



CHEESE REPORTER

Vol. 139, No. 33 • Friday, February 6, 2015 • Madison, Wisconsin

US Dairy Exports Hit \$7.1 Billion, Dairy Imports Approach \$3 Billion

Cheese Exports Reach Record 811 Million Pounds; NDM, Dry Whey, Butter Exports Fall; Cheese Imports Up 12%

Washington—From both an export and an import perspective, 2014 was a record year for US dairy trade, figures released Thursday by USDA's Foreign Agricultural Service (FAS) show.

US dairy exports during 2014 were valued at \$7.111 billion, up 6 percent, or almost \$400 million, from 2013 and the fourth straight year in which US dairy exports set a new value record. The value of US dairy exports has almost doubled just since 2010, when they were valued at \$3.7 billion.

US dairy imports, meanwhile, reached a record-high value of \$2.99 billion last year, up 13 percent from 2013. That breaks the previous US dairy import record, \$2.75 billion, set in 2008.

Just during December, the value of US dairy exports was \$478.3 million, down 21 percent from December of 2013 and the second time in four months that US dairy exports fell below \$500 million in value (September exports were valued at \$487.1 million); and the value of US dairy imports was

\$296.8 million, up 11 percent from December of 2013.

Mexico in 2014 remained by far the leading US export market on a value basis; US dairy exports to that country last year were valued at \$1.644 billion, up 15 percent from 2013 and the fourth straight year that exports to Mexico topped \$1.0 billion.

Exports to two other countries topped \$500 million in value last year: China, \$697.4 million, down 1 percent; and Canada, \$591.6 million, up 4 percent.

US dairy exports to an additional 11 countries topped \$100 million in value in 2014: Philippines, \$422.9 million, up 16 percent; South Korea, \$416.8 million, up 39 percent; Japan, \$406.8 million, up 34 percent; Indonesia, \$277.2 million, down 12 percent; Vietnam, \$264.9 million, up 10 percent; Malaysia, \$182.3 million, up slightly; Saudi Arabia, \$178.3 million, up 7 percent; Australia, \$172.6 million, up 27 percent; New Zealand, \$122.1 million, up 2 percent; Egypt, \$110.1 million,

down 27 percent; and Singapore, \$100.4 million, up 10 percent.

US cheese exports last year reached a record high of 811.2 million pounds, up 17 percent, or more than 115 million pounds, from 2013. US cheese exports have more than doubled since 2010.

The value of last year's cheese exports was \$1.7 billion, up 26 percent from 2013.

Just during December, cheese exports totaled 60.5 million pounds, down 12 percent from December of 2013.

Three countries accounted for more than half of US cheese exports last year on a volume basis. Cheese exports to those countries, with comparisons to 2013, were: Mexico, 181.7 million pounds, up slightly; South Korea, 156.4 million pounds, up 44 percent; and Japan, 123.2 million pounds, up 80 percent.

Other leading destinations for US cheese exports last year on a volume basis, with comparisons to 2013, were: Australia, 39.2 million pounds, up 47 percent; Saudi Arabia, 34.2 million pounds, up

• See **Trade Records**, p. 10

Cheese Production In 2014 Was A Record 11.4 Billion Pounds, Up 2.8% From 2013; December Output Topped 1 Billion Pounds

Washington—US cheese production in 2014 totaled a record 11.409 billion pounds, up 2.8 percent, or about 308 million pounds, from 2013, USDA's National Agricultural Statistics Service (NASS) reported Tuesday.

The last time annual US cheese production declined was in 1991, when output of 6.055 billion pounds was down about 4.6 million pounds from 1990.

December cheese output totaled 1.004 billion pounds, up 2.5 percent from December of 2013 and the first time ever that US cheese production topped 1.0 billion pounds in a single month.

Regional cheese production during December, with comparisons to December of 2013, was: Central, 445.6 million pounds, up 3.7 percent; West, 428.2 million pounds, up 2.4 percent; and Atlantic, 130.2 million pounds, down 1 percent.

December cheese production among the states broken out by NASS, with comparisons to December of 2013, was: Wisconsin, 251.8 million pounds, up 1.3 percent; California, 211.2 million pounds, up 2.5 percent; Idaho, 80.3 million pounds, up 4.2 percent; New York, 73.1 million pounds, down 1.4 percent; New Mexico, 63.1 million pounds, down 4.2 percent; Minnesota, 58.2 million pounds, down 3.6 percent; Pennsylvania, 38.7 million pounds, up 2.8 percent; South Dakota, 23.8

• See **Record Output**, p. 6

Fairlife Ultrafiltered Milk Being Rolled Out Across US By Coca-Cola Company's Minute Maid Division

Chicago—Ultrafiltered fluid milk from fairlife, LLC, a recently launched health-and-wellness company, is being rolled out nationwide thanks to distribution from The Coca-Cola Company's Minute Maid Division.

Select Milk Producers, one of the largest US dairy cooperatives, entered into a partnership with The Coca-Cola Company in 2012 to form fairlife, LLC. The Coca-Cola Company is the distribution partner for the products that fairlife creates, markets and sells.

Fairlife, which owns and operates its own state-of-the-art plant in Michigan, also produces Core Power, a high-protein drink created for fitness enthusiasts and on-the-go protein seekers.

• See **fairlife Launched**, p. 9

Australia Approves Production, Importation Of Greater Range Of Raw Milk Cheeses

Defined Safety Outcomes Will Have To Be Met; Added Control Measures Relate To How Raw Milk Is Produced, Transported, Processed

Canberra, Australia—The Food Standards Australia New Zealand (FSANZ) board recently approved further changes that will allow, in Australia, for the production and importation of a greater range of raw milk cheeses where defined safety outcomes can be met.

These safety outcomes are defined in requirements that ensure pathogens are able to be controlled during manufacture and unable to grow in the final product. The changes are expected to become law this month.

The Australian Specialist Cheesemaker's Association (ASCA) said it considers the

new standards to be a positive development for Australia's artisan cheese industry, as they will allow licensed producers to make a wider range of raw milk cheese than is currently possible.

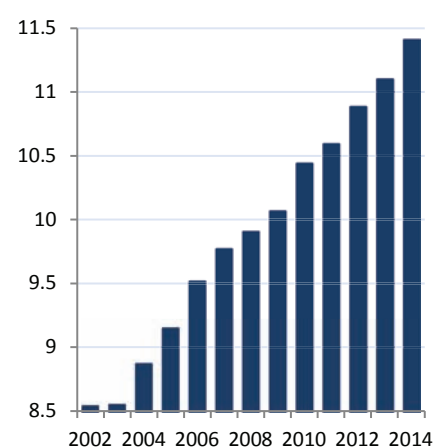
Currently, Australia's dairy standard allows for the production and importation of raw milk hard to very hard cooked curd cheeses and Roquefort cheese.

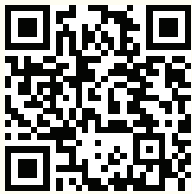
Under Proposal P1022, FSANZ assessed additional requirements for milk production, transport and processing for the safe production of raw milk cheese where it can be demonstrated: that the intrinsic characteristics of the raw milk cheese do not support the growth of pathogens; and there is no net increase in pathogen levels during processing.

FSANZ had consulted on draft

• See **Raw Milk Cheese**, p. 7

**Cheese Production
2002 - 2014**
Billion pounds





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US Dairy Exports: Short-Term Pain, Long-Term Gain

It wasn't exactly a case of "another year, another record" for US dairy exports last year; rather, it was "another year, another slew of new records."

And while exports are struggling a bit right now, it's difficult if not impossible to get excited about the long-term growth potential for exports of US dairy products in general and for a number of dairy product categories in particular.

As reported on our front page this week, US dairy exports reached a record \$7.1 billion in value last year, up 6 percent from 2013. That marked the fourth consecutive year in which the value of US dairy exports set a new record.

Indeed, the value of US dairy exports hasn't declined since 2009, and has more than tripled since that year. The value of exports has almost doubled just since 2010.

Going back a bit further, it's worth remembering that, in three of the first four years of this century (2000, 2002 and 2003), US dairy exports were under \$1.0 billion in value. Now US dairy exports top \$1.0 billion in just a two-month period.

And there are some pretty impressive success stories within the dairy export sector. Just to mention two: US cheese exports last year set a new record for the fifth straight year and topped 800 million pounds for the first time; and US lactose exports also set a new record last year, at 758.3 million pounds.

But the dairy export picture became a bit cloudy toward the end of 2014. For example, in September the value of US dairy exports fell below \$500 million for the first time since March of 2013. Export values were below a year earlier in each of the last five months of 2014. And cheese exports were below a year earlier in each of the final three months of 2014.

In the short term, US dairy exports are expected to continue to struggle a little bit, due to relatively high US prices, excess global dairy supplies as well as somewhat

reduced demand, particularly by China and Russia, the world's two largest dairy importers.

But over the longer term, we're optimistic that US dairy exports will continue their long-term growth trend. There are a number of reasons for this optimistic outlook, starting with the basic facts that, first, global demand for dairy products will continue to grow as more and more consumers move into the middle class and seek to replace plant proteins with animal proteins; and second, the US continues to improve its competitiveness on the world market.

Beyond those basic, well-known reasons, there are a few other reasons we're optimistic about the future of US dairy exports. For one thing, it should be remembered that the recent growth in US dairy exports is taking place in an environment that hasn't really included many new trade agreements of major significance.

Among the leading US dairy export markets, Mexico and Canada rank first and third, respectively (on a value basis), and dairy trade between the US and those countries has been governed by the North America Free Trade Agreement, or NAFTA, for two decades now. China has emerged as the number three US dairy export market, but the US doesn't have a trade agreement with that country (but some key US competitors do).

Things will likely be changing on the trade agreement front in the near future. Negotiations on the Trans-Pacific Partnership (TPP) agreement are supposedly close to a conclusion. Some countries involved in the TPP talks, such as Australia and Chile, already have trade agreements with the US.

But some other countries involved in the TPP negotiations don't already have trade agreements with the US, and hold the potential for expanded, even greatly expanded, dairy trade. Topping this list is Japan, which ranks in roughly the top six US dairy export markets on a value basis.

Yes, Cuba's population is only about 11 million, so this isn't a market with the potential of, say, China. But it's a market where the US dairy industry currently lacks a presence.

It should also be noted that, while the TPP is currently limited to a dozen countries, others could eventually join the agreement (if and when it is reached), including the aforementioned China.

The other major trade agreement being negotiated by the US is the Transatlantic Trade and Investment Partnership (TTIP), which is being negotiated with the European Union. While this holds the potential to be a far-reaching trade pact, there are at least a couple of reasons it might not end up being all that positive from a US dairy export perspective.

First, the EU is already a mature dairy market, a market where dairy demand isn't expanding all that rapidly (at least not compared with markets such as China) and where there's a long-term focus on exporting dairy products, rather than importing. And with the EU quota program ending in less than two months, the potential exists for EU milk and dairy product output to expand in the years ahead, making imports even less desirable.

Second, the US currently runs a huge dairy trade deficit with the EU, and the EU isn't going to give up its dairy trade surplus without a fight. Among other issues, the EU will be fighting to improve US protections of its geographical indications (GIs) for cheeses in any final TTIP agreement.

Beyond the TPP and the TTIP, there's another reason to be optimistic about US dairy exports in the future: Cuba. Due to political reasons, the Cuban market has been essentially closed to US dairy exports for many years, but that appears to be on the verge of changing.

Yes, Cuba's population is only about 11 million, so this isn't a market with the potential of, say, China. But it's a market where the US dairy industry currently lacks a presence.

Coming off a record-breaking year, US prospects in the global dairy market continue to hold considerable long-term promise.

Global Dairy Trade Price Index Jumps 9.4%, Average Whole Milk Powder Price Up 19.2%

GDT To Reduce Duration Of Bidding Rounds; FAO Dairy Price Index Declines Slightly

Auckland, New Zealand—The price index on the semi-monthly Global Dairy Trade (GDT) dairy commodity auction increased 9.4 percent from the previous auction, held two weeks ago.

Prices were higher for skim milk powder, whole milk powder, butter and rennet casein, and lower for Cheddar cheese, anhydrous milkfat and buttermilk powder.

This week's auction included 688 qualified bidders and 111 winning bidders. Results from this week's GDT auction, with comparisons to the auction held two weeks ago, were as follows:

Cheddar cheese: The average winning price was \$2,636 per metric ton (\$1.20 per pound), down 11.1 percent. Winning prices were: Contract 2 (April), \$2,587 per ton, down 12.1 percent; Contract 3 (May), \$2,664 per ton, down 9.7 percent; and Contract 4 (June), \$2,663 per ton, down 11.3 percent.

Skim milk powder: The average winning price was \$2,598 per ton (\$1.18 per pound), up 6.7 percent. Winning prices were: Contract 2, \$2,568 per ton, up 8.1 percent; Contract 3, \$2,629 per ton, up 4.2 percent; Contract 4, \$2,581 per ton, up 6.3 percent; Contract 5 (July), \$2,670 per ton, up 6.7 percent; and Contract 6 (August), \$2,681 per ton, up 6.9 percent.

Whole milk powder: The average winning price was \$2,874 per ton (\$1.30 per pound), up 19.2 percent. Winning prices were: Contract 1 (March), \$2,860 per ton, up 26.3 percent; Contract 2, \$2,866 per ton, up 21.6 percent; Contract 3, \$2,865 per ton, up 18.5 percent; Contract 4, \$2,902 per ton, up 17.8 percent; Contract 5, \$2,900 per ton, up 15.1 percent; and Contract 6, \$2,883 per ton, up 17.3 percent.

Butter: The average winning price was \$3,783 per ton (\$1.72 per pound), up 6.1 percent. Winning prices were: Contract 2, \$3,856 per ton, up 7 percent; Contract 3, \$3,781 per ton, up 6.2 percent; Contract 4, \$3,645 per ton, up 5 percent; and Contract 5, \$3,745 per ton, up 4 percent.

Anhydrous milkfat: The average winning price was \$4,067 per ton (\$1.84 per pound), down 5.4 percent. Winning prices were: Contract 2, \$4,038 per ton, down 6 percent; Contract 3, \$4,085 per ton, down 5.2 percent; Contract 4, \$4,088 per ton, down 5.2 percent; Contract 5, \$4,076 per ton, down 3.8 percent; and Contract 6, \$4,167 per ton, down 5.7 percent.

Rennet casein: The average winning price was \$8,776 per ton

(\$3.98 per pound), up 7.7 percent. Winning prices were: Contract 2, \$8,881 per ton, up 9.3 percent; Contract 3, \$8,805 per ton, up 7.8 percent; and Contract 4, \$8,641 per ton, up 4.3 percent.

Buttermilk powder: The average winning price was \$2,436 per ton (\$1.10 per pound), down 0.4 percent. Winning prices were: Contract 2, \$2,393 per ton, down 0.7 percent; and Contract 3, \$2,685 per ton, up 1.5 percent.

Duration Of Bidding Rounds Cut

Global Dairy Trade on Wednesday announced that, starting with the next auction on February 17, 2015, all bidding rounds will be reduced to five minutes' duration.

This change represents GDT's ongoing commitment to improving bidders' experience and reducing the overall duration of its trading events, GDT stated.

Bidding round times were first reduced in January of 2014, in response to "overwhelming" bidder support for shorter auctions, GDT said. Subsequent analysis has shown that most bidders were satisfied with this change, and supportive of further steps to reduce the duration of GDT trading events.

GDT said it will continue to closely monitor bidder experience and explore further improvements. These may include the introduction of adjustable bidding rounds to reduce the waiting time when only a small number of products are still active.

FAO Dairy Price Index Falls

In other international dairy price developments, the UN Food and Agriculture Organization (FAO) announced Thursday that the FAO Food Price Index averaged 182.7 points in January 2015, down 3.6 points (1.9 percent) from its revised December 2014 value.

The FAO Dairy Price Index averaged 173.8 points in January, down slightly from December and the fifth straight month that the Dairy Price Index has been below 200.

A decline in prices for cheese and skim milk powder was counterbalanced by a rise in the price of butter, while whole milk powder was unchanged, the FAO noted. The fall in the value of the euro has caused export quotations from Europe to converge with offerings from the US and Oceania.

The arrival of new supplies to the world market is being tempered by dry weather in Oceania, which is leading to an accelerated decline in seasonal milk production, while output in the European Union (EU) as a whole has been curbed to avoid over-quota levies, as the April-March quota year draws to a close.

US Milk Goat Inventory As Of Jan. 1, 2015, Was Up 2% From A Year Earlier

Washington—The US milk goat inventory on January 1, 2015, was 365,000 head, up 2 percent, or 7,000 head, from January 1, 2014, according to a recent report from USDA's NASS.

Wisconsin continues to rank number one in number of milk goats, but at 44,000 head, the state's milk goat inventory on January 1 was down 4 percent, or 2,000 head, from January 1, 2014.

California ranked second in the number of milk goats as of January 1, with 40,000 head, up 5 percent, or 2,000 head, from a year earlier. Ranking third was Iowa, with 31,000 head, up 3 percent, or 1,000 head, from January 1, 2014.

One additional state had more than 20,000 milk goats as of January 1, 2015: Texas, which had 23,000 head, up 15 percent, or 3,000 head, from a year earlier.

States or regions that had 10,000 or more milk goats as of January 1, 2015 were as follows:

New England (which includes Vermont, Connecticut, Maine, Massachusetts, New Hampshire and Rhode Island): 14,500 head, down 1 percent, or 100 head.

Minnesota: 13,500 head, up 4 percent, or 500 head.

New York: 13,400 head, up 2 percent, or 300 head.

Pennsylvania: 13,000 head, up 8 percent, or 1,000 head.

Indiana: 11,500 head, down 3 percent, or 300 head.

Michigan: 11,300 head, down 1 percent, or 100 head.

Colorado: 10,000 head, up 11 percent, or 1,000 head.

Ohio: 10,000 head, up 5 percent, or 500 head.

States with 5,000 or more milk goats as of January 1, 2015, with the change from a year earlier, were as follows:

Florida: 6,400 head, up 3 percent, or 200 head.

Illinois: 5,700 head, up 68 percent, or 2,300 head.

Kentucky: 5,700 head, up 27 percent, or 1,200 head.

Missouri: 9,900 head, up 3 percent, or 300 head.

North Carolina: 8,000 head, up 13 percent, or 900 head.

Oklahoma: 6,900 head, up 17 percent, or 1,000 head.

Oregon: 9,500 head, down 15 percent, or 1,700 head.

Tennessee: 6,300 head, down 12 percent, or 900 head.

Washington: 7,200 head, down 14 percent, or 1,200 head.

As of January 1, 2015, Virginia had 4,500 milk goats, up 36 percent, or 1,200 head, from January 1, 2014.



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WCMA PERSPECTIVES



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100 Years of Success

The advent of a landmark law and regulations that licensed cheese makers and dairy plants in Wisconsin exactly 100 years ago was ushered in with these words: “We had to make them comprehensive, we had to make them adequate as to get good results, and we had to make them reasonable, and I can assure you that the members of the Dairy and Food Commission are a great deal more anxious that those regulations be reasonable than you are. We do not want to force any unreasonable law or regulations on you.”

The License Law

Thus spoke Mr. E. L. Aderhold, Wisconsin dairy regulator, in January 1916 at the 24th annual gathering of the Wisconsin Cheese Makers Association (WCMA). “The License Law,” signed by Governor Philipp in 1915, created a professional license for the Wisconsin cheese maker (requiring 12 months experience) and a license and regulations for cheese factories and creameries numbering more than 2,000 in the state.

The verbatim meeting records of the WCMA provide a glimpse into this formative past, including cheese makers complaining the very next year of neighboring factories operating without license. Yet who could argue that a state making 234 million pounds of cheese in 1915 and 2.8 billion

pounds 100 years later hasn’t benefited from a law that began an era of trained, licensed cheese makers and rules for dairy plant construction and sanitation.

Wisconsin saw a glimpse of Mr. Aderhold’s “reasonable” spirit recently when the Wisconsin Department of Agriculture, Trade & Consumer Protection (WDATCP) proposed a new production-surface sampling (swabbing) program last summer for all food and dairy plants in the state.

Today’s pitched battle by Europe to claw back cheese names is mocked by history.

—John Umhoefer

After consulting with industry Q/A experts, the food safety division within WDATCP refined its swabbing concept. Now, a dairy plant with no food safety violations and with an established environmental sampling and microbiological testing program will not face additional swabbing by state inspectors.

In other words, WDATCP chose the pragmatic solution of accepting industry sampling data

verified by professional labs, rather than building a redundant sampling program. E. L. Aderhold would be proud.

Reggiano

Another current issue echoes through the past in a 1918 speech given by Fred Marty entitled “Foreign Cheese.” Wisconsin is, apparently, approaching its 100-year anniversary of the production of Greek and Italian-style cheeses in the state. “In the last two years,” Marty told the WCMA annual meeting in 1918, “an addition of Italian and Greek origin [cheeses] today are manufactured in the state of Wisconsin.... These different types of cheese, such as Romano, Reggiano, Myzithra, etc. add a new branch of foreign cheese to our cheese industry....”

Seventy-six years later, in 1992, the Consorzio del Formaggio Parmigiano-Reggiano in Italy earned a US trademark for the words Parmigiano Reggiano. And 80 years after Wisconsin started making Reggiano, the European Union classified Parmigiano Reggiano in 1996 as a protected designation of origin (PDO) food for Italy, a classification for geographic indicators recognized in the EU.

The Italian Consorzio for Parmigiano Reggiano wasn’t even founded in Italy until 18 years after Mr. Marty noted that Italian immigrants were producing Reggiano in Wisconsin.

Today’s pitched battle by Europe to claw back cheese names is mocked by history. Cheeses such as Swiss, Romano, Reggiano, Feta, Asiago and Gruyere are cheese types, not location indicators. Certainly these cheeses have origins in Europe, but for more than 100 years immigrants have produced European cheese types in America

• See Umhoefer, p. 5

FROM OUR ARCHIVES

50 YEARS AGO

Feb. 5, 1965: Riverside, CA— The role of healthy and low-calorie foods in overall industry volume may be quite insignificant, according to a new grocery survey. While healthy and low-calorie foods may currently be in the national spotlight, the popularity is not being translated into consumer demand

Madison—Representatives of seven Wisconsin farm groups this week chose to take a unified stand against any change in Wisconsin state laws regarding the sale of oleomargarine. The groups agreed to maintain a “solid front” against any attempt to permit the sale of colored oleomargarine and to lower or remove the tax on uncolored margarine, currently in force.

25 YEARS AGO

Feb. 2, 1990: Washington— Consumers must be willing to accept minute risks in order to obtain an abundant supply of desired foods at affordable prices, USDA economist Tanya Roberts reported this week. Even so, the growing scientific sophistication in detecting hazardous chemicals or microorganisms in food is creating new procedures for controlling these risks.

Minneapolis, MN—Contaminated cheese manufactured in one Wisconsin plant and shredded at four other locations was responsible for a multi-state outbreak of salmonella-related disease last spring. Mozzarella from a Wisconsin factory was the original source of the outbreak, and cheese from that facility “cross contaminated” other cheese products at four different processing facilities.

10 YEARS AGO

Feb. 4, 2005: Sacramento, CA—California’s cheese production set yet another new record last year, coming up just short of the two-billion-pound mark at 1.995 billion pounds. That level of production was up 8.9 percent, or about 163 million pounds, from 2003.

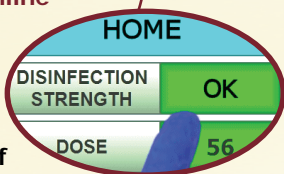
Washington—Legislation was introduced in the US Senate this week that would extend the Milk Income Loss Contract (MILC) program through 2007 and double the current production cap. At least half a dozen senators representing western states oppose an extension of the MILC program, including California, New Mexico, Idaho and Texas.

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US, EU Organizations Square Off On Geographical Indications At TTIP Meeting

Brussels, Belgium—US and European Union (EU) organizations staked out their different positions on protections for geographical indications (GIs) for cheese and other products at a stakeholders' meeting in conjunction with this week's US-EU negotiations on the Transatlantic Trade and Investment Partnership (TTIP).

The US Dairy Export Council (USDEC), an active member of the international Consortium for Common Food Names (CCFN), briefed US and EU negotiators on deep-set concerns with the EU's current approach to GI protections.

Maike Moellers, USDEC's Brussels representative, made three central points to negotiators, points that are also supported by CCFN members.

The first was that the approach to GIs used in the EU-Canada agreement is wholly unacceptable to producers that use common food names.

"Since the conclusion of the EU-Canada agreement, we have heard from the EU side again and again that the agreement with Canada on GIs could be a model for TTIP. This is a notion that we absolutely reject," Moellers said.

Such demands, she continued, "would envisage US producers as well as others in the world relinquishing their right to use long-standing generic food names, such as 'asiago', 'feta', 'fontina', 'munster' and 'gorgonzola'."

Moellers noted that roughly \$21 billion in US cheese production uses European-origin names, reflecting the immigrant roots in the US that trace back to many European countries.

Moellers' second point was that GIs can be workable when approached correctly.

"We do believe that products with a very specific geographic designation included in their compound name, such as "Gouda Holland", can be protected to the benefit of producers and consumers, while the single word 'gouda' clearly remains unrestricted and in free usage," Moellers said.

Third, Moellers noted that EU prohibitions are proliferating around the world, spread within trade agreements, such as recent agreements with South Africa and Morocco, and new registrations, most notably the EU's current movement to register "havarti," a cheese for which an international Codex standard exists.

"As a result of these various efforts," Moellers commented, "competition to EU products is eliminated by restricting third-country markets for US exports."

Moellers concluded by again suggesting, as the US dairy industry has done previously, that negotiations on GIs should be dealt with in a separate forum in order to carefully assess the legitimate concerns of both sides, including finding a solution for the reintroduction into the EU market of key US products bearing names that until only recently had been viewed widely throughout the EU as generic, such as US-made "parmesan" and "feta" cheeses.

"We must avoid this issue becoming a stumbling block for an agreement that could otherwise present an unprecedented opportunity to boost free trade."

— Maike Moellers, USDEC

"We must avoid this issue becoming a stumbling block for an agreement that could otherwise present an unprecedented opportunity to boost free trade," Moellers said.

EU Groups: GIs Are Crucial

Also at the meeting, GI associations as well as other pro-GI groups sent a clear message to negotiators: GIs are crucial on both sides of the Atlantic to create long-lasting jobs and protect consumers against unfair commercial practices.

Representatives of several European GI groups, either directly associated with the organization oriGIn or working closely with its global network, participated in the stakeholders' meeting.

The representatives of Asiago, Gorgonzola, Parmigiano Reggiano, Pecorino Romano, Bayerisches Beer, Pruneaux d'Agen, Istituto Salumi Italiani Tutelati (ISIT), the Associazione Italiana Consorzi Indicazioni Geografiche (AICIG), and the Conseil National des Appellations d'Origine Laitieres (CNAOL) provided evidence with respect to some crucial elements of the debate:

- Legal costs to protect and enforce geographically based trademarks are currently prohibitive in the US;

- Any attempt to describe GIs as a protectionist tool are far from internationally undisputed rules as well as the US market reality;

- Misleading practices currently tolerated in the US are detrimental to US consumers.

Meanwhile, tackling the issue from the point of view of US GIs, Massimo Vittori, managing direc-

tor of oriGIn, an organization which represents American-origin products as well, invited US negotiators to look at GIs with a fresh eye and seize the opportunities the TTIP offers to identify those necessary regulatory adjustments that would help the US GI sector to deploy its economic potential.

"As a matter of fact, US GIs face a number of legal challenges in their country of origin as well as in foreign markets, such as high enforcement costs, increasing misuse and, at least for the ones protected through certification marks, the obstacles to lodge a GI application in the EU. These are the very issues that can be addressed in an ambitious free trade agreement such as the TTIP, with the objective to find innovative solutions."

"We understand that the TTIP is mainly about establishing the conditions for the creation of sustainable jobs on both sides of the Atlantic, which is one of today's major challenges," Vittori continued. "Being ambitious on GIs in the TTIP will contribute to fulfill this objective."

The Organization for an International Geographical Network is a global alliance of geographical indications, representing 400 associations and 2 million producers from 40 countries. For more information, visit www.origin-gi.com. For information about the Consortium for Common Food Names, visit www.commonfoodnames.com.

Umhoefer

Continued from p. 4

and other New Worlds.

These cheeses are rooted in their new homes, like the immigrant families that brought the skills to make these cheeses.

Europeans will continue to seek United States trademarks for cheese styles and will continue to seek protected designations of origin for cheeses, and then try to impose those PDOs in trade treaties worldwide. But this is an economic effort, not a cultural one. Skills in cheesemaking, winemaking, masonry, mining, baking and more followed Europeans as they settled abroad, and these products and skills are woven into American culture.

"The growth of the cheese industry in Wisconsin has been remarkable," Wisconsin's Dairy and Food Commissioner George Weigle stated in 1916. "Some of the cheese makers had followed the profession in their native country across the waters, or possibly others had become cheese makers because they followed the footsteps of their fathers. These men as a rule were experts and laid the foundation of what would one day be called the greatest industry of a great state."

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Record Output

(Continued from p. 1)

million pounds, up 7.7 percent; Iowa, 19 million pounds, down 19 percent; Ohio, 18.9 million pounds, up 10.3 percent; Vermont, 10.9 million pounds, up 4.9 percent; and Illinois, 7.3 million pounds, up 23.4 percent.

American-type cheese production during December totaled 187.1 million pounds, up 1.5 percent from December of 2013. For all of 2014, American-type cheese production totaled 4.5 billion pounds, up 1.9 percent from 2013.

December production of American-type cheese in the states broken out by NASS, with comparisons to December of 2013, was: Wisconsin, 74.8 million pounds, up 7.1 percent; Idaho, 51.4 million pounds, up 7.6 percent; California, 51.3 million pounds, down 7.6 percent; Oregon, 17.5 million pounds, up 7.1 percent; and Iowa, 10.9 million pounds, down 37.2 percent.

Cheddar production during December totaled 281.1 million pounds, up 2.7 percent from December of 2013. Cheddar output for all of 2014 totaled 3.25 billion pounds, up 1.5 percent from 2013.

December production of other American-type cheeses totaled 105.9 million pounds, down 1.7 percent from December of 2013.

Italian-type cheese production during December totaled 444.1 million pounds, up 4.2 percent from December of 2013. Italian-type cheese output for all of 2014 totaled 4.965 billion pounds, up 4.9 percent from 2013.

December Italian cheese production in the states broken out by NASS, with comparisons to December of 2013, was: California, 140 million pounds, up 7.1 percent; Wisconsin, 127.5 million pounds, up 2 percent; New York, 34.2 million pounds, up 2.9 percent; Pennsylvania, 26 million pounds, up 4.1 percent; and Idaho, 23.2 million pounds, down 3.7 percent.

Mozzarella production during December totaled 349.3 million pounds, up 4 percent from December of 2013. Mozz output for all of 2014 totaled 3.94 billion pounds, up 6.5 percent from 2013.

December production of other Italian cheese varieties, with com-

parisons to December of 2013, was: Provolone, 30.5 million pounds, down 7.2 percent; Ricotta, 25.6 million pounds, up 8.6 percent; Parmesan, 27.7 million pounds, up 11.3 percent; Romano, 4.5 million pounds, up 50.3 percent; and other Italian types, 6.6 million pounds, up 5.6 percent.

Production of other cheese varieties during December, with comparisons to December of 2013, was:

- Swiss cheese: 26.9 million pounds, up 7.1 percent.
- Cream and Neufchatel: 77 million pounds, down 1.2 percent.
- Brick and Muenster: 14 million pounds, down 9.3 percent.
- Hispanic cheese: 21.6 million pounds, up 8.3 percent.
- Blue and Gorgonzola: 7.8 million pounds, down 1 percent.
- Feta: 7.9 million pounds, down 3.6 percent.
- Gouda: 2.9 million pounds, down 31.4 percent.

All other types of cheese: 14.8 million pounds, up 14.1 percent.

Whey Products Output

December production of dry whey, human, totaled 75.2 million pounds, down 10 percent from December of 2013. Manufacturers' stocks of dry whey, human, at the end of December totaled 58.9 million pounds, down 4.7 percent from a year earlier and down 5.3 percent from a month earlier.

Lactose production, human and animal, during December totaled 91.6 million pounds, down 1.1 percent from December of 2013. Manufacturers' stocks of lactose, human and animal, at the end of December totaled 131.6 million pounds, up 18.7 percent from a

month earlier and up 8.9 percent from a month earlier.

December production of whey protein concentrate, human and animal, totaled 47.3 million pounds, up 1.6 percent from December of 2013. Manufacturers' stocks of WPC, human and animal, at the end of December totaled 64.7 million pounds, up 29.5 percent from a year earlier and up 3.6 percent from a month earlier.

Production of whey protein isolates during December totaled 5.9 million pounds, down 24.7 percent from December of 2013. Manufacturers' stocks of WPI at the end of December totaled 11.5 million pounds, up 13.4 percent from a year earlier and up 1 percent from a month earlier.

Butter And Milk Powders

December butter production totaled 167 million pounds, up 3.3 percent from December of 2013.

For all of 2014, butter production totaled 1.83 billion pounds, down 1.7 percent from 2013 and the first yearly decline in butter output since 2010.

Regional butter production during December, with comparisons to December of 2013, was: West, 77.3 million pounds, down 8.5 percent; Central, 70.3 million pounds, up 17.7 percent; and Atlantic, 19.4 million pounds, up 10.8 percent.

Nonfat dry milk production during December totaled 163.1 million pounds, up 29.9 percent from December of 2013. NDM output for all of 2014 totaled 1.76 billion pounds, up 19.2 percent from 2013.

Manufacturers' shipments of NDM during December totaled

133.8 million pounds, up 33.6 percent from December of 2013. Manufacturers' stocks of NDM at the end of December totaled 247.4 million pounds, up 85.6 percent from a year earlier and up 11.6 percent from a month earlier.

December production of other dry milk products, with comparisons to December of 2013, was: skim milk powder, 43.2 million pounds, down 25.7 percent; dry whole milk, 7.1 million pounds, up 40.3 percent; milk protein concentrate, 10.9 million pounds, down 4 percent; and dry buttermilk, 10.2 million pounds, down 7.5 percent.

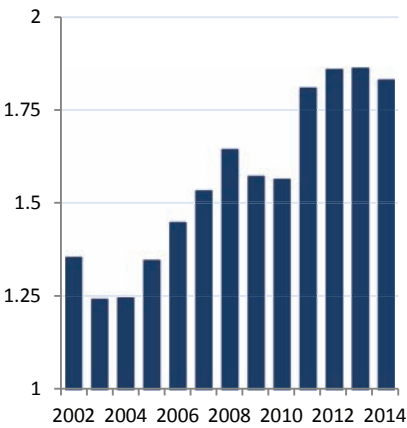
Yogurt, Other Dairy Products

December production of yogurt, plain and flavored, totaled 388.5 million pounds, up 1 percent from December of 2013. Yogurt output for all of 2014 was a record 4.741 billion pounds, up 0.5 percent from 2013. Sour cream production during December totaled 99.1 million pounds, up 2 percent from December of 2013. For all of 2014, sour cream output was 1.065 billion pounds, down 0.8 percent from 2013.

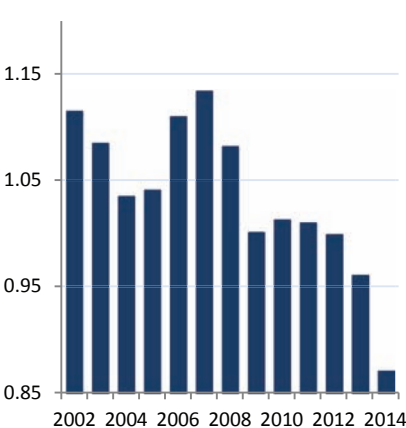
December production of cream cottage cheese totaled 22.7 million pounds, up 3 percent from December of 2013. Lowfat cottage cheese output during December totaled 25.8 million pounds, down 1.5 percent from December of 2013.

Regular ice cream production during December totaled 51.3 million gallons, up 18.1 percent from December of 2013. Lowfat ice cream output during December totaled 26 million gallons, up 15.3 percent from a year earlier.

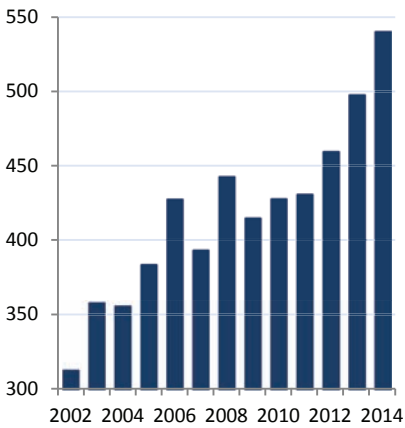
Butter Production
2002 - 2014
Billion pounds



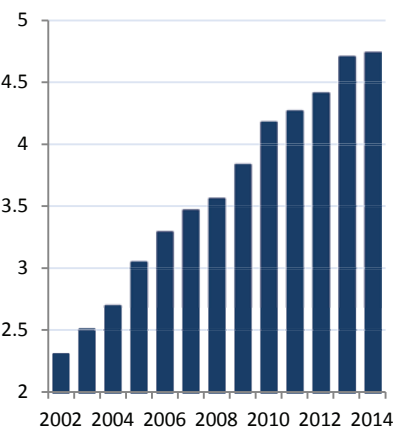
Dry Whey Production
2002 - 2014
Billions



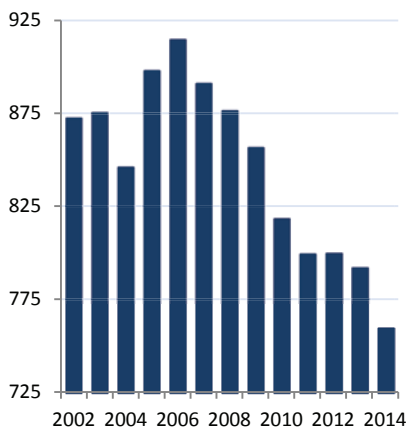
WPI Production
2002 - 2014
million of pounds



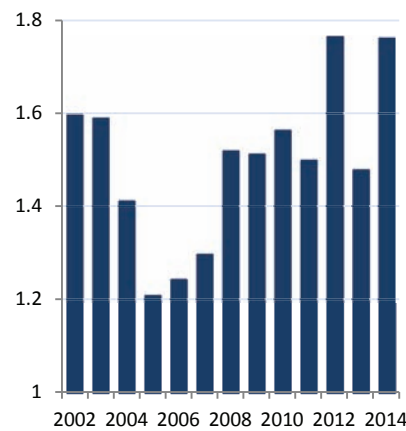
Yogurt Production
2002 - 2014
Billion pounds



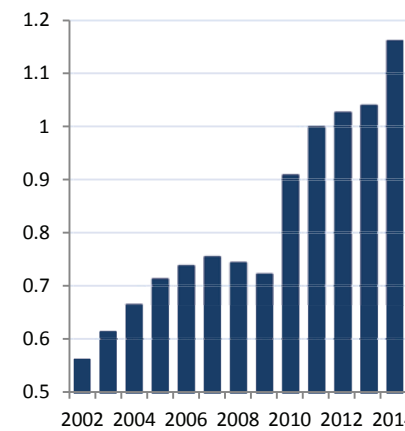
Ice Cream (reg. hard) Production
2002 - 2014
million of gallons



NDM Production
2002 - 2004
Billions of pounds



Lactose Production
2002 - 2014
Billions of pounds



Raw Milk Cheese

(Continued from p. 1)

variations to three standards last July and August. These were Standards 4.2.4-Primary Production and Processing Standard for Dairy Products, 4.2.4A-Primary Production and Processing Standard for Specific Cheeses and 1.6.1-Microbiological limits.

Following this second round of consultation, FSANZ decided to limit the amendments to Standard 4.2.4 to raw milk cheese, rather than the more general category of raw milk products.

FSANZ has approved draft variations to standards 4.2.4, 4.2.4A and 1.6.1 to:

—clarify that current measures in Standard 4.2.4 for dairy primary production, transport and processing also provide a baseline set of requirements for raw milk cheese

—include additional requirements for primary production, transport and processing of milk for raw milk cheese in a new division of Standard 4.2.4

—repeal Standard 4.2.4A, as the legislation and conditions specified for Roquefort cheese in Table 1 of that standard are now subsumed by the approved draft variations to Standard 4.2.4

—delete existing limits for “butter made from unpasteurized milk,” “all raw milk cheese” and “raw milk unripened cheese” and including limits specifically for “raw milk cheese.” Microbiological limits for raw milk cheese include Salmonella and Staphylococcal enterotoxin.

Until now, only raw milk cooked curd cheeses have been allowed, and there are only a few examples of this type of raw milk cheese being produced in Australia, the ASCA noted.

The new standards will allow Australian producers to make some styles of semi-hard cheeses from raw milk, such as Cheddars and some Blues, although soft cheeses will not be permitted.

The exact styles of cheese are not specified in the standards. Instead, cheese makers will need to demonstrate that a combination of factors such as starter culture activity, pH reduction, salt concentration and moisture content, storage time and storage temperature all result in cheeses that are safe to eat.

The new regime is likely to be best suited to smaller farmhouse cheese makers who have good control over the health of their animals and the quality of their milk, as well as the skill and expertise to make cheese using raw milk, according to the ASCA.

An important step for cheese makers wanting to make raw milk cheese under the new rules will be to work closely with their state-based dairy regulatory on a new and detailed food safety plan.

Global ‘Raw-Milk Cheese Appreciation Day’ To Be Celebrated On April 18

Boston, MA—Oldways’ Cheese of Choice Coalition, in association with the *Guilde Internationale des Fromagers*, have created “Raw-Milk Cheese Appreciation Day” to give cheese enthusiasts a chance to participate in events celebrating the distinctiveness and cultural heritage of raw-milk cheese.

The inaugural Raw-Milk Cheese Appreciation Day will be celebrated on Saturday, April 18, 2015.

“Raw-Milk Cheese Appreciation Day is a celebration of traditional cheese and the individuals who bring it to life from the pasture to the plate, drawing attention, awareness, and appreciation to delicious traditional raw-milk

cheese worldwide,” said Sara Baer-Sinnott, president of Oldways, a nonprofit food and nutrition education organization.

“Raw milk, unpasteurized cheeses are truly the old ways, and this delicious, traditional food deserves attention,” Baer-Sinnott added. “Raw-Milk Cheese Appreciation Day is a great way to introduce more people to the pleasures and great tastes of these extraordinary traditional cheeses.”

Since cheese was first discovered many millennia ago, it has been made with raw milk, Oldways noted. It was only in the last century that cheese began to be made with pasteurized milk.

On Raw-Milk Cheese Appreciation Day, cheese enthusiasts and those who are curious about raw-milk cheeses will be able to take part in a variety of events that

are in the works across the US and around the world, from creamery tours and tastings in Oregon to special classes in Vermont. There will be producers sampling cheese at retail stores in San Francisco and cheesemongers sharing their love of raw-milk cheese in Paris and Boston.

The Cheese of Choice Coalition will list participating organizations, activities and promotions on at www.cheeseofchoice.org.

Retailers, restaurants, producers and cheese enthusiasts are invited to participate with their own events. Everyone is encouraged to join in the conversation and celebration on Twitter by using the hashtag #RawMilkCheese.

For more information, contact Brad Jones, CCC program manager, Oldways, at brad@oldwayspt.org; or phone (617) 896-4822.



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FTC Proposes Several Changes Under Federal Fair Packaging, Labeling Act

Washington—Based on comments received in response to a 2014 Advance Notice of Proposed Rulemaking (ANPR), the Federal Trade Commission (FTC) this week proposed several changes to the rules and regulations promulgated under the Fair Packaging and Labeling Act.

The Fair Packaging and Labeling Act was enacted in 1966 to enable consumers to obtain accurate package quantity information to facilitate value comparisons and prevent unfair or deceptive packaging and labeling of “consumer commodities,” including food.

Last March, as part of its regulatory review program, the FTC published an ANPR seeking comment on the economic impact of, and the continuing need for, the Fair Packaging and Labeling Act rules. The FTC received 15 comments in response to the ANPR.

Commenters expressed wide support for the rules; no commenter suggested they be repealed, the FTC noted. The Commission is proposing the following amendments, among others:

- Modernize the place-of-business listing requirement: Currently, the rules require a label to conspicuously state the name and place of business of the manufacturer, packer, or distributor and further specify that the place of business statement contain the street address, city, state, and zip code. The street address, however, may be omitted if it is listed in a current city or telephone directory.

A comment from the packaging and labeling subcommittee of the National Conference on Weights and Measures (NCWM) suggested

that this exception be extended to Internet directories. The FTC agreed, and is proposing to revise this exception to permit a business to omit the street address if it is listed in any readily accessible, well-known, widely published, and publicly available resource, including but not limited to a printed directory, electronic database, or website.

- Delete prohibitions on certain retail price sales representations. The FTC is proposing to eliminate sections addressing when and how a packager or labeler represents a commodity to be “cents off,” an “introductory offer” or “economy size.” These provisions were originally promulgated to curtail certain price representations that were commonly used in a deceptive manner during the 1960s or 1970s, but these representations have been absent for some time.

The FTC also declined several requests to revise some of its rules. For example, the NCWM urged the Commission to expand the prohibition on supplemental descriptions of net quantity statements. The section currently prohibits misleading terms used to qualify a unit of weight or mass, measure, or count, giving specific impermissible examples such as “full gallon” or “jumbo quart.”

The rule, however, already covers these statements, to the extent they are misleading, by prohibiting any net quantity qualifiers “of similar import,” the FTC said. Moreover, the record contains no evidence of widespread deception using these terms.

This notice of proposed rulemaking was published in Monday’s *Federal Register*.

Comments on the proposal are being accepted until March 30, 2015.

Tetra Pak Acquires Poland’s Obram, A Cheese Equipment, Technology Provider

Lausanne, Switzerland—Tetra Pak, a leader in dairy and other food processing and packaging solutions, has completed the acquisition of Polish company Obram S.A., a provider of cheese technology solutions and equipment in Poland, Russia, Belarus, and many parts of Eastern Europe.

Since it was established in 1976, Obram has built a strong reputation for delivering high quality production solutions for fresh cheese, cottage cheese and semi-hard cheese applications, including mould handling and brining, according to Tetra Pak.

“The addition of Obram to the Tetra Pak Group will strengthen our portfolio and broaden our capability in the rapidly expanding cheese sector, enabling us to be even more versatile to the needs of our customers,” said Tim High, executive vice president of Tetra Pak Processing Systems. “It complements our existing business extremely well.”

Obram currently employs around 280 people, the majority of whom are based at one of the company’s two production sites in Olsztyn, Poland.

According to the Agricultural Outlook published by the Organization for Economic Cooperation and Development (OECD) and the UN’s Food and Agriculture Organization (FAO), global cheese consumption will grow by 16 percent over the next decade. As consumers become more health conscious, the popularity of fresh cheese, and lighter soft cheese, is expected to increase.

Between 2013 and 2014, soft cheese accounted for 50 percent of absolute value growth of the total global cheese market, driven by product innovation and increased penetration, according to Euro-monitor.

“This acquisition will enhance our ability to help customers capture these opportunities, particularly in places like Central America, South America and India, where consumer demand for fresh cheese is growing at a tremendous pace,” High said. “Obram’s automated solutions provide a higher quality, more efficient alternative to the manual or semi-automated installations that are still widely used.”

India’s cheese market is mainly fresh cheeses, primarily Paneer, High noted. Paneer is an ingredient cheese that’s used in many home-cooked dishes as well as in foodservice. Paneer is a simple, acidified white cheese that retains its form when heated.

“We have seen quite some interest and investment now in moving from what’s basically a batch operation,” where the cheese is cooked in many cases over wood, to con-

tinuous systems, High said. Obram has been “particularly innovative” in that segment of the market, which is not an area where Tetra Pak has really been.

Obram’s equipment was developed in Eastern Europe, where cheese is made under similar circumstances to India, High said. And the equipment and systems also suit the situation in Central and South America.

In Mexico, nearly half of the milk (47 percent) goes into cheese, while in Brazil, the largest market in Latin America, almost 34 percent of the milk goes into cheese, High said.

“This acquisition will enhance our ability to help customers capture these opportunities, particularly in places like Central America, South America and India, where consumer demand for fresh cheese is growing at a tremendous pace.”

—Tim High, Tetra Pak

“These fresh cheeses have got very high at-home penetration but relatively low consumption still,” High said. He believes that, across the different markets, that growth will be between 2 and 15 percent.

What’s lacking, High indicated, is the ability to make the transition from small, artisan production to medium-sized production, and doing this “much more efficiently” than they’re able to do currently, and most importantly, improving the overall quality so that these cheeses can be used in the retail chain.

In Brazil, 40 percent of the cheese that’s currently produced is produced informally, which is basically not in a factory or an industrial environment, High said. So there’s an opportunity to convert that into a product that can then be sold domestically through retail chains, and also to improve the efficiencies of the existing systems that are already in place.

“From an Obram perspective, this move is full of potential: it will help us to grow our business through Tetra Pak’s global sales channels, while allowing us to provide a broader range of products and services to our existing customers — everything from filtration and whey treatment to technical support and parts,” said Zbigniew Raczynski, Obram’s president and CEO.

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fairlife Launched

(Continued from p. 1)

Fairlife's patented cold filtration process filters natural milk to increase protein and minerals and reduce lactose. Specifically, fairlife's milk has 50 percent more protein, 30 percent more calcium and half the sugar of ordinary milk. The product is available in fat-free, reduced fat (2 percent), whole and chocolate reduced fat varieties.

Steve Jones, CEO of fairlife, said fairlife is "a real milk that's great tasting and more nutritious than regular milk. We're providing people a better source of nutrition. We cold-filter our milk to bring you 50 percent more protein, 30 percent more calcium and 50 percent less sugar."

Today, the majority of consumers "are looking for better nutrition in their food, and they want their food to be real, and less processed, and come from a source they can trust," Jones said.

"fairlife is brought to you by a dedicated group of family dairy farmers who put great care into



everything they do," Jones continued. "It comes from a sustainable source that's traceable from grass to glass. And as a result, we are setting a new standard for milk."

"We've created a more nutritious milk that we believe will forever transform how we think about, drink and enjoy milk and other milk products," said Sue McCloskey, who co-founded fairlife with her husband, Mike McCloskey. With a few other families, the McCloskeys own the flagship Fair Oaks Farms dairy in Indiana, which is open to the public and is recognized as an innovator and leader in sustainable agriculture.

Mike McCloskey explained how fairlife works.

After their cows are milked, the milk is "immediately chilled to 34 degrees to keep that fresh, clean taste," Mike McCloskey said. The milk is then put through a cold filtration system, which filters out the lactose while increasing the protein and calcium. What's left is "pure fairlife milk."

"This is truly a value-added product," Jones said. The product is being rolled out nationally now and the rollout will continue through March.

For more information, visit www.fairlife.com.

FDA Seeks More Money To Implement FSMA; Food Facility Registration, Import Fees Eyed

Budget Proposal Would Also Consolidate USDA's FSIS, Food Safety Components Of FDA Into New HHS Agency

Washington—The US Food and Drug Administration (FDA) is requesting a budget of \$4.9 billion for fiscal year (FY) 2016, including an additional \$109.5 million to implement the Food Safety Modernization Act (FSMA).

FDA said it has proactively reprioritized current resources, including the fiscal 2016 increase, to ensure they are directed to the highest priorities for food and feed safety modernization. FSMA remains a "largely unfunded mandate," according to FDA's parent agency, the Department of Health and Human Services (HHS). Therefore, it is not practical for FDA to offset this funding to accommodate the additional activities outlined in the initiative.

Proposed budget increases for FDA are in the areas of:

- Inspection, modernization and training. This funding supports the development of new inspection models and tools, needed FDA culture change, and essential training of FDA and state inspection and compliance staff to implement FSMA's new prevention paradigm and ensure consistency in federal and state inspections conducted under FSMA.

- National integrated food safety system. To leverage resources and improve nationwide consistency in food safety oversight, FSMA mandated that FDA assess and strengthen state, local, territorial, and tribal food safety capacity and build a national integrated food safety system. This funding is an investment in the capacity and partnerships that are essential for such a system, with a focus on federal and state partnerships to strengthen state coordination, improve information sharing capacity with the states, and build lab capacity by supporting laboratory accreditation.

- Education and technical assistance for industry. This funding will support FDA's commitment to "educate before and while we regulate" by providing training, advice, and technical assistance to industry to facilitate understanding and compliance with the new standards. This compliance assistance will be carried out collaboratively with state partners, industry, extension services, academia, and other institutions that can deliver educational and technical assistance.

- Technical staffing and guidance development. This funding will invest in staff and contractor support for FSMA guidance development and technical capacity to

support technical assistance for industry, and technical support for FDA and state inspectors and compliance staff implementing the new FSMA standards.

- Import safety — Foreign Supplier Verification Program (FSVP) implementation. This funding is essential to hire staff with new audit skills, conduct training, and build information and management systems to implement FSMA's FSVP requirement. The FSVP requires importers to verify, subject to FDA audit, that imported foods are produced consistent with US safety standards.

- Risk analytics and evaluation. One key element of FSMA is the vision of future regulatory action being focused on the degree of risk posed by a given food or feed. FDA is developing new tools that will provide the information needed to focus decisions and resources on areas of greatest risk to health. This includes new tools for ranking risks, prioritizing program activities based on opportunities to reduce risk, and linking risk-based priorities more clearly with budget formulation and execution processes.

FDA's proposed fiscal 2016 bud-

get includes a number of new user fees. Legislation will be proposed to allow FDA to collect fees for food import and food facility registration and inspection to implement the requirements of FSMA.

FDA will use \$103.3 million in new resources provided by a proposed import user fee to facilitate the entry of safe food through enhanced border staffing, improved information systems and other importer support and port of entry streamlining.

The \$60.1 million proposed food facility registration and inspection user fee will provide resources to further modernize the FDA inspection program through the further development and implementation of new inspection models and tools, including training in the new models and information technology to improve targeting and risk-based efficiency of inspection.

The budget also proposes to consolidate USDA's Food Safety Inspection Service (FSIS) with the food safety components of FDA at HHS to create a new agency at HHS. This consolidation could deliver a "one-stop" shop for most of the issues that mean the most for industry and consumers and provide centralized leadership to allocate resources strategically across all food products, HHS said.

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For more information, circle #7 on the Reader Response Card on p. 14

Trade Records

(Continued from p. 1)

31 percent; Canada, 30.8 million pounds, down 2 percent; and China, 26.3 million pounds, up 5 percent.

US exports of nonfat dry milk last year totaled 1.204 billion pounds, down 2 percent from 2013. December NDM exports totaled 75.3 million pounds, down 23 percent from December of 2013.

Butter exports in 2014 totaled 130.2 million pounds, down 27 percent from 2013. Just during December, butter exports totaled 4.4 million pounds, down 77 percent from a year earlier.

Exports of dried whey last year totaled 507.5 million pounds, down 3 percent from 2013. December dried whey exports totaled 36.1 million pounds, down 9 percent from December of 2013.

Whey protein concentrate exports in 2014 totaled 225 million pounds, down 11 percent from 2013. Just during December, WPC exports totaled 20.6 million pounds, down 8 percent from a year earlier.

Lactose exports last year totaled a record 758.3 million pounds, up 1 percent from 2013. December lactose exports totaled 68.2 million pounds, up 24 percent from December of 2013.

US ice cream exports in 2014 totaled 142.8 million pounds, up 6 percent from 2013. Just during December, ice cream exports totaled 5.8 million pounds, down 27 percent from a year earlier.

Cheese Imports Highest Since '08
US cheese imports last year totaled 362 million pounds, up 12 percent from 2013 and the highest level since 2008. The value of those cheese imports, \$1.3 billion, was up 11 percent from 2013.

Just during December, cheese imports totaled 43.2 million pounds, up 47 percent from December of 2013.

Leading sources of US cheese imports last year on a volume basis, with comparisons to 2013, were:

■ Italy: 61.9 million pounds, down 5 percent.

■ France: 48.1 million pounds, down 5 percent.

■ Netherlands: 32.5 million pounds, up 36 percent.

■ Spain: 20.9 million pounds, up 21 percent.

■ Denmark: 16.6 million pounds, down 2 percent.

■ Switzerland: 16.5 million pounds, down 7 percent.

■ New Zealand: 15.5 million pounds, up 664 percent.

■ Norway: 15.2 million pounds, up 5 percent.

■ Ireland: 15.0 million pounds, down 3 percent.

■ United Kingdom: 14.9 million pounds, up 18 percent.

■ Germany: 12.5 million pounds, up 65 percent.

■ Canada: 11.4 million pounds, down 1 percent.

Other Dairy Imports Rise

The value of other (non-cheese) dairy imports during 2014 was \$1.72 billion, up 15 percent from 2013. Just during December, the value of other dairy imports was \$165.7 million, up 3 percent from December of 2013.

Leading sources of other dairy imports in 2014 on a value basis, with comparisons to 2013, were:

■ New Zealand: \$721 million, up 24 percent.

■ Canada: \$134.1 million, up 16 percent.

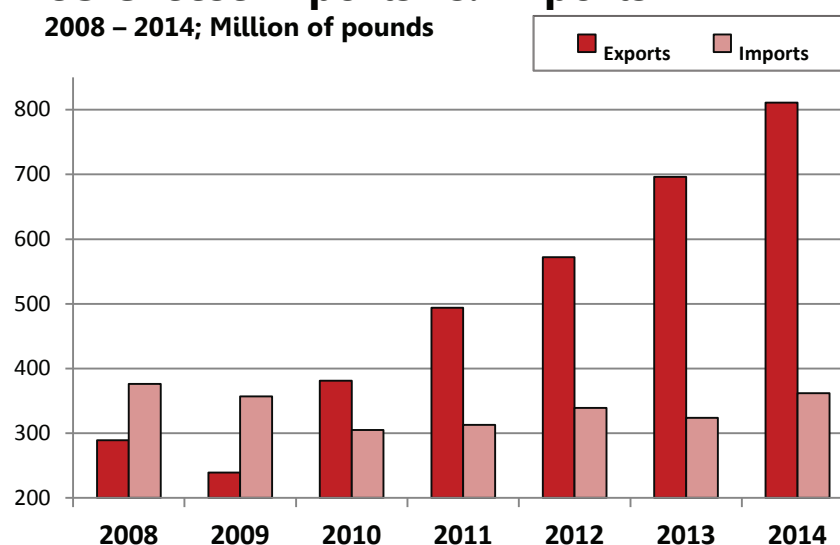
■ Ireland: \$123.9 million, up 41 percent.

■ Netherlands: \$98.4 million, up 30 percent.

■ Mexico: \$91.3 million.

US Cheese Exports vs. Imports

2008 – 2014; Million of pounds



■ India: \$64.7 million, down 9 percent.

■ Denmark: \$64.2 million, up 24.

■ Germany: \$60.1 million, down 30 percent.

■ Australia: \$57.9 million, down 20 percent.

■ France: \$45.4 million, up 32 percent.

Casein imports last year totaled 100.7 million pounds, up 5 percent from 2013. Just during December, casein imports totaled 8.5 million pounds, down 21 percent from December of 2013.

Leading sources of US casein imports in 2014 on a volume basis, with comparisons to 2013, were: New Zealand, 48.4 million pounds, up 5 percent; Ireland, 15.9 million pounds, up 1 percent; India, 12.8 million pounds, down 20 percent; Uruguay, 11 million pounds, up 162 percent; Argentina, 7.5 million pounds, down 10 percent; and France, 4.2 million pounds, up 5 percent.

US imports of caseinates last year totaled 67.8 million pounds, down 22 percent from 2013. December imports of caseinates totaled 3.0 million pounds, down 69 percent from December of 2013.

Leading sources of US imports of caseinates last year, with comparisons to 2013, were: Nether-

lands, 35.3 million pounds, up 16 percent; New Zealand, 14.5 million pounds, down 29 percent; Poland, 5.9 million pounds, down 66 percent; Germany, 5.2 million pounds, down 40 percent; and Denmark, 4.2 million pounds, up 13 percent.

US imports of Chapter 4 milk protein concentrates (MPCs) last year totaled 83.8 million pounds, down 11 percent from 2013. Just during December, imports of Chapter 4 MPCs totaled 10.6 million pounds, up 2 percent from a year earlier.

Imports of Chapter 4 MPCs from New Zealand last year totaled 82.6 million pounds, down 10 percent from 2013.

Imports of Chapter 35 MPCs last year totaled 22.4 million pounds, down 14 percent from 2013. December imports of Chapter 35 MPCs totaled 873,151 pounds, down 75 percent from December of 2013.

Leading sources of US imports of Chapter 35 MPCs last year, with comparisons to 2013, were: Australia, 13.1 million pounds, down slightly; Ireland, 3 million pounds, up 74 percent; New Zealand, 2.9 million pounds, down 57 percent; and India, 1.4 million pounds, down 40 percent.

dairy products from third-party producers in Europe and Australia via F. Mayer. All of Arla's current and future business in Australia will be placed in the joint venture with F. Mayer Imports.

"Although the overall Australian dairy market is only seeing low growth rates, the market for specialty cheese is lively and growing," said Arla's managing director in Australia, Lars Eggers, who will become the general manager of the new joint venture. "We hope to contribute to the Australian dairy market by driving the specialty cheese category and by launching a series of products that already inspire consumers in many other parts of the world."

With this joint venture, Arla Foods aims to take its annual revenue in Australia from the current 200 million DKK (US\$30.4 million) to 1 billion DKK (US\$152 million) by 2020.

Arla Enters Joint Venture With Australia's Largest Cheese Importer, Aims To Boost Specialty Cheese Sales In Australia

Sydney, Australia—With the intention of multiplying its business in Australia fivefold, Arla Foods has entered a joint venture with Australia's largest cheese importer, F. Mayer Imports.

Arla Foods Mayer Australia Pty Ltd is the name of the new joint venture, which is set to market, sell, and distribute imported and local dairy specialty products in the Australian market. Arla Foods will own 51 percent of the joint venture, which will be based in Sydney.

The products will be Castello cheese, Lurpak butter and various other Arla products, but the portfolio will also include specialty

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Shipping Percentages Reduced to 15% For Entire Year In Arizona Order

Bothell, WA—William A. Wise, administrator of the Arizona federal milk marketing orders, last Friday announced that the minimum shipping percentage of producer milk that a cooperative association must ship to pool distributing plants in order to qualify its manufacturing plant for pool status under the Arizona order has been reduced to 15 percent for every month this year.

The Arizona order states that a specified percentage of producer milk must be delivered to pool distributing plants during either the current month or, on average, the immediately preceding 12-month period ending with the current month to qualify a co-op's plant. The purpose of this standard is to assure an adequate supply of milk for fluid consumption while enabling the continued pooling of producer milk that currently is pooled without the need for uneconomic movements of milk.

The proposed reduction was requested by United Dairymen of Arizona (UDA), a cooperative association which operates a pool manufacturing plant under the Arizona order. UDA requested that the current revised shipping standards of 20 percent in January through March, 15 percent in April through June, and 20 percent in July through December be changed to 15 percent in January through December effective with the February 2015 delivery period.

Two comments were received in response to UDA's request. UDA itself stated that the consideration that supported the previous revisions in the shipping standards continues to support its request.

GH Processing opposed the reduction in the shipping standards. GH stated that the proposed reduction in shipping standards would give cooperative associations an advantage over other producers and that all producers must deal with fluctuations of milk production and that the order cannot be adjusted to their advantage.

Current market conditions continue to indicate that, absent a reduction in shipping standards, the pool status of UDA's manufacturing plant may not be maintained without costly and inefficient movements of milk that would have to be made to maintain the pool status of producers who have historically supplied the market and to prevent disorderly marketing in the Arizona order marketing area, Wise stated.

Therefore, reducing the shipping standard is reasonable and necessary to ensure that such producer's milk will not have to be moved in an uneconomic and inefficient manner.

Mideast Order Reduces Shipping Standard For Qualified Plants To 20% For February Through July 2015

Brunswick, OH—Sharon R. Uther, administrator of the Mideast milk marketing order, announced last Friday that the shipping standard for qualified plants has been reduced for the months of February through July 2015 from 25 percent to 20 percent, including the 12-month aggregate period.

The adjustments were requested by the Mideast Milk Federation (MMF), a federation of cooperatives on the Mideast order consisting of Michigan Milk Producers Association (MMPA) and Foremost Farms USA.

Those two co-ops were part of an earlier request to lower the shipping percentages, which resulted in the percentages being lowered

to 25 percent due to declining Class I sales and increasing milk production.

MMF had asked for the additional review of the requirements due to significant shifts of fluid business on January 1, 2015. Industry comments were requested and data was again reviewed.

Dairy Farmers of America (DFA) reviewed the request but did not offer a position on it. DFA is not a member of the Mideast Milk Federation, but is a qualified cooperative which regularly pools milk on the Mideast order.

In a recent month, milk from DFA member owner farms and additional milk supplies that DFA was responsible to market accounted for more than a third of both the farms and milk pooled on the Mideast order, DFA stated.

Reduction of the shipping requirement for February through July 2015 is granted to avoid

uneconomical milk shipments which would otherwise be required for this milk to retain its pool status, Uther said.

As provided under the terms of the Mideast order, Uther may review the need for any further adjustment, on her own initiative or at the request of interested parties.

In the Mideast order, the shipping standards were previously adjusted for the months of: August 2014 to 25 percent, September and October 2014 to 30 percent, November 2014 to 25 percent, and December 2014 through July 2015 to 25 percent.

Those previous adjustments were in response to requests from the Great Lakes Southern Milk Marketing Agency, a common marketing agency consisting of MMPA, Foremost Farms USA, Select Milk Producers Inc., and NFO, Inc.



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COMING EVENTS

www.cheesereporter.com/events.htm

Registration Still Open For 27th Cal Poly Cheesemaking Short Course March 17-20

San Luis Obispo, CA—The 2015 Cal Poly/US Davis Cheese Short Course will be held here March 17-20 at Cal Poly’s Dairy Products Technology Center (DPTC). The four-day course, now in its 27th year, teaches students the basic scientific information and skills needed to understand and manufacture cheese. It is geared towards larger producers, and will include both classroom lectures and hands-on

cheesemaking in DPTC’s dairy processing plant. Those in production and quality control are encouraged to attend, along with others in the cheese industry and allied fields who want a better understanding of cheese-making basics. DPTC instructors will cover dairy chemistry and microbiology, starter cultures and coagulants, cheese yield and yield calculations, the basic steps of cheesemak-

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ing and the sensory evaluation of cheese. Other topics that will be addressed include titratable acidity and pH; plant cleaning, sanitation and food safety; and worldwide cheese tasting. A full day will be dedicated to hands-on, pilot-scale cheesemaking, along with an introduction to the manufacture of various cheese styles. The early registration for Cal Poly’s DPTC deadline for the course is Feb. 24. Cost to attend is \$645 before the deadline and \$695 after. For more information, full course agenda or to sign up, visit www.dptc.calpoly.edu.

PLANNING GUIDE

Feb. 19-20: USDA Agricultural Outlook Forum, Crystal Gateway Marriott Hotel, Arlington, VA. For details, visit www.usda.gov/oce/forum.

March 2-3: NYS Cheese Manufacturers Association’s Spring Meeting, DoubleTree Hotel, Syracuse, NY. For details, visit nyscheesemakers.com.

March 17-19: US Championship Cheese Contest, Wisconsin Center, Milwaukee, WI. Visit www.uschampioncheese.org.

Cheese Technologist

Tetra Pak Processing Equipment Inc.-Business Unit Cheese and Powder Systems with over 700 employees in 8 countries, BU CPS develops, delivers and facilitates a competitive portfolio of process solutions for the Food Industry in close cooperation with the Tetra Pak Cluster organisations. For our North American Cheddar and Mozzarella business we are currently looking for an independent individual who has good communication and analytical skills. We require someone who is open for challenges and has the eagerness to learn. We seek an individual with a highly positive attitude and excellent professional competences to fulfil the role of Cheese Technologist.

OVERVIEW OF THE POSITION:
Tetra Pak Processing Equipment Inc. has a vacancy for a Cheese Technologist. This position will be located at our office in Winsted, MN. We are looking for an individual with a high personal drive, strong leadership and communication skills. The aim of this role is to provide cheese technology support to customers and Tetra Pak employees in the application of Tetra Pak’s Cheddar and Mozzarella cheese making equipment. Participate in the development of new equipment and cheese making processes to continuously improve operational performance within a cheese plant. In order to be considered for this opportunity, you need to apply in the careers section at www.tetrapak.com.


Main tasks and responsibilities:

- On request give technological support and advice to the internal and external TP organisation with high priority for Product Creation (Development) and Product Life cycle projects.
- Develop and maintain cheese plant operational and performance database through equipment performance validation
- Commissioning and achieving performance of new installed cheese production equipment/lines.
- Set-up of technological product and line specifications, guarantees and performances.
- General and detailed process design for cheese production concepts and solutions including milk reception, curd making, draining, salting, block-forming, moulding/brining and maturation.
- Interpretation and analysing customer requirements and advising the commercial department with regard to the influence of these input parameters on the cheese production solutions and concepts.
- Set-up of mass balances for the designed cheese production solutions and concepts.
- Auditing/troubleshooting on installed base cheese production equipment/lines for optimising their performances.
- Instruct operators/employees of customers on control and service of the cheese production equipment/lines. (during commissioning or classroom training)
- Assist in preparing and presenting cheese equipment product solutions.
- Contribute to the development of equipment Functional Descriptions (FDs).

QUALIFICATIONS:

- Minimum: Bachelor degree within Dairy Science, Food Science, Engineering or equivalent level achieved through experience
- At least 5-7 years relevant experience in the cheese industry
- Superior verbal and written communication and problem solving skills.
- Able to work and make decisions independently
- Capable of creative and analytical thinking.
- Be able to adapt to various levels in small and large organisations e.g. plant floor operators thru senior management; and be open and engaged at all levels as required.
- Qualified and available to travel throughout the USA and Canada

In order to be considered for this opportunity, you need to apply in the careers section of www.tetrapak.com



EOE/M/F/Veteran/Disabled

Project Manager

Tetra Pak is the world’s leading food processing and packaging solutions company. Working closely with our customers and suppliers, we provide safe, innovative and environmentally sound products that each day meet the needs of hundreds of millions of people around the world. With over 20,000 employees and operations in more than 150 countries, we believe in responsible industry leadership and a sustainable approach to business. Our motto, “PROTECTS WHAT’S GOOD”, reflects our vision to make food safe and available, everywhere.

THE POSITION:
Tetra Pak Inc. is looking for a Project Manager in Winsted, MN. This position reports directly to the US Operations Manager. This individual will have the opportunity to interface within all levels of the organization and make a difference for our customer base. This is a leadership role within the market company and will provide unlimited career growth potential.

In order to be considered for this opportunity, you need to apply in the careers section at www.tetrapak.com.

RESPONSIBILITIES:
This position will manage all complex/high risk projects. High Risk is defined as Technical, Schedule, Financial, External, Procurement, Legal & Commercial. The Project Manager is expected to manage all aspects of the system quotations & projects and have overall accountability both internally & externally for project success.


Additional responsibilities include:

- Lead project team to implement sold systems/modules. With the goal of the following: delivery on-time; on budget, with a quality system, and achieve customer satisfaction. Interface with account managers and customers to assess the customer requirements and thereby create cost effective quotations.
- Conduct and manage quotation development in conjunction with account managers for systems/modules.
- Provide feedback to Sr. Management on team member performance; and participate in both financial and Project Review Board meetings.
- Mentor fellow project managers and lead various project management initiatives.

QUALIFICATIONS:

- Bachelor’s Degree: Mechanical, Electrical, Chemical or Food Science (Master’s Preferred)
- Project Management; Industry Related Regulatory Knowledge (PMO, 3A, OSHA, CFR-113, etc.), Food Technology
- Previous experience managing a minimum of \$5 million projects
- Microsoft Project; SAP
- Experience with budgeting, fiscal management and project planning
- Project Management Institute Certification preferred
- Working with a Sense of Discipline and Creativity

In order to be considered for this opportunity, you need to apply in the careers section of www.tetrapak.com



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SEPARATOR NEEDS - Before you buy a separator, give Great Lakes a call. TOP QUALITY, reconditioned machines at the lowest prices. Call Dave Lambert, **Great Lakes Separators** at (920) 863-3306 or e-mail drlambert@dialez.net.

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1. Equipment for Sale

FOR SALE: Westfalia Separator discs: MSA 200, MSA 160, SAMM 20006. Call **Great Lakes Separators** at 920-863-3306; drlambert@dialez.net.

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WANTED TO BUY: Westfalia or Alfa-Laval separators. Large or small. Old or new. Top dollar paid. Call Great Lakes Separators at (920) 863-3306 or email drlambert@dialez.net

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PROMOTE YOURSELF - By contacting Tom Sloan & Associates. Job enhancement thru results oriented professionals. We place cheese makers, production, technical, maintenance, engineering and sales management people. Contact Dairy Specialist David Sloan, Tom Sloan or Terri Sherman. **TOM SLOAN & ASSOCIATES, INC.** PO Box 50, Watertown, WI 53094. Call: (920) 261-8890 or FAX: (920) 261-6357; or email: tsloan@tsloan.com.

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ASSISTING BUSINESSES and individuals to find the right person or job. Send job descriptions or resumes to Jim Cisler, Dairy Assets at jim.cisler@frontier.com or call (608) 835-7705.

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Competitive compensation based upon work experience and current compensation.

Qualified candidates send resume to:



Ron Marks
AtlantaFresh Artisan Creamery
6679 Peachtree Industrial Blvd. #M,
Norcross, GA. 30092
ron@atlantafresh.com
www.atlantafresh.com



Filtration Technologist Institute for Dairy Ingredient Processing South Dakota State University

Specific Duties Include:

Integration of all the filtration-based research projects within the overall schedule of the Institute for Dairy Ingredient Processing; instruction and supervision of student employees in the proper processing and cleaning protocols required for the production of dairy based ingredients; servicing and maintenance of processing and research equipment; and supervision, scheduling and training of student employees in both processing and research areas of the plant.

A Master of Science in Dairy, Food Science, or Dairy Manufacturing is required by date of application; must have experience in Dairy Product Manufacturing; must have a minimum of four years of experience in application of filtration technology; and experience in preparation of technical reports and modeling of rejection coefficients and flux rates of filtration processes. Demonstrate effective written, verbal, and interpersonal communication skills.

For a full list of qualifications and to apply, visit the online employment site at <https://YourFuture.sdbor.edu>. Review of applications will begin February 25, 2015 and continue until position is filled. For questions on the position, please contact Anil Kommineni at (605) 688-4184 or Anil.Kommineni@sdstate.edu. For questions on the electronic employment process, contact SDSU Human Resources at (605) 688-4128.

SDSU is an AA/EEO employer. Women, veterans, minorities, and people with disabilities are encouraged to apply.



The Dairy Grading Branch is currently advertising three full-time Agricultural Commodity Grader positions, GS-1980-05/09. The purpose of this outreach notice is to provide the potential applicant pool information on how to apply for these positions.

Applicants can now apply through USAJOBS at: www.usajobs.gov using vacancy announcement 24DY-AMS-MA-2015-0206

Manager, Foodservice National Accounts

The Wisconsin Milk Marketing Board (WMMB) is looking for a Manager, Foodservice National Accounts.

The Opportunity: We are looking for a sales or marketing person with extensive foodservice skills to assist with development and execution of WMMB foodservice programs to expand the distribution and usage of Wisconsin cheese. Reporting to the Vice President-Foodservice and Education, the successful candidate will develop and implement WMMB marketing programs for foodservice operator accounts. This position will also work closely with our Regional Marketing Managers (RMMs) in the planning and development of regional foodservice promotional programs and support activities on a national basis.

Our Requirements: Qualified candidates must have at least 5 years of management experience and/or extensive knowledge of the foodservice industry, operators and multi-unit accounts, as well as distribution, marketing and sales. Position requires professional, well-developed communication skills to effectively communicate with foodservice operators and manufacturers/marketers, speak confidently in front of groups, and to direct the work of staff. Cheese company experience is a plus. Computer skills with a working knowledge of Microsoft Office products is essential. A Bachelor's Degree in Business or Marketing is preferred. Must be willing to travel frequently, 35-40% of time.

Qualified candidates only please apply.

Location/Compensation/Benefits: This position will be located in Madison, Wisconsin. Compensation consists of a competitive salary and benefits package that includes a company-funded 401(k) plan.

WMMB is an equal opportunity employer. Further information on this position can be found on the corporate website www.wmmb.com.

Please send resume to:



Human Resources Manager

Wisconsin Milk Marketing Board

8418 Excelsior Drive, Madison, WI 53717

Send faxes to 608-203-7343 • Email: humanresource@wmmb.org

Class Milk & Component Prices

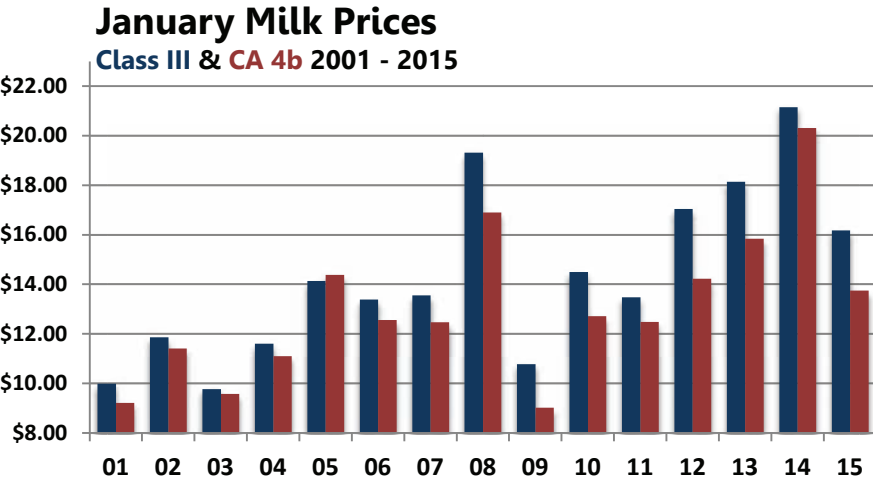
January 2015 with comparisons to January 2014

| Class III - Cheese Milk Price | 2014 | 2015 |
|---|-----------|-----------|
| PRICE (per hundredweight) | \$21.15 | \$16.18 |
| SKIM PRICE (per hundredweight) | \$15.43 | \$10.65 |
| Class II - Soft Dairy Products | 2014 | 2015 |
| PRICE (per hundredweight) | \$22.21 | \$16.18 |
| BUTTERFAT PRICE (per pound) | \$1.7944 | \$1.6925 |
| SKIM MILK PRICE (per hundredweight) | \$16.51 | \$10.63 |
| Class IV - Butter, MP | 2014 | 2015 |
| PRICE (per hundredweight) | \$22.29 | \$13.23 |
| SKIM MILK PRICE (per hundredweight) | \$16.62 | \$7.60 |
| BUTTERFAT PRICE (per pound) | \$1.7874 | \$1.6855 |
| NONFAT SOLIDS PRICE (per pound) | \$1.8470 | \$0.8439 |
| PROTEIN PRICE (per pound) | \$4.1870 | \$2.6731 |
| OTHER SOLIDS PRICE (per pound) | \$0.4155 | \$0.4001 |
| SOMATIC CELL Adjust. rate (per 1,000 scc) | \$0.00104 | \$0.00079 |
| AMS Survey Product Price Averages | 2014 | 2015 |
| Cheese, US 40-block, NASS | \$1.7485 | \$1.5807 |
| Butter, CME | \$1.5066 | \$1.5633 |
| Nonfat Dry Milk | \$1.5601 | \$1.0202 |
| Dry Whey | \$0.6503 | \$0.5875 |

California 4a & 4b Milk Prices -

January 2015 with comparisons to January 2014

| Minimum Prices per cwt | | | | |
|---|----------|----------|---------|---------|
| Class | Lb. Fat | Lb. SNF | 2014 | 2015 |
| 4a | \$1.6025 | \$0.8597 | \$22.13 | \$13.09 |
| 4b | \$1.6025 | \$0.9355 | \$20.31 | \$13.75 |
| Commodity Market Prices | 2014 | 2015 | | |
| Cheese, US 40-block, CME | \$2.1496 | \$1.5264 | | |
| AA Butter, CME | \$1.7005 | \$1.5474 | | |
| Nonfat Dry Milk (low/med. heat), West, USDA | \$1.9844 | \$1.0360 | | |
| Dry Whey (Mostly), West, USDA | \$0.5990 | \$0.4800 | | |



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DAIRY PRODUCT SALES

February 5, 2015—AMS' National Dairy Products Sales Report. Prices included are provided each week by manufacturers. Prices collected are for the (wholesale) point of sale for natural, unaged Cheddar; boxes of butter meeting USDA standards; Extra Grade edible dry whey; and Extra Grade and USPH Grade A nonfortified NFDM.

•Revised

| Style and Region | Jan. 31 | Jan. 24 | Jan. 17 | Jan. 10 |
|--|------------|----------------|-------------|------------|
| 40-Pound Block Cheddar Cheese Prices and Sales | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 1.5579 | 1.5695• | 1.5814 | 1.5980• |
| Sales Volume | | Pounds | | |
| US | 13,261,663 | 13,710,474• | 13,291,912• | 16,364,481 |
| 500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Contest | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 1.5861 | 1.6351• | 1.6417 | 1.6091 |
| Weighted Price Adjusted to 38% Moisture | | | | |
| US | 1.5122 | 1.5579• | 1.5661 | 1.5322 |
| Sales Volume | | Pounds | | |
| US | 10,492,928 | 9,927,461• | 9,843,246 | 10,718,107 |
| Weighted Moisture Content | | Percent | | |
| US | 34.97 | 34.93• | 35.01 | 34.89 |
| Butter | | | | |
| Weighted Price | | Dollars/Pound | | |
| US | 1.5641 | 1.5548• | 1.5510 | 1.5529 |
| Sales Volume | | Pounds | | |
| US | 6,263,066 | 4,644,603• | 3,708,678 | 5,191,847 |
| Dry Whey Prices | | | | |
| Weighted Price | | Dollars/Pounds | | |
| US | 0.5779 | 0.5855• | 0.5924 | 0.5881 |
| Sales Volume | | Pounds | | |
| US | 5,100,568 | 6,948,049• | 7,869,175 | 7,604,633 |
| Nonfat Dry Milk | | | | |
| Average Price | | Dollars/Pound | | |
| US | 0.9737 | 1.0020• | 1.0098 | 1.0452 |
| Sales Volume | | Pounds | | |
| US | 33,817,711 | 22,809,854• | 26,119,672• | 21,912,707 |

DAIRY FUTURES PRICES

| SETTLING PRICE | | | | | | *Cash Settled | |
|-------------------|--------------|------------|-----------|-----------|---------|---------------|---------|
| Date | Month | Class III* | Class IV* | Dry Whey* | NDM* | Butter* | Cheese* |
| 1-30 | January 15 | 16.14 | 13.48 | 58.000 | 104.225 | 156.250 | 1.5840 |
| 2-2 | January 15 | 16.14 | 13.48 | 58.000 | 103.775 | 156.500 | 1.5830 |
| 2-3 | January 15 | 16.14 | 13.48 | 58.000 | 103.775 | 156.500 | 1.5830 |
| 2-4 | January 15 | 16.18 | 13.23 | 58.750 | 102.020 | 153.660 | 1.5800 |
| 2-5 | January 15 | — | — | — | — | — | — |
| 1-30 | February 15 | 16.00 | 14.79 | 53.000 | 109.600 | 175.250 | 1.5860 |
| 2-2 | February 15 | 15.86 | 14.70 | 54.000 | 108.000 | 178.150 | 1.5700 |
| 2-3 | February 15 | 15.86 | 14.70 | 53.075 | 108.000 | 181.000 | 1.5700 |
| 2-4 | February 15 | 15.74 | 14.86 | 53.075 | 106.500 | 185.500 | 1.5510 |
| 2-5 | February 15 | 15.77 | 14.75 | 54.075 | 105.500 | 181.500 | 1.5510 |
| 1-30 | March 15 | 15.66 | 15.16 | 45.000 | 113.000 | 181.000 | 1.5930 |
| 2-2 | March 15 | 15.65 | 15.16 | 47.000 | 111.750 | 184.025 | 1.5790 |
| 2-3 | March 15 | 15.75 | 15.37 | 47.500 | 115.000 | 186.050 | 1.5830 |
| 2-4 | March 15 | 15.60 | 15.60 | 48.000 | 113.750 | 191.000 | 1.5740 |
| 2-5 | March 15 | 15.76 | 15.55 | 47.425 | 113.000 | 186.000 | 1.5850 |
| 1-30 | April 15 | 15.50 | 15.75 | 40.475 | 119.025 | 182.000 | 1.6140 |
| 2-2 | April 15 | 15.48 | 15.82 | 41.375 | 118.500 | 182.675 | 1.6010 |
| 2-3 | April 15 | 15.62 | 16.25 | 42.975 | 122.425 | 187.675 | 1.6040 |
| 2-4 | April 15 | 15.50 | 16.25 | 44.000 | 121.250 | 190.750 | 1.5980 |
| 2-5 | April 15 | 15.65 | 16.11 | 43.750 | 120.500 | 185.750 | 1.6010 |
| 1-30 | May 15 | 15.62 | 15.77 | 38.200 | 119.000 | 183.500 | 1.6380 |
| 2-2 | May 15 | 15.66 | 15.84 | 34.900 | 119.025 | 185.250 | 1.6360 |
| 2-3 | May 15 | 15.79 | 16.45 | 41.225 | 123.000 | 190.250 | 1.6350 |
| 2-4 | May 15 | 15.76 | 16.47 | 42.900 | 123.200 | 191.500 | 1.5300 |
| 2-5 | May 15 | 15.77 | 16.30 | 41.500 | 123.200 | 186.500 | 1.6531 |
| 1-30 | June 15 | 15.93 | 16.07 | 38.750 | 123.500 | 184.000 | 1.6690 |
| 2-2 | June 15 | 15.92 | 16.30 | 38.625 | 123.600 | 185.000 | 1.6690 |
| 2-3 | June 15 | 15.99 | 16.71 | 39.975 | 127.000 | 190.000 | 1.6830 |
| 2-4 | June 15 | 15.98 | 16.99 | 39.975 | 128.025 | 192.000 | 1.6570 |
| 2-5 | June 15 | 16.06 | 16.90 | 40.000 | 128.525 | 187.000 | 1.6310 |
| 1-30 | July 15 | 16.40 | 16.46 | 38.000 | 127.300 | 183.000 | 1.7200 |
| 2-2 | July 15 | 16.38 | 16.50 | 37.500 | 127.300 | 185.000 | 1.7150 |
| 2-3 | July 15 | 16.47 | 17.05 | 39.500 | 129.000 | 190.000 | 1.7150 |
| 2-4 | July 15 | 15.77 | 17.00 | 41.875 | 130.200 | 191.475 | 1.7100 |
| 2-5 | July 15 | 16.58 | 17.00 | 40.675 | 130.000 | 188.000 | 1.6680 |
| 1-30 | August 15 | 16.70 | 16.65 | 38.000 | 129.000 | 184.000 | 1.7460 |
| 2-2 | August 15 | 16.66 | 16.65 | 38.000 | 128.000 | 187.925 | 1.7370 |
| 2-3 | August 15 | 16.80 | 16.87 | 38.250 | 130.000 | 190.000 | 1.7500 |
| 2-4 | August 15 | 16.47 | 17.05 | 40.500 | 130.750 | 190.475 | 1.7500 |
| 2-5 | August 15 | 16.96 | 17.05 | 40.900 | 131.000 | 188.000 | 1.7160 |
| 1-30 | September 15 | 16.80 | 16.55 | 37.175 | 129.000 | 183.000 | 1.7600 |
| 2-2 | September 15 | 16.80 | 16.55 | 38.000 | 129.000 | 186.000 | 1.7550 |
| 2-3 | September 15 | 16.93 | 16.96 | 38.300 | 129.500 | 186.500 | 1.7650 |
| 2-4 | September 15 | 16.90 | 16.96 | 39.400 | 130.500 | 189.000 | 1.7650 |
| 2-5 | September 15 | 17.09 | 17.00 | 40.000 | 131.000 | 188.525 | 1.7600 |
| 1-30 | October 15 | 17.00 | 15.56 | 37.525 | 129.500 | 183.000 | 1.7690 |
| 2-2 | October 15 | 17.00 | 15.56 | 37.750 | 129.500 | 183.000 | 1.7740 |
| 2-3 | October 15 | 17.08 | 17.08 | 38.500 | 129.500 | 186.600 | 1.7740 |
| 2-4 | October 15 | 17.04 | 17.08 | 40.000 | 129.525 | 178.000 | 1.7850 |
| 2-5 | October 15 | 17.20 | 17.10 | 40.025 | 129.525 | 189.975 | 1.7900 |
| 1-30 | November 15 | 16.75 | 16.56 | 38.275 | 130.000 | 183.000 | 1.7420 |
| 2-2 | November 15 | 16.71 | 16.56 | 38.500 | 129.000 | 183.000 | 1.7500 |
| 2-3 | November 15 | 16.77 | 16.80 | 39.500 | 130.975 | 185.000 | 1.7500 |
| 2-4 | November 15 | 17.15 | 16.82 | 39.750 | 130.975 | 191.000 | 1.7500 |
| 2-5 | November 15 | 16.98 | 17.00 | 40.025 | 130.975 | 189.000 | 1.7560 |
| Interest - Feb. 5 | | 43,269 | 2,617 | 6,979 | 4,916 | 5,686 | 35,875 |

DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NATIONAL - JAN. 30: Strong cheese production is being driven by the volumes of milk being received by cheese plants. Sales are lagging production in some plants, leading to increasing inventory levels. There is awareness of this factor, but overall current inventories are manageable. Spot loads of milk are available this week at prices between \$2.00 under to \$1.50 over depending on timing and location.

NORTHEAST- FEB. 4: Steady to slightly higher milk intakes are facilitating at/near capacity cheese production. Spot interest is light to fair. As post Super Bowl demand declines, manufacturers are keeping an eye on inventory growth. The market undertone is unsettled.

Wholesale prices, delivered, dollars per/lb:

| | | | |
|-----------------------|---------------------|-----------------------|---------------------|
| Cheddar 40-lb blocks: | \$1.8975 - \$2.1825 | Process 5-lb sliced: | \$1.7050 - \$2.1850 |
| Muenster: | \$1.9175 - \$2.2775 | Swiss Cuts 10-14 lbs: | \$4.1050 - \$4.4275 |

MIDWEST AREA - FEB. 4: Larger Midwest cheese manufacturers are feeling better about the prices they sell cheese for compared with prices they pay for milk, than in mid-January, when cheese prices declined rapidly. Barring sharp declines in cheese prices during February, many manufacturers are more at ease with their margins looking forward a few weeks than they were several weeks ago. Some cheese manufacturers notice more recent interest from cheese brokers in acquiring inventories. This adds to purchasing by regular retail customers supplemented by foodservice buyers, who all seem to be stocking up on cheese. Nevertheless, some other manufacturers continue to lament lower cheese sales attributed to buyers only filling immediate needs in case prices move lower. Exporting cheese is somewhat challenging by virtue of relative currency valuation as well as decisions of several previously large customers of US exported cheese having slowed or curtailed purchases. Nevertheless, exports still supplement profitability for some Midwest cheese plants in the form of current whey exports. Milk available to manufacturers is typically “up a little” from volumes a year ago. Cheese manufacturers expect milk volumes to seasonally increase until about May. Present cheese manufacturing schedules at most plants are very full, even maximum production in many plants.

Wholesale prices delivered, dollars per/lb:

| | | | |
|-------------------------|---------------------|---------------------|---------------------|
| Brick/Muens 5# Loaf: | \$1.8775 - \$2.3025 | Process 5# Loaf: | \$1.5875 - \$1.9475 |
| Monterey Jack 10#: | \$1.8525 - \$2.0575 | Cheddar 40# Block: | \$1.5825 - \$2.0000 |
| Mozzarella 5-6# (LMPS): | \$1.7225 - \$2.6175 | Blue 5# Loaf: | \$2.1450 - \$3.1325 |
| | | Grade A Swiss 6-9#: | \$3.6225 - \$3.7400 |

WEST - FEB. 4: Cheese prices are trending higher, reflecting increased demand for current and future needs. Domestic cheese demand is fair to good and clearing product. Export interest is limited. Demand for Swiss types is holding up well with good cut and foodservice orders noted. The trade notes that sales of Cheddar and natural varieties have been fair to good. Mozzarella interest has been good around the football holidays to pizza accounts. Cheese production is active with increasing milk supplies within the region. Some plants are running fuller than projected and milk is moving to find processing space. Holdings are adequate for current needs.

Wholesale prices delivered, dollars per/lb:

| | | | |
|--------------------|---------------------|---------------------|---------------------|
| Cheddar 40# Block: | \$1.6300 - \$2.0750 | Process 5# Loaf: | \$1.6075 - \$1.8650 |
| Monterey Jack 10#: | \$1.8200 - \$1.9800 | Cheddar 10# Cuts: | \$1.8100 - \$2.0300 |
| | | Grade A Swiss 6-9#: | \$3.6825 - \$4.1125 |

FOREIGN -TYPE CHEESE - FEB. 4: Imported and Swiss cheese prices were unchanged this week, while domestic foreign type cheese prices moved higher. Good retail sales over the period leading up to the Super Bowl are prompting some refill orders. The weakness in the Euro, compared to the US dollar, has increased imported cheese sales. Sources in Europe indicate that strong export sales to the US and other countries have considerably reduced inventories with aged cheese supplies unseasonably low.

Selling prices, delivered, dollars per/lb:

| | Imported | Domestic |
|---------------------------|-------------------|-------------------|
| Blue: | \$2.6400 - 5.3800 | \$2.0375 - 3.5250 |
| Gorgonzola: | \$3.6900 - 6.4900 | \$2.5450 - 3.2425 |
| Parmesan (Italy): | 0 | \$3.4275 - 5.5175 |
| Provolone (Italy): | 0 | \$2.0800 - 2.3325 |
| Romano (Cows Milk): | 0 | \$3.2275 - 5.3775 |
| Sardo Romano (Argentine): | \$2.8500 - 4.4900 | 0 |
| Reggianito (Argentine): | \$3.2900 - 4.7500 | 0 |
| Jarlsberg (Brand): | \$2.9500 - 6.2500 | 0 |
| Swiss Cuts Switzerland: | 0 | \$4.2025- 4.5250 |
| Swiss Cuts Finnish: | \$2.6700- 2.9300 | 0 |

WHOLESALE BUTTER MARKETS

NATIONAL - JAN. 30: The butter market is unsettled. Northeast and Central regions are reporting print sales down, but retail demand has increased in the West. Production rates are increasing due to upward trends for intakes in milk supply. Cream is readily available and active. Export interest is improving as US prices narrow towards global prices.

NORTHEAST - FEB. 4: Northeast churns are running heavy schedules as available cream elevates butter output. Manufacturers are producing both 80% and 82% at increased levels. Inventories are tight as underlying demand is strong. Buyers are making earlier than normal purchases in some instances, to ensure product availability. The haste and level of purchasing activity is equated to panic buying by some market participants. Retail orders are good. Export interest remains fairly active. The market is unsettled as prices continue to fluctuate.

CENTRAL - FEB. 4: The cash market is higher this week partly due to early Easter. Prices are gaining momentum, increasing every day this week on the CME. Some

buyers are purchasing only what is needed as they wait and see if prices will come down. Domestic demand is steady to higher while export demand has weakened. Spot loads are available but buyers and sellers are negotiating prices. Cream is readily available. Bulk butter prices are ranging from market to 6 cents over the market, with various time frames and averages used.

WEST - FEB. 4: The trade is trying to assess the impact of last week's strong 20 cents gain in pricing at the CME Group and continuing strong pricing through midweek this week. The increases have created some additional demand as some buyers are looking to protect their short positions. Other buyers are cautious and don't want to create additional tightness by overbuying at a time when their needs are generally light. Butter production is trending higher with increasing milk intakes and better cream availability. Producers are putting up print butter for Easter/Passover commitments and bulking excess. Export interest is retreating further as the price gap with other markets increases. The cream market has tightened and gotten a little pricier as the basing points move higher.

NATIONAL - CONENTIONAL DAIRY PRODUCTS

Ad volume for butter, Cottage cheese, cream cheese and ice cream each declined this week. The national average advertised price for 1-pound butter, \$3.03, is down 29 cents from the prior week but up 6 cents from one year ago. Cottage cheese in 16-ounce containers has an average price of \$2.32, up 36 cents from one week ago and up 34 cents from one year ago. Cream cheese 8-ounce has an average price of \$1.83, up 7 cents from one week ago and up 39 cents from one year ago. Ice cream in 48- to 64-ounce containers has an average price of \$3.01, down 23 cents from one week ago and down 8 cents from one year ago. Greek 4- to 6-ounce yogurt ad volume is greater than the combined ad volume for all other categories and sizes of yogurt. The average price for 8-ounce cheese blocks, \$2.47, is 3 cents lower than one week ago but 17 cents higher than a year ago, while 8-ounce shredded cheese at \$2.52 is down 4 cents from one week ago but up 34 cents one year ago. Ad volumes for 8-ounce blocks declined 13%, while 8-ounce shredded cheese volume declined 32% from last week.

RETAIL PRICES - CONVENTIONAL DAIRY - FEB. 6

| Commodity | US | NE | SE | MID | SC | SW | NW |
|------------------------|------|------|------|------|------|------|------|
| Butter 1# | 3.03 | 3.16 | 2.50 | 2.00 | NA | 3.98 | 2.66 |
| Cheese 8 oz block | 2.47 | 2.35 | 2.38 | 2.17 | 2.39 | 2.89 | 2.85 |
| Cheese 1# block | 4.52 | 3.91 | NA | 4.69 | 4.99 | 4.72 | 4.99 |
| Cheese 2# block | 7.26 | NA | NA | NA | 7.49 | 6.99 | 7.99 |
| Cheese 8 oz shred | 2.52 | 2.47 | 2.43 | 2.34 | 2.43 | 2.73 | 2.76 |
| Cheese 1# shred | 3.50 | 3.43 | 3.15 | 3.35 | 3.29 | 4.83 | NA |
| Cottage Cheese | 2.32 | 2.25 | 2.49 | 1.64 | 2.00 | 2.49 | 2.36 |
| Cream Cheese | 1.83 | 1.92 | 1.83 | 1.58 | 1.57 | 1.79 | 1.91 |
| Ice Cream 48-64 oz | 3.01 | 2.79 | 3.61 | 3.04 | 3.05 | 2.71 | 3.12 |
| Flavored Milk ½ gallon | 2.14 | 2.50 | NA | 2.01 | NA | NA | NA |
| Flavored Milk gallon | 4.28 | NA | NA | 2.49 | 4.36 | 4.99 | 4.99 |
| Milk ½ gallon | 1.92 | NA | NA | 1.25 | 1.00 | 2.78 | 2.01 |
| Milk gallon | 2.99 | 2.88 | 2.73 | 2.87 | 2.43 | 3.47 | 2.86 |
| Sour Cream 16 oz | 1.63 | 1.60 | 1.81 | 1.37 | 1.74 | 1.82 | NA |
| Yogurt (Greek) 4-6 oz | .98 | .97 | .96 | .99 | .97 | 1.00 | 1.03 |
| Yogurt (Greek) 32 oz | 4.31 | 3.99 | 4.49 | 4.49 | 4.31 | 4.49 | 4.28 |
| Yogurt 4-6 oz | .50 | .52 | .48 | .48 | .50 | .50 | .50 |
| Yogurt 32 oz | 2.02 | 2.34 | 1.87 | NA | NA | NA | 2.50 |

US: National
Northeast (NE): CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT;
Southeast (SE): AL, FL, GA, MD, NC, SC, TN, VA, WV;
Midwest (MID): IA, IL, IN, KY, MI, MN, ND, NE, OH, SD, WI;
South Central (SC): AK, CO, KS, LA, MO, NM, OK, TX;
Southwest (SW): AZ, CA, NV, UT;
Northwest (NW): ID, MT, OR, WA, WY

ORGANIC DAIRY - RETAIL OVERVIEW - JAN. 30

National Weighted Retail Avg Price:

| | | | |
|--------------------|--------|----------------------|--------|
| Butter 1 lb: | \$5.49 | Milk 8 oz UHT: | \$1.00 |
| Cheese 8 oz block: | \$3.99 | Greek Yogurt 4-6 oz: | \$1.09 |
| Cheese 8 oz shred: | \$3.96 | Greek Yogurt 32 oz: | \$4.22 |
| Milk ½ gal: | \$3.89 | Yogurt 32 oz: | NA |
| Milk gal: | \$5.01 | Yogurt 4-6 oz: | \$1.09 |
| | | Sour Cream 16 oz: | \$4.49 |

DRY DAIRY PRODUCTS - FEBRUARY 5

CENTRAL: Prices are advancing. The market tone is unsettled. The trade indicates world SMP pricing is lending support to the market increases. Some contacts believe that the bottom of the market is still to come. Buying has been quiet this week. NDM supplies are tight to available. High heat sales are slow. Some producers are not producing right now, but are taking orders for when production resumes.

EAST: Eastern prices for low/medium NDM are higher. The market undertone is unsettled as prices continue to fluctuate. The region's low/medium heat nonfat dry milk production is heavy, due to milk supply volumes. Demand is sporadic. Sales are expected to be somewhat sluggish until spring. Nonfat dry milk is being used as a substitute for other dairy ingredients. Prices for high heat nonfat dry milk are mixed this week. Supplies are light, as some producers wait to see what the market does.

WEST: Western low/medium heat nonfat dry milk prices are lower and higher on the range, but higher across the mostly price series. Buyers' interests are focused on pricing opportunities. Sellers indicate there is minimal interest in contracting for near to midterm needs by buyers. Offers from some resellers are at competitive pricing for immediate needs. Other resellers indicate they are only participating in back-to-back transactions as they do not want to take a position at this time in the NDM market.

Production of low/medium heat nonfat dry milk is active throughout the western region as manufacturing milk supplies are steady to building in most areas. Inventories vary as some manufacturers have Q1 commitments that are consuming current production from week to week. Other producers report inventories are growing steadily and are generally higher than desired. High heat nonfat dry milk prices are mixed, moving lower and higher. Interest is light, but some FOB sales have cleared at improved prices. Production is infrequent at several plants as producers are scheduling runs to coincide with seasonally diminished contract fulfillment.

DRY WHOLE MILK - NATIONAL:

Prices for are unchanged to lower on a weak market. Buyer interest is light and often for single loads. Production is limited as producers work toward balancing inventories.

WPC - CENTRAL & WEST:

Central and West WPC 34% prices are unchanged to lower. The market tone is weak. Buyer interest is light to moderate. Some producers have few contracts in place for Q1 as buyers shop on an as needed basis. Demand from some sectors of the human nutrition market has slowed for the near term, but interest is expected to resume in Q2. Manufacturers' inventories vary from location to location, with FOB spot load offers surfacing regularly from some producers, but only intermittently from others. Production is steady to higher, in step with the cheese production trend.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

| DATE | BUTTER | CHEESE |
|----------|--------|---------|
| 02/02/15 | 6,867 | 100,759 |
| 02/01/15 | 6,652 | 100,879 |
| Change | 215 | -120 |

CME CASH PRICES - FEBRUARY 2 - 6, 2015

Visit www.cheesereporter.com for daily prices

| | CHEDDAR 500-LB. BARRELS | CHEDDAR 40-LB. BLOCKS | AA BUTTER | GRADE A NFD |
|-------------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| MONDAY February 2 | \$1.4975 (-¾) | \$1.5350 (+¼) | \$1.7625 (+1¼) | \$1.0100 (-6) |
| TUESDAY February 3 | \$1.4875 (-1) | \$1.5350 (NC) | \$1.7900 (+2¾) | \$1.0525 (+4¼) |
| WEDNESDAY February 4 | \$1.4850 (-¼) | \$1.5350 (NC) | \$1.8500 (+6) | \$1.0550 (+¼) |
| THURSDAY February 5 | \$1.4850 (NC) | \$1.5350 (NC) | \$1.8400 (-1) | \$1.0600 (+½) |
| FRIDAY February 6 | \$1.4825 (-¼) | \$1.5350 (NC) | \$1.7950 (-4½) | \$01.1000 (+4) |
| Week's AVG Change | \$1.4875 (+0.0070) | \$1.5350 (+0.0360) | \$1.8075 (+0.1580) | \$1.0555 (+0.0245) |
| Last Week's AVG | \$1.4805 | \$1.4990 | \$1.6495 | \$1.0310 |
| 2014 AVG Same Week | \$2.2930 | \$2.3215 | \$1.8660 | \$2.0150 |

MARKET OPINION - CHEESE REPORTER

Cheese Comment: Monday's block activity was limited to an unfilled bid for 1 car at \$1.5350, which raised the price. There was no block market activity at all on Tuesday, Wednesday, Thursday or Friday. The barrel price declined Monday on an offer-based sale of 1 car at \$1.4975, fell Tuesday on an offer-based sale of 1 car at \$1.4875, declined Wednesday on an offer-based sale of 1 car at \$1.4850, and fell Friday on an offer-based sale of 1 car at \$1.4825.

Butter Comment: The butter price increased Monday on an unfilled bid for 1 car at \$1.7625, rose Tuesday on a bid-based sale of 1 car at \$1.7900, jumped Wednesday on offer-based sales of 2 cars at \$1.8500, declined Thursday on an uncovered offer of 1 car at \$1.8400, and fell Friday on an uncovered offer of 1 car at \$1.7950.

NDM Comment: The NDM price fell Monday on offer-based sales of 3 cars at \$1.0100, increased Tuesday on an unfilled bid for 2 cars at \$1.0525, rose Wednesday on bid-based sales of 2 cars at \$1.0550, increased Thursday on an unfilled bid for 2 cars at \$1.0600, and rose Friday on offer-based sales of 7 cars at \$1.1000.

WHEY MARKETS - FEBRUARY 2 - 6, 2015

RELEASE DATE - FEBRUARY 5, 2015

Animal Feed Whey—Central: Milk Replacer: .3000(NC) – .5050 (NC)

Buttermilk Powder:

Central & East: .7200 (+2) – 1.0000 (+5½) West: .7500 (-9¾) - 1.0200 (-4)
Mostly: .9000 (NC) - .9525 (-4¾)

Casein: Rennet: \$3.6500 (NC) – \$4.0000 (NC) Acid: \$3.7000 (NC) - \$4.4000 (NC)

Dry Whey Powder—Central (Edible):

Nonhygroscopic: .4000 (NC) – .6275(NC) Mostly: .4800 (NC) – .5400(-1)

Dry Whey—West (Edible):

Nonhygroscopic: .3800 (NC) – .6025(NC) Mostly: .4200 (NC) – .4900 (-1)

Dry Whey—NE: .4300 (-4) — .6150 (-¼)

Lactose—Central and West:

Edible: .1900 (NC) –.4400(-2) Mostly: .2500 (NC) – .3700 (NC)

Nonfat Dry Milk —Central & East:

Low/Medium Heat: .9000 (NC) – 1.1000(+3) Mostly: .9725(+2¼) – 1.0525 (+2½)

High Heat: 1.0800(+6¾) - 1.1800(-17)

Nonfat Dry Milk —Western:

Low/Medium Heat: .9250 (+2½) – 1.0800(-3½) Mostly: .9500 (+3) –1.0250(+3½)

High Heat: .9750(-1) – 1.2325(+11)

California Weighted Average NFD:

January 30 \$0.9676 19,829,109
January 23 \$1.0120 12,530,493

Whey Protein Concentrate—Central and West:

Edible 34% Protein: .8950 (NC) – 1.2800 (-3¾) Mostly: 1.0200 (NC) – 1.2250(-3)

Whole Milk—National: 1.27000 (NC) – 1.4300 (-17)

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HISTORICAL MONTHLY AVERAGE BLOCK PRICES

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| '04 | 1.3062 | 1.3958 | 1.8197 | 2.1687 | 1.9925 | 1.7105 | 1.4486 | 1.5734 | 1.5702 | 1.5170 | 1.6960 | 1.5923 |
| '05 | 1.6269 | 1.4929 | 1.5317 | 1.5413 | 1.4774 | 1.5065 | 1.5035 | 1.4249 | 1.5639 | 1.4470 | 1.3756 | 1.4224 |
| '06 | 1.3335 | 1.1989 | 1.1638 | 1.1651 | 1.8155 | 1.1924 | 1.1630 | 1.2354 | 1.2933 | 1.2347 | 1.3745 | 1.3223 |
| '07 | 1.3180 | 1.3408 | 1.3823 | 1.4628 | 1.7211 | 2.0100 | 1.9138 | 1.9554 | 1.9929 | 1.8957 | 2.0926 | 2.0083 |
| '08 | 1.8257 | 2.0023 | 1.8234 | 1.8826 | 2.0976 | 2.0350 | 1.9673 | 1.7398 | 1.8762 | 1.7963 | 1.7099 | 1.5132 |
| '09 | 1.0833 | 1.2171 | 1.2455 | 1.2045 | 1.1394 | 1.1353 | 1.1516 | 1.3471 | 1.3294 | 1.4709 | 1.5788 | 1.6503 |
| '10 | 1.4536 | 1.4526 | 1.2976 | 1.4182 | 1.4420 | 1.3961 | 1.5549 | 1.6367 | 1.7374 | 1.7246 | 1.4619 | 1.3807 |
| '11 | 1.5140 | 1.9064 | 1.8125 | 1.6036 | 1.6858 | 2.0995 | 2.1150 | 1.9725 | 1.7561 | 1.7231 | 1.8716 | 1.6170 |
| '12 | 1.5546 | 1.4793 | 1.5193 | 1.5039 | 1.5234 | 1.6313 | 1.6855 | 1.8262 | 1.9245 | 2.0757 | 1.9073 | 1.6619 |
| '13 | 1.6965 | 1.6420 | 1.6240 | 1.8225 | 1.8052 | 1.7140 | 1.7074 | 1.7492 | 1.7956 | 1.8236 | 1.8478 | 1.9431 |
| '14 | 2.2227 | 2.1945 | 2.3554 | 2.2439 | 2.0155 | 2.0237 | 1.9870 | 2.1820 | 2.3499 | 2.1932 | 1.9513 | 1.5938 |
| '15 | 1.5218 | | | | | | | | | | | |

CDI, DFA, LOL Petition USDA To Create Federal Order For State Of California; USDA Inviting Other Proposals, Deadline Is April 10

Washington—The three largest dairy cooperatives in California — California Dairies, Inc. (CDI), Dairy Farmers of America (DFA) and Land O'Lakes (LOL) — late this week petitioned the US Department of Agriculture (USDA) to hold a hearing to consider establishing a federal milk marketing order for California.

USDA has not yet decided whether to conduct such a hearing. Before making that decision, the agency is providing the opportunity to submit additional proposals regarding provisions of a potential California federal order.

Proposals amending existing federal orders will not be accepted in conjunction with this invitation, USDA noted. Proposals should be submitted by April 10, 2015, and should be e-mailed to: ams-dairycomments@ams.usda.gov; or mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, Stop 0231, Room 2971, 1400 Independence Ave. SW, Washington, DC 20250-0225.

California's dairy industry has had its own state milk marketing order for a number of years, but the three co-ops said the failure

of California regulations to establish minimum prices to California producers which reflect national values for classified milk uses has cost California dairy producers more than \$1.5 billion since 2010, according to published estimates.

Under the proposal submitted to USDA, a California federal order would have the following characteristics, among others:

- The marketing area would be the state of California.
- The state quota system would remain intact.
- Classified milk uses would be established using the same four-class system found in all existing federal orders. Class prices would follow the federal order system.

■ Handlers would pay classified use values to a marketwide pool from which California quota premium values would be payable to quota holders while residual uniform component values would be paid to all producers at a geographically uniform rate.

■ State plants purchasing milk from California Grade A dairy producers would be pool plants. Voluntary depooling of any class of milk would not be permitted.

■ Multiple component pricing would be applicable to both handlers and producers, following the predominant federal order model.

Copies of the proposal are available at: www.ams.usda.gov/CAOrder.

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For more information, circle #30 on the Reader Response Card on p. 28