contracts Traded/ Open Interest	194/31,810	337/31,777	737/31,838	300/31,917	761/32,035

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 April 23, 2015

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

	Fri., April 17	Mon., April 20	Tues., April 21	Wed., April 22	Thurs., April 23
APR15	46.08 772	46.25 768	46.18 757	46.18 757	46.18 757
MAY15	44.63 773	45.00 764	44.75 755	44.50 756	45.13 729
JUN15	43.53 809	43.75 802	42.90 795	42.90 795	43.50 795
JUL15	43.10 629	43.40 618	42.25 606	42.25 606	42.25 607
AUG15	42.00 557	42.00 557	40.48 556	40.48 558	40.50 558
SEP15	41.00 555	41.40 556	40.00 557	40.00 557	39.80 559
OCT15	40.50 520	40.50 520	39.98 520	39.98 520	40.00 520
NOV15	40.00 455	40.00 455	40.00 456	40.00 456	39.20 456
DEC15	39.60 442	39.60 442	39.60 444	39.20 447	40.00 447
JAN16	40.10 56	40.10 56	40.10 56	40.10 57	40.90 58
FEB16	40.90 39	40.90 39	40.90 39	40.90 39	41.50 41
MAR16	41.50 29	41.50 29	41.50 29	41.50 29	41.00 29
APR16	41.00 19	41.00 19	41.00 21	41.00 24	40.00 28
MAY16	40.53 10	40.53 10	40.53 15	40.00 17	40.00 17
Total Contracts Traded/ Open Interest	18/5,708	37/5,678	113/5,650	17/5,665	64/5,655

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*

April 24, 2015

NONFAT DRY MILK

Central & East: low/medium heat \$.8550(-8 1/2)-\$1.0375(-1 1/2); mostly \$.9500(-2 1/2)-\$1.0250(-1 1/2).
high heat \$1.0900-\$1.2500(+5).

West: low/medium heat \$.8725-\$1.0400(-2); mostly \$.9200-\$9900(-1/2).

high heat \$1.0350(-3/4)-\$1.2000(-1).

Calif. manufacturing plants: extra grade/grade A weighted ave. \$.9531(-.0234) based on 17,918,100 lbs.

WHOLE MILK POWDER (National): \$1.0000(-5)-\$1.5400.

EDIBLE LACTOSE

(FOB) Central and West: \$.1700(-1)-\$.3250(-1 1/2); mostly \$.2000-\$2.275(-1/4).

WHEY POWDER

Central: nonhygroscopic \$.3600-\$5150(-1/2); mostly \$.3900(-1)-\$.4500.

West: nonhygroscopic \$.3800-\$5000(-1/2); mostly \$.4200-\$4600.

(FOB) Northeast: extra grade/grade A \$.4300-\$4950(-1/4).

ANIMAL FEED WHEY (Central): Whey spray milk replacer \$.2500-\$3600(-2).

WHEY PROTEIN CONCENTRATE (34 percent): \$.8000(-4)-\$1.1000(-2); mostly \$.8400(-2)-\$1.0200(-1).

DRY BUTTERMILK

(FOB) Central & East: \$.8000(-3)-\$1.0200.

(FOB) West: \$.8500-\$1.0050(-1/2); mostly \$.8500(-1)-\$.8900.

CASEIN: Rennet \$3.3500-\$3.8000; Acid \$3.3500-\$4.1000.

*Source: USDA's Dairy Market News

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NEWS/BUSINESS

Butter ad volume down, average price up

WASHINGTON — Advertising numbers were lower for butter last week, down 67 percent for the week ending April 17 from the prior week, says USDA's Agricultural Marketing Service (AMS) in its weekly National Dairy Retail Report released April 17.

AMS says national conventional butter in 1-pound packs last week had a weighted average advertised price of \$3.26, up from \$2.81 one week earlier and \$2.85 one year earlier.

National conventional varieties of natural 8-ounce cheese blocks last week had a weighted average advertised price of \$2.22, down from \$2.40 two weeks earlier

but up from \$2.21 one year earlier.

AMS says 1-pound cheese blocks had a weighted average advertised price of \$3.94, up from \$3.47 one week earlier but down from \$4.31 one year earlier, while 2-pound cheese blocks had a weighted average advertised price of \$6.17, down from \$7.36 one week earlier and \$7.96 one year ago.

Meanwhile, natural varieties of 8-ounce cheese shreds last week had a weighted average advertised price of \$2.30, down from \$2.35 one week earlier and \$2.44 one year earlier, while 1-pound shreds had a weighted average advertised price of \$3.99, up from \$3.08 one week earlier but down from \$4.62 one year ago, AMS says. CMN

MARKET INDICATORS

Advanced Prices and Pricing Factors

	May 2015	April 2015
Base Skim Milk Price for Class I¹:	\$9.52/cwt.	\$9.37/cwt.
Advanced Class III Skim Milk Pricing Factor:	\$9.52/cwt.	\$9.37/cwt.
Advanced Class IV Skim Milk Pricing Factor:	\$7.15/cwt.	\$7.93/cwt.
Advanced Butterfat Pricing Factor²:	\$1.8972/lb.	\$1.8442/lb.
Class II Skim Milk Price:	\$7.85/cwt.	\$8.63/cwt.
Class II Nonfat Solids Price:	\$0.8722/lb.	\$0.9589/lb.
Two-week Product Price Averages:		
Butter:	\$1.7381/lb.	\$1.6944/lb.
Nonfat Dry Milk:	\$0.9705/lb.	\$1.0577/lb.
Cheese:	\$1.6142/lb.	\$1.5617/lb.
Dry Whey:	\$0.4600/lb.	\$0.4935/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 15.83.

^{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

CME FUTURES for the week ended April 23, 2015

Class III Milk*					
	Fri., April 17	Mon., April 20	Tues., April 21	Wed., April 22	Thurs., April 23
APR15	15.80 5,475	15.84 5,458	15.84 5,509	15.83 5,536	15.80 5,310
MAY15	15.99 6,197	16.28 6,246	16.45 6,231	16.44 6,373	16.71 6,311
JUN15	16.00 5,510	16.32 5,499	16.44 5,656	16.43 5,737	16.95 5,740
JUL15	16.36 3,931	16.76 3,921	16.90 3,920	16.78 3,930	17.18 3,953
AUG15	16.85 3,565	17.15 3,577	17.29 3,592	17.15 3,607	17.41 3,569
SEP15	17.16 3,315	17.36 3,321	17.39 3,355	17.25 3,377	17.45 3,389
OCT15	17.25 2,955	17.40 2,955	17.40 2,967	17.22 2,970	17.40 2,968
NOV15	17.26 2,850	17.40 2,851	17.38 2,866	17.21 2,873	17.35 2,874
DEC15	17.10 2,585	17.24 2,585	17.23 2,609	17.14 2,620	17.20 2,621
JAN16	16.80 526	16.85 517	16.85 516	16.83 517	16.90 515
FEB16	16.75 348	16.78 350	16.78 355	16.84 356	16.87 355
MAR16	16.70 308	16.71 309	16.70 309	16.75 311	16.83 315
APR16	16.57 181	16.57 195	16.57 201	16.60 209	16.65 212
MAY16	16.51 131	16.54 140	16.54 161	16.60 174	16.60 174
JUN16	16.54 157	16.59 157	16.59 157	16.61 165	16.62 165
Total Contracts Traded/ Open Interest	1,020/38,205	1,784/38,252	3,233/38,577	1,408/38,943	1,960/38,733

Class IV Milk*					
	Fri., April 17	Mon., April 20	Tues., April 21	Wed., April 22	Thurs., April 23
APR15	13.65 391	13.65 391	13.64 396	13.64 399	13.64 399
MAY15	14.28 459	14.33 449	14.33 449	14.33 452	14.39 447
JUN15	14.48 407	14.48 407	14.59 407	14.66 407	14.88 402
JUL15	14.97 235	15.01 235	15.15 237	15.05 237	15.16 238
AUG15	15.16 262	15.44 262	15.44 262	15.44 262	15.47 262
SEP15	15.65 166	15.74 166	15.86 166	15.86 166	15.86 166
OCT15	15.97 165	16.02 165	16.12 165	16.12 165	16.12 165
NOV15	16.06 201	16.06 201	16.18 201	16.18 201	16.18 201
DEC15	16.10 216	16.10 216	16.10 216	16.10 216	16.10 216
JAN16	16.21 35	16.21 35	16.21 35	16.21 35	16.21 40
FEB16	16.60 36	16.60 36	16.60 36	16.60 36	16.60 41
Total Contracts Traded/ Open Interest	154/2,768	22/2,768	7/2,775	15/2,788	44/2,809

Cash-Settled NDM*					
	Fri., April 17	Mon., April 20	Tues., April 21	Wed., April 22	Thurs., April 23
APR15	98.10 810	98.13 810	98.40 810	98.00 807	98.00 795
MAY15	98.35 886	98.50 869	98.25 871	98.68 880	99.85 904
JUN15	101.00 752	101.25 752	101.50 731	102.50 736	102.50 728
JUL15	105.03 645	105.78 645	106.03 653	106.50 660	107.00 662
AUG15	109.50 564	111.00 563	110.25 562	110.00 562	111.05 555
SEP15	114.00 459	115.50 457	115.25 457	114.73 457	115.75 456
OCT15	116.60 387	118.50 390	118.25 392	117.25 398	118.50 406
NOV15	117.50 436	118.25 436	119.25 434	119.03 434	119.03 436
DEC15	118.00 367	118.00 367	119.00 368	119.00 368	119.00 371
JAN16	122.50 86	122.50 86	122.50 86	123.50 88	123.50 88
FEB16	126.00 50	126.00 50	126.00 50	127.00 52	127.00 52
Total Contracts Traded/ Open Interest	29/5,558	37/5,544	103/5,533	108/5,594	210/5,611

Cash-Settled Butter*					
	Fri., April 17	Mon., April 20	Tues., April 21	Wed., April 22	Thurs., April 23
MAR15	174.00 884	174.00 884	174.00 885	174.00 884	174.00 884
APR15	187.38 988	187.38 1,001	189.00 1,008	189.00 1,006	189.50 1,002
MAY15	190.00 862	189.00 882	190.50 876	190.50 876	191.50 884
JUN15	190.50 612	190.00 630	191.50 631	191.50 632	192.10 633
JUL15	191.50 616	191.00 642	192.00 643	192.00 656	192.50 663
AUG15	192.00 604	191.50 639	192.50 648	192.50 652	192.50 656
SEP15	193.75 683	193.00 712	193.00 729	193.00 745	193.00 753
OCT15	193.75 626	192.98 629	193.00 634	193.00 636	193.00 636
NOV15	193.00 376	190.98 394	191.00 400	191.00 400	191.00 400
DEC15	184.00 9	185.50 26	184.50 26	184.50 26	184.50 26
JAN16	175.00 3	179.03 7	179.03 7	179.03 7	179.03 7
Total Contracts Traded/ Open Interest	107/6,282	320/6,469	111/6,510	61/6,543	76/6,567

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.

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.

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National Dairy Products Sales Report

For the week ended:	4/18/15	4/11/15	4/4/15	3/28/15
Cheese 40-lb. Blocks:				
Average price ¹	\$1.5798	*\$1.5763	\$1.5758	*\$1.5806
Sales volume ²	11,503,083	*12,272,933	12,424,679	11,596,941
Cheese 500-lb. Barrels:				
Average price ¹	\$1.7223	\$1.6855	\$1.6407	\$1.6597
Adj. price to 38% moisture	\$1.6396	\$1.6131	\$1.5729	\$1.5823
Sales volume ²	10,250,823	10,095,742	9,550,948	9,711,077
Moisture content	34.87	35.22	35.33	34.97
Butter:				
Average price ¹	\$1.7351	*\$1.7419	\$1.6977	*\$1.6722
Sales volume ²	4,590,844	*3,614,080	*2,772,127	3,140,113
Nonfat Dry Milk:				
Average price ¹	\$0.9665	*\$0.9753	*\$0.9954	\$0.9920
Sales volume ²	26,419,146	*22,220,358	*18,901,616	29,160,527
Dry Whey:				
Average price ¹	\$0.4562	*\$0.4637	\$0.4679	\$0.4931
Sales volume ²	6,983,999	*7,109,602	6,377,117	6,594,906

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

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GUEST COLUMNISTS



CMN Exclusive!



Perspective: Dairy Prices

Mike McCully is owner of the McCully Group LLC, Chicago, which provides management consulting for dairy and food companies. He contributes this column exclusively for *Cheese Market News*®.



Perspective: Industry Issues

Connie Tipton is president and CEO of the International Dairy Foods Association. She contributes this column exclusively for *Cheese Market News*®.

What way to price whey?

Over recent months, problems with whey pricing have become more apparent. Prices in the USDA National Dairy Products Sales Report (NDPSR) for dry whey have not reflected actual market conditions. At times earlier in the year, spot prices for dry whey were significantly below the NDPSR price. As a result, the cost of other solids (whey solids) in Class III milk was overstated versus the market, causing losses for cheese plants. Additionally, plants making higher-protein products have seen margins shrink, as their milk cost, based on dry whey, did not reflect the value of the whey products they were selling.

One could argue whey should be removed completely from the federal order Class III milk price formula. Over the next few years, the industry will likely engage in that debate, and more generally about how milk should be priced. But in the short-term, there are several options the industry could consider to improve

whey price discovery.

In the late 1990s, when federal order reform was being deliberated, dry whey was selected as the product to value other solids in Class III milk. In 1998, total dry whey production in the United States totaled 1.178 billion pounds. But by 2014, that figure had dropped 26 percent to 870 million as cheese plants shifted production to higher-protein whey products. In just the last five years, high-protein whey protein concentrate (WPC) production has increased nearly 40 percent while dry whey production has declined 10 percent. So, while dry whey powder was a good representative product of the whey complex 15-20 years ago, it is much less so today.

Price discovery for whey products is less than optimal, or in the case of high-protein products, non-existent. Prices for dry whey in the United States are available from several sources including daily Chicago Mercantile Exchange

Turn to MCCULLY, page 8 ⇨

Letting markets do the job of moving milk

Finding solutions always supposes there's agreement on the problem. Ah — it appears therein lies the rub!

Let's briefly remind ourselves why federal and state regulation of milk prices began in the 1930s. The dairy marketplace was very different 80 years ago.

- There were huge seasonal swings in farm milk production due to widespread reliance on pasture and the inability to harvest and store sufficient forages for the long winter, using mostly horse power. (By the way, much of that stored feed was needed for those same horses).

- Dairy producers were reluctant to invest in farm improvements that were necessary to become Grade A; while more Grade A milk was needed in the late fall and winter when milk production fell, that same Grade A milk had trouble finding a processing home during the flush spring production and through the summer.

- In the 1930s, farm milk and dairy products rarely crossed more than one or

two state lines to serve consumers, because the country just did not have an adequate refrigerated supply chain and transportation network. Even if that network had been in place, only a relatively small percentage of households had adequate refrigeration. It was a time when making sure every local area of the country had a ready supply of milk was important.

- Finally, dairy farm operations were much smaller then, output per cow was much lower and dairy producers marketed much less milk. At the same time, however, milk processors and dairy product manufacturers were growing larger at a faster pace, often putting dairy producers in a disadvantageous position in negotiating a price for their milk.

OK, we know why the government stepped into this space 80 years ago, but why is it still here regulating milk prices in today's marketplace?

Seasonality of farm milk production is no longer an issue in the United States, and 99 percent of our farm milk production is Grade A. The vast majority of dairy producers, representing more than 84 percent of all farm milk, work through cooperatives to market their milk, and those cooperatives are often larger than their processor customers. Also, our refrigerated supply chain safely delivers fresh milk and dairy products anytime, anywhere, even overseas.

These positive changes came largely from new technologies and innovation, major improvements in infrastructure and a focus on delivering what consumers want when they want it. Federal orders may have helped manage the problems in the dairy marketplace of 80 years ago, but price regulations did not solve those problems; technological change, capital investments and a focus on the consumer are mostly responsible for the changes since then.

Even though the dairy marketplace today is not anything like it was in the 1930s, many in the U.S. dairy industry cling to the false assumption that they still need farm milk price regulations. In today's global environment, other countries have recognized much more quickly

Turn to TIPTON, page 5 ⇨

The McCully Report

is a monthly dairy market newsletter developed from the perspective of a buyer and risk manager.

The McCully Report condenses the key dairy market drivers and provides commentary along with forecasts for the major dairy commodities including cheese, whey, WPC 34, WPC 80, lactose, butter, and NFDM plus FMMO milk price forecasts for all 4 classes as well as California 4A and 4B milk prices. In addition, an optional 30-minute monthly call offers a customized way to discuss specific markets and topics.

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The McCully Report April 6, 2015

DAIRY MARKETS – KEY DRIVERS

Feed Prices and Farm Margins

Since the mid-January USDA crop reports, May corn futures have traded in the \$3.75-4.00/bushel range. The March 30 USDA Planting Intentions report showed farmers expect to plant 89.2 million acres of corn this year – down 1.5% from last year and the lowest acreage since 2010. The corn acreage was higher than pre-report estimates. In addition, March 1 corn stocks were also more than traders had anticipated, so futures prices initially fell before recovering somewhat later in the week. In contrast to corn, the soybean acreage estimate, while up 1.1% from last year and a record high, was less than pre-report estimates. Soybean futures moved higher following the report, but remain just under \$10/bushel. The grain market's attention now turns to spring weather and planting progress into May. With normal weather, grain prices will likely stay in the \$4-bushel neighborhood for corn and \$10/bushel for soybeans. As a result, feed prices should remain relatively stable for dairy farms. While regional differences exist, dairy farm margins are expected to remain profitable in most areas of the country in 2015, which is positive for milk production growth.

US Corn Acreage

US Soybean Acreage

Milk Production

US milk production in February was up 1.7% versus year ago with strong growth in key states offsetting declines in California (-3.8%) and New Mexico (-3.7%). In past years, a 3.8% drop in California milk production would have resulted in a drop in overall US milk output. However, strong growth in the Midwest and Plains states pulled the US total up for the 14th straight month of milk production gains. California's losses were due to both a small decline in cow numbers as well as a drop in output per cow. California has one of the lowest relative milk prices and highest feed costs in the US. Dairy farm margins are at or below break-even for a number of the state's dairy farms. In addition, the historic drought is only compounding matters for California dairy farms. As a result, milk output will likely remain below year ago into the 2nd half of the year. The drop in New Mexico's milk production is due to a decline in milk per cow, as cow numbers have remained flat. But in most other parts of the country, milk supplies are abundant and will increase going into the spring flush. Importantly, the number of dairy cows continued to expand in February, gaining 3,000 from January and is up 100,000 from last February. Dairy cow slaughter is up only about 22,000 head

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NEWS/BUSINESS 

GUEST COLUMNIST 

Wisconsin Milk Marketing Board directors approve \$30.3 million budget for FY2016

MADISON, Wis. — The board of directors for the Wisconsin Milk Marketing Board (WMMB) has unanimously approved \$30.3 million program plan and budget covering the 2016 fiscal year (FY) which begins July 1 and runs through June 30, 2016.

According to WMMB, the FY2016 plan covers in-state and national cheese and dairy product promotion; retail, food processing and foodservice marketing and education programs; national communications activities and administrative budgets.

The FY2016 budget is \$1.4 million greater than last year due to increased milk production.

“Our goal, and the goal of all Wisconsin dairy farmers, is to grow the demand for Wisconsin’s dairy products,” says Connie Seefeldt, board chair, WMMB. “This budget and the projects outlined support that mission while continuing to support our schools and nutrition education, and continue to expand the market opportunities for our products.”

WMMB says communications activities in the FY2016 budget include national Wisconsin Cheese advertising and public relations, in-school nutrition education programs and Fuel Up to Play 60 conducted by the Wisconsin Dairy Council and statewide promotion programs for fluid milk and other Wisconsin dairy products.

Also included are promotional support for statewide June Dairy Month events, the Tour of America’s Dairyland cycling series, Wisconsin State Fair activities and various farm shows. Other in-state seasonal activities will include sponsorship of the WIAA high school state tournaments and other

sports-oriented marketing promotions involving teams at the University of Wisconsin-Madison, University of Wisconsin-Green Bay and Marquette University.

Support for Wisconsin’s Alice in Dairyland program and the year-round promotion activities conducted by 63 County Dairy Leader Groups are again part of the FY2016 budget and promotional plan, says WMMB. Also included next year are the America’s Dairyland television series, the weekly Wisconsin Dairy News segments and the online magazine, *Grate. Pair. Share.*

WMMB says the FY2016 budget continues to build on the organization’s success in reaching consumers through social media portals and through popular websites which helped generate 2 billion consumer impressions last year.

Plans for the upcoming year continue to support Wisconsin Cheese promotion and activities in all 50 states and continuing promotional initiatives within the state for all Wisconsin dairy products, according to WMMB. At the national level, activities include retail and foodservice promotions, buyer education, manufacturer/marketer co-op product demos, point-of-sale information and in-store Wisconsin Cheese signage.

Expanding Wisconsin identification on more retail cheese packaging is included in the plan, as well as an increased focus on more Wisconsin Cheese used in the pizza, burgers and sandwich segments.

The FY2016 budget continues support for the University of Wisconsin-Madison Center for Dairy Research (CDR). **CMN**

TIPTON

Continued from page 4

the value and benefits of free-market competition. Just look around: There are no government-enforced milk prices in New Zealand or the European Union, the two leading dairy exporters, nor in any other major dairy exporting country except the United States.

But we’re making a little progress. Here in the United States, we finally recognized that the dairy price support program, designed when our markets were strictly domestic, was outdated and not serving the interests of the major dairy exporter our country has become. We did not tinker with the existing program; we got rid of it.

So, what makes sense for U.S. milk production and pricing in 2015 and beyond?

Thanks to the 2014 Farm Bill, our dairy farmers now have a safety net in place, the Margin Protection Program for Dairy (MPP-Dairy). For \$100 a year, farmers can sign up and get catastrophic coverage when the margins between milk prices and feed are squeezed, and they can invest in greater coverage on their own.

The industry also enjoys tremendous opportunity through growth in demand for dairy in emerging markets. Fortunately, our entire supply chain has the produc-

tion capacity, backed by infrastructure, technology and innovation, to support continued market growth.

But regulated prices are hurting products in our domestic markets. Fluid milk, cultured products and ice creams, known as Class I and Class II products under the federal milk marketing order system, are being priced by formulas based on prices paid for products in export demand. The formulas are forcing higher retail prices for the Class I and II domestic products, driving consumers to non-dairy products that cost less.

It is time to change this outdated milk pricing system to allow current markets to work efficiently with milk moving to its highest value use instead of moving according to complicated formulas.

It is time for the industry to agree that we have a problem and to come together to talk about phasing out the federal regulated pricing and pooling provisions under our federal milk marketing order system. The facts about market changes and future opportunities for the U.S. dairy industry clearly point to letting markets do the job of moving milk. **CMN**

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NEWS/BUSINESS



GUEST COLUMNIST



Cheese stocks down from previous month

WASHINGTON — Total U.S. natural cheese stocks in refrigerated warehouses on March 31, 2015, at 1.06 billion pounds, were down 116,000 pounds or less than 1 percent from Feb. 28, 2015. However, March cheese stocks were 4 percent higher than March 2014's 1.02 billion pounds, USDA's National Agricultural Statistics Service (NASS) reports this week.

American-type cheese stocks totaled 629.5 million pounds March 31, 2015, down 2 percent from Feb. 28, 2015's 642.2 million pounds and down 2 percent from March 31, 2014's 639.1 million pounds.

Swiss cheese in cold storage totaled 24.6 million pounds March 31, 2015, up 4

percent from Feb. 28, 2015's 23.6 million pounds but 10 percent lower than the 27.4 million pounds of Swiss cheese in cold storage at the end of March 2014.

Other natural cheese in cold storage totaled 408.7 million pounds March 31, 2015, up 3 percent from Feb. 28, 2015's 397.0 million pounds and 16 percent higher than the 351.8 million pounds in cold storage at the end of March 2014.

NASS reports butter in cold storage March 31, 2015, amounted to 184.3 million pounds, up 4 percent from the 177.4 million pounds in cold storage at the end of February 2015 but 4 percent lower than the 191.8 million pounds in cold storage at the end of March 2014. CMN

Perspective: Industry Logistics



Jen Burkhardt is vice president of transportation at WOW Logistics. She has 19 years of transportation and logistics experience. She contributes this column exclusively for *Cheese Market News*®.

Improve your operating income by getting control of transportation

How much are you spending on transportation?

Most companies don't know. They view their transportation departments as cost centers.

Transportation, however, is much more than just a business expense. With the proper management, it can be a powerful tool in improving operating income. When shipping costs become a known, they are better controlled, which benefits the bottom line.

• A view of the landscape

Shipment volumes are growing; capacity is down; and that capacity is further reduced for those in the dairy industry requiring carriers skilled in moving food products and refrigerated loads. The bottom line is that costs are rising at a faster rate than the volumes themselves. The Cass Freight Index, which gauges monthly shipment volumes and expenditures, shows linehaul rates increasing an average of 6.6 percent year over year. In 2015, prices are

expected to rise as much as 9 percent because of growing demand.

All this adds up to a simple truth: Companies can no longer operate with a business-as-usual mentality when it comes to transportation. Price hikes have to be offset, and that requires strategy, measurement and subject matter expertise to mitigate.

• Creating a baseline

To begin driving transportation cost out of the supply chain, a company needs to fully understand what those charges are. You can't manage what you can't measure.

Ultimately, the goal is to determine what percent of annual revenue transportation expenditures account for. This figure must be all-inclusive: inbound, outbound, shuttles, transfers, all modes for a true landed cost.

The investigation may take time. However, a skilled transportation professional can assist companies in uncovering all transportation costs, for instance ones that may be hidden in vendor contracts. This exercise indicates two things: 1. Transportation is a complicated, multi-layered system; 2. Any system this complex must have inefficiencies that are impacting company profits. Again, these are real dollars worth saving by being focused on transportation.

• A decision point

Companies that make it to the point of understanding their true transportation costs, and the two takeaway points, now must make a decision. Can they efficiently manage this system in-house, or are they better served by outsourcing the function to a specialist in managed transportation?

Smaller companies with straightforward supply chains may be able to manage the task in-house. However, firms with more complex systems may find that the internal investment in people, processes and technology pushes their attention too far from their core competency. This is where a managed transportation solution makes the most sense and can ultimately help

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Turn to BURKHARDT, page 7 ⇨



NEWS/BUSINESS

Listeria found in New York farm's raw milk

ALBANY, N.Y. — Consumers in New York's Sullivan County and the surrounding area were recently warned by New York Agriculture Commissioner Richard A. Ball recently not to consume unpasteurized milk from the Richard Dirie Farm due to possible *Listeria* contamination.

A sample of the milk, collected by an inspector from the department's Division of Milk Control and Dairy Services April 7, was subsequently tested by the department's food laboratory and discovered to be contaminated with *Listeria monocytogenes*.

On April 9, the producer was notified of the preliminary positive test result and he volunteered to suspend raw milk sales until the sample results were confirmed. Further laboratory testing, completed April 15, confirmed the presence of *Listeria monocytogenes* in the raw milk sample. The producer now is prohibited from selling raw milk until subsequent sampling indicates that the product is free of harmful bacteria.

To date, the department knows of no illnesses associated with this product. **CMN**

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GUEST COLUMNIST



BURKHARDT

Continued from page 6

companies reap greater efficiency, leading to greater savings.

The simple question to ask is: Would my company be in a better position financially with staff focused on manufacturing dairy products and selling these products or calling around for trucks, auditing carrier invoices and chasing insurance forms?

• Looking for the savings

The first step in reducing transportation supply chain costs and adding more dollars to your bottom line is bringing all transportation functions under one area. Centralizing transportation management can bring savings of between 10 and 30 percent. Companies should have all inbound, outbound and inter-facility shipments centrally managed. Doing so not only brings with it savings, but it also gives the company the greatest flexibility to adapt as goals or needs change.

Along with central management, key performance indicators (KPIs) should be created to measure the effectiveness of the transportation system as a whole. Don't underestimate the importance of KPIs. Transportation systems without KPIs, or ones that fail to meet them, are wasting money. Those are dollars taken from your bottom line.

Technology is the other cornerstone to an overall transportation savings strategy. It's also the area where many companies conclude outsourcing transportation management makes more sense than investing in systems of their own.

Companies must have technology that enables them to manage rates, carriers, capacity needs, tracking/tracing and reporting. Effective management necessitates integration between an ERP and the Transportation Management System.

Automating these activities will drive major efficiencies, eliminate errors and give management access to big data. Armed with big data, companies

are better able to manage supply chain operations and quickly course correct to meet new needs or challenges.

• Final thoughts

Transportation spending is not an ancillary expense. Like it or not, this is a part of the overall cost of the product you are sending to market. Without a firm handle on transportation costs, companies may not be accurately pricing their product... thus, reducing their profit potential.

Put simply, if each year buckets of company money were being thrown in a dumpster, you would want to know about it and stop it. If you don't know how much your company is spending on transportation, there's a good chance dollars are being wasted. **CMN**

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GUEST COLUMNIST

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MCCULLY

Continued from page 4

(CME) futures prices and weekly NDPSR and Dairy Market News prices. One of the main issues with the NDPSR price series is its circularity where this week's reported price is a reflection of last week's price due to the number of NDPSR-based contracts included in the weekly report. This keeps the NDPSR price from being an accurate indicator of current cash prices. In addition, dry whey is a product where a significant amount of product is bought and sold by brokers/resellers, yet those prices are not included in the NDPSR price series. Daily price action at brokers/resellers is the tip of the spear when it comes to price discovery. If the industry wants the most reflective current market prices available, brokers/resellers could be added to NDPSR price reports. The other main source of dry whey prices is the voluntary reporting from Dairy Market News. This series also has been criticized in recent times as not reflecting current market conditions. A task force at the American Dairy Products Institute has been working with USDA to improve both the whey and lactose

price reporting in Dairy Market News. Unfortunately, it will take time to sort out the pros and cons.

One idea that has been discussed in the past is the development of a spot or cash market for whey at the CME. For years, the dairy industry has used the CME spot markets for price discovery for cheese and butter, and more recently, for nonfat dry milk (NDM). Could a spot market for whey provide the industry with a standard price benchmark? This idea is appealing for several reasons: the industry uses the CME for price discovery for cheese, butter, and NDM; spot prices would reflect current market conditions; and if the industry evolved to CME-based pricing, the circularity in the NDPSR would be reduced or eliminated. As a corollary, NDPSR prices for NDM also have suffered from the circularity issue, but as more companies have moved to CME-based pricing, this is a much smaller problem than past years. A CME spot market is not without some drawbacks, though. By definition, a spot market is more volatile as the price reflects the marginal value of a product. The industry would need to decide whether this is desirable or not. And at some point, CME futures markets could be used for

price discovery like other agricultural commodities, although the current milk pricing system makes this unlikely.

Another question about a CME spot market for whey is which product should be traded — dry whey, WPC-34 or WPC-80. As noted above, dry whey is becoming less relevant. With increasing focus on protein, either WPC-34 or WPC-80 might be a better option. A price for WPC-34 could be used to base other whey products off of given different protein levels. One could argue WPC-80 has become the commodity whey product, yet without any price history to analyze, it is difficult to determine how this would work. There is a case to be made for each product, with dry whey the most likely candidate as it aligns with the current milk pricing system.

Instead of a spot market for WPC-80, another idea worth exploring is moving to index pricing. While WPC-80 producers have not been interested in index pricing in the past, the recent margin problems with WPC-80 and lactose production might be a reason to at least pilot some pricing programs with interested customers. If a WPC producer sold product based off the NDPSR dry whey price times a multiple (for example 7.5), the plant would gain more certainty

around its margins. It also would foster increased risk management as both buyers and sellers could use CME whey futures to hedge their positions. In conversations with WPC producers this year, it seems there is increased interest in this concept. There are likely benefits to both buyer and seller in a new pricing mechanism for WPC-80.

While the question of how to value whey in milk formulas will be debated over the next several years, and possibly beyond, there are some short-term solutions to some of the pricing problems in the whey complex. First, improvements can be made to USDA price reporting of whey and lactose in both the NDPSR and Dairy Market News reports. In addition, the industry should consider developing a new spot market at the CME to help in price discovery. Finally, there seems to be interest in new methods of pricing WPC-80 using an index with dry whey. While each idea faces some hurdles, they can help move the industry to a better place in terms of price discovery for whey products. **CMN**

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NEWS/BUSINESS



Blue Bell Creameries recall now includes all products; two more illnesses reported

BRENHAM, Texas — Blue Bell Ice Cream this week announced it is voluntarily recalling all of its products currently on the market made at all of its facilities, including ice cream, frozen yogurt, sherbet and frozen snacks, because they have the potential to be contaminated with *Listeria monocytogenes*.

The U.S. Centers for Disease Control and Prevention (CDC) this week announced that a total of 10 patients infected with several strains of *Listeria monocytogenes* were reported from four states: five from Kansas, three from Texas, and most recently, one from Arizona and one from Oklahoma. Illness onset dates ranged from January 2010 through January 2015. All 10 patients were hospitalized. Three deaths were reported from Kansas within the last year. Three strains associated with these case patients have been identified in products manufactured at either the Blue Bell production facility in Broken Arrow, Oklahoma, or Brenham, Texas.

The decision to recall all items was the result of findings from an enhanced sampling program initiated by Blue Bell which revealed that Chocolate Chip Cookie Dough Ice Cream half gallons produced on March 17, 2015, and March 27, 2015, contained *Listeria monocytogenes*. This means Blue Bell now has had several positive tests for *Listeria* in different places and plants.

In addition to its Broken Arrow and Brenham facilities, Blue Bell also has a facility in Sylacuaga, Alabama. FDA currently has open investigations at all of these locations.

The Blue Bell products being recalled are distributed to foodservice accounts, convenience stores and supermarkets in Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nevada, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Wyoming and international locations.

"We're committed to doing the 100-percent right thing, and the best way to do that is to take all of our products off the market until we can be confident that they are all safe," says Paul Kruse, Blue Bell CEO and president. "We are heartbroken about this situation and apologize to all of our loyal Blue Bell fans and customers. Our entire history has been about making the very best and highest quality ice cream, and we intend to fix this problem."

Kruse adds that at this point, the company cannot say with certainty how *Listeria* was introduced to its facilities, so it has taken the step to recall all of the products.

Blue Bell is implementing a procedure called "test and hold" for all products made at all of its manufacturing facilities. This means that all products

will be tested first and held for release to the market only after the tests show they are safe. The company's Broken Arrow facility, which recently suspended all operations, will remain closed as Blue Bell continues to investigate. (See "Blue Bell suspends production at plant linked to *Listeria monocytogenes* outbreak" in the April 10, 2015, issue of Cheese Market News.) The company is implementing additional safety procedures and testing and says it expects to resume distribution soon on a limited basis once it is confident in the safety of its product. **CMN**

Kraft to remove synthetic colors, artificial preservatives from its mac and cheese

NORTHFIELD — Kraft announced this week that starting in January 2016 its Original Kraft Macaroni & Cheese in the United States will no longer be made with artificial preservatives or synthetic colors.

Kraft says it will replace the synthetic colors with those derived from natural sources like paprika, annatto and turmeric while still delivering the same great taste that people know and love from the iconic "blue box."

In Canada, the company will remove synthetic colors by the end of next year in Kraft Dinner Original.

In 2014 in the United States, Kraft Mac & Cheese Boxed Shapes launched with 6 grams of whole grains per serving, reduced saturated fat by 25 percent, lowered sodium by 100 mg per serving and no synthetic colors. In Canada, Kraft Dinner Boxed Shapes launched with no synthetic colors while Kraft Dinner Original has reduced sodium by 19 percent since 2012.

This year, the company says Kraft Mac & Cheese Boxed Shapes in the United States moved to no artificial preservatives. All Boxed Shapes have no artificial flavors, preservatives or synthetic colors. **CMN**

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NEWS/BUSINESS



New resolution



INCLINE VILLAGE, Nev. — The California Cheese & Butter Association held its annual convention here April 17-19 at the Hyatt Lake Tahoe. Among the highlights of the convention was a State Assembly Resolution from Assemblyman Henry Perea and the California Legislature, recognizing the association on its 50th convention since it was founded in 1923. Standing above with the framed resolution is David Viviani, vice president of marketing at Sonoma Creamery and former California Cheese & Butter Association president. **CMN**

DATCP accepting applications for grants

MADISON, Wis. — Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) invites dairy processors to apply for the Grow Wisconsin Dairy 30x20 Processor Grants.

According to DATCP, the grants are intended to foster innovation, improve profitability and sustain the long-term viability of Wisconsin's dairy processing facilities.

"The demand for quality Wisconsin dairy products continues to grow around the world," says Dan Smith, division of agricultural development administrator, DATCP. "To meet the demand, dairy processors need to be innovative, efficient and adaptable. They need to be able to meet a number of regulatory require-

ments. These grants are designed to help them do so."

The Grow Wisconsin Dairy 30x20 Processor Grant is customizable for each processor and can be used to hire consultants to address a wide range of business needs including food safety, staff training or modernization, DATCP says.

Eligible applicants must operate a licensed dairy processing plant engaged in pasteurizing, processing or manufacturing milk or dairy products that is, or will be, located in Wisconsin.

The application deadline is June 1. Successful applicants will be notified by Aug. 1. For application materials, visit datcp.wi.gov/Farms/Dairy_Farming/Processor_Grant. **CMN**

Washington dairy recalls raw milk products

YACOLT, Wash. — Spanish Sunrise Dairy recently recalled its "Natural Raw Milk," "Natural Raw Goat's Milk" and "Natural Raw Cream" with the expiration dates of April 16 through April 21. The recall comes after routine sampling by the Washington State Department of Agriculture discovered that the products could be contaminated with *Listeria monocytogenes*.

The products were sold at Amboy Market in Amboy, Washington; Sunrise Market in Battle Ground, Washington; Camas Produce in Camas, Washington; and New Season's Market and Arnada's Naturals in Vancouver.

Following the recall, the dairy announced on its Facebook page that it will be closing its business and selling the dairy. **CMN**



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NEWS/BUSINESS



TRADE

Continued from page 1

such as the reduction or elimination of tariffs, robust rules on sanitary and phytosanitary measures, and preventing the improper use of geographical indications (GIs), all of which make it easier and less costly for U.S. dairy companies to compete globally.

"TPA is key to making sure the U.S. dairy industry gets the best possible outcomes in trade agreements, and we strongly encourage Congress and the president to work together to enact it as soon as possible," says Connie Tipton, president and CEO, IDFA.

The Consortium for Common Food Names (CCFN) applauds the inclusion of strong language in the TPA bill on the need to curtail improper use of GIs.

"The GI provision recognizes that we have a real problem of the European Union wielding the leverage of its free trade agreements to give advantage to select EU producers, and this is unacceptable," says Jaime Casteneda, CCFN executive director. "This abuse of GI policy is harmful to U.S. exporters, as well as producers in many developing countries around the world.

"Leaders in the U.S. Congress—as well as U.S. negotiators—have been doing a tremendous service to food producers by

repeatedly and plainly stating that these abuses cannot be tolerated," he adds.

Meanwhile, some remain critical of TPA, including the National Farmers Union (NFU), which says it objects to the fact that TPA only allows Congress to have an up or down vote on the final trade package, regardless of how many objectionable provisions it contains.

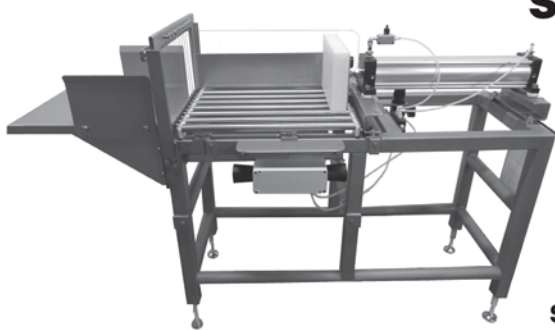
"TPA is just the continuation of the same old thing, trade agreements that make huge promises of prosperity and jobs to the American public and deliver nothing but bigger deficits, exported jobs and lost domestic agricultural sales," says Roger Johnson, president, NFU.

President Obama has praised the TPA legislation, saying it will help the United States avoid mistakes from the past, seize opportunities for the future and state true to the nation's values.

"My top priority in any trade negotiation is expanding opportunity for hardworking Americans," Obama says. "It's no secret that past trade deals haven't always lived up to their promise, and that's why I will only sign my name to an agreement that helps ordinary Americans get ahead. At the same time, at a moment when 95 percent of our potential customers live outside our borders, we must make sure that we, and not countries like China, are writing the rules for the global economy." CMN



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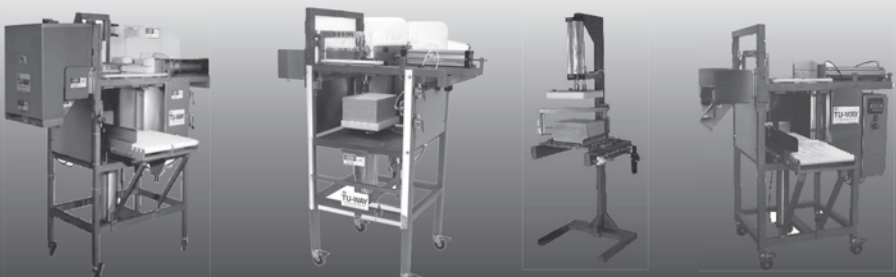


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Groups from EU, U.S. hold event to promote safeguarding geographical indications in trade

WASHINGTON — As representatives from the United States and European Union met this week in New York for the ninth round of Transatlantic Trade and Investment Partnership (TTIP) negotiations, groups looking to safeguard and strengthen the use of geographical indications (GIs) met in Washington for a luncheon presentation on the benefits of GIs within the TTIP.

The event was organized by the Embassy of Italy in Washington, the Global Alliance of GIs (oriGIn), the American Origin Products Association (AOPA) and the Italian Association of GI Consortia (AIGIC).

H.E. Claudio Bisogniero, Italy's am-

bassador to the United States, says the event was intended to increase awareness of the importance of bringing U.S. consumers accurate information on the origins and manufacture of GI products.

"Safeguarding GIs is a priority of the government of Italy," he says. "The TTIP is an opportunity for a dialog between the EU and the U.S. on appropriate and pragmatic solutions."

A panel explained how GI groups on both sides of the Atlantic share the same aspirations.

"Creating stable jobs is one of today's major challenges. Likewise, more and more demanding consumers demand truthful information about the origin

and characteristics of products they wish to purchase," says Massimo Vitori, managing director of oriGIn. "By showing that GIs have a crucial role to play on both sides of the Atlantic in responding to those challenges, today GI groups from the U.S. and the EU are sending a clear message to the negotiators: GIs in the TTIP must be looked at as an opportunity in terms of jobs, sustainable development and consumers' protection."

Following the presentation, participants were served a lunch prepared with GI products, including Asiago, Idaho Potatoes, Parmigiano Reggiano, Pecorino Romano, Prosciutto di Parma, Speck

Alto Adige and Wisconsin Ginseng, as well as a taste of GI wines and spirits.

Meanwhile, the Consortium for Common Food Names (CCFN) charges that in the past three years, the EU's aggressive approach to GIs in trade agreements has threatened to negatively impact the use of generic names such as "parmesan," "feta" and "bologna." CCFN says the problem could become much worse if GI proponents adopt revisions this year that would expand an international register for their terms known as the Lisbon Agreement.

"We promote approaches that protect both legitimate GIs and generic food names, but we oppose attempts to monopolize common names that are part of the public domain," says Jaime Castaneda, executive director, CCFN. CMN

Nominees sought for National Dairy Promotion Board

WASHINGTON — USDA is asking dairy producer organizations and other interested parties to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 15.

Agriculture Secretary Tom Vilsack will appoint 12 individuals to serve on the board. The appointees will replace board members whose terms expire Oct. 31.

USDA will accept dairy producer nominations from the following regions: Region 1 (Alaska, Oregon and Washington); Region 2 (California and Hawaii); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma and Texas); Region 5 (Minnesota, North Dakota and South Dakota); Region 6 (Wisconsin); Region 7 (Illinois, Iowa, Missouri and Nebraska); Region 8 (Idaho); Region 9 (Indiana, Michigan, Ohio and West Virginia); Region 11 (Delaware, Maryland, New Jersey and Pennsylvania) and Region 12 (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont). The Secretary will appoint two members for Region 2 and Region 6, and one for each of the remaining regions.

Twelve dairy producer nominees will be appointed to serve three-year terms beginning Nov. 1 and ending Oct. 31, 2018.

USDA says it established the 38-member board under the Dairy Production Stabilization Act of 1983.

The company welcomes membership on industry boards that reflect the diversity of the individuals served by the programs. USDA encourages eligible women, minorities and persons with disabilities to seek nomination to serve on the board.

For nominating forms and information, visit www.ams.usda.gov/dairy or contact Jill Hoover, deputy director, promotion, research and planning division, Dairy Program, AMS, USDA, at 202-720-1069, or email jill.hoover@ams.usda.gov. CMN

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NEWS/BUSINESS



Jones Laffin Texturized Whey Protein technology sees third year of success with USDA

By Chelsey Dequaine

BOONE, N.C. — Jones Laffin Co. Inc. says its partnership with USDA's Agricultural Research Service (ARS) continues to yield positive results for food manufacturers seeking to appease consumer appetite for more nutritious protein products.

According to the company, its joint efforts with government scientists and researchers is in its third year, and testing results have consistently shown Texturized Whey Protein (TWP) technology allows formulators to boost protein levels and reduce sugar inputs without altering the taste, texture or other characteristics in producing Greek-style yogurt, as well as other products.

Jones Laffin plans to ultimately sublicense the technology in order to produce protein as a useable, commercial ingredient from sweet whey and acid whey.

"Together, we have developed new and improved methods of texturing dairy proteins, utilizing a sophisticated process sure to be welcomed within the food and dairy industries," says Alvin Jones, CEO, Jones Laffin.

Jones Laffin says TWP technology's biggest appeal for the cheese and dairy industries is achieving the same protein level in regular yogurt as Greek yogurt while reducing the lengthy process of making Greek yogurt and reducing costs.

In addition, dairy industry manufacturers can use the technology to increase protein levels in yogurt without increasing sugar amounts.

"We've found it enhances flavor and tastes sweeter, but we are analyzing the protein's positive impacts. Our texture protein can assist in reducing the process time in arriving at higher protein yogurt. Our TWP technology takes whey protein and allows it to be more functional in a broader variety of food groups without affecting flavor, color or texture," Jones adds. "It's taking an item already manufactured in the dairy industry — whey protein — and making it more useful in a broader spectrum."

According to Jones Laffin, to efficiently process acid whey the process separates the component ingredients of raw acid whey (water, lactose and protein), converting them into valuable commodities which also can be sold as ingredients in the food industry. Jones Laffin says the two technologies should lead to increased production of environmentally conscious, healthier commodities to address consumers' growing demand for products containing more protein.

Currently, the company is bringing the technology to the market. Jones says he and Joe Laffin, president, Jones Laffin, see a push for more protein in more product.

"Protein is a buzz word in the food industry right now," Jones says. "We see the texture of protein we've been

working with. We think yogurt is a good example of how TWP can be effective."

Not only does TWP reduce the time it takes for production, in some instances Jones Laffin says the technology allows for doubling protein in regular yogurt to protein found in Greek yogurt products.

"I've taken a product from 5 grams to 10 grams and from 8 grams to 13 grams, and found the protein could go beyond that without affecting the taste," Laffin says. "What's allowed us to do this is the positive effect on flavor and sweetness the technology delivers. It's delivering the nutritional value of protein and sweetness without increasing sugar content."

The company's study of TWP technology began on a Saturday four years ago when Jones received a phone call.

"Joe called me and asked questions about whey protein and if I knew if the USDA's ARS had any involvement in the development of this ingredient," he says.

Jones then began researching and within a few hours returned Joe's phone call.

"I told Joe he asked that question at the right time," he says.

Jones called ARS and said he and his group were interested in the licensing of TWP technology. That's when he and Laffin flew to USDA's lab in Wyndmoor, Pennsylvania.

"We immediately had an interest in it," Jones says. "We knew we were in the right market. We were aware of where the future was going as far as government mandates of cleaner labels. We wanted to work with the government and play a role in future label requirements."

USDA started the technology, and by virtue of a cooperative research and development agreement (CRADA), entered a public-private partnership with Jones Laffin. Jones Laffin has bought the exclusive license for TWP technology and has filed for patents in Germany, Italy, France and the United States.

Turn to JONES, page 14 ⇨

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NEWS/BUSINESS



JONES

Continued from page 13

Laffin says he was aware of Jones' positive experiences with USDA, but his background focused more on ingredients.

"We identified what we thought could be of value in the marketplace to consumers," he says.

Currently, Jones Laffin says TWP technology is ready for whey protein manufacturers to use to upgrade whey protein.

"TWP opens whey protein to be effective in many other areas," Laffin says. "It creates a new ingredient for whey protein manufacturers. It's also available for food companies interested in using the technology to advance protein in their product line."

Jones Laffin says it is encouraged that over the last two quarters the technology has emerged as a prospective solution expected to help address the whole wheat pasta concerns affecting the National School Lunch Program and the complementary program, "Smart Snacks in Schools."

"TWP has eliminated any off notes of whole grain you can taste with using whole wheat," Laffin says. "It makes the

pasta more flavorful."

Dr. Charles Onwulata, director of the office of the chief scientist, USDA's Research, Education and Economics mission area, agrees Jones Laffin's research is likely to be an industry game changer.

"TWP opens whey protein to be effective in many other areas. It creates a new ingredient for whey protein manufacturers."

Joe Laffin
JONES LAFFIN CO. INC.

"Well-formulated snacks can play a positive role in enhancing health by providing essential nutrients, such as increased levels of protein and fiber, that can mitigate the growing metabolic syndrome associated with obesity," says Onwulata, who largely leads the USDA's public-private partnership with

Jones Laffin.

Jones Laffin also says TWP is being used as an egg white replacement in sheet cakes. At current price levels, TWP is a savings over the egg white market, even though prices are coming down, the company says.

"We've been able to replace egg whites up to 75 percent in the formula," Laffin says. "We are experiencing a better cake shelf life, it's added more moisture and overall better flavor. Whey protein has a milkier flavor as opposed to dried egg whites and its flavor is preferable to egg whites."

Jones Laffin says TWP will be a market competitor to the existing whey protein for those who are health conscious.

"I see the consumer looking at labels more and more," Laffin says. "The less sugar on the label the better, and less sugar is used with TWP."

According to Jones Laffin, supplementary research conducted by ARS and the University of Georgia confirmed TWP's impact on tackling obesity and underscores the technology's potential in reducing the risks of cardiovascular disease and diabetes.

"We take our responsibilities seriously," Jones says. "We are proud to share Dr. Onwulata's dedication to developing solutions to address the obesity epidemic in our country by substituting lean protein and fiber for

refined carbohydrates and unhealthy fats in the American diet."

Over the last year, Jones Laffin officials have been conducting equipment and product testing in conjunction with Onwulata and New Jersey-based Parker Development, led by food scientist and operations expert Jack Parker, who was also engaged to evaluate Jones Laffin's extruder system which texturizes the protein.

Jones says more than 100 analyses comparing and contrasting finished products made with traditional whey protein vs. products utilizing TWP confirm the extruder system works.

"We are thrilled with those results," Jones says.

Relative to production and application, Jones says TWP also is process friendly. While conventional proteins can be difficult to blend and cook, TWP is more easily incorporated and often enhances productivity.

"Our mission is to revolutionize the agriculture and food industries by continuing to pioneer innovative technologies to produce cost-effective protein ingredients that can be easily and effectively incorporated into a broad range of existing food, snack and beverage items," Jones says.

The company has recently completed its final phase of testing to determine the upscale engineering required for mass TWP production. CMN

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NEWS/BUSINESS



EU member states could opt out of allowing authorized GMOs under new EC proposal

BRUSSELS, Belgium — Under a proposal adopted this week by the European Commission (EC), European Union (EU) member states would have more freedom to restrict or prohibit the use of EU-authorized genetically modified organisms (GMOs) in food or feed in their territories. The proposal comes following an EC review of the decision-making process for the authorization of GMOs as food or feed.

“The Commission has listened to the concerns of many European citizens, reflected in the positions expressed by their national governments,” says EC Health and Food Safety Commissioner Vytenis Andriukaitis.

According to the EC, since it is crucial that a single risk management system is maintained, the current authorization system — based on science and labeling rules that ensure consumer choice — will not be amended. What will change is that once a GMO is authorized for use as food or feed in Europe, member states will have the possibility to decide on whether to opt out from allowing that particular GMO to be used in their food chain.

Member states will have to justify that their opt-out measures comply

with EU law, which includes the principles of the internal market and EU’s international obligations, of which the EU’s World Trade Organization (WTO) obligations are an integral part. The EC says opt-outs shall be based on legitimate reasons other than those assessed at the EU level, such as risk to human or animal health or the environment.

The legislative proposal now will be sent to the European Parliament and the EC to run its legislative course.

U.S. Trade Representative (USTR) Michael Froman expressed disappointment at the new proposal, saying it will allow EU countries to ignore science-based safety and environmental determinations made by the EU and opt out of imports of genetically-engineered food and feed. He says the proposal appears hard to reconcile with the EU’s international obligations.

“Moreover, dividing the EU into 28 separate markets for the circulation of certain products seems at odds with the EU’s goal of deepening the internal market,” Froman says. “At a time when the U.S. and EU are working to create further opportunities for growth and jobs through the Transatlantic Trade

and Investment Partnership, proposing this kind of trade-restrictive action is not constructive.”

The office of the USTR notes that in 2006, a WTO dispute settlement panel found that EU member-state bans on im-

port and cultivation of GE products violated WTO rules because the safeguards were not based on risk assessments. This decision, the USTR office says, could impact the exports and economies of countries around the world. **CMN**

PEOPLE



Comings and goings ... comings and goings

Advanced Process Technologies, Inc. (APT), Cokato, Minnesota, has added **Philip Cunningham** to its team as vice president, sales. Cunningham’s focus will be to further coordinate plans and strategies for developing new business while strengthening current customer relationships. His career began in production and project management in the New Zealand and Australian dairy industry, with cross-industry and international experience. Cunningham left dairy operations in 1992 to join Diversey Inc., New Zealand, where he worked as sales manager for the Industrial Chemicals Segment. In 1997, he joined GEA Westfalia Separator as business

development manager. In 2002, Cunningham transferred to GEA North America, working in the mechanical separation segment as dairy market manager.

ESE Inc., Marshfield, Wisconsin, has named **Michael Richart** as director of business operations. Previously, he was the managing director of IntelliWorks LLC providing consulting services focusing on change management, transformation, program management, strategic planning and organizational effectiveness. Richart also worked as a Kimberly-Clark director and as a manufacturing engineer and operations manager for Cummins, Inc. **CMN**

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NEWS/BUSINESS



Groups submit comments to FDA that GRAS process is flawed, urging better oversight

WASHINGTON — The Center for Science in the Public Interest (CSPI), Consumers Union, Environmental Working Group (EWG) and Natural Resources Defense Council (NRDC) recently filed 80 pages of regulatory comments telling FDA that its process for determining what substances are generally recognized as safe (GRAS) violates a 1958 law that requires FDA oversight of whether ingredients are safe before they can be used in food.

The groups say that law acknowledges that FDA need not require pre-market testing of substances that have long been used in foods or that are well-recognized as safe

by scientists. However, the groups charge that in a rulemaking opened by FDA in 1997 but never finalized, the agency weakened the standards for what can be considered GRAS and proposed making permanent what the groups say is an illegal program of GRAS determinations by the food industry.

“Congress sensibly intended that certain common ingredients already in wide use, like vinegar or baking soda, would be exempt from the pre-market testing requirements it set up for food additives,” says Laura MacCleery, regulatory affairs attorney for CSPI. “But FDA has let compa-

nies completely abuse that limited exemption and hide the use of new food chemicals from regulators and the public.”

Manufacturers are able to withdraw their GRAS notifications if FDA raises questions about the substances, but this hasn't prevented other companies from using the substances in food anyway, the groups say. They point to epigallocatechin-3-gallate, a chemical that is used in beverages even though its manufacturer had submitted and withdrawn GRAS notifications twice in response to FDA questions.

“The GRAS loophole gives industry

the upper hand,” says Maricel V. Maffini, co-author of a 2014 report from NRDC on problems with the GRAS system. “If FDA asks for additional or more current toxicology or exposure information, a company may choose to withdraw its GRAS notice, effectively leaving the agency in the dark.”

FDA also allows GRAS determinations to be made by the Flavor and Extract Manufacturers Association, and this trade association is declaring chemicals as GRAS even in cases where scientific literature raises questions about their safety, the groups claim.

“The FDA must provide better oversight over all of the substances that are put in our food, especially those whose safety is in question,” says Renee Sharp, EWG research director. “Any safety determination should be based on publicly available scientific data, not the opinions of ‘expert panels’ that likely have conflicts of interest with food additive regulations.”

Ingredients created through nanotechnology can be used in food without FDA oversight, but the groups say tiny nanomaterials have novel properties that may have unpredictable effects on the body. FDA issued guidance to industry that nanomaterials are ineligible for GRAS certification, but that guidance is nonbinding.

“Any substance added to food created by using new science or technology, including nanomaterials, should be required to undergo a safety assessment prior to marketing and so should categorically be denied GRAS status,” says Michael Hansen, Consumers Union senior scientist.

FDA is required to publish a final rule on GRAS substances by August 2016 as part of a consent decree it reached with the Center for Food Safety, which sued the agency last year.

The comments filed by the four nonprofit groups include a number of recommendations they say would bring FDA's pending proposal on GRAS in line with the 1958 food additives law. GRAS designations should not be used for novel chemical ingredients, the groups say, or for substances flagged as risks by authoritative scientific bodies. GRAS notifications shouldn't be based on unpublished studies and should be made by experts without a conflict of interest, and FDA must make GRAS notifications mandatory and public, the groups say.

“By reasserting its legitimate power over the scope and substance of safety determinations with reasonable definitions and requirements, FDA could restore the rightful position of GRAS in the statutory scheme and reestablish public confidence in the agency's oversight,” the filing says. CMN



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NEWS/BUSINESS



FDA seeks comments on food ingredient safety assessment to update guidance

WASHINGTON — FDA recently announced that it has begun the process of updating its current guidance on food ingredient safety assessment, commonly referred to as the “Redbook,” and is requesting input from the public.

The agency says it is interested in developing a framework that incorporates the assessment of ingredients present in various products regulated by FDA’s Center for Food Safety and Applied Nutrition (CFSAN). Examples include food additives, food contact substances, ingredients that are generally regarded as safe (GRAS), new plant varieties, dietary supplements and new dietary ingredients, cosmetic ingredients, as well as unavoidable chemical contaminants other than microbial pathogens.

FDA says it particularly is interested in:

- Which parts of the Redbook should be updated, and how FDA should prioritize updates;
- The scope of the revised guidance, and what other guidance documents could be addressed or incorporated by reference;
- New assays, test methods and endpoints that could be useful for safety assessment, with justifications for why and how these proposed new methods should be considered;

- Key studies and considerations for study interpretation for each of the regulatory categories of food and cosmetic ingredients and chemical contaminants overseen by CFSAN;

- Ways to make the guidance more useful to stakeholders; and

- Ways to make the processes and criteria for safety assessment clearer to stakeholders.

Specific examples, precise wording or other clear and direct suggestions that address these issues are particularly welcome, FDA says.

To submit comments electronically to the docket, visit www.regulations.gov and enter FDA-2014-N-1497 in the search box.

To submit comments to the docket by mail, include docket No. FDA-2014-N-1497 on each page of written comments and mail to: Division of Dockets Management, HFA-305, Food and Drug Administration, 5630 Fishers Lane, Room 1061, Rockville, MD 20852.

The comment period ends May 11.

For more information, visit www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/IngredientsAdditivesGRASPackaging/ucm2006826.htm. **CMN**

Queso Fresco cheese recalled in New York

ALBANY, N.Y. — New York State Agriculture Commissioner Richard A. Ball recently warned consumers not to consume La Clarita Queseria Queso Fresco “Fresh Cheese” made by Queseria La Poblana Inc. of New York City due to possible *Staphylococcus aureus* contamination. To date, no illnesses are known by the New York Department of Agriculture and Markets to be associated with this product.

The recalled cheese is sold in 12-ounce plastic tub packages with a date of May 13,

2015, and was distributed to stores and delis in the metropolitan New York area.

A routine sample of the cheese, collected by an inspector from the department’s Division of Milk Control and Dairy Services on April 15, was tested by the New York State Food Laboratory and discovered to be contaminated with high levels of *Staphylococcus aureus*. The manufacturer was notified of the positive test result and voluntarily recalled the product. **CMN**

Jeni’s Splendid recalls all of its ice cream

COLUMBUS, Ohio — Jeni’s Splendid Ice Creams has initiated a voluntary recall of all ice creams, frozen yogurts, sorbets and ice cream sandwiches for all flavors and containers because of the possible presence of *Listeria monocytogenes*. The company says it is ceasing all sales and closing all scoop shops until all products are ensured to be 100-percent safe.

The products being recalled were distributed in the United States to retail outlets, including foodservice accounts and grocery markets, as well as online at jenis.com. This recall includes all products bearing the “Jeni’s” brand name.

The contamination was discovered

in a sample randomly collected by the Nebraska Department of Agriculture.

Jeni’s Splendid Ice Creams says it is not aware of any illness reports to date related to the recalled products.

“Our top priority is guaranteeing the safety of all consumers by taking every possible precaution,” says John Lowe, CEO, Jeni’s Splendid Ice Creams. “We have called in experts to help us find the root cause. We will be working with our suppliers to determine if the bacteria was introduced by one of the ingredients we use. We will not reopen the kitchen until we can ensure the safety of our customers.” **CMN**

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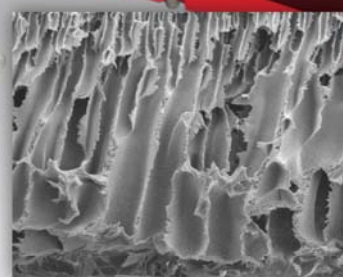
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Photo by Alyssa Mitchell/Cheese Market News

THE BIG CHEESE — Richard Guggisberg, center, president of Guggisberg Cheese Inc., Millersburg, Ohio, proudly stands with his company's 200-pound Grand Champion Swiss Wheel at the U.S. Championship Cheese Auction in Madison, Wisconsin, Wednesday evening. The cheese was purchased by Dairy Products Marketing Co. Inc., Fond du Lac, Wisconsin — Founder and COO Steve Sztukowski (not pictured), Ann Marie Sztukowski, left, vice president, and Yvette Borchert, president — for \$70 per pound or a total of \$14,000.

AUCTION

Continued from page 1

Champion Cheese, a 200-pound Swiss Wheel made by Guggisberg Cheese, Millersburg, Ohio. The winning bid of \$70 per pound — a total of \$14,000 — was placed by Dairy Products Marketing Co. Inc., Fond du Lac, Wisconsin.

Other winning bids for top cheeses from the contest included:

- Item 1: AMPI Like It! — Cheese and Whey Systems, Marshfield, Wisconsin, purchased 40 pounds of Mild Cheddar made by AMPI-Blair, Blair, Wisconsin, for \$250 per pound or a total of \$10,000.
- Item 2: OMG LO'L! — Masters Gallery Foods, Plymouth, Wisconsin, purchased a combined 45 pounds of Medium Cheddar made by Land O'Lakes, Kiel,

Wisconsin, and White Extra Melt Jalapeño Pasteurized Process Cheese, made by Land O'Lakes, Spencer, Wisconsin, for \$275 per pound or a total of \$12,375.

- Item 3: Great Lakes Gold — DSM Food Specialties USA, Menomonee Falls, Wisconsin, purchased 40 pounds of Sharp Cheddar made by Great Lakes Cheese, Adams, New York, for \$100 per pound or a total of \$4,000.

- Item 4: Awesome Agropur — R. Mueller Service and Equipment Co., Monroe, Wisconsin, purchased 40 pounds of Aged Cheddar made by Agropur, Weyauwega, Wisconsin, for \$200 per pound or a total of \$8,000.

- Item 5: Henning's Best — Commodity Risk Management Group, Platteville, Wisconsin, purchased 11 pounds of Cheddar Midget made by Henning Cheese, Kiel, Wisconsin, for \$275 per pound or a total of \$3,025.

- Item 6: Glanbia Greats — GEA Westfalia Separator Group, Northvale, New York, purchased a combined 60 pounds of Banded Sharp Cheddar and White Cheddar and Chives made by Glanbia, Twin Falls, Idaho, for \$60 per pound or a total of \$3,600.

- Item 7: Amazing Arena — Kelley Supply Inc., Abbotsford, Wisconsin, purchased 6 pounds of Colby Deli Longhorn made by Arena Cheese, Arena, Wisconsin, for \$375 per pound or a total of \$2,250.

- Item 8: Mighty Meister — Cherney Microbiological Services, Green Bay, Wisconsin, purchased 40 pounds of Monterey Jack made by Meister Cheese, Muscoda, Wisconsin, for \$125 per pound or a total of \$5,000.

- Item 9: Tillamook Two — Custom Fabricating and Repair Inc., Marshfield, Wisconsin, purchased a combined 40 pounds of Colby Monterey Jack and Red & Green Jalapeño Pepper Jack made by Tillamook County Creamery Association, Tillamook, Oregon, for \$325 per pound or a total of \$13,000.

- Item 10: Foremost Foremost — Winona Foods, Green Bay, Wisconsin, purchased 12 pounds of Low Moisture

Turn to BIDS, page 19 ➔

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NEWS/BUSINESS



BIDS

Continued from page 18

Mozzarella made by Foremost Farms USA, Chilton, Wisconsin, for \$350 per pound or a total of \$4,200.

- Item 11: Dandy DFA — GEA Westfalia Separator Group, Northvale, New York, purchased 6 pounds of Part Skim Mozzarella made by Dairy Farmers of America, Turlock, California, for \$150 per pound or a total of \$900.

- Item 12: Agropur for Sure — DSM Food Specialties USA, Menomonee Falls, Wisconsin, purchased a combined 44 pounds of Mild Provolone and Smoked Provolone made by Agropur, Luxemburg, Wisconsin, and Feta made by Agropur, Weyauwega, Wisconsin, for \$200 per pound or a total of \$8,800.

- Item 13: Bella BelGioioso — ProActive Solutions USA, Green Bay, Wisconsin, purchased a combined 100 pounds of Mandarini, American Grana, Crema di Mascarpone and Crumbly Gorgonzola, Cow & Sheep, made by BelGioioso Cheese Inc., Green Bay, Wisconsin, for \$135 per pound or a total of \$13,500.

- Item 14: Oh Golly, Eau Galle! — D.R. Tech Inc., Grantsburg, Wisconsin, purchased 20 pounds of Aged Asiago made by Eau Galle Cheese Factory, Durand, Wisconsin, for \$175 per pound or a total of \$3,500.

- Item 15: Chalet Shines — Separators Inc., Indianapolis, purchased 40 pounds of Baby Swiss made by Chalet Cheese Co-op, Monroe, Wisconsin, for \$50 per pound or a total of \$2,000.

- Item 16: Klondike Gold — Emmi Roth USA, Fitchburg, Wisconsin, purchased a combined 25 pounds of Mediterranean Feta, Lowfat Feta and Greek Yogurt, 10 percent cream, made by Klondike Cheese Co., Monroe, Wisconsin, for \$150 per pound or a total of \$3,750.

- Item 17: Highest Havarti — Dairy Connection Inc., Madison, Wisconsin, purchased a combined 18 pounds of Havarti made by Fair Oaks Farms, Fair Oaks, Indiana, and Dill Havarti made by Edelweiss Creamery, Monticello, Wisconsin, for \$50 per pound or a total of \$900.

- Item 18: Baker's Boss — R. Mueller Service and Equipment Co., Monroe, Wisconsin, purchased 10 pounds of String cheese made by Baker Cheese Factory, St. Cloud, Wisconsin, for \$1,000 per pound or a total of \$10,000.

- Item 19: Westby's Bestby — Chr. Hansen, Milwaukee, purchased a combined 10 pounds of 4 Percent Cream Small Curd and Lowfat Strawberry Yogurt made by Westby Co-op Creamery, Westby, Wisconsin, for \$300 per pound or a total of \$3,000.

- Item 20: Blue Blue Ribbons — Dairy Connection Inc., Madison, Wisconsin, purchased a combined 15 pounds of Double Creme Gorgonzola made by Litehouse, Sandpoint, Idaho; Shakerag Blue made by Sequatchie Cove Creamery, Sequatchie, Tennessee; and Rogue River Blue made by Rogue Creamery, Central Point, Oregon, for \$70 per pound or a total of \$1,050.

- Item 21: Mill Creek Mastery (First

Runner Up) — Cheese Market News, Madison, Wisconsin, purchased 11 pounds of Brick made by Mill Creek Cheese, Arena, Wisconsin, for \$275 per pound or a total of \$3,025.

- Item 22: Lovely Lactalis — DuPont USA, Beloit, Wisconsin, purchased a combined 20 pounds of Camembert made by Lactalis American Group, Belmont, Wisconsin; Marinated Fresh Mozzarella made by Lactalis American Group, Nampa, Idaho; and Rondelé Garlic & Herbs and Wee Brie Pasteurized Cheese made by Lactalis USA Inc., Merrill, Wisconsin, for \$200 per pound or a total of \$4,000.

- Item 23: Marieke Marvels — Wisconsin Aging & Grading Cheese Inc., Kaukauna, Wisconsin, purchased a combined 36 pounds of Marieke Gouda, Young, and Marieke Gouda, Smoked, Cumin, made by Holland's Family Cheese, Thorp, Wisconsin, for \$100 per pound or a total of \$3,600.

- Item 24: Maple Gold Leaf — Jerry Dryer, Madison, Wisconsin, purchased 12 pounds of Traditional Gouda made by Maple Leaf Cheese Coop, Monroe, Wisconsin, for \$300 per pound or a total of \$3,600.

- Item 25: California Dreamin' — Separators Inc., Indianapolis, purchased a combined 30 pounds of Cumin Gouda made by Oakdale Cheese, Oakdale, California; Chevre with citrus finish made by Cypress Grove Chevre, Arcata, California; Taupiniere, aged, made by Laura Chenel's, Sonoma, California; Gopi Indian Yogurt made by Karoun Dairies Inc., San Fernando, California; and Drinkable Yogurt, Guava, made by Marquez Brothers International, Hanford, California, for \$50 per pound or a total of \$1,500.

- Item 26: W&W Winning — Dairy Products Marketing Co. Inc., Fond du Lac, Wisconsin, purchased 6 pounds of Queso Fresco made by W&W Dairy, Monroe, Wisconsin, for \$150 per pound

or a total of \$900.

- Item 27: Nuestro Oro — D.R. Tech Inc., Grantsburg, Wisconsin, purchased 5 pounds of Queso Oaxaca Ball made by

Nuestro Queso, Kent, Illinois, for \$50 per pound or a total of \$250.

- Item 28: Yummy Emmi — Loos

Turn to WINNERS, page 20 ⇨

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NEWS/BUSINESS



WINNERS

Continued from page 19

Machine & Automation Inc., Colby, Wisconsin, purchased 12 pounds of GranQueso Reserve made by Emmi Roth USA, Monroe, Wisconsin, for \$175 per

pound or a total of \$2,100.

- Item 29: Super Smear — GEA Westfalia Separator Group, Northvale, New York, purchased a combined 35 pounds of Cave Master Reserve, Greensward, made by Jasper Hill Farm & Murray's Cheese, New York; Ashlyn made by Spring Brook Farm, Farms for City Kids Foundation, Reading, Vermont; and Aged Alpine Cheese made by Roelli Cheese, Shullsburg, Wisconsin, for \$25 per pound or a total of \$875.

- Item 30: Cabot's Habit — Pro-lamina, Neenah, Wisconsin, purchased a combined 50 pounds of Hot Buffalo Wing Cheddar and 50 Percent Reduced Fat Cheddar made by Cabot Creamery Cooperative, Cabot, Vermont, for \$150 per pound or a total of \$7,500.

- Item 31: It's Schnabeltier! — Wisconsin Aging & Grading Cheese Inc., Kaukauna, Wisconsin, purchased 11 pounds of Chipotle Pepper Gouda made by Schnabeltier, Rochester, Indiana, for \$60 per pound or a total of \$660.

- Item 32: Killer Cady — Great Lakes Cheese, Hiram, Ohio, purchased 5 pounds of Jack with Kalamata Olives made by Cady Cheese, Wilson, Wisconsin, for \$1,000 per pound or a total of \$5,000.

- Item 33: Sartori's Spendor — Eco-lab, St. Paul, Minnesota, purchased a combined 65 pounds of Peppermint BellaVitano, Sartori Smoked Alpine, Pastorale Blend and SarVecchio Parmesan made by Sartori Co., Plymouth, Wisconsin, for \$100 per pound or a total of \$6,500.

- Item 34: Arla Achieves — Cargill, Conover, Iowa, purchased 5 pounds of Smoked Edam Loaf made by Arla Foods, Kaukauna, Wisconsin, for \$375 per pound or a total of \$1,875.

- Item 35: Wisconsin Farm Gold — Wisconsin Aging & Grading Cheese Inc., Kaukauna, Wisconsin, purchased a combined 45 pounds of Fresh Moz-

zarella Ovoline made by Crave Brothers Farmstead Cheese, Waterloo, Wisconsin; Snowfields (15 months) made by Saxon Creamery, Cleveland, Wisconsin; Aged Pleasant Ridge Reserve made by Uplands Cheese, Dodgeville, Wisconsin; Evalon made by LaClare Farms Specialties, Chilton, Wisconsin; Petit Nuage made by Landmark Creamery, Albany, Wisconsin; and Ocooch Reserve made by Hidden Springs Creamery, Westby, Wisconsin, for \$25 per pound or a total of \$1,125.

- Item 36: King Kraft — Novak's Cheese, De Pere, Wisconsin, purchased 5 pounds of Mozzarella String made by Kraft/Pollio Italian Cheese, Campbell, New York, for \$200 per pound or a total of \$1,000.

- Item 37: Penn-icle — Cherney Microbiological Services, Green Bay, Wisconsin, purchased 10 pounds of Lacey Swiss Cheese made by Penn Cheese, Winfield, Pennsylvania, for \$100 per pound or a total of \$1,000.

- Item 38: Pine River Perfect — Wisconsin Aging & Grading Cheese Inc., Kaukauna, Wisconsin, and Masters Gallery Foods, Plymouth, Wisconsin, got into a bidding war and ended up together purchasing 10 pounds of Aged Asiago Cold Pack made by Pine River Pre-Pack, Newton, Wisconsin, for \$400 per pound or a total of \$4,000.

- Item 39: Carr Valley Victors — B Team, Madison, Wisconsin, purchased a combined 25 pounds of Chunky Blue Cold Pack Spread, Cocoa Cardona and Cave Aged Marisa made by Carr Valley Cheese, La Valle, Wisconsin, for \$25 per pound or a total of \$625.

- Item 40: Super Swiss Valley — Novak's Cheese, De Pere, Wisconsin, purchased 6 pounds of Cream Cheese made by Swiss Valley Farms, Luana, Iowa, for \$50 per pound or a total of \$300.

- Item 41: MMMMontchevre — Winona Foods, Green Bay, Wisconsin, purchased a combined 10 pounds of Honey Goat Cheese and Crumbled Fresh & Natural made by Montchevre-Betin, Belmont, Wisconsin, for \$125 per pound or a total of \$1,250.

- Item 42: Top CROPP — Chr. Hansen, Milwaukee, purchased 9 pounds of Cultured Butter, Organic, made by CROPP/Organic Valley, La Farge, Wisconsin, for \$45 per pound or a total of \$405.

- Item 43: Hillsboro Gold — Cherney Microbiological Services, Green Bay, Wisconsin, purchased 5 pounds of Unsalted Butter made by Hillsboro Riverview Dairy, Hillsboro, Wisconsin, for \$55 per pound or a total of \$275.

- Item 44: Pasture Pride — Wisconsin Aging & Grading Cheese Inc., Kaukauna, Wisconsin, purchased 5 pounds of Traditional Juustoleipa made by Pasture Pride Cheese, Cashton, Wisconsin, for \$150 per pound or a total of \$750.

- Item 45: Upstate Upstages — Chr. Hansen, Milwaukee purchased 5 pounds of Blueberry Greek Yogurt made by Upstate Niagara Co-op, West Seneca, New York, for \$25 per pound or a total of \$125. CMN

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● CHEESE/DAIRY 12

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Kansas City, MO 64153
lsevick@kansasdairyingredients.com



Kansas Dairy Ingredients

For more information please email lsevick@kansasdairyingredients.com

Regional Marketing Manager Midwest Region

The Wisconsin Milk Marketing Board is looking for a Regional Marketing Manager for its Midwest Region.

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Our Requirements: Qualified candidates must have at least five years of progressively responsible sales experience in the retail and foodservice industries, preferably with a supplier, distributor, or retailer. Broad knowledge of the retail and foodservice industries, including distribution, commercial operators, marketing and sales, and the ability to confidently speak in front of groups is essential. Cheese company and/or retail cheese industry experience is preferred. Analytical, organizational and computer skills with a working knowledge of Microsoft Office products is absolutely necessary. A Bachelor's Degree in Business or Marketing is preferred. Must be willing to travel extensively. Qualified candidates only please apply.

Location/Compensation/Benefits: This position will be located in a home office in the Midwest Region of the United States. Compensation consists of a competitive salary and benefits package that includes a company-funded pension plan.

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NEWS/BUSINESS



MARCH

Continued from page 1

February revised production in the 23 major states, at 15.14 billion pounds, was up 1.7 percent from February 2014. The February revision represents a decrease of 10 million or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major states averaged 1,959 pounds for March, 2 pounds above March 2014. This is the highest production per cow for the month of March since the 23-state series began in 2003, USDA says.

The number of milk cows on farms in the 23 major states was 8.62 million head, 86,000 head more than March 2014 but 4,000 head fewer than February 2015.

For the entire United States, NASS estimates March production totaled 18.05 billion pounds, up 1.2 percent from a year earlier. Production per cow averaged 1,941 pounds, up 8 pounds from March 2014. There were 9.30 million cows on U.S. farms in March, NASS says, up 78,000 head from March 2014 but down 5,000 head from February 2015.

Milk production in the United States during the January-March quarter totaled 51.90 billion pounds, up 1.7 percent from the same quarter last year. The average number of milk cows in the United States during the quarter was 9.30 million head, 88,000 head more than the same period last year and 17,000 head more than the October-December 2014 quarter.

In March, California led the nation's milk production with 3.70 billion pounds, down 2.9 percent from its production a year earlier. The decline was driven by both a drop in cow numbers as well as a decline in production per cow. NASS reports there were 1.78 million cows on California farms in March, down 2,000 head from March

2014 and unchanged from February 2015. Production per cow averaged 2,080 pounds in March, down 60 pounds from a year earlier.

Wisconsin followed with 2.44 billion pounds of milk in March, up 3.6 percent from its production a year earlier. Wisconsin was home to 1.28 million cows in March, up 5,000 head from a year earlier and unchanged from a month earlier. Production per cow in Wisconsin averaged 1,910 pounds in March, up 60 pounds from March 2014.

The next highest milk-producing states in March were New York and Idaho, both at 1.17 billion pounds and up 1.1 percent and 1.3 percent, respectively, from a year earlier. Rounding out the top five states was Pennsylvania with 941 million pounds, up 1.3 percent from its production a year earlier. CMN

Milk Production — March 2015

	March 14	March 15	Pct. Chg.	YTD 2014	YTD 2015 *	Pct. Chg.
Arizona	428	434	1.4	1,202	1,234	2.7
California	3,811	3,700	-2.9	10,835	10,513	-3.0
Colorado	296	314	6.1	852	910	6.8
Florida	237	246	3.8	671	700	4.3
Idaho	1,157	1,172	1.3	3,324	3,376	1.6
Illinois	165	168	1.8	471	482	2.3
Indiana	330	343	3.9	944	994	5.3
Iowa	394	408	3.6	1,139	1,187	4.2
Kansas	262	280	6.9	750	799	6.5
Michigan	796	852	7.0	2,291	2,470	7.8
Minnesota	780	814	4.4	2,261	2,351	4.0
New Mexico	714	686	-3.9	2,026	1,962	-3.2
New York	1,159	1,172	1.1	3,333	3,401	2.0
Ohio	460	468	1.7	1,325	1,358	2.5
Oregon	225	222	-1.3	638	636	-0.3
Pennsylvania	929	941	1.3	2,663	2,719	2.1
South Dakota	177	194	9.6	507	554	9.3
Texas	894	889	-0.6	2,531	2,598	2.6
Utah	181	187	3.3	516	545	5.6
Vermont	227	227	0.0	654	657	0.5
Virginia	156	157	0.6	449	450	0.2
Washington	562	568	1.1	1,603	1,632	1.8
Wisconsin	2,350	2,435	3.6	6,783	7,032	3.7
					48,560	
23 STATE TOTAL	16,690	16,877	1.1	47,768	48,560	1.7
EST. U.S. TOTAL	17,829	18,050	1.2	51,020	51,904	1.7

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

Emmi Roth USA headquarters move to Fitchburg, Wis.

FITCHBURG, Wis. — Emmi Roth USA has moved its official national headquarters from Monroe, Wisconsin, about 35 miles north to Fitchburg, Wisconsin, which is a suburb of Madison, Wisconsin.

The new address is 5525 Nobel Drive, Suite 100, Fitchburg, WI 53711.

A company official confirms that Emmi Roth USA's employees who previously worked in a Verona, Wisconsin, office moved to the new Fitchburg office last fall. Earlier this year, another group of employees from the previous Monroe headquarters moved to the Fitchburg office as well.

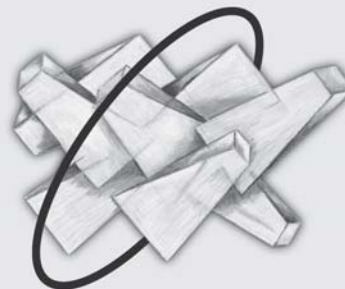
Emmi Roth USA still has employees in the Monroe office as well as its cheese plants in Monroe and Platteville, Wisconsin. The company is owned by Emmi Group, Luzern, Switzerland. CMN

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EXPORT

Continued from page 1

However, the Asian markets are very innovative, she adds, using cream cheese for pizza sauces, yogurts and ice cream.

"Cheeses over there are used more as ingredients than as a snack," she says.

Meanwhile, in Latin America, consumers want traditional fresh, white cheese, something the United States is able to provide being in close proximity, Snyman notes. Specialty cheese also is a growing market in South America, she adds.

The Middle East/North Africa region is one of the biggest growth markets for U.S. dairy, Snyman says, particularly for processed and bulk natural cheese.

Snyman notes that while the United States has the capacity to meet the growing world demand for dairy and is producing cheese varieties that foreign consumers want, U.S. exporters have more work to do to meet product specifications overseas.

"Where the U.S. hurts the most," she adds, is in its commercial practices and presence overseas.

It can be very important to translate labels on packaging or convert pounds to other measurements, Snyman says. In addition, U.S. exporters need to make frequent visits to the markets in which they are selling.

"You have to see if your product is out there, if your marketing strategy is working and what the competition is doing," she says.

The essentials of successful cheese exporting include establishing personal relationships, expecting/anticipating small initial orders, shipping flexibility and consistency as a

supplier, she adds.

In the second half of Thursday's session, a panel of Wisconsin cheesemakers — Andy Hatch of Uplands Cheese Co., Luke Buholzer of Klondike Cheese Co. and Ken Heiman of Nasonville Dairy — shared their exporting experiences.

Heiman says Nasonville dairy is exporting a no-salt Cheddar to China, Feta to Canada and other products to Chile and Morocco.

The no-salt Cheddar in particular was made due to product specifications in China, he notes.

"It all depends on what consumers are looking for. It's what they want, not what we do," he says.

Hatch says that while Uplands is a relatively small cheesemaker, which can present challenges with volume, it still is exporting about 3-4 percent of its product.

"Our product is very specific, so there isn't much change there, but the labeling can be tricky," he says, noting the challenges of a different order in month, date and year on packaging as well as converting pounds to kilograms.

Buholzer says Klondike Cheese exports 5-gallon pails of Feta as well as smaller retail sizes. The company exports mostly to Mexico and Central and South America.

All three companies share the consensus that exporting has been both rewarding and challenging.

For one thing, it can take some time to see payment on product shipped.

"It can take 45-60 days after a shipment to see the money," Heiman says.

In addition, labeling and regulatory issues can create headaches, and language barriers can make it difficult to sort issues out, Buholzer says.

"Everyone needs to be on the same page about orders and what's happening. Any discrepancy can delay the whole process," he says. "You need to understand what all the labeling requirements are in the markets you're shipping to."

Heiman notes the challenges of waning orders in times of a stronger U.S. dollar.

"When the U.S. dollar gains strength, people just stop buying," he says.

Hatch shared an instance of an issue with a product shipment in Japan and the challenges of getting to the bottom of the issue.

"I was 3 degrees separated from the decision-maker in Tokyo, and when things slowed, it was very difficult to get to the bottom of what was going on," he says.

However, the experience is overall rewarding, he adds.

"It looks good to our domestic customers as we are developing relationships that help me as a cheesemaker and us as a company," Hatch says. "Our cheese both in the U.S. and abroad is typically found in high-end shops. If it didn't make money for us, I wouldn't do it, but there are certainly other benefits as well." CMN

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