

# CHEESE MARKET NEWS®

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



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## Lawmakers reintroduce farm bill, move on debt ceiling bill

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WASHINGTON—Dairy industry stakeholders are hopeful for progress on the farm bill following the reintroduction this week of the same version of the bill that was passed by the Senate last year.

U.S. Sen. Harry Reid, D-Nev., on Tuesday introduced the Senate-passed version of the farm bill to the 113th Congress as one of several “privileged, top priority bills, underscoring his support for and commitment to enacting a new 5-year farm bill,” says Sen. Debbie Stabenow, D-Mich., chair of the Senate Agriculture Committee.

“I applaud Sen. Reid’s leadership and commitment to getting a 5-year farm bill done to provide certainty to the 16

million Americans working in agriculture,” Stabenow says.

“Last year we were able to pass a farm bill with overwhelming bipartisan support, saving more than \$23 billion in taxpayer money and reforming farm bill programs to be more cost-effective and market-oriented,” she says, adding that “unfortunately, the House didn’t bring the farm bill to the floor.

“Majority Leader Reid has demonstrated that the Senate will once again make supporting our nation’s agriculture economy while cutting spending a top priority,” she adds.

Stabenow also says she is committed to convening a committee markup as soon as possible to produce an updated version of the farm bill, which then could be substituted for Reid’s placeholder bill.

“Senate Majority Leader Harry Reid’s decision to put the farm bill near the top of the list of things to do in 2013 is good news for America’s dairy farmers who need leaders in the Senate and House to renew their push this year for a better farm bill,” says Jerry Kozak, president and CEO of the National Milk Producers Federation (NMPF).

Kozak says that Reid’s decision recognizes that the dairy policy reforms contained in the bill, along with other provisions in the measure, passed with overwhelming, bipartisan support last summer.

“The bill’s Dairy Security Act will give farmers a better safety net while reducing taxpayer costs at a time when Congress is searching for ways to trim federal spending,” he says.

News of the bill’s reintroduction also was praised by the National Farmers Union (NFU) and American Farm Bureau Federation (AFBF).

“This is a positive way to begin the year and congressional session,” says Roger Johnson, president, NFU. “Farmers and ranchers are in need of certainty through a 5-year farm bill, and we will continue to work with members of Congress on both sides of the aisle to garner their support for a bill as soon as possible.”

Bob Stallman, president of AFBF, says the move by Reid this week represents “real hope” for farmers and ranchers that the Senate will aggressively move forward on a long-term farm bill to give farmers the risk management

certainty they need.

“It will ultimately take real bipartisan cooperation to get the farm bill to the finish line, and we are confident the House Agriculture Committee will craft a compatible bill,” he says.

AFBF recently at its 94th annual meeting also expressed support for a farm bill crafted around a broad, flexible, crop insurance-based program including risk management protection.

Some dairy groups continue to raise concerns about a bill that includes the Dairy Security Act and a controversial supply management program for milk in times of low margins.

Jerry Slominski, senior vice president of legislative and economic affairs with the International Dairy Foods Association (IDFA), in a recent DairyLine broadcast said that IDFA thinks the farm bill extension included in the recent fiscal cliff agreement, which did not include the Dairy Security Act, is the right approach for dairy.

“Nearly everyone agrees that dairy producers need a safety net, so let’s get together and support programs that help producers through difficult financial times,” he says. “But

Turn to FARM BILL, page 14 ⇨

## CDFA temporarily increases all milk classes in decision

SACRAMENTO, Calif. — The California Department of Food and Agriculture (CDFA) has ordered increases to Class 1, 2, 3, 4a and 4b milk pricing formulas from Feb. 1 to May 31, 2013, in its decision on a milk pricing hearing that was held Dec. 21. (See “Producers, processors testify at CDFA hearing on milk pricing” in the Dec. 28, 2012, issue of *Cheese Market News*.)

CDFA announced Tuesday that it will temporarily increase the Class 1 price approximately \$0.05 per hundredweight by adding \$0.0006 per pound to the milkfat price, \$0.00045 per pound to the milk solids-not-fat price and \$0.0001 per pound to the milk fluid carrier price. CDFA will increase the Class 2 and 3 prices approximately \$0.10 per hundredweight by adding \$0.0082 per pound to both the milkfat and milk solids-not-fat prices.

For Class 4a and 4b, which California’s dairy producers have argued did not adequately capture the whey value received by cheesemakers, CDFA has increased prices approximately \$0.30 per hundredweight by adding \$0.0246 per pound to both the milkfat and milk solids-not-fat prices.

The price increases will take effect for milk delivered to processing plants on or after Feb. 1, 2013. On average, these adjustments will increase the monthly pool prices for the 4-month period by approximately \$0.251 per hundredweight.

CDFA received six specific proposals for the hearing, all of which suggested increases to the per-pound component prices of the class pricing formulas, though by varying degrees.

Dairy Institute of California, which represents the state’s processors, requested the addition of \$0.0082 per pound to all Class 4a and 4b components for a period of 3 months, which the hearing panel estimated would have resulted in an estimated \$0.10 per hundredweight increase for these class prices and an estimated average increase of \$0.08 per hundredweight to the monthly pool prices. Other processors during

Turn to CDFA, page 15 ⇨

## 2012 milk production up 2.1 percent vs. prior year

WASHINGTON—Milk production in the 23 major milk-producing states during December totaled 15.69 billion pounds, up 1.7 percent from a year earlier, according to preliminary data released Wednesday by USDA’s National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN’s *Milk Production chart on page 31*.)

December’s milk production brought the 2012 total for the 23 major states to a preliminary 186.62 billion pounds, 2.1 percent more than 2011. There was a leap day in 2012, meaning 2012 production was up 1.8 percent from 2011 on a daily average basis.

For the entire United States, December milk production is estimated by NASS at 16.83 billion pounds, up 1.6 percent from December 2011. Total 2012 U.S. milk production is estimated to have exceeded the 200-billion pound mark, rising 2.1 percent from

Turn to PRODUCTION, page 31 ⇨

## \$140 million deal reached in DFA, Southeast lawsuit

KANSAS CITY, Mo. — DairyFarmersofAmerica’s (DFA) board of directors and management on Tuesday announced that the cooperative has reached a settlement agreement in a class action lawsuit against the co-op in the southeastern United States. Trial for the lawsuit was scheduled to begin this month.

Turn to SUIT, page 13 ⇨





# MARKET INDICATORS

## National Dairy Products Sales Report

For the week ended:	1/19/13	1/12/13	1/5/13	12/29/12
<b>Cheese 40-lb. Blocks:</b>				
Average price <sup>1</sup>	\$1.7443	\$1.7542	\$1.7472	\$1.7649
Sales volume <sup>2</sup>	13,593,181	10,851,702	11,792,600	10,194,748
<b>Cheese 500-lb. Barrels:</b>				
Average price <sup>1</sup>	\$1.8182	*\$1.8307	\$1.8057	\$1.7916
Adj. price to 38% moisture	\$1.7277	*\$1.7385	\$1.7130	\$1.7043
Sales volume <sup>2</sup>	9,614,197	*12,318,502	10,823,056	8,925,942
Moisture content	34.75	*34.71	34.64	34.82
<b>Butter:</b>				
Average price <sup>1</sup>	\$1.4789	\$1.5229	\$1.5344	\$1.5576
Sales volume <sup>2</sup>	4,508,942	3,738,779	3,022,194	3,137,968
<b>Nonfat Dry Milk:</b>				
Average price <sup>1</sup>	\$1.5714	\$1.5482	\$1.5779	\$1.5193
Sales volume <sup>2</sup>	19,695,531	*17,307,474	*11,921,449	22,928,846
<b>Dry Whey:</b>				
Average price <sup>1</sup>	\$0.6449	*\$0.6571	\$0.6484	\$0.6579
Sales volume <sup>2</sup>	9,084,454	*8,244,956	4,742,892	5,840,570

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

## CME FUTURES for the week ended January 24, 2013

### Class III Milk

	Fri., Jan. 18	Mon., Jan. 21	Tues., Jan. 22	Wed., Jan. 23	Thurs., Jan. 24
JAN13	18.11 3,104	Markets Closed	18.10 3,110	18.12 3,110	18.12 3,093
FEB13	17.28 3,284		17.27 3,334	17.21 3,318	17.12 3,311
MAR13	17.12 2,889		17.00 2,938	16.92 2,989	16.86 3,104
APR13	17.60 1,917		17.53 1,979	17.50 2,073	17.38 2,075
MAY13	18.13 1,673		18.14 1,724	18.09 1,763	17.95 1,769
JUN13	18.47 1,456		18.52 1,476	18.50 1,507	18.40 1,567
JUL13	18.61 1,090		18.68 1,095	18.71 1,104	18.63 1,147
AUG13	18.70 1,044		18.74 1,064	18.77 1,079	18.70 1,116
SEP13	18.58 894		18.60 903	18.65 908	18.61 941
OCT13	18.39 773		18.36 787	18.45 806	18.37 824
NOV13	18.26 693		18.23 695	18.26 710	18.23 741
DEC13	18.13 708		18.15 718	18.15 732	18.10 753
JAN14	18.00 57		18.00 61	18.00 65	17.95 69
FEB14	17.74 53		17.74 13	17.50 15	17.50 21
MAR14	17.57 12	17.57 12	17.55 12	17.55 12	
Total Contracts Traded/ Open Interest	1,257/19,607		990/19,909	1,022/20,191	1,647/20,543

### Class IV Milk

	Fri., Jan. 18	Mon., Jan. 21	Tues., Jan. 22	Wed., Jan. 23	Thurs., Jan. 24	
JAN13	17.50 155	Markets Closed	17.50 155	17.50 155	17.50 155	
FEB13	17.72 180		17.72 180	17.65 180	17.65 180	
MAR13	17.90 188		18.00 188	17.99 188	17.99 188	
APR13	18.20 134		18.20 148	18.15 150	18.15 150	
MAY13	18.30 109		18.30 109	18.30 109	18.30 109	
JUN13	18.40 110		18.40 110	18.40 110	18.40 110	
JUL13	18.25 15		18.25 16	18.33 19	18.42 23	
AUG13	18.35 17		18.35 18	18.35 18	18.35 21	
SEP13	18.45 18		18.45 19	18.45 19	18.45 22	
OCT13	18.15 9		18.46 11	18.46 11	18.46 14	
NOV13	18.20 11		18.20 12	18.20 12	18.20 15	
DEC13	18.00 10		18.00 11	18.00 11	18.00 16	
Total Contracts Traded/ Open Interest	20/956			34/977	8/982	30/1,003

### Cash-Settled NDM\*

	Fri., Jan. 18	Mon., Jan. 21	Tues., Jan. 22	Wed., Jan. 23	Thurs., Jan. 24	
JAN13	154.50 78	Markets Closed	154.50 78	154.50 78	154.50 78	
FEB13	154.50 84		154.25 84	154.13 84	154.50 86	
MAR13	154.25 123		154.50 131	154.00 131	154.00 138	
APR13	156.00 66		156.00 73	156.00 75	156.00 116	
MAY13	155.28 32		155.80 40	156.05 40	156.50 60	
JUN13	156.50 39		156.50 47	156.55 47	157.00 78	
JUL13	155.00 1		155.25 1	156.00 3	156.50 7	
Total Contracts Traded/ Open Interest	51/437			40/473	10/480	136/589

### Cash-Settled Butter

	Fri., Jan. 18	Mon., Jan. 21	Tues., Jan. 22	Wed., Jan. 23	Thurs., Jan. 24
JAN13	150.35 391	Markets Closed	150.38 391	150.38 383	150.38 383
FEB13	158.00 408		158.00 418	155.00 418	155.00 414
MAR13	162.00 309		164.00 311	161.75 323	161.50 338
APR13	163.75 236		165.00 243	164.00 262	163.50 297
MAY13	166.00 206		167.00 226	165.25 249	165.00 286
JUN13	167.50 172		168.00 176	166.50 200	166.25 229
JUL13	168.00 203		168.50 203	167.00 226	167.00 241
AUG13	170.00 229		170.00 229	169.50 231	169.00 241
SEP13	172.50 197		172.50 197	170.00 205	170.00 210
OCT13	172.50 160		172.50 160	172.00 170	171.00 175
NOV13	172.50 142		174.48 146	171.98 151	172.00 164
DEC13	172.50 100		172.50 101	171.95 101	171.95 109
Total Contracts Traded/ Open Interest	282/753			88/2,801	181/2,919

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.

# NEWS/BUSINESS

## Natural cheese stocks end year close to 2011 levels; up 5 percent from November

WASHINGTON — Total natural cheese in U.S. cold storage totaled 987.9 million pounds as of Dec. 31, 2012, up 5 percent from Nov. 30, 2012's 942.0 million pounds but down less than 1 percent from Dec. 30, 2011's 991.6 million pounds, according to data released this week by USDA's National Agricultural Statistics Service (NASS).

NASS reports American cheese in cold storage totaled 604.9 million pounds at the end of December 2012, up 4 percent from November 2012's 581.1 million pounds but down 1 percent from the 611.0 million pounds of American cheese in cold storage as of Dec. 31, 2011.

Swiss cheese in cold storage totaled

34.5 million pounds as of Dec. 31, 2012, up 12 percent from Nov. 30, 2012's 30.9 million pounds and 25 percent more than the 27.6 million pounds of Swiss cheese in cold storage at the end of December 2011.

Other natural cheese in cold storage totaled 348.5 million pounds as of Dec. 31, 2012, up 6 percent from November 2012's 330.0 million pounds but down 1 percent from December 2011's 353.0 million pounds.

NASS reports total butter in U.S. cold storage was 152.9 million pounds as of Dec. 31, 2012, up 20 percent from Nov. 30, 2012's 127.3 million pounds and up 43 percent from Dec. 31, 2011's 106.9 million pounds. CMN

## Midwest Dairy to partner with Twin Cities McDonald's to promote healthy breakfast

ST. PAUL, Minn. — Midwest Dairy Council recently announced it will partner with the McDonald's Twin Cities Co-op throughout 2013 to help promote the benefits of a healthy breakfast. The partnership includes a \$8,000 contribution from Minnesota McDonald's franchise owner/operators to the Midwest Dairy Council and the GENYOUth Foundation. The contribution will help fund grants for Minnesota schools that implement the Dairy Council's flagship in-school program focused on child health and wellness.

"We look forward to creating greater awareness for the link between healthy breakfast and academic achievement," says Mike Kruger, CEO, Midwest Dairy Council. "In addition to helping fund

grants, McDonald's franchise owner/operators also are providing reward cards for schools that document their health and wellness activity and successes."

The partnership includes an emphasis on healthy solutions such as increased consumption of whole grains, fruits, vegetables and lowfat or fat-free dairy products.

"Both of our organizations understand that wholesome menu options — especially at breakfast — are part of improving child health," says Paul Ostergaard, president, McDonald's Twin Cities Co-op. "Together we're working to expand the healthy lessons kids are learning in school to involve the whole community." CMN

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## GUEST COLUMNISTS



## Perspective: Industry Matters

**Jerry Kozak** is president and CEO of the National Milk Producers Federation. He is a guest columnist for this week's issue of *Cheese Market News*®.

## Incredibly necessary and increasingly likely

When the dust settles after each presidential election, political analysts often trip over themselves trying to figure out the meaning of the choices voters made, in both local and national campaigns. It's debatable as to whether there were many clear take-aways from the recent 2012 election, but if anything obvious emerged, it was a need to address the politics and policy of the nation's immigration laws.

After the election outcome in several states turned on the proportion of Latino voters giving a margin of victory to President Obama, Republican political strategists have recognized that the party's implacable opposition

to a reasonable reform of immigration policies — one that moves beyond just "enforcement only" — is the politically prudent path. Meanwhile, Democrats also recognize the importance of this issue to the growing Hispanic population in America. Not only is fixing this contentious issue good politics, it also will help shore up the economics of important business sectors ranging from construction and hospitality to agriculture — especially dairy farming.

As a result of this emerging consensus on the need to act, leaders of both parties, including President Obama himself, have pledged in the past month to focus on a comprehensive approach

to immigration reform. This shift in tone and outlook is welcome news for America's dairy farmers, who, along with many other agricultural employers, have been pushing for nearly a decade for labor policy reforms that will favorably affect their current and future workforce.

The National Milk Producers Federation is one of these farm groups who have recently formed a new alliance, the Agriculture Workforce Coalition (AWC), to marshal the resources of 11 national and regional organizations dedicated to reforming immigration policy. The AWC membership has forged a consensus proposal to make badly-needed changes in laws affecting the farm sector as part of any large immigration reform package that moves this year through Congress.

The AWC proposal includes both an opportunity for adjustment in legal status to be earned by current agricultural employees who presently lack such status and a program to ensure an adequate farm workforce in the future. Also, unlike current programs such as the H-2A visa, the AWC proposal is meant to ensure that all types of food producers — including both those with seasonal labor needs and ones with year-round labor needs (i.e., dairy farmers) — have access to the workforce they need to remain productive and competitive.

It's one of the ironies of the national economy in the past five years that, even while the unemployment rate has remained stubbornly high, business owners in some areas have trouble recruiting a suitable labor force. The fact is that farmers and ranchers have

long experienced difficulty in obtaining workers as the jobs they offer are physically demanding and conducted year-round in all types of weather. To most U.S. residents seeking employment, these conditions, which are typical of dairy farms, are not attractive.

A number of studies document this fact, including one conducted in 2008 by NMPF and Texas A&M University, which found that U.S. dairies employed 138,000 full-time equivalent workers, of which 57,000, or 41 percent, were foreigners. The NMPF survey found that if federal labor policies were to result in the loss of just half of those 57,000 workers, an additional 66,000 workers would also be lost due to the closure of some dairy farms and the resulting multiplier effect of fewer jobs in grain and fertilizer production and sales, veterinary services, milk hauling and related agricultural service jobs. This would produce an economic loss of \$11 billion.

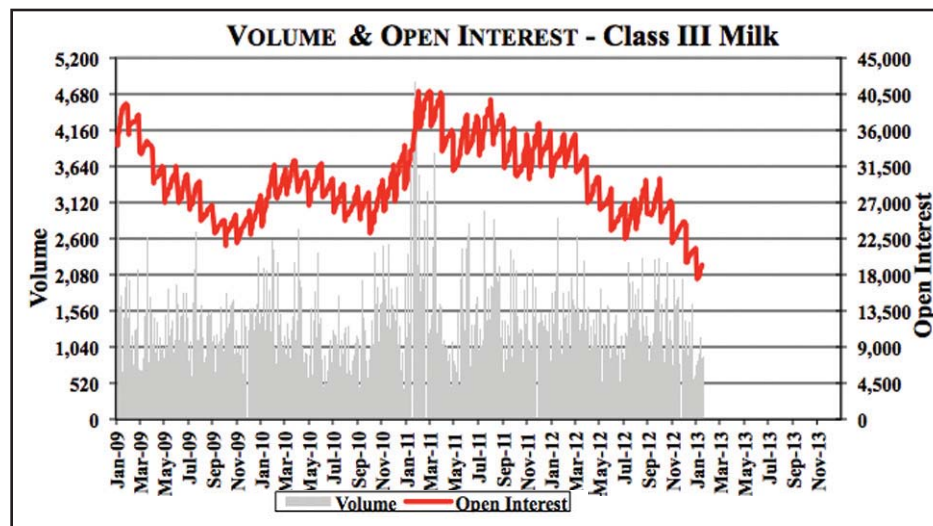
Recognizing the need to achieve a once-in-a-generation public policy reform, and actually getting it done, are two very different things. The 2012 farm bill is a good example of how the best intentions can be thwarted at the last minute by the forces of inertia. But in addition to pushing again on the farm bill in 2013, NMPF views the immigration policy reform opportunity as incredibly necessary and increasingly likely. **CMN**

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



## Perspective: Dairy Markets

**Dave Kurzawski** is a senior broker with the Chicago-based Downes-O'Neill division of FCStone. He contributes this column exclusively for *Cheese Market News*®.



## Futures markets to garner more interest in 2013

How do you know when the Class III/Cheese futures markets are on the verge of dramatic growth? One way is to watch open interest.

Open interest is the total number of contracts in a particular market — both futures and/or options that are still open at the end of the day (i.e. those contracts that have not been closed during a particular trading session). While stories of open interest don't garner the

limelight too often, market analysts tend to consider fluctuations in open interest and trading volume to confirm price movement trends and/or reversals in various dairy futures contracts.

Principally, open interest is an important barometer for the amount of money flowing into and out of a market and ultimately the amount of price certainty already established by those looking to protect profit and/or costs by

using futures. With that in mind, we can point to a noticeable decline in activity not only of futures and options markets generally, but more specifically by hedgers in the dairy community.

For the dairy industry the declines of long-term market positions were the result of several external issues. Uncertainty surrounding new regulations such as Dodd-Frank market regulation and the culmination of the 2008 Farm Bill were two major factors. Additionally, market participation slacked on the variety and overall vagueness of new tax law possibilities with a slated start date of January 2013. The key here is that we're looking back — not forward — in analyzing open interest.

Historically, Class III has posted open interest of around 30,000 contracts at any given time. In fact, the 5-year daily-average commencing Jan. 1, 2008, and ending Dec. 31, 2012, has been 30,699 contracts with a peak eclipsing the 40,000 contract mark in March 2011. But current open interest is about half of that with only 19,226 contracts open — the lowest level in more than seven years. This represents a 50-percent retraction, which is significant because the math will usually point to a level of technical support from which open interest is expected to bounce.

The relatively new cheese futures contract, which was established in June

*Turn to KURZAWSKI, page 6 ⇨*



NEWS/BUSINESS



**Investing in innovation**



Photo courtesy of Sevie Kenyon/University of Wisconsin College of Agricultural and Life Sciences

**MADISON, Wis.** — Len E. “Lennie” Iverson, founder of Iverson Inc., Milwaukee, stands above the University of Wisconsin-Madison’s Babcock Hall Dairy Plant in Madison, Wis., on Thursday.

Lennie Iverson is one of five donors that has given \$1 million-plus to a campaign to raise a new Center for Dairy Research (CDR) in Madison and rebuild the Babcock Hall Dairy Plant.

“I feel like I owe it to Wisconsin because it has been good to me,” he says. “My contribution is to make sure UW has the best university butter and cheesemaking plant in the country.”

The rebuilt Babcock Hall Dairy Plant will include modern milk processing/

handling, butter making and ice cream manufacturing.

The targeted goal of \$16 million in donations for the project has been reached, but additional pledges will allow the university to expand the initially-proposed structure, with the target of building an even larger footprint and more square footage for the new CDR, says John Umhoefer, executive director of the Wisconsin Cheese Makers Association, in his Jan. 4, 2013, column in *Cheese Market News*.

For more information on the project, read Umhoefer’s column online at [www.cheesemarketnews.com/guestcolumn/2013/04jan13.html](http://www.cheesemarketnews.com/guestcolumn/2013/04jan13.html). CMN

**Districts form Urban School Food Alliance**

**MIAMI** — Some of the nation’s largest school districts recently announced the formation of the Urban School Food Alliance to share best practices and build a coalition to drive food costs down and quality up.

The alliance includes the school districts of New York City, Los Angeles, Chicago, Miami-Dade, Dallas and Orlando and procures more than \$530 million in food and food supplies annually.

The group says it aims to use its purchasing power to help drive down costs of food and supplies and have vendors reformulate menu items to ensure that students continue to receive delicious and nutritious meals daily that exceed USDA guidelines.

“Forming such a partnership is unprecedented,” says Rick Boull’t, chief operating officer at Los Angeles Unified School District. “It’s an honor to be a part of an alliance that wants to move the needle when it comes to improving school food while implementing eco-friendly practices.

The alliance first met last summer in Denver and since has met regularly by teleconference before an in-person meeting in Miami last week. Food services directors from each district share and review menu

items to ensure they provide access to meals that meet nutrient recommendations for whole grain products, lowfat dairy, fresh produce and lean protein.

“We want to give a national voice to a healthier meal program where costs are contained,” says Eric Goldstein, CEO of school support services for the New York City Department of Education, which spearheaded the alliance. “Our urban school districts face unique challenges, and we need to find innovative ways to meet them.”

To show solidarity in providing healthy meals, the Urban School Food Alliance will be serving the same lunch at all six school districts on March 20. The menu will include roasted chicken, brown rice with seasoned black or red beans, steamed green broccoli, fresh seasonal fruit and milk.

“Ultimately the role of school food services has expanded beyond serving just lunches,” says Carol Chong, director of food and menu management at Miami-Dade County Public Schools. “Providing students with nutritious meals assures that students are prepared to meet the academic challenges of the day. Hunger should not be a reason for low performance in the classroom.” CMN

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NEWS/BUSINESS 

GUEST COLUMNIST 

### United Industries receives BioProcessing Equipment certification from ASME Jan. 15

SELMER, Tenn. — United Industries Inc. has successfully completed a certification audit by American Society of Mechanical Engineers BioProcessing Equipment (ASME BPE) and was presented with ASME BPE certificate No. 101 at the organization's meeting in Puerto Rico Jan. 15.

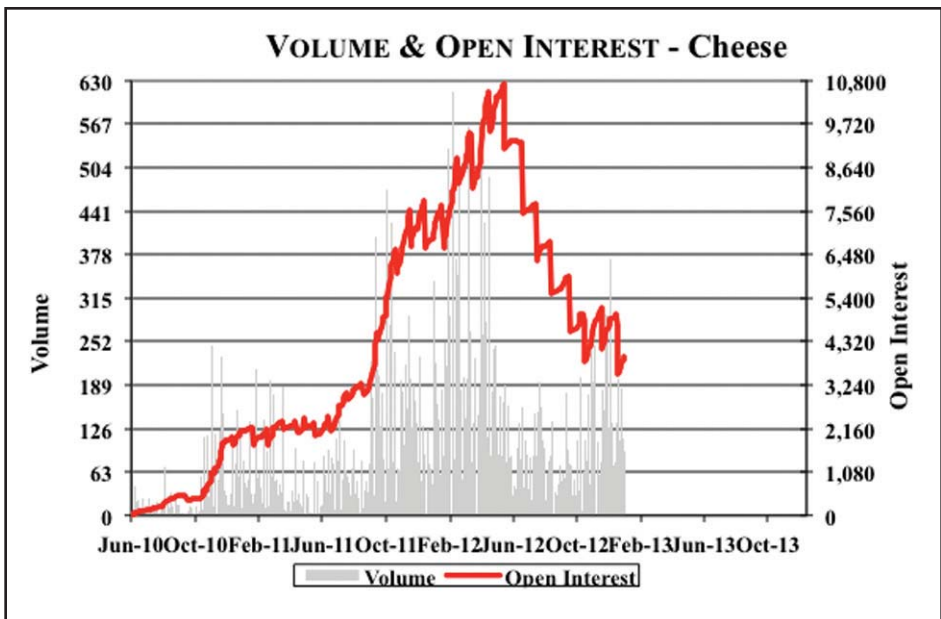
United Industries says it's the first manufacturer in the world to be audited and certified and has done so by adhering to the most current standards.

"We are very proud of this achieve-

ment and it reflects the dedication of our organization and the strong commitment that we, as a company have made to the ASME BPE standards," says Greg Sturicz, president, United Industries.

United Industries has been in business for more than 75 years and is the leading manufacturer of laser-welded stainless steel tubing for the high-purity and sanitary processing industries.

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### KURZAWSKI

Continued from page 4

2010 as an industry response to those hedgers whose risk management objectives better aligned with a NASS-based cheese contract without whey price influence, has experienced a similar slow-down. Cheese futures open interest is down some 63 percent from May 2012. During the same time Class III open interest declined by 33 percent.

Sounds bleak. But is it? What does this analysis really mean to you and your ongoing involvement in risk management?

For starters, low open interest can make markets more volatile intra-day as fewer outstanding contracts can influence prices more easily than when market participation is high. It also can indicate that both buy-side and sell-side hedgers do not have the price coverage that they normally would by the end of January. Lately that has been good for buyers and not so good for dairy farmers, but that may change as we move through the first quarter and into the second quarter. If so, expect both trading volume and open interest to increase in the first half of 2013.

Conversely, low open interest does not indicate smaller prospects for the U.S. dairy futures complex at the CME—quite the opposite actually. The dairy industry is on strong footing, poised to grow leaps and bounds over the next few years. As both domestic and export product demand grows, the need for price risk management will grow along with those successes. Futures and options contracts will be utilized to ensure profits and costs and stability of price in a part of the food business that is indispensable to the United States and, increasingly, to the balance of the world.

So we recognize the shifting sands of regulation have slowed participation over the past 12 months, but call them what they are: a reprieve. The idea that matters is that consistent price certainty has value to many businesses, potentially including yours. You should see that value and grow with these markets over the coming years. CMN

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

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## NEWS/BUSINESS



## USDA says 8-ounce shreds most featured cheese item in latest retail reporting period

WASHINGTON — Natural 8-ounce cheese shreds were the most featured cheese item this reporting period, USDA's Agricultural Marketing Service (AMS) notes in its National Dairy Retail Report released this week.

Conventional 8-ounce shreds this week were at weighted average advertised price of \$2.44, down from \$2.47 two weeks earlier, and 1-pound shreds of natural cheese varieties were at weighted average advertised price of \$3.90, up from \$3.32 two weeks earlier, AMS says.

This week 8-ounce blocks of natural

cheese varieties were at a weighted average advertised price of \$2.40, down from \$2.49 two weeks earlier, and 1-pound blocks of natural cheese varieties were at a weighted average advertised price of \$4.08, up from \$4.00 two weeks earlier.

Natural varieties of 2-pound blocks of cheese were at a weighted average advertised price of \$6.52 this week, up from \$5.17 two weeks ago, AMS says.

For conventional butter, this week 1-pound packs had a national weighted average price of \$2.63, down from \$2.93 two weeks earlier. CMN

## American Heart Association tells consumers cut back on cheese, meat to reduce sodium

DALLAS — The American Heart Association/American Stroke Association recently urged consumers to reduce their sodium intake with a new "Sodium Swap Challenge" that includes suggestions such as reducing cheese on pizza and choosing lower-sodium cheeses for sandwiches.

The average American consumes about 3,400 milligrams of sodium a day, more than twice the 1,500 milligrams recommended, according to the American Heart Association/American Stroke Association.

"To get started with the association's challenge, we ask that consumers get familiar with the food labels and nutrition facts for the foods they eat and track their sodium consumption over the first two days to get an idea of how much they are eating, which I'm sure will be surprising to many people," says Rachel Johnson, spokesperson for the American Heart Association/American Stroke Association and professor of nutrition and medicine at the University of Vermont. "Then, over the course of the next

three weeks, consumers will use the Salty Six as their guide to help lower their sodium intake."

The "Salty Six" are identified by the association as common foods that may be loaded with excess sodium that can increase the risk of heart disease. These foods include: pizza, breads and rolls, cold cuts and cured meats, poultry, soup, and sandwiches.

In an outline demonstrating how to follow its Sodium Swap Challenge, the association suggests consumers tackle their consumption of breads and rolls as well as cold cuts and cured meats during week 1. Week 2 focuses on choosing pizza with less cheese and meats or lower sodium versions of these items, as well as fresh, skinless poultry not enhanced with sodium solution rather than fried or processed. For the third week, the association suggests making sandwiches with lower sodium cheeses and meats, and choosing lower-sodium varieties of soups.

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

## Two reports highlight increasing demand in China for UHT, organic milk products

BEIJING — Two reports recently published by Beijing Shennong Kexin Agribusiness Consulting Co. Ltd. look at the rising markets for UHT and organic milk in China.

The organic dairy market has been developing quickly in recent years, according to one of the reports. The leading categories of organic dairy products are organic milk powder (mainly infant formula milk powder) and organic fluid milk. With improvement of people's standards of living in China, the domestic organic market will show great potential, the report says.

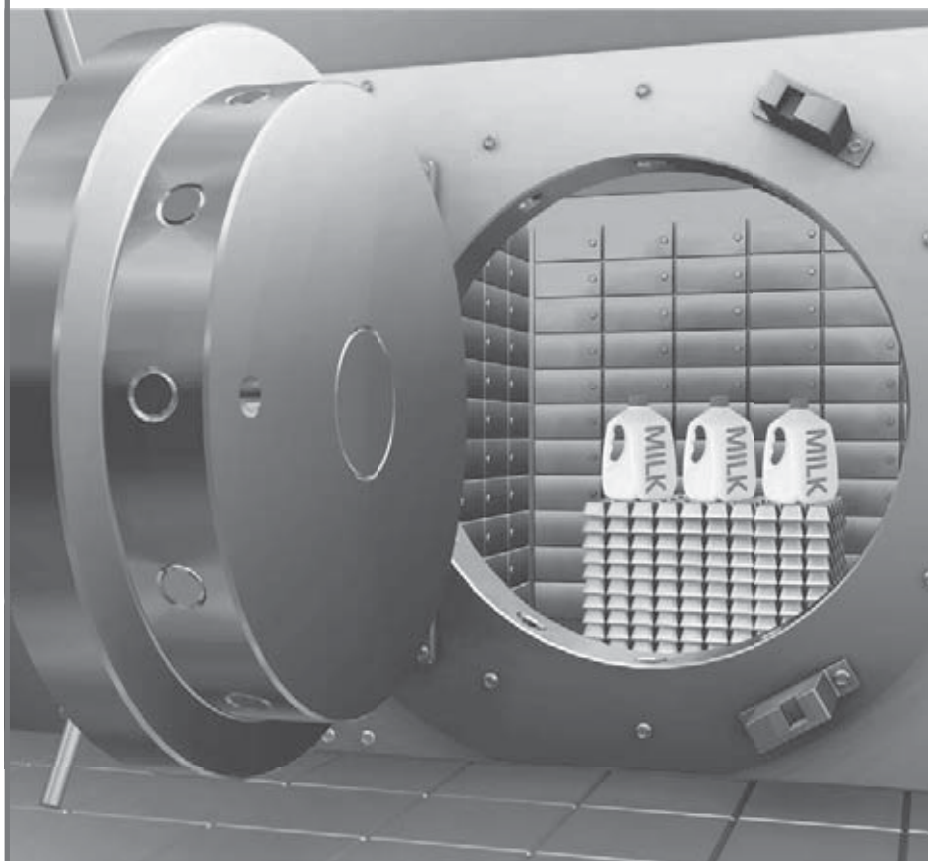
The other report examines UHT milk, which currently accounts for more than 60 percent of China's liquid milk market share. Chinese consumers not only depend more and

more on imported infant/young child formula milk powder, but they also increasingly are demanding top-end UHT milk products that are organic and high in nutrients.

The imported top-end UHT milk products are mainly from New Zealand, Australia, Germany and France, the report says. Imports of UHT milk products to China totaled 80,000 metric tons (approximately 176.4 million pounds) in 2012, up from 2011.

The report says there is a scarcity of quality raw milk supply in China due to scattered smallholder farming. UHT milk imports are expected to continue to grow along with the expansion of markets for top-end products in medium and small cities.

For more information, visit [www.bjsn110.com](http://www.bjsn110.com). CMN



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## NEWS/BUSINESS

### Study of Upper Midwest Marketing Area shows increase in average milk hauling charge

**MINNEAPOLIS** — The weighted average milk hauling charge for the Upper Midwest Marketing Area in May 2012 was 17.34 cents per hundredweight, up from 16.50 cents per hundredweight in May 2011, according to a study recently released by the Upper Midwest Market Administrator's Office.

The study, by agricultural economist Corey Freije, breaks down and categorizes hauling charges based on state, county and producer size groups for May 2012. The study examined payroll data from among the 15,049 dairy producers associated with the Upper Midwest Marketing Order.

Producer deliveries for the marketing area in May 2012 totaled 3.51 billion

pounds, up from 3.45 billion pounds in May 2011. Total hauling charges were \$6.1 million in May 2012, up from \$5.7 million the previous May.

North Dakota had the highest weighted average hauling charge, 56.14 cents per hundredweight, with a low number of farms, the longest distance from high-demand areas, and less handler competition. In contrast, Wisconsin had the lowest weighted average hauling charge in May, 11.64 cents per hundredweight, with a high number of farms and close proximity to high demand areas.

More than 80 percent of the milk delivered in Federal Order 30 was from Wisconsin and Minnesota. The other

states on the order (Illinois, Iowa, Michigan's Upper Peninsula, North Dakota and South Dakota) each had less than 10 percent of the delivered milk. Wisconsin and Minnesota not only have the most milk production, but also have close proximity to the majority of the population centers and processing plants. The study says this predominance indicates that these states' weighted averages will pull the overall average for the order down relative to North and South Dakota and the Michigan Upper Peninsula.

The study revealed that a majority of handlers participating in the Upper Midwest Marketing Area charge their producers a flat hauling value regardless of the producer's size or volume of

milk marketed. In each of these cases, where the handler charges a flat rate, the hauling charge per hundredweight declines as the producer's milk volume increases.

The weighted average hauling charge for Federal Order 30 shows handlers pass on little of the recent changes in fuel costs to farmers, the study adds.

To read the full study, visit [www.fmma30.com/Homepage/FO30\\_STAFF\\_PAPERS.htm](http://www.fmma30.com/Homepage/FO30_STAFF_PAPERS.htm). **CMN**

### Survey eyes public understanding of causes of obesity

**CHICAGO** — Americans consider obesity one of the country's most serious health issues, but there is little support for governmental policies that would constrain the consumption of unhealthy foods, according to a survey conducted by Associated Press-NORC Center for Public Affairs Research.

The survey explores the public's understanding of the causes and consequences of obesity, the link between obesity and chronic health conditions and the role of government in addressing the nation's obesity problems.

Significant findings include:

- Americans consider obesity second only to cancer as the nation's most serious health issue, with conditions closely related to obesity — diabetes and heart disease — tied for third;
- Eight out of 10 people cite too much television and computer time as the most important reason for high rates of obesity, with easy access to cheap fast food and lack of desire or knowledge about how to control one's weight as other major factors;
- Discrimination is an issue, with 95 percent of the public believing that obese people face some level of discrimination due to their weight;
- There is wide public understanding of the connection between obesity and the health impacts of being overweight such as diabetes and heart disease;
- There is strong support for government policies that would add more time for physical activity in schools, provide information about healthy choices and offer incentives to the food industry to produce healthier options;
- There is little support for policies that would constrain consumer choices such as limits on the amount or type of food that can be purchased or taxes on unhealthy foods or drinks.

"The American public has clearly gotten the message about obesity as a major public health issue, including its connection to other major health problems," says Trevor Tompson, director, AP-NORC Center for Public Affairs Research. "What is less clear is consensus about how to address the issue and a surprising number of overweight people who are not told by their physicians that it is an issue that needs attention." **CMN**



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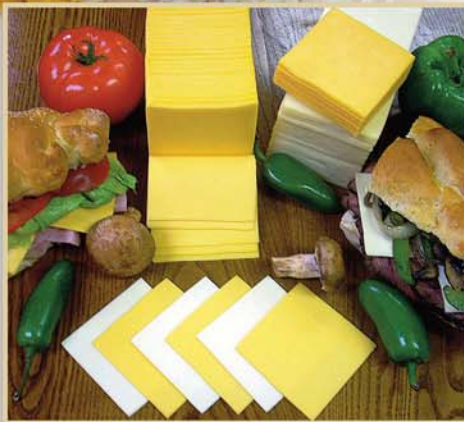
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## NEWS/BUSINESS



### QAI releases 10-year forecast for organics

San Diego, Calif. — A 10-year forecast for the organic food industry based on two decades of data has been released by Quality Assurance International (QAI).

“We believe the organic industry’s future is bold and broad, rigorous and accessible, more mainstream and less fringe,” says Jaclyn Bowen, general manager of QAI.

QAI predicts USDA’s National Organic Program and National Organic Standards Board will bring more rigor to federal regulations in terms of practices and substances allowed in organic foods. On the global stage, organic standards will be synchronized with USDA’s standards, removing obstacles to international trade.

Also, QAI predicts, the organic food supply will fuse with food safety and other “product integrity” programs, adding more disciplined food safety practices that are audited and certified at even

the smallest of farms and plants. That transparency will be driven by consumers’ growing demand to know and trust the sourcing of the products they buy.

Consumer demand for organic will continue to grow, QAI says, and larger organic operations will emerge to supply schools, hospitals, food banks, convenience stores and grocery stores with organic products.

Also, as organic becomes more ubiquitous, organic literacy will increase among consumers. Efforts by the Organic Trade Association and retailers will lead to a greater awareness of food sourcing and production among consumers, according to QAI. CMN

### Study links drinking milk as a child to enhanced speed, balance in older age

CHICAGO — The Milk Processor Education Program (MilkPEP) recently announced the results of a research study that found an increase of about one glass of milk a day as a child was linked to a 5-percent faster walking time and 25-percent lesser chance of poor balance in older age.

The team of British researchers used historical diet records from two large studies to assess the childhood habits of more than 1,500 men ages 62-86. The research measured the impact of diet, specifically milk, protein, calcium and fat intake, on

current performance and mobility in follow-up. Elderly participants were put through a series of activities, including walking, get-up-and-go, and balance tests. Childhood calcium, protein and milk intake all were associated with advantages in mobility later in life. The researchers also found that childhood milk drinkers were likely to be adult milk drinkers.

The research study, “Childhood milk consumption is associated with better physical performance in old age,” was published in the Oxford journal *Age and Ageing*, volume 41, issue 6. CMN

### Poster abstracts sought for IDF World Dairy Summit 2013

BRUSSELS, Belgium — The International Dairy Federation (IDF) is seeking poster abstract submissions for presentation at IDF World Dairy Summit 2013 to be held in Yokohama, Japan, Oct. 28-Nov. 1. The submission deadline is Feb. 28.

The event’s theme is “Rediscovering Milk,” and it will focus on how sustainable development of the global dairy sector can be used to overcome food supply challenges.

The IDF World Dairy Summit 2013 organizing committee will select the most relevant posters for inclusion in the poster session. Opportunities for oral presentations also will be given.

For more information or to submit a poster abstract visit [www.wds2013.com/eng/posters](http://www.wds2013.com/eng/posters). CMN

### Chefs’ Warehouse buys Queensgate

RIDGEFIELD, Conn. — The Chefs’ Warehouse Inc. has acquired the assets of Queensgate Foodservice.

Based in Cincinnati, Queensgate Foodservice stocks more than 8,000 items, including dairy, meat and dry grocery products.

“We believe that this acquisition is an exciting opportunity to strengthen our position in the Midwest and offers exciting synergies as we integrate this business with our existing operations,” says Chris Pappas, chairman and CEO of The Chefs’ Warehouse.

Queensgate Foodservice is expected to generate approximately \$40 million in revenue in 2012. The total purchase price for the business was approximately \$22 million, according to The Chefs’ Warehouse.

The Chefs’ Warehouse anticipates that Queensgate Foodservice operations will be fully integrated with its current operations by the end of 2013. CMN

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## New report looks at production, sales, consumption of infant milk powder in China

**BEIJING**—A new report from Beijing Shennong Kexin Agribusiness Consulting Co. Ltd. looks at production, sales and consumption of infant milk powder in China.

The report, published in October 2012, notes that China has become the largest infant milk powder consumer in the world. Each year, 16-18 million babies are born in China, and there are more than 70 million children three years old or younger. The sales volume of infant milk powder has been increasing by more than 10 percent annually in China, and infant milk powder consumption in both urban and rural areas has increased.

The “melamine incident” in 2008, where melamine-laced milk powder resulted in six infant deaths and more than 300,000 illnesses in China, significantly changed brand market shares in the Chinese infant milk powder market. Many foreign brands, such as Nestle, Wyeth, Dumx and MeadJohnson, set up plants in China following the incident. Currently foreign brands account for 60 percent of the infant milk powder market share and more than 80 percent of the high-end infant milk powder market share in China, the report says.

The report adds that in 2011, China’s quality inspection departments implemented a nationwide re-inspection of

infant milk powder producers, and the quality of Chinese-produced infant milk powder was generally upgraded.

The report is based on long-term research and analysis, and it looks at changes of output and production capacity of infant milk powder in China, characteristics in consumption, and differences between major brands in product mix, raw milk source, sales channels and marketing.

In its November dairy report, Beijing Shennong Kexin Agribusiness Consulting Co. also reports a shortage of dairy farm workers in China.

Both the cost of feed and cost of labor for dairy farming have witnessed

substantial growth in recent years, the November report says, but currently many young people are not willing to go into animal farming. The number of workers has been falling gradually though salaries are on the rise. In Beijing, the average salary for a worker in the front line of dairy farming has doubled from approximately \$241 a month to \$482 a month, but there still is a shortage of workers.

The report says to reduce the number of workers needed and solve the poor absorption ration of man-blended coarse feed, there is expected to be a sharply-growing demand in China for total mixed rations (TMR), milking machines and automatic feeding equipment. The dairy farming equipment market in China is expected to grow from about \$642 million in 2010 to nearly \$963 million in 2012.

For more information on these reports, visit [www.bjsn110.com](http://www.bjsn110.com). CMN



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## 3-A SSI welcomes applications for Student Travel Scholarship Award

**McLEAN, Va.**—3-A Sanitary Standards Inc. (3-A SSI) is accepting applications for its 2013 Student Travel Scholarship Award.

The scholarship enables students with a record of achievement to gain first-hand knowledge of hygienic design for food processing equipment and systems at 3-A SSI’s annual education program set for May 20-23 at the Clarion Hotel & Conference Center, Milwaukee.

Candidates for the 2013 scholarship must be enrolled full-time in a food technology, food science, dairy science or other closely-related program (undergraduate or graduate level) at a college or university in the U.S. or Canada. Award recipients will be selected on the basis of a personal essay, official transcripts and a letter of recommendation from a faculty member or department head. The application deadline is March 15.

“Food safety has become a highly important emphasis in food science and food microbiology curricula. However, sanitary equipment design, a critical element of food safety, is not often covered in depth in our programs,” says Ronald Schmidt of the University of Florida and past-chair of 3-A SSI. “The 3-A SSI program provides a truly special opportunity for future food industry professionals to supplement their educational experience, gain in-depth knowledge about sanitary equipment design in ‘the real world’ and network with a truly diverse group of industry leaders.”

For more information contact Tim Rugh at [trugh@3-a.org](mailto:trugh@3-a.org), or 703-790-0295, or visit [www.3-a.org](http://www.3-a.org). CMN



## NEWS/BUSINESS



## ProChemicals LLC now functioning as one of three divisions of ProActive Solutions USA LLC

By Aaron Martin

**GREEN BAY, Wis.** — ProChemicals LLC is now functioning as one of the three divisions of ProActive Solutions USA LLC, alongside ProChaska LLC and ProTransport LLC. The changes went into effect Jan. 1.

ProActive Solutions USA manufactures and distributes cleaners and sanitizers for agricultural, food and industrial applications. It also produces commodity chemicals and food ingredients, which allows it to support nearly every step of the food supply chain from “farm to fork,” the company says.

“There is a lot of synergy between these three divisions,” says Doug Storhoff, president and owner, ProActive Solutions USA. “Customers should expect to see outstanding technical support and outstanding delivery support.”

In May 2012, ProChemicals—which has operated from its headquarters in Green Bay, Wis., for more than 30 years — acquired Chaska Chemical Co. Inc., Savage, Minn. Chaska Chemical Co. now operates as the ProChaska division of ProActive Solutions USA. All of ProChaska’s employees have been retained, and there are now approximately 55 employees working at ProActive Solutions USA facilities in Minnesota and Wisconsin.

“I quickly became very impressed with the strength of the (ProChaska) business, their long-term relationships with clients, reputation in the industry and the dedication and tenure of the employees,” says Storhoff. “It is a great fit with our overall strategic goals for the company.”

Storhoff adds that the ProChaska manufacturing facility in Minnesota provides ProActive Solutions USA more capability to manufacture, handle and

distribute bulk chemicals. ProActive Solutions USA’s distribution network now covers 22 states.

“We’re getting a large enough footprint now that we’re no longer considered just a regional supplier here in the Midwest,” says Storhoff. “These changes have been very well received by our existing customers as well as new customers and prospects.”

**“There is a lot of synergy between these three divisions. Customers should expect to see outstanding technical support and outstanding delivery support.”**

Doug Storhoff  
PROACTIVE SOLUTIONS USA

Although 2012 was a year of change for ProActive Solutions USA, the company’s objective remains the same: providing exceptional service and innovative products to customers in the food, dairy, meat, beverage, pharmaceutical, canning and farm markets.

“We’ve had double-digit sales growth for five consecutive years. I would expect 2013 to continue on that path. We’re projecting about 15 percent (growth),” says Storhoff.

Storhoff thanks ProActive Solutions USA customers for fueling the company’s success and vows to continue

finding “pro-active” solutions to challenges in the future.

ProActive Solutions USA phone

numbers and addresses have not changed. Visit [www.proactivesolutionsusa.com](http://www.proactivesolutionsusa.com) for more information. CMN







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## Supervalu sells five retail grocery chains

**MINNEAPOLIS** — Supervalu Inc. announced Jan. 10 that it had reached an agreement to sell its Albertsons, Acme, Jewel-Osco, Shaw’s and Star Market stores and related Osco and Sav-on in-store pharmacies to AB Acquisition LLC, an affiliate of the Cerberus Capital Management investor consortium. The transaction, valued at \$3.3 billion, will help alleviate debt, the company says.

In addition, Symphony Investors, a newly-formed acquisition entity owned by Cerberus, will tender an offer for up to 30 percent of Supervalu’s outstanding common stock at \$4 per share in cash.

Sam Duncan has been named the new president and CEO of Supervalu, replacing Wayne Sales. In addition, five current Supervalu directors will resign.

Supervalu will remain an independent business with Save-A-Lot, Cub, Farm Fresh, Shoppers, Shop ‘n Save and Hornbacher’s rounding out the company’s retail grocery chains. CMN

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## NEWS/BUSINESS



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## Calcium higher in foods prepared at home

WASHINGTON — USDA Economic Research Service (ERS) has updated a previous study that concluded foods prepared and consumed at home have higher nutritional values than those consumed in restaurants.

Examining the changes in intake of food away from home (FAFH) and food at home (FAH), as reported in national surveys in 1977-78 and 2005-08, ERS found that Americans increased their away-from-home share of caloric intake from 17.7 percent in 1977-78 to 31.6 percent in 2005-08, mainly from table-service and fast-food restaurants.

Mean daily calcium intake rose from 743 milligrams (mg) in 1977-78 to 919 mg in 2005-08. For every 1,000 calories from FAH, Americans increased their

calcium intake from 425 mg to 559 mg in that time period, whereas the calcium density in FAFH remained relatively constant at 452-460 mg per 1,000 calories. Foods obtained at schools had the highest calcium content among all food sources in both periods, but the amount of calcium per 1,000 calories from school foods declined from 742 mg in 1977-78 to 646 mg in 2005-08.

The amount of calcium per 1,000 calories in fast foods increased from 344 mg in 1977-78 to 372 mg in 2005-08. Still, low calcium content in foods consumed at restaurants and fast food places resulted in lower calcium content overall for FAFH at 460 mg per 1,000 calories, compared with 559 mg for FAH in 2005-08, according to ERS. CMN

## Vilsack highlights opportunities in rural U.S.

NASHVILLE, Tenn. — During an address to the American Farm Bureau Federation Jan. 14, U.S. Agriculture Secretary Tom Vilsack highlighted the potential of rural America and encouraged ag producers to take advantage of job-creation partnerships and to share their stories with new audiences.

"Rural America is leading innovation in this country today," says Vilsack. "Rural areas can benefit tremendously through the bioeconomy, whether producing cutting-edge new products or advanced biofuels from crops and plant products."

Vilsack notes that USDA, under the Obama administration, has pursued new markets at home and abroad for commodities, with cumulative 2009-2012 exports reaching \$478 billion — the best four years in history.

USDA has taken steps to monetize conservation efforts going on across rural America and create new ecosystem markets to help landowners earn revenue for conservation, while giving companies increased options to meet regulatory requirements.

Vilsack set new goals for USDA in his remarks, promising USDA would build on its successes since 2009 by establishing more local and regional markets and food hubs, assisting additional companies in producing biobased products, establishing additional conservation certainty agreements and taking steps to strengthen ecosystem markets.

"I'm going to do all I can this year to work with Congress and secure the sort of comprehensive, long-term Food, Farm and Jobs Bill that will continue growing the rural economy. But I need the help of those across rural America to reach out, to expand partnerships and to tell the story of the modern and innovative rural America that provides so much to our nation," says Vilsack. CMN

## Blue Bell to expand ice cream plant

BRENNHAM, Texas — Blue Bell Creameries has announced plans to expand its ice cream plant located here by about 25 percent.

The move will add 100,000 square feet in cold storage and production space to the plant at an estimated cost of \$14 million. Blue Bell received a tax "phase-in" incentive for its investment from the city of Brenham that will save the company an estimated \$442,000 over eight years, according to city officials.

The company anticipates the move will add about 50 full-time employees to the plant's current staff level of 875.

Blue Bell Ice Cream is available in about 26 percent of the nation's supermarkets, with distribution in 20 states, according to the company. CMN

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## NEWS/BUSINESS



## SUIT

Continued from page 1

The lawsuit — brought against DFA, Kansas City, Mo.; Dean Foods Co., Dallas; Dairy Marketing Services LLC, Syracuse, N.Y.; Southern Marketing Agency, Prospect, Ky.; National Dairy Holdings L.P., Dallas; and two individuals in 2007 — alleged that the companies conspired to fix raw milk prices in the Southeast by closing bottling plants and stifling competition. (See “Producers file suit alleging price fixing by DFA, Dean” in the July 13, 2007, issue of Cheese Market News.)

DFA makes no admission of wrongdoing in this settlement. Under the terms of the settlement, filed Monday with the U.S. District Court for the Eastern District of Tennessee, DFA will pay \$140 million to the plaintiff class. An additional, refundable \$9.3 million per year for two years will be placed in a fund to incentivize stronger Class I utilization rates in federal orders 5 and 7.

Also included in the agreement are remedial elements regarding reporting, accounting and communication of certain business information and functions. Many of these components are consistent with new policies and procedures DFA management voluntarily developed and implemented previously to emphasize a culture of openness and transparency within the cooperative, DFA says.

“Our board and management team have worked diligently to put certain old issues behind us,” says Rick Smith, president and CEO, DFA. “This outcome positions DFA to fulfill a commitment to our members to resolve pending litigation, to remove a source of distraction for our leadership and to avoid additional legal fees.”

Smith notes the payment for the settlement will not affect the co-op’s day-to-day operations or its ability to market members’ milk or pay them a competitive price for that milk. Member milk checks and the member equity program will not be impacted, he adds.

“The cooperative remains healthy and poised for a bright future,” Smith says. “We continue to develop new member programs and invest in plants and new products. We also continue to seek out new opportunities and innovative ways to increase value to our dairy farmer owners.”

Last year, settlements between Dean Foods and the farmers (\$140 million) and Southeast Marketing Agency and the farmers (\$5 million) also were approved. (See “Judge grants preliminary approval for \$140 million settlement in case against Dean Foods” in the Feb. 24, 2012, issue of Cheese Market News.) CMN

## Noosa Yoghurt now available in stores nationwide, plans expansion

**DENVER** — Noosa Finest Yoghurt recently became available nationwide, expanding into an additional 4,000 U.S. retail locations including Target stores, which has helped to propel the company to year-over-year revenue growth of 260 percent, Noosa officials say.

In addition to Target, Noosa Yoghurt is available nationally at Kroger, Super-Valu banners and The Fresh Market. Noosa also is sold in local markets at Whole Foods Markets, Safeway, Wegmans, Stop & Shop and Giant.

Noosa is a thick and tangy/sweet yogurt made with all natural ingredients and has been popular in the company’s home state of Colorado since the first

batch hit the shelves in 2010, Noosa officials say. The yogurt is made at Noosa’s plant located at Morning Fresh Dairy, a family-owned and operated dairy farm. Inspired by rich yogurts from Greece, Noosa is blended in small batches and infused with Colorado clover alfalfa honey and all natural fruit purees.

To help meet demand for the product, in 2012 the company also began work on a state-of-the-art plant expansion that will increase the size of the company’s manufacturing facility by 23,000 feet. The new plant is scheduled for completion this year.

Noosa originated in Australia and is known there as Queensland Yoghurt.

“I knew I stumbled onto something great when I first tasted Noosa on a trip Down Under to visit my mum a few years ago,” says Koel Thomae, co-founder of Noosa Finest Yoghurt. “Even so, we have been completely blown away by the growth we’ve seen here in just three short years.”

After trying Queensland Yoghurt while visiting Australia, Thomae sought out the owners of Queensland Yoghurt and proceeded to bring their family recipe to the United States to be manufactured and sold under the name Noosa Yoghurt. Today, Noosa is available in Honey, Blueberry, Mango and Raspberry flavors, as well as the award-winning Strawberry Rhubarb and Peach. CMN

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# NEWS/BUSINESS



## FARM BILL

Continued from page 1

the divide over supply management is real and wide, despite what you may hear from its supporters.”

The Dairy Policy Action Coalition (DPAC)—a coalition of grassroots dairy producers—at the recent Pennsylvania Farm Show also voiced concerns with supply management as part of dairy policy reform.

DPAC says it believes supply management is bad policy because it creates an artificial market and sends the wrong message to trading partners.

“We need to work together to develop policy that will allow U.S. dairy farmers access to margin insurance, also grow their business in a free market and be a reliable supplier to the growing global population,” says Rob Barley, DPAC co-chair.

He adds that supply management is a good example of “the need to bridge the information gap between people inside the Beltway writing dairy policy and people on the farm affected by it.”

In other news related to the farm bill extension included in the fiscal cliff package, USDA’s Farm Service Agency

(FSA) this week sent a reminder to producers that the farm bill extension includes the extension of programs such as the Milk Income Loss Contract Program (MILC), Direct and Counter-Cyclical Payment Program (DCP) and Average Crop Revenue Election Program (ACRE).

FSA will begin sign-ups for DCP and ACRE on Feb. 19, through June 3 for ACRE and through Aug. 2 for DCP, the agency says.

In addition, all dairy producers’ MILC contracts automatically are extended to Sept. 30. Eligible producers therefore do not need to re-enroll in MILC, FSA says. Specific details regarding certain modifications to MILC will be released soon, the agency adds.

Rep. Frank Lucas, R-Okla., chair of the House Agriculture Committee, this week commended USDA for its announcement on sign-up for farm programs for the 2013 crop year.

“It is vitally important that our farmers, and lenders alike, know that Congress and the administration intend to keep the commitment made with the 1-year extension of the 2008 Farm Bill,” Lucas says. “Short of a 5-year farm bill, this extension provides certainty for the 2013 crop year.”

Lucas adds that looking ahead, it

is equally important that farmers and ranchers be able to plan for the long term.

“As we renew efforts to complete a 5-year farm bill, I pledge to work with the USDA secretary, my House and Senate colleagues and all interested parties to advance a fiscally-responsible, reform-minded and balanced farm bill this year,” he says.

Meanwhile, the House this week passed legislation to eliminate the nation’s statutory borrowing limit until May, an issue commonly referred to as the “debt ceiling.”

Reid this week said the Senate may take up and pass the House bill without changes as soon as next week.

“In substance, this is a clean debt limit increase that will set the precedent for future debt ceiling extensions,” Reid says. “By passing this bill, Republicans are joining Democrats to say we will not hold the full faith and credit of the United States hostage, and we will pay our bills.”

Reid notes that over the last two years, the bipartisan Budget Control Act set spending levels in place of a congressional budget, but “this year the Senate will return to regular order and move a budget resolution through the Budget Committee and Senate floor.” CMN

## Performance Food Group to acquire Fox River Foods

RICHMOND, Va. — Performance Food Group Inc. (PFG) recently announced it has entered into an agreement to acquire Fox River Foods Inc., an independently-owned foodservice distribution company serving customers in the Upper Midwest.

“The addition of Fox River Foods will significantly strengthen our position in the region and in several key metropolitan areas, particularly Chicago,” says George Holm, PFG president and CEO.

Fox River Foods started in 1956 and currently serves more than 7,000 customers in Illinois, Iowa, Indiana, Wisconsin, Michigan, Missouri and Minnesota. Its customers include restaurants, schools, health care facilities, child care centers, hotels and concessionaires. The company is based in Montgomery, Ill., where recent warehouse expansions there increased storage capacity to 326,000 square feet, including dry, refrigerated and frozen storage areas.

“Our customers, suppliers and associates will surely benefit from this alliance between Performance Foodservice and Fox River Foods,” says Ken Nagel, president of Fox River Foods. CMN

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## NEWS/BUSINESS



## California agriculture department receives request for hearing on transportation allowances

**SACRAMENTO, Calif.** — The California Department of Food and Agriculture (CDFA) recently received a request from Wallaby Yogurt Co., American Canyon, Calif., for a hearing to amend the state's pooling plan so that Napa County is included among the counties in the North Bay receiving area eligible for transportation allowances.

Wallaby Yogurt Co. has been located

in Napa County since 1999, and its eight dairy producers are located throughout Sonoma and Marin Counties.

Claudia Suh, vice president of operations, Wallaby Yogurt Co., says in a Jan. 14 letter to CDFA Secretary Karen Ross that the company has been transporting milk directly from its producers to its plant since 2006.

"As such, we compete for a milk supply with other plants in contiguous

counties which are currently included in one of the designated receiving areas for transportation allowances," Suh says. "It is our view that Napa County, which is geographically positioned between Sonoma and Solano Counties, should be included in the North Bay receiving area as we distribute products in the same market as other plants in the area and compete for the same milk supplies."

Wallaby Yogurt Co. proposes that Napa County be added to the North Bay receiving area, which currently includes Marin, Solano and Sonoma Counties, and that Napa County be given the same transportation allowance of \$0.19 per hundredweight for zero through 44 miles, \$0.29 per hundredweight for over 44 miles through 99 miles, and \$0.34 per hundredweight for more than 99 miles. **CMN**

### CDFA

*Continued from page 1*

the hearing requested no price increase.

Rachel Kaldor, Dairy Institute's executive director, says while they asked for a more modest increase of shorter duration, processors understand that CDFA is working hard to strike a balance between the impact of high feed prices and the need to keep cheese plants in California competitive.

"Striking a balance is something we can appreciate," she says. "This is of short enough duration that while its impact will be felt, we do feel the department considered the pressures our side of the industry is under and took that into account."

Dairy Farmers of America Inc., Western United Dairymen (WUD), California Dairies Inc., California Dairy Campaign and Land O'Lakes requested various class price increases all for a period of 6 months. Among other proposed increases, these organizations suggested changes that would have increased Class 4b prices by an estimated range of \$0.50 to \$1.90 per hundredweight, and monthly pool prices by a range of \$0.33 to \$1.00 per hundredweight.

WUD proposed increases that would

have resulted in estimated increases of about \$1 per hundredweight each in classes 1, 2, 3 and 4b. WUD CEO Michael Marsh says the result is not what dairy producers hoped for, but they also are thankful that CDFA agreed to more than the processors proposed.

"Unfortunately for many of the dairy farms in California, it will be too little too late," Marsh says. "We will have continued bankruptcies, even with the price increase."

Both producer and processor organizations acknowledged during the hearing that dairies have been experiencing challenging financial circumstances primarily due to elevated feed costs, according to the hearing panel report, which was prepared and submitted by CDFA branch chief Candace Gates, dairy economic advisor Hyrum Eastman and division director Kevin Masuhara. The hearing record shows that the price of corn spiked in the summer of 2012, as it became apparent that the severity of last year's drought would exert significant upward pressure on corn prices moving into the second half of 2012 and into 2013, the report adds.

"Because of the severity and wide reaching effects of the drought, the panel believes that this event has caused extraordinary financial stress to dairies to the point of warranting some level of

temporary price relief," the report says.

However, the panel notes that price relief can only serve as a temporary financial boost, and any price relief would not be sufficient for dairies to recoup lost equity due to past periods of negative margins.

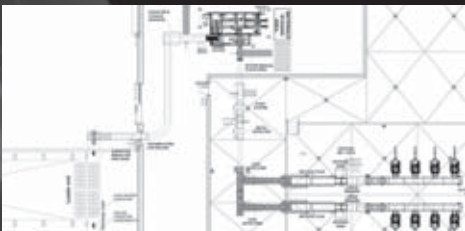
"Dairies, like most businesses, are confronted with periods of both prosperity and difficulty," the report says. "Ultimately, temporary price relief cannot counter or remedy the changing realities of the conditions driving the fluctuations in the markets for farm milk, finished dairy products or feeds."

The panel says it agreed that in order to provide price relief to dairy producers that receive blended pool prices, class price increases needed to extend across

all classes of milk. The panel considered and analyzed various temporary price increase scenarios across all classes. For the four months that the temporary price adjustment would be in effect, various scenarios were examined to balance the differing impacts to dairy producers, both members and non-members of processing cooperatives, proprietary manufacturers of all classes of milk, processing cooperative plants and consumers.

"Different scenarios were examined with the purpose of maximizing total revenues to producers by spreading the added revenues across all class prices, while minimizing the frequency of occurrences that California dairy products were uncompetitive in price with competing products from outside California," the panel report says. **CMN**

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## Researchers eye options to incorporate fish oil into milk, dairy-based beverages

**BLACKSBURG, Va.** — Food science researchers at Virginia Tech say they may have “reeled” milk into the omega-3 delivery system, showing it is possible to incorporate fish oil into milk and dairy-based beverages in amounts sufficient to promote heart health, without destroying the product’s taste or limiting its lifespan.

Volunteers evaluated 1-ounce cups of standard 2 percent milk alongside samples of skim milk containing 78 parts butteroil to 22 parts fish oil in institutionally approved study conditions and found no aroma differences, says Susan E. Duncan, a professor of food science and technology in the College of Agriculture and Life Sciences at Virginia Tech.

“We were concerned the fish oil would undergo a chemical process called oxidation, which would shorten the milk’s shelf life, or the milk would acquire a cardboard or paint flavor by reacting with the fish oil,” Duncan says. “It appears we have a product that is stable, with no chemical taste or smell issues.”

The study, featured in the November issue of the *Journal of Dairy Science*, tested four different ratios of butteroil to fish oil in the production of pasteurized, fatty acid-fortified beverages.

The aroma-free formulation delivered 432 milligrams of heart-healthy fatty acids per cup, close to the 500-milligram daily target for healthy people suggested by a broad range of health studies, Duncan says. USDA suggests daily consumption of 250 milligrams per day in healthy adults.

However, Duncan notes that fish hasn’t caught on with everyone, making room for new foods and beverages

fortified with omega-3s in an expanding marketplace.

“I think the dairy industry can look at our study and determine whether it is plausible to modify its products,” Duncan says. “I would like to help people who love milk, yogurt and dairy, which have intrinsic nutritional value, address an additional need in their diets, especially if they don’t like to eat fish or can’t afford it. One of these dairy servings a day apparently is enough to sustain enough continuous omega-3 to benefit heart health.”

If such a product catches on with consumers, Duncan says the next step for researchers is to follow groups of volunteers in an epidemiological study of whether the food improves health outcomes.

“Milk was first fortified with Vitamin D as a way to fight rickets, a disease that leads to soft or weak bones,” says Kerry E. Kaylegian, a dairy foods research and extension associate with Penn State’s College of Agricultural Sciences, who was not involved in the research. “It was a good approach to address a dietary deficiency disease because so many people drink milk, which is already loaded with nutrients. This study describes fortification of milk with omega-3 fatty acids EPA and DHA. We can’t say lack of those compounds definitively causes cardiac disease, but there is evidence that they protect us and contribute to heart and brain health. Milk would be a good delivery vehicle for those nutrients.” CMN

## Global sales of food processing machinery expected to reach \$53.3 billion by 2016

**CLEVELAND, Ohio** — Global sales of food processing machinery are expected to climb 7.3 percent per year and reach \$53.3 billion in 2016, according to a new study by The Freedonia Group.

Gains will be driven by increased demand for processed foods in developing nations, and a dietary shift in countries such as China and Brazil toward value-added foods that will prompt food manufacturers to broaden operations and invest in additional manufacturing capacity, according to the study.

Rising personal incomes will spur increased demand for processed foods and the dietary shift toward more costly, non-staple items in developing nations. Industrialization will make it more efficient to process basic foods by machine rather than manually, the study says.

The study also found that processing machinery demand in the world’s developed economies was much slower than in industrializing nations between 2006 and 2011, and sales gains in most developed nations will continue to trail the world average through 2016. CMN

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## NEWS/BUSINESS



## FDA expects to release proposed changes to Nutrition Facts panel on labels this spring

WASHINGTON — FDA says it expects to release a proposed rule this spring that will propose changes to the Nutrition Facts panel on food labels, according to the International Dairy Foods Association (IDFA).

Representatives from IDFA and

### Lawmakers urge USDA to reclassify Greek yogurt as a protein in MyPlate

WASHINGTON — A group of lawmakers late last week in a letter to U.S. Agriculture Secretary Tom Vilsack asked that USDA reclassify Greek yogurt as a protein under MyPlate nutrition guidelines.

They also urge that the National School Lunch and Breakfast programs allow schools and administrators to appropriately account for high-protein Greek yogurt as an affordable protein option.

In the letter, the lawmakers—which include Idaho Sens. Mike Crapo and Jim Risch, and Rep. Mike Simpson, as well as New York lawmakers Sen. Kirsten Gillibrand and Rep. Richard Hanna—note that Greek yogurt has twice the protein and more calcium than regular yogurt and is low in fat. Currently, Greek yogurt is not differentiated from regular yogurt in the guidelines.

“Greek yogurt is a nutrient-dense food that provides an excellent source of protein and a good source of calcium per serving, making it an ideal option within the dairy and protein food groups,” the lawmakers write.

They note a standard serving of Greek yogurt has more protein than an equivalent portion of beans, yet it is not included in the list of protein sources in current USDA nutrition materials, nor is it recognized as a type of yogurt on the dairy page.

Lawmakers note that Greek yogurt is one of the country’s fastest-growing food industries, accounting for nearly 30 percent of the \$1.96 billion national yogurt market.

“We believe that a pilot program along these lines will demonstrate that these many nutritional and related benefits for our students may be achieved at a lower cost to both the federal government and our schools,” they write. “Offering the option for the crediting of Greek yogurt on a protein content basis will free the creativity of school nutrition professionals to deliver enhanced nutrition at a lower cost.

“For all of these reasons, we respectfully urge that you authorize a pilot program that allows, does not require, schools and other institutions participating in USDA child nutrition programs to be credited for reimbursement for Greek yogurt on a basis that reflects the protein content for Greek yogurt,” the lawmakers add. CMN

several other food industry organizations met earlier this month with key FDA officials, including Michael Taylor, deputy commissioner for foods, who is leading FDA’s efforts to ensure that food labels contain clear and accurate nutrition information.

While a proposed rule is expected to be released sometime this spring, IDFA says Taylor acknowledges that coming to a final rule would be a multi-year process.

Paula Trumbo, Ph.D., acting director of FDA’s nutrition programs staff, explains that updates to the Nutrition Facts panel are being assessed to address such factors as current nutri-

ent recommendations, public health concerns based on recent data on food consumption, and the agency’s desire to make this information as clear and useful as possible.

IDFA notes it is following the agency’s efforts closely because any changes to the Nutrition Facts panel would drive changes to nutrient daily values, serving sizes and nutrient content claims used by dairy processors, such as “light,” “fortified,” “excellent source” and “reduced fat.”

“The meeting was very positive and helpful, especially given the expected timing for the proposed rule,” says Clay Hough, IDFA senior group vice presi-

dent, who attended the meeting along with Cary Frye, IDFA vice president of regulatory and scientific affairs. “We outlined our members’ interests and concerns to help FDA senior executives understand the enormous economic and operational impact that changes to the Nutrition Facts panel would have on every dairy product.”

Other food industry trade associations represented at the meeting included the American Frozen Foods Institute, Snack Foods Association, American Bakers Association, American Beverage Association, the Sugar Association and the Institute of Shortening and Edible Oils. CMN

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## Illnesses, deaths are linked to suspected Listeria contamination in Australian cheese

**JINDIVICK, Australia**—Two fatalities and a reported miscarriage have been linked to the consumption of a cheese manufactured by Jindi Cheese Pty Ltd., according to the Australian Competition and Consumer Commission.

A number of cheeses from the Australian manufacturer were recalled Dec. 19 as a precaution due to suspected *Listeria* contamination. Australian health officials have since discovered a strong link between the *Listeria* found in Jindi cheese and the deaths of a 44-year-old Tasmanian man and an 84-year-old Victorian man.

The fatalities and miscarriage, as well as 15 other serious cases of infection, have prompted Jindi to extend the recall, which includes a range of cheeses under a number of different brand names including: Aida Valley, Blue Cow, Coles Finest, Dynasty, Emporium, G&K, Harris Farm, International, Kenilworth, Kingaroy, Old Telegraph Road, Raw Materials, Siena, Tomewin Farm, Tomme Farm, Top Paddock, Wattle Valley and Wattle Grove. The products were sold in supermarkets,

wholesalers, green-grocers and delicatessens in Australia.

On its website, Jindi says it is voluntarily recalling all cheeses produced at its plant prior to Jan. 7, 2013. Franck Beaurain, Jindi head cheesemaker and group executive manager, says the company is working closely with Australia's Department of Health.

Dr. Michael Ackland, Victoria, Australia's acting chief health officer, says Department of Health officials visited the Jindi factory in Jindivick on Wednesday and were satisfied that appropriate food processing, hygiene and monitoring practices were being followed for the manufacture of products after Jan. 7.

"However, as a precaution the company demonstrated its commitment to the health and well-being of its customers by implementing a voluntary recall of cheeses manufactured up to and including Jan. 6," Ackland says. "On Jan. 7 it implemented an even stricter regime of product testing and quality control, which Jindi is confident will ensure that all cheeses it sells are safe and free of bacterial contamination." **CMN**

## Licensed cheese imports up 10 percent in '12

**WASHINGTON** — Imports of cheese subject to licensing requirements totaled 179.7 million pounds from January-December 2012, up 10 percent from total licensed cheese imports in 2011, according to data released this week by USDA's Foreign Agricultural Service. *(The figures released by USDA are in kilograms; Cheese Market News has converted the data to pounds by multiplying by 2.2046.)*

December cheese imports subject to licensing requirements totaled 30.1 million pounds, up 81 percent from December 2011.

In December, Cheddar imports subject to licensing requirements totaled 8.3 million pounds, up from 1.1 million pounds in December 2011. Total 2012 licensed Cheddar imports were 18.6 million pounds, up 124 percent from 2011.

Licensed imports of Swiss and Emmentaler with eye formation totaled 3.4 million pounds in December, down 13 percent from December 2011. January-December licensed imports of these cheeses totaled 42.3 million pounds, down 6 percent from January-December 2011.

Italian-type cheese imports subject to licensing requirements totaled 2.0 million pounds in December, down 31 percent from a year earlier. Total 2012 Italian-type cheese imports subject to licensing requirements were 15.2 million pounds, down 2 percent from 2011.

December licensed imports of Edam and Gouda totaled 1.2 million pounds, down 1 percent from the previous December. January-December licensed imports of these cheeses totaled 12.1 million pounds, up 13 percent from January-December 2011.

## Blue cheese among top Fancy Food trends

**SAN FRANCISCO** — "Blue Cheese Redux" was named as one of the top five food trends for 2013 by a panel of trendspotters at the 38th Winter Fancy Food Show which took place earlier this week in San Francisco. The show featured 80,000 products on display including cheeses, snacks, olive oils, vinegars, chocolate and natural and organic products from the United States and 35 countries and regions.

Among the examples of new Blue Cheese products at the show was the Chocolate-Covered Point Reyes Original Blue Cheese Wine Grape, a confection from Bissinger's Handcrafted Chocolatier. Muscat grapes are infused with Shiraz, then incorporated with a layer of Point Reyes Original Blue and covered in Bissinger's signature 60% European-style Chocolate.

The trendspotters also identified Rogue Creamery's new Blue Heaven Blue Cheese Powder, which can be added to sauces, soups or used as a seasoning, and Mt. Sterling Co-op Creamery's Smoked Sterling Bleu Goat Cheese as examples of Blue cheese product trends.

Licensed imports of processed Gruyere totaled 670,509 pounds in December, up 32 percent from December 2011. Total licensed imports of Gruyere in 2012 were 5.4 million pounds, down 4 percent from 2011.

Imports of Blue mold cheeses subject to licensing requirements totaled 579,091 pounds in December, down 5 percent from December 2011. January-December licensed imports of Blue mold cheeses totaled 6.2 million pounds, up 1 percent from 2011.

Licensed imports of other cheese not-specifically-provided-for (NSPF) totaled 14.6 million pounds in December, up 118 percent from December 2011. January-December licensed imports of other cheese NSPF totaled 79.9 million pounds, up 13 percent from January-December 2011.

Licensed butter imports totaled 2.8 million pounds in December, up 29 percent from a year earlier. Licensed butter imports for 2012 totaled 11.0 million pounds, up 12 percent from the 2011 total.

December licensed imports of butter substitutes totaled 1.6 million pounds, down 66 percent from a year earlier. January-December licensed imports of butter substitutes totaled 11.6 million pounds, down 3 percent from 2011.

Imports of high-tier cheese and other dairy products totaled 28.3 million pounds January-December 2012, up 2 percent from 2011. Leading the high-tier imports for the year was Italian-type cheese with 15.0 million pounds imported in 2012, down 9 percent from 2011. The second-highest category for 2012 was high-tier imports of other cheese NSPF at 6.7 million pounds in 2012, up 28 percent from 2011. **CMN**

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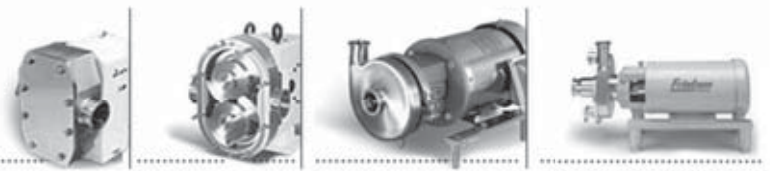
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## NEWS/BUSINESS



## Arla Foods announces revised strategy to focus on markets outside of EU, expand production

**AARHUS, Denmark** — Arla Foods recently announced that over the next five years the cooperative will increase its focus on Russia, China, and the Middle East and Africa region and aims to double sales of ingredients to the food industry.

In Arla's core markets in Northern Europe, the main focus will move from expansion to increased profitability and innovation, the co-op says.

The significant new aspect of the revised strategy launched earlier this month by Arla's executive management group is that Arla is increasing its strategic focus on markets outside of the European Union (EU).

"We now increase our focus on Russia, China and the Middle East and Africa region," says Peder Tuborgh, CEO of Arla Foods. "Our export to these markets is growing rapidly, and we will work hard over the next five years to build on the massive potential that these markets hold for Arla's products."

Arla will increase investment in marketing, distribution networks and cooperation with local partners in these markets between now and 2017, the co-op says.

The abolition of EU milk quotas in 2015 is the main driver behind Arla deciding to revise and extend its global strategy. Without EU quotas, it is anticipated that Arla's farmers will produce at least 1 billion kilos of milk more annually than today, the co-op says. The extra milk cannot be sold as profitable products in the EU due to stagnating growth.

"We have an opportunity to achieve profitable long-term positions in markets outside the EU, and therefore it is important that the strategy sends a clear signal to the organization that we need to further develop our sales channels," says Åke Hantoft, chairman of the board of directors. "Our dairy products need to reach many

new consumers as these increased global sales will help to maintain a viable dairy business in northern Europe."

In recent years, Arla has strengthened its positions in its core markets in the United Kingdom, Sweden, Germany, Denmark, Finland and the Netherlands, the co-op says. According to Strategy 2017, these markets must continue to be developed, but with more focus on refining activities, not primarily through expansion via mergers and acquisitions.

"Our company has grown and Arla has a lot of unutilized potential that our owners expect us to put to good use," Tuborgh says. "We can do this by further advancing our relations with customers and consumers, offering more attractive products and finding new ways to inspire our customers."

He notes that Arla will continue to focus on the three global brands: Arla, Lurpak and og Castello.

"The entire company will continue to strengthen our Closer to Nature position, with the objective of being the most natural and sustainable global dairy company," he adds. "In terms of our retail customers, we wish to be the best partner for them, through the development of both our own brands and theirs."

Tuborgh notes that one of the most profitable areas within the Arla Group is Arla Foods Ingredients (AFI), which is responsible for the production and sale of whey protein and lactose- and milk-based ingredients to the food industry.

Another focus area in the revised strategy is to continue to operate a sound and effective business where everyone is focused on cost and new ways of working.

"We have launched a large number of programs that will enable us to work faster, leaner and more simply," he says. "This is essential in order to be able to invest

in new growth and remain competitive."

In addition, during 2013 Arla will invest in a number of dairy expansions and new facilities in order to increase global production of its most profitable products, the co-op says. Arla also intends to increase efficiencies within production while also reducing its environmental impact.

Arla's board of directors has approved investments for capacity expansion, rationalization measures, environmental improvements, maintenance, quality and innovation.

The 2013 investment level is approximately 3 percent of expected revenue, and also is an ambition within Arla's group strategy for 2017, the co-op says.

"This year, the largest proportion of our investments will be devoted to expanding the production capabilities of a number of our dairies which manufacture products for export to the growth markets outside the EU, for example," says Povl Krogsgaard, who has responsibility for Arla's investment plan. "Our ability to improve profitability for Arla's owners is dependent upon us increasing sales of quality products all over the world, which is why, during 2013, we are investing in new production and expanding existing facilities."

The largest single investment for

Arla in 2013 will be the construction of a completely new production facility at Nr. Vium in Denmark, which will manufacture highly-processed whey-based lactose products. These ingredients will be used in products in areas including child nutrition, and also will be sold globally by AFI.

"To date, we have been able to utilize and process all the constituents of the raw milk supplied by our owners, with the exception of one: the lactose that is released when we concentrate the protein from the whey," says Henrik Andersen, CEO of Arla Foods Ingredients. "Going forward, the new lactose facility will enable us to achieve optimum processing of all the constituents of milk and therefore produce profitable lactose products for the food industry."

He notes the facility will become partly operational at the end of 2014, and fully operational in 2016, with 20 new jobs created.

Among the dairies that will receive the bulk of Arla's investment in 2013 is the Pronsfeld dairy in Germany, where Arla will invest in initiatives to increase production of milk powder and butter. The expansion of Taulov dairy in Denmark will be completed in 2013 with an investment in yellow cheese production, the co-op notes. CMN



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## Victor Cruz joins Milk Mustache 'got milk?' breakfast campaign

**NEW YORK** — The national Milk Mustache "got milk?" Campaign and Fuel Up to Play 60 recently announced they are teaming up with New York Giants wide receiver and Super Bowl XLVI champion Victor Cruz for a new campaign promoting milk and breakfast.

The "Breakfast Blitz" program is designed to help drive awareness of the importance of breakfast and raise funds to support healthy breakfasts in local schools.

"Living a healthy lifestyle was important when I was growing up, and I credit it with helping me get to where I am today," Cruz says. "It's something I'm teaching my daughter

now, even though she's very young. We make sure every morning includes milk. The Breakfast Blitz program helps fund healthy breakfasts in schools. Nothing else sets you up for a great day like a morning meal with milk."

This year, America's milk processors will make \$250,000 in grants to schools across the country to help provide healthy breakfasts through a partnership with Fuel Up to Play 60. Through Feb. 17, when consumers buy milk they can vote to help direct a \$1,000 Fuel Up to Play 60 grant to a local school as well as enter to win prizes, including 2014 Super Bowl

tickets, by entering their UPC at [www.MilkMustache.com](http://www.MilkMustache.com).

This year's Breakfast Blitz program includes new content throughout January on [MilkMustache.com](http://MilkMustache.com), Facebook.com/MilkMustache and on Twitter @MilkMustache, including recipes and tips to help families start with milk in the morning as well as football-themed activities. It also includes new "got milk?" Milk Mustache Super Bowl print ads. A pregame ad will feature a key player on each of this year's Super Bowl-bound teams, and a postgame ad will feature a player from the winning team and run in *USA Today* the morning after the game. **CMN**

## Shuttered Garelick plant to go up for sale by Dean Foods

**BANGOR, Maine** — Following the last day of operation at Dean Foods' Garelick Farms plant here last Friday, the Dallas-based company says it plans to list the building for sale in the coming weeks.

According to Jamaison Schuler, senior manager of corporate communications, Dean Foods, the company will be using a local broker and no decisions have been made as to specific timing or price.

Dean Foods this fall announced it would be phasing out production at the Garelick Farms plant through mid-January. Approximately 35 positions were eliminated as a result of the plant closure. (*See "Dean to cease production at Garelick Farms" in the Nov. 2, 2012, issue of Cheese Market News.*) The facility had been operating for more than 100 years. **CMN**

## Queso Camerano given PDO status

**BRUSSELS, Belgium** — The European Commission recently added the name of the Spanish cheese Queso Camerano to the register of protected designations of origin (PDO) and protected geographical indications (PGI).

Queso Camerano PDO is a goat's milk cheese that originated in the southern uplands of La Rioja, known as the Sierra de Cameros. This cheese has been known for centuries and was mentioned in 11th century poetry. The first people to make Camerano were the farmers and other inhabitants of the area who had to adapt to the limits imposed by the environmental conditions and poor communications. They devised a system for making the cheese with surplus goat's milk, and this was an important part of traditional life, customs and festivals in the mountains.

Camerano ranges from fresh and soft to cured depending on the amount of aging. Fresh, soft and semi-cured Camerano is made from pasteurized milk, and cured Camerano can be made from either raw or pasteurized milk. The longer the aging process, the stronger the smell and taste of the cheese. The taste varies from sweet and slightly acidic when young to slightly salty and with low acidity after a short aging process, to rather acidic, rather salty and slightly bitter in cheeses that have aged for a long time.

Camerano is set apart by its smooth texture and cylindrical, cake-shaped form, smooth top and bottom surfaces and convex sides, as well as its small size. Its rind appears engraved in a lattice pattern by the "cilla" or cane mold that historically was used to make the cheese. Due to modern sanitary standards, the "cillas" now are made of plastic, though they retain the same shape. **CMN**

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## NEWS/BUSINESS



## FDA sets Jan. 1, 2016, as compliance date for food labeling rules issued through 2014

WASHINGTON — FDA recently announced that it is establishing Jan. 1, 2016, as the uniform compliance date for food labeling regulations that are issued between Jan. 1, 2013, and Dec. 31, 2014.

FDA periodically issues regulations requiring changes in the labeling of food. If the effective dates of these labeling changes were not co-

ordinated, the cumulative economic impact on the food industry of having to respond separately to each change would be substantial, the agency says.

FDA two years ago established Jan. 1, 2014, as the uniform compliance date for food labeling regulations issued between Jan. 1, 2011, and Dec. 31, 2012.

Use of a uniform compliance

date provides for an orderly and economical industry adjustment to new labeling requirements by allowing sufficient lead time to plan for the use of existing label inventories and the development of new labeling materials, FDA notes.

This policy also serves consumers' interests because the cost of multiple short-term label revisions that otherwise would occur likely would be passed on to consumers in the form of higher prices, FDA adds.

The new uniform compliance date

will apply only to final FDA food labeling regulations that require changes in the labeling of food products and that publish between Jan. 1, 2013, and Dec. 31, 2014, the agency says. Those regulations will specifically identify Jan. 1, 2016, as their compliance date.

All food products subject to the Jan. 1, 2016, compliance date must comply with the appropriate regulations when initially introduced into interstate commerce on or after Jan. 1, 2016, FDA says. CMN

## Coleman Dairy Foods is now marketing products under Hiland Dairy Foods label

SPRINGFIELD, Mo. — Coleman Dairy Foods is now marketing its milk and dairy products under the Hiland Dairy Foods label, a move the company says will solidify synergy and make broader distribution more efficient.

Coleman Dairy has been a division of Hiland Dairy since 2006. Retail demand to have one label and one UPC across multiple states compelled the decision to market all products under the Hiland Dairy banner. The result will be cost savings for the retailer and the consumer, says Hiland Dairy.

"The only thing changing is the label on the outside of the milk and dairy product containers," says Gary

Aggus, president and general manager of Hiland Dairy. "Under the Hiland brand, Coleman is still the same local, farmer-owned dairy that has delivered wholesome products to its customers for one-and-a-half centuries."

The former Coleman Dairy Foods plant in Little Rock, Ark., will continue to process milk and other dairy products under the Hiland label.

"Blending the Hiland and Coleman Dairy brands is a natural progression that ensures we'll continue to deliver the same fresh, high quality milk and tasty dairy foods that consumers have enjoyed for generations," says Aggus. CMN

## CWT accepts 19 requests, assists with 6.2 million pounds of cheese, butter exports

ARLINGTON, Va. — Cooperatives Working Together (CWT) has accepted 19 requests for export assistance from Dairy Farmers of America, Northwest Dairy Association (Darigold), Foremost Farms USA, Maryland & Virginia Milk Producers Cooperative Association, Michigan Milk Producers Association, United Dairymen of Arizona and Upstate Niagara Cooperative (O-AT-KA) to sell 3.81 million pounds (1,730 metric tons) of Cheddar and Monterey Jack cheese and

2.42 million pounds (1,099 metric tons) of butter to customers in Asia, the Middle East and North Africa. The product will be delivered January through June 2013.

The 2013 CWT-assisted sales will be going to 18 countries on five continents and are the equivalent of 252.4 million pounds of milk on a milkfat basis.

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

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## EVENTS

## Wisconsin Specialty Cheese Institute to hold educational session on aftermath of recalls

**WISCONSIN DELLS, Wis.** — Wisconsin Specialty Cheese Institute (WSCSI) will hold an educational session here Feb. 15 that focuses on the first 24 hours after a product recall.

The day will begin with a brief business meeting and educational presentations will follow. Attendees will take part in a fictional recall exercise scenario designed to encourage steps they would take in the event of an incident. Attendees are encouraged to bring a copy of their own recall policy and to send a quality assurance staff member.

“This session will be a unique opportunity to hear different perspectives from a wide range of experts on the issue of crisis management,” says Jim Natzke, president, WSCSI. “Many cheese companies may not be aware of the full scope that a product recall may entail. The Wisconsin dairy industry’s livelihood depends on being ready for a recall, and this session will benefit everyone who attends.”

Speakers will include:

- Harry Field, an attorney specializing in civil and corporate litigation

and crisis management for manufacturing, including food and medical devices;

- Shirley Knox, sales executive, Maple Leaf Cheese, Monroe, Wis.;

- Chris Renard, vice president, Rosewood Dairy, and co-owner of Renard’s Cheese Store, Sturgeon Bay, Wis.;

- Matt Mathison, vice president of cheese company communications and technical services at Wisconsin Milk Marketing Board (WMMB);

- Marianne Smukowski, dairy safety/quality applications coordinator, University of Wisconsin Center for Dairy Research (CDR); and

- Jill Ball, recall and emergency response coordinator, Wisconsin Department of Agriculture.

The event is free to paid members of WSCSI and the Wisconsin Artisan Cheesemaker Guild. Non-members may attend for a \$25 fee. All attendees must RSVP by Feb. 8 to Kathy Brown, administrator, WSCSI, at [info@wisspecialcheese.org](mailto:info@wisspecialcheese.org), or 1-866-740-2180. Visit [www.wisspecialcheese.org](http://www.wisspecialcheese.org) for more information. CMN

## PEOPLE

## Comings and goings ... comings and goings

**Masters Gallery Foods Inc.**, Plymouth, Wis., has announced that **Andy Pfister** has been promoted to director of procurement and **Brad Wackett** has been promoted to director of food ingredient sales. Pfister joined Masters Gallery Foods in 2011 as procurement manager of operations/risk management. In his new role, Pfister will oversee all purchasing activities for the company. Previously, he served as an associate dairy risk manager/dairy buyer at Kraft Foods, Glenview, Ill. Wackett joined Masters Gallery Foods in 2008 as industrial sales/procurement manager. In his new role, Wackett will oversee the entire processing solids/food ingredient segment for the company. Previously, he served as senior strategic sourcing analyst at DCI Cheese Co., Mayville, Wis.

**David Kist** has been hired as senior national account sales manager in the food science division at **Sargento Foods Inc.**, Plymouth, Wis. He will be responsible for sales activities in Ohio, Kentucky and Tennessee. Previously, Kist was direc-

tor of national accounts for Campbell’s Soup Co., where he was responsible for managing various chain brands, including Subway, Yum Brands and Wendy’s. In addition, **Tiffany O’Day** has been named sales director in the foodservice division at Sargento. Previously, she was a director of national accounts at Cargill. Also, **Adam Liebl** has been hired as assistant controller at Sargento and will be responsible for preparing financial statements.

**Allen Hendricks** has been promoted to director of channel programs and foodservice national accounts at **Wisconsin Milk Marketing Board (WMMB)**. Hendricks joined WMMB in March 2011 as director of foodservice national accounts. He will continue to work with national accounts in the foodservice segment and will add retail responsibilities. In addition, **Marty Pullin** has been promoted from key account manager of retail to director of channel management programs at WMMB. Pullin joined WMMB in 2009 as regional marketing manager of Midwest retail and was promoted to key account manager of retail in 2012. CMN

## Obituary

## Elmer Beery

**AFTON, Wyo.** — Elmer Beery, a Life Member of Wisconsin Cheese Makers Association (WCMA) and longtime cheesemaker, died here Jan. 16. He was 94.

Beery and his wife, Alice, owned and operated Lake Cheese Factory, Belle Plaine, Wis., from 1946-1972. Beery spent 30 years as a cheesemaker and played an active role in the dairy

industry of Wisconsin. He served one term as president of WCMA and was later honored as a WCMA Life Member.

Beery is survived by his sons, Dr. Alan Beery, Los Alamos, N.M., and Collins Beery (Pamela), Alpine, Wyo.; three grandchildren and four great-grandchildren; two sisters, Pearl Zaddack and Elaine Henn.; and one brother, Harvey (Jim) Beery (Elaine). CMN

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## EVENTS



## American Cheese Society releases workshop, panel topics for 2013 Annual Conference

**MADISON, Wis.** — The American Cheese Society (ACS) has released a tentative slate of workshops and panel discussions for its 2013 Annual Conference & Competition to be held here July 31-Aug. 3.

Following an opening keynote address by Odessa Piper, a former restaurateur who spent more than 30 years seeking out Wisconsin's finest cheeses, presentations and panel discussions will be geared toward cheesemakers, retailers and more general topics.

The following workshops are geared toward cheesemakers:

- **Food Safety and Artisan Cheesemaking:** This workshop aims to help with implementation of a risk-reduction program that allows cheesemakers to comply with the Food Safety Modernization Act (FSMA). Main topics will be bacteriostatic and bactericidal control points, validating and verifying the efficiency of preventative controls and environmental pathogen control — including raw ingredient and product pathogen testing;

- **The Food Safety Modernization Act: What it Means to Your Cheese Plant:** This workshop strives to help cheesemakers learn what cheese factory operators should be doing to comply with FSMA; and

- **Striving for a Successful FDA Inspection:** Moderator Marianne Smukowski, University of Wisconsin Center for Dairy Research (CDR), and cheesemakers from

Cowgirl Creamery, Kenny's Farmhouse Cheese and Rogue Creamery, will prepare attendees for a successful FDA inspection, covering aspects ranging from the required paperwork to the training of employees.

The following retailer sessions are scheduled:

- **Educating for Passion:** A panel of retailers will offer insights into how to educate retail employees and instill a passion for cheese in them;

- **A Risk Evaluation of Cheese on the Retail Counter:** This session will present information on the food safety risks of leaving cheese unrefrigerated, including new rules and regulations. The panel also will provide retailers with the

tools to meet the regulations; and

- **An International View of Cheesemongering:** This panel will address cheese and product selection, case organization, the consumer market, marketing strategies, sourcing products, and overhead and pricing issues related to international products.

The following general interest sessions are planned:

- **Perspectives on 30 Years of American Cheesemaking:** Kurt Dammeier, Beecher's Handmade Cheese, and a panel will discuss change within the industry, whether or not ACS is close to the initial goals of its founders, where ACS is going and where the cheese community wants

to be 30 years from now;

- **Specialty Cheese: Coping with Cost and Revenue Risks:** In this session, panelists will discuss real world experience in making and marketing specialty cheese, the results of applied research and the outlook for milk prices during the last half of 2013; and

- **Green Cheese:** Panelists will discuss the ins and outs of "going green" in cheesemaking and share insights on start-up costs to help attendees leave with a plan for implementing a green program in your facility.

Registration opens May 6. For more information visit [www.cheesesociety.org](http://www.cheesesociety.org). **CMN**



## 15th Annual Dairy Ingredients Symposium

February 21-22, 2013 • The Stanford Court Renaissance, San Francisco

### COST:

Registration purchased prior to January 31, 2013: \$475.  
After February 1st: \$525.

### LODGING:

A block of rooms has been reserved at the The Stanford Court Renaissance, 905 California St., San Francisco, CA. It is located on Nob Hill near Union Square. The room block rate is \$184 night, parking at the hotel is an additional \$52.44/night.

To Make Hotel Reservations Call 1-800-468-3571 or (415) 989-3500. Let them know you are with the "Dairy Ingredients Symposium."

### ADDITIONAL INFORMATION:

For more information on this program or any other DPTC course, please contact: Laurie Jacobson at 805-305-5056 or email [ljacobso@calpoly.edu](mailto:ljacobso@calpoly.edu).

### CONFERENCE WEBSITE:

[http://www.dptc.calpoly.edu/ingredients\\_symposium.html](http://www.dptc.calpoly.edu/ingredients_symposium.html)

### 2013 Program Schedule

#### Day 1 Thursday, February 21, 2013

7:00 a.m. **REGISTRATION** (Continental breakfast available)  
8:00 a.m. **WELCOMING REMARKS** – Phil Tong, Cal Poly DPTC  
8:05 a.m. **Dairy Ingredients Markets & Product Innovation – A Dairy Producer's Perspective**  
Steve Maddox, National Dairy Board & Maddox Dairy  
8:20 a.m. **Session I: What Will Dairy Consumption Look Like in 2020**  
8:25 a.m. **Consumers – What Will They Want in the Future?**  
Alan Reed, Dairy Management, Inc.  
9:05 a.m. **Dairy Industry Needs, Opportunities and Challenges**  
Craig Schroeder, Dairy Farmers of America  
9:55 a.m. **BREAK – REFRESHMENTS & POSTERS**  
10:20 a.m. **Session II: Dairy Ingredients: Removing Market Obstacles, Expanding Use, and Safety**  
10:25 a.m. **Food Safety Modernization Act: An Update on Latest Rules and Implications to Dairy Ingredients Industry**  
Allen Sayler, Center for Food Safety & Regulatory Solutions (CFSRS)  
11:15 a.m. **Dairy Ingredients: Removing Regulatory Obstacles and Expanding Use**  
Clay Hough, International Dairy Foods Association (IDFA)  
12:00 p.m. **LUNCH** (provided)  
1:15 p.m. **Session III: Fouling and Its Implications in Dairy Ingredient Quality**  
1:20 p.m. **Non-fouling Materials for Dairy Processing**  
Julie Goddard, University of Massachusetts  
2:05 p.m. **Biofouling and Cleaning of Whey Reverse Osmosis Membranes**  
Sanjeev Anand, South Dakota State University  
2:45 p.m. **BREAK – REFRESHMENTS & POSTERS**  
3:05 p.m. **Session IV: "-Ohmics and Dairy Ingredients – What is in Store?"**  
3:10 p.m. **Molecular Methods for Studying Microbial Ecology in Food Processing**  
Chris Kitts, Cal Poly State University, San Luis Obispo  
3:40 p.m. **Metagenomics for Determination of Milk Quality**  
Raul Cano, Cal Poly State University, San Luis Obispo  
4:10 p.m. **Harnessing the Power of "-Ohmics" to Benefit the Dairy Industry**  
Rafael Jimenez, Cal Poly State University, San Luis Obispo  
4:25 p.m. **Wrap-up Day 1**  
4:30 p.m. **Adjourn**  
5:30-7 p.m. **RECEPTION** (hosted by USDEC)

#### Day 2 Friday, February 22, 2013

7:00 a.m. **REGISTRATION** (Continental breakfast available)  
8:00 a.m. **Session V: Functionality of Dairy Ingredients**  
8:05 a.m. **Heat Stability and Instability in Milk Protein System**  
Qixin Zhong, University of Tennessee  
8:45 a.m. **Protein-protein Interactions Impacting Dairy Ingredients Performance**  
Hasmukh Patel, South Dakota State University  
9:25 a.m. **Improving Whey Protein Functionality by Complexation with Polysaccharides at Near Neutral pH**  
Bongkosh Vardhanabhuti, University of Missouri  
10:05 a.m. **BREAK – REFRESHMENTS & POSTERS**  
10:25 a.m. **Session VI: Using Dry Dairy Ingredients in Food Applications**  
10:30 a.m. **Flavor Considerations in Manufacture and Use of Dairy Ingredients**  
MaryAnne Drake, North Carolina State University  
11:10 a.m. **Nanotechnology Approach to Casein Based Ingredients Innovation**  
Federico Harte, University of Tennessee  
12:00 p.m. **LUNCH** (provided)  
1:15 p.m. **Session VII: Innovations in Concentration and Drying**  
1:20 p.m. **Fractionation of Whey Proteins Using Charged Ultrafiltration Membranes**  
Mark Etzel, University of Wisconsin-Madison  
2:00 p.m. **Use of Mineral Chelates in Dairy Ingredients Processing**  
Phillip Tong, Cal Poly State University, San Luis Obispo  
2:30 p.m. **Advances in Concentration and Drying**  
Patrick Cole, GEA Process Engineering  
3:00 p.m. **BREAK – REFRESHMENTS**  
3:20 p.m. **Session VIII: Dairy Ingredients Roundtable: What Do We Need?**  
Panelists Remarks: User Perspectives (TBA)  
4:25 p.m. **CLOSING REMARKS**  
4:30 p.m. **Adjourn**



For more information please visit [www.dptc.calpoly.edu/ingredients\\_symposium.html](http://www.dptc.calpoly.edu/ingredients_symposium.html)

## IDFA Ice Cream Technology Conference is March 12-13

**ST. PETERSBURG, Fla.** — The International Dairy Foods Association (IDFA) will hold its Ice Cream Technology Conference here at the Renaissance Vinoy March 12-13.

The conference focuses on frozen dessert research, technology, new market trends, food safety, labeling and opportunities. The Ice Cream Technology Conference encourages an open exchange among participants and experts on the technical and practical processing issues in the frozen dessert industry. The conference features networking opportunities and product tasting, including the annual Innovative Ice Cream Flavor Competition.

Professionals in the ice cream industry who are involved in frozen dessert technology including plant managers, regulatory compliance personnel, and research and development and quality assurance staff — are encouraged to attend. Suppliers to the ice cream industry are also encouraged to attend.

For more information contact Peggy Armstrong at 202-220-3508 or [parmstrong@idfa.org](mailto:parmstrong@idfa.org). To register contact Maria Velasco at 202-220-3524 or [mvelasco@idfa.org](mailto:mvelasco@idfa.org). **CMN**



## EVENTS



## Seminars announced for 2013 Wisconsin Cheese Industry Conference set for April 17-18

**LA CROSSE, Wis.** — Seminars on milk quality, whey processing and cultured dairy products highlight the 2013 Wisconsin Cheese Industry Conference to be held here at the La Crosse Center April 17-18.

The event, co-hosted by University of Wisconsin Center for Dairy Research (CDR) and Wisconsin Cheese Makers Association (WCMA), is expected to draw more than 1,400 attendees.

"This conference includes more seminars and workshops than we've ever tried before and features the largest tabletop expo in the history of this event," says John Umhoefer, executive director, WCMA.

The event kicks off April 17 with the

general session, "Milk Quality, Biofilms and Dairy Products." Speakers will include: A representative of the Irish Dairy Board (invited); Dr. Mark Johnson, assistant director and senior scientist, CDR; Tony Erickson, principal chemist, Ecolab; and Heinrich Iversen, Tetra Pak.

Wednesday morning will conclude with a CEO roundtable, "Meeting Today's Challenges," which will focus on dairy policy, export opportunities, grain costs, drought, demands for sustainability and competition. Panelists to date include: Jon Davis, CEO, Davisco Foods International; Dave Fuhrmann, president, Foremost Farms USA; and John Jeter, CEO, Hilmar Cheese Co.

Then, a celebratory lunch will recognize generous industry donors and the fundraising campaign for UW-Madison's Babcock Hall remodel project. A tabletop mini-expo will be held throughout the afternoon. At 5 p.m., Chr. Hansen will host a reception featuring award-winning cheeses and the Auction of Gold Medal Cheeses from the 2013 U.S. Championship Cheese Contest.

Three concurrent sessions will be held on the morning of April 18:

- Matt Mathison, Wisconsin Milk Marketing Board (WMMB), will moderate "The Food Safety Modernization Act (FSMA) – Are You Prepared?" The session will explore FSMA regulations

and industry experts will discuss why new rules are in place and how to meet these requirements. Speakers to date include: John Sheehan, director, division of plant and dairy food safety, FDA; Janet Raddatz, vice president of quality & food safety systems, Sargento Foods Inc.; Elizabeth Fawell, associate, Hogan Lovells, Washington, D.C.

- Dean Sommer, cheese & food technologist, CDR, will moderate "Which Whey to Go? Today's Challenges and Opportunities." The session will cover research on topics such as native whey, charged membranes and conjugates as well as dealing with whey processing issues such as cooling, acid whey and decolorization. Speakers to date include: KJ Burrington, coordinator, ingredients functionality, cultured products and beverages, CDR; Karen Smith, dairy processing technologist, CDR; Rich Scheuerman, president, RS Strategic Consulting; and Dr. John Lucey, director, CDR.

- Burrington will moderate "Opportunities in Fresh Cheeses and Cultured Products." The session will explore growth potential, processing opportunities and uses for Greek yogurt whey and provide a look at the latest equipment available. To date speakers include: Dana Wolle, assistant coordinator, cheese industry and applications, CDR, and Mike Molitor, senior instrumentation technologist/process pilot plant manager, CDR.

At noon, DuPont will sponsor a lunch to accompany the annual meeting of WCMA. WCMA will acknowledge its new graduates from the Management Skills for Dairy Professionals certificate program and celebrate honorees of WCMA's Distinguished Service Award.

Thursday afternoon will offer three concurrent workshops:

- WCMA will host "Exclusive Engagement: Profit Mastery," featuring Steve LeFever, a Seattle-based finance expert.

- WMMB will sponsor "Cheese 101 to Sales 101." Dave Leonhardi and Sara Hill, both of WMMB, have designed this workshop for cheese industry sales staff. The workshop provides an understanding of cheesemaking alongside an understanding of how products fit with today's foodservice trends and pairings.


- CDR will present "Honing your Cheese Contest & Cheese Grading Skills," a hands-on, inside look at cheese contest judging and cheese evaluation. Mark Johnson, Marianne Smukowski, John Jaeggi and Luis Jiménez-Maroto, all from CDR, will offer a look at how cheese is graded and how winners are discovered.

The conference concludes with an Awards Reception and Banquet for winning cheesemakers in the U.S. Championship Cheese Contest. After the Awards Banquet, attendees are invited to the Millerbernd Systems Afterglow Reception.

Complete information is available at [www.cheeseconference.org](http://www.cheeseconference.org) or by contacting WCMA at 608-828-4550. CMN


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## NEWS/BUSINESS



## Organic Valley announces year-end results, highlights 2012 alternative energy initiatives

**LA FARGE, Wis.** — Organic Valley recently announced their 2012 year-end results, saying these exceeded expectations in spite of a year of challenges that included the worst drought in 25 years.

In 2012, the farmer-owned cooperative brought on 211 new farmers for 11 percent member growth across the country, increased sales from \$715 million in 2011 to \$860 million for 20 percent growth, and donated more than \$2.2 million to nonprofit organizations dedicated to advancing organic food and farming and building community.

Consumer demand for organic continued in 2012, Organic Valley says. While the cooperative's sales grew 20 percent, projections indicate the organic industry overall grew nearly 10 percent for the second straight year. U.S. organic sales reached \$30 billion in 2011. Organic Valley says more than an estimated 70 percent of organic customers are moms who seek food for their families that is produced without antibiotics, pesticides, synthetic hormones or GMOs.

### Report: Consumers want higher quality breakfast foods

**CHICAGO** — Consumer demand for healthy and nutritional breakfast foods will continue to drive product innovation and sales increases, according to a report by Mintel.

Sixty-nine percent of respondents consider low cholesterol or heart healthy claims important when selecting breakfast foods. Additionally, 65 percent of respondents think low-fat and high-fiber are significant health-related attributes when selecting breakfast foods — and 57 percent of consumers are willing to spend more for better-quality, prepackaged breakfast foods. Another 41 percent of consumers would like more organic prepackaged breakfast options.

Overall, the breakfast foods category has grown during the recent recession, with a 20 percent increase in dollar sales from 2007-11, jumping from \$10 billion in 2007 to \$12 billion in 2011. Furthermore, the market is forecast to grow by nearly 26 percent from 2012-17 to reach a predicted \$15.7 billion.

“Eating at home to save money and the convenience of many products in the breakfast category likely aided in its impressive sales growth,” says Carla Dobre-Chastain, food analyst, Mintel. “While price will continue to play an important role when it comes to breakfast foods, Mintel’s research shows that consumers are willing to pay more for higher-quality breakfast products. Therefore, manufacturers and retailers need to strike a balance between price and quality in order to stay at the top of the market.” CMN

In certain regions, Organic Valley says it saw more growth than ever. In 2012, Organic Valley brought on new farmers in regions such as California, which went from 17 farmer-owners to 50 by year-end.

Organic Valley also highlights its alternative energy initiatives in 2012. The Cashton Greens Wind Farm was Wisconsin’s first community wind project. The electricity that the two windmills in this project generate is equivalent to 89 percent of the electricity consumed within cooperative-owned facilities. The windmills, along with the state-of-the-art solar electric system on the Organic Valley headquarters’ roof, were 2012

initiatives that contributed significantly to the co-op’s efficiency and energy independence while creating more jobs for rural communities in Southwest Wisconsin, Organic Valley says.

In 2012, Organic Valley CEO George Siemon was recognized by the National Resource Defense Council with a Growing Green Award in the business category and inducted into the Social Venture Network Hall of Fame in the Environmental Evangelist category. Organic Valley products also received recognition in 2012, winning first place in the World Dairy Expo Championship and gold in the Los Angeles International Dairy Competition for

European-Style Butter as well as accolades for other products, including Pasture Butter, Cream Cheese and Heavy Whipping Cream.

New products also were launched in 2012, including unprocessed, organic American cheese singles.

In March 2013, Organic Valley will celebrate the 25th anniversary of the founding of the cooperative with a renewed commitment to organic education and keeping farmers on the land.

“We inherently believe that our mission-driven, values-based cooperative model has served us well in the past 25 years and will continue to serve us in the next 25,” Siemon says. CMN

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## NEWS/BUSINESS



## Dairy farmers should see steady milk prices, increased profitability in second half of year

COLUMBIA, Mo. — Missouri dairy farmers should see steady milk prices with increased profitability in the second half of 2013, according to a presentation by Joe Horner, a University of Missouri Extension dairy economist, during last week's Winter AgMarketing Outlook Conference in Columbia, Mo.

The conference, held Jan. 17, was hosted by Horner; Ron Plain, a professor of agricultural and applied economics at the University of Missouri; and David Reinbott, University of Missouri Extension's southeast region agriculture business specialist. Topics included market conditions and the price outlook for agricultural commodities for 2013, followed by a question and answer session.

"We've moved from a really bullish scenario to more of a neutral one in the last month," Horner says. "That's mostly because the milk production reports have started to show an increase in the herd and in milk production per cow." (For the latest milk production numbers, see chart on page 31.)

Horner notes there were extremely high cow slaughter numbers throughout 2012. With high feed costs and strong demand for meat, it paid more to turn dairy cows and heifers into beef than to milk them, he says.

"In spite of all that, we have a herd that has started to slowly rise because a lot of people are practicing enhanced reproductive methods," he says. "So we are getting more heifers and we're culling more and it is kind of a wait-and-see situation concerning what is going to happen to total numbers in the herd."

Horner says milk production per cow is starting to rise slowly, although it is still below trend-line levels.

"We've been fighting this teeter-totter of coarser feeds this year, more drought-stressed forages, higher feed costs, higher ration costs, people not feeding their cows as well, but at the same time culling out all the low-end cows," he says. "So we've been right at year-ago levels for the last six months, and finally in late fall, we started to pick up milk volumes on a per-cow basis."

Milk production in other major dairy-producing countries has been down due to high feed costs, he notes.

Domestic demand has been growing slowly, as have exports in both volume and value, he adds.

Increasingly, U.S. dairy prices are dependent in what is going on in the export market around the world, Horner notes.

He says China is a huge market and

growth area for the United States, but Mexico tends to be a bigger customer.

"It is not rising as fast as China, but it is by far the largest buyer of U.S. dairy, and it is continuing to rise," he says.

Horner notes that the estimated Missouri farm-level price for the first half of 2013 is \$19.54 per hundredweight.

In addition, he forecasts a \$20 farm-level milk price for the second half of 2013 and notes with help on the demand

side, it could be higher.

"For all of 2013 we are forecasting about a \$19.77 farm-level milk price in Missouri," he says. "That is down slightly from last fall but should still be above break-even for the average producer in Missouri."

Audio recording and presentations from the conference are available at [www.agebb.missouri.edu/mkt/teleconf](http://www.agebb.missouri.edu/mkt/teleconf). CMN

## Wisconsin State Fair Dairy Promotion Board to award three \$1,000 student scholarships

MILWAUKEE — The Wisconsin State Fair Dairy Promotion Board will award three \$1,000 scholarships to third or fourth-year college students pursuing dairy-related or food science degrees at one of Wisconsin's four-year universities. The scholarships will be available for use during the second semester of the 2013-14 school year.

Two additional \$1,000 scholarships will be made available to high school seniors planning to pursue a dairy-related or food science degree at one of Wisconsin's four-year universities or students studying in a two-year, technical school

program related to dairy or food science.

Applicants will be evaluated on involvement and leadership in ag-related activities, scholastic achievement and career objectives. Finalists will be interviewed in mid-April, with the recipients to be recognized at the 2013 Wisconsin State Fair.

The application is available at [www.wistatefair.com/fair\\_competitions/dairy\\_promotion\\_board.html](http://www.wistatefair.com/fair_competitions/dairy_promotion_board.html). The application deadline is March 29.

For more information contact Katy Katzman at 262-903-6727 or [katzman@idcnet.com](mailto:katzman@idcnet.com). CMN

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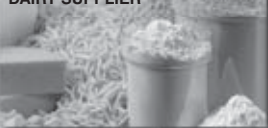
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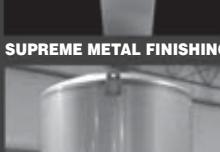
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## NEWS/BUSINESS



## Cheeses among Good Food Awards winners

**SAN FRANCISCO** — The winners of the 2013 Good Food Awards were announced during a ceremony last Friday at San Francisco's Ferry Building. Among this year's 114 winning foods were 11 cheeses. The winners were chosen from among 1,388 entries in categories including cheese, chocolate, charcuterie, beer and others.

Nearly 700 people attended the Friday night awards ceremony, and several thousand people visited the Good Food Awards Marketplace Saturday morning to taste and buy from 80 of this year's winners. At times the line to taste and buy the winning cheese and charcuterie was 30 people long, and many of the winners sold out by the end of the day.

"More than in past years, I am blown away by how delicious everything is," says Good Food Awards director Sarah Weiner. "There is no doubt that this is the most impressive group of Good Food Award winners to date, and it is a true reflection of what is happening around the country."

Prior to the awards ceremony, the GoodFoodMerchantsGuildhostedaweek of gatherings, bringing together diverse stakeholders to share experiences, build networks and discuss the roles of Good Food businesses with the bigger picture of the food movement and U.S. economy.

The 2013 Good Food Award winners in the cheese category include: Avalanche Cheese Co., Paonia, Colo., *Goat Cheddar*; Belle Chevre, Elkmont, Ala., *Pimento Chevre*; Bellwether Farms, Petaluma, Calif., *Whole Milk Ricotta*; Briar Rose Creamery, Dundee, Ore., *Briar Rose Chevre*; Carr Valley Cheese Co., La Valle, Wis., *Cave Aged Marisa*; Cobb Hill Cheese, Hartland, Vt., *Ascutney Mountain*; Nature's Harmony Farm, Elberton, Ga., *Fortsonia Gruyere*; Point Reyes Farmstead Cheese Co., Point Reyes Station, Calif., *Bay Blue*; Spring Brook Farm, Reading, Vt., *Tarentaise*; Uplands Cheese Co., Dodgeville, Wis., *Pleasant Ridge Reserve*; Weirauch Farm & Creamery, Petaluma, Calif., *Saint Rose*. **CMN**

## Glanbia names 4 Brothers Patron of the Year

**TWIN FALLS, Idaho** — Glanbia Foods awarded 4-Brothers Dairy of Shoshone, Idaho, its highest honor, 2012 Quality Patron of the Year, at Glanbia's annual awards banquet in December. As winners, the four brothers who own and operate the dairy — Andrew, Jerome, Clem and Louie Fitzgerald — received all-expense paid tickets to Ireland, where Glanbia's headquarters are located.

The annual award rotates each year between small, medium and large dairies. This year 4-Brothers Dairy, which has been supplying milk to Glanbia since 1986, was selected from the large

category (10,000 cows or more).

In order to be recognized for this award, Glanbia's milk suppliers must meet strict quality standards over 12 months, paying close attention to all facets of dairy operations.

"4-Brothers Dairy keeps animal care a priority in their operations through preventative health care, vaccinations, corral maintenance and quality, caring employees," says Russ De Kruyf, director of milk procurement, Glanbia. "The cow care they exhibit translates into the production of superior quality milk we're proud to include in Glanbia cheeses." **CMN**

## Dollar stores gaining in popularity among grocery shoppers, according to survey

**FORT LEE, N.J.** — Supermarkets continue to be the main place consumers buy groceries, but other venues — dollar stores, drug stores and convenience stores — are drawing more grocery business, according to Perception Research Services International's annual shopper research survey.

The survey found that 91 percent of survey respondents purchased groceries in the past three months at a supermarket, down from 92 percent last year. Mass merchandisers were the supermarket's largest competitive threat, with 73 percent purchasing groceries there in the last three months.

The survey also found that 35 percent of consumers shopped for food in a dollar store in the last three months, compared to 32 percent in 2011. Forty-seven percent said they shopped in a drug store for food in the last three months, compared to 46 percent last year. Twenty-four percent shopped in a convenience store for food, compared to 23 percent last year.

Consumers purchased beverages and food at the same rate across mass merchandisers and dollar stores, but cleaning supplies and personal care items were purchased more often at dollar stores. **CMN**

## Cheese truck fire closes tunnel in Norway

**TYSFJORD, Norway** — A trailer carrying 27 metric tons (almost 60,000 pounds) of Brunost, a brown Norwegian goat's milk cheese, caught on fire in a tunnel, sparking a blaze that burned for several days, according to the Norwegian Public Roads Administration.

Last Thursday evening, a truck driver discovered a fire in his trailer as he was driving through the Brattli

Tunnel in northern Norway. The trailer was left in the tunnel about 300 meters (approximately 1,000 feet) from the tunnel's entrance as it burned.

Officials are surveying the extent of the damage and say it probably was not the cheese that burned for so long, but rather unsecured polyethylene foam in the tunnel. They estimate the tunnel will be closed for at least 2-3 weeks. **CMN**

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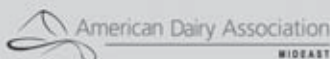
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Instructed By: Dennis D'Amico, Ph.D. Vermont Institute for Artisan Cheese

This one-day workshop will provide key information on food safety specifically designed for artisan/farmstead cheesemakers.

- Review key aspects of micro-organisms most relevant to cheese safety.
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## NEWS/BUSINESS



## Majority of cheesemakers in ACS survey use raw milk; less than half have HACCP plans

DENVER, Colo. — The majority of artisan, specialty and farmstead cheesemakers use raw milk and identify their products as organic — and less than half have implemented Hazard Analysis & Critical Control Points (HACCP) plans, according to an American Cheese Society (ACS) survey.

When it comes to milk type, 63 percent of survey respondents use cow's milk, 56 percent use goat's milk, 17 percent use sheep's milk and about 2 percent use buffalo's milk. About 30 percent of cheesemakers use more than one type of milk and 19 percent produce mixed-milk cheeses. Most survey participants (71 percent) manage and milk their own animals. Fifty-nine percent of cheesemakers report producing at least one variety of raw milk cheese,

and about 35 percent make raw milk cheeses exclusively.

Organic also continues to be a popular trend. However, many cheesemakers who report producing organic products are not certified organic. About 59 percent of survey responders describe their products as organic, yet only 10 percent are certified.

The majority of 211 artisan, farmstead and specialty cheesemakers surveyed (71 percent) produce 25,000 pounds of cheese or less each year. Nearly two-thirds (65 percent) reported less than \$250,000 in gross sales in the most recent fiscal year. Seventeen percent reported sales from \$250,000-\$1 million, 10 percent reported sales from \$1-\$5 million, 4 percent between \$5-\$10 million and 5 percent reported sales of

more than \$10 million. Profit margins among survey participants varied, from less than 10 percent to 92 percent. The most commonly reported profit margins were less than 10 percent, however; 37 percent of participants reported a profit margin of 20 percent or greater.

Cheesemakers' expenses are heavily distributed toward raw materials and labor. The survey says very little expense is directed toward advertising and marketing or research and development. Artisan and farmstead cheesemakers most commonly reported direct sales (84 percent) and restaurants (73 percent) as their sales avenues.

While food safety policy has grown in awareness in recent years, less than

half of cheesemakers (48 percent) reported having a HACCP plan in place. Forty-four percent of raw milk cheesemakers have a HACCP plan in place, and 54 percent of cheesemakers that do not produce raw milk cheese have a HACCP plan in place. More than half (56 percent) of survey participants reported having a product recall and/or crisis management plan in place. Sixty-one percent of survey participants have documented good manufacturing practices (GMP) in place. Forty-eight percent of respondents conduct some level of independent pathogen testing in their cheesemaking facility, and 46 percent of cheesemakers reported an audit or inspection by the FDA. CMN

## China, U.S. approve dairy export certificate

WASHINGTON — The U.S. Dairy Export Council (USDEC) recently announced that Chinese and U.S. regulators approved a dairy certificate, ensuring that the flow of U.S. dairy goods into China continues without interruption.

"U.S. dairy exports to China are on pace to clear \$400 million in 2012," says Tom Suber, USDEC president. "With the certificate question settled, we expect U.S. dairy export value to China could more than double by 2017."

The issue dates back to early 2010, when China revised its dairy certificate as part of sweeping efforts to upgrade domestic food safety. USDEC says its staff worked closely with Chinese officials and a U.S. inter-agency regulatory team to secure this particular deal. USDEC staff visited one-on-one with Chinese food safety and ag authorities to understand the assurances they were seeking and collaborated closely with U.S. regulators to develop and revise sample certificate language.

"Credit goes to China for keeping its market open throughout the certificate

negotiation and review process," says Matt McKnight, USDEC senior vice president, market access, regulatory and industry affairs, adding that special appreciation is due as well to USDA and the rest of the inter-agency team that worked with China to address their concerns.

The National Milk Producers Federation (NMPF) says it also is pleased to have been part of the team that helped to bring closure to the certificate issue and commends the U.S. and Chinese governments.

"Too often in the wake of new regulations, we see countries rush to shut their markets, even when no underlying food safety concern exists, simply over documentation matters," says Jerry Kozak, NMPF president and CEO. "In its handling of this issue, China has set an admirable example for the world by permitting dairy trade with the U.S. to continue."

Although there was never a market closure, the unresolved certificate issue and threat of closure loomed over U.S.-China dairy trade, and that perceived risk made some buyers hesitate, opting to source some or all of their product from U.S. competitors, USDEC says.

USDEC estimates the uncertainty of the situation depressed U.S. dairy ingredient sales by 5-10 percent. The impact was considerably greater in the case of cheese, affecting sales by as much as 50 percent, because of the foodservice industry's need for consistent supply and more limited interchangeability of cheeses.

"With that risk of sudden market closure removed, we have an opportunity to not only strengthen share with our current base but add significant new business," Suber says.

USDA's Agricultural Marketing Service (AMS) will immediately begin issuing the certificate. Certificates that were issued by AMS for product destined for China prior to Jan. 18, 2013, will be valid for 60 days from the finalization of this agreement but will not be accepted in China after March 20. CMN

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## NEWS/BUSINESS



## New York dairy farmers testify at hearings on proposal to expand threshold for CAFOs

ALBANY, N.Y. — In response to New York Gov. Andrew Cuomo's "Yogurt Summit" last summer, several New York Farm Bureau members and others testified earlier this month at four New York Department of Environmental Conservation (DEC) hearings on a proposal to expand the threshold for a Concentrated Animal Feeding Operation (CAFO).

According to the New York Farm Bureau, for years small dairy farmers have kept expansion at bay because of costly and rigorous regulations that kicked in any time a farm had more than 199 cows.

At Cuomo's direction, the state is proposing to increase the CAFO cap from 200 to 300 milking cows. (See "New

York officials announce new actions to help dairy farmers increase herd sizes" in the Aug. 24, 2012, issue of Cheese Market News.)

There are more than 800 dairy farms in the state with 100 to 199 cows that could benefit from this reform and expand milk production for yogurt manufacturers, the Farm Bureau notes.

"This change in CAFO threshold would be extremely helpful to us with a modest expansion to better accommodate the next generation," says Tom Borden, dairy farmer and Washington County, N.Y., Farm Bureau president. Borden's farm currently has 180 cows, and he says he would like to carefully add 100 more over some time, taking into account factors such as proper land and barn space, and feed costs.

"I firmly believe that we can be environmentally responsible for far less cost than current CAFO requirements would demand," Borden says. "The current CAFO threshold only serves to force small farms to become much larger or go out of business."

Bruce Krupke, executive vice president of the Northeast Dairy Foods Association, notes that there has been recent tremendous growth in dairy product manufacturing in New York state and it will continue into the future.

"To allow this manufacturing base to continue to grow, we need more milk from dairy farms," Krupke says. "One way to help with that process is to allow dairy producers looking to expand to do so without the restraints currently placed on them by CAFO requirements. Expanding dairy herds from 200 to 300 without costly regulation will be important to help with raw milk supply while protecting our environment with reasonable oversight."

It has been estimated that the number of yogurt manufacturing plants in New York state increased from 14 in 2000 to almost 30 as of last year. Over that same time period, the amount of milk used in yogurt production has risen from 158 million pounds to about 1.2 billion pounds, or almost 10 percent of the state's total milk production in 2011 (12.8 billion pounds), according to Gov. Cuomo's office.

"This is a great opportunity for upstate New York to capitalize on an emerging yogurt industry that shows no signs of letting up," says New York Farm Bureau state director David Fisher, whose family owns a CAFO dairy farm in the North Country. "Our farms, big and small, must be equipped to meet the demand for the benefit of all dairy farmers."

"That being said, it's imperative we remain strong stewards of our natural resources, and there are a number of voluntary programs available to small dairy farmers that will encourage responsible growth," Fisher adds.

Dean Norton, New York Farm Bureau president, who was involved in Cuomo's Yogurt Summit where this proposal emerged, notes that Cuomo has kept his commitment to New York's farmers by putting his words into actions with the public hearings.

"This is a win for our family dairy farms and the upstate economy which will benefit from new jobs and expanding yogurt making facilities," Norton says. CMN

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## NEWS/BUSINESS



## Federal Trade Commission releases follow-up report on marketing food to children

WASHINGTON — The Federal Trade Commission (FTC) recently announced the results of a comprehensive study of food and beverage industry marketing expenditures and activities directed at children and teens. The study, *A Review of Food Marketing to Children and Adolescents: Follow-Up Report*, gauges the progress made by the industry since first launching self-regulatory efforts to promote healthier food choices to kids. It serves as a follow-up to the commission's 2008 report on food marketing requested by Congress.

The report shows how food companies allocated \$1.79 billion on marketing to youth ages 2-17 in 2009. FTC found overall spending was down 19.5 percent from 2006, with most of that decrease coming from less spending on television ads to youth. At the same time, food companies stepped up spending to market to children and teens in new media, such as online, mobile and viral marketing, by 50 percent.

The new report also includes a detailed analysis of the nutritional profile of foods marketed to youth. The analysis suggests that industry self-regulation resulted in

modest nutritional improvements from 2006-2009 within specific food categories heavily marketed to youth, such as cereals, drinks and fast food kids' meals.

According to the report, food company participation in self-regulation has increased, but some companies with significant marketing to children, such as those in the entertainment industry, still have not joined the effort. With few exceptions, media companies have not limited licensing of children's characters and placement of ads during children's programming to more nutritious foods.

"The encouraging news is that we're seeing promising signs that food companies are reformulating their products and marketing more nutritious foods to kids, especially among companies participating in industry self-regulation efforts," says FTC Chair Jon Leibowitz. "But there is still room for improvement."

The study shows drinks marketed to children and teens were slightly lower in calories in 2009 than in 2006 but still averaged more than 20 grams of added sugar per serving. Most of the improvement came from drinks marketed and sold in schools,

as the result of a self-regulatory program launched in 2006 by the Alliance for a Healthier Generation and the American Beverage Association, the report says.

FTC found that quick-service restaurant (QSR) food, or fast food, marketed to both children and teens was lower in calories, sodium, sugar and saturated fat in 2009 than in 2006. Restaurant menu items specifically identified as "children's meals" were more nutritious than other QSR meals and main dishes marketed to children ages 2-11. Also, pledge companies participating in the Children's Food and Beverage Advertising Initiative, a self-regulatory program run by the Council of Better Business Bureaus, marketed more nutritious products to children than restaurants that did not participate in this program.

The Grocery Manufacturers Association (GMA) says this report affirms the progress that the industry is making under its self-regulatory framework.

"Working through the Children's Food and Beverage Advertising Initiative (CFBAI), the food and beverage companies that account for the vast majority of child-

directed marketing in the U.S. have implemented robust, voluntary changes that have changed the marketing landscape," says Pamela G. Bailey, GMA president.

The FTC report notes that since 2009, many food companies have continued to improve the nutritional profile of their foods by reformulating existing products and introducing new ones. In July 2011, CFBAI announced standardized nutrition criteria that will take effect at the end of 2013.

While the report states that generally the CFBAI uniform criteria likely will lead to further improvements in the nutritional quality of foods marketed to children, it also notes that in several specific food product categories, some of the criteria may have little to no impact on nutritional quality, because many foods marketed to children already met the new standards as of 2009. Moreover, the report notes that some companies have not yet joined CFBAI or adopted meaningful nutrition standards of their own.

To read the full study, visit <http://www.ftc.gov/os/2012/12/121221foodmarketingreport.pdf>. **CMN**

## PRODUCTION

*Continued from page 1*

2011 to 200.28 billion pounds. Adjusting for leap day, 2012 U.S. milk production was up 1.8 percent vs. 2011 on a daily average basis.

According to NASS, there was an estimated average of 9.23 million cows on U.S. farms in 2012, 37,000 head more than in 2011. Production per cow averaged 21,697 pounds in 2012 vs. 21,345 pounds in 2011.

In December, there were an estimated 9.21 million cows on U.S. farms, 10,000 head less than in December 2011 but 16,000 head more than in November 2012. Production per cow in December averaged 1,826 pounds, up from 1,795 pounds in December 2011.

In the 23 major states, there were an average of 8.50 million cows in 2012, up 50,000 head from 2011. The year ended with 8.49 million head in the 23 major states, NASS says, 5,000 head more than in December 2011 and 16,000 head more than in November 2012. Average production per cow in the 23 major states was 1,848 pounds in December, bringing 2012 average production per cow to 21,958 pounds. In December 2011, production per cow in the 23 major states averaged 1,818 pounds and 2011 production per cow averaged 21,627 pounds.

California, the nation's top milk-producing state, was home to 1.78 million cows in December 2012, the same number as in December 2011 but 1,000 head less than in November 2012. Production per cow averaged 1,920 pounds in December, down 45 pounds from a year earlier. California milk production

in December totaled 3.42 billion pounds, down 2.3 percent from a year earlier. For the year, California milk production was up 0.8 percent.

Meanwhile, Wisconsin, the No. 2 milk-producing state, experienced a

5.5-percent increase in December-over-December production, climbing to 2.34 billion pounds. For the year, Wisconsin production was up 4.3 percent.

Wisconsin was home to 1.27 million

cows in December 2012, up 5,000 head from a year earlier but down 1,000 head from November 2012. Production per cow in Wisconsin in December averaged 1,845 pounds, 90 pounds more than in December 2011. **CMN**

### Milk Production — December 2012

	Dec. 11	Dec. 12	Pct. Chg.	YTD 2011	YTD 2012 *	Pct. Chg.
Arizona	376	375	-0.3	4,412	4,506	2.1
California	3,496	3,416	-2.3	41,462	41,800	0.8
Colorado	256	272	6.3	2,999	3,210	7.0
Florida	196	196	0.0	2,269	2,341	3.2
Idaho	1,108	1,119	1.0	13,256	13,560	2.3
Illinois	166	169	1.8	1,897	1,962	3.4
Indiana	303	317	4.6	3,539	3,694	4.4
Iowa	376	387	2.9	4,347	4,430	1.9
Kansas	219	241	10.0	2,590	2,716	4.9
Michigan	722	762	5.5	8,478	8,890	4.9
Minnesota	753	786	4.4	8,890	9,071	2.0
Missouri	115	114	-0.9	1,388	1,404	1.2
New Mexico	676	674	-0.3	8,177	8,154	-0.3
New York	1,071	1,116	4.2	12,826	13,196	2.9
Ohio	439	456	3.9	5,142	5,323	3.5
Oregon	204	204	0.0	2,479	2,513	1.4
Pennsylvania	889	900	1.2	10,604	10,546	-0.5
Texas	809	803	-0.7	9,582	9,596	0.1
Utah	160	163	1.9	1,854	1,951	5.2
Vermont	212	218	2.8	2,538	2,569	1.2
Virginia	147	147	0.0	1,719	1,727	0.5
Washington	513	515	0.4	6,169	6,234	1.1
Wisconsin	2,220	2,343	5.5	26,117	27,231	4.3
<b>23 STATE TOTAL</b>	<b>15,426</b>	<b>15,693</b>	<b>1.7</b>	<b>182,734</b>	<b>186,624</b>	<b>2.1</b>

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



NEWS/BUSINESS



**U.S. export volume in November is lowest in more than two years**

WASHINGTON — The overall volume of U.S. dairy exports in November was the lowest in more than two years, since July 2010, and 13 percent below a year ago, according to the most recent U.S. Dairy Export Council trade report and data from USDA. (The figures released by USDA and USDEC are in metric tons; Cheese Market News has converted the data to pounds by multiplying by 2,204.6.)

Compared to peak levels achieved in May, U.S. dairy exports in November were down 25 percent by volume and 20 percent by value, USDEC reports. However, overall volumes through the first 11 months of 2012 were 4 percent higher than last year.

Total dairy exports in November were valued at \$400.1 million, down 8 percent from a year ago, while the year-to-date value is \$4.79 billion, up 9 percent from last year. With data for one month to go, U.S. exports remain on track to top \$5 billion in 2012, USDEC says.

Cheese exports in November totaled 40.6 million pounds, down 8 percent from a year ago. This is down about a third from peak levels of earlier this year, but about the same as volumes in September and October, USDEC says. Year-to-date shipments of cheese to Mexico were up 37 percent vs. the prior year. Additionally, shipments to Japan were up 21 percent, shipments to South

Korea up 10 percent and shipments to Canada up 29 percent.

Nonfat dry milk and skim milk powder (NDM/SMP) exports in November totaled 65.0 million pounds, down 21 percent from a year earlier. Over the previous 30 months, NDM/SMP exports averaged more than 81.6 million pounds a month.

November shipments of WPC totaled 38.1 million pounds, down 10 percent from last year and down 30 percent from the peak level reached in August. Overall whey exports in November were down 12 percent from last year.

Butterfat exports fell after an increase in October, while lactose exports remained steady, USDEC says. CMN

**FarmFirst unveils new logo as co-op identity goes public**



MADISON, Wis. — FarmFirst Dairy Cooperative's board of directors recently approved and unveiled its new logo, which will be integrated throughout membership and marketing efforts as the new cooperative establishes its presence in the industry.

"We are excited to go public with our new identity," says Dennis Donohue, general manager, Farm First Dairy Cooperative. "The logo strongly exemplifies the strength and grassroot heritage our members envision for the new cooperative, and it illustrates a strong sense of pride for the dairy industry."

FarmFirst Dairy Cooperative began business Jan. 1 after members of Family Dairies USA, Manitowoc Milk Producers Cooperative and Milwaukee Cooperative Milk Producers voted to merge the three cooperatives. (See "Membership vote approves FarmFirst Dairy Cooperative" in the Dec. 21, 2012, issue of Cheese Market News.) FarmFirst represents more than 5,400 farms in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Illinois and Indiana through policy bargaining, dairy marketing services, laboratory testing opportunities and industry promotion. For more information, visit www.farmfirstdairycooperative.com. CMN

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