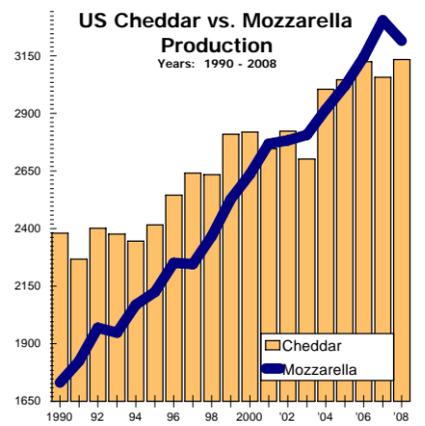




CHEESE REPORTER

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US Cheese Production Hit Record High Of 9.84 Billion Pounds In 2008

Cheddar Output Sets New Record; Mozz Production Posts Rare Decline

Washington—US cheese production last year totaled a record-high 9.838 billion pounds, up 1.4 percent, or almost 138 million pounds, from 2007, the US Department of Agriculture (USDA) reported Wednesday.

Last year marked the 17th straight year that US cheese production has set a new record. The last time cheese output declined was in 1991.

December cheese production totaled 856.9 million pounds, up 1.1 percent from December 2007. That was the second straight month that cheese output had expanded by 1.1 percent from a year earlier.

Cheese production in the three regions during December, with comparisons to December 2007, was as follows: Central, 382.8 million pounds, up 5.0 percent; West, 358.9 million pounds, down 0.8 percent; and Atlantic, 115.3 million pounds, down 4.9 percent.

December cheese output in the leading states, with comparisons to December 2007, was as follows: Wis-

consin, 215.8 million pounds, up 1.7 percent; California, 179.8 million pounds, down 5.1 percent; Idaho, 68.7 million pounds, up 2.6 percent; New York, 65.6 million pounds, down 4.5 percent; Minnesota, 57.4 million pounds, up 4.8 percent; New Mexico, 51.1 million pounds, down 2.5 percent; Pennsylvania, 34.1 million pounds, down 0.5 percent; South Dakota, 19.5 million pounds, up 7.3 percent; Iowa, 15.8 million pounds, up 17.0 percent; and Ohio, 15.8 million pounds, down 5.1 percent.

American-type cheese production during December totaled 359.4 million pounds, up 6.8 percent from December 2007. For all of 2008, American-type cheese production totaled 4.055 billion pounds, up 4.6 percent from 2007 and the first time ever over 4.0 billion pounds.

American-type cheese production in the leading states during December, with comparisons to December 2007, was as follows: Wisconsin, 72.6 million pounds, up 6.5 percent; California, 56.7 million pounds, down 9.9 percent; Minnesota, 49.9 million pounds, up 0.1 percent; Oregon, 14.9 million pounds, up 58.9 percent; and

Iowa, 12.9 million pounds, up 16.2 percent.

Cheddar production in December totaled 283.7 million pounds, up 6.7 percent from December 2007. For all of 2008, Cheddar production was a record 3.133 billion pounds, up 2.5 percent from 2007.

Italian-type cheese production during December totaled 359.2 million pounds, up 0.1 percent from December 2007. For all of 2008, Italian-type cheese output totaled 4.104 billion pounds, down 0.7 percent from 2007's record output.

Italian-type cheese output among the leading states during December, with comparisons to December 2007, was as follows: California, 104.6 million pounds, down 3.7 percent; Wisconsin, 103.5 million pounds, up 3.9 percent; New York, 35.2 million pounds, up 1.6 percent; and Pennsylvania, 21.9 million pounds, up 5.3 percent.

Mozzarella production during December totaled 277.6 million pounds, down 3.7 percent from December 2007. For all of 2008, Mozzarella output totaled 3.214 bil-

• See **Record Output**, p. 6

Obama Promises Review Of FDA Operations; More Food Safety Bills Introduced; CU Wants FDA To Inspect Every Food Plant Annually

Washington—Food safety in general and the food-safety efforts of the Food and Drug Administration (FDA) in particular remained on the center stage here this week as the fallout continued from the Salmonella outbreak linked to a Georgia peanut processor.

President Obama has promised a comprehensive review of FDA in the wake of that outbreak, which has led to a massive recall of products ranging from ice cream to cookies.

"I think that the FDA has not been able to catch some of these things as quickly as I expect them to catch," Obama said in an interview aired Monday on NBC's "Today" show. "And so we're going to be doing a complete review of FDA operations."

After Obama announced the FDA review, Consumers Union (CU), which publishes Consumer Reports magazine, said the peanut butter recall underlines critical weaknesses in FDA's inspection and enforcement capacity, and called on Congress to require the agency to inspect all food plants annually.

"Congress should require FDA to inspect every food producer in the United States at least once a year, and provide funding through registration fees for this work," said Jean Halloran, director of food policy initiatives for Consumers Union.

"The FDA has been so severely weakened by cutbacks in staffing and funding, and is so poorly equipped to deal with today's food industry, with its mass production and distribution systems and global sourcing of ingredients, that it can no longer keep food safe," Halloran said. "The first step in overhauling the FDA should be requiring that processing plants are inspected every year."

A recent Consumers Union poll found that two-thirds of Americans want FDA to inspect domestic and foreign food processing facilities at least once a month.

• See **Food Safety Bills**, p. 10

Efforts Continue To Get USDA To Address Low Dairy Product, Milk Prices

Washington—Dairy and farm organizations and others are continuing their efforts to get the US Department of Agriculture (USDA) to address problems related to low milk and dairy product prices.

Last Friday, 35 members of the US Senate told US Secretary of Agriculture Tom Vilsack that, since last summer, the dairy industry "has been grappling with a serious imbalance which threatens the stability and future" of dairy farmers.

"Falling domestic prices combined with relatively high input costs have put an extraordinary strain on the entire dairy sector," the senators noted.

Though some input costs have recently stabilized from record highs, "this modest relief is not enough to offset the persistent low prices confronting dairy producers," the senators continued. "Continued low prices could devastate not just dairy

• See **USDA Asked To Help**, p. 3

Sales Potential For Baby Swiss Market Lies In Sliceable Blocks Over Traditional Wheels

Sales Of Grass-Fed, Raw Milk, Organic And Smoked Baby Swiss On Rise

Madison—While classic five-pound Baby Swiss wheels continue to draw specialty sales, real growth opportunity for manufacturers lies in easy-to-slice blocks for retail deli and foodservice customers.

Guggisberg Cheese, Inc. of Millersburg, OH, lays claim to the invention of Baby Swiss over 50 years ago by founder Alfred Guggisberg.

As a Swiss immigrant, Guggisberg created a recipe for Baby Swiss with the hope that Americans would embrace a milder, creamier version of Swiss cheese, said Ryan Ramsey, marketing coordinator, Guggisberg Cheese.

"The reason our founder invented the Baby Swiss cheese was because he felt the traditional American palate was less developed than that of the typical European

consumer," Ramsey said.

Last year, Guggisberg Cheese produced about six million pounds of Baby Swiss. Primary forms of production include four-pound wheels, eight-pound deli loaves, and shingle packs. Cheese is distributed from East Coast markets to as far west as Illinois, Ramsey said.

Over the past decade, production and demand for Baby Swiss have been constantly on the rise, he said.

"We attribute this swelling business to the fact that our product is constantly working its way into new regions, and becoming more of a mainstay in already established markets," Ramsey said. "More and more, people are developing a familiarity with Baby Swiss."

Evolution of the company's website and online shopping have also played an important role in bumping up sales. People visiting our factory from all over the country can

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Baby Swiss

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order products at home and receive them within days, Ramsey said.

Chalet Cheese Cooperative of Monroe, WI, makes roughly 2.5 million pounds of rindless Baby Swiss annually. The cheese is made using whole milk, producing a full-fat, creamy style as opposed to harder, drier traditional Swiss, according to general manager Myron Olson.

Initially, Chalet offered individual six-pound loaves and two-pound pieces of Baby Swiss, gradually increasing available sizes over the years.

One December, the company was short on Baby Swiss slabs and began cutting 40-pound blocks. Customers responded so favorably to the change that Chalet now exclusively offers Baby Swiss in 40-pound blocks and 20-pound wheels.

The 40-pound blocks can be cut into six-piece deli loaves, one- and two-pound pieces, or sold intact to customers for slicing or chunking. The majority of Chalet's Baby Swiss is sold in 40-pound blocks.

Specialty cheese stores throughout Wisconsin favor Chalet's 20-pound Baby Swiss wheels; 40-pound blocks are sold nationwide, with customers in California, Michigan and Georgia.

"Even though it's a small quantity that we produce, it does get around throughout the nation," Olson said.

The bulk of Chalet's sales are dedicated to retail accounts, with customers doing their own cutting and chunking, he continued.

In the past year, Olson said he can think of at least two or three Baby Swiss manufacturers that dropped production. Still, there seems to be a growing demand for the cheese, he said.

"Maybe less players, but our pro-

duction is up from where it was 10 years ago," Olson said. "As far as some of the others, I think their production is up, too."

Demand for Baby Swiss from Swiss Valley Farms of Davenport, IA – one of the country's largest Baby Swiss manufacturers – has stayed relatively constant over the past decade, according to marketing manager Stacy Wand.

Swiss Valley makes Baby Swiss in three forms: five-pound wheels, seven- to eight-pound deli cuts and 10-pound bread loaves. Wheels are the bulk of business, followed by deli cuts, and bread loaves represent a small portion of manufacturing, Wand said.

Products are marketed nationwide, mostly through retail deli and grocery stores.

"Packaging demands are ever-changing, so we must be prepared to change with market demands," Wand said. "For example, bread loaf sizes are decreasing, while Baby Swiss used in slicing operations is increasing."

Traditional Five-Pound Wheel Looks Great In Case, But Difficult To Slice

When most people picture Baby Swiss, they see a traditional five-pound wheel decked out in shiny red packaging.

"You put it in the display case and it looks nice," Olson said. "When we started in the late 1970s, wheels were popular, but it's like – how do you cut and slice it for the deli?"

So Chalet investigated making Baby Swiss in squares and triangles – staying away from traditional wheels because "that's what everyone else was making," Olson said.

Cutting Baby Swiss is a major concern for retailers, who want to know how the cheese can be sliced and packaged for a pleasant display, and

how small it can be cut.

"If you have a wedge piece, it's nice to cube it, but it's hard to put it on a sandwich," Olson said.

"Where we've seen growth is making a Baby Swiss style you can cut and slice," he said. "Can you imagine the headache of taking a five-pound wheel and trying to slice and package it?"

When customers began requesting 20-pound Baby Swiss cuts from Chalet Cheese, one thing they were looking for was smaller eye holes due to slicing concerns, Olson said.

"They would rather have more eyes in a package than one big eye to throw weights off," he said. "People still think that having one big eye is nice, but it's almost better to have more eyes for better flavor distribution."

Steve Ehlers, owner of Larry's Market in Brown Deer, WI, said he likes using five-pound Baby Swiss loaves because many times, the customers want it sliced.

"Also, that shape is better suited to slicing for sandwiches or quick cubing for trays," Ehlers said. "If it's in a wheel, that will not happen."

"In my situation as a cheese shop and deli, I always look for the best opportunity to use product in both areas that is easiest for the staff," he continued.

Still, other retailers stick to traditional wheels. Ari Weinzwieg, founding partner of Zingerman's Community of Businesses (ZCoB) in Ann Arbor, MI – including Zingerman's Delicatessen, Zingerman's Mail Order and Zingerman's Creamery, said his operation won't pre-cut anything.

"All we do is cut to order from full wheels," Weinzwieg said.

"For us, that's the best way to get the cheese to the guest at the quality level we're committed to," he continued.

Niche Markets For Baby Swiss: Raw Milk, Grass-Fed, Organic & Smoked Trends for grass-fed, organic and raw milk Baby Swiss are on the rise, according to Jon Weber, general manager of Penn Cheese Corporation, Winfield, PA.

In 2008, Penn Cheese manufactured a little over 800,000 pounds of Baby Swiss in a variety of shapes and sizes, including wheels, loaves and blocks.

Penn Cheese markets its Baby



photo courtesy of the Wisconsin Milk Marketing Board

Swiss to foodservice, private label and retail markets, and has seen production demand remain fairly constant to mildly increasing over the past several years – particularly for organic, grass-fed and raw milk Baby Swiss styles, Weber said.

"People still think that having one big eye is nice, but it's almost better to have more eyes for better flavor distribution."

—Myron Olson,
Chalet Cheese Cooperative

"The country as a whole is moving in the direction of 'going green' and cheese consumers are no different," Ramsey added.

Guggisberg Cheese debuted its line of grass-fed Baby Swiss in spring 2007 and the cheese immediately became one of the company's top 10 best-selling items, according to Ramsey.

A few years back, Chalet Cheese offered an organic version of its Baby Swiss until there was a shortage of available organic milk, Olson said.

"Now, it's gone the other way," he said. "We don't have production to do the organic."

Rather, Chalet Cheese has found success with a smoked version of Baby Swiss, which it has been making for over 15 years. The company naturally smokes each cheese rather than adding liquid smoke, utilizing a local smokehouse to produce the flavorful Baby Swiss style.

Marketing Baby Swiss As Unique Penn Cheese Corporation's Jon Weber emphasized that Baby Swiss and traditional Swiss are two very different cheeses and should be mar-

• See **Baby Swiss** →

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Baby Swiss

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keted as such.

“With the creamier, smoother flavor and feel, Baby Swiss wins its appeal through its taste and texture,” Weber said.

Baby Swiss is a specialty cheese that deserves its own niche market, said Swiss Valley Farms’ Stacy Wand.

Compared to traditional Swiss, Baby Swiss – being higher in fat and moisture – provides a much softer mouthfeel and milder flavor, Wand said.

“Swiss Valley Farms markets Baby Swiss as a specialty cheese,” Wand continued. “There is a much larger market demand for traditional Swiss at retail, foodservice and industrial, so our marketing efforts for Baby Swiss are more focused at the retail level.”

“With the creamier, smoother flavor and feel, Baby Swiss wins its appeal through its taste and texture.”

—Jon Weber, Penn Cheese Corporation

Chalet Cheese markets its Baby Swiss as a quality option to traditional Swiss, Olson said.

“When you buy our Baby Swiss, you’re going to have eyes, you’re going to have that nice creaminess – so we’ve always marketed ours as a high-end, quality product,” he continued.

We’re also proud of the fact that we’ve backed our quality claim with a number of awards, including the Grand Champion title in the 1985 United States Championship Cheese Contest, Olson said. In 2007, Chalet swept the Baby Swiss category in the US Championship Contest.

Guggisberg also markets its Baby Swiss and traditional Swiss as unique products, Ramsey said. Baby Swiss is a mild cheese with a smooth, creamy texture and traditional Swiss, by comparison, is harder in texture with a stronger, nuttier flavor.

“I find that – for the most part – our customers enjoy both cheeses,” Ramsey said. “However, when it comes right down to it, they seem to take a side on whether they’re a Baby Swiss person or a traditional Swiss person. It’s always fun to see a customer identify with a cheese.”

There is no federal standard of identity for Baby Swiss, although Wisconsin in the 1980s developed its own standard for the cheese. Under Wisconsin’s standard, Baby Swiss has round, well-formed holes developed throughout the cheese, a minimum milkfat content of 45 percent and maximum moisture content of 43 percent. r

Number Of Milk Goats In US Continues To Climb; Wisconsin Leads All States In Number Of Milk Goats

Washington—As of January 1, 2009, there were 335,000 milk goats in the US, up 12,000 head, or 3.7 percent, from January 1, 2008, according to figures released last Friday by USDA’s NASS.

Wisconsin had a total of 40,000 milk goats as of January 1, 2009, 5,000 more milk goats than a year earlier, figures in the *Sheep and Goats* report show. That increase moved Wisconsin into first in the number of milk goats.

Slipping from first to second in milk goats was California; as of January 1, 2009, California had 37,000 milk goats, 1,000 more than on January 1, 2008.

Iowa, which had 24,500 milk goats, 2,000 head more than on January 1, 2008, ranked third.

Texas had 20,000 milk goats as of January 1, 2009, 1,000 fewer than on January 1, 2008. Pennsylvania had 14,500 milk goats as of January 1, up 1,500 head more than a year earlier.

There were 13,550 milk goats in New York at the beginning of this year, 1,550 more than last year. Minnesota had 11,500 milk goats on January 1, 2009, 500 more.

New England had 10,500 milk goats as of January 1, 2009, 1,500 less than on January 1, 2008. Indiana also had 10,500 milk goats as of January 1, 2009, 500 more than last year.

Four other states had 9,000 or more milk goats as of January 1, 2009. Those states, the number of milk goats they have, and the change since January 1, 2008, are as follows:

Missouri, 9,000 head, unchanged; North Carolina, 9,500 head, up 1,500 head; Ohio, 9,000 head, down 1,000 head; and Oregon, 9,200 head, up 1,200 head.

Four states had 7,000 or more milk goats as of January 1, 2009. Those states, the number of milk goats they have, and the change since January 1, 2008, are as follows: Colorado, 8,300 head, up 300 head; Kentucky, 7,000 head, up 1,000 head; Michigan, 8,700 head, up 300 head; and Oklahoma, 8,000 head, unchanged.

Three states had 5,000 or more milk goats as of January 1, 2009. Those states, the number of milk goats they have, and the change since January 1, 2008 are as follows: Florida, 6,000 head, unchanged; Illinois, 5,500 head, up 500 head; and Tennessee, 5,800 head, unchanged. r

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