CHEESE MARKET NEWS®

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



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CSA boxes help cheesemakers, farmers expand customer base

INSIDE

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- ♦ WMMB approves budget for new fiscal year. For details, see page 5.
- DBIC recognizes two companies for innovation.

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By Rena Archwamety

MADISON, Wis. — As summer farmers' market vendors begin setting up stands in cities across the country, many farmers — and cheesemakers — also are taking part in direct producer-to-consumer sales and marketing through Community Supported Agriculture (CSA) programs.

According to USDA, Community Supported Agriculture consists of a community of individuals who pledge support to a farm operation so that the farmland becomes, either legally or spiritually, the community's farm, with the growers and consumers providing mutual support and sharing the risks and benefits of food produc-

tion. LocalHarvest, an online resource for CSAs and local food, describes a CSA as a program where consumers purchase a share up-front in the form of a "membership" or "subscription" and in return receive a certain amount of seasonal produce each week throughout the farming season. The shares typically consist of a box of vegetables but may also include other products such as cheese, eggs and meat.

• Cheese options

Lancaster Farm Fresh Cooperative (LFFC), which consists of about 75 farmers in Lancaster County, Pa., has offered a CSA program since 2006 and recently introduced cheese in addition to its traditional vegetable shares. The CSA last year capped at about 3,500 members in an area that includes the cities and suburbs of New York City, Philadelphia and Washington. About 100-150 subscribers are expected to take part in the cheese option this summer, says LFFC's CSA manager Evan Miller.

"I think the cheese share is going to be popular," Miller says. "We have surveyed members at the end of every season to see what type of items other than produce they would like. Typically eggs are at the top

of the list, followed by dairy products. We've tried to provide a lot of options to our members."

The LFFC cheese shares will be delivered once a month to pick-up sites (the vegetable share isweekly), and each share will include 1.5 to 2 pounds of cow's, sheep's and goat's milk cheeses selected from five or six local cheesemakers, some of whom are LFFC farmer members. The cheese share costs \$159 for six deliveries.

Grant Family Farms, Wellington, Colo., this summer is starting the fifth season of its CSA program and its third year of offering cheese as either an add-on or separate CSA share. The farm's CSA shares offer vegetables and eggs from Grant Family Farms, fruit from its own farm and other small farms on Colorado's Western Slope, mushrooms from Hazel Dell Mushrooms in Fort Collins, Colo., and cheese from three Colorado cheesemakers: Haystack Mountain Goat Dairy, MouCo Cheese Co. and Windsor Dairy.

The cheese is delivered weekly with the rest of the CSA shares during the 26-week season. Each week's cheese share includes a half-pound wedge from Windsor Dairy that varies depending on availability; a 5-ounce round from MouCo that rotates between Camembert, ColoRouge, Truffello and Fetish; and a 4-ounce log from Haystack that rotates between Plain, Herbes de Provence and Cracked Pepper.

Last season Grant Family Farms had about 5,000 total CSA members and 275 who received weekly cheese.

"They like being able to support local agriculture and dairy, and knowing exactly where their cheese is coming from," says Rob Nissen, CSA logistical coordinator, Grant Family Farms.

In addition to drawing more interest to the CSA, Nissen adds that offering the cheese option benefits both the members and the cheese makers that partner with the farm.

"Because we are such a large CSA, we can bring cheese to folks who would not otherwise have easy access to it," he says. "We use our infrastructure to expand the markets of the cheese companies. We do this to provide our members with more options and to support local businesses."

Shared benefits

Cheesemakers who have participated in or run their own CSA programs say they have found many benefits in selling

Turn to CSA, page 10 \$\diamoux\$

New dairy and cheese plant to break ground in Hugoton, Kan.

HUGOTON, Kan. — Kansas Dairy Ingredients has unveiled plans to begin construction in May on a new dairy ingredient and cheese plant that is expected to begin production by the end of 2012.

The company will invest \$20 million in the project over the next 18 months. The facility is expected to be operational by the middle of the fourth quarter of 2012 and will begin cheese production in 2013, according to the Kansas Department of Commerce.

"We are very excited to announce this project in Hugoton, Kan., and the effort of many individuals and organizations should be applauded," says Tim Gomez, chief operating officer of Kansas Dairy Ingredients.

When the facility opens, the company plans to process approximately 1 million pounds of milk per day to produce fractionated dairy ingredients. As production builds, the company anticipates processing up to 2.5 million pounds of milk per day by the end of 2013. Additional capacity will be added to produce cheese and other dry milk ingredients.

Kansas Dairy Ingredients expects to bring 60 jobs to the area in its first two years, along with about 150 temporary construction-related jobs.

"This project will create good-paying jobs for Stevens County and has the potential to spur significant, additional job creation in the future," says Kansas Gov. Sam Brownback.

Kansas Dairy Ingredients will relocate its business offices currently located in Kansas City, Kan., to the Hugoton site.

"We are extremely excited to have this new processing plant coming to our county," says Neal Gillespie, economic development director of Stevens County. "It will provide good jobs, diversify our economy and add to our tax base. We have long believed that the dairy industry is a perfect fit for western Kansas. A processing plant will be a catalyst for the continued growth of this industry that is so beneficial to our local economies."

Brent Davis, CEO, Kansas Dairy Ingredients thanks the people of Kansas, Brownback and banks based in Springfield, Mo., that he says are making the project possible. **CMN**

Production of milk in U.S. climbs 4 percent in March

WASHINGTON — Milk production in the 23 major milk-producing states during March totaled 16.45 billion pounds, up 4.3 percent from March 2011, according to preliminary data released Thursday by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's Milk Production chart on page 11.)

February revised production, at 15.15 billion pounds, was up 8.2 percent from February 2011. The February revision represents a decrease of 13 million pounds or 0.1 percent from last month's preliminary production estimate. Adjusting February production for the additional day due to leap year causes February revised production to be up 4.5 percent on a per day basis, NASS says.

Production per cow in the 23 major states averaged 1,931 pounds for March, 59 pounds above March 2011. The number of cows on farms in the 23 major states was 8.52 million head, 94,000 Turn to NASS, page $11 \Rightarrow$

Appeals Court upholds 2006 law on milk regulation

WASHINGTON — In a long-anticipated ruling, the D.C. Circuit Court of Appeals this week upheld a 2006 law pertaining to fluid milk handlers in federal milk marketing order (FMMO) areas.

The Milk Regulatory Equity Act, authored by Rep. Devin Nunes, R-Calif., was signed into law in April 2006 and amends the Agricultural

Turn to FMMO, page 11 ➪

MARKET INDICATORS



Chicago Mercantile Exchange

Cash prices for the week ended April 20, 2012

	Monday	Tuesday	Wednesday	Thursday	Friday
	April 16	April 17	April 18	April 19	April 20
Cheese Barrels Price Change	\$1.4600	\$1.4600	\$1.4600	\$1.4600	\$1.4600
	NC	NC	NC	NC	NC
Cheese 40-lb. block Price Change	\$1.4875	\$1.4900	\$1.5000	\$1.5100	\$1.5275
	NC	+1/4	+1	+1	+1 3/4

Weekly average (April 16-20): Barrels: \$1.4600(+.0105); 40-lb. Blocks: \$1.5030(+.0155). Weekly ave. one year ago **(April 18-21, 2011):** Barrels: \$1.5875; 40-lb. Blocks: \$1.6119.

Extra Grade NDM Price Change	\$1.1675	\$1.1575	\$1.1575	\$1.1375	\$1.1275
	-1 1/2	-1	NC	-2	-1
Grade A NDM Price Change	\$1.1775 -1 1/2	\$1.1775 NC	\$1.1775 NC	\$1.1775 NC	\$1.1675 -1

Weekly average (April 16-20): Extra Grade: \$1.1495(-.0830); Grade A: \$1.1755(-.0670).

Grade AA Butter					
Price	\$1.4250	\$1.4250	\$1.4125	\$1.4125	\$1.4125
Change	NC	NC	-1 1/4	NC	NC

Weekly average (April 16-20): Grade AA: \$1.4175(-.0085).

Class II Cream (Major Northeast Cities): \$1.5543(+.0528)-\$1.8953(+.0363).

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Weekly	y Cold St	orage	Holdin	gs	April	16, 2012
	On hand	Week	Change si	nce April 1	Last \	/ear
	Monday	Change	Pounds	Percent	Pounds	Change
Butter	8,778	+351	+600	+7	7,867	+911
Chaeca	190 169	-2.017	-3 133	9	125 660	±4.400

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

CLASS III PRICE

(Dollars per hundredweight, 3.5% butterfat test)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72									

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WEBSITE: www.cheesemarketnews.com

CHEESE FUTURES for the week ended April 19, 2012

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

	Fri., A	April 13	Mon., A	pril 16	Tues., A	April 17	Wed., A	pril 18	Thurs.,	April 19
APR12	1.544	1,328	1.544	1,328	1.544	1,328	1.544	1,328	1.544	1,328
MAY12	1.520	1,554	1.515	1,547	1.500	1,565	1.489	1,591	1.505	1,591
JUN12	1.541	1,245	1.532	1,300	1.521	1,387	1.497	1,486	1.534	1,469
JUL12	1.637	921	1.623	934	1.613	990	1.579	1,074	1.585	1,084
AUG12	1.700	823	1.687	829	1.677	853	1.650	933	1.650	936
SEP12	1.710	772	1.705	783	1.690	808	1.680	819	1.680	830
OCT12	1.710	636	1.705	661	1.698	680	1.685	687	1.690	702
NOV12	1.705	632	1.700	632	1.691	661	1.685	687	1.685	695
DEC12	1.700	658	1.693	662	1.693	690	1.677	722	1.675	739
JAN 13	1.700	64	1.698	87	1.698	96	1.698	96	1.684	96
FEB 13	1.750	2	1.744	2	1.744	2	1.739	2	1.729	2
MAR 13	1.750	1	1.750	1	1.750	1	1.750	1	1.750	1
Total Contracts Traded/		ded/								
Open Interest 87/8,636		203/8,766		407/9,061		526/9,426		204/9,473		

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

DRY WHEY FUTURES for the week ended April 19, 2012

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

	Fri., A	pril 13	Mon., Ap	oril 16	Tues., A	pril 17	Wed., Ap	ril 18	Thurs., A	pril 19
APR12	58.00	381	58.00	381	58.00	381	58.00	381	59.00	381
MAY12	50.48	392	50.65	397	50.00	402	50.00	406	52.50	404
JUN12	47.25	366	47.00	369	45.90	376	44.00	385	45.00	386
JUL12	44.00	213	43.50	218	42.98	223	42.75	249	43.50	246
AUG12	43.50	221	43.50	221	42.95	218	42.50	242	43.03	241
SEP12	43.50	199	43.50	199	43.50	212	42.75	215	43.50	215
OCT12	43.00	177	42.50	179	42.50	180	42.00	184	42.00	184
NOV12	42.00	150	42.00	150	42.00	151	42.00	167	42.00	167
DEC12	42.00	150	42.00	154	41.00	154	41.50	154	41.50	158
JAN13	41.00	4	41.00	4	41.00	4	41.00	4	41.00	4
Total Contracts Traded/										
Open Interest 20/2,253		40/2,272		75/2,301		206/2,387		27/2,386		

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

Dry Products*

April 20, 2012

NONFAT DRY MILK

Central & East: low/medium heat \$1.0850(-4)-\$1.3300(-4); mostly \$1.1500(-2)-\$1.3100(-1).

high heat \$1.2900(-2)-\$1.3800(-3 3/4).

West: low/medium heat \$1.1000(-3)-\$1.3250(-2);

mostly \$1.1500(-2)-\$1.2600(-4).

high heat \$1.2800(-1)-\$1.3900.

Calif. manufacturing plants: extra grade/grade A weighted ave. \$1.3034(+.0054) based on 14,255,528 lbs. Sales to CCC: 0 lbs.

WHOLE MILK POWDER (National):

\$1.5300-\$1.5500.

EDIBLE LACTOSE

(**FOB**)Central and West: \$.8500(-1)-\$1.0500(+4 1/2); mostly \$.8900-\$.9400.

DRY WHEY

 Central:
 nonhygroscopic \$.3000-\$.6200;

 mostly \$.4850(-1 1/2)-\$.5800(-2).

 West:
 nonhygroscopic \$.3000-\$.6325(+2 1/4);

mostly \$.4600(-2)-\$.5450(-3/4). **(FOB) Northeast:** extra grade/grade A \$.5600-\$.6600(+2).

ANIMAL FEED (Central): Whey spray milk replacer \$.4300-\$.4800(-2).

WHEY PROTEIN CONCENTRATE (34 percent): \$1.2000-\$1.5750(-3 1/2); mostly \$1.3600-\$1.4650(-2 1/2).

DRY BUTTERMILK

(FOB)Central & East: \$1.0950-\$1.2825.

(FOB) West: \$1.0800(-3)-\$1.2000(-3); mostly \$1.1300(-2)-\$1.1800(-2).

CASEIN: Rennet \$4.3000-\$4.7000; Acid \$4.6000-\$4.9000.

*Source: USDA's Dairy Market News

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U.S.-Colombia Trade Promotion Agreement will take effect May 15, lifting many tariffs

WASHINGTON — President Barack Obama announced this week that the U.S.-Colombia Trade Promotion Agreement will take effect May 15, 2012. The United States and Colombia have reviewed each other's laws and regulations related to the implementation of the agreement, and before Sunday's announcement, U.S. Trade Representative Ron Kirk exchanged letters with officials from Colombia in which each country confirmed that it had completed its applicable legal requirements and procedures for the agreement's entry into force.

On May 15, more than 80 percent of U.S. exports of consumer and industrial products and more than half of U.S. exports of agricultural commodities to Colombia will become duty-free. Virtually all remaining tariffs will be eliminated within 15 years. The agreement also provides duty-free tariff rate quotas on dairy and other agricultural products.

"This agreement will provide American businesses, farmers and ranchers with significantly improved access to the third largest economy in South America," Kirk says, adding that the lower tariffs on agricultural commodities and other exports from the United States will make these more competitive in the Colombian market.

When the Korea, Colombia and Panama free trade agreements (FTAs) were passed last October, the U.S. Dairy Export Council and National Milk Producers Federation estimated that the export gain for dairy from the Korea FTA (which took effect March 15) would be approximately \$380 million per year on average, and the gains from the Colombia and Panama FTAs would add another \$50 million annually.

The International Dairy Foods Association last year noted that the value of U.S. dairy exports to Colombia in 2010 was \$6 million, and the estimated benefit to the U.S. dairy industry over the first several years of an implemented agreement with Colombia would be an additional \$25 million in exports per year. CMN

Advanced Prices and Pricing Factors

	May 2012	April 2012
Base Skim Milk Price for Class I ¹ :	\$10.76/cwt.	\$10.70/cwt.
Advanced Class III Skim Milk Pricing Factor:	\$10.76/cwt.	\$10.70/cwt.
Advanced Class IV Skim Milk Pricing Factor:	\$9.77/cwt.	\$10.39/cwt.
Advanced Butterfat Pricing Factor ² :	\$1.5633/lb.	\$1.5239/lb.
Class II Skim Milk Price:	\$10.47/cwt.	\$11.09/cwt.
Class II Nonfat Solids Price:	\$1.1633/lb.	\$1.2322/lb.
Two-week Product Price Averages:		
Butter:	\$1.4624/lb.	\$1.4299/lb.
Nonfat Dry Milk:	\$1.2642/lb.	\$1.3334/lb.
Cheese:	\$1.5431/lb.	\$1.5186/lb.
Dry Whey:	\$0.6022/lb.	\$0.6117/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 15.85.

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

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

Data provided by USDA

National Dairy Products Sales Report

For the week ended:	4/14/12	4/7/12	3/31/12	3/24/12
Cheese 40-lb. Blocks:				
Average price ¹	\$1.5190	\$1.5431	\$1.5387	\$1.5134
Sales volume ²	10,202,237	*11,337,748	9,488,395	9,554,443
Cheese 500-lb. Barrels:				
Average price ¹	\$1.5919	*\$1.6216	\$1.6713	\$1.6333
Adj. price to 38% moisture	\$1.5108	*\$1.5405	\$1.5896	\$1.5549
Sales volume ²	11,356,102	*9,965,819	9,952,335	9,924,835
Moisture content	34.67	*34.74	34.81	34.87
Butter:				
Average price ¹	1.4481	\$1.4753	\$1.5001	\$1.4519
Sales volume ²	2,586,156	2,845,894	6,118,090	6,594,422
Nonfat Dry Milk:				
Average price ¹	\$1.2672	*\$1.2607	\$1.2747	*\$1.3008
Sales volume ²	25,380,070	*22,311,936	23,622,399	28,521,183
Dry Whey:				
Average price ¹	\$0.5935	*\$0.6130	\$0.5946	\$0.6113
Sales volume ²	7,953,726	*6,409,712	8,523,491	8,184,903

^{*/}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.

MARKET INDICATORS

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CME FUTURES for the week ended April 19, 2012 Class III Milk#*

	Fri., A	pril 13	Mon., A	pril 16	Tues., A	pril 17	Wed., A	pril 18	Thurs.,	April 19
APR12	15.80	4,689	15.79	4,673	15.78	4,663	15.74	4,579	15.77	4,522
MAY12	14.97	4,655	14.98	4,684	14.83	4,710	14.68	4,747	15.04	4,768
JUN12	15.05	3,764	14.96	3,814	14.71	3,888	14.45	4,010	14.80	4,038
JUL12	15.69	2,918	15.64	2,954	15.43	3,009	15.16	3,099	15.33	3,097
AUG12	16.35	2,727	16.24	2,751	16.05	2,800	15.85	2,893	15.89	2,895
SEP12	16.42	2,405	16.40	2,439	16.27	2,472	16.20	2,514	16.19	2,515
OCT12	16.40	2,206	16.37	2,239	16.30	2,270	16.16	2,287	16.18	2,290
NOV12	16.37	2,033	16.30	2,065	16.21	2,085	16.15	2,120	16.10	2,127
DEC12	16.32	1,915	16.20	2,005	16.10	2,027	16.00	2,053	15.99	2,066
JAN13	16.17	203	16.15	238	16.13	257	16.01	277	15.93	290
FEB13	16.04	148	16.04	153	16.03	155	16.03	161	15.89	172
MAR13	16.29	127	16.29	153	16.28	146	16.15	145	16.00	146
APR13	16.35	54	16.35	60	16.30	76	16.30	80	16.15	84
MAY13	16.01	29	16.01	29	15.97	32	15.92	33	15.90	33
JUN13	16.10	29	16.10	29	16.10	29	16.10	29	16.05	29
JUL13	16.25	17	16.25	17	16.25	17	16.25	17	16.01	17
AUG13	16.05	14	16.05	14	16.05	14	16.05	14	16.05	14
SEP13	16.12	4	16.12	4	16.00	5	16.00	5	16.00	5
OCT 13	16.05	4	16.05	4	16.05	4	16.05	4	16.05	4
Total Contra	cts Trade	ed/								
Open Intere	st 898.	/27,947	856	/28,311	1,3	19/28,665	1,43	8/29,073	1,21	17/29,118
				Clas	c IV N	Mill,				

	Fri., Aj	pril 13	Mon., A	pril 16	Tues., A	April 17	Wed., A	pril 18	Thurs.,	April 19
APR12	14.85	338	14.84	338	14.83	338	14.83	338	14.83	338
MAY12	14.73	282	14.73	282	14.71	282	14.68	282	14.50	282
JUN12	14.97	243	14.88	243	14.70	243	14.68	243	14.55	243
JUL12	15.09	83	14.95	83	14.95	83	14.93	83	14.85	83
AUG12	15.20	67	15.20	67	15.20	67	15.18	67	15.14	67
SEP12	15.67	61	15.67	61	15.66	61	15.65	61	15.45	61
OCT12	16.05	72	16.05	72	16.05	72	16.05	72	16.05	72
NOV12	16.15	62	16.15	62	16.15	62	16.15	62	16.15	62
DEC12	16.00	59	16.00	59	16.00	59	16.00	59	16.00	59
Total Contra	cts Trade	ed/		·						
Open Intere	st 1	0/1.267		2/1.267		0/1.267		0/1,267		0/1,267

Cash-Settled NDM

	Fri., Ap	ril 13	Mon., Ap	ril 16	Tues., Ap	ril 17	Wed., Ap	ril 18	Thurs., A	pril 19	
APR12	125.00	259	125.00	259	124.00	258	124.00	258	124.00	258	
MAY12	123.50	297	123.50	297	123.50	297	122.75	297	122.75	297	
JUN12	124.00	388	123.98	388	123.50	388	121.75	388	121.75	388	
JUL12	125.00	356	125.00	356	123.75	356	122.50	360	122.50	360	
AUG12	127.00	361	126.00	362	125.00	364	125.00	368	124.25	369	
SEP12	130.00	237	129.50	250	129.00	252	128.00	276	128.00	278	
OCT12	134.00	197	134.00	213	134.00	215	133.00	228	133.00	228	
NOV 12	135.00	152	135.00	152	135.25	153	135.00	171	135.00	171	
DEC 12	135.00	106	135.03	106	135.25	108	135.00	114	135.00	115	
Total Contra	acts Trade	d/									
Open Intere	Open Interest 48/2,353			38/2,383		15/2,391		111/2,460		15/2,464	

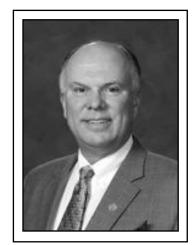
Cash-Settled Butter

	Fri., April 13		Mon., April 16		Tues., April 17		Wed., April 18		Thurs., April 19	
APR12	143.50	747	143.50	748	143.50	748	143.25	743	145.50	746
MAY12	143.50	627	144.00	629	143.00	628	141.75	629	141.50	628
JUN12	146.25	750	147.00	753	145.28	757	144.35	754	144.00	757
JUL12	149.50	595	150.00	599	149.00	612	148.25	622	148.25	620
AUG12	151.50	590	151.75	590	150.25	590	150.00	592	150.00	592
SEP12	152.75	570	153.00	569	151.75	565	151.00	565	151.00	564
OCT12	156.00	603	156.00	603	155.00	604	153.75	613	153.50	614
NOV12	158.50	560	158.50	560	157.25	560	156.00	566	155.50	568
DEC12	157.50	410	157.50	410	157.50	414	157.00	427	156.75	429
JAN 13	159.00	2	159.00	2	159.00	2	157.50	2	156.25	2
Total Contracts Traded/										
Open Interest 4/5 454			25/5 463		76/5 490		196/5 519		00/5 520	

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

GUEST COLUMNIST





Perspective: Dairy Marketing

Stan G. Andre is CEO of the California Milk Advisory Board. He is a guest columnist for this week's *Cheese Market News*®.

Dairy opportunities outweigh industry challenges

Spring brings preparations for a busy season for dairy producers. Like California dairy production, dairy marketing happens all year. Every day, the California Milk Advisory Board (CMAB) works hard to find a home for California milk — more than 40 billion pounds of raw milk — the largest milk supply in the nation.

In 2012, we are kicking off a new fiveyear plan, our road map for achieving the goals we've set forth and measuring progress along the way. While the road has not always been smooth, the past five years have brought many successes for California dairy marketing, beginning with the introduction of the Real California Milk (RCM) seal and continuing with expansion nationally and internationally. In 2007 when we introduced the RCM seal, we were focused on building U.S. markets for California cheese and California was a minor blip on the global dairy radar. Today, products with the Real California Milk and Cheese seals can be found not only throughout the United States but also in more than a dozen countries.

Over this short period of time, we've facilitated new distribution for

more than 4 billion pounds of raw milk equivalent, which translates to new sales of California fluid milk, butter, cheese, yogurt and other dairy products. That does not happen without good, strategic planning or without working closely with our partners — both important measures for continued success.

Because we don't produce milk or make dairy products, we must work well with all areas of the supply chain — from the producers who make the milk (and fund our programs) through to the processors, wholesalers and retailers in order to build demand, the reason we exist. We have worked very hard to develop the relationships and put structures in place to bring both sides to the table to create new channels of business for California dairy.

All indications show those channels continuing to grow as global dairy demand maintains its upward trajectory. The growth of Mexico as a billion dollar dairy export market is a sign of the opportunity international markets present. That bodes well for our producers but not without industry challenges. many which cannot be addressed by a marketing organization like the CMAB. Solutions to the chronic oversupply of milk and the imbalance it creates in the supply chain, the weight of overregulation on an already stretched industry, and the ongoing lack of innovation will continue to remain roadblocks for the year ahead.

Innovation comes from not only thinking outside the box, but also listening to the marketplace. We know that the old "if you build it, they will come" model no longer applies. We as an industry must be open to making an investment in the future by looking at new technologies, new partnerships and new ways of doing business. It's not always comfortable but it is necessary.

The CMAB will continue to do our part to help make that happen. We started this year with a strong resolution to continue our success with identifying new opportunities and markets for California dairy at home and abroad; providing the education and tools processors need to turn California milk into products for new markets — and working more closely than ever to facilitate this process; developing new partnerships to extend our dairy producer dollars; and taking advantage of California's abundant milk supply and geographic location to meet the needs of a growing global population.

Our new five-year plan will help by focusing attention and resources on the areas that offer the greatest opportunities for strengthening demand for and use of California's raw milk supply and opening markets for California products long-term. CMN

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

NEWS/BUSINESS



Trade weighted index, prices for all commodities fall in latest globalDairyTrade auction

AUCKLAND, New Zealand — The trade weighted index dropped 9.9 percent and prices for all commodities saw moderate losses on Tuesday following the latest auction on globalDairyTrade (gDT), Fonterra's internet-based sales platform.

Dave Kurzawski, a commodity broker with FCStone, Chicago, says the price decline is partly due to a "burdensome oversupply" of milk in Oceania and Europe, and to a lesser extent, South America.

"We are flush with milk here in the U.S. as well, and so while demand has remained largely stable, it is not strong enough to absorb excess production of dairy products," he says. "We need strong

demand, and we don't have it, yet."

Kurzawski adds that "we come to think that the pulse of our market is determined by the world, and while it is to a greater degree than just a few years ago, there is likely more disconnect between the U.S. and global dairy markets than we understand."

Cash Cheddar prices at the Chicago Mercantile Exchange were at \$1.4600 per pound for barrels and at \$1.5100 per pound for blocks as of Thursday. (For today's market prices, see chart on page 2.)

Meanwhile, following Tuesday's auction, the average gDT price for Cheddar was at US\$2,937 per metric ton FAS (\$1.3322 per pound), down 12.1 percent

from the April 3 auction.

Kurzawski says that from a domestic supply and demand standpoint, he expects that U.S. prices could converge with the world price levels over the next 30 days.

Other average prices for commodities and the change from April 3 are as follows:

- Rennet casein, down 11.9 percent to US\$6,424 per metric ton FAS (\$2.9139 per pound).
- Whole milk powder, down 11.0 percent to US\$2,847 per metric ton FAS (\$1.2913 per pound).
- Skim milk powder, down 7.6 percent to US\$2,871 per metric ton FAS (\$1.3023 per pound).

- Anhydrous milkfat, down 6.9 percent to US\$3,304 per metric ton FAS (\$1.4987 per pound).
- Milk protein concentrate, down 3.9 percent to US\$4,520 per metric ton FAS (\$2.0503 per pound).

No buttermilk powder was offered. GlobalDairyTrade last week also announced that the proposed change to monthly contract periods has been adopted and will be effective for trading event 67 on May 1. (See "Prices down in latest gDT auction; comments invited on changes to shipment periods" in the March 23, 2012, issue of Cheese Market News.)

For more information, visit www.globalDairyTrade.info. **CMN**

U.S. Court of Appeals rules that OSHA must issue citation within six months of violation

WASHINGTON — The U.S. Court of Appeals for the D.C. Circuit ruled unanimously last week that the Occupational Safety and Health Administration (OSHA) must issue a citation within six months of a violation's occurrence.

The ruling ends the agency's practice of extending the statute of limitations for violations as long as five years and reverses an earlier decision by the Oc-

cupational Safety and Health Review Commission, notes the International Dairy Foods Association (IDFA).

"Nothing in the statute suggests Congress sought to endow this bureaucracy with the power to hold a discrete record-making violation over employers for years, and then cite the employer long after the opportunity to actually improve the workplace has passed," wrote Judge

 $Janice\,Rogers\,Brown\,in\,the\,lead\,opinion.$

However, if an employer continues to place employees in unsafe conditions or does not provide appropriate training, "OSHA may be able to toll the statute of limitations on a continuing violations theory since the dangers created by the violations persist," she adds.

"This is an important case, and the decision adds much-needed clarity for

businesses that need to know when the statute of limitations applies and when it doesn't," says Clay Detlefsen, IDFA vice president of regulatory affairs.

The case before the court, AKM LLC d/b/a Volks Constructors vs. Secretary of Labor, challenged more than 60 citations that OSHA gave Volks for record-keeping violations that occurred between 2002 and 2006. CMN



House Agriculture Committee subcommittees schedule hearings on farm bill for April, May

WASHINGTON — House Agriculture Committee Chair Frank Lucas, R-Okla., this week announced another series of hearings on the 2012 Farm Bill to begin next week in Washington, D.C.

The six House Agriculture Committee subcommittees will hold the hearings throughout April and May to hear from national agricultural stakeholders advocating for policy priorities.

"It's important to consider a variety of perspectives when writing comprehensive legislation," Lucas says. "We are continuing our efforts to gather as much information as possible so we can write sound and effective farm policy that works for all of agriculture."

The House farm bill hearing schedule is as follows:

- April 25: Subcommittee on Rural Development, Research, Biotechnology and Foreign Agriculture to discuss rural development program.
- April 26: Subcommittee on Conservation, Energy and Forestry to discuss conservation programs.
- April 26: Subcommittee on Livestock, Dairy and Poultry to discuss dairy programs.
- May 8: Subcommittee on Nutrition and Horticulture to discuss nutrition and specialty crop programs.
 - May 10: Subcommittee on Depart-

ment Operations, Oversight and Credit to discuss credit programs.

- •May 16 and 17: Subcommittee on General Farm Commodities and Risk Management to discuss commodity programs and crop insurance.
- May 18: Subcommittee on Subcommittee on Conservation, Energy and Forestry to discuss energy and forestry programs.

Lucas says that he anticipates the House Agriculture Committee will mark up its version of the farm bill later this spring or early summer.

The International Dairy Foods Association (IDFA) notes that Jon Davis CEO of Davisco Foods International Inc., IDFA secretary and chair of the National Cheese Institute — will testify on behalf of IDFA at the April 26 farm bill hearing on dairy programs.

Meanwhile, the Senate Agriculture Committee, which already held a series of farm bill hearings this year, has indicated that it may mark up a farm bill as early as next week, according to IDFA.

IDFA notes that this week, Agriculture Secretary Tom Vilsack said that he "expects the full Senate to vote on the bill in late spring or early summer," and "it's possible to have legislation approved by Congress before the current law expires in September." CMN

WMMB approves FY2013 promotion budget

MADISON, Wis. — The Wisconsin Milk Marketing Board (WMMB) recently announced the approval of a \$30.3 million promotional program plan and budget covering the 2013 fiscal year which begins July 1, 2012, and runs through June 30, 2013. The FY2013 plan covers in-state and national cheese and dairy product promotion; retail, food processing and foodservice marketing and educational programs; national communications activities; and administrative budgets.

Plans for the upcoming year include national support for the promotion of Wisconsin cheese in all 50 states and maintain promotional activities within the state for all dairy products made from Wisconsin-produced milk. National activities include retail and foodservice trade show promotions, buyer education, cheese usage training and education, and special events showcasing Wisconsin's cheese and dairy industry. WMMB will continue year-round in-store retail promotions, manufacturer/marketer co-op product demos, point-of-sale information and in-store "Wisconsin Cheese" signage. Brand equity partnering with Wisconsin dairy manufacturers and marketers also will continue, with emphasis on including Wisconsin identification on more cheese packaging and continued expansion of national distribution of Wisconsin cheese. Additional focus on the pizza and sandwich categories also is included.

The FY2013 budget continues support for the Wisconsin Center for Dairy Research (CDR), which provides research and technical assistance to Wisconsin cheese and dairy processors.

Communications activities in the FY2013 budget include national advertising, in-school nutrition education programs conducted by the Wisconsin Dairy Council and statewide promotion programs for fluid milk and other Wisconsin dairy products. Also included are June Dairy Month and Wisconsin State Fair activities and other in-state seasonal promotions such as a fall chocolate milk promotion and sportsoriented marketing programs such as Dairy Day at Miller Park, sponsorship of WIAA high school state tournaments, Badger Athletics and the Tour of America's Dairyland cycling series.

Support of Wisconsin's Alice in Dairyland program and the year-round grassroots promotion activities conducted by 63 county dairy leader groups are part of the FY2013 promotional plan. The half-hour "America's Dairyland" TV series and the weekly "Wisconsin Dairy News" segments which air during newscasts throughout the state also will continue through the next year.

For national advertising, plans include print advertising in major food magazines. WMMB projects its advertising will generate more than 200 million consumer impressions in FY2013. Another 150 million impressions are expected to be generated through WMMB's national publicity activities, which include placing stories about Wisconsin Cheese in major consumer food magazines and online media outlets.

The FY2013 budget continues support of websites and social media activities which generate more than 3 million consumer visits each year and include EatWisconsinCheese. com, CheeseAndBurgers.com, Grilled-CheeseAcademy.com, CheeseCupid. com, DairyDoingMore.org and youtube. com/DairyImpactWisconsin. **CMN**

CWT assists with butter, cheese export sales

ARLINGTON, Va. — Cooperatives Working Together (CWT) has accepted 16 requests for export assistance from Bongards' Creameries, Dairy Farmers of America, Darigold, Foremost Farms, Michigan Milk Producers Association, Upstate Niagara Cooperative and United Dairymen of Arizona to sell a total of 824 metric tons (1.8 million pounds) of Cheddar and Monterey Jack and 487 metric tons (1.1 million pounds) of butter to customers in Asia, Central America, the Middle East and North Africa.

The product will be delivered April through September 2012.

In 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda totaling 43.4 million pounds and butter totaling 38.5 million pounds to 25 countries on four continents. On a butterfat basis, the milk equivalent of these exports is 1.24 billion pounds.

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

Raw milk linked to Oregon E. coli outbreak

SALEM, Ore. — The Oregon Public Health Division, the Oregon Department of Agriculture and several local health departments in Oregon are investigating an outbreak of *E. coli* O157:H7 infections that have been linked to the consumption of raw milk.

A total of five people, ages 1 to 14, have laboratory-confirmed cases of *E*. coli. Four of the children have been hospitalized, and three have hemolytic uremic syndrome, a type of kidney failure. In addition, 13 people have reported having diarrhea and other symptoms typical of E. coli 0157 infections, but their cases have not been lab-confirmed.

All of those sickened consumed raw milk from Foundation Farm in Clackamas County, Ore. On Tuesday, Oregon Public Health officials reported that samples taken from Foundation Farm's cows, manure and surfaces as well as raw milk from a farm customer tested positive for *E. coli* O157.

The farm has voluntarily ceased its milk distribution as the investigation continues. Customers of this small farm's milk are being notified to discard their milk, and others who may have raw milk from this farm are being advised not to drink it and to dispose of it.

Milk from Foundation Farm and raw cow's milk in general is not allowed to be sold in retail stores in Oregon. The dairy distributed to 48 households that were part of a herd-share.

State and local public health officials are investigating these cases, including interviewing customers and family members of those infected.

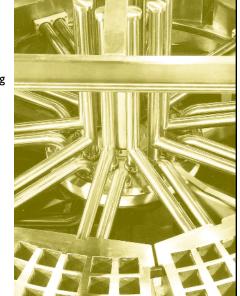
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Dairy Farmers of America holds groundbreaking for new 110,000-square-foot plant in Nevada

FALLON, Nev. — Representatives from Dairy Farmers of America Inc. (DFA) last week joined officials from the city of Fallon, Nev., and Churchill Economic Development Authority to mark the official groundbreaking for a new 110,000-square-foot dairy ingredient manufacturing facility here.

More than 120 members of the Fallon community and cooperative members, including DFA's Western Area Council, participated in the ceremony.

"As a milk marketing cooperative focused on our dairy farmer-owners, we

have a responsibility and an obligation to explore new options to bring our members greater returns," says Mark Korsmeyer, executive vice president of DFA and president of DFA's Global Dairy Products Group. "Through this new plant, we are able to continue our work to build value for American dairy farmers while providing high quality and safe food to global consumers."

Located on a 31.5-acre parcel in Phase II of Fallon's New River Business Park, DFA's \$85 million dairy manufacturing facility will be the first of its kind in the industry, with the ability to produce dried dairy ingredients, such as whole milk powder, on a demand basis, the co-op says. The plant will be equipped to process 2 million pounds of raw milk daily and, at full capacity, will produce approximately 250,000 pounds of dried dairy ingredients daily (90 million pounds annually) for domestic and global customers.

The investment, approved by DFA's dairy farmer board of directors, is part of the cooperative's strategic initiative to increase commercial investments in an effort to bring increased value to its member-owners. The project provides DFA the opportunity to enter a new market segment and to continue to leverage dairy farmer equity into profitable investments, the co-op says.

"As a result of the combined efforts of DFA, the state, city and county that brought the dairy plant to Fallon, the local dairy industry and the businesses that support dairy farmers have a bright future," says Glenn Wallace, chief operating officer for DFA's Ingredients division. "This plant provides opportunity not only for the existing dairy farms in this area, but also makes room for new dairy operations to help grow the local dairy industry."

In addition to the creation of at least 40 full-time positions at the facility, increased employment opportunities are expected to occur in the community, on member farms and in agriculture support industries, DFA says.

"It is gratifying to see the city of Fallon's efforts to build a business-friendly environment payoff," says Fallon Mayor Ken Tedford Jr. "We welcome Dairy Farmers of America to Fallon and look forward to the many construction and dairy industry jobs that will build a stronger community and support many Fallon families for years to come."

Construction will begin in the second quarter of 2012 and is scheduled for completion during summer 2013. CMN

Determination of equivalent prices for Dairy Product Sales report announced by USDA

WASHINGTON — USDA in the April 13, 2012, Federal Register announced a determination of equivalent prices series notice for the Dairy Product Sales report.

USDA notes that the secretary of agriculture has determined that the dairy product price series in the Dairy Product Sales report, as published by USDA's Agriculture Marketing Service (AMS), is equivalent to those prices previously released by the National Agricultural Statistics Service (NASS) in the Dairy Products Prices report.

As NASS has discontinued publica-

tion of the Dairy Products Prices report and AMS has recently implemented an electronic reporting system to compile and publish these data, USDA will consider these two series as being equivalent.

The AMS data, published in the Dairy Product Sales report, will be used in the calculation of milk component values and the subsequent computation of federal milk marketing order minimum classified milk prices.

For more information, contact Bret Tate with AMS at 202-720-7183 or email bret.tate@ams.usda.gov. CMN

Raw milk eyed in Missouri E. coli infections

JEFFERSON CITY, Mo. — The Missouri Department of Health and Senior Services (DHSS) is investigating the source or sources of an *E. coli* outbreak. The State Public Health Laboratory this week confirmed 14 cases of *E. coli* 0157:H7 in Missouri residents.

Consumption of raw dairy products has been identified as a possible risk factor in some of these cases, the department says. Of the 14 confirmed cases, seven of the individuals consumed raw milk from the same farm in Howard County, Mo. The remaining seven individuals with confirmed *E. coli* infections reported that they did not consume raw dairy from this farm prior to the onset of the illness. The Missouri DHSS continues its investigation to determine common exposure sources between all the cases.

Missouri's State Public Health Laboratory has analyzed eight food samples associated with products from the Howard County farm. All eight of those samples have tested negative for *E. coli* O157:H7. The owner of the farm has discontinued the sale of raw dairy products.

On-farm sales of raw milk and cream to consumers for their own use are legal in Missouri.

Earlier this month the Missouri DHSS issued a health advisory on its investigation of cases of Shiga toxin-producing *E. coli* in central Missouri during late March and early April 2012. Two of the cases, a two-year-old child and a 17-month-old child, reportedly have developed hemolytic uremic syndrome (HUS), a life-threatening condition that may result in permanent kidney damage in some of those who survive.

DHSS has posted a "Milk Safety" advisory to its website, warning of the health risk of consuming raw milk, particularly to infants and young children, the elderly, pregnant women and people with weakened immune systems.

The investigation is ongoing, and while raw milk has been named as a possible risk factor, the source of the infections has not been identified. CMN



For more information please visit www.relco.net

CDI warns producers about milk supply

VISALIA, Calif. — In response to current market conditions, dairy processing cooperative California Dairies Inc. (CDI) recently cautioned its member-owners that penalties for overproduction of milk may be incurred as per the terms of CDI's internal supply management program.

In effect since 2008, CDI's internal supply management program is designed to place limitations on the amount of milk that each member is allowed to ship to the cooperative. Penalties may apply to members who ship more milk than the baseline amount they were assigned.

Since May 2009, CDI has not penal-

ized any member for over-production.

"Unseasonably high milk production has necessitated the need to remind members of the supply management program and the possibility of penalties," says Andrei Mikhalevsky, CEO, CDI. "CDI's manufacturing staff and management have done a remarkable job of managing the rapidly increasing milk supply CDI has experienced over the last four months; however, as additional milk continues to enter the market, it has become increasingly difficult for all cooperatives to handle and process the milk received."

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



WSCI to host golf outing, fundraiser

DELAVAN, Wis. – The Wisconsin Specialty Cheese Institute's (WSCI)12th annual golf outing held at University Ridge Golf Course in Madison June 28 will honor the late Paul McShane and raise funds for the organization.

A Paul McShane traveling trophy will be presented to the first place team to honor McShane, "a class act on and off the green" who acted as a tireless champion of specialty cheese in Wisconsin.

Registration forms may be found at www.wisspecialcheese.org. For more information e-mail info@wisspecial cheese.org or call 1-866-740-2180. CMN

3-A SSI's 2012 annual meeting is May 14-17 in Wis.

MILWAUKEE — The 3-A Sanitary Standards Inc. (3-A SSI) 2012 annual meeting and education program will be held here at the Clarion Hotel and Conference Center May 14-17.

On May 14, an event for 3-A SSI beginners will provide an overview of the elements of sanitary equipment design and standards.

Event topics on May 15 will include food safety, emerging industry needs, materials selection, electro-chemical activation, corrosion resistance, weld acceptability and designing for hygienic applications. The day will end with a networking reception.

On May 17, there will be an open mike session and a review of 3-A SSI highlights and accomplishments from the previous year. A wide-range of open forums on development of 3-A SSI standards also will be held.

There also will be work groups held with experts who will cover updates to current standards and new documents.

To register, or view a full program agenda, visit www.3-a.org. CMN

Cornell University cultured products workshop slated for May 15-17

ITHACA, N.Y. — Cornell University's department of food science will host a basic cultured products workshop here in Morrison Hall May 15-17.

The two-day applied course will cover basics in cultured product production, focusing mainly on yogurt. The course provides a section on culture selection, general culture problems, basic milk chemistry and includes a hands-on yogurt making component.

For more information, contact Janene Lucia or Rob Ralyea at jgg3@ cornell.edu. rdr10@cornell.edu or call 607-255-2892. **CMN**

Workshop for dairy economists, policy analysts set for May 10-11

SALT LAKE CITY — The 19th annual National Workshop for Dairy Economists and Policy Analysts will be held here May 10-11.

Registration for the program costs \$375, and the deadline to register is

The workshop will begin May 10 with a presentation by Andy Novakovic of Cornell University on what motivates milk marketing orders. David Cooper of Family Dairies USA, John Wilson of Dairy Farms of America Inc., and Mike Suever of H.P. Hood will follow with a presentation on regional issues and political factors that impact milk marketing.

After a break, Mark Stephenson of the University of Wisconsin-Madison and Ron Knutson of Texas A&M will discuss price discovery pertaining to milk marketing orders. Chuck Nicholson of Cal-Poly and Corey Freije of Federal Order 30 will discuss classified pricing.

After lunch, the program resumes with Cameron Thraen and John Newton of Ohio State University, Bill Curley of Blimling and Associates, and Alan Zepp of Pennsylvania Center for Dairy Excellence discussing margin insurance plans.

Following an afternoon break, Scott Brown of the University of Missouri, Chris Wolk of Michigan State

University and Chris Noble of Linwood Management Group will discuss growth management, milk price and margin outcomes.

The program will resume May 11 with Sue Taylor of Leprino Foods, Ernest Yates of LALA Foods Inc., Benoit Rouyer of Cniel and Mike John of MD-VA Milk Producers leading a dairy processors' discussion panel. Jim Krahn of Oregon Dairy Producers, Rick Phillips of Dairy Farmers of Canada, Geoff Vandenheuvel of J&D Star Dairy and Jerry Meissner of Norm-E-Lane Inc. Dairy will hold a dairy farmers' discussion panel.

For more information, or to register, visit http://dairy.wisc.edu. CMN







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EVENTS



Artisan cheese, foods to be showcased at **Vermont Cheesemakers' Festival July 22**

SHELBURNE, Vt. — More than 200 Vermont cheeses will highlight the fourth annual Vermont Cheesemakers' Festival at Shelburne Farms July 22.

More than 40 Vermont cheesemakers will showcase their products, sampling and selling hundreds of different cheeses. Artisan bread makers and small-batch chocolatiers are among the 20 specialty food producers that will join the cheesemakers. Twenty Vermont wineries and breweries also will offer local and organic microbrews, ice wine and award winning cold-climate

"Cheesemaking in Vermont has grown from a cottage industry with a few well-known brands to a vital piece of our agricultural fabric," says Rachel Schaal of the Vermont Cheese Council. "In fact, Vermont has the highest number of cheesemakers per capita. That, along with the fact that Vermont cheeses continually bring home the gold from national and international competitions, has earned us the reputation as the Napa Valley of cheese."

New for the 2012 festival will be a How Cheese Works seminar with Zoe Brickley from the Cellars at Jasper Hill and Taylor Cocalis, co-founder of Good Food Jobs. Brickley and Cocalis will explore the basic science of cheesemaking from pasture to market. Sean Buchanan of Farmplate and Alice Feiring, author of *Naked* Wine, Letting Grapes Do What Comes *Naturally*, will lead a wine and cheese pairing seminar.

The Festival also will feature two free demonstrations, a cooking show with Nina Lesser-Goldsmith of Healthy Living Market and a cheesemaking demonstration with Peter Dixon, owner, Westminister Artisan Cheesemaking.

Admission is \$40 per person, or \$50 with wine and beer tasting. Seminars are \$45 per person and seating is limited. For additional information and ticket reservations visit www.vtcheesefest. com or call 802-863-5966. CMN

First Minnesota Cheese Festival is June 3

MINNEAPOLIS — The first annual Minnesota Cheese Festival will be held here at the Minnesota State Fair Grounds June 3.

The event will be open to the public from noon-6 p.m. and aims to raise awareness of Minnesota's growing cheesemaking community.

Minnesota is the No. 6 cheeseproducing state in the United States. In recent years, the state's large cheese processors have been joined by worldclass artisan cheese producers — such as Caves of Faribault, Alemar Cheese Co. and Shepherd's Way Farms. All three of these producers will be in attendance at the festival, alongside numerous Wisconsin cheesemakers.

"Wisconsin has incredible state-run programs that support the cheesemaking community, but the resources for Minnesota cheesemakers are limited," says Whitney McChane, festival organizer. "These are hard-working small

business owners who are responsible for everything from herd management to product distribution — and marketing often falls to the end of the 'must do' list. This event is hopefully the first of many designed to support and empower the local cheesemaking community while fostering a sense of pride among Minnesota residents."

Timed to coincide with National Dairy Month in June, the festival is expected to draw sizeable crowds, Mc-Chane adds.

"Minnesota has a long and rich history of dairy farming, and while our output can't compete with our eastern neighbor Wisconsin, our milk quality certainly can," says Keith Adams, founder and head cheesemaker, Alemar Cheese Co. "And, if it isn't immediately apparent, great cheese can only be made from great milk."

For more information, visit www.mncheesefest.com **CMN**

Alltech's annual symposium is May 20-23

LEXINGTON, Ky — Alltech's 28th annual International Symposium to be held here May 20-23 in Lexington, Ky., will offer dairy-focused sessions that examine issues and seek solutions for more sustainable, profitable dairy production that can grow sufficiently to meet the demands of the increasing global population.

"The dairy industry is a crucial segment in the future of food production," says Sylvie Andrieu, European technical ruminant manager, Alltech, and co-chair for the International Symposium. "The dairy sessions at the International Symposium are geared toward people who are looking for innovative ideas and strategies to improve the future of dairy, whether that is by increasing the health and production of their cows, exploring solutions to environmental concerns or

increasing sales and profitability."

Featured speakers include: Paul Campbell, Fonterra; Mike Hutjens, University of Illinois; Joseph Kerns, International Agribusiness Group; Jim Ostrom, Milk Source; and Mikhail Ramanovich, IFCN Dairy Research Center. The 2012 Symposium will be the forum for more than 100 presentations by industry experts, including those from Domino's Pizza, Jack in the Box, Wendy's, Nestlé, Murphy-Brown, Future Farmers of America, PetSmart and the Harvard School of Business.

The event is expected to draw more than 2,500 delegates from around the world, making it the industry's largest symposium. To register, visit www.alltech.com/symposium, or contact symposium@alltech.com. CMN



For more information please visit www.cheesemarketnews.com

PEOPLE



Comings and goings ... comings and goings

Ron Buholzer of Klondike Cheese, of the Wisconsin Cheese Makers Association (WCMA) during the International Cheese Technology Exposition held in Milwaukee last week. Buholzer replaces Mark Schleitwiler of BelGioioso Cheese, Green Bay, Wis., who served as president for two years. Additionally, Eric Liebetrau of Park Cheese Co., Fond du lac, Wis., was elected first vice president; Pat Mugan of Sartori Food Corp., Plymouth Wis., was elected second vice president; Steve Stettler of Decatur Dairy, Brodhead, Wis., was elected secretary; and Scott Meister of Meister Cheese Co., Muscoda, Wis., was elected treasurer.

Oakhurst Dairy, Portland, Maine, Monroe, Wis., was elected president has announced that John Bennett and Thomas Brigham will run the company as co-presidents. This marks the first time in the company's 90-year history that someone outside the Bennett family will hold the position of president. John Bennett previously held the position of executive vice president and CEO. As co-president he will oversee plant operations, logistics, quality control and information technology. Brigham joined the company in 1995 and previously served as executive vice president and chief financial officer. As co-president he will oversee sales, marketing, finance and administration. They take over for Bill Bennett, who will remain chairman of the board. CMN

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MARKETING

10

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10

12

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STORAGE

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USDA announces grants for farmers' markets, community supported agriculture, road stands

WASHINGTON — USDA recently announced that it is seeking grant applications for its 2012 Farmers Market Promotion Program.

Approximately \$10 million is available for direct producer-to-consumer marketing operations that include, but are not limited to, farmers' markets, community supported agriculture (CSA) and road-side stands. The grants, which are administered by USDA's Agricultural Marketing Service (AMS), are available through a competitive application process on www.grants.gov. The grants aim to increase the availability of local agricultural products in communities throughout the country and to help strengthen farmer-to-consumer marketing efforts.

"These grants will put resources into rural and urban economies and help strengthen efforts to provide access to nutritious and affordable foods," says USDA Deputy Secretary Kathleen Merrigan. "This program not only supports the health and wellbeing of local communities, but also the economic health of their farms and businesses."

USDA, in coordination with the Departments of the Treasury and Health

and Human Services, seeks to increase access to fresh, healthy and affordable food choices for all Americans, while expanding market opportunities for farmers and ranchers. USDA says that projects that expand healthy food choices in food deserts or low-income areas, where 20-percent or more of the population are living in poverty, will receive additional consideration. **Under the Farmers Market Promotion** Program, healthy foods include fat-free or lowfat dairy, fruits, vegetables, whole grains, perishable or canned lean meats and nutrient-dense foods and beverages encouraged by the 2010 Dietary Guidelines for Americans.

Information on applying for a Farmers Market Promotion Program grant was published in the April 6 Federal Register and is available online at www.ams. usda.gov/FMPP. Applications will only be accepted via grants.gov and must be received by May 21, 2012. Applications that are incomplete, hand-delivered or sent via U.S. mail will not be considered. USDA says applicants should start the grants.gov registration process as soon as possible to meet the deadline. For additional information, contact Carmen Humphrey, program manger, at 202-720-

8317 or e-mail usdafmppquestions@ ams.usda.gov.

Authorized by the Farmer-to-Consumer Direct Marketing Act of 1976 and amended by the Food, Conserva-

tion and Energy Act of 2008 (the Farm Bill), the Farmers Market Promotion program is in its seventh year of funding direct markets that benefit local and regional economies. **CMN**

CSA

Continued from page 1

and marketing their cheeses through this unique structure.

Appleton Creamery, which makes artisan goat's, sheep's and cow's milk cheese on its farm in midcoast Maine, was invited two years ago by Hatchet Cove Farm in Warren, Maine, to provide cheese as an "add-on" to Hatchet Cove's regular vegetable CSA. This summer, Appleton Creamery is starting its third season partnering with the Hatchet Cove CSA as well as its first season with three other farms. Subscribers receive approximately 12-16 ounces of artisan cheese a week, depending on variety and piece size. Last season Appleton Creamery provided 40 shares to Hatchet Cove, and this season they hope to double that number.

"It's been a great model for us — providing much needed start-up capital in the spring, and an outlet for overstock in the summer," says Caitlin Hunter, owner and cheesemaker, Appleton Creamery. "It has also been an opportunity to market new varieties or limited quantities of cheese to a very focused audience."

While many CSAs offer cheese as an add-on to vegetable subscriptions, Jodi Ohlsen Read and Steven Read of Shepherd's Way Farms in Nerstrand, Minn., have created a CSA that focuses entirely on their small-batch farmstead sheep's and mixed milk cheeses.

"We started our cheese CSA in 2009 as another way to build our cheese customer community and help finance portions of our rebuilding and increased production," says Ohlsen Read. "It is an accessible way for members to participate in a 'slow money' approach to investing, investing our money locally in sustainable food and land."

The Shepherd's Way Farms cheese CSA usually has between 50 and 80 members, and it offers either a sixmonth subscription for \$180 or a year subscription for \$320. CSA members, who pick up their monthly shares at various locations in Minneapolis, St. Paul and Northfield, Minn., receive an assortment of 4-6 pieces of Shepherd's Way Farms cheeses totaling 1.5 pounds. In addition to the cheeses that are sold at retail, Shepherd's Way Farms also includes in its CSA shares Ricotta that is made in extremely limited quantities, cheeses that are being developed, and special products like Shepherd's Truffles, Adobo Cheese Spread and others.

Ohlsen Read says their members enjoy learning about the cheeses, trying recipes the CSA provides and receiving special products not available through retail. Quite a few also have given a CSA membership as a gift.

"Our members choose the CSA for several reasons — they like the cheese, the access to limited availability cheeses and new products, and they enjoy supporting a local farm, being connected," she says.

• Challenges and opportunities

Miller says typically LFFC gets most of its new CSA customers through word-of-mouth referrals, and adding more options, such as cheese, will help attract more people through that type of communication. The cheese shares also are a good way to introduce customers to the vegetable shares, what's included and how to use them.

"Once they get to the pickup site and see the produce and other members, they might be more comfortable," Miller says. "Diversification and options that appeal to a wide range of people is beneficial for customers and farmers. Overall it's a win-win for everyone."

Cheesemakers who market through CSAs say one challenge is mixing up the types of cheese from one week's or month's share to the next.

"I need to make sure I provide a variety of cheese and suggestions for uses/recipes, and offer them interesting information about the cheese and cheesemaking," Ohlsen Read says.

Hunter conducts a survey at the end of the CSA season to learn what other kinds of cheese customers would like to see. Appleton Creamery is able to fill out its variety by sourcing from other Maine cheesemakers.

"We are lucky in that we make many varieties of goat, sheep and cow cheeses, so we are able to mix it up each week," Hunter says. "When I think things are getting boring, I can buy in cheese from another cheesemaker."

Another challenge, Hunter says, is that cheese is an expensive add-on, and therefore out of reach for some lower-income customers. However, she says one of the farms she works with has been able to utilize a grant to receive Supplemental Nutrition Assistance Program benefits from customers, spread over the season, so it's not a burdensome cost for them.

Additionally, Farmers Market Promotion Program grants are available through USDA to help fund CSA programs and other direct farmer-to-consumer markets that help provide local agricultural products in communities throughout the country. (See related article on this page.)

Cheese CSAs provide a variety of cheeses to customers, as well as bring a variety of customers to the cheesemaker.

"It does reach a different set of customers, and often these new customers then come to a farmers' market just to

Turn to GRANTS, page 11 ➪



For more information please visit www.thicknthincheeseslicers.com

Prairie Farms Dairy partners with MMCB

ST. LOUIS — Prairie Farms Dairy and Madrina's Multicultural Brands (MMCB) announced a new distribution partnership last week.

The partnership will increase consumer access to MMCB products, including Madrina's Helado (ice cream), which is slated to arrive in stores across the nation in coming weeks, the companies say.

Prairie Farms Dairy has a direct store delivery network that covers 17 states. In addition to its ice cream products, MMCB also offers traditional Latino beverage flavors.

"Our customers will appreciate having access to Madrina's contemporary yet authentic flavors," says Ed Mullins, CEO, Prairie Farms Dairy.

Madrina's products will now be distributed to large grocers, drugstore chains, convenience stores and independent retailers throughout Prairie Farms' distribution network. The network covers major metro areas such as Chicago, St. Louis, Kansas City, Mo., Omaha, Neb., Detroit, Indianapolis, Memphis, Tenn., Little Rock, Ark., Oklahoma City and Tulsa, Okla. CMN

NASS

Continued from page 1

head more than March 2011 and 9,000 head more than February 2012.

For the entire Unites States, March 2012 production is estimated at 17.70 billion pounds, up 4.2 percent from March 2011. There were an estimated 9.27 million dairy cows on U.S. farms in March, up 86,000 head from March 2011 and up 12,000 head from February 2012. Production per cow in the United States is estimated to have averaged 1,910 pounds in March, 59 pounds more than a year earlier.

California led the nation's milk production with 3.81 billion pounds in March, up 6.2 percent from a year earlier. There were 1.79 million cows on California dairies, up 25,000 head from a year earlier and up 1,000 head from the previous month. Production per cow in California averaged 2,135 pounds, up 95 pounds from a year earlier.

Wisconsin followed with 2.34 billion pounds of milk, a 4.2-percent increase from its production a year earlier. There were 1.27 million cows on Wisconsin farms in March, up 3,000 head from a year earlier and also up 3,000 head from the previous month. Production per cow in Wisconsin in March averaged 1,845 pounds, 70 pounds more than a year earlier.

Milk production in the United States during the January through March quarter totaled 51.00 billion pounds, up 5.2 percent from the January-March quarter last year. The average number of milk cows in the United States during the quarter was 9.25 million head, 86,000 head more than the same period last year. **CMN**

GRANTS

Continued from page 10

meet us, give us feedback, and check out other styles of cheese that we make," Hunter says.

In addition to the summer CSA programs, Appleton Creamery is selling its cheese at seven farmers' markets this season.

"I would like to do enough CSAs to

replace at least one, perhaps two farmers' markets," Hunter says. "I also would like to develop a winter CSA to carry me through the winter, as we make cheese year-round."

Shepherd's Way Farms recently expanded its CSA to include an option that allows members to receive vouchers that also can be spent at their farm or farmers' market booths on cheese and other products including meat, wool products and eggs.

Ohlsen Read says Shepherd's Way Farms is grateful to its CSA members, who have been an integral part of their growth, and she sees more opportunity for the growth of CSAs.

"We anticipate CSAs expanding in popularity, with more innovative versions and combinations emerging as people embrace the opportunity to connect with local producers and incorporate their products into their everyday lives," she says. CMN

FMMO

Continued from page 1

Marketing Agreement Act of 1937 with the intent of "ensur (ing) equity between and among all dairy farmers and handlers for sales of packaged fluid milk in federally-regulated milk marketing areas and into certain non-federally-regulated milk marketing areas from federally-regulated areas."

The amended sections of the orders include:

• Fluid milk handlers located in FMMO areas as described on the date of enactment, but not regulated by any FMMO, must pay federal order minimum prices to the federal order where the handler is physically located for sales of packaged fluid milk into non-federally-regulated marketing areas located within one or more states that require handlers to pay minimum

prices for milk;

- Partial or full regulation of any producer-handler that has total distribution of Class I products of own-farm production in excess of 3 million pounds and distributes milk in the Arizona-Las Vegas marketing order area;
- Removal of the state of Nevada from the marketing area definition of any federal order; and
- Removal of the regulatory exemption for handlers located in Clark County, Nev.

Six months after the bill was signed into law by then-President George W. Bush in 2006, Hein Hettinga, a producer in Arizona, filed a lawsuit claiming the bill was unconstitutional because it targeted a single individual. Hettinga owned a dairy farm in Arizona, Sarah Farms, and sold milk exclusively to the state of California, making the dairy farm one of the businesses affected by the new rule.

However, the D.C. appeals court upheld the law this week, saying it "would apply to any producer-handler that meets its statutory requirements, not only the Hettingas."

The International Dairy Foods Association (IDFA), National Milk Producers Federation, Dairy Institute of California, Dairy Farmers of America and Western United Dairymen all were part of a national coalition of producer and processor groups that support the law.

IDFA notes that the law closes regulatory loopholes that allowed unregulated milk to take markets away from dairy producers and processors in regulated areas.

"We're pleased with the court's decision to uphold the law," says Connie Tipton, president and CEO, IDFA. "Although the requirements of the FMMO system are burdensome and outdated, it's only fair that we all abide by the same rules." CMN

Milk Production — March 2012

	March 11	March 12	Pct. Chg.	YTD 2011	YTD 2012 *	Pct. Chg.
Arizona	408	435	6.6	1,135	1,230	8.4
California	3,590	3,811	6.2	10,141	10,934	7.8
Colorado	252	270	7.1	716	780	8.9
Florida	222	223	0.5	627	650	3.7
Idaho	1,083	1,119	3.3	3,117	3,279	5.2
Illinois	168	177	5.4	481	511	6.2
Indiana	309	325	5.2	874	934	6.9
Iowa	381	388	1.8	1,093	1,130	3.4
Kansas	223	230	3.1	638	663	3.9
Michigan	723	776	7.3	2,086	2,227	6.8
Minnesota	779	795	2.1	2,243	2,302	2.6
Missouri	128	130	1.6	354	361	2.0
New Mexico	699	736	5.3	1,991	2,086	4.8
New York	1,104	1,138	3.1	3,175	3,291	3.7
Ohio	447	462	3.4	1,291	1,329	2.9
Oregon	208	215	3.4	595	619	4.0
Pennsylvania	929	923	-0.6	2,640	2,668	1.1
Texas	829	876	5.7	2,357	2,503	6.2
Utah	154	166	7.8	442	484	9.5
Vermont	221	221	0.0	636	641	0.8
Virginia	155	158	1.9	439	454	3.4
Washington	514	537	4.5	1,469	1,560	6.2
Wisconsin	2,247	2,341	4.2	6,449	6,771	5.0
23 STATE TOTAL	15,773	16,452	4.3	44,989	47,407	5.4

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



New Zealand bill to oversee setting of Fonterra's farmgate milk price passes first reading

WELLINGTON, N.Z. — A bill that oversees the setting of Fonterra's farmgate milk price and aims to deliver a more transparent and efficient dairy market passed its first reading in New Zealand's Parliament earlier this month. The bill has been sent to the Primary Production Select Committee for public submissions.

Primary Industries Minister David Carter told Parliament that because of Fonterra's dominance, its farmgate milk price effectively is the default price that all dairy processors in New Zealand must pay to attract supply from farmers.

"The Dairy Industry Restructuring Amendment Bill will oversee Fonterra setting the price it pays its farmers, ensuring a competitive and innovative dairy industry," Carter says. "This bill legislates for greater transparency of the way Fonterra currently sets its farmgate price through its milk price manual. It does not directly intervene in Fonterra's milk price setting processes."

The bill also includes changes that will allow Fonterra, if it so chooses, to move to its proposed Trading Among Farmers (TAF) system, a decision that ultimately sits with Fonterra and not the government.

"Under TAF, a farmer wanting to purchase or sell Fonterra shares would trade in a market rather than transacting directly with Fonterra, as is currently the case," Carter says. "In addition, an external fund will be established and farmers will be able to sell a portion of their shares in exchange for cash, with the investor then getting dividends and any change in value."

FDA publishes three guides on suggested use of antibiotics in food-producing animals

WASHINGTON — FDA last week announced three steps it is taking to promote the judicious use of medically-important antibiotics in food-producing animals and protect public health.

FDA has issued three documents that will help veterinarians, farmers and animal producers use medicallyimportant antibiotics judiciously in food-producing animals by targeting their use to only address diseases and health problems. Under this new voluntary initiative, certain antibiotics would not be used for "production" purposes such as to enhance growth or improve feed efficiency in an animal. These antibiotics would still be available to prevent, control or treat illnesses in food-producing animals under the supervision of a veterinarian.

FDA published three documents in the April 11 Federal Register:

• A final guidance for the industry, The Judicious Use of Medically Important Antimicrobial Drugs in Food-

SIGNATURE:

Producing Animals, that recommends phasing out the agricultural production use of medically-important drugs and phasing in veterinary oversight of therapeutic uses of these drugs;

- A draft guidance, open for public comment, which will assist drug companies in voluntarily removing production uses of antibiotics from their FDA-approved product labels; adding, where appropriate, scientifically-supported disease prevention, control and treatment uses; and changing the marketing status to include veterinary oversight; and
- A draft proposed "Veterinary Feed Directive" regulation, open for public comment, that outlines ways that veterinarians can authorize the use of certain animal drugs in feed, which is important to make the needed veterinary oversight feasible and efficient.

For more information, visit www. fda.gov/AnimalVeterinary/Guidance ComplianceEnforcement/Guidance forIndustry/ucm216939.htm. CMN

DATE:

Under the proposed bill, Fonterra will remain 100-percent farmer supplier-owned, as voting will remain with the farmer supplier.

Fonterra Cooperative Group Ltd. recently said it welcomes the provisions in the Dairy Industry Restructuring Amendment Bill that will help pave the way for the introduction of TAF, which is scheduled to launch in November.

Fonterra is not as welcoming of the government oversight of its farmgate

milk price setting, but says it will accept it.

"The co-op will always set the milk price. We have said right from the start that we don't think this proposed oversight is necessary, but we can live with it," says Fonterra Chairman Henry van der Heyden. "Fonterra supports transparency around our farmgate milk price, and we have made public our farmgate milk price manual and more detail analysis every year in our milk price statement." CMN

Delkor Systems receives Minn. trade award

MINNEAPOLIS, Minn. — Delkor Systems Inc. was among 10 Minnesota companies recently honored for success in exporting and international business.

Minnesota Gov. Mark Dayton recognized Delkor as a winner of the 27th annual Governor's International Trade Awards. The awards were given last month at the MSP Exports conference.

Dayton notes that in the past two years, Delkor, which makes packaging machinery for food and consumer products, has made significant investments to develop markets in Canada, Mexico, Central America, parts of South America, Australia and New Zealand.

In addition, Delkor's international machinery shipments increased to 26 percent for 2011, and for the first quarter of 2012, Delkor hit a record of 50 percent new machinery orders, company officials say.

Delkor Systems employs about 125 people, including a team of engineers and automation specialists.

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

Advertised features of conventional dairy products at retail lower following Easter

WASHINGTON — Advertised features of conventional dairy products at retail are noticeably lower following an active featuring cycle proceeding the Easter/Passover holidays, according to the latest National Dairy Retail Report released this week by USDA's Agricultural Marketing Service (AMS).

Under national conventional dairy products, the AMS report shows that 8-ounce block natural varieties of cheese this week were at a weighted average advertised price of \$2.34, slightly up from \$2.33 two weeks ago.

This week 1-pound block natural varieties of cheese had a weighted average advertised price of \$3.97,

up from \$3.78 two weeks earlier. Two-pound block natural varieties of cheese had a weighted average advertised price of \$5.42, down from the weighted average two weeks ago of \$5.79.

For natural varieties of 8-ounce shreds, the weighted average advertised price this week was \$2.26, up from \$2.16 two weeks ago, and for natural varieties of 1-pound shreds, the weighted average advertised price was \$3.69 this week, up from \$3.64 two weeks earlier.

The national weighted average advertised price of conventional 1-pound packs of butter this week was \$2.86, up from \$2.46 two weeks ago. CMN

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DBIC awards two companies for innovation

MADISON, Wis. — The Dairy Business Innovation Center (DBIC) recently presented its seventh annual "DBIC Innovation Zone Awards" to Crave Brothers Farmstead Cheese, Waterloo, Wis., and to Kelley Country Creamery, Fond du Lac, Wis.

Crave Brothers Farmstead Cheese was recognized for innovation in technology. The company uses 100-percent green power on its farm and is a carbon-negative company, producing more power from its on-farm biodigester than it can use for its dairy and cheese plant.

Kelley Country Creamery, a new farmstead dairy that crafts old-fash-

ioned premium ice cream, was honored for innovation in product. Owners Karen and Tim Kelley use farm-fresh, non-homogenized milk from their cows and craft it into homemade ice cream using recipes that took years to perfect.

Dan Carter, DBIC founder and chairman, says both Crave Brothers Farmstead Cheese and Kelley Country Creamery are leading dairy innovators in the United States.

"Wisconsin is home to some of the best farmstead dairy processors in the nation," he says. "It thrills me to witness these two companies develop as innovation leaders in our industry. Congratulations to them both." CMN