

# CHEESE MARKET NEWS<sup>®</sup>

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



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## Researchers making strides in discovering uses for acid whey

By Aaron Martin

**MADISON, Wis.**— Researchers across the country are pushing to find sustainable, cost-effective uses for the acid whey byproduct that results from producing Greek yogurt — and recent breakthroughs hold promise that one of Greek yogurt's liabilities could soon become an asset.

Greek-style strained yogurt requires three times more milk to produce than traditional yogurt. About four gallons of milk are required to produce one gallon of the thicker style of strained yogurt. Researchers have found that the acid whey that results from the process is roughly as acidic as orange juice. It's almost entirely water;

however, it's also comprised of 5-8 percent of solid materials such as lactose, sodium, potassium, galactose and a minimal amount of protein.

Greek yogurt has won over customers across the country in recent years. Nationwide, the yogurt market topped \$7.3 billion in 2012, up 6.6 percent from the previous year, with the Greek yogurt segment accounting for all those gains, according to a report from Packaged Facts. Still, critics have pointed to acid whey, and its potential adverse environmental impact if not disposed of properly, as proof that Greek yogurt production isn't sustainable and that the industry has grown too quickly.

That has resulted in an industrywide push over the last year to develop new methods to turn acid whey into food ingredients that can generate additional revenue for Greek yogurt producers. Some acid whey also is being used to produce electricity in anaerobic digesters, and New York state officials are taking steps to encourage more widespread use.

Researchers at the University of Wisconsin Center for Dairy Research (CDR) have been experimenting with a method to produce edible-grade lactose from acid whey. CDR staff have

been conducting the proprietary research in collaboration with an unnamed industry partner for more than a year.

Mike Molitor, instrumentation technologist, CDR, says lactose accounts for about 55 percent of the solids found in acid whey. The first step in producing high-purity, edible lactose is to remove other components such as lactic acid, galactose, sodium, potassium and chloride. Then, the remaining solution is heated and evaporated in a process that crystallizes much of the remaining lactose.

"We try to get as much of the lactose to be saturated and soluble as realistic, and then we wash those lactose crystals in a commercial process so that any material that is not lactose is washed away," Molitor says. "We try to get the lactose as saturated as possible and maximize the amount of lactose crystals that are formed." The lactose crystals are then sent to a flash dryer. The end result is a high-purity lactose cake.

"Isolating and drying lactose from acid whey is the lowest hanging fruit, the most logical means to take a mostly waste product and turn it into something of value," says Dean Sommer, cheese and food tech-

nologist, CDR. "Even though the yield may not be as high as with (lactose produced from) sweet whey, it's still high enough to have economic benefits."

CDR staff declined to provide a time frame for when the process could be implemented in an industry setting.

"It's surprisingly close," Molitor says. "The (misplaced) bad press that acid whey received earlier this summer has been a driver for (our partner) company to take action on things like making edible-grade lactose."

The new process may not end with edible-grade lactose, either. CDR staff are experimenting with uses for the solution that remains after the majority of lactose is crystallized and removed, which is comprised of a mixture of lactic acid and minerals — mostly sodium, potassium and chloride. Also, a significant amount of the remaining solids are galactose (depending on cultures used for Greek yogurt).

"The waste stream is high in lactic acid, which is used in a variety of foods," Sommer says. "The key is finding out if that waste stream can be processed in a manner to either concentrate or extract some of these substances into a valuable

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## Farm bill outcome uncertain with expiration date looming

**WASHINGTON** — As Congress returns to Washington next week, the fate of a new farm bill is uncertain as finalization efforts remain stalled and the current legislation expires at the end of the month.

Many dairy and agriculture industry stakeholders have expressed concerns about an extension of current legislation. The American Farm Bureau Federation (AFBF) during the August congressional recess continued to press legislators on making progress on a new, 5-year farm bill.

"We have to keep the heat on Congress to get a 5-year farm bill done this year," says Bob Stallman, president, AFBF. "It's premature to even be talking about an extension" of current legislation.

Stallman says he is optimistic about farm bill progress despite concerns that lawmakers may not have enough time to come to an agreement on a new bill.

"There is plenty of time in Congress to pass a 5-year farm bill. We have to stay focused on getting it done," he says.

The U.S. Senate in June passed its version of the farm bill. The House less than a month later approved a scaled-down farm bill that did not include nutrition program funding. The Senate then requested a conference committee with the House to work out differences between the two bills.

The dairy title of the Senate bill includes the two key provisions of the Dairy Security Act — a voluntary Dairy Producer Margin Protection Program and a Dairy Market Stabilization Program (DMSP), commonly referred to as supply management and a topic of much controversy in the dairy industry.

The House bill includes the Dairy Producer Margin Protection Program but does not include DMSP.

This week, North Dakota Sens. John Hoeven (R) and Heidi Heitkamp (D), as well as Rep. Kevin Cramer, R-N.D., said that passage of a farm

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## Leprino Foods to shutter plant in Ravenna, Neb.

**DENVER** — Leprino Foods Co. recently announced that it has made the decision to close its Ravenna, Neb., facility Nov. 8. About 173 positions will be affected by the closure.

The Ravenna plant produced Mozzarella string cheese and related protein and permeate, says Mike Reidy, senior vice president of corporate affairs, Leprino Foods.

Company officials say the difficult but necessary decision is driven by technological advances at other facilities, the changing milk supply situation in the region and Leprino Foods' continuing commitment to meet its customers' requirements now and in the future.

"We are working closely with our employees and their community during this transition," says Robert Schwartz, senior vice president of human resources, Leprino Foods. "Leprino Foods

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## Production of U.S. cheese increases over previous year

**WASHINGTON** — Total U.S. cheese production, excluding cottage cheese, was 909.6 million pounds in July 2013, up 3.0 percent from July 2012, according to data released this week by USDA's National Agricultural Statistics Service (NASS). (All figures are rounded. Please see CMN's Dairy Production chart on page 19.)

July production was slightly  
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# MARKET INDICATORS

## Chicago Mercantile Exchange Cash prices for the week ended September 6, 2013

	Monday Sept. 2	Tuesday Sept. 3	Wednesday Sept. 4	Thursday Sept. 5	Friday Sept. 6
<b>Cheese Barrels</b>					
Price		\$1.7700	\$1.7700	\$1.7725	\$1.8000
Change	Markets Closed	NC	NC	+1/4	+2 3/4
<b>Cheese 40-lb. block</b>					
Price		\$1.7825	\$1.7825	\$1.7825	\$1.8100
Change		NC	NC	NC	+2 3/4

Weekly average (Sept. 3-6): Barrels: \$1.7781(+.0426); 40-lb. Blocks: \$1.7894(+.0524).  
Weekly ave. one year ago (Sept. 4-7, 2012): Barrels: \$1.7763; 40-lb. Blocks: \$1.8275.

	Monday Sept. 2	Tuesday Sept. 3	Wednesday Sept. 4	Thursday Sept. 5	Friday Sept. 6
<b>Extra Grade NDM</b>					
Price		\$1.7800	\$1.7800	\$1.7800	\$1.7800
Change	Markets Closed	NC	NC	NC	NC
<b>Grade A NDM</b>					
Price		\$1.8000	\$1.8050	\$1.8050	\$1.8150
Change		NC	+1/2	NC	+1

Weekly average (Sept. 3-6): Extra Grade: \$1.7800(NC); Grade A: \$1.8063(+.0063).

	Monday Sept. 2	Tuesday Sept. 3	Wednesday Sept. 4	Thursday Sept. 5	Friday Sept. 6
<b>Grade AA Butter</b>					
Price	Markets Closed	\$1.4350	\$1.4300	\$1.4200	\$1.4300
Change		-1/4	-1/2	-1	+1

Weekly average (Sept. 3-6): Grade AA: \$1.4288(+.0073).

Class II Cream (Major Northeast Cities): \$1.8480(+.0676)-\$2.0470(+.0886).

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## Weekly Cold Storage Holdings September 2, 2013

	On hand	Week	Change since Sept. 1		Last Year	
	Monday	Change	Pounds	Percent	Pounds	Change
<b>Butter</b>	15,823	-463	-93	-1	11,400	+4,423
<b>Cheese</b>	109,462	+327	+65	+0	124,881	-15,419

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

## CLASS III PRICE

(Dollars per hundredweight, 3.5% butterfat test)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91				

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## CHEESE FUTURES for the week ended September 5, 2013

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

	Fri., Aug. 30	Mon., Sept. 2	Tues., Sept. 3	Wed., Sept. 4	Thurs., Sept. 5
AUG13	1.769 926		1.766 927	1.767 927	1.773 921
SEP13	1.763 1,135		1.757 1,132	1.777 1,133	1.784 1,133
OCT13	1.799 1,252		1.792 1,245	1.814 1,247	1.800 1,249
NOV13	1.737 1,455		1.730 1,462	1.743 1,469	1.743 1,471
DEC13	1.665 1,389		1.662 1,389	1.675 1,391	1.676 1,396
JAN14	1.652 587		1.652 587	1.664 595	1.672 622
FEB14	1.649 447	Markets Closed	1.650 447	1.663 456	1.672 472
MAR14	1.651 459		1.651 459	1.662 461	1.672 461
APR14	1.642 398		1.651 398	1.662 400	1.672 408
MAY14	1.652 369		1.660 369	1.670 370	1.675 377
JUN14	1.677 312		1.679 312	1.699 316	1.709 326
JUL14	1.718 152		1.725 152	1.730 152	1.740 154
AUG14	1.730 147		1.731 147	1.732 147	1.732 147
SEP14	1.730 136		1.730 136	1.732 136	1.732 136
OCT14	1.726 148		1.726 148	1.730 160	1.730 160
NOV14	1.730 146		1.730 146	1.730 158	1.730 158
DEC14	1.730 144		1.730 144	1.730 144	1.730 144
Total Contracts Traded/ Open Interest	151/9,602		60/9,600	176/9,662	115/9,735

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

## DRY WHEY FUTURES for the week ended September 5, 2013

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

	Fri., Aug. 30	Mon., Sept. 2	Tues., Sept. 3	Wed., Sept. 4	Thurs., Sept. 5
AUG13	57.60 289		57.75 289	57.78 289	57.78 289
SEP13	58.00 295		58.00 295	58.00 295	58.00 295
OCT13	57.25 286		57.00 286	57.75 286	57.75 286
NOV13	57.03 254		57.00 254	57.03 254	57.05 254
DEC13	57.05 277		57.50 277	57.50 276	57.50 266
JAN14	54.03 137	Markets Closed	54.25 137	54.00 142	53.50 144
FEB14	53.00 94		53.00 94	53.00 97	52.50 102
MAR14	52.50 132		52.50 132	52.50 135	52.50 136
APR14	51.50 99		51.48 99	51.45 102	51.25 103
MAY14	51.50 101		51.50 101	51.50 104	51.00 105
JUN14	51.53 94		51.53 99	51.50 103	50.50 112
JUL14	49.50 21		49.50 26	49.50 29	49.50 30
AUG14	48.00 23		48.00 23	48.00 31	47.00 32
SEP14	47.00 9		47.00 9	47.00 12	47.00 13
OCT14	47.00 8		47.00 8	47.00 11	47.00 12
NOV14	47.00 8		47.00 8	47.00 11	47.00 12
DEC14	48.00 21		48.00 21	48.00 24	48.00 25
Total Contracts Traded/ Open Interest	32/2,148		16/2,158	52/2,201	64/2,216

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

## Dry Products\*

September 6, 2013

### NONFAT DRY MILK

Central & East:

low/medium heat \$1.7900(+2)-\$1.8625(+1/4);  
mostly \$1.7900(+1)-\$1.8300(+1).  
high heat \$1.8900-\$1.9200.

West:

low/medium heat \$1.7600-\$1.8300;  
mostly \$1.8000-\$1.8200.  
high heat \$1.8200-\$1.9300(+1).

Calif. manufacturing plants: extra grade/grade A weighted ave. \$1.7594(+.0009)  
based on 6,510,667 lbs. Sales to CCC: 0 lbs.

**WHOLE MILK POWDER (National):**

\$1.9500-\$2.0500.

### EDIBLE LACTOSE

(FOB) Central and West: \$1.4700(-5)-\$1.7200; mostly \$1.5900-\$1.6900.

### DRY WHEY

Central:

nonhygroscopic \$1.4700-\$1.6325(+1/2);  
mostly \$1.5200-\$1.5600.

West:

nonhygroscopic \$1.5400-\$1.6175(-3/4);  
mostly \$1.5500-\$1.6025(-1/4).

(FOB) Northeast:

extra grade/grade A \$1.5650(+2 1/2)-\$1.6325(+3/4).

**ANIMAL FEED (Central):** Whey spray milk replacer \$1.4050-\$1.5400.

**WHEY PROTEIN CONCENTRATE (34 percent):** \$1.3000-\$1.5300(+1 1/4);  
mostly \$1.3450-\$1.4075.

### DRY BUTTERMILK

(FOB) Central & East: \$1.6400-\$1.7125(+1).

(FOB) West: \$1.6000(-5)-\$1.7300(-1); mostly \$1.6900-\$1.7200(+1).

### CASEIN:

Rennet \$4.7000-\$5.0000; Acid \$4.8000-\$5.4000.

\*Source: USDA's Dairy Market News

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# NEWS/BUSINESS



## Prices mixed following latest GDT auction

AUCKLAND, New Zealand — The price index was down 1.1 percent and average prices for commodities were mixed Tuesday following the latest auction on GlobalDairyTrade, Fonterra's internet-based sales platform.

The average price achieved across all contracts and contract periods for each commodity, and the percent change from last month's auction, are as follows:

- Anhydrous milkfat: US\$5,109 per metric ton FAS (\$2.3174 per pound), up 3.1 percent.
- Butter: US\$3,710 per metric ton FAS (\$1.6828 per pound), up 2.7 percent.
- Buttermilk powder: US\$4,566 per metric ton FAS (\$2.0711 per pound),

up 0.3 percent.

- Cheddar: US\$4,257 per metric ton FAS (\$1.9309 per pound), down 3.2 percent.

- Milk protein concentrate: US\$7,613 per metric ton FAS (\$3.4532 per pound), down 3.8 percent.

- Rennet casein: US\$9,864 per metric ton FAS (\$4.4742 per pound).

- Skim milk powder: US\$4,420 per metric ton FAS (\$2.0049 per pound), down 0.8 percent.

- Whole milk powder: US\$5,058 per metric ton FAS (\$2.2943 per pound), down 1.7 percent.

The next trading event will be held Sept. 17. For more information, visit [www.GlobalDairyTrade.info](http://www.GlobalDairyTrade.info). CMN

### California Minimum Prices

Released September 3, 2013

	Butterfat	SNF	Equivalent
Class 4a	\$ 1.4403/lb.	\$ 1.5705/lb.	\$ 18.70/cwt.
Class 4b	\$ 1.4403/lb.	\$ 1.2968/lb.	\$ 16.32/cwt.

### Class & Component Prices

	August 2013	July 2013
<b>Class III:</b>		
Price	\$ 17.91/cwt.	\$ 17.38/cwt.
Skim Price	\$ 13.08/cwt.	\$ 12.32/cwt.
<b>Class IV:</b>		
Price	\$ 19.07/cwt.	\$ 18.90/cwt.
Skim Price	\$ 14.28/cwt.	\$ 13.89/cwt.
<b>Class II:</b>		
Price	\$ 19.27/cwt.	\$ 19.22/cwt.
Butterfat Price	\$ 1.5174/lb.	\$ 1.5763/lb.
<b>Component Prices:</b>		
Butterfat Price	\$ 1.5104/lb.	\$ 1.5693/lb.
Nonfat Solids Price	\$ 1.5868/lb.	\$ 1.5438/lb.
Protein Price	\$ 3.4775/lb.	\$ 3.2257/lb.
Other Solids Price	\$ 0.3901/lb.	\$ 0.3927/lb.
Somatic Cell Adjustment Rate	\$ 0.00089/1,000 scc	\$ 0.00086/1,000 scc
<b>Product Price Averages:</b>		
Butter	\$ 1.4187/lb.	\$ 1.4674/lb.
Nonfat Dry Milk	\$ 1.7706/lb.	\$ 1.7272/lb.
Cheese	\$ 1.7731/lb.	\$ 1.7142/lb.
Dry Whey	\$ 0.5778/lb.	\$ 0.5804/lb.

## National Dairy Products Sales Report

For the week ended:	8/31/13	8/24/13	8/17/13	8/10/13
<b>Cheese 40-lb. Blocks:</b>				
Average price <sup>1</sup>	\$1.7742	*\$1.7765	*\$1.7623	\$1.7308
Sales volume <sup>2</sup>	9,139,990	*10,858,493	*11,251,696	11,710,588
<b>Cheese 500-lb. Barrels:</b>				
Average price <sup>1</sup>	\$1.8297	\$1.8865	\$1.8913	\$1.8570
Adj. price to 38% moisture	\$1.7438	\$1.7972	\$1.8042	\$1.7735
Sales volume <sup>2</sup>	8,198,196	9,293,397	8,787,701	8,833,734
Moisture content	34.95	34.92	35.01	35.08
<b>Butter:</b>				
Average price <sup>1</sup>	\$1.3730	\$1.3577	\$1.4366	\$1.4489
Sales volume <sup>2</sup>	4,513,811	4,888,458	5,823,439	*7,156,443
<b>Nonfat Dry Milk:</b>				
Average price <sup>1</sup>	\$1.7839	*\$1.7736	\$1.7713	\$1.7651
Sales volume <sup>2</sup>	17,425,627	*13,258,851	13,694,371	17,133,505
<b>Dry Whey:</b>				
Average price <sup>1</sup>	\$0.5740	\$0.5829	\$0.5762	*\$0.5735
Sales volume <sup>2</sup>	7,675,120	8,260,268	9,176,217	*8,539,629

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

# MARKET INDICATORS



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## CME FUTURES for the week ended September 5, 2013

### Class III Milk

	Fri., Aug. 30	Mon., Sept. 2	Tues., Sept. 3	Wed., Sept. 4	Thurs., Sept. 5
AUG13	17.89 3,505		17.87 3,506	17.88 3,507	17.91 3,377
SEP13	17.83 4,635		17.79 4,624	18.00 4,546	18.03 4,486
OCT13	18.19 3,979		18.12 4,001	18.23 4,062	18.11 4,160
NOV13	17.53 3,354		17.45 3,365	17.64 3,317	17.60 3,338
DEC13	16.90 2,926		16.82 2,947	16.97 2,933	16.97 2,938
JAN14	16.51 1,271	Markets Closed	16.60 1,204	16.68 1,263	16.68 1,290
FEB14	16.41 1,130		16.45 1,061	16.55 1,075	16.54 1,107
MAR14	16.40 1,017		16.43 927	16.54 968	16.54 985
APR14	16.35 781		16.40 745	16.53 774	16.50 800
MAY14	16.40 789		16.45 786	16.57 831	16.56 852
JUN14	16.69 662		16.72 661	16.85 686	16.86 711
JUL14	16.99 319		17.04 329	17.10 336	17.10 340
AUG14	17.02 296		17.08 314	17.16 325	17.16 341
SEP14	17.00 273		17.10 283	17.20 292	17.20 303
OCT14	16.85 216		16.95 217	17.00 242	17.01 255
NOV14	16.83 203		16.96 206	17.00 223	17.00 227
DEC14	16.83 204		16.93 205	17.00 214	16.99 218
Total Contracts Traded/ Open Interest	1,600/25,560		827/25,381	1,450/25,594	1,048/25,728

### Class IV Milk

	Fri., Aug. 30	Mon., Sept. 2	Tues., Sept. 3	Wed., Sept. 4	Thurs., Sept. 5
AUG13	19.13 474		19.12 474	19.12 474	19.07 436
SEP13	19.42 536		19.42 536	19.42 536	19.42 536
OCT13	19.55 568		19.55 568	19.55 572	19.50 578
NOV13	19.37 487	Markets Closed	19.37 487	19.50 499	19.50 514
DEC13	18.67 406		18.67 406	18.71 413	18.78 422
JAN14	17.80 261		17.80 262	17.85 284	17.86 289
FEB14	17.35 188		17.35 188	17.35 193	17.30 194
MAR14	17.20 125		17.20 130	17.20 130	17.20 132
APR14	16.76 49		16.75 59	16.82 62	16.82 62
MAY14	16.98 78		16.96 78	16.95 79	16.95 79
JUN14	17.00 31		17.00 36	17.00 37	17.00 37
Total Contracts Traded/ Open Interest	20/3,203		24/3,224	86/3,279	85/3,279

### Cash-Settled NDM

	Fri., Aug. 30	Mon., Sept. 2	Tues., Sept. 3	Wed., Sept. 4	Thurs., Sept. 5
AUG13	177.00 285		177.00 285	177.00 285	177.06 322
SEP13	179.95 258		179.95 258	179.95 258	179.95 258
OCT13	179.00 282		179.00 282	179.25 282	179.75 283
NOV13	177.00 378	Markets Closed	177.00 378	178.00 376	178.75 375
DEC13	170.28 216		170.28 216	171.28 233	171.78 239
JAN14	162.00 145		162.00 145	162.50 139	163.00 144
FEB14	156.00 92		155.70 91	155.83 93	156.00 101
MAR14	152.83 53		152.50 55	152.00 61	152.00 64
APR14	148.00 38		147.50 42	147.50 43	147.50 43
MAY14	146.88 41		146.88 41	146.88 41	146.88 41
JUN14	147.95 36		147.25 36	147.25 36	147.25 36
JUL14	---		146.00 1	146.00 1	146.00 1
Total Contracts Traded/ Open Interest	15/1,824		14/1,830	62/1,848	47/1,907

### Cash-Settled Butter\*

	Fri., Aug. 30	Mon., Sept. 2	Tues., Sept. 3	Wed., Sept. 4	Thurs., Sept. 5
AUG13	142.25 1,129		142.25 1,129	142.25 1,129	141.87 1,002
SEP13	146.00 1,066		145.38 1,066	144.10 1,067	143.55 1,068
OCT13	149.00 1,161		148.25 1,160	147.50 1,144	147.50 1,134
NOV13	151.00 1,244	Markets Closed	150.40 1,252	149.25 1,215	149.00 1,199
DEC13	147.00 661		146.90 661	145.50 656	145.00 665
JAN14	146.50 164		146.40 164	145.00 166	144.50 169
FEB14	147.00 174		146.90 174	146.00 178	145.90 178
MAR14	150.00 115		148.75 117	148.75 120	149.50 91
APR14	152.00 80		151.25 81	150.75 90	151.23 78
MAY14	154.00 73		154.00 73	153.00 78	153.00 64
Total Contracts Traded/ Open Interest	101/5,967		29/5,977	188/5,955	146/5,820

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

## GUEST COLUMNISTS



## Perspective: Industry Innovation

**John Lucey**, director of the Wisconsin Center for Dairy Research at the University of Wisconsin-Madison, contributes this column for *Cheese Market News*®.

## U.S. industry must collaborate to provide dairy research funding

The U.S. dairy industry has experienced significant growth in the last decade or so, thanks in part to past investments in research that have led to current advances in technology (e.g. whey processing). To continue this growth will require a strong financial investment in research and a source of trained dairy researchers, both of which have significantly decreased over the last decade. These reductions should be of great concern to the dairy industry, universities and farmers, as this decline in support directly impacts the future ability of the United States to succeed in a competitive global marketplace.

A decrease in “basic” research dollars, meaning those dollars supporting graduate students, should be the area of most concern for the dairy industry. When money for research projects is unavailable, graduate students are not able to move forward with their degrees and important research and training opportunities are lost.

Consider that in order to achieve a masters or Ph.D. in food science, a student must not only be accepted into a school, but a faculty member must also have outside funding to support the student's research project. This funding generally comes from USDA, the Dairy Research Institute (DRI) or a similar organization. Without this basic research funding for projects, the students are not able to join or graduate from a food science program. Across the United States the number of active university faculty conducting dairy foods research continues to decrease, mainly due to a decrease in research funding for this field. A decline in research activity is damaging to the U.S. dairy industry as important new insights and technologies are lost along with the ability to train and educate future dairy scientists.

In 2000 there were approximately 30 dairy research projects (i.e., publically-funded projects, not confidential industry projects) taking place on a yearly basis at CDR/UW-Madison. Today, there are less than 15 projects at this institution and by 2012 basic research funding dollars had decreased by 50 percent

compared to 2003. This decrease also can be seen in the number of graduate students enrolled in the food science graduate program at UW-Madison. In 2000 there were 64 graduate students enrolled in our graduate program. Today there are 42, only some of whom are focused on dairy.

This trend is not just seen in Wisconsin, but around the nation and at other dairy research centers. A loss in trained professionals puts the United States at a distinct disadvantage, especially when compared with many competing European countries, or Australia/New Zealand, that are offering free or subsidized education to high achieving dairy science students. A robust dairy industry is important, but without the ability to recruit and offer opportunities to masters and Ph.D. students, the U.S. dairy industry is certain to lack a competitive edge going forward. As General Electric CEO Jeffrey Immelt recently stated at a UW Regents meeting, “Everybody in the world is moving fast. If we're not moving fast, we're going to fall behind . . . for 20 years, we let R&D go down, year after year after year. Companies, schools, national labs. That's a losing hand.”

One of the most common complaints I hear from U.S. dairy companies is the difficulty they face in recruiting well-trained, experienced scientists with a dairy foods background. As mentioned above, the reduction in dairy foods research funding has led to fewer graduate research opportunities and projects. In an industry where very few companies have a robust R&D department, this connection to research centers, universities and graduate students is essential to solving major industry issues and moving the industry forward. Companies often question where their next manager of their technical or R&D areas might come from; ultimately they should come from today's graduate students.

Research centers, such as CDR, have staff that are here to support industry (i.e., with product development or short course training) and leverage current research to help companies solve issues

and grow their markets. At CDR, the Wisconsin Milk Marketing Board annually provides nearly \$2 million and DRI provides about \$600,000 to support staff and these industry (applications) programs. This funding comes from the checkoff program, which is run through USDA, and is extremely important and necessary to maintain staff and our industry programs. However, it does not provide funding for graduate students. It is important to note that the farmer-funded dairy checkoff program has continued to provide consistent funding for the CDR industry application programs but research dollars for graduate projects have been steadily declining.

This change impacts the entire U.S. dairy research scene. According to Professor Todd Klaenhammer (Director of the Southeast Dairy Foods Research Center at North Carolina State University): “DMI/DRI is the only national organization that currently provides significant support for graduate research on dairy foods. It will make a major difference if they are unable to support a strong national product research platform, largely through the dairy research centers, which provide new technologies, trained scientists/technologists and solutions to emerging problems facing the dairy industries. These resources are critical to our industry partners and the competitiveness of the U.S. dairy industry at large.”

A graduate student working with CDR, or a similar U.S. dairy center, gains real world knowledge and hands-on experience while applying their research directly to industry problems. Without basic research funding, however, centers cannot support graduate research and afford these excellent learning opportunities to graduates and the industry. In the United States typical costs to support graduate students exceed \$30,000 per year per student (including stipend, tuition fees and other health benefits). That's why it is essential that in the United States, the dairy industry and universities work together to develop a long-term approach to funding a strong

basic research program.

While dairy research dollars are declining in the United States, programs in New Zealand and Ireland have pledged additional money to support basic dairy research and these programs involve partnerships between national organizations and the dairy companies. In New Zealand, DairyNZ and Fonterra have partnered to lead a Primary Growth Partnership (PGP) program that will fund research into new products, increase on-farm productivity, reduce environmental impacts and improve dairy education. This new program is currently helping to support 11 post-doctorates, 13 Ph.D. scholarships and one masters candidate all working on dairy processing research projects related to the PGP program and its goals. Similarly, several years ago, Ireland started Food for Health, which is a program that will work to research, develop, market and sell “nutritional ingredients and functional food products to improve people's health and wellness.” The 22 million euro project was funded through multiple partnerships with the dairy industry directly contributing 2 million euros. A second round of this program will be starting soon.

It is clear that our major competitor countries are showing a long-term commitment to relevant dairy product research by investing in programs that support the future of dairy science. To be competitive, the United States needs to continue to build on the success of the dairy center program, which has been supported by checkoff dollars for more than 25 years and has gained wide industry appreciation. Now is the perfect time for the U.S. dairy industry, farmers, government agencies and universities to work together to develop a long-term funding program for dairy product research that will sustain the United States as a leader in the manufacture and export of dairy products. CMN

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

## NEWS/BUSINESS



## Chobani recalls yogurt after mold is found

**NORWICH, New York** — Chobani has issued a voluntary recall of some of its yogurt produced at the company's Idaho facility. The yogurt products contain the code 16-012 and best by dates of Sept. 11, 2013, through Oct. 7, 2013.

Chobani says it has been working with its retail partners to voluntarily remove some of its yogurts from store shelves after hearing quality concerns surrounding certain products which were experiencing swelling or bloating. A small quantity of its product had been affected by a type of mold commonly found in the dairy environment.

Chobani says that while this type of mold is unlikely to have ill health effects, due to some claims of illness the company has decided to go from voluntarily withdrawing to voluntary recalling the potentially affected product.

More than 95 percent of the units in question have already been identified and removed from retailer shelves, Chobani says. The company also has encouraged consumers who have purchased products with these code dates to contact its customer loyalty team directly at <http://chobani.com/who-we-are/contact> to coordinate replacements. CMN

## NEWS/BUSINESS



## Update to FAPRI baseline shows increasing milk production, lower dairy product prices

**COLUMBIA, Mo.** — The aftermath of the drought of 2012 continues to be felt in agricultural markets, says a recently-released update of the 2013 Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU) long-term baseline, which reflects information available in mid-August 2013.

The baseline update uses 2013 acreage, yield and production estimates included in USDA's August 2013 Crop Production report. These estimates reflect the first objective yield estimates of the year and will be subject to revision, FAPRI says. Final market outcomes are certain to differ from these projections, perhaps in important ways, as weather and other factors will contribute to continued market volatility.

The baseline update assumes a continuation of current agricultural and biofuel policies. Farm commodity provisions of the 2008 farm bill are extended in this baseline. In the case of the Renewable Fuel Standard (RFS), the baseline assumes that EPA uses some of the discretion it has to reduce mandates when cellulosic biofuel production falls short of targeted levels. This baseline update is not a forecast of what will happen, but it can be used as a point of reference to examine the possible impacts of proposed policy changes, FAPRI says.

## Fonterra releases causes of contamination

**AUCKLAND, New Zealand** — Fonterra recently announced findings of its operational review, commissioned by the cooperative's chief executive Theo Spierings following its recent recall of whey protein concentrate (WPC). (See "New Zealand government says Fonterra WPC is safe" in last week's issue of Cheese Market News.)

Spierings says the precautionary recall was not the result of any one single cause, but rather was the result of a number of separate and unrelated events occurring in an unforeseen sequence. He commissioned the review, he says, to find out what happened, why, and what actions Fonterra can take to prevent this from happening again.

"The operational review has enabled us to strengthen our systems, while continuing to process this season's fast-growing milkflows," he says. "At Fonterra, we already have world-class manufacturing facilities, quality systems and robust testing regimes in place. This event has stress-tested all of them. Overall our systems worked well, while some aspects showed room for further improvement."

The findings of the operational review include:

- The decision to reprocess the WPC-80 in question and not downgrade the product, in combination with the use of an item of non-standard equipment, was the cause of the contamination;
- A lapse in information sharing across two parts of the business led to

Macroeconomic assumptions underlying these projections are based on July 2013 forecasts by IHS Global Insight. The U.S. and world economies are forecast to grow at a faster pace in 2014 and 2015. Inflation remains moderate, but interest rates increase after 2015. Oil prices dip in 2014 and then increase slowly.

Given all of the assumptions of the analysis, highlights of the report include:

- Prices for grains and oilseeds are expected to fall sharply from the drought-induced peaks of the 2012/13 marketing year. Increased domestic and global supplies are the main cause.
- Corn prices are projected to average \$4.65 per bushel for the crop harvested in 2013. Once stocks rebuild, prices could be even lower in subsequent years.
- Soybean prices are projected to average \$11.33 per bushel for this year's crop and also could decline further in 2014. For all crops, actual prices will be very sensitive to changing production estimates.
- Lower prices are likely to result in less corn acreage in 2014. The area devoted to soybeans, wheat, cotton and rice may increase slightly, while the total area planted in 13 major crops is projected to decline by about 1 percent.

delays in testing;

- This issue should have been escalated earlier to CEO-level;
- A major upgrade of the computer systems at some of Fonterra's sites immediately prior to the recall resulted in product tracing taking longer than it should have; and
- Although Fonterra has clearly established domestic and international product recall systems, the size and complexity of the WPC-80 recall was a factor, particularly since the product had itself become an ingredient in the products of multiple customers.

To help prevent an incident like this from happening again, Fonterra says it is implementing a number of improvement which will ensure its food production standards continue to be maintained in all areas, further increase its focus on quality and safety across the supply chain, increase transparency internally and externally, and strengthen its product recall and supply management systems.

Fonterra's action plan resulting from the operational review will be supplemented by recommendations made as a result of the Fonterra board's independent inquiry and the two government inquiries currently underway.

"We are doing everything in our power to maintain absolute confidence in our processes and products, and to strengthen New Zealand's already strong food safety and quality system," Spierings says. **CMN**

• Ethanol production is expected to increase in 2014, but the size of the increase will be sensitive to EPA decisions about how to implement the RFS. Prices for the Renewable Identification Numbers (RINs) used to monitor RFS compliance will remain high if mandates are set at levels that require more biofuel use than is possible in 10 percent ethanol blends, the report says.

• Lower feed prices are expected to reduce livestock and poultry production expenses, resulting in greater profitability and setting the stage for increases in meat production. In the case of the beef sector, however, reduced livestock herds mean beef production will reach a low in 2014, the report says.

• In spite of the 2012 drought, consumer food price inflation is expected to remain moderate, FAPRI says.

The updated baseline shows U.S. milk production is projected to reach 202.1 billion pounds in 2013, up from 200.3 billion pounds in 2012. Milk production is projected to increase each year over the course of the baseline, reaching 212.4 billion pounds in 2016 and 217.9 billion pounds in 2018. Milk per cow and dairy cow numbers also are projected to increase over the projec-


tion period, with 9.37 million dairy cows projected for 2018 and 23,262 pounds of milk per cow by that year.

Meanwhile, the average prices for U.S. American cheese in 40-pound blocks is expected to increase in 2013 to \$1.76 per pound, up from \$1.70 in 2012, and increase in 2014 to \$1.78 per pound. The cheese price is projected to fall, however, in 2015 to \$1.74 per pound and to \$1.71 in 2016 before increasing to \$1.72 in 2017 and 2018, FAPRI says.

Nonfat dry milk prices are projected to increase this year over last year to \$1.65 per pound, up from \$1.38 in 2012, before falling each year over the projection period to \$1.54 by 2018.

Butter prices are projected lower this year, FAPRI says, at \$1.50 per pound, down from \$1.60 in 2012. Butter prices will fluctuate over the rest of the projection period, reaching \$1.53 in 2014 but falling as low as \$1.47 in 2016, FAPRI says.

The report can be viewed at <http://www.fapri.missouri.edu>. For more detail on the livestock, poultry and dairy sectors and on consumer food prices, a companion report by the MU Agricultural Markets and Policy team can be viewed at <http://amap.missouri.edu>. **CMN**



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## NEWS/BUSINESS



## USDA report to Congress shows dairy promotion dollars continue to enhance demand

WASHINGTON — USDA's latest report to Congress on the National Dairy Promotion and Research Program and the National Fluid Milk Processor Promotion Program shows econometric evidence indicating a "significant association" between expenditures by the checkoff programs and consumer demand.

The report, recently posted to USDA's Agricultural Marketing Service website, notes that while expenditures have a

modest effect on demand when they are made, the longer-term, cumulative impact on demand is measurably larger.

The econometric analysis, prepared by Texas A&M University, provides an independent evaluation of the effectiveness of the dairy industry marketing and promotion programs for 2011. The quantitative analysis covers the period 1995-2011.

According to the report, "The incremental commercial consumption

of fluid milk amounts to 5.8 percent of the total cumulative consumption of fluid milk over the 1995 to 2011 period." That means the efforts of Dairy Management Inc., the Milk Processor Education Program and the qualified programs in states and regions "led to a 5.8 percent increase in fluid milk consumption, more than it would have been over the period 1995 to 2011," the report says.

Other key findings include:

- The incremental consumption per dollar spent was 2.6 gallons for fluid milk, 3.5 pounds for cheese and 5.2 pounds for butter.

- The level of consumer income was a significant driver of the consumption of cheese, butter and all dairy products, but not for fluid milk.

- Fluid milk consumption was affected negatively by advertising from other beverage manufacturers, namely fruit juice, soy beverages and bottled water. CMN

## Cheese is largest dairy category advertised this period, according to USDA retail report

WASHINGTON — Cheese ads are the largest product category advertised in the last two weeks, according to the latest biweekly National Dairy Retail Report released Thursday by USDA's Agricultural Marketing Service (AMS). Ads for cheese shreds in 8-ounce packs are the largest of the five types of ad-

vertised cheese covered in the report, with 49 percent of cheese ads.

National conventional varieties of 8-ounce cheese shreds had a weighted average advertised price this week of \$2.28, up from \$2.08 two weeks earlier and \$2.24 one year earlier, AMS says. One-pound cheese shreds this week had

a weighted average advertised price of \$3.99, up from \$3.26 two weeks earlier and \$3.65 one year ago.

Natural varieties of 8-ounce cheese blocks this week had a weighted average advertised price of \$2.28, up from \$2.19 two weeks earlier but down from \$2.30 one year earlier, AMS says. One-pound cheese blocks had a weighted average advertised price this week of \$3.69, up from \$3.54

two weeks earlier and \$3.39 one year earlier, while 2-pound cheese blocks had a weighted average advertised price of \$6.47, down from \$6.95 two weeks earlier but up from \$6.06 one year earlier.

Meanwhile, national conventional butter in 1-pound packs this week had a weighted average advertised price of \$3.09, up from \$2.80 two weeks earlier and \$2.62 one year ago. CMN

## Chr. Hansen earns 'Best in Quality' award as a Dannon/Danone Supplier of the Year

MILWAUKEE — Chr. Hansen Inc. recently earned the Best in Quality award in Dannon Co.'s and Danone Inc.'s Supplier of the Year Awards.

Suppliers were assessed on a number of criteria, including: improvements in environmental sustainability, quality and safety, improvements in cost, accelerating "time to market" of new or renovated products, boosts to innovation, protection of competitive advantage and the demonstration of shared values in the relationship with Dannon and Danone.

"Quality and consistency are built into everything we do at Chr. Hansen. We are very proud to receive this honor from Danone and Dannon," says Mike Neu, senior vice president of cultures and enzymes, Chr. Hansen.

Nominees for the awards were evaluated by a task force at Dannon/Danone, and the final selection of award winners was made by the company's executive

management team.

"It is the philosophy of Danone and Dannon that the sourcing and supplier development teams enhance the relationship with our business partners," says David Lainchbury, vice president of sourcing and supplier development for Danone's dairy business in North America. "Rather than examining only cost, or the transactional value of our relationships, we look at total value creation. We know that innovative solutions will come not only from within Dannon or Danone but also externally via our business partners. Through closer working relationships and by recognizing the contribution of our partners it is an ongoing evolution of the traditional purchasing function."

The Supplier of the Year Awards are representative of Dannon's and Danone's desire to reward beyond a traditional, transactional dollar-based methodology, the company says. CMN

## Wisconsin Senate committee schedules public hearing on proposed raw milk bill

MADISON, Wis. — A bill that would allow Wisconsin dairy farmers to sell raw milk to consumers directly from their farms is the subject of a public hearing that will be held Wednesday by the Wisconsin Senate Committee on Financial Institutions and Rural Issues.

Under the proposed Senate Bill 236, a dairy farmer would be allowed to register with the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) to sell raw milk and milk products directly to consumers, and registered farmers would not be required to obtain a milk producer license or a Grade A permit.

A dairy farmer who registers with DATCP to sell raw milk and raw milk products would still be required to

comply with DATCP rules for Grade A milk concerning appearance and odor, bacterial count, drug residues, somatic cell count, temperature, and pesticides and toxic substances, among other requirements.

The bill was introduced July 31 by Wisconsin Sens. Glenn Grothman, R-West Bend, Dale Schultz, R-Richland Center, Joseph Leibham, R-Sheboygan, Leah Vukmir, R-Wauwatosa, and Thomas Tiffany, R-Hazelhurst. It is co-sponsored by nine bipartisan Wisconsin representatives.

The Sept. 11 hearing is scheduled for 2 p.m. in Room 411 South at the Wisconsin State Capitol. Due to anticipated volume, speakers are requested to keep their comments brief. CMN

## DFA acquires Dairy Maid Dairy in Maryland

KANSAS CITY, Mo. — Dairy Farmers of America (DFA) has acquired Dairy Maid Dairy, a family-owned processor of milk, juice and fruit drinks located in Frederick, Md.

Dairy Maid has been owned and operated by the Vona family since 1946 and currently is led by brothers Jimmy and Jody Vona. The family will continue to manage day-to-day operations.

"The acquisition of Dairy Maid Dairy aligns with DFA's strategy to increase its commercial footprint and expand ownership in the fluid and fresh dairy category," says Rick Smith, DFA president and CEO. "The Vonas have built a solid business and earned a reputation for quality products and superior service, and it is a business our dairy farmer member owners can be proud of."

Dairy Maid's customers include major grocery chains, schools and government entities, such as prisons and military installations. Milk to the facility is supplied by a variety of sources including DFA, Maryland-Virginia, Lanco, Land O'Lakes, Cumberland Valley and Dairy Marketing Services.

It is anticipated that Dairy Maid's 110 employees will retain their positions, and milk procurement and service to customers will not be disrupted, DFA says.

"We are pleased to be able to become part of the DFA family," says Jimmy Vona. "DFA shares many of the same values that my family does. This transaction ensures the business we have build over the past four decades will continue to thrive in the future." CMN

# AUCTION

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## PEOPLE



## Perrie to study Basque cheesemaking as recipient of Daphne Zepos Teaching Award

**SAN FRANCISCO** — Cheesemaker Jess Perrie, the first recipient of the Daphne Zepos Teaching Award, recently received \$5,000 to travel to Spain to learn about Basque cheesemaking.

"I traveled to Spain to examine Basque cheese, heritage and landscape," Perrie says. "With 4,000 years of cheesemaking tradition, the Basque region of Spain was the perfect place to understand their methods and its application to the Western United States. Cheese is an important staple in their diet and transhumance is a way of life in this agricultural society."

Perrie has a Master's degree in cheese chemistry and has worked as a cheesemaker at Silver Moon Creamery, Westbrook, Maine., and Drake Family Farms, West Jordan, Utah. She currently works as a cheesemaker at Beehive Cheese Co., Uintah, Utah.

The Daphne Zepos Teaching Award is an annual scholarship given to a food industry professional to further his or her ability to educate others about cheese.

For more information visit <http://daphnezeposteachingaward.org>. **CMN**

## Sartori awards seven college scholarships

**PLYMOUTH, Wis.** — Sartori Co. recently named seven students as the recipients of its annual scholarship program.

The following scholarship recipients are children or grandchildren of Sartori team members and patron dairy farmers:

- Benjamin Grunwald, son of Todd and Stacy Grunwald, Sartori patron dairy farmers, plans to attend University of Wisconsin-Sheboygan to study materials science and engineering.

- John Klemp, son of Paul and Ann Klemp, Sartori patron dairy farmers, plans to attend UW-River Falls to study business and marketing.

- Mari-Kathleen Marzano, daughter of Francis Marzano, a Sartori employee, plans to attend UW-Stout to study dietetics.

- Amber Reinemann, daughter of Lori Reinemann, Sartori customer service representative, plans to attend Carroll University in the fall to

study nursing.

- Charity Rodriguez, daughter of Jeri Lynn Feldmann, Sartori accounts payable analyst, plans to attend the University of Dubuque to study marketing and entrepreneurship with a minor in communications.

- Alyssa Schelinske, daughter of Angela Schelinske, executive assistant at Sartori, plans to attend UW-La Crosse to study biology and Spanish.

- Rachel Voelz, daughter of Leroy and Sherry Voelz, Sartori patron dairy farmers, plans to be attending North-central Technical College to study veterinary science.

"A strong, supportive community is crucial in the development for these young adults," says Jim Sartori, CEO, Sartori. "All of the chosen recipients have been involved in their community for many years. It's great to see how much hard work they are completing to attain their future goals." **CMN**

## Comings and goings ... comings and goings

**Brian Depew** has been promoted to executive director of the non-profit group **Center for Rural Affairs**, Lyons, Neb. Depew replaces **Chuck Hasebrook** who recently announced his resignation after 36 years with Center for Rural Affairs.

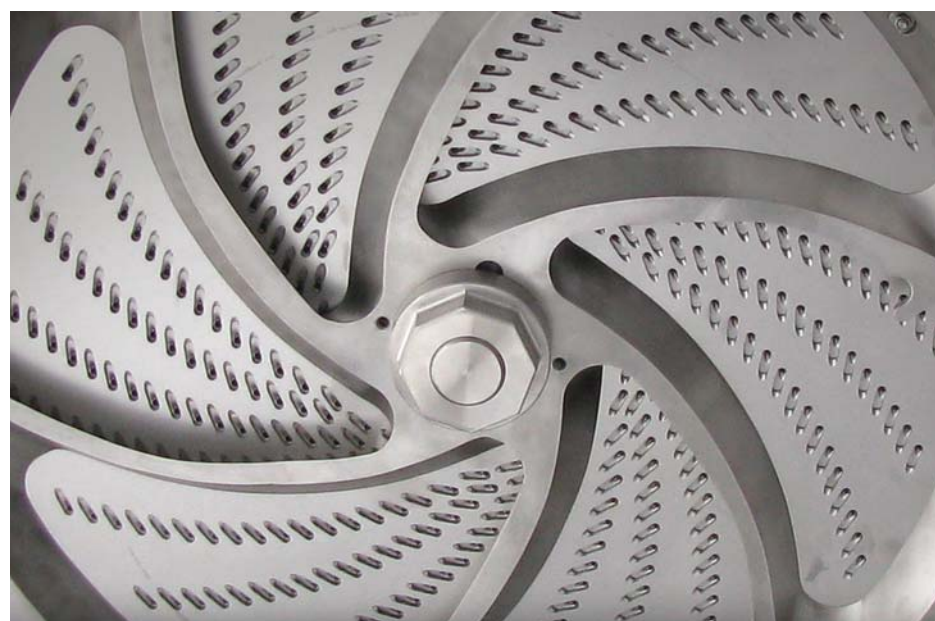
**Teri List-Stoll** has been named senior vice president of finance at **Kraft Foods Group**, North Field, Ill. List-Stoll will succeed Timothy McLevish as the company's chief financial officer in the first quarter of 2014. List-Stoll has held a number of financial leadership roles at Procter & Gamble, where she worked for more than 20 years.

**Bill Otter** has been promoted to vice president of sales and marketing at **Separators Inc.**, Indianapolis. Otter has more than 30 years of sales experience in process-related equipment and components and has been with Separators Inc. for the past seven years as Midwest regional sales manager. In addition, **Bill Statham** has been named vice president of operations at Separators Inc. In his new role, Statham will oversee the company's centrifuge remanufacturing, service and parts offerings. Prior to joining the company, Statham had commercial and operating experience

with Meritor Inc.

**Jim Miller** has been named president of North American operations at **Silliker**, Chicago. Miller will be responsible for advancing the company's agri-food safety and quality services in the United States, Canada and Mexico. Previously, Miller spent more than 22 years in various roles for Tate and Lyle and most recently acted as vice president of global product management of Specialty Food Ingredients, overseeing Tate and Lyle's global specialty food starch business.

**USDA's Agricultural Marketing Service (AMS) Dairy Programs** has made a number of changes to its representation on the U.S. Codex Committee on Milk and Milk Products (CCMP) as Duane Spomer, U.S. delegate to CCMP, and Susan Sausville, chief of the dairy standardization branch of Dairy Programs both recently retired. **Diane Lewis**, director of the grading and standards division, has replaced Sausville, and will assume the role of delegate to the U.S. Codex Committee on Milk and Milk Products. **Charlsia Fortner**, dairy products marketing specialist, has replaced Spomer and will work to coordinate responses and track correspondence. **CMN**



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Michael Schwantes

"Creative played an integral part of crafting the proposal for us to purchase Jim's Cheese Pantry. Michael and Bob were present with industry knowledge throughout the process; we were confident that they were current. We were able to develop a creative deal structure with their expertise. While buyer and seller had to both make adjustments, the team was with us each step of the way to make this an exciting and successful acquisition for us."

— Chip Kubly and Steve Silvis,  
Buyers of Jim's Cheese Pantry

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## NEWS/BUSINESS



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## Oatmeal partnership drives fluid milk sales

ROSEMONT, Ill. — A program designed by the dairy checkoff and The Quaker Oats Co. to increase consumption of oatmeal using milk resulted in a 5-percent increase in fluid milk sales in retail stores participating during the test period, says Dairy Management Inc. (DMI), which manages the checkoff program.

Quaker, in its first year of partnership with the dairy checkoff, unveiled the “Make It With Milk” program in approximately 1,350 Safeway grocery stores in April. The program’s goal is to encourage consumers to make oatmeal with nutrient-rich milk instead of water.

“This effort shows how dairy producers can work with industry partners to influence consumer behavior in order to address our fluid milk crisis,” says Paul Rovey, Arizona dairy producer and chair of DMI.

In addition to retail promotions, the partnership includes a checkoff-employed dairy scientist working on site with Quaker to deliver dairy-based product innovation and retail programs. Registered dietitians with the producer-created National Dairy Council provide nutrition counsel.

Quaker also continues to be a partner of the in-school Fuel Up to Play 60 program that was created by the checkoff and the National Football League and

is supported by USDA. Quaker will help generate increased awareness, support and funding for Fuel Up to Play 60, which encourages eating right and exercising.

In addition, to help increase consumer awareness and understanding of dairy’s commitment to environmental stewardship, the dairy producer-created Innovation Center for U.S. Dairy recently provided funding support to a film that focuses on how Vermont dairy producers transform cow manure into electricity to power their farms and hundreds of local homes and businesses.

“Cow Power” was produced by Vermont native and Emerson College student Allison Gillette. In the film, Gillette shows how contemporary agricultural challenges can be solved by advancing technology, forward-thinking investors and sheer determination.

Like many U.S. dairy farms, the Vermont producers featured in the film struggle with high feed costs and land development pressures in attempting to sustain their farm into the next generation. They found a solution with the help of local and state governments, a local electric utility manager and neighbors and local businesses willing to pay a small premium to purchase renewable power produced by local farms.

For more information about the film, visit [www.cowpowerfilm.com](http://www.cowpowerfilm.com). CMN

## Arla finds joint venture partner in Ivory Coast

AARHUS, Denmark — Arla Foods recently announced that Ivory Coast will be its first operation in Africa. From the new address, sachets of Dano milk powder from Arla’s Akafa, Denmark, plant will be packed and sold in collaboration with an Ivory Coast partner.

The new partner, Aboubakar Fofana, owns the company Mata Holding in

Ivory Coast’s largest city and capital, Abidjan. Fofana distributes goods for other international food brands and also runs his own production of bullion powder which is sold in single portion film sachets, similar to the sachets Arla will use to pack its milk powder. Arla’s milk powder will be packed in its new mobile packaging station that is expected to arrive soon in Abidjan. The sachets then will be distributed to thousands of shops all over the country.

“Having the right partner is crucial as the shops are very small and scattered across the country,” says Rasmus Malmbak Kjeldsen, who is responsible for Arla Foods’ overall business in the Middle East and Africa (MEA).

The new agreement is the first in the pipeline of up to five joint ventures in Africa, Arla says. The MEA team is working on establishing strategic bases in the larger African nations of Nigeria and Egypt. Ivory Coast, which has about 20 million inhabitants, also could serve as a gateway to neighboring countries such as Ghana, which is similar in size. So far, Arla has not been represented in Africa with retail products.

“It will be an exciting challenge as Africa is by no means an untapped market when it comes to dairy products,” Kjeldsen says. “Other big companies such as FrieslandCampina, Nestlé and the regional dairy company Promisador have been major players in Africa for many years.” CMN

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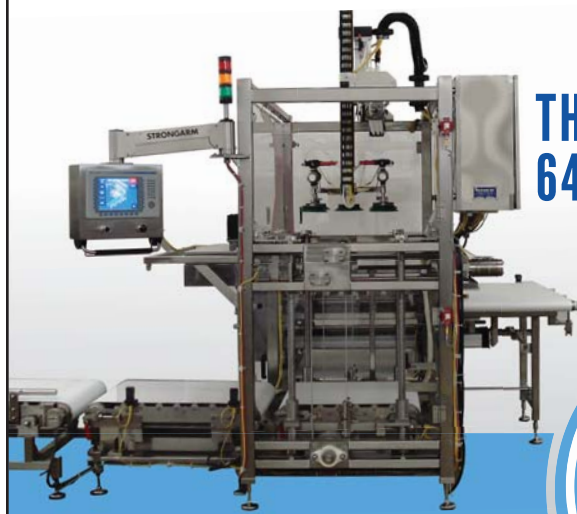
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## NEWS/BUSINESS



## Ag export forecast for FY 2013 revised slightly up; FY 2014 forecast is lower

WASHINGTON — The agricultural export forecast for fiscal 2013 has been raised slightly to \$140.0 billion, up from the \$139.5 billion forecast in May, according to the latest Outlook for U.S. Agricultural Trade published Aug. 29 by USDA's Economic Research Service and Foreign Agricultural Service. Fiscal 2014 agricultural exports are forecast at \$135.0 billion, down \$5 billion from the previous 2013 forecast.

U.S. agricultural imports for fiscal 2013 have been revised to \$105.0 million, down from \$111.0 million in May's forecast but still expected to exceed imports for any previous year. For fiscal 2014, U.S. agricultural imports are forecast at \$113.0 billion, \$8 billion higher than in fiscal 2013. The U.S. agricultural trade surplus is expected to fall by \$13 billion in fiscal 2014 to \$22 billion. This would be the smallest surplus since 2007.

The fiscal 2013 forecast for dairy product exports has been revised to \$5.8 billion, up \$500 million from May's forecast for 2013, and up \$600 million from the fiscal 2012 total. USDA says this increase is due to higher prices and volumes resulting from lagging milk production in the European Union. Lower dairy product export values are anticipated in 2014, with a forecast of \$5.6 billion for next fiscal year as volumes and global prices are expected to moderate.

USDA has slightly lowered its fiscal 2013 forecast for dairy product imports to \$3.1 billion, compared to its May forecast of \$3.2 billion. Dairy imports in fiscal 2014 are forecast at \$3.2 billion, up \$100 million from USDA's fiscal 2013 forecast and up \$200 million from dairy imports in fiscal 2012.

The forecast for cheese imports in fiscal 2013 remains steady at \$1.2 billion, up from \$1.1 billion in fiscal 2012. USDA forecasts cheese imports to rise another \$100 million in fiscal 2014 to total \$1.3 billion.

In its economic outlook, USDA says real economic growth worldwide is expected to remain at 2.2 percent in 2013 and then rise to 2.9 percent in 2014. Trade growth is estimated at 2.5 percent in 2013, rising to 5.5 percent in 2014.

World trade growth is expected to accelerate in 2014 due in large part to a pick-up in developed economies, the outlook says. The end of Europe's recession along with increased North American and Japanese growth are key factors supporting more rapid world trade growth in 2014. Farmers will benefit from lower fuel and fertilizer costs in 2014, facilitating higher agricultural output and export volumes, USDA adds. **CMN**

## Minnesota State Fair Butter and Cheese Contest winners announced

ST. PAUL, Minn. — Cheeses from Caves of Faribault, University of Minnesota, Land O'Lakes and Bongards' Creameries and butter from Land O'Lakes received top scores in their respective classes at the recent 2013 Minnesota State Fair Butter and Cheese Contest.

The three top-scoring entries in each contest category include:

### • Cheddar Block Cheese

*First:* Tom Daul, Land O'Lakes Inc., Kiel, Wis., 98.83.

*Second:* Joe Morseth, Dairy Farmers of America, Zumbrota, Minn., 98.17.

*Third:* Burt Bode, Dairy Farmers of America, Zumbrota, Minn., 98.08.

### • Cheddar Barrel Cheese

*First:* Paul Swentik, Bongards' Creameries, Perham, Minn., 98.83.

*Second:* Steve Vaske, Associated Milk Producers Inc. (AMPI), Paynesville, Minn., 98.67.

*Third:* Arnie Veldkamp, AMPI, Paynesville, Minn., 98.53.

### • Miscellaneous Cheese

*First:* Caves of Faribault Team, Caves of Faribault, Faribault, Minn., *Blue Cheese*, 98.92.

*Second:* Andy Schoolmeesters, First District, Litchfield, Minn., *Cheddar with chipotle*, 98.50.

*Third:* Caves of Faribault Team, Caves of Faribault, Faribault, Minn.,

*Gorgonzola*, 98.42.

### • Artisan Cheese

*First:* Ray Miller, University of Minnesota, St. Paul, Minn., *Gruyere*, 98.75.

*Second:* Production Team, Stickney Hill Dairy, Kimball, Minn., *Cranberry & Cinnamon Chevre*, 98.58.

*Third:* Luana Team, Swiss Valley Farms, Luana, Iowa, *Neufchatel*, 98.42.

### • Butter

*First:* Mike Jones, Land O'Lakes Inc., Carlisle, Pa., 99.17.

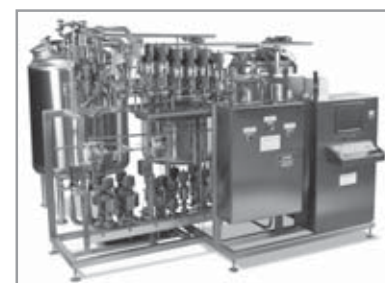
*Second:* Zac Scattergood, Land O'Lakes Inc., Carlisle, Pa., 98.84.

*Third:* Matt Stets, Land O'Lakes Inc., Carlisle, Pa., 98.83. **CMN**



## GEA Nu-Con Cleanable Powder Handling Systems

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## EVENTS



## 10th International Symposium on Milk Genomics and Human Health is Oct. 1-3

DAVIS, Calif. — The International Milk Genomics Consortium will hold the International Symposium on Milk Genomics and Human Health here at the University of California-Davis Oct. 1-3.

This year's theme is "Milk Leading Life Sciences Research in the 21st Century," and the three-day program will bring together international experts in nutrition, genomics, bioinformatics and milk research to discuss and share the latest research.

The annual symposium features scientific research related to milk and human health done throughout the world.

Topics for this year's symposium include: the milk-intestine relationship from absorption to protection, new topics in milk research, milk genomics breakthroughs over the past 10 years, milk composition and human health, and human milk diversity.

For more information or to register visit <http://milkgenomics.org>. CMN

## DGAC public meeting will be held Oct. 3-4

WASHINGTON — The U.S. Department of Health and Human Services (HHS), in collaboration with USDA, in Wednesday's Federal Register announced that a public meeting of the 2015 Dietary Guidelines Advisory Committee (DGAC) will be held Oct. 3-4.

The meeting will be held Oct. 3 from 8:30 a.m.-11:30 a.m. EDT, including oral testimony, and Oct. 4 from 8:30 a.m.-3:45 p.m.

The meeting will be accessible by webcast on the internet or by attendance in person. The meeting will take place at the National Institutes of Health (NIH) Masur Auditorium Oct. 3 and in the NIH

Foundation for Advanced Education in the Sciences Academic Center Oct. 4. Both facilities are located in Bethesda, Md.

The DGAC also invites requests from the public to present three minutes of oral testimony Oct. 3. Due to time limitations, pre-registration is required by 5 p.m. EDT Sept. 25. Pre-registration to present oral testimony will be confirmed on a first-come, first-served basis. Requests to present oral testimony can be made by going to [www.DietaryGuidelines.gov](http://www.DietaryGuidelines.gov) and clicking on the link for "Meeting Registration."

For more information, visit [www.DietaryGuidelines.gov](http://www.DietaryGuidelines.gov). CMN

## WAFP to hold 70th annual meeting Oct. 9

MADISON, Wis. — The Wisconsin Association for Food Protection (WAFP) will hold its 70th annual meeting here at the Crowne Plaza Hotel Oct. 9.

The theme of the meeting will be "Strategic Planning to Address Critical Food Safety Issues Affecting the Wisconsin Food Industry."

The event will feature a strategic planning panel discussion from 3-5 p.m. Featured panelists include: Steven Ingham, administrator of the division of Food Safety, Wisconsin Department of Agriculture, Trade & Consumer Pro-

tection; Janet Raddatz, vice president of quality and food safety systems, Sargento Foods Inc.; and John Lucey, director, Center for Dairy Research.

Following the panel discussion, the WAFP annual business meeting will be held from 5-5:30 p.m., a hospitality hour and reception will be held from 5:30-6:30 p.m. and dinner will be from 6:30-8 p.m.

Cost to attend is \$25 per person, and the registration deadline is Sept. 25.

For more information or to register visit [www.wifoodprotection.org](http://www.wifoodprotection.org). CMN

## Early registration open for ADGA Goat Milk Products Competition, annual convention

ASHEVILLE, N.C. — American Dairy Goat Association's (ADGA) 2013 Goat Milk Products Competition and annual convention will be held here at the Crowne Plaza Tennis and Golf Resort Oct. 13-14.

All registration forms must be submitted before Sept. 30, and early registration discounts apply for submissions received before Sept. 20. Registrations for ADGA members received before Sept. 20 are \$20 each for the first and second items,

\$18 each for the third through sixth items, and \$16 each for seven or more entries. After early registration closes Sept. 20, \$15 will be added the cost of each entry. Registration for non-ADGA members is \$25 before Sept. 20, and \$40 after Sept. 20.

All contest entries must be shipped or hand delivered to the Crown Plaza Tennis and Golf Resort on Oct. 11.

For more information or to download a registration form visit [www.adgaproducts.com](http://www.adgaproducts.com). CMN



## Global Cheese TECHNOLOGY FORUM

October 21-23, 2013 • Peppermill Resort Reno, NV

### SCHEDULE OF EVENTS

#### MONDAY, OCTOBER 21

6:00 p.m. Welcome Reception

#### TUESDAY, OCTOBER 22

8:30 a.m. Welcome

8:45 a.m. **Industry Challenges**

Industry Leaders Panel:

Jon Davis, Davisco

Dolores Gossner Wheeler, Gossner Foods

Dermot Carey, Darigold

David Lenzmeier, Milk Specialties Global

10:30 a.m. **Sustainability**

12:00 p.m. Lunch

1:30 p.m. **Microbes in Your Factory**

3:00 p.m. Break

3:30 p.m. **Process Technology I**

6:00 p.m. **Cheese and Wine Social**

#### WEDNESDAY, OCTOBER 23

7:00 a.m. Breakfast Buffet

8:00 a.m. **Process Technology II**

9:45 a.m. Break

10:15 a.m. **Global Insights**

12:00 p.m. Luncheon — Motivational Speaker: Coach Tony Ingle

1:30 p.m. **Process Technology III**

2:30 p.m. Close

## Cheese and Whey Production in the U.S. West and Its Place in the Global Economy

October 21-23, 2013 • Reno, Nevada

The Global Cheese Technology Forum will bring leaders in manufacturing and technology together for a two-day opportunity to address the future of the cheese industry in the Western United States.

### Topics will include:

- Cheese & Whey Challenges (CEO Panel)
- Keeping Plants and Products Clean
- Cheese Technology
- Sustainability and Traceability
- Innovations in Whey Processing
- Global Insights



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For more information please visit [www.globalcheesetechnologyforum.org](http://www.globalcheesetechnologyforum.org)

## EVENTS



## University of Idaho to hold workshop on implementing SQF, BRC audit schemes

**TWIN FALLS, Idaho** — The University of Idaho Extension will hold a workshop here for companies that are working toward a Global Food Safety Initiative (GFSI) certification under Safe Quality Foods (SQF) or British Retail Consortium (BRC) audit schemes here at the Garden Hilton Inn Oct. 29-30.

The workshop will aim to help participants become more competent in implementing and managing SQF and BRC systems. Attendees will be able to

sort through audit requirements and become more proficient in making their company GFSI certified.

Instructors will be Javed Atcha, food safety consultant and trainer, JA Food Assurance; Ron Vail, director of food safety and education, AIB International; and Jeff Kronenberg, food processing specialist, University of Idaho School of Food Science and TechHelp.

For more information or to register visit [www.techhelp.org](http://www.techhelp.org). CMN

## Process Expo, IDS to exceed 300K square feet

**MCLEAN, Va.** — The Food Processing Suppliers Association (FPSA) and the International Dairy Foods Association (IDFA) recently announced that the show floor of the co-located Process Expo and International Dairy Show is at 300,000 net square feet and continues to grow.

More than 700 exhibitors have signed up to exhibit between the two events taking place Nov. 3-6 in Chicago's McCormick Place.

"The supplier community has wholeheartedly embraced this co-location with the International Dairy Show as it further strengthens the overall Process Expo event as an important destination for manufacturing solutions for the food and beverage industry," says David Seckman, president and CEO, FPSA. "The excitement of this co-location is also shared by our attendee base. Registrations are ahead of the pace from our

last show, and we have quadrupled the number of VIP buying companies that have committed to bringing teams to this year's event."

Exhibit space sales for both the International Dairy Show and Process Expo is ongoing. For information visit [www.myprocessexpo.com](http://www.myprocessexpo.com); to reserve space, contact Grace Cular Yee, sales director, FPSA, at [gyc@fpsa.org](mailto:gyc@fpsa.org).

"The International Dairy Show exhibit size has already exceeded our 2011 show and continues to gain momentum," says Neil Moran, senior vice president, IDFA. "The added value of the co-location, larger pavilions, more networking and the move back to Chicago has been great for all of our stakeholders. We are delighted to host several of our member company buying teams at the show looking for everything from new ingredients and flavors to distribution solutions." CMN

## Cheesemaking workshop set for Nov. 19-20

**TWIN FALLS, Idaho** — The University of Idaho will host its Principles of Industrial Cheesemaking Workshop here at the Twin Falls Hilton Garden Inn Nov. 19-20.

The two-day course aims to provide an overview of the following areas: commercial cheesemaking; types, function and performance of ingredients; cheese composition control, yield and functional properties; composition, properties and manufacture of U.S. cheese varieties; and principles, importance and practice of cheese plant sanitation and food safety.

Individual workshop sessions will be led by Phil Tong, director, California Polytechnic Institute Dairy Product Tech-

nology Center; Jamison Vanden Einde, who has 15 years of manufacturing and sanitation experience in the food and beverage industries; Julie Winas, technical account manager, Chr. Hansen Inc.; Trish Dawson, who researches marine biofilms and yeast and bacterial fermentations at Chr. Hansen; John Lyne, Chr. Hansen; and Jeff Kronenberg, extension food processing specialist with the University of Idaho School of Food Science and TechHelp.

Cost to attend is \$450 for a single company representative or \$385 each for more than one company representative.

For more information or to register visit [www.techhelp.org](http://www.techhelp.org). CMN

## 3-A SSI announces dates for 2014 education program and annual meeting in Milwaukee

**MILWAUKEE** — 3-A Sanitary Standards Inc. (3-A SSI) will hold its 2014 education program and annual meeting here at the Clarion Hotel & Conference Center May 12-16, 2014.

The event lineup for the program will include a reception and introductory session on hygienic equipment design for new attendees, a full-day education program on prominent topics in hygienic engineering and design and other 3-A SSI topics, the 3-A SSI annual meeting and a comprehensive schedule

of Work Group meetings.

The yearly 3-A SSI education program and related events continue to draw growing participation from regulatory sanitarians, processors and fabricators from around the world, the organization says.

The program theme and a detailed program schedule will be announced in early 2014.

For general program and sponsorship information, contact Tim Rugh at 703-790-0295. CMN

## Registration open for NCCIA conference

**ROCHESTER, Minn.** — Registration is now open for the North Central Cheese Industry Association's (NCCIA) annual conference that will be held here at the Ramada Hotel and Conference Center Oct. 16-17.

Programming will kick off Oct. 16 with a workshop on microbiology and will continue with a cheese judging

contest, cheese auction and a variety of presentations from academics and other cheese and dairy industry experts.

The registration deadline is Oct. 9. For more information or to register contact Peggy Lehtola, assistant director of Midwest Dairy Foods Research Center at the University of Minnesota, at 612-624-7786 or [plehtola@umn.edu](mailto:plehtola@umn.edu). CMN

## RathGibson to hold 3-day technical seminar Oct. 21-23 in Janesville, Wis.

**JANESVILLE, Wis.** — RathGibson — manufacturer of welded, welded and drawn, and seamless stainless steel, nickel, and specialty alloy tubing — will host professionals from the pharmaceutical, food, dairy, beverage, and biopharmaceutical industries for a three-day technical seminar at its plant located here Oct. 21-23.

"In addition to gaining valuable insight into high-purity processing, participants will have opportunities to interact with scientific specialists as well as others in their respective disciplines," says Paul Sedivy, director of high purity, RathGibson.

On the first day of the seminar there will be a reception and informational dinner. Various presentations on topics

that range from surface finish issues to clean-in-place (CIP) considerations will be given before an in-depth mill tour on the second day. More issues, including field welding and higher alloy alternatives, will be explored on the last day. Staff from RathGibson and other guest speakers will be featured.

"Holding this technical seminar is a way for RathGibson and our end users and channel partners to remain in close contact," Sedivy says. "We acquire first-hand knowledge of their real-world challenges, and they understand the complex engineering and manufacturing that goes into our sanitary, high purity and ultra high purity tubing."

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

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## NEWS/BUSINESS



## Dairy, yogurt firms benefit from New York's efforts to reduce energy costs through RNY

WHITE PLAINS, N.Y. — The New York Power Authority (NYPA) board of trustees recently approved reduced energy costs for 18 businesses — including four dairy-related firms — under Gov. Andrew Cuomo's ReCharge New York (RNY) program.

RNY, a program signed into law in 2011 by Cuomo, provides low-cost power to businesses that agree to retain or create jobs. The four dairy-related firms included in the latest RNY allocations are: Byrne Dairy, a Greek yogurt manufacturer planning to build a facility in Cortlandville, N.Y.; HP Hood, a Greek yogurt processor with a facility in Vernon, N.Y.; Agrana Fruit U.S., a fruit processor, in Baldwinsville, N.Y., that serves several yogurt companies; and Ultra Dairy, which will expand its operations in East Syracuse, N.Y.

The allocations support Cuomo's efforts to grow the dairy industry throughout the state, according to RNY officials.

"The allocations from Gov. Cuomo's ReCharge New York Program will support job growth and economic development for these dairy and yogurt producers, and also assist local dairy farmers by bolstering New York's agricultural economy," says State Assemblyman Bill Magee.

In addition to jobs and capital investment

**"The allocations from (RNY) will support job growth and economic development for these dairy and yogurt producers."**

Bill Magee  
N.Y. STATE ASSEMBLYMAN

commitments, other evaluation criteria for RNY applications include the significance of the cost of electricity to the overall cost of doing business, applicant's risk of closure or curtailing operations, the significance of the applicant's facility to the local economy, and its commitment to energy efficiency.

The ReCharge NY program, administered by NYPA, offers up to seven-year power contracts to businesses. Half of the power under the program — 455 megawatts — is low-cost electricity from the Power Authority's Niagara and St. Lawrence-Franklin D. Roosevelt hydroelectric power plants. The remaining 455 megawatts is secured by NYPA from market sources. CMN

## SPX to supply infant formula plant in Germany

CHARLOTTE, N.C. — SPX Corp. recently announced that its Flow Technology segment has been awarded a contract valued at nearly \$40 million by a leading global infant nutrition company to supply a powdered infant formula processing plant in Germany. The plant will utilize SPX Flow Technology process systems to convert milk and other ingredients into high-quality powdered infant formula, primarily for export into emerging markets.

"A growing world population and expanding middle class is driving demand for high-quality powdered infant formula, particularly in China and other emerging markets such as the Middle East," says Ross Skelton, vice president of Global Commercial Operations for SPX Flow Technology. "This is a significant win for SPX and fur-

ther demonstrates the trust customers have with the quality and performance of our process equipment and our deep expertise in both liquid and powder dairy process systems."

With global dairy consumption on the rise, SPX is helping dairy producers expand capacity and deliver safe, high-quality products, the company says.

"Our broad range of equipment along with our engineering and project management capabilities enable SPX to design and deliver advanced, automated and energy efficient end-to-end dairy production facilities," Skelton adds. "This contract award further validates the strategic food and beverage process technology acquisitions we've made in recent years. The system will utilize equipment from our APV and Anhydro technologies and will be supported by our engineering teams in Europe." CMN

## Arla develops mobile milk powder facility

AARHUS, Denmark — Arla Foods recently announced it has developed a new mobile milk powder packaging facility out of three 40-foot shipping containers, saying this will make it cheaper, faster and more flexible for the company to test new markets for milk products in Africa.

The mobile unit will be sailed from Denmark to the Ivory Coast, where Arla will cooperate with a partner in the city of Abidjan, and the facility will be run by seven local employees. Milk powder from the facility will be sold in small consumer-friendly packages. According to the plan, the new mobile facility will be up and running by Oct. 1.

"When we are to test new markets, it's important to be close to the market, to be able to adjust the production according to demand," says Arla's Ben Strandfelt, who is responsible for the new packaging facilities. "With the new mobile packaging facility we don't have to build a permanent facility straight away."

The container-facility is a total of 90 square meters (969 square feet) and painted sandy yellow. The interior is equipped with cleaning-friendly vinyl on the ceiling, walls and floors. The roof is covered with 96 solar panels, making the facility self-sufficient. The solar panels can deliver 12 hours of production time per day. All fittings and weldings are made safe from insects, and the ventilation system secures an indoor maximum of 25 degrees Celsius (77 degrees Fahrenheit). The container also has a laboratory and changing facility as well as a toilet.

The container is capable of receiving 40 sacks of milk powder that weight 25 kilograms (55 pounds) each. The milk powder will be delivered by the Danish powder plant Arla Foods Akafa. The sacks are emptied into a large funnel, which through a closed pipe system, sends the milk powder into a packaging facility machine. The powder is packed into 25-gram units, which is what is needed for one glass of milk. CMN

## FDA, FAO to support safety, health strategies

WASHINGTON — FDA recently announced its intention to work with the Food and Agriculture Organization (FAO) of the United Nations to support global strategies that address food safety and public health.

The goal of the collaborative project between FDA and FAO is to contribute to the knowledge base and development of food safety systems globally. The project also is designed to enhance and broaden FDA's ability to address global food safety and public health issues associated with food as well as provide opportunities to leverage additional resources of other countries.

The collaborative project also will support FDA's implementation of the Food Safety Modernization Act (FSMA), including FDA's International Food Safety Capacity Building Plan, which emphasizes the concept of preventing food safety-related problems before they

occur and the importance of establishing strong relationships and mutual support among all stakeholders, including multilateral organizations, to improve worldwide food safety. In addition, the collaborative project will support food safety, nutrition and public health programs that align with FDA's mission.

The Center for Food Safety and Applied Nutrition intends to provide up to \$750,000 for fiscal year 2013. This provides one year of support, with future recommended support for four additional years, contingent upon satisfactory performance in the achievement of project and program reporting objectives during the preceding year and the availability of federal fiscal year appropriations.

For more information, contact Julie Moss, Center for Food Safety and Applied Nutrition, FDA, 240-402-2031 or e-mail julie.moss@fda.hhs.gov. CMN

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## NEWS/BUSINESS



## Glanbia plc announces half-year financial results showing 8 percent volume growth

**KILKENNY, Ireland** — Glanbia plc recently announced its financial results for the six months ended June 29, 2013. The global performance nutrition and ingredients group says good first half operating and financial performance delivered 13 percent revenue growth compared to last year, with 8 percent volume growth and 5 percent price growth. Adjusted earnings per share (EPS) grew 11 percent on a constant currency basis.

The group says its two major strategic joint ventures and associates, Glanbia Ingredients Ireland and Southwest Cheese in the United States, had a steady first half overall.

The full-year outlook for the group is positive with forecast growth in adjusted EPS of between 8 and 10 percent on a constant currency basis.

Global Performance Nutrition continued to outpace market growth rates, delivering a 14 percent increase in revenue and 20 percent growth in earnings before interest, tax and amortization (EBITA). Branded revenues grew more than 20 percent in both U.S. and international markets.

Glanbia says consumer demand in the United States, the most developed sports nutrition market, continued to

grow in the first six months of 2013. While competition in this sector remains strong, Global Performance Nutrition again outperformed the market. This performance was achieved by the continued popularity of Global Performance Nutrition's sports nutrition brands, combined with ongoing product innovation focused on taste and trends, the company says. Key new products launched in the first half include a ready-to-drink version of BSN's market leading pre-workout product, N.O.-Xplode, and Optimum Nutrition's premium slow-release casein whey product, Platinum Tri-Celle Casein.

Glanbia continues to invest in this segment and is on-target to have a direct sales presence in 17 countries by the end of the year. There also is a significant strategic capital investment program underway in Global Performance Nutrition, including a \$45 million capacity expansion in Chicago, set to be complete in 2014.

Global Ingredients, which includes Glanbia's large-scale cheese manufacturing and value-added nutritional ingredient solutions, saw revenues increase 17 percent in the first half of 2013 compared to last year's first half. EBITA increased 8 percent.

Market demand for American-style cheese remains positive, Glanbia says of its U.S. Cheese division. Additional volumes, driven by good milk supply in Idaho and the acquisition of the Blackfoot, Idaho plant in March 2013, combined with higher market prices, resulted in an increase in revenues vs. the prior year. The Cheese Innovation Center in Twin Falls, Idaho, an investment of \$11 million, recently opened. Glanbia says this facility, together with the more flexible production capabilities of the Blackfoot plant, significantly strengthens U.S. Cheese's innovation and new product development capabilities.

Revenue for the first six months of the year from joint ventures and associates increased 12 percent, with 6 percent volume growth and 6 percent

price growth. Glanbia Ingredients Ireland, Southwest Cheese and Glanbia Cheese all achieved positive revenue growth due to higher global dairy market prices as poor weather conditions in a number of key exporting regions resulted in reduced supply and, consequently, higher dairy prices. EBITA increased by 9 percent, and EBITA margins were down slightly, reflecting higher input costs across each of the four business units.

The company says construction of Glanbia Ingredients Ireland's new \$200 million dairy processing facility is progressing well, while a decision on the potential development of lactose production capacity in Southwest Cheese is expected to be made by the end of the year. **CMN**

## Parmalat acquires gourmet cheese company

**MILAN, Italy** — Parmalat S.p.A., through its Lactalis do Brasil subsidiary, recently acquired the Brazilian company Balkis Indústria e Comércio de Laticínios Ltda, which is headquartered in São Paulo, Brazil.

With this transaction, the Parmalat Group acquires a portfolio of gourmet cheese activities in the São Paulo area,

including two production facilities in Santo Antônio do Aracanguá and Juruáia, Brazil.

In 2012, Balkis reported net revenues of approximately \$19 million. The purchase price was set at about \$30 million and may be adjusted based on accounting reviews at the date of closing. **CMN**

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## NEWS/BUSINESS



## Per capita cheese consumption up in 2012

WASHINGTON—Cheese consumption (excluding cottage cheese) per capita in the United States averaged 33.5 pounds in 2012, according to preliminary data recently released by USDA's Economic Research Service. This is up from an average of 33.3 pounds of cheese per capita in 2011.

American-type cheese per capita consumption was 13.2 pounds in 2012, up 0.1 pound from a year earlier, after having declined in 2010 and 2011.

Fluid milk consumption meanwhile continued to decline, dropping to 195 pounds per capita in 2012, compared to 198 pounds per capita in 2011.

Butter consumption, which has risen

over the past decade, increased to 5.6 pounds per capita in 2012, up from 5.4 pounds in 2011. Ice cream (both regular and reduced-fat) consumption in 2012 averaged 18.2 pounds per capita, up from 17.6 pounds in 2011. Regular ice cream consumption over the past five years has steadily decreased, while consumption of reduced-fat ice cream has increased.

U.S. consumption of all dairy products on a milk equivalent, milkfat basis, averaged 612 pounds per capita in 2012, up from 604 pounds in 2011.

For more information, visit [www.ers.usda.gov/data-products/dairy-data.aspx](http://www.ers.usda.gov/data-products/dairy-data.aspx). **CMN**

## Arla launches new microsite for HYDRO.365

AARHUS, Denmark — Arla Foods Ingredients recently launched a new microsite dedicated to its sports nutrition product Lacprodan HYDRO.365, a whey protein hydrolysate.

The microsite, found at <http://hydro365.info>, was developed as a knowledge-sharing resource to help manufacturers of sports nutrition products to explore benefits of HYDRO.365.

Arla Foods Ingredients says HYDRO.365 is easily digested and rapidly absorbed, offering the potential to reduce recovery time from days to hours when consumed within two hours of exercise. The company adds it offers superior nutrition to athletes who require

fast recovery after intense competitive events or training and workout sessions. HYDRO.365 is suitable for inclusion in a wide range of sports nutrition products, including clear beverages, gels, bars, powders and tablets.

The microsite provides an overview of the benefits of HYDRO.365 for athletes, along with scientific data and application opportunities. The company says the site will be regularly updated as new information becomes available, including results of a new clinical study that is expected to be uploaded in the near future.

"The aim of the microsite is to provide sports nutrition manufacturers with the technical and scientific data they need to use this gold standard whey protein successfully in their applications," says Peter Schouw Andersen, business development manager, Arla Foods Ingredients.

He adds that customers are free to use the information on the microsite when marketing their sports nutrition products to consumers as long as they ask for Arla's consent. **CMN**

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## Tetra Pak acquires Denmark-based DSS Silkeborg A/S

LAUSANNE, Switzerland — Tetra Pak has acquired Denmark-based DSS Silkeborg A/S, a European company specializing in dairy membrane filtration technology.

Established in 2000, DSS is a privately-held company with 46 employees that develops, designs, sells, builds and commissions membrane filtration systems for dairy applications, using reverse osmosis, nanofiltration, ultrafiltration and microfiltration technologies.

"Becoming an integral part of Tetra Pak, a large multinational company focused on the dairy sector, offers DSS an opportunity for a new phase of growth in the global dairy industry," says Niels Osterland, co-founder and managing director of DSS.

"The acquisition of DSS adds to Tetra Pak's expertise in membrane filtration technology, enabling us to provide our customers with an even wider range of processing solutions for dairy, cheese and whey as well as other beverages and prepared foods," says Tim High, executive vice president of processing systems, Tetra Pak.

"The integration of DSS's expertise with Tetra Pak's energy, waste and water reduction technologies will provide our customers with processing solutions designed to reduce their carbon and water footprint as well as their operational costs," High adds.

DSS will remain in Silkeborg, Denmark, with its current management team as part of Tetra Pak's Cheese and Powder business unit. Existing sales channels will be supplemented through Tetra Pak's global market operations. **CMN**

For more information please visit [www.tetrapak.com/cheese](http://www.tetrapak.com/cheese)

## NEWS/BUSINESS



## IRI acquires FreshLook Marketing Group

CHICAGO — Information Resources, Inc. (IRI) recently announced that it has purchased FreshLook Marketing Group LLC, a supplier of market research information and consulting services to the fresh food industry.

“Our food manufacturer and retailer clients are eager for a total store perspective; fresh/random weight products are an important component of many retailers’ footprint and profitability,” says Andrew Appel, president and CEO, IRI. “The FreshLook acquisition enables IRI to further improve its market leadership in providing the total view of the store which manufacturers and retailers want, integrate the two sets of information more efficiently and provide shopper marketing, analytics and consulting services that impact the whole store.”

Fresh/random weight products account for approximately 20 percent of all outlet sales, according to FreshLook Marketing Group. They play a role in

establishing the retailer’s image and competitive positioning among manufacturers. FreshLook Marketing Group provides scanner-based sales, actual retail price and distribution information on these products through its Sales Tracking Service.

“We are eager to expand our long-term relationship with IRI, enabling us to drive substantially more value for our clients in the fresh categories,” says Mark Degner, president and CEO, FreshLook Marketing Group. “In addition to offering manufacturers and retailers an integrated view of the store, we look forward to expanding our engagement with current FreshLook Marketing clients by offering IRI solutions and services.”

Prior to forming FreshLook Marketing Group in 2000, Degner was an executive at IRI. Employees of FreshLook Marketing Group will join IRI, and all assets will transfer to ensure continuity and integrity of client relationships. CMN

## FDA finalizes definition for ‘gluten-free’

WASHINGTON — FDA in the Aug. 5 Federal Register finalized a definition for the voluntary claim “gluten-free” on foods and beverages. According to the final rule, products that contain less than 20 parts per million of gluten may make a “gluten-free” claim. This claim will apply to products that naturally contain no gluten, including many dairy products, and to products that contain ingredients that have been processed to remove the gluten.

The definition was required by the Food Allergen Labeling and Consumer Protection Act (FALCPA), which also requires labeling for major food allergens. A proposed rule for gluten-free claims was published in January 2007.

The International Dairy Foods Association (IDFA) notes that one difference between the final rule and the proposed rule is that foods that are inherently gluten-free can make a “gluten-free” claim just like other foods that are specially processed to remove gluten. In the proposed rule, foods that are naturally gluten-free, such as milk, would have been required to show an alternate claim — “a gluten-free food” — to emphasize that all products of the type were naturally free of gluten.

This change came after comments to the proposed rule indicated that even products that are naturally gluten-free could be available in various formulations, such as different flavors, some of which may contain gluten, IDFA notes. A single “gluten-free” claim is easier for consumers to understand, allowing less chance for confusion about which foods are naturally gluten-free, IDFA says.

Products that would qualify for the “gluten-free” claim but that do contain a wheat ingredient, which is a major source of gluten in foods, would need to make an additional statement: “The wheat has been processed to allow this food to meet the Food and Drug Administration (FDA) requirements for gluten-free foods.”

The requirements for a “gluten-free” claim also would apply to the claims “no gluten,” “free of gluten,” and “without gluten.” The final rule will pre-empt all state or local regulations regarding these specific gluten claims, but it will not necessarily pre-empt any additional gluten statements. FDA declined to define levels for “low gluten” or “very low gluten” claims or to set a single symbol to designate gluten-free foods.

The compliance date for the final rule is Aug. 5, 2014. CMN

## FSSAI approves pasteurization alternative

NEWYORK — SurePure Inc. recently announced that the Food Safety and Standards Authority of India (FSSAI) has approved the use of its proprietary photopurification technology as an alternative to thermal pasteurization for milk and other dairy products.

SurePure says the approval paves the way for commercialization of its technology throughout India’s fluid milk market. Additionally, SurePure, as announced earlier this year, has entered into a multi-unit, multi-year royalty and distribution agreement with Moksha Yug Access (MYA), an Indian rural supply chain solutions company centered in the Karnataka

Province.

“We believe that this royalty agreement with SurePure can bring a cutting-edge milk processing alternative to India. This enables us to access a robust technology, which retains the integrity of milk while delivering milk in its most nutritious form to the consumers,” says Harsha Moily, CEO, MYA. “There are an estimated 70 million small dairy farmers in India, many of whom cannot participate fully in the formal economy. Our company and our ‘Milk Route’ milk brand opens the door to a new era in Indian milk processing with the SurePure technology.” CMN



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## NEWS/BUSINESS



## WhiteWave CEO: U.S. dairy industry's structure results in underperforming to potential

PHOENIX — Though the U.S. dairy industry is filled with hard-working people who produce high-quality, nutritious food, it significantly underperforms to its potential, according to The WhiteWave Foods Co. Chairman and CEO Gregg Engles.

Engles, who spent 20 years in the dairy industry as founder and CEO of Suiza (now Dean) Foods, is author of a report recently published by SupplySide Beverage Insights. In the report, available at <http://beverage.supplysideinsights.com>, he says four harmful factors of U.S. dairy's regulatory environment include: standards of identity, class pricing, the industry's price support structure, and a farmer-centric frame of reference in the dairy regulatory scheme.

Engles says he believes the industry's outdated structure and regulatory framework pit industry participants against one another and seek to shield parts of the industry from competition rather than embracing the market.

"Because of the regulatory environment, the industry spends more time thinking about how to divide the pie, and less time thinking about how to grow it," he says.

If these areas were addressed, Engles says, all of the industry's participants, from farmers to manufacturers to consumers, would ultimately benefit, and the United States would enjoy a larger, more profitable and enduring dairy industry in the future.

### • Standards of identity

Dairy standards of identity have served to limit the size of the domestic dairy market by protecting existing product categories at the expense of innovative ones, Engles says. He points

to the current debate over allowing fluid milk products to use non-nutritive sweeteners in place of sugar, and says a meaningful amount of the recent decline in fluid milk volumes might be attributed to consumers switching to less-caloric alternatives.

The International Dairy Foods Association (IDFA), which initially petitioned FDA to allow non-nutritive sweeteners in fluid milk, says it agrees that federal standards of identity for milk and dairy products are outdated and stifle innovation, making dairy less competitive than other beverages and foods without standards such as soft drinks, smoothies and snacks.

"IDFA continues to believe that changes are needed," says Cary Frye, vice president for scientific affairs, IDFA. "But the reality is that FDA's priorities are focused foremost on food safety, and resources for working on food standards are scarce. So today, as a result of outdated, unworkable standards and FDA's structure, some dairy companies are looking at offering innovative products that are outside the dairy standards, such as 'dairy drinks,' 'cultured dairy snacks,' 'cheese products' and 'frozen dairy desserts.'"

### • Class pricing

Engles says standards of identity also have been used to shift the profit pool from one industry player to another, often from manufacturers to farmers, in conjunction with class pricing.

"Class pricing is based on the fallacy that you can permanently extract excess profits by having the government set a price above the unregulated market, without destroying demand," Engles says in the report.

Different prices for different uses of milk does not make sense if the objec-

tive is to grow the size of the industry and provide consumers with products and the best price, Engles says, noting that fluid milk, which has been in steady decline, has the highest "class tax," while the milk class for cheese, which has steadily grown, commands a lower price.

"Fluid milk prices yield the most to farmers, while powder/butter yield the least. Yet fluid products, particularly innovative 'formulated' ones, can be made completely or partly from powder," Engles says, adding that certain dairy beverages manufactured from powder have been forced through regulation into the more expensive fluid milk class.

"Nothing will kill innovation faster than having your profit pool moved to someone else with the stroke of a pen," he says.

### • Price support

The industry's price support structure primarily affects the industry's global competitiveness, Engles says.

Because the government will buy goods when the market price of milk temporarily falls below cost of production, and the products the government purchases must fit a particular standard, the industry has more interest in making primarily standard "price support" butter, powder and cheese rather than pursuing global customers and markets when the support price is sufficiently high, Engles argues. Therefore, he says, despite the formidable U.S. dairy farm sector, relatively low cost of

production and large-scale manufacturing infrastructure, the United States is a secondary player in the burgeoning global dairy markets.

However, he says there is some good news.

"Price support levels have not kept up with the increase in dairy commodity prices in recent years," Engles says. "As a result, our dairy commodity manufacturers have had to focus on winning in the global market to move their goods and earn a return. They are having some success in this new arena, and building more durable businesses as a result."

### • Farm frame of reference

The final structural issue Engles addresses is legislation that focuses on establishing the milk price to farmers, not the overall health of the dairy industry.

"That farmer-centric frame of reference contributes to an intra-industry narrative that causes us to focus on dividing the pie rather than growing it," Engles says.

He rejects the idea of reallocating profits from one part of the industry to another to boost returns, saying it distracts the industry as a whole from working to grow the pie.

"The good news is that today's dairy leaders, working through new industry organizations such as the Innovation Center in Chicago, are thinking more about growth and engaging in a dialogue that might change the industry paradigm for the better," Engles says. CMN

## Dot Foods to build distribution center in Tenn.

MT. STERLING, Ill. — Food redistributor Dot Foods Inc. plans to build its ninth distribution center in Dyersburg, Tenn. Construction of the \$24 million facility will begin this fall and is expected to create 157 new jobs.

The company has appointed 25-year Dot Foods veteran Tim Loyd as general manager of the new facility. Loyd most recently served as general manager of the company's distribution center in Cambridge City, Ind.

The distribution center is scheduled to open in September 2014, and a temporary office will open in September 2013. The new facility will be 166,494-square-feet and will include frozen, refrigerated and am-

bient storage; a 125,000-square-foot warehouse; and a 9,500-square-foot truck and tractor garage. It will service Dot Foods distributor customers in middle and western Tennessee, Alabama, Mississippi, Arkansas, Louisiana and western Kentucky.

"We are excited about the opportunity to open our newest distribution center in Dyersburg," says John Tracy, CEO, Dot Foods. "We conduct extensive logistics analysis on where and when to open a new distribution center and we chose Dyersburg because of the community's support, proximity to other Dot Foods locations and customers as well as its cultural fit with our company." CMN

## A2LA helps form Food Laboratory Alliance

FREDERICK, Md. — American Association for Laboratory Accreditation (A2LA) and leaders in the food laboratory community have formed the Food Laboratory Alliance, which will work to strengthen the nation's food supply through quality testing.

"We are pleased to help a wide cross-section of interested parties speak with one voice," says Peter Unger, president and CEO, A2LA. "It embodies our commitment to service for the laboratory community."

The Food Laboratory Alliance represents a coalition of organizations devoted to the safety of the nation's food supply and the quality of food laboratory testing. The Food Laboratory Alliance is open to food testing laboratories, providers of food testing products and services, food facilities and organizational representatives of consumers and food testing laboratory professionals.

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

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# NEWS/BUSINESS

## FARM BILL

Continued from page 1

bill and positioning the federal government for the new fiscal year will be the focus of North Dakota's congressional delegation when it returns next week.

In addition, Hoeven last week stressed his commitment to including enhanced crop insurance programs in the farm bill during remarks delivered at the Rural Community Insurance Services meeting in Bismark, N.D.

"Farmers and ranchers across North Dakota and the country continue to express a need for effective risk management tools, and it is important that we make sure our producers have crop insurance," he says. "As Congress works to pass a long-term farm bill this fall, I am committed to working to ensure that the bill includes enhanced crop insurance and similar provisions that will provide

producers with the market-based safety net they need to deal with volatile markets and weather so that American consumers continue to enjoy the highest quality, lowest cost food supply in the world."

Stallman notes that the No. 1 reason a new farm bill is critical is because another extension does not give farmers and ranchers the certainty they need to plan the crops they intend to grow and obtain financing ahead of time.

Earlier this week, U.S. Agriculture Secretary Tom Vilsack said "there is no support" for an extension of the farm bill in the Senate.

"It just simply rewards failure, and this needs to get done," Vilsack says.

While both chambers have passed their respective versions of the bill, the House has not appointed members to a conference committee to reach a compromise on final legislation.

Jerry Slominski, senior vice president of legislative affairs and economic

policy for the International Dairy Foods Association (IDFA), says that although the exact process in Congress remains unclear, IDFA expects that Congress will begin resolving differences between the House and Senate farm bill soon.

However, Slominski also says that with only a few legislative days left before the current farm bill expires, stakeholders should not be surprised if at least one more short-term extension passes before a final bill is completed. CMN

## LEPRINO

Continued from page 1

is offering employees at the Ravenna plant severance pay, health care benefit continuation assistance, potential opportunities at other Leprino locations

**"We are confident that we will continue to meet our customers' needs with the plant upgrades and expansions we have put in place and the milk supply supporting our facilities."**

Mike Reidy  
LEPRINO FOODS

with relocation assistance and a retention bonus program to those employees who stay with us through the plant

closing date. Further, employees will be able to meet with state employment officials as well as career development professionals during the time leading up to the closing date to maximize opportunities for a smooth transition."

Reidy says the company is committed to producing the best dairy foods and ingredients in the world.

"We are confident that we will continue to meet our customers' needs with the plant upgrades and expansions we have put in place and the milk supply supporting our facilities," Reidy says. "We will be utilizing the technological advances and capacity increases at other Leprino Foods facilities, specifically at Fort Morgan (Colo.). Production and supply to our customers will be the top priority — our customers will continue to seamlessly receive their orders without interruption from our Fort Morgan, Colo., Tracy, Calif., and Remus, Mich., facilities."

Reidy adds that the decision was a difficult one for the company.

"We remain very grateful to the employees who have dedicated their service over the years," he says. CMN

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## NEWS/BUSINESS



## WHEY

Continued from page 1

revenue stream.”

Molitor adds that meat applications — marinades and preservatives in particular — could be a possible use because they already utilize organic acids and other minerals like sodium, potassium and chloride.

Meanwhile, Dave Barbano, a dairy scientist at Cornell University who specializes in filtration methods geared toward the recovery of protein, says that the small amount of protein in acid whey also could be extracted and used in other consumer goods, such as baby formula. The process would be similar to how sweet whey, a byproduct of cheesemaking, is used to produce other consumer products like muscle-building supplements.

“There are a lot of people coming in and out of New York state looking at whether this is a good opportunity for investment,” Barbano says.

Barbano made his comments at the “Yogurt Summit” hosted by New York Gov. Andrew Cuomo last year. The event was aimed at finding ways to grow and support the state’s exploding yogurt industry.

New York has become the hub of Greek yogurt production. The state produced 692

million pounds of yogurt in 2012, which is up from the 554 million pounds it produced in 2011. New York’s yogurt production has nearly tripled over the last five years, according to Cuomo’s staff. There are currently 27 Greek yogurt processing facilities in New York, including industry giants Chobani and Fage. Plans also call for Muller Quaker Dairy and Alpina Foods both to begin production in new facilities in Batavia, N.Y., by the end of the year.

In public statements, both Chobani and Fage say that the vast majority of acid whey from their operations is used to power energy-generating anaerobic digesters or is incorporated into local farmers’ livestock nutrition plans.

Fage says it pipes up to 80 percent of the acid whey from its Greek yogurt plant in Johnstown, N.Y., to the nearby Gloversville-Johnstown wastewater treatment plant. There, the acid whey goes into a 1.5 million-gallon tank filled with anaerobic bacteria (which is called an anaerobic digester). The methane gas that results becomes combustible fuel that generates almost enough electricity to power the entire wastewater treatment plant. Plant officials say that 500,000 gallons of whey come into the plant each week, which accounts for about two-thirds of the organic waste in the digester. Without the energy producing generators, energy costs for the plant would top \$500,000 per year. Including the Gloversville-Johnstown wastewater treatment plant, there are four municipal

wastewater facilities in New York that accept acid whey.

Fage says it ships the remaining 20 percent of its acid whey to local farms. There, it can be added to on-farm anaerobic digesters or mixed into feed for livestock.

Chobani, in a company statement, says it returns “most” of the acid whey that results from producing Greek yogurt to local farmers.

“At Chobani, we are committed to being a good community partner. That includes finding responsible uses for whey, a natural byproduct of the process to create authentic strained Greek yogurt. We are constantly exploring the best ideas and options for beneficial whey use,” says Amy Juaristi, director of public relations, Chobani. “Right now, we choose to return whey to farmers, most of whom use it as a supplement to their livestock feed. Some is used as a land-applied fertilizer but only at farms that have nutrient management plans in place with the state environmental conservation agency. A small percentage is also sent to community digesters, where the whey is used to produce energy.”

New York Energy Research and Development Authority is looking at ways to make anaerobic digesters more plausible on smaller farms. Price estimates for a digester on a small farm top \$4.5 million, which makes it unrealistic for many farmers. However, the New York Energy Research and Development Authority has

discussed doubling its maximum grant incentive for farmers to install anaerobic digesters from \$1 million to \$2 million to spur more widespread use.

Using acid whey to produce food ingredients and electricity both show promise for more widespread use in the future. Arla Foods Ingredients, however, says it has devised a system that eliminates acid whey byproduct all together.

“At Arla Foods Ingredients, we have long recognized the difficulties presented by the high levels of acid whey in traditional Greek yogurt manufacturing,” says Torben Jensen, application manager, Arla Foods Ingredients. “To address this very issue, we have developed a Nutrilac protein solution that enables yogurt manufacturers to produce Greek and Greek-style yogurt at their existing plant, completely eliminating acid whey without compromising quality or taste.”

The company says its Nutrilac proteins for Greek yogurt are designed for use in conjunction with its “Quick” process — a manufacturing technique that eliminates the need for the whey separation step associated with traditional Greek yogurt making.

“This means that virtually 100 percent of the milk used in the manufacturing process ends up in the final product,” Jensen adds.

Looking to the future, researchers are optimistic that new technologies and methods will be developed to deal with acid whey in more sustainable, economically-beneficial ways. CMN

## NASS

Continued from page 1

below June’s 909.8 million pounds. On an average daily basis, July cheese production was down 3.3 percent from June.

Mozzarella was the most-produced cheese in July, totaling 307.2 million pounds, a 5.3-percent increase vs. a year earlier. Total Italian-type production, of which Mozzarella is the largest component, was 392.7 million pounds in July, up 6.4 percent vs. July 2012.

Cheddar production totaled 261.0 million pounds in July, up 0.8 percent from a year earlier. American-type cheese production, of which Cheddar is the largest component, totaled 360.1 million pounds in July, up 1.0 percent from July 2012.

Wisconsin led the nation’s total cheese production with 233.5 million pounds in July, an increase of 4.1 percent vs. July 2012. California followed with 188.5 million pounds, up 1.6 percent from its production a year earlier.

The next four cheese-producing states in July were Idaho with 74.1 million pounds, up 1.7 percent from its production a year earlier; New Mexico with 63.7 million pounds, up 9.8 percent; New York with 61.9 million pounds, up 3.4 percent; and Minnesota with 53.5 million pounds, up 9.3 percent.

NASS reports total U.S. butter production in July was 134.3 million pounds, up 0.5 percent from July 2012’s 133.6 million pounds and lagging June’s 140.8 million pounds.

California is the leading butter-producing state with 47.0 million pounds produced in July, a 5.5-percent decline from a year earlier. CMN

## Dairy Product Production — July 2013

	July 12	July 13	% Change	YTD 2012 <sup>2</sup>	YTD 2013 <sup>2</sup>	% Change
<b>Cheese</b>						
American types <sup>1</sup>	356,523	360,110	1.0	2,537,890	2,596,347	2.3
Cheddar	258,839	261,016	0.8	1,851,527	1,897,673	2.5
Other American	97,684	99,094	1.4	686,363	698,674	1.8
Blue & Gorgonzola <sup>1</sup>	7,440	7,686	3.3	52,081	57,324	10.1
Brick & Muenster	13,730	14,166	3.2	93,985	95,635	1.8
Cream & Neufchatel	67,197	65,848	-2.0	445,061	452,892	1.8
Feta	9,220	9,291	0.8	64,627	59,330	-8.2
Gouda	1,285	4,300	234.6	21,789	26,958	23.7
Hispanic	19,149	20,010	4.5	130,005	136,942	5.3
Italian types	369,228	392,740	6.4	2,709,647	2,757,415	1.8
Mozzarella	291,703	307,237	5.3	2,120,745	2,148,763	1.3
Parmesan	20,615	28,600	38.7	178,823	197,605	10.5
Provolone	29,779	28,695	-3.6	207,106	207,641	0.3
Ricotta	17,262	19,195	11.2	132,865	133,877	0.8
Romano	3,890	2,867	-26.3	28,998	27,460	-5.3
Other Italian	5,979	6,146	2.8	41,110	42,069	2.3
Swiss	26,899	25,436	-5.4	190,821	173,861	-8.9
All other types	12,350	9,971	-19.3	85,337	90,469	6.0
<b>TOTAL CHEESE</b>	<b>883,021</b>	<b>909,558</b>	<b>3.0</b>	<b>6,331,243</b>	<b>6,447,173</b>	<b>1.8</b>
Butter	133,581	134,296	0.5	1,133,098	1,149,214	1.4
Cottage cheese - curd	36,106	34,208	-5.3	250,040	231,083	-7.6
Cottage cheese - creamed	28,882	27,784	-3.8	190,257	182,495	-4.1
Cottage cheese - lowfat	32,440	32,773	1.0	229,151	223,192	-2.6
Sour Cream	101,510	104,445	2.9	723,307	721,289	-0.3
Yogurt (Plain & Flav.)	355,173	395,759	11.4	2,591,262	2,728,375	5.3
Dry Whole Milk	4,964	9,426	89.9	33,492	42,503	26.9
NDM - Human	140,169	115,666	-17.5	1,205,359	987,971	-18.0
Skim Milk Powders	37,240	53,131	42.7	168,181	344,590	104.9
Dry Skim - Animal	900	906	0.7	6,424	5,794	-9.8
Dry Buttermilk	6,988	8,771	25.5	66,675	77,284	15.9
Cond. Whey - Human	7,928	6,793	-14.3	61,010	56,174	-7.9
Dry Whey - Human	75,893	72,026	-5.1	574,232	535,879	-6.7
Dry Whey - Animal	3,895	4,144	6.4	33,244	27,568	-17.1
Lactose - Human & Animal	84,358	85,755	1.7	606,448	615,733	1.5
WPC - Human	31,673	38,380	21.2	241,806	268,821	11.2
WPC - Animal	2,201	700	-68.2	17,140	5,879	-65.7
WPC 25.0-49.9 Percent	17,617	20,114	14.2	140,372	133,850	-4.6
WPC 50.0-89.9 Percent	16,257	18,966	16.7	118,574	140,850	18.8
Protein Isolates	4,936	7,747	56.9	38,362	48,554	26.6
Ice Cream, hard	75,189	76,980	2.4	497,839	495,155	-0.5
Ice Cream, lowfat, total	43,934	41,939	-4.5	299,155	265,947	-11.1
Frozen Yogurt	6,513	6,519	0.1	46,849	44,103	-5.9

Notes: Production reported in thousands of pounds, except frozen products, which are reported in thousands of gallons.

Source: USDA. All production percentages are rounded.

<sup>1</sup>Includes, Cheddar, Colby, Monterey and Jack. <sup>2</sup>YTD includes current plus revised previous months' data.

# NEWS/BUSINESS



## SensoryEffects acquires creamer business of Quality Ingredients

BRIDGETON, Mo. — SensoryEffects, a portfolio company of the Dallas-based private investment firm Highlander Partners L.P., has acquired the dairy and non-dairy creamer business of Quality Ingredients Corp (QIC). Included in the acquisition are QIC's Marshfield, Wis., manufacturing site, a Filtermat spray dryer and other dry blending equipment, formulas, technology, trademarks and intellectual property. With the divestment of its creamer business, QIC will focus solely on its growing contract manufacturing and specialty ingredient business.

In combination with the acquisition, SensoryEffects has expanded its

existing senior credit facility to \$100 million.

"We are excited to further our ability to deliver customized food and beverage ingredients by expanding our spray drying capabilities, capacity and experience," says Charles A. Nicolais, president and CEO, SensoryEffects. "The Filtermat dryer will give us the ability to tailor products that meet our customers' increasing needs for high performance ingredient solutions."

Nicolais says the QIC emulsified powder business includes creamers, whipped toppings and other specialty dairy and non-dairy products, which will be integrated into the Senso-

ryEffects Powder Systems division. The company now will possess a range of spray drying capabilities at production sites in Defiance, Ohio; Bridgeton, Mo., Reading, Pa.; and Marshfield, Wis.

"The addition of Quality Ingredients' Marshfield manufacturing site marks a major milestone in the evolution of SensoryEffects," Nicolais adds. "It is the 12th and largest acquisition to date for the platform, and solidifies SensoryEffects' leadership in the spray drying industry. We remain excited about the growth opportunities for the business and continue to evaluate further potential acquisitions." CMN

## Aurora Organic Dairy expands High Plains Dairy Complex

EATON, Colo. — Aurora Organic Dairy has expanded its High Plains Dairy Complex here by 3,200 cows, which brings the facility's herd size to 22,000 cows.

The organic milk and butter producer has expanded in each of the last six years. This most recent expansion includes a milking barn with a rotary milking parlor.

Aurora Organic also added 4,000 acres of farmland and pasture as a result of the expansion. The company grows organic corn and alfalfa used to produce cow feed, and the acreage provides dairy cows greater access to pasture. Organic regulations require that at least 30 percent of an organic dairy cow's food comes from pasture during grazing season.

Employing nearly 525 people, Aurora Organic Dairy also has two dairy facilities in Texas. CMN

## Oregon lawmakers vote to fund program for fermentation

CORVALLIS, Ore. — Oregon lawmakers recently approved \$1.2 million for Oregon State University to enhance the Agricultural Experiment Station's fermentation sciences program.

The funding will support university research in all aspects of the production of cheese, wine, beer, breads and distilled spirits, all products of fermentation.

Fermentation adds value to many of Oregon's crops, says Bill Boggess, interim director, Oregon Wine Research Institute. For example, he adds, artisan cheese increases the value of a gallon of milk tenfold. In addition, distillation adds significant value to fruits and grains.

Among other enhancements to the existing program, the funding will help establish a new research distillery at OSU, adding another key feature to its fermentation program.

Funding also will support research into the sustainable production of high quality ingredients used in fermentation, with emphasis on milk production research and teaching at the OSU Dairy herd and student experience producing Beaver Classic cheese.

The program began in 1995 when the Oregon legislature voted to match a \$500,000 gift from Jim Bernau to establish the nation's first endowed professorship in fermentation science. It quickly grew into a full suite of programs in brewing science, enology and viticulture, dairy and breads.

The legislative funding will expand OSU's fermentation research in areas such as: cheese fermentation methods for greater consistency and food safety. CMN



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