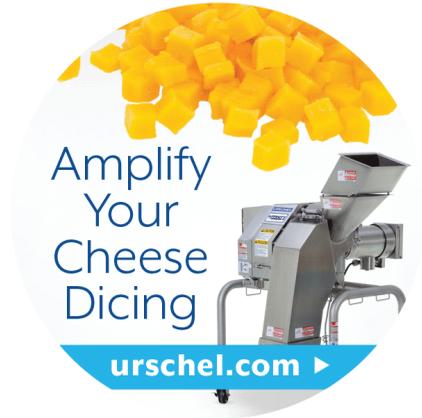




CHEESE REPORTER

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Global Dairy Industry Will Face Numerous Uncertainties In Future

Pandemic, Trade Deals, Plant-Based Foods, Environmental Laws Expected To Have Impacts

Paris, France—The global dairy industry will face a number of uncertainties over the next decade, including long-term effects from the coronavirus pandemic as well as trade agreements, plant-based dairy alternatives, and environmental legislation, according to a report released this week by the UN's Food and Agricultural Organization (FAO) and the Organization for Economic Cooperation and Development (OECD).

The *OECD-FAO Agricultural Outlook 2021-2030* provides a consensus assessment of the 10-year prospects for 40 main farm and fisheries products, including dairy, analyzing the drivers of performance in the agri-food markets and helping to inform forward-looking policy analysis and planning.

The effect of the pandemic on the dairy sector was "relatively modest," contrasting with initial concerns that the sector was particularly vulnerable, the report said. The pandemic had the largest effect on world butter prices com-

pared to other dairy prices due to the loss of demand for milkfat from the hospitality sector. Butter prices fell the most sharply in 2020, compared to the whole milk powder price which declined by a smaller margin, and cheese and skim milk powder prices, which increased.

World dairy exports and imports had been steadily growing in previous years, but in 2020 growth was flat, the report noted. Transportation slowdowns, disruptions in the value chain, and reduced demand all contributed to the change in export and import growth. Overall, however, the dairy sector adapted quickly and mitigated many of the initially drastic effects seen in the earlier months of the pandemic.

While the dairy sector was relatively stable in the wake of the pandemic, there may be structural changes that will have long-term effects, according to the report. Vaccination rates, which are tied to the reduction of restrictions and economic recovery, vary substantially across regions, which will

have an impact on dairy products like cheese, which are often consumed away from home.

At the same time, there may be a shift to more at-home cooking and baking, and an increased focus on foods that consumers view as wholesome and healthy.

The pandemic has also lowered the projected overall GDP level in many countries. This has implications for the dairy sector, as increased dairy consumption is tied to per capita income growth in many regions.

The effects of a staggered global recovery are also unclear, as there may be longer-lasting implications for supply chains that span diverse regions.

Changes to or the creation of trade agreements would affect dairy demand and trade flows, the report pointed out. The US-Mexico-Canada Agreement (USMCA) is expected to influence dairy trade flows in North America, with members gaining increased access to domestic dairy markets.

The new trade relationship between the European Union (EU)

• See **Dairy Uncertainties**, p. 10

Cheese Production Rose 5.0% In May; New Mexico's Output Topped Idaho's

Washington—US cheese production during May totaled 1.16 billion pounds, up 5.0 percent from May 2020, USDA's National Agricultural Statistics Service (NASS) reported last Friday.

Cheese production during the first five months of this year totaled 5.65 billion pounds, up 4.0 percent from the first five months of last year.

Regional cheese production in May, with comparisons to May 2020, was: Central, 554.9 million pounds, up 9.2 percent; West, 461.7 million pounds, up 0.7 percent; and Atlantic, 139.5 million pounds, up 3.7 percent.

May cheese production in the states broken out by NASS, with comparisons to May 2020, was: Wisconsin, 295.6 million pounds, up 5.1 percent; California, 207.3 million pounds, down 1.9 percent; New Mexico, 82.5 million pounds, up 2.5 percent; Idaho, 79.5 million pounds, down 1.4 percent; New York, 73.5 million pounds, up 3.7 percent; Minnesota, 64.3 million pounds, up 4.5 percent; South Dakota, 39.1 million pounds, up 3.9 percent; Pennsylvania, 37.7 million pounds, up 8 percent; Iowa, 29.7 million pounds, up 5.1 percent; Oregon, 20.1 million pounds, up 5.1 percent; Ohio, 19.6 million pounds, down 2.7 percent; Vermont, 12 million pounds, down

• See **Cheese Output Up**, p. 6

Referendum To Terminate California's Quota Implementation Plan By 2025 Defeated

Sacramento, CA—A referendum that would have terminated California's Quota Implementation Plan (QIP) effective Mar. 1, 2025, and would have also equalized regional quota adjusters such that the quota premium in all counties equaled \$1.43 per hundredweight, failed to garner enough dairy producer support to be adopted, the California Department of Food and Agriculture announced last Friday.

In order for the referendum to be approved, not less than 51 percent of the total number of eligible producers in the state had to vote and one of the following criteria

• See **QIP To Continue**, p. 21

Tosca, Arena Do Not Foresee Easing Of 640 Pound Box Shortage Before Fall

Green Bay, WI—The cheese industry is no different than other industries when it comes to supply chain shortages.

In May of this year, supply chain problems came to the 640-pound cheese block segment with both suppliers of 640-pound boxes, Tosca and Arena Products, announcing pending concerns.

Due to the uncertainty caused by the pandemic, refilling the cheese supply line upon the country reopening after the pandemic; slow retail sales of cheese; and more have contributed to the "unforeseen" box shortage, the two box suppliers stated.

Jon Kalin is the chief commercial officer of Tosca. Tosca has the largest fleet of 640 cheese boxes in the industry.

Back in December 2020, Kalin said Tosca's 640 in-house inven-

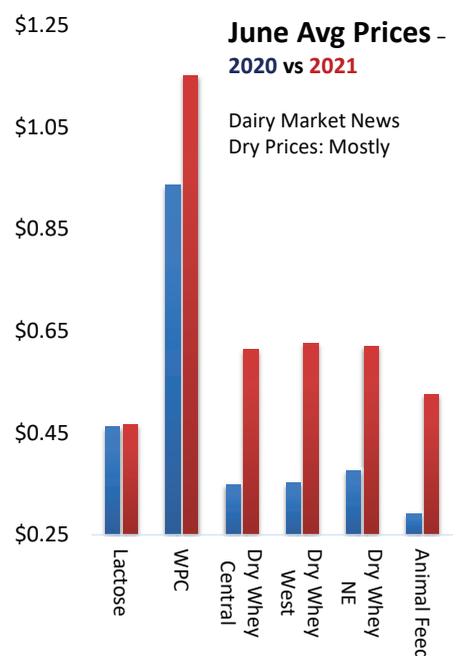
tory was at an all-time high.

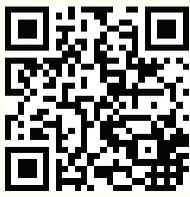
"We were buying more boxes to handle forecasts," Kalin said. "We thought we were in pretty good shape. This year, every week, there has been a massive imbalance of outbound versus returns, so that very large inventory that was at historic highs, decreased and decreased to the point we are now."

Since the beginning of the year, Tosca said they averaged about 3,000 less boxes coming in compared to what they ship each week. The company said they have only had two weeks where returns exceeded shipments.

"It's largely dependent on returns but at the moment we are struggling to meet the level of demand that we have right now."

• See **640 Box shortage**, p. 18





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GUEST EDITORIAL

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Focusing on No. 98, and Beyond, for Collegiate Judging Contest

The Collegiate Dairy Products Evaluation Contest, which began in 1916 as the "Students Butter Judging Contest," has had its share of understandable interruptions. World War I and II halted the event and – of course – it happened again last year during the COVID-19 crisis.

So, while we should be past our 100th contest, we're still a bit short. But we'll happily celebrate a return to normalcy for our 98th gathering in April 2022, which will be hosted by the Wisconsin Cheese Makers Association in Milwaukee.

While the rest of the country may have adapted to a virtual Zoom world, the concept of judging dairy products is something you have to see, taste and smell in person. The critical sensory attributes just don't translate over a monitor!

I was happy and humbled to take on the role of contest coordinator two years ago, but I have been part of this event for more than 12 years. Before joining Dairy Management Inc. (DMI), where I serve as vice president of product innovation and food safety, I was part of the research and development team at Kraft Foods. While there, I served as a regional contest Cheddar judge, eventually becoming the lead judge.

My close relationship with the contest has afforded me to see its many benefits.

For the students, this is their time to test their judging skills against their peers across the country as well as industry experts. This is about learning how to evaluate a dairy product's flavors, textures and consistency across six categories: 2-percent milk, butter, vanilla ice cream, Cheddar cheese, strawberry Swiss-style yogurt and cottage cheese. It's also about having the ability to identify defects and relate them back to a cause and effect, a critical component to maintaining food safety and quality.

And in addition to building their resumes and forging relationships, there is a little bit of money to be made for the winners!

For the industry, there is a big play here as well. This is an opportunity for dairy companies to meet our industry's future workforce, and that is a value that should never be understated.

About 100 undergraduate and graduate students from 17 or so of the country's top food science programs, including many from the checkoff-funded National Dairy Foods Research Centers, participate in this event.

These are some of the best collegiate dairy minds, including many whose roots like mine began on a dairy farm.

Upon graduation, these students will seek jobs in research and development, plant supervision, a role with quality and production or some other position related to food science. Their fresh outlooks and innovative concepts are a welcomed necessity to our industry's future, and it should be our collective mission to keep them engaged in dairy as long as we can.

In fact, some of my colleagues on DMI's product research team are former competition participants who continue to use skills they learned from it in their everyday jobs.

Before we get to No. 98, we'll be able to shake off the dust at our regional competition in November. We'll be at Continental Dairy Facilities, a state-of-the-art milk powder and butter company in Michigan. Students will tour this facility, which produces more than 300,000 pounds of nonfat dry milk per day.

We'll also be using a much-needed enhancement to the competition for only the second time: iPads and online software. Yes, the No. 2 pencils, Scantrons and clipboards will take their rightful place as relics of yesterday. This technology will make the contest more efficient and in line with the

way this generation is accustomed to operating. Participants will have access to real-time scoring, and they'll be using the same tools I and other judges use in the US and world championship cheese contests.

It took a lot of work and it's a big step forward, but I can sense the students' excitement for this technology. Its use will allow everyone to feel comfortable and to work out any kinks before heading into nationals.

Being the contest's volunteer lead is a responsibility I don't take lightly. I was born into this industry on a dairy in Fennimore, WI, so I very much have a personal stake in its success and helping to prepare students for their futures. It's my way of giving back to an industry that has given so much to me.

I'm fortunate for the support from DMI and my product research team in this endeavor. They fully understand its value and what it means to our industry's future. It's hard to imagine not having this opportunity for the students. I have seen the hard work they put into it and the joy they get from competing and meeting their peers across the US.

I am committed to getting us not just through the 98th contest but to No. 100 and beyond. Truthfully, no matter what year contest we're on, just being back together in person is a moment worth celebrating.

It'll be great to again feel the excitement and energy in a room filled with dairy's leaders of tomorrow.

Chad Galer studied microbiology at the University of Wisconsin-La Crosse and spent 16 years at Kraft Foods before joining Dairy Management Inc. (DMI) He has served as a judge for the World Championship Cheese Contest and the United States Championship Cheese Contest and also produces "Chad The Cheese Guy" videos for DMI.

EU Milk Production Recovering; More Milk Could Be Channeled To Butter

Brussels, Belgium—European Union (EU) milk collection dropped in the spring due to cold weather that delayed the seasonal peak, but rainfall in May should support grass quality and availability in the upcoming months, leading to an increase in EU milk collection of around 0.8 percent this year, according to the summer 2021 edition of the European Commission's short-term agricultural outlook report.

EU dairy prices continue improving, benefiting from strong world prices driven by Chinese demand, as well as tight supplies in the case of butter, the report said. In April, the EU butter price was around 4,000 euros per ton (5 percent above the five-year average), and the EU skim milk powder (SMP) price reached almost 2,500 euros per ton (44 percent above the five-year average).

The increase in EU butter prices supported the stronger valorization of the butter and SMP production stream, comparable to the valorization of the butter and whole milk powder (WMP) stream, the report noted. From January until April, the former recorded the strongest growth (up 11 percent).

However, stable EU cheese prices (around 3,100 euros per ton for Cheddar) and increasing EU whey prices (at almost 1,000 euros per ton) offered the strongest EU milk valorization (around 57 percent of the EU raw milk price in April), the report pointed out.

On the world market, the EU remains competitive for butter and WMP with the main global supplier (Oceania), according to the report. However, the EU is less competitive than the US for cheese, butter and SMP, which could worsen the EU position in some export destinations, especially for dairy commodities.

Despite the drop in EU milk deliveries in the spring, EU cheese production increased 3 percent during the January-April period, absorbing the majority of milkfat produced. This resulted in less milkfat available for other dairy products, and EU butter production fell below last year's level.

With the expected EU growth, more milk could be channeled to butter (1 percent annual growth) and cheese growth could slow down (0.8 percent annual growth).

During the first quarter of 2021, EU cheese exports declined by 3 percent, mainly due to a drop of EU exports to the United Kingdom (down 21 percent). The evolution of EU cheese shipments to Japan (up 14 percent), Switzerland (up 15 percent) and above all China (up 150 percent), where food services are recovering fast, only partially compensated.

Despite this start, EU cheese exports could recover and increase by 3 percent in 2021, the report predicted. Reduced trade flows to the UK also affected total EU butter exports (down 24 percent).

With an increase in cheese production and strong demand, especially from China, EU whey production increased earlier this year. In January-March, EU whey exports grew by 13 percent, with China representing 41 percent of the total volume traded. The main driver is the rebuilding of the Chinese pig herd and a related increasing need for feed. Because of the uncertainties arising from a resurgence of African Swine Fever

(ASF) in some regions in China, this trend is likely to slow down and EU whey exports could grow by around 7 percent this year.

EU skim milk powder production should also benefit from additional milk in the upcoming months to compensate for a decline in January-April (down 6 percent) and continue its long-term production growth. An estimated annual growth of 2.5 percent could be supported by an increase in EU exports (up 6 percent) and relatively stable domestic processing use.

During the first quarter of 2021, the EU increased its SMP shipments to the Asian markets (China, up 5 percent; Indonesia, up 87 percent; Philippines, up 129 percent) despite a competitive US SMP price. EU prospects there are expected to remain positive,

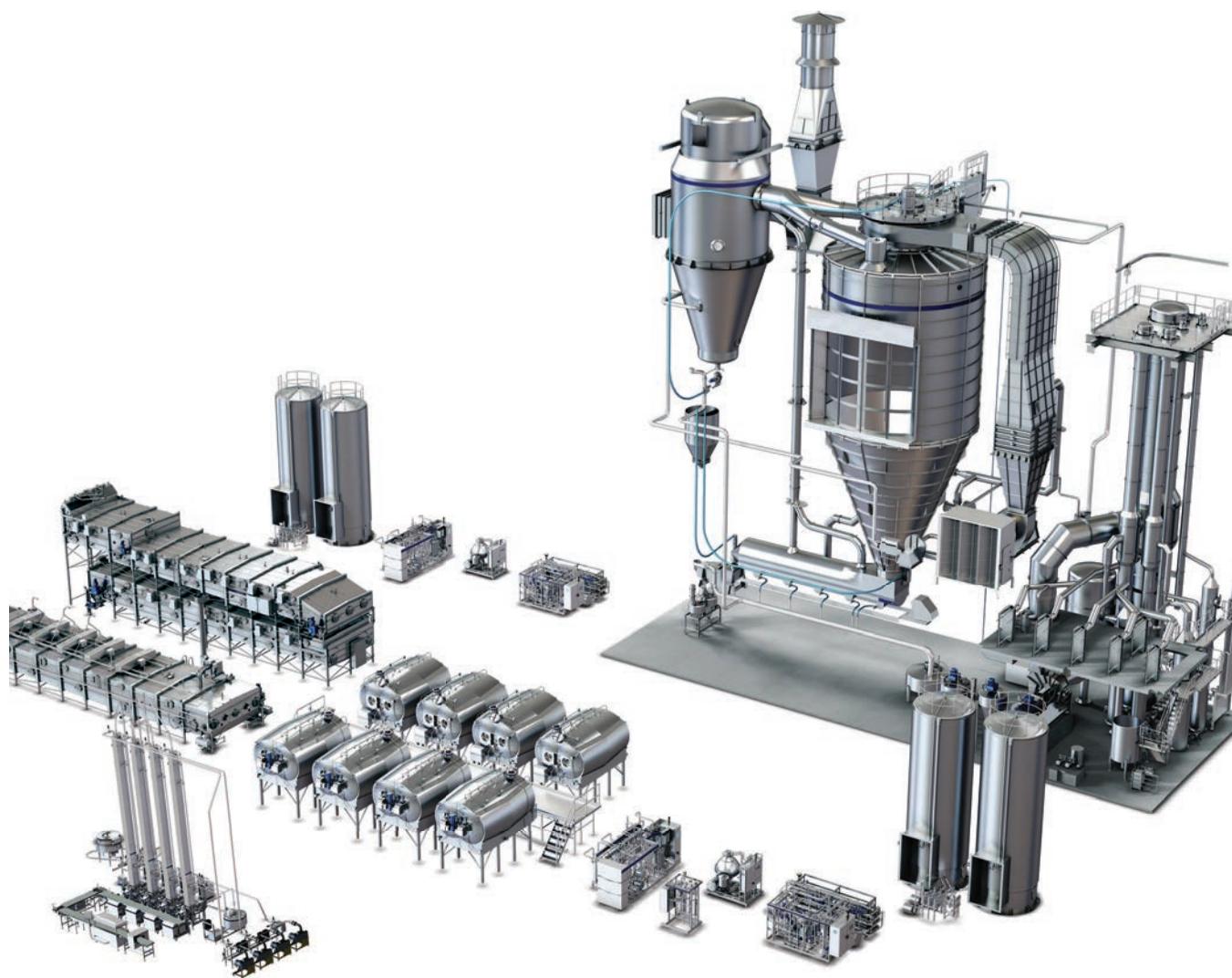
notwithstanding more exports to these markets from the US due to abundant availability and existing stocks.

EU whole milk powder production could accompany the evolution of butter production and grow in the upcoming months to reach around 730,000 tons (up 0.5 percent from 2020). This change should be supported by an increase in domestic use of close to 1 percent and stable EU WMP exports driven by demand in oil-producing countries and in China.

During the January-March period, EU exports of fresh dairy products grew by 12 percent, with shipments to China accounting for 54 percent of the total volume of drinking milk exported and 46 percent of the cream volume exported.

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Open Ports are Good for Trade — Not for Cybersecurity

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It seems like just yesterday that I watched as our milk hauler, Tom, diligently recorded our farm's milk collection stats on a paper milk collection report. He carefully noted, in pen, the milk tank's temperature, stick reading, date, and other data about our milk collection. The cardstock record, frayed along the edges, was hung from a clipboard on a nail on our milk house wall.

A lot has changed in the dairy industry in the nearly three decades since I worked on my home farm, both on dairy farms and in dairy processing plants.

Technology, for one, has become a critical component of farming and dairy processing efficiencies.

As the complexity of software and its use in food processing has increased at break-neck speed, so too has the risk of cyber criminals taking advantage of weak systems. The frequency of incidents has risen as ransomware, business email compromise, and other perils have become more successful for the cyber criminals and more sophisticated.

According to Anne Neuberger, cybersecurity adviser at the National Security Council, "the threats are serious and they are increasing. We urge you to take these critical steps to protect your organizations and the American public."

Computer and network security is not a new issue for the FDA. In 2014, the FDA published a guide

for investigators who conduct inspections of regulated food firms that use computers and computer software to control operations and record data that may affect the safety of the finished food product. Regarding software security, the guide for inspectors states: "Determine how the firm prevents unauthorized software changes and how data is secure from alteration, inadvertent erasures, or loss."

Given the risks of a business crippling attack, leadership in dairy processing operations should take steps to shore up their systems to reduce their risk of a cyber intrusion and secure their data. Many leaders are feeling this pressure. The Experian Annual Preparedness Study included a stat that said only 52 percent of executives feel their data breach response plan is effective.

According to Emily Selck, Director of Cyber Liability at M3 Insurance, one way that you can protect your business from cyber attack is by closing your open ports. Consider it the "low hanging fruit" of cyber security.

What does "Closing Ports" Mean?

Remote Desktop Protocol (RDP) is a means of accessing one computer from another computer. The means of access is called a port, and this is the main portal for all access of information over the internet. Web browsers, web pages, and file transfer services all use specific ports to receive and transmit infor-

mation. Many are familiar with POP3 ports that retrieve data from remote email servers, or HTTP ports that are associated with the Hypertext Transfer Protocol, and allow us to browse on the internet. Some operating systems have a certain number of default ports that are open, and certain types of software use specific ports.

Why is Closing Ports Important?

According to security firm BitSight, companies that have more open ports than their peers are likely to experience a breach. Specifically, their findings were that 60 percent of breached organizations had 10 or more open ports. If not properly secured, open ports can create a host of issues. The ports can be publicly accessed using a simple scan and then accessing computers leading to the download of ransomware or other forms of malware. Besides closing these ports, requiring strong passwords and multifactor authentication for access to open ports like Virtual Private Networks (VPNs) can prevent access when ports must remain open. This impacted many companies when the transition was made to a remote workforce due to the pandemic. Other common scenarios can include cleaning of log files (hiding malicious activity), disabling of back-ups, and exfiltration of data.

How will this prevent claims?

Open ports have been around since the dawn of the internet, as it is how the infrastructure of our information sharing community has been created. As ransomware continues to proliferate, prevention of network access has become vitally important. Carriers are spending money and time on resources to identify open ports, and renewal terms are often contingent upon confirmation of closure of these ports. Carriers have seen attacks originating as outlined above, and are no longer taking a "wait and see" approach.

If a port is open and is not utilized to access information on the network, it should be closed immediately. Implementing MFA when ports must remain open is the belt and suspenders solution many insurance carriers look upon favorably.

Dairy processors of all sizes are vulnerable to attacks if ports are left open. A dairy processor doesn't have to "go it alone" when looking for ways to secure their systems. Many insurance brokers specialize in cyber security and can assist their clients with conducting penetration testing and scan for open ports.

Jen Pino-Gallagher is a Director of Food & Agribusiness Practice at M3 Insurance. M3 Insurance offers insight, advice and strategies to help clients manage risk, purchase insurance and provide employee benefits.

FROM OUR ARCHIVES

50 YEARS AGO

July 9, 1971: Madison—A bill has been introduced into the Wisconsin legislature which would create a statute requiring that all cheese wholly originating in Wisconsin to be labeled "Made in Wisconsin." Several rural representatives believe the law would be a useful promotion device for the state's most famous food product.

Salt Lake City, UT—By overwhelming votes in both houses of the Utah Legislature, the Dairy Promotion Act was signed into law this week by Gov. Calvin Rampton. Under provisions of the act, all Utah dairymen will support dairy promotion endeavors at the rate of 0.5 percent of producers' gross receipts from total milk sales.

25 YEARS AGO

July 12, 1996: Madison—Donald Storhoff, president of Foremost Farms USA, Baraboo, WI, has been chosen World Dairy Expo Industry Person of the Year. Storhoff began his career at the Preston Cooperative Creamery Association, doing everything from washing milk bottles to making Cottage cheese.

Madison—The USDA is proposing to amend regulations concerning meal pattern requirements for the National School Lunch Program and other subsidized food programs to allow yogurt to be credited as a meat alternative for all meals. Currently, yogurt may only be credited as a meat alternate for the supplement (snack) segment.

10 YEARS AGO

July 8, 2011: Egg Harbor, WI—Bill Jacoby received the 2011 Presidents Award here at the Wisconsin Dairy Products Association's Dairy Symposium. Jacoby recently retired from T.C. Jacoby, St. Louis, MO, after 31 years of service. Prior to joining T.C. Jacoby, he worked at Lake to Lake, Ice Cream Specialties, Kroger, Chapman Ice Cream and Golden Guernsey Dairy.

San Francisco, CA—An Original Blue entry made by Point Reyes Farmstead Cheese Company, Point Reyes, CA, earned a Gold medal for best cheese or dairy product in the 39th soft Awards for outstanding specialty foods.

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Southeast Asia Offers Major Export Opportunities For US Dairy Industry

Processors Must Be Versatile, And Reduced Trade Barriers Are Needed, Co-Bank Says

Denver, CO—Southeast Asia’s population growth and continued rise of the middle class offers “immense export opportunities” for the US dairy industry, but taking advantage of the growth will require strategic investments that meet the diverse and changing needs of Southeast Asian consumers, according to a report from CoBank’s Knowledge Exchange.

Rapid urbanization across Southeast Asia has raised per capita incomes and with it consumer desire for more Western-style cuisine, the report noted. This has opened new export opportunities for US dairy companies in recent years.

With more than twice the population of the US, the Southeast Asian countries of Indonesia, Thailand, Philippines, Vietnam, Singapore, Malaysia, Myanmar, Cambodia, Laos and Brunei — all members of the Association of Southeast Asian Nations (ASEAN) — expect millions to enter the middle class in the next decade.

While the rise of the middle class across the region portends greater per capita protein consumption, the tropical region lacks the ability to produce its own milk supply in sufficient quantities to meet regional demand, pushing dairy imports to increase substantially from the US, Oceania, and the European Union (EU), the report noted.

Southeast Asia was the fastest-growing dairy export market for the US from 2010 to 2020, and last year the region became the top destination for US dairy exports by volume, surpassing Mexico, the report said.

From 2006 to 2018, the rapid growth pace moved the US from the fourth to the third-largest dairy product supplier to the region, behind New Zealand and the EU. In 2020, the US reached parity with Oceania and the EU on a milk solids equivalent of dairy exports to Southeast Asia.

While the EU’s market share in Southeast Asia has grown the most (from 19 percent in 2006 to 25 percent in 2018, following the abolition of the quota system in 2015), the US market share in the region has also grown, albeit at a slower pace, from 11 percent in 2006 to 12 percent in 2018, the report said.

The EU’s growth spurt appears to be waning, however, the report said. In the decade ahead, the European Commission forecasts EU milk production growth to slow to 0.6 percent per year, while the US forecast is at 0.8 percent per year and New Zealand is at 0.4 percent per year.

As the EU imposes climate initiatives on its agriculture sector, any future milk production constraints on the dairy sector may create opportunities for US exporters in the future, particularly for ingredients like skim milk powder (SMP) and whey, where the US is already a dominant player, the report said. Whole milk powder (WMP) exports from New Zealand may also be slowed by sustainability initiatives and freshwater regulations, which are expected to reduce cow numbers.

Diverse Product Mix Needed

While cheese imports into Southeast Asia over the last decade rose from all regions, including the US, imports of US cheese lag imports from New Zealand, the EU, and Australia since per capita cheese consumption in the US continues rising, the report noted. More than 90 percent of all cheese produced in the US goes to the ever-growing domestic market.

The US has instead seen stronger export growth in ingredients as consumers gravitate to high-pro-

tein foods and beverages, which contain dairy ingredients like SMP and whey powders, the report continued. Lactose, of which the US is the main supplier in Southeast Asia, has also seen increased export demand as an ingredient in infant formula alongside baking and confectionary products.

The cultural and economic diversity throughout Southeast Asia means processors must offer a diverse product mix to compete, the report stated. In the important SMP market that comprises the bulk of dairy imports into Southeast Asia, dairy processors must offer low-heat SMP at a lower price point for the millions of consumers in the lower income earning bracket, while also offering medium- and high-heat SMP for higher income consumers desiring products with higher digestibility and solubility.

Whey products face the same challenge of meeting diverse consumer needs with varying price points, the report continued. Whey permeate powder is most commonly used as a feed additive to fortify pig rations, with demand building as the region’s hog herd recovers from African Swine Fever.

But as wealthier consumers increasingly desire protein sports drinks and products for babies and toddlers, demand for whey protein

• See **Southeast Asia**, p. 8



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Cheese Output Up

(Continued from p. 1)

0.2 percent; Illinois, 5.2 million pounds, up 10.2 percent; and New Jersey, 4.3 million pounds, down 17.1 percent.

American-type cheese production during May totaled 473.1 million pounds, up 7.2 percent from May 2020. During the January-May 2021 period, American-type cheese output totaled 2.32 billion pounds, up 6.0 percent from the same period in 2020.

May production of American-type cheese, with comparisons to May 2020, was: Wisconsin, 93.2 million pounds, up 5.4 percent; Idaho, 53.5 million pounds, up 10.1 percent; Minnesota, 52.9 million pounds, up 2.5 percent; California, 50.5 million pounds, up 2.8 percent; Oregon, 20 million pounds, up 5.1 percent; Iowa, 15.8 million pounds, down 5.8 percent; and New York, 12.8 million pounds, up 0.9 percent.

Cheddar production during May totaled 343 million pounds, up 8.7 percent from May 2020. Cheddar output during the first five months of 2021 totaled 1.66 billion pounds, up 5 percent from the first five months of 2020.

Production of other American-type cheeses during May totaled 130.1 million pounds, up 3.7 percent from May 2020.

Italian & Other Cheeses

Production of Italian-type cheese during May totaled 481.3 million pounds, down 0.2 percent from May 2020. Italian cheese output during the January-May period totaled 2.39 billion pounds, up 1.7 percent from a year earlier.

May Italian cheese production in the states with comparisons to May 2020, was: Wisconsin, 140.6 million pounds, down 0.4 percent;

California, 135 million pounds, down 5 percent; New York, 29.6 million pounds, down 3.6 percent; Pennsylvania, 23.3 million pounds, up 0.6 percent; Idaho, 21.7 million pounds, down 16.7; Minnesota, 11.2 million pounds, up 14.2 percent; and New Jersey, 2.1 million pounds, down 20.5 percent.

Mozzarella production during May totaled 376.7 million pounds, down 0.7 percent from May 2020. Mozzarella output during the first five months of 2021 totaled 1.87 billion pounds, up 0.5 percent from the first five months of 2020.

Production of other Italian cheese varieties during May, with comparisons to May 2020, was: Parmesan, 40.6 million pounds, up 15.3 percent; Provolone, 34.4 million pounds, up 2.3 percent; Ricotta, 16.5 million pounds, down 27.3 percent; Romano, 6.3 million pounds, up 32.4 percent; and other Italian types, 6.8 million pounds, up 3.5 percent.

May production of other cheese varieties, with comparisons to May 2020, was as follows:

Swiss cheese: 27.5 million pounds, up 13.3 percent.

Cream and Neufchatel: 86.5 million pounds, up 12.7 percent.

Brick and Muenster: 17.8 million pounds, down 1.9 percent.

Hispanic cheese: 27.3 million pounds, down 8.5 percent.

Blue and Gorgonzola: 11.2 million pounds, up 153.3 percent.

Feta: 13.7 million pounds, up 35.5 percent.

Gouda: 5.6 million pounds, up 107.7 percent.

All other types of cheese: 12.1 million pounds, up 5.4 percent.

Whey Products Output

May production of dry whey, human, totaled 76.4 million pounds, down 7.7 percent from May 2020. Manufacturers' stocks

of dry whey, human, at the end of May totaled 65.5 million pounds, down 23.3 percent from a year earlier but up 10.6 percent from a month earlier.

Lactose production, human and animal, during May totaled 94.6 million pounds, up 4 percent from May 2020. Manufacturers' stocks of lactose, human and animal, at the end of May totaled 129 million pounds, up 33.3 percent from a year earlier and up 2.3 percent from a month earlier.

Production of whey protein concentrate, human, during May totaled 40.8 million pounds, up 7.1 percent from May 2020. Manufacturers' stocks of WPC, human, at the end of May totaled 61.7 million pounds, down 4.2 percent from a year earlier but 3.7 percent higher than a month earlier.

May production of whey protein isolates totaled 10.3 million pounds, down 4.9 percent from May 2020. Manufacturers' stocks of WPIs at the end of May totaled 12.2 million pounds, down 26.2 percent from a year earlier and 4.5 percent lower than a month earlier.

Butter & Dry Milk Products

May butter production totaled 185.4 million pounds, up 7.6 percent from May 2020. Butter output during the first five months of 2021 totaled 964.2 million pounds, down 3.5 percent from the first five months of 2020.

Regional butter production in May, with comparisons to May 2020, was: West, 99.7 million pounds, up 8 percent; Central, 70.4 million pounds, up 11.3 percent; and Atlantic, 15.3 million pounds, down 8.4 percent.

Nonfat dry milk production during May totaled 205.3 million pounds, up 30.6 percent from May 2020. NDM output during the Jan-

uary-May period totaled 980.5 million pounds, up 9.9 percent from a year earlier.

Manufacturers' shipments of nonfat dry milk during May totaled 176.3 million pounds, down 14.5 percent from May 2020. Manufacturers' stocks of NDM at the end of May totaled 347.8 million pounds, up 2.7 percent from a year earlier and 9.5 percent higher than a month earlier.

Production of other dry milk products during May, with comparisons to May 2020, was: skim milk powder, 35.7 million pounds, down 37 percent; dry whole milk, 14.2 million pounds, down 1.5 percent; milk protein concentrate, 19 million pounds, up 42.1 percent; and dry buttermilk, 10.7 million pounds, down 12.3 percent.

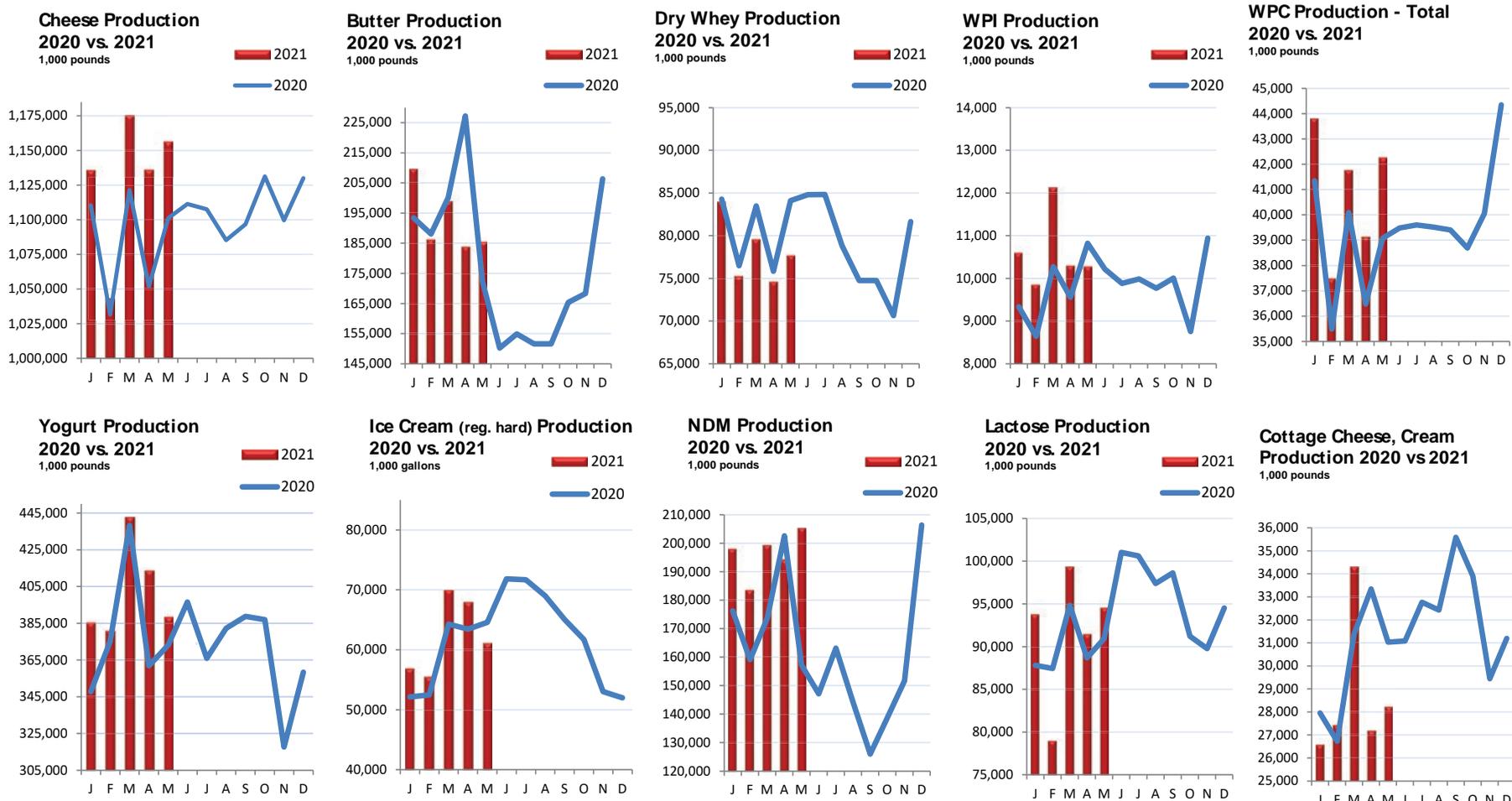
Yogurt & Other Dairy Products

May production of yogurt, plain and flavored, totaled 388.7 million pounds, up 4.2 percent from May 2020. Yogurt output during the first five months of 2021 totaled 2.01 billion pounds, up 5.4 percent from the first five months of 2020.

Sour cream production during May totaled 120.5 million pounds, down 11.3 percent from May 2020. Sour cream output during the January-May period totaled 602.2 million pounds up 2.6 percent from the same period last year.

Cream cottage cheese production in May totaled 28.3 million pounds, down 8.9 percent from May 2020. Lowfat cottage cheese output during May totaled 24.2 million pounds, down 2 percent from a year earlier.

Production of regular ice cream during May totaled 61.2 million gallons, down 5.2 percent from May 2020. Lowfat ice cream output during May totaled 44.9 million gallons, down 0.5 percent from May 2020.



Canadian Government Invests Over \$4.5 Million To Boost Dairy Processors

Saint Gedeon, Quebec—Canadian Agriculture Minister Marie-Claude Bibeau on Thursday announced investments totaling over \$4.5 million in three projects that are intended to help boost production for Quebec dairy processors in the region of Lac-Saint-Jean.

Bibeau made the announcement at Fromagerie Medard in Saint Gedeon, which is receiving up to \$969,000 through the Dairy Processing Investment Fund (DPIF) and up to \$1 million through Canada Economic Development for Quebec Regions (CED) for new equipment to increase productivity and reduce production costs.

By 2025, it is expected that this funding will create an additional two jobs, and increase the milk used in the production process by 74 percent.

“The story of Fromagerie Medard is one of family and artisans who are passionate about the land and their craft. This grant will give us wings in the coming years,” said Justine Boivin-Cote and Rose-Alice Boivin-Cote, owners of Fromagerie Medard, which produces a variety of cheese and other dairy products.

Nutrino Cooperative will receive up to \$395,000 under the DPIF to purchase an ultrafiltration system. The project will enable the co-op to increase its production of liquid milk protein concentrate, increase its quantity of processed milk, and increase the yield of the cheese factories it supplies.

By 2023, it’s expected that the funding will create an additional five jobs and increase the milk used in the production process by 48 percent. This builds on the \$293,000 DPIF investment made in 2019 to extend the shelf life of products and reduce production costs.

“This investment will help us acquire state-of-the-art equipment that will allow Nutrino to produce liquid milk protein concentrate, be even more competitive in the market and increase the milk processing capacity of our member producers here in our region at the Alma plant,” said Luc Belley, vice president, operations, Agri-Food Sector, Nutrino.

Nutrino Cooperative, located in the Saguenay-Lac-Saint-Jean region, is one of the largest food co-ops in Quebec. It has over 936 members and is involved in agri-food, agriculture, hardware stores and energy.

Bibeau also announced an investment to Fromagerie Boivin, which is receiving up to \$1.34 million through the DPIF for new equipment to increase produc-

tion and up to \$800,000 through Canada Economic Development for Quebec Regions to expand its building and acquire strategic equipment to optimize the production of cheese and modernize the packaging line.

The project will provide more space so that employees can practice physical distancing.

Fromagerie Boivin processes approximately 20 million liters of milk needed to produce 2.3 million kilograms of cheese. It provides employment to 85 people.

Canada’s Dairy Processing Investment Fund, valued at \$100 million, is designed to help pro-

cessors modernize their operations, improving productivity and competitiveness. The program provides non-repayable contributions to support projects through: capital investment in equipment and infrastructure; and/or improving manufacturing technologies and processes, or the introduction of improved products (including the acquisition and installation of equipment); construction, expansion and/or modernization of processing establishments; and, engagement of external expertise/consultants related to the implementation, certification or validation of plant improvements.

“This investment program is helping to modernize our dairy processors and increase demand for Canadian milk,” Bibeau said.

There are over 500 dairy processors in Canada, according to Agriculture and Agri-Food Canada. In total, these processors generated close to \$17 billion in sales last year, and support more than 25,000 direct jobs.

There are also 10,095 dairy farms in Canada supporting approximately 19,000 direct jobs, it was reported.

The demand for Canadian dairy remains strong, according to Agriculture and Agri-Food Canada, and has led to a 10 percent increase in raw milk production in the last five years, with over \$7 billion in farm cash receipts in 2020.

Canada Economic Development for Quebec Regions provides funding and support to Quebec businesses and regions.



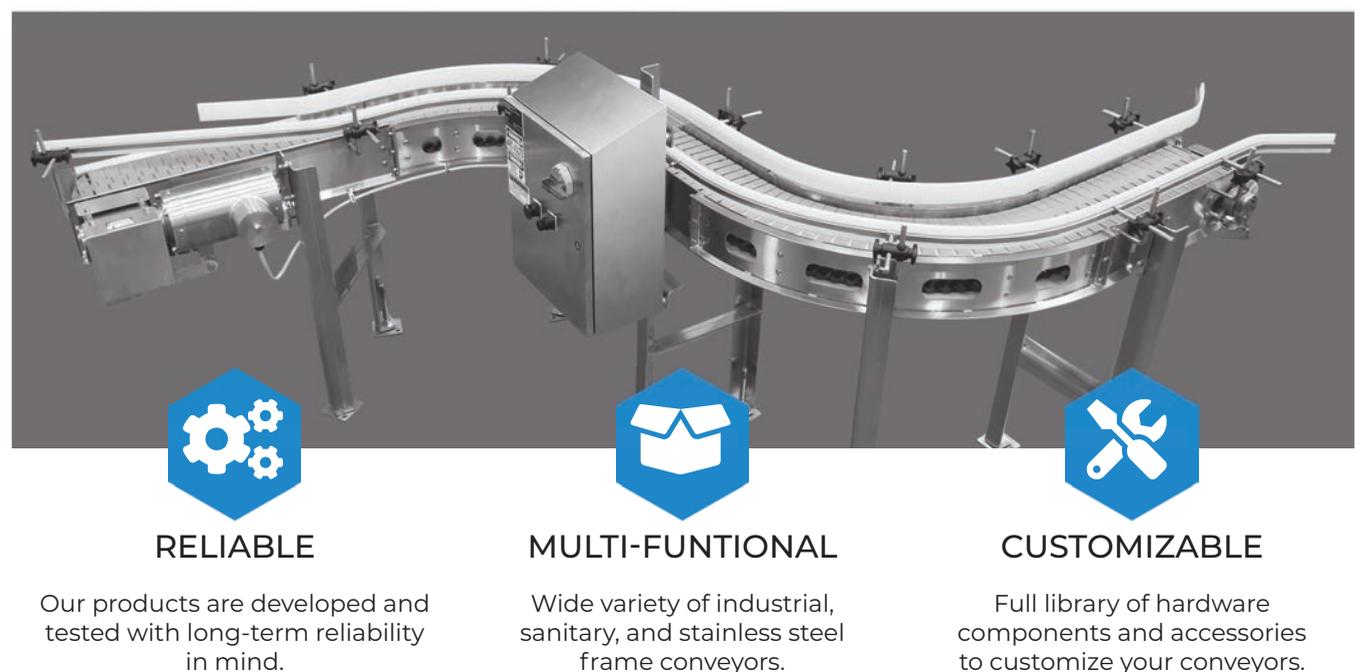
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Southeast Asia

Continued from p. 5

concentrate (WPC) will continue to rise.

Demand for sweet whey powder that is used mostly for food applications is also expected to continue to strengthen, but poses unique challenges; when stored in hot, humid conditions common across Southeast Asia, sweet whey powder may turn brown in color and produce off-putting odors, the report found.

Dairy products, though, not only have to meet a diverse range of consumer needs for functionality and/or price point, but must also contend with the tropical environment, the CoBank's Knowledge Exchange report explained.

With much of Southeast Asia lacking a refrigerated supply chain and with food and beverage products frequently sold through outdoor vending machines, products containing dairy must be heat stable.

Achieving production versatility may require investing in manufacturing technology to upgrade existing plants or to build new plants, the report said.

New plants must also have easy access to ports on the US West Coast to minimize inflation in transportation costs, and strategically placed near reliable and

growing milk supplies in the western US.

More Trade Deals Would Help

While Southeast Asia promises greater export opportunities in the future, the US dairy sector needs trade liberalization in order to take full advantage of the growth, the report said.

US dairy prices are frequently lower than other exporters into Southeast Asia, partially to overcome tariff barriers with some countries.

In markets like Malaysia that have no tariffs, the US has seen significant growth in dairy exports since the US is allowed equal footing with Oceania and the EU, the report pointed out.

Reduced or eliminated trade barriers for competing dairy-exporting countries into Southeast Asia is a trade advantage over the US and will remain a "headwind" for US dairy exporters should tariffs and/or quotas remain in place, the CoBank's Knowledge Exchange report said.

The lack of bilateral trade agreements in the region and absence of the US from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is widely regarded as a serious threat to the US dairy industry, with Oceania and the EU gaining advantage.

Land O'Lakes, Hershey, Alliance Team Up To Improve Chesapeake Bay Area

Hershey, PA—Land O'Lakes, The Hershey Company and the Alliance for the Chesapeake Bay have partnered to implement on-farm best management practices to reduce greenhouse gas emissions and help improve water quality in the Chesapeake Bay watershed.

Initial funding for Sustainable Dairy PA comes from The Hershey Company's \$300,000 commitment to support the Alliance for the Chesapeake Bay and Land O'Lakes in helping install agricultural conservation practices on Land O'Lakes member dairy farms. The partnership includes 119 Land O'Lakes member-owners in central Pennsylvania that ship 50 percent or more of their milk to Hershey.

The Alliance for the Chesapeake Bay will use Hershey's funds to leverage additional grant funding to implement conservation plans and innovative on-farm environmental practices. The solutions range from riparian buffer plantings that reduce stream bank erosion and improve habitat to animal waste storage systems and other sustainable farming practices to support a reduction in greenhouse gas emissions and water pollution.

The initiative has begun working with dairy farmers in south-central Pennsylvania and is actively building a list of their conservation needs that will guide the program's priorities. In addition to working with the initial 119 farms, the partnership has the potential to reach more than 400 Land O'Lakes member farms supplying milk to Hershey as funding and support grows.

"We recognize that global impact means teaming up with other leading organizations like The Hershey Company and the Alliance for the Chesapeake Bay, and we're excited to support this new initiative," said Glenda Gehl, Land O'Lakes senior director of member relations.

The initiative recognizes that dairy producers are important players in helping improve water quality and mitigating climate change and was established to provide dairy farmers with the resources needed to improve their impact on the environment.

"Through the Land O'Lakes Dairy 2025 Commitment, we are committed to developing measurable ways for our farmer-members to reduce their environmental footprint in a manner that supports on-farm profitability and meets the expectations of our customers and consumers," Gehl said.

The work seeks to demonstrate that conservation and economic profit are compatible, and high-quality milk produced on farms using clean water and climate-smart practices provides a value-added premium in the marketplace and addresses the growing demands of discerning consumers.

"Not only will this initiative help Hershey to reduce our GHG footprint and improve water quality in the Chesapeake Bay and other watersheds in the region, it will also help to improve soil health and protect biodiversity, and strengthen our connection to our dairy producers who are so integral to the creation of Hershey's Milk Chocolate," said Eric Boyle, director of commodities procurement at The Hershey Company.



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Global Dairy Trade Price Index Falls 3.6%; No Product Prices Increase

Auckland, New Zealand—The price index on this week's semi-monthly Global Dairy Trade (GDT) dairy commodity auction declined 3.6 percent from the auction held three weeks ago.

That was the sixth consecutive decline in the GDT price index.

In this week's auction, which featured 176 participating bidders and 128 winners, prices were lower for Cheddar, skim milk powder, whole milk powder, butter, anhydrous milkfat and buttermilk powder; and unchanged for lactose.

Results from this week's auction, with comparisons to the previous auction, were as follows:

Cheddar: The average winning price was \$3,949 per metric ton (\$1.79 per pound), down 9.2 percent. Average winning prices were: Contract 2 (September), \$4,095 per ton; Contract 3 (October), \$3,916 per ton, down 10.1 percent; Contract 4 (November), \$3,767 per ton, down 12.7 percent; Contract 5 (December), \$4,238 per ton, down 1.7 percent; and Contract 6 (January 2022), \$4,220 per ton, down 2.0 percent.

Skim milk powder: The average winning price was \$3,126 per ton (\$1.42 per pound), down 7 percent. Average winning prices were: Contract 2, \$3,127 per ton, down 7 percent; Contract 3, \$3,122 per ton, down 7.7 percent; Contract 4, \$3,215 per ton, down 4.9 percent; Contract 5, \$3,044 per ton, down 8.6 percent; and Contract 6, \$3,116 per ton, down 4.9 percent.

Whole milk powder: The average winning price was \$3,864 per ton (\$1.75 per pound), down 3 percent. Winning prices averaged: Contract 1 (August), \$4,059 per ton, up 0.6 percent; Contract 2, \$3,881 per ton, down 2.6; Contract 3, \$3,854 per ton, down 4.3; Contract 4, \$3,905 per ton, down 3 percent; Contract 5, \$3,763 per ton, down 3 percent; and Contract 6, \$3,736 per ton, down 3.9.

Butter: The average winning price was \$4,458 per ton (\$2.02 per pound), down 3.2 percent. Average winning prices were: Contract 1, \$4,568 per ton, down 1.1 percent; Contract 2, \$4,373 per ton, down 5.1 percent; Contract 3, \$4,510 per ton, down 2.3 percent; Contract 4, \$4,455 per ton, down 3.3 percent; Contract 5, \$4,525 per ton, down 2 percent; and Contract 6, \$4,545 per ton, down 1.6 percent.

Anhydrous milkfat: The average winning price was \$5,632 per ton (\$2.55 per pound), down 0.9 percent. Average winning prices were: Contract 1, \$6,088 per ton, down 3.6 percent; Contract 2, \$5,650 per ton, down 3.3 percent; Contract 3, \$5,627 per ton, up 1.4 percent; Contract 4, \$5,564 per ton, down 0.2 percent; Contract

5, \$5,582 per ton, up 0.4 percent; and Contract 6, \$5,586 per ton, down 0.6 percent.

Lactose: The average winning price was \$1,238 per ton (56.1 cents per pound), unchanged.

Buttermilk powder: The average winning price was \$3,298 per ton (\$1.50 per pound), down 9.8 percent. Average winning prices were: Contract 1, \$3,700 per ton, down 15 percent; Contract 2, \$2,755 per ton, down 6.9 percent; Contract 4, \$3,795 per ton, down 9.8 percent; and Contract 5, \$3,595 per ton, down 7.5 percent.

The movements in prices on this week's auction point to some risk to ASB Bank's \$8.20 per kilo-

gram of milk solids price forecast for the season, the company noted.

Prices are moving lower a shade faster than ASB had anticipated, and the fact the declines occurred despite a decline in volumes on offer is a bearish sign.

The contract curve now has a sizable downward slope, showing prices falling for later dated contracts. ASB said this suggests prices have lost a bit of momentum heading deeper into the new season.

Chinese purchases have fueled the boom in dairy prices this year, as the country seeks to build up its strategic stockpile in response to booming domestic consumption, ASB explained. Tighter global supply and widespread freight disruption have added fuel to the fire.

But there are now signs Chinese inventory is getting closer

to healthy levels, and global production, both in New Zealand and in the Northern Hemisphere, has lifted in response to the price signals. As a result, ASB expects prices to drift lower over the remainder of the season, but the pace and size of the easing is a big question.

For its part, with global demand and supply still finely balanced, ASB thinks a sharp price correction is unlikely.

All-up, prices remain very high, and ASB still sees the makings of a strong season despite the decline in GDT auction prices this week. As always, context is key: whole milk powder prices are holding onto most of their gains from earlier in the year and are still up about 20 percent from the same period last year.

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Dairy Uncertainties

(Continued from p. 1)

(EU) and the UK is in its early stages. Historically, large volumes of cheese and other dairy products have been traded between the two regions, but there have been increased trade frictions as importers and exporters navigate the new and changing trade environment.

Dairy trade flows could be substantially altered by changes in the trade environment. To date, India and Pakistan have not integrated the international dairy market as domestic production is projected to expand fast to respond to growing internal demand. Future investment in cold chain infrastructure in these regions will increase their self-sufficiency in this sector.

Approximately 7 percent of world milk production is traded internationally. This is primarily due to the perishability of milk and its high water content.

The three major exporters of dairy products in the base period (2018-2020) are the EU, New Zealand, and the US. These countries are projected to jointly account for around 62 percent of cheese, 70 percent of whole milk powder, 76 percent of butter, and 83 percent of skim milk powder exports in 2030.

Australia, another dairy exporter, has lost market shares although it remains a notable exporter of cheese and skim milk powder, the report said. In the case of whole milk powder, Argentina is also an important exporter and is projected to account for 5 percent of world exports by 2030. In recent years, Belarus has become an important dairy exporter, orienting its exports primarily to the Russian market due to the Russian embargo on several major dairy exporters.

The EU will continue to be the main world cheese exporter, followed by the US and New Zealand. It is projected that the EU's share of world cheese exports will be around 46 percent by 2030, sustained by increased cheese exports to Canada via the CETA agreement and to Japan following the ratification of a bilateral trade agreement in 2019.

New Zealand remains the primary source for butter and whole milk powder on the international market, and its market shares are projected to be around 40 percent and 53 percent, respectively, by 2030. It is expected that New Zealand will diversify and slightly increase its production of cheese over the outlook period.

Dairy imports are spread more widely across countries, with the dominant destinations for all dairy products being the Near East and North Africa, developed countries, Southeast Asia, and China. China is expected to continue to be the world's major dairy importer, particularly for whole milk powder.

Plant-Based Dairy Alternatives

The role of plant-based replacements for dairy (e.g., soy, almond, rice and oat drinks) in the fluid milk sector has increased in many regions, including North America, Europe and East Asia.

Replacements have continued to expand past the more traditional options, branching into various nuts, legumes and other crops.

The growth rates for plant-based replacements for dairy products are strong, albeit from a low base, although conflicting views exist regarding their environmental impact and relative health benefits. Popular dairy substitutes such as almond and soy beverages have been questioned on the environ-

mental sustainability front as more consumers consider other environmental issues in addition to GHG emissions, such as water usage and deforestation.

Flexitarian, vegetarian, and vegan diets are on the rise, but given the range of preferences of these consumers, the effect on dairy consumption is not clear, the report said. Similarly, lactose intolerance is a concern for some consumers, but a range of lactose-free dairy products are becoming widely available for those who do not prefer plant-based replacements.

Sustainability And The Weather

Environmental legislation could have a strong impact on the future development of dairy production, the report said. GHG emissions from dairy activities make up a large share of total emissions in some countries (e.g., New Zealand, Ireland), and any changes in related policies could affect dairy production.

The increasing trend toward sustainable practices such as water access and manure management are additional areas where policy changes could have an impact.

Nevertheless, stricter environmental legislation could lead to innovative solutions that improve the long-term competitiveness of the dairy sector, the report said.

World milk production could be constrained due to unforeseen weather events, especially as this concerns grazing-based milk production, the dominant milk production method worldwide.

Climate change increases the chances of drought, floods, and disease threats, all of which can affect the dairy sector in several ways (e.g., price volatility, milk yields, cow inventory adjustments).

USDA Seeking Info On Procurement Practices, Specs For Shelf-Stable Milk

Washington—USDA's Agricultural Marketing Service (AMS) is requesting information on procurement practices and specifications regarding shelf-stable, unrefrigerated milk.

In a Request for Information (RFI) posted late last month, AMS said it is interested in purchasing shelf-stable unrefrigerated milk for domestic food distribution programs.

To better serve the needs and meet the requirements of product recipients and to expand the potential pool of offerors, USDA is considering altering the acquisition methodology, revising the Commodity Requirements Document (CRD) and proposing changes to the Commercial Item Description (CID) to focus more on product properties rather than processing technology.

The Request for Information will serve as market research to obtain information for the availability and specifications of shelf-stable, unrefrigerated milk made under a variety of processing techniques, including, but not limited to, retort processing, ultra-high temperature (UHT) processing, and other aseptic processing methods.

USDA's RFI includes a number of technical questions, including, among others, the following:

—What are the microbial and chemical tests you use to test your products? And how often do you test your products?

—Do you use raw milk, condensed milk, reconstituted milk (rehydrated dry powders), or recombined milk (adding water, milkfat separately into dry skim milk powders) as ingredients or part of the ingredients?

—Do you include a homogenization step after the addition of ingredients other than raw milk?

—What is the shelf life for your unopened product at room temperature?

—What issues are associated with processing various fat levels, including, but not limited to, flavor issues?

—What is the importance of the minimum volumes and certainty of that volume under a bid/award on the feasibility of supplying specific shelf-stable unrefrigerated milk, including explanation of processing fixed costs and costs of line changes, etc.

Responses to this Request for Information should be emailed by July 23 to the attention of Hilary Cole at hilary.cole@usda.gov and Roger Cryan at roger.cryan@usea.gov.

For more information, visit www.ams.usda.gov/selling-food.

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Biden Urged To Reimburse Farmers For Class I Mover-Related Revenue Losses

Washington—Some 24 Democratic House members this week urged President Biden to reimburse dairy producers for as much of the roughly \$725 million in revenue lost due to a recent change in the federal order Class I mover as possible.

The Class I mover, which is used to compute the base Class I skim milk price in the federal order system, was modified under the 2018 farm bill.

That change, which became effective on May 1, 2019, changed the Class I mover from being based on the higher of the Class III or Class IV price each month to being restructured as the monthly average of the Class III and Class IV prices, with a 74-cent per hundred-weight adjustment factor added to that average, the letter explained.

The historical record from January 2000 through August 2017 indicated that this new Class I mover would be revenue neutral for dairy farmers, and on that basis, Congress adopted the new mover for a minimum two-year period in the 2018 farm bill, the letter to Biden noted.

However, the federal government's response to the coronavirus pandemic last year "substantially undercut dairy producer revenue," the letter stated. Specifically, the Farmers to Families Food Box Program implemented by the Trump administration "heavily weighed" its dairy product purchases toward cheese (Class III).

"This undermined the orderly marketing of milk and represented a net loss to dairy producers in all regions of the country of more than \$725 million since the current mover was put in place."

While product purchases play an important role in helping to feed food insecure families nationwide, the Food Box Program purchases contributed to a wide divergence in the monthly Class III and Class IV prices, making the average of the two "significantly lower than the higher of the two," even with the 74-cent per hundredweight adjustment factor added, the letter noted.

As a result, Class I skim milk prices averaged \$3.56 per hundred-weight lower during the second half of 2020 than they would have under the previous Class I mover, the letter said.

"This undermined the orderly marketing of milk and represented a net loss to dairy producers in

all regions of the country of more than \$725 million since the current mover was put in place," the letter continued.

The House members who signed the letter said they are "extremely grateful" that US Secretary of Agriculture Tom Vilsack has unveiled the USDA Pandemic Assistance for Producers Initiative to provide much-needed support to producers and address gaps in previous aid. And they are "particularly heartened" by Vilsack's commitment to strong support for dairy farmers, including for uncompensated losses.

"To that end, we strongly urge you to ensure our producers are

reimbursed for as much of the roughly \$725 million in foregone Class I skim milk revenue as possible," the letter said.

"More work is ahead of us in the future to further stabilize the dairy economy, but taking this step now is vital to better position our dairy farmers and workers to continue to do what they do best — sustainably provide families with healthy, nutritious food," the letter added.

"The current Class I mover was intended to be revenue-neutral compared to the formula it replaced, but that has not been the case. The significant gaps between Class III and IV prices that developed during the COVID-19 pandemic exposed dairy farmers to significant and imbalanced losses, exceeding \$725 million nationwide," said Jim Mulhern, president

and CEO of the National Milk Producers Federation (NMPF).

"I'm proud to lead this letter in support of reimbursing dairy farmers for as much of the approximately \$725 million in Class I mover-related losses as possible," said US Rep. Antonio Delgado (D-NY), who led the letter to Biden. "

Other House Democrats signing the letter included US Rep. Jim Costa (D-CA), who chairs the House Agriculture subcommittee on livestock and foreign relations, which has jurisdiction over dairy policy.

Other members of that subcommittee signing the letter to Biden included Reps. Sanford D. Bishop Jr. (D-GA), Jahana Hayes (D-CT), Josh Harder (D-CA), and Abigail Spanberger (D-VA).



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3-A SSI Releases Revised Accepted Practice For Installation, CIP Of Process Equipment

McLean, VA—3-A Sanitary Standards, Inc. (3-A SSI) this week announced the release of the 6th edition of the *3-A Accepted Practice for Installation and CIP (Clean-In-Place) of Processing Equipment and Hygienic Pipelines Sanitary, Number 605-05*.

The new edition, which is effective as of July 5, 2021, is compatible with the US Food and Drug Administration's (FDA) Grade A Pasteurized Milk Ordinance (PMO) and also contains requirements for non-PMO food processing applications, according to 3-A SSI.

The revised Practice incorporates provisions of *3-A Sanitary Standard for General Requirements, ANSI/3-A 00-01-2018* as a normative reference.

The Accepted Practice for Installation and CIP of Process-

ing Equipment establishes criteria for the installation of hygienic pipelines, installation of processing equipment intended for CIP, CIP systems used for cleaning and sanitizing hygienic pipelines and processing equipment including process incorporated (self-contained) CIP systems and CIP procedures.

The Clean-In-Place System begins after the shut-off valves for water, cleaning and sanitizing chemicals, and utilities, and ends at the drain connection where CIP effluent exits.

Criteria for the CIP cleaning and sanitizing of individual items of equipment may be found in the 3 A Sanitary Standards covering the specific equipment.

This Practice does not apply to cleaning systems used on dairy farms that operate under vacuum

nor to piping, ductwork, and process equipment designed to be cleaned by dry cleaning methods, it was announced.

Facilities that utilize a Clean-In-Place system conforming to this Accepted Practice may be eligible for a Process Certificate from 3-A SSI.

For more information about a Process Certificate, see the application requirements and instructions found in the Third Party Verification (TPV) Manual at www.3-a.org.

A copy of 605-05 and other 3-A SSI documents are available at the 3-A SSI website, at www.3-a.org, under "Standards & Accepted Practices Store."

3-A Sanitary Standards, Inc. is a not-for-profit organization whose mission is to enhance product safety for consumers of food, beverages, and pharmaceutical products through the development and use of 3-A Sanitary Standards and 3-A Accepted Practices

FDA Issues Threshold Of Regulation Exemption For Metal Carbides In Food Equipment

Silver Spring, MD—The US Food and Drug Administration (FDA) recently issued a Threshold of Regulation (TOR) exemption for the use of metal carbides and metal carbide alloys as a component or ceramic coating in repeat-use applications such as parts in food processing equipment.

A TOR exemption is based on evidence that the dietary exposure level from the intended use of the food contact substance (FCS) is below 0.5 parts per billion (ppb) and the FCS itself is not a known carcinogen, FDA explained.

TOR exemptions may be used by any manufacturer or supplier for the specified uses of the FCS under the intended conditions of use, the agency continued.

Federal law requires companies who wish to use a food additive obtain pre-market authorization from FDA.

Authorization for food contact substances is typically obtained through the submission of a Food Contact Substance Notification (FCN) to FDA. A FCN authorization applies only to the food contact substance prepared by the manufacturer identified in the FCN.

FDA said it took this action because it has reviewed the use of metal carbides in food processing equipment through numerous FCNs and has received other inquiries on its use.

Based on its reviews, the agency concluded that metal carbides remain stable and intact, chemically inert, and resistant to corrosion and abrasion under their intended conditions of use.

There is little or no likelihood that components of metal carbides would migrate to food at other than insignificant amounts, nor would the metal carbides otherwise affect food and therefore, the agency said it has no safety concerns from this intended use. In addition, the FDA is not aware of any study showing these food contact substances to be carcinogenic in humans or in animals.

This agency-initiated TOR exemption (TOR-2021-003) allows for the use of these substances in repeat-use applications without the requirement of an FCN.

Reducing the number of duplicative submissions the agency receives for metal carbide and metal carbide alloy uses is consistent with FDA's risk-based approach and conserves the agency's resources for issues of greater public health significance, FDA stated.



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Saputo To Acquire Activities Of UK's Wensleydale Dairy Products

Montreal, Quebec—Saputo Inc. on Monday announced that it has entered into an agreement to acquire the activities of Wensleydale Dairy Products Limited, based in Wensleydale, North Yorkshire, United Kingdom.

Wensleydale Dairy Products, which will join Saputo's Dairy Division (UK) under its Europe Sector, operates two facilities located in North Yorkshire and employs approximately 210 people.

Wensleydale Dairy Products manufactures, blends, markets, and distributes a variety of specialty and regional cheeses, including Yorkshire Wensleydale cheese, which will complement and broaden Saputo's existing range of British cheeses, including Cathedral City and Davidstow Cheddars.

Yorkshire Wensleydale was granted protected geographical indication (PGI) status by the European Commission in 2013.

Wensleydale Dairy Products sources its milk from 40 local farms and uses its own unique cheese-making starter cultures, Saputo noted. With this strategic acquisition, Saputo adds another leading and prominent UK cheese brand to its portfolio. Wensleydale Dairy Products' range of cheeses is also exported around the world.

"Wensleydale Dairy Products is home to an immense amount of passion, care, and tradition," said Lino A. Saputo, chair of the board and chief executive officer, Saputo Inc.

The purchase of approximately CDN\$39 million will be paid in cash at closing. Subject to UK regulatory requirements, the transaction is expected to close later this month.

Saputo had originally entered the UK market in April 2019 when it acquired Dairy Crest Group.

Saputo's Global Strategic Plan

In early June, Saputo unveiled its new Global Strategic Plan to accelerate organic growth over the next four years. Based on five key pillars, which are designed to drive growth and efficiency across the company, the plan aims to reinforce Saputo's position as one of the world's leading dairy processors.

Saputo leverages a three-pronged approach to propel its business forward, combining organic growth, strategic acquisitions and delivering on the Saputo Promise. The new four-year Global Strategic Plan is designed to deliver organic progress and complements and supports Saputo's other growth activities.

The plan is based in five strategic pillars that are expected to drive strong organic growth over the four-year period (fiscal years

2022 through 2025). The pillars of the plan are:

- Strengthen core business. Under this pillar, Saputo is leveraging the power of its brands, both domestically and across geographies, and optimizing its existing product portfolio with a focus on core categories, including snacking, Italian-style, and specialty cheeses as well as value-added products, beverages and ingredients.

- Accelerate product innovation. Saputo plans to expand its presence in dairy alternatives as a strategic priority, and intends to take an early and active leadership position in the alternative cheese category, while also leveraging its network to seize opportunities

on the alternative beverage side through co-packing arrangements.

- Increase the value of ingredients portfolio. Saputo will deploy efforts to maximize the value of its whey, optimize key recipes to differentiate its offering to the market, and solidify and establish commercial relationships.

- Optimize and enhance operations. Saputo will undertake specific operations-focused initiatives in its manufacturing, supply chain and logistics activities.

- Create enablers to fuel investments. This comprises initiatives, some of which are ongoing, that will allow Saputo to materialize synergies and reduce overhead costs. Such initiatives include the completion of the merger of Saputo's two USA divisions into "One USA" from which the company expects to materialize synergies thanks to a more agile platform.

Building on the successes derived from its strategic approach to capital expenditures to fuel organic growth, Saputo's Global Strategic Plan includes planned investments of \$2.3 billion, comprised of both base and strategic capital projects.

Saputo remains very bullish about dairy products and acquisition prospects in this space, and the company said it intends to further accelerate its growth through strategic and accretive acquisitions.

Areas of focus include cheese, value-added ingredients, USA retail, and dairy alternative products.

Saputo's key regions of interest include areas the company operates in as well as regions that would expand its geographical footprint, such as Northern and Western Europe.

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Bipartisan House Bill Would Establish Dairy Pricing And Policy Commission

Washington—US Reps. Ron Kind (D-WI) and Mike Gallagher (R-WI) last week introduced bipartisan legislation to establish a Dairy Pricing and Policy Commission to recommend solutions to the issues facing family farmers.

Under the legislation, the Dairy Pricing and Policy Commission would consist of a broad coalition of dairy farmers, dairy processors, and other industry experts who would provide recommendations on how to address some of the big-

gest challenges facing the dairy industry today, including options on how to:

—Evaluate and identify challenges and opportunities for new markets for dairy exports;

—Respond to periods of heightened dairy production during low prices by considering better supply chain coordination; and

—Consider federal milk market-order reforms.

The bill was referred to the House Agriculture Committee.

“I am hopeful the Dairy Pricing and Policy Commission can complement our efforts at the state level to give a full accounting and recommendations for changes to dairy’s pricing system,” said Kevin Krentz, president of the Wisconsin Farm Bureau Federation. “Addi-

tional balance needs to be injected into our supply chain so farmers can receive a fair price for their products.”

“Family dairy farms are essential to a vibrant future in Wisconsin, but they are rapidly disappearing amid low and volatile prices. The Dairy Pricing and Policy Commission will help identify solutions to move us forward on a path to profitability,” said Darin Von Ruden, president of Wisconsin Farmers Union.

“Even before the COVID-19 crisis, Wisconsin dairy farmers had been facing difficult conditions,” Kind commented.

Kind said his legislation “will bring everyone to the table to discuss the issues facing our dairy farmers and find solutions to ensure they can continue to succeed.”

“Dairy farms are central to Wisconsin’s identity. But for more than five years, a historically challenging environment has devastated the dairy economy across our state,” Gallagher said. “We need to help these farmers get back on their feet, and that starts with bringing together experts across the agricultural, academic, and dairy industries to better inform Congress on policies that will change the status quo.”

“Government intervention in markets has never been something farmers have asked for, but we appreciate the support we have received on a federal level,” Krentz stated.

In addition to supporting the Dairy Pricing and Policy Commission Act, the Wisconsin Farm Bureau Federation is working with national partners to examine federal dairy pricing structures and incorporate additional flexibilities to make sure producers are receiving a fair price for their milk.

Belgium’s Milcobel Acquires Cheese Grating, Packaging Company Kaasbrik

Kallo, Belgium—Dairy cooperative Milcobel recently announced the takeover of cheese shredding, grating and packaging company Kaasbrik, established in Halen, Limburg, Belgium.

The takeover is in line with the Milcobel strategy to increase customer focus and to create more added value to be able to achieve a better milk price for its member dairy farmers. With this takeover, Milcobel said it is strengthening its position as one of the leading global companies with regard to producing, processing and marketing Mozzarella.

Kaasbrik, which has a volume of 10,500 tons of cheese and a turnover of 40 million euros, has positioned itself as a specialist with a strong market position in shredding Mozzarella during the past 30 years, Milcobel said. Kaasbrik also specializes in shredding, packing and marketing other hard and semi-hard cheese for the business-to-business market.

Kaasbrik provides a wide range of shredded solutions according to customers’ specifications, thanks to its expertise in Mozzarella and in custom-made and flexible solutions regarding cuts, packaging, size and price, Milcobel said. In this way, Milcobel is also further expanding its own brand portfolio with the cheese-shredding brands Kaasbrik and Pizzaiolo. Kaasbrik has customers in over 20 countries in Europe, Asia, the Middle East and Africa.

“Our takeover of Kaasbrik will enable us to further strengthen our position as a significant player on the global Mozzarella market,” said Nils van Dam, Milcobel’s CEO. “Milcobel and Kaasbrik complement one another extremely well. Mozzarella is a difficult high-quality product that requires the necessary expertise, for which we have found an ideal partner in Kaasbrik.”

“I am delighted that Kaasbrik has come into the hands of a strong Belgian company sharing the same values,” said Johan De Turck, chairman of Kaasbrik’s board of directors. “I am extremely proud of what we and our team have achieved during the past few years. My daughter, Karlien, will continue to be CEO and to lead the international growth trajectory.”

“In this way, we ensure that extremely high-quality Mozzarella is supplied by one of the leading players in the Mozzarella landscape,” Karlien De Turck said. “The family is convinced that the two companies will be much stronger together and will accomplish great achievements.”

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Cheese Is ‘Superstar’ Of Dairy Universe; Supply Chain Presents Challenges

Elmhurst, IL—Consumers’ love of cheese and their enduring demand for pizza helped the dairy industry and quick-service restaurant sector weather the pandemic.

However, soaring transportation costs and a lingering chaotic supply chain remains a challenge for industry members getting cheese where it needs to go – on time and in good condition.

The American Dairy Products Institute (ADPI) recently hosted a webinar on the critical role of cheese as an ingredient.

“It now costs 12 cents a pound to move cheese from the big cheesemaking plants to cut-and-wrap facilities in Wisconsin. That’s up 50 percent from a year ago.”

—Phil Plourd,
Blimling & Associates

US cheese production has more than tripled over the past three decades, said Phil Plourd, president, Blimling & Associates, Inc. The US now produces more Mozzarella than Cheddar.

“Pizza is a rock star,” Plourd stressed. “It thrived during the pandemic because pizza companies had infrastructure already set up. Pizza was already doing a good job with technology, but they stepped it up and rocked it during the pandemic.”

While I’m always wondering when we’ll reach full pizza saturation, we somehow keep wanting more. Mozzarella as an ingredient in restaurant applications and frozen food has had a real surge over the past year, he said.

Big pizza chains enjoyed sales increases of eight to 26 percent, and quick service outlets saw sales numbers up 20 percent over 2019.

Demand is forecast to continue as the US opens back up and activities such as kids’ sports “find us at the drive-thru window at 6:15 p.m. trying to find some food,” Plourd said.

We’re not only above QSR sales in 2020, but way above 2019, he continued.

Conventional wisdom is that one-third of total cheese production goes to retail; another one-third to foodservice and the final third goes into ingredient applications, Plourd said.

“I would say that foodservice pre-pandemic was much more prominent than 30 percent,” he said. “More like 40 percent.”

The Hispanic cheese category is also doing quite well, with compound annual production growth.

Overall, the US industry is seeing fewer, larger cheese plants, from about 700 cheese plants in 1981 to less than 550 in 2021. The average plant makes three times more cheese – roughly 66,000 pounds per day.

Larger commercial plants are making about 500,000 pounds of cheese per day.

“When we look at cheese consumption as part of the dairy demand constellation, cheese is sort of the superstar of the dairy universe,” Plourd said. “Yeah, yogurt’s had a good run; butter’s had a comeback, but as a steady basis, we’ve seen domestic cheese consumption up by an average 2.1 percent.”

When you read media reports on dairy consumption decline, fluid milk as a beverage has had a long decline, but overall dairy consumption has increased, Plourd said. Cheese is a major reason.

Global cheese consumption has also grown at a pretty good clip, he continued, actually faster than the US over a 20-year period. Over the last five years, however, US consumption is stronger than world consumption. A lot of exported cheese is used as a foodservice ingredient in overseas countries, Plourd said.

“It’s also critical to note that this year, the US has been making lots and lots of Cheddar”, Plourd said. “We have new cheesemaking capacity with a large plant in Michigan designed to take eight million pounds of milk per day.”

We have larger Cheddar production capacity with this new plant – about 7 or 8 percent, he continued.

However, we don’t grow demand quite that quickly, so there’s a little bit of catching up to do, he said.

“As far as demand goes today, it’s quite good; supply just happens to be better,” Plourd said. “Cheese retail sales are down compared to 2020, which is not a surprise, but we’re also ahead of 2019 and have been for several weeks.”

High Freight Cost Contributing To Supply Chain Chaos

The issue of freight is a hot topic all over the place, Plourd stressed. It’s impossibly expensive, driving transportation costs to an all-time-high.

“It now costs 12 cents a pound to move cheese from the big cheesemaking plants to cut-and-wrap facilities in Wisconsin,” he said. “That’s up 50 percent from a year ago.”

Somewhere that gets baked into the pricing equation. We can see lots of job openings in warehousing and transportation,” he said.

“I’ve had no fewer than five conversations today with clients who have spoken about one element of supply chain chaos or another – whether it’s running out of steel for cans or they can’t get product on a boat going to Australia,” Plourd said.

The logistics situation is a nightmare, and we don’t think it’s going to get a whole lot better over the next three to six months, just because it takes time to repair, and there are a lot of things wrong across the logistics chain, he said.

“This is going to be an ongoing challenge for the US dairy industry,” Plourd said. “It makes us less competitive in the export world,

and it’s just harder to move stuff around.”

Regarding inflation, we’ve seen a massive jump in government aid in stimulus dollars to consumers, Plourd said.

“This is crazy town in terms of the jump in personal income and the historically generous unemployment benefits. During the pandemic, there was a massive run-up in direct payments,” he said. “So, people are spending money and that played a role in some of these supply chain snarls.”

The Psychology Of Scarcity

Right now, we’re very much dealing with the psychology of scarcity on several fronts, Plourd stressed. Consumer price inflation in April increased 4.2 percent versus prior year levels.

Products that are in very short supply, such as steel, computer chips, and lumber, are driving inflation, he continued.

I don’t think we’ll run out of dairy any time soon, but I think buyers are certainly approaching their jobs each day under the psychology of scarcity, Plourd continued. That impact will not only make them buy, but they’ll buy more. It’s perfectly understandable.

“From a cheese perspective, how this plays out with cheese pricing is seeing spot prices down by about 31 cents per pound since May 12,” Plourd said.

Meanwhile, cheese futures are down just 12 cents, he continued. What this tells us is that end users are nervous about scarcity, nervous about running out, and nervous about what we saw last year when cheese went for \$3 per pound.

Things are calmer this year, but inflation is still pretty big against the long run of history, Plourd continued.



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Bipartisan House Letter Urges Biden To Name Chief Ag Negotiator In Office Of US Trade Rep.

Washington—A bipartisan group of 26 House members recently urged president Biden to nominate an individual for the role of chief agricultural negotiator at the Office of the US Trade Representative (USTR).

Katherine Tai was sworn in as the 19th US Trade Representative on Mar. 18, 2021. A number of senior officials in the Office of the USTR have also been named, but not a chief agricultural negotiator.

“Sound agriculture trade policy is imperative for our producers as many commodities are export dependent and rely on a level playing field in foreign markets,” the letter to Biden noted. “We must ensure there is no one better equipped to lead the charge of feeding a hungry world than American producers.”

“Over the last few years, we have seen a remarkable development in global market access driven by a combination of strong consumer demand and robust trade policy,” the letter continued. “It is critical a Chief Agricultural Negotiator at USTR is nominated.”

During previous administrations, the role of chief agricultural negotiator at USTR “has been instrumental in prioritizing agriculture in trade agreements and eliminating numerous non-tariff barriers,” the letter noted. For example, US producers gained expanded market access through the United States-Mexico-Canada Agreement (USMCA), while USTR was also able to secure enforceable labor and environmental standards.

“In order to ensure that US farmers and ranchers receive the full benefits of recent agreements and are prioritized as you explore new market access opportunities, it is imperative that the role of Chief Agricultural Negotiator is filled,” the letter to Biden said.

“For several years, our producers have experienced price declines, retaliatory tariffs, severe weather, drought, and other hardships that have been out of their control. Most recently, the COVID-19 pandemic has tested our supply chain resilience and reminded Americans that having an affordable and abundant supply of food, independent of foreign adversaries, is essential,” the letter said. “It is critical the Chief Agricultural Negotiator promotes American agriculture around the world and works vigorously to advance existing and future markets for our producers.”

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PERSONNEL

ANDY JACOBS has been tapped as CEO of **Turkey Hill LLC**. Jacobs, who joined Turkey Hill's board of directors two years ago, has roughly 30 years of experience in the food and beverage industry, most recently serving as executive vice president and chief operating officer at Hostess Brands. Jacobs also held leadership positions at The Hershey Company, Brach's Confections, and Nabisco. Turkey Hill has also named **PAUL GAGLIANO** the company's new chief customer officer. Gagliano joins Turkey Hill with approximately 30 years of experience in the food and beverage industry, most recently serving as executive vice president and chief customer officer at SlimFast.

The **International Dairy Foods Association (IDFA)** has named **MATT HERRICK** senior vice president of public affairs and communications, and executive director of the IDFA Foundation. As senior vice president, Herrick will lead IDFA's communications and public affairs activities with a particular focus on advancing advocacy priorities, coordinating organizational strategy, and leading media and marketing. Herrick will also launch and lead the new IDFA Foundation this summer, responsible for supporting research, grant-making, and collaboration for social impact. Herrick most recently served as director of communications at the US Department of Agriculture in the Biden administration under Ag Secretary Tom Vilsack. Prior to USDA, **HEATHER SOUBRA** has been promoted to the

new position of senior vice president, strategic initiatives. Soubra joined IDFA in 2008 and most recently served as chief of staff for the trade association, where she directed the key initiatives and led day-to-day operations of the Executive Office. Soubra is the chief liaison with IDFA members and members of the IDFA governance structure. She also leads IDFA program development and execution, including IDFA's Dairy Forum.

Applications For \$1,000 EWCBA Scholarship Due September 1

Algoma, WI—The Eastern Wisconsin Cheesemakers & Buttermakers Association (EWCBA) will be accepting applications for its 2021 Roland Behle Scholarship now through Sept. 1.

The annual scholarship is available for two semesters – \$500 per semester. Applicants must be dependents of an EWCBA member or a dependent of an employee of that member's business, and have a sincere interest in pursuing a degree in an ag-oriented field.

Students must also be a graduate of a Wisconsin high school intent upon enrollment by the fall term at an accredited Wisconsin university, college or vocational institute for an ag-related program or short course.

Applications can be mailed to: Chris Renard, EWCBA, 248 County Rd. S, Algoma, WI 54201. For questions, contact Chris at (920) 487-2825 or via email: chris@renardscheese.com.

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Milk Consumption Not Associated With Higher Levels Of Cholesterol: Research

Reading, UK—Regular milk consumption is not associated with increased levels of cholesterol, according to a recently published study.

The study published in the *International Journal of Obesity* looked at three large population studies and found that people who regularly drank high amounts of milk had lower levels of both good and bad cholesterol, although their BMI levels were higher than non-milk drinkers.

Further analysis of other large studies also suggests that those who regularly consumed milk had a 14 percent lower risk of coronary heart disease.

The researchers took a genetic approach to milk consumption by looking at a variation in the lactase gene associated with digestion of lactose.

The research in the study found that having the genetic variation where people can digest lactose was a good way for identifying people who consumed higher levels of milk.

“We found that among participants with a genetic variation that we associated with higher milk intake, they had higher BMI, body fat, but importantly had lower levels of good and bad cholesterol,” said Prof. Vimal Karani, professor of nutrigenetics and nutrigenom-

ics at the University of Reading. “We also found that those with the generic variation had a significantly lower risk of coronary heart disease.

“All of this suggests that reducing the intake of milk might not be necessary for preventing cardiovascular diseases,” Karani added.

The new research was conducted following several contradictory studies that had previously investigated the causal link between higher dairy intake and cardio-metabolic diseases such as obesity and diabetes.

To account for inconsistencies in sampling size, ethnicity and other factors, the research team conducted a meta-analysis of data in up to 1.9 million people and used the genetic approach to avoid confounding.

Even though the UK biobank data showed that those with the lactase genetic variation had 11 percent lower risk of type 2 diabetes, the study did not suggest that there is any strong evidence for a link between higher milk intake and increased likelihood of diabetes or its related traits such as glucose and inflammatory biomarkers.

“The study certainly shows that milk consumption is not a significant issue for cardiovascular disease risk even though there was a small rise in BMI and body fat among milk drinkers,” Karani said. “What we do note in the study is that it remains unclear whether it is the fat content in dairy products that is contributing to the lower cholesterol levels or it is due to an unknown ‘milk factor’.”

Dairy Farmers Of Canada Launches Campaign Focusing On Standards Behind Canada's Milk

Ottawa, Ontario—Dairy Farmers of Canada (DFC) recently launched a marketing campaign focusing on the rigorous standards behind Canada's high-quality milk.

“Dairy Farming Forward — High Standards” highlights the progressive practices Canadian

farmers use to maintain animal welfare, food safety and sustainability.

The six-week, bilingual campaign kicked off June 21, 2021, with television,

radio, social and digital components running through Aug. 2 nationwide.

“Canadian dairy farmers have always been innovative in their approach to excellence,” said Pierre Lampron, president of Dairy Farmers of Canada. “Meeting some of the most stringent standards in the world, 100 percent Canadian milk achieves its high quality through a big-picture approach that includes caring for animals and the environment.”

“This campaign takes a multi-faceted approach that speaks directly to the quality of Canadian milk, cow health and environmental concerns,” said Pamela Nalewajek, vice president of marketing for Dairy Farmers of Canada. “We are driving home the fact that consumers can trust the Blue Cow logo because Canadian dairy farmers care about the same things they do.”

To view the campaign, visit www.dairyfarmersofcanada.ca.



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640 Box Shortage

Continued from p. 1

Jeff Kent, general manager of the cheese division at Arena Products, described the situation from his company's point of view.

"What you are seeing right now is limited supply of wood containers and it's caused by companies holding cheese a little longer," Kent said.

Both Tosca and Arena say the situation is consumption-related.

"Right now the frustration for everyone is consumer demand, especially for retail consumer demand," said Tosca's Steve Schenkoske, director of sales. "It looks like retail cheese cutting has slowed down dramatically, thus the number of boxes coming back is less than we need to cover orders."

Cutting Rates Down

Both Arena and Tosca said that they have tracked their inventory that goes back several years. Each offer RFID tags that monitors each box's turn.

Every year the box suppliers ask their customers what kind of volume they'll expect to need, how many turns they expect they'll go through per box. Based off that information, the two suppliers say they keep extra inventory so they can be responsive to the market.

"This is the type of transparency we ask from all of our customers," Kent said. "Our customers are testing things all the time, going from short hold to long hold cheese. With information like that beforehand, we can build more boxes to support the longer dwell times."

Consumer demand for cheese has been good, but Kent feels it shifted from retail to foodservice. With that shift, he said, there is change from cheese traditionally made in 640s to Mozzarella and Provolone and cheese for pizzerias.

"The \$1.50 market is a feel-good market where you can buy and hold cheese," Kent said. "Companies are buying plenty of it."

He explained that the milk supply is high and plants are running full. But companies are buying and holding cheese longer, reducing the number of turns on those boxes, than they anticipated due to consumer sales.

"We've never seen anything like this before," Kent said. "It's unprecedented."

"Right now the frustration for everyone is consumer demand. It looks like retail cheese cutting has slowed down dramatically, thus the number of boxes coming back is less than we need to cover orders."

—Steve Schenkoske, Tosca

Tosca has been reconditioning 640 wood boxes for over 50 years. Kalin said there have been times that supply was tight, but the company never ran out.

"The success of this pooling model depends on if those boxes continue to turn," Kalin said. "So when we have these bottlenecks where things are going into inventory at the rate which they move through the system is prolonged, it makes it incidentally difficult to accommodate that. We've never been in this situation before."

Make Plant's Reaction

While Tosca and Arena are competitors, they agree that it is in the best interest to work together for the betterment and support of the

industry.

"It took so many things to get us into this situation," Kalin said. "It's going to take several to get us out of it. It will be a host of very interwoven collaboration in close contact with what we are doing, our competitors are doing, what the make plants are doing and what the cut plants are doing. The path out of this is everyone helping out."

Both Kent and Kalin said their companies are doing whatever they can to help support the industry.

"This is a concern for the industry from milk producer to consumer," Kent said. "We will be competitors again real soon, highlighting our services, but right now, we have to work together for the industry."

Kalin said reaction from customers of Tosca's pool of wood boxes has been appropriate.

Most of the people we have talked to are very understanding, Kalin said. They understand the industry better than we do and they tell us they couldn't have envisioned the situation any better than we did.

"There is a lot of frustration that is appropriately and understandably directed toward Tosca," Kalin said. "But there is also this kind of comrades in arms feeling that we are in this together and we know we have to collaborate in order to find our way out of it. And I think for that reason — most of the industry have been pretty good."

Kent said Arena has not shorted any of their customers but has felt the concern from their pool members and frustration from non-pool manufacturing plants.

"Where we are struggling is when our customers come in for extra boxes above their budgeted volumes," Kent said. "Or non-pool customers requesting boxes."

Kent said manufacturers are doing their best to adjust to the situation such as rerouting milk and adjusting product mix when possible.

"You don't want to see that as it certainly impacts cost of production and jeopardizes service levels to customers," Kent said. "But if you don't have boxes to put cheese into, you still have to find a home for the milk."

Kent and Schenkoske said some of the manufacturers have started making more 40-pound blocks and more 500-pound barrels of cheese to offset the 640 shortage.

The milk is going into cheese production they do have packaging for, Kalin said. They are trying to run their plants as efficiently as they can to utilize the milk. But it's just not going into as many 640 boxes as they'd like to.

"Our goal is to help solve the situation. Our outward statement is to get any 640 box you can get, whether it is our competitors' box or not. Anything you can do to move production into barrels, anything you can do to convert to 40 pound blocks, is all going to help the situation."

"We'd love to see retail get strong now but historically this doesn't happen until August/September. That's why I believe it gets slightly worse before it gets better."

—Jeff Kent, Arena Products

Kalin and Kent cautioned this move to offset the 640 shortage may in itself create other shortages.

"We've heard companies are having a hard time finding 40 pound block liners and corrugated boxes for 40's, Kalin said. "Supply chains are being blown up all over."

"You can say, just switch it to 40's, but that's not necessary a long-term solution," Kent said. "This is going to trickle down. If there are no pallets to put that cheese on; if there are no boxes to put the cheese in; if there are no liners available, it's going to continue to create additional challenges for the manufacturers."

Supply Chain Problems

Kalin said the challenge Tosca is having in general is yet another problem the entire industry is having.

Everyone is having labor issues right now, he said. Transportation is not only expensive, but has been unpredictable. The industry has had a difficult time staffing their

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Blakesville Creamery Opens At Height Of Pandemic, Prospering One Year Later

Port Washington, WI—One year after Blakesville Creamery here kicked off operations at the peak of the pandemic, the farmstead goat cheese company has emerged stronger through experience and innovation.

Plans for the creamery began long before the global threat of COVID-19, according to head cheese maker and general manager Veronica Pedraza.

Pedraza, who has been making cheese since 2007, most recently worked for Meadowood Farms in Cazenovia, NY. Before that, she was the creamery manager at Jasper Hill Farm in Greensboro, VT.

“What I think makes Wisconsin unique is just how big the industry is here. There’s a lot more resources for cheese makers in Wisconsin.”

—Veronica Pedraza,
Blakesville Creamery

In late 2012, the owner of Blakesville Creamery acquired an active 300-head cow dairy, and began the process for converting the property into a goat farm.

The farm’s primary purpose was to produce quality goat milk using sustainable farming practices. The Blakesville goat farm sector is now led by general manager Brent Foat and herd manager Whitney Sakal.

“Initial conversations about the creamery began in 2017, and the formal planning started in 2018,” Pedraza said. “There were some considerations that had to be addressed.”

Step one was to construct housing for the farmstead herd of 1,200 Saanen and Alpine goats; when that was finished, we moved on to the creamery.

With her substantial experience in farmstead cheesemaking, Pedraza was hired as consultant to create a business plan for the dairy.

The owner was interested in starting a creamery, but didn’t really know what that looked like in terms of sales and cost to build, she said.

The creamery broke ground on construction of the 9,200 square-foot facility in July 2019.

Blakesville Creamery features all new equipment, and processes roughly 28 percent of its total milk production. The remainder is sold on the fluid milk market.

“We make soft-ripened cheese and when COVID hit, a lot of producers who were making soft-

ripened cheese saw their sales evaporate,” Pedraza said. “Some people lost up to 80 percent of their business in a matter of a few weeks.”

“That made me re-think our business plan a bit,” she continued. “I started making fresh goat cheese in response to COVID, as well as an aged cheese that’s three to four months old.”

“It basically made me think about diversifying our product line so that all of our eggs were not in one basket,” Pedraza said.

Goals: Total Milk Supply Devoted To Cheese, Selling Nationwide

Blakesville Creamery is working towards a goal of processing 100 percent of its milk supply for cheese and to see its products in stores nationwide.

Right now, three to four days per week are dedicated to cheesemaking.

Products are sold at retail through distributors in major markets throughout the US, including California, New York, Chicago, Milwaukee and across the Northeast.

A good portion of Blakesville’s cheese production is dedicated to foodservice sales, particularly its fresh chevre. The company works with Regalis Foods Chicago for fresh chevre distribution.

Blakesville’s product line currently includes seven different cheese varieties – the majority of which are soft-ripened and aged under 60 days.

So far, the cheese that’s earning the greatest reception is Afterglow – lactic, soft-ripened chevre buttons washed with Wisconsin’s cherry-flavored New Glarus Belgian Red Ale.

Other styles, with names celebrating the terrior of Port Washington on the shores of Lake Michigan, include St. Germain, Lake Breeze and Lake Effect.

Appreciating Wisconsin Cheese Industry Resources, Experience

Having spent 14 years making artisan cheese in Vermont, Upstate New York and Georgia, Pedraza is excited about heading up her own operation in Wisconsin.

Throughout her career, she’s had the opportunity to connect with and work alongside industry leaders like Alyce Birchenough of Sweet Home Farm, Elberta, Alabama; Jeremy Little, Sweet Grass Dairy, Thomasville, GA; and Andy Hatch of Uplands Cheese, Dodgeville, WI.

The diversity of her career and experience has given Pedraza insight into cheesemaking in different parts of the US. In Wisconsin, the artisan cheesemaking community is similar to its East



Veronica Pedraza, head cheese maker and general manager of Wisconsin’s new Blakesville Creamery, has been making artisan cheese since 2007.

Coast and West Coast counterparts in several respects, according to Pedraza.

“Generally, I think specialty and artisan cheese makers don’t view each other as competition, and we try to help each other out with cheesemaking problems and view our industry as the stronger it is, the better for everyone,” Pedraza said.

“What I think makes Wisconsin unique is just how big the industry is here,” Pedraza said. “There’s a lot more resources for cheese makers in Wisconsin.”

The state’s cheese industry infrastructure includes the University of Wisconsin-Madison Center for Dairy Research (CDR), along with logistical resources like trucking companies available for shipping cheese.

“It’s a lot harder to find these resources in rural and more remote areas of the country,” Pedraza said.

“When I was in Upstate New York, I was four hours from the city, but four hours in the wrong direction,” she said. “I had a really

hard time getting my cheese down to the city.”

Here, I’m not having problems finding people able to pick up some pallets and move cheese to New York City; it’s easy, she said.

You also have access to equipment suppliers, culture suppliers and skilled tradesmen like plumbers and electricians familiar with working in a food processing environment and conscious of food safety, Pedraza continued. Having them put on hair nets and booties is never an issue.

Looking back over the past year, Pedraza said one of the biggest hurdles was going ahead with the opening – despite the pandemic – and not being sure of what we were getting into.

However, the challenge of staying the course and soldiering on into the unknown turned out to resonate with consumers. One year later, Wisconsin’s newest goat milk creamery is not only surviving, but thriving.

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Reiser Receives Patent For Apparatus For Continuous Cheese Rope Depositor

Reflectronics Gets Milk Coagulation Control Patent; Other Patents Awarded

Washington—The US Patent and Trademark Office (USPTO) recently awarded a patent for an apparatus and method for a continuous cheese rope depositor.

The inventor is Scott Feldman. The patent was assigned to Robert Reiser & Co., Inc., Canton, MA.

The invention relates to method and apparatus for forming stuffed crust pizza on a continuous high-speed basis. The invention can form and deposit a cheese rope in either an ellipse or circular shape onto a moving sheet of dough in multiple lanes using a waterwheel flow divider.

An encoder is mounted to the conveyor feeding the dough to the system. This encoder provides both position information and information on the speed of the dough to a motion controller which is then used to regulate the movement of the cheese depositing nozzles.

A stamping device initially presses

an indentation of the cheese shape into the dough sheet which provides a natural resting location for the cheese to be deposited. A set of nozzles is utilized to form the cross sectional shape of the cheese. Each nozzle forms one half of the total shape of the cheese and the flow to each nozzle is controlled by a waterwheel flow divider.

Accordingly, an object of this invention is to provide a new and improved method and apparatus for producing stuffed crust pizza. It is another object of this invention to provide a new and improved invention for producing stuffed crust pizza on a continuous mass production basis wherein a plurality of pizzas are fed on a multi-lane conveyor belt to provide the pizzas to cheese depositing nozzles.

The USPTO also recently awarded a patent for milk coagulation process control technology. The inventor is Fred Payne; the patent was assigned to Reflectronics, Inc., Lexington, KY.

The new and improved method of manufacturing cheese that is described in the patent comprises the steps of: monitoring, by at least one optical sensor, infrared back-

scatter response from a first batch of milk undergoing enzymatic coagulation to form a first batch of milk coagulum; monitoring, by the at least one optical sensor, fluorescence backscatter response from the first batch of milk undergoing enzymatic coagulation to form the first batch of milk coagulum; determining, a first batch cutting time for the first batch of milk coagulum using a controller having control logic configured to base said first batch cutting time upon time parameters generated from a combination of the infrared backscatter response and the fluorescence backscatter response with processing conditions and milk composition properties; and determining an amount of enzyme to be added to a second batch of milk to undergo enzymatic coagulation using the controller having the control logic further configured to control a second batch cutting time to a plant cutting time setpoint to maximize product quality and efficiency.

A patent was awarded for an invention relating to a method for making cheese, wherein the cheese is salted with a salting agent comprising milk minerals and sodium chloride or a mixture thereof. Inventors are Emmi Martikainen and Gerrit Smit. It was awarded to Valio Ltd., Helsinki, Finland.

As used in the description, the term "milk minerals" is meant to include minerals derived from milk and/or whey. In an aspect,

the invention provides a method for making cheese having a ratio of potassium/sodium of more than 0.2 to 4.0, wherein cheese is salted with a salting agent comprising milk minerals and sodium chloride.

In this invention, any salting process generally known in cheesemaking can be used, including but not limited to brine salting, injection salting, dry salting, surface salting, salting of grains and pre-salting.

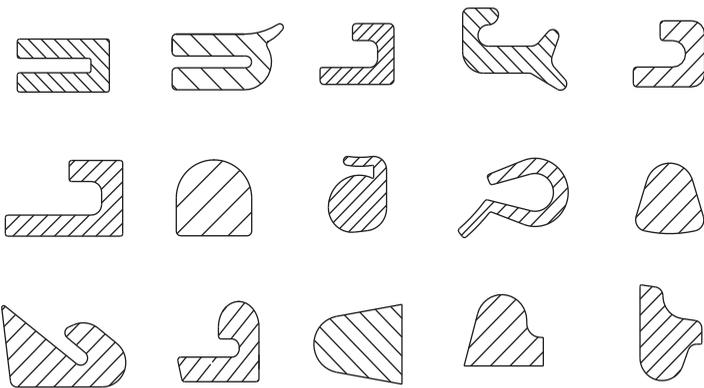
The USPTO has also awarded a patent for a stackable and pallet-transportable cheese log forming and holding tray. The inventor is Michael A. Foght. The patent was assigned to Portage Plastics Corporation, Portage, WI.

In a preferred embodiment, this invention is directed to a tray having compartments into which a soft malleable material, preferably a cheese is discharged during making of the cheese so that the cheese received in each tray compartment is molded by the three-dimensional shape or contour of the compartment into a desired three-dimensional shape or contour.

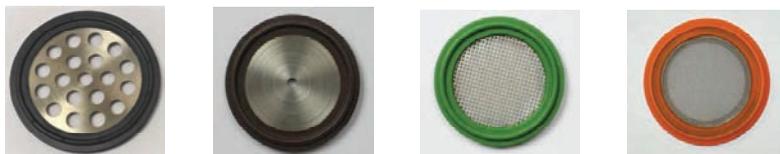
Such a tray of this invention is formed, preferably molded having such recessed compartments formed with such a desired three-dimensional shape to impart a desired shape onto at least a portion of the cheese discharged into the compartments is substantially conforms to the shape of the compartment.

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California Dairies, Inc., Launches Effort To Measure, Validate, Improve Sustainability

Visalia, CA—California Dairies, Inc. (CDI) last week announced the formal launch of an initiative aimed at measuring, validating, and further improving sustainable business practices.

CDI, the nation's second-largest dairy cooperative, has assembled a team of experts in the field of sustainability across numerous priority areas, from environmental stewardship to employee welfare to animal husbandry and beyond.

CDI said its team has substantial knowledge of the dairy industry and expertise in sustainability from farm to consumer. Over the coming months, this team will work to quantify the current baseline status of CDI's supply chain in key areas of sustainability, as well as lay out a roadmap of goals and targets going forward.

"Given our exclusive production in California, CDI's member farms understand the responsibility that comes with producing milk and have been on the leading edge of the sustainability movement," said Brad Anderson, CDI's president and chief executive officer. "Together with the industry experts we have teamed up with, we look forward to formally quantifying those efforts in the coming months in order to better communicate the work being done to our customers, consumers, and government regulators, as we chart an achievable roadmap for the future."

"CDI's membership has been leading the way in sustainable dairy farming investments, from water conservation to renewable solar energy to anaerobic digesters and more, and we continue to move as fast as technology and on-farm economics allow," said Simon Vander Woude, chairman of CDI's board of directors.

"This is an opportunity to showcase that hard work, while doubling down to drive innovation and further improve our environmental footprint, ensuring that our farms produce some of the most sustainable milk in the world, across all the various pillars of sustainability," Vander Woude added.

Twenty years ago, before sustainability became a household word, CDI co-founded Dairy Cares, a non-profit pursuing research and innovation in the area of sustainable dairy practices in California. According to a 2020 study, California dairies have already reduced the amount of land (89 percent), water (88 percent), and greenhouse gases (45 percent) per gallon of milk produced over a 50-year period.

QIP To Continue

(Continued from p. 1)

had to be satisfied: 65 percent or more of the total number of eligible producers who voted in the referendum who produced 51 percent or more of the total amount of fluid milk produced in the state during the calendar month next preceding the month commencement of the referendum period (January 2021) by all producers who voted in the referendum approved the plan; or 51 percent or more of the total number of eligible producers who voted in the referendum who produced 65 percent or more of the total amount of fluid milk produced in the state during the calendar month next preceding the month commencement of the referendum (January 2021) by all producers who voted in the referendum, approved the plan.

According to the California Department of Food and Agriculture (CDFA), 78.56 percent of the total number of eligible producers voted in the referendum, and 49.25 percent voting in favor, having produced 54.47 percent of the total amount of fluid milk in the state, among participating producers, in January 2021.

Conversely, 50.75 percent voting in opposition produced 45.53 percent of the total amount of fluid milk in the state, among participating producers, in January 2021.

While the first criterion was satisfied (more than 51 percent of the total number of eligible producers in the state voted), only one of the two elements in the first criterion was satisfied and neither of the two elements in the second criterion was satisfied.

Therefore, the proposed amendments will not be incorporated

into the Quota Implementation Plan and the QIP will remain in force and will not be terminated effective Mar. 21, 2025, the CDFA said.

Karen Ross, the CDFA's secretary, had signed an order in January calling for a referendum to be held on a petition to amend, and eventually terminate, the state's Quota Implementation Plan. The referendum voting period was Mar. 4 through June 1, 2021, the maximum time allowed for a producer referendum, according to the CDFA.

The petition had been submitted by United Dairy Families of California (UDFC).

Under the Quota Implementation Plan, California dairy producers are paid a higher amount for raw milk covered by quota than for milk not covered by quota, according to Administrative Law Judge Timothy J. Aspinwall in a December 2020 decision recommending a referendum vote among eligible dairy producers on the UDFC petition. The premium for quota holders is funded by dairy producers through deductions from the California milk pool.

The QIP took effect as of Nov. 1, 2018, at the same time the new California federal milk marketing order became effective. Shortly thereafter, opposition to the quota program began to surface in the dairy producer community, due in part to the federal order requirement that the quota assessment appear as a line-item authorized deduction on producers' milk checks.

In an effort to bring unity to the producer community, UDFC formed in early 2019 for the purpose of providing a forum to discuss the future of quota. UDFC

facilitated a process led by Dr. Marin Bozic and Matt Gould. In Phase 1 of that process, 11 initial reform proposals were discovered. Eventually, those proposals were narrowed down to just one.

The original purpose of California's dairy quota program was to provide a stable and adequate supply of fluid milk, Bozic and Gould noted in one of the documents they produced for the UDFC. Bozic and Gould believe the rules of the California federal order are satisfactory to achieve that purpose and the QIP in its current form does not contribute to that purpose.

The quota program increases net farm income on farms that own sufficiently high levels of quota while directly reducing net farm income on all other Grade A dairies, according to Bozic and Gould.

Under the UDFC petition that was the subject of the referendum, sunseting the QIP effective Mar. 1, 2025, would have provided a duration of five years, recognizing that many dairy producers would need to adjust their business models and possibly change the location of their operations.

A five-year sunset would provide time for dairy producers to prepare for termination of the QIP, as opposed to a sudden termination, which would have "major negative economic impacts" on California's dairy industry, according to the UDFC petition. A sunset would have provided certainty regarding the program duration and could have stabilized the market price for quota for the remainder of the program.

The UDFC proposal would have provided a cumulative payment of \$300 per pound of quota, distributed over 60 months.

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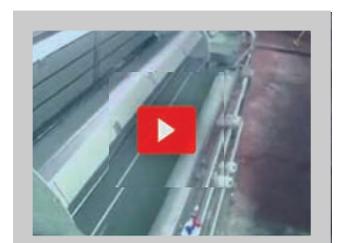
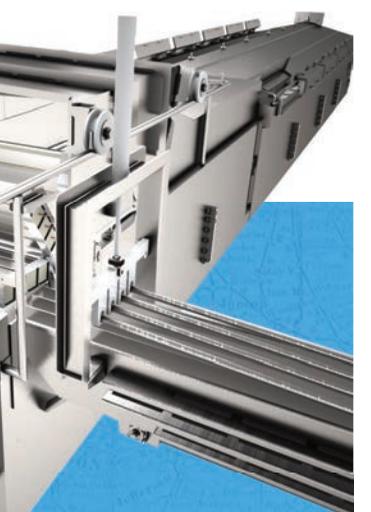
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Trabak Automation Performing MAG-ic On Dairy Product Conveyance

Rock City, IL—Trabak Automation Solutions, a new automation company based here, is bringing proven magnetic technology to dairy product conveying.

Scott Jones, who has over 15 years of machine design and automation experience in the dairy industry as well as 10-plus years experience at Nidec Motor Corporation, recently started up Trabak Automation to offer safer, more hygienic, and economic product transfer lines to the dairy industry.

“It’s been my whole life,” Jones said. “Working in the industry designing controls, engineering parts, detailing. I’ve been doing it for a lot of years, it’s what I know.”

New to this industry, however, magnets have become a better way to convey products as they eliminate the need for serviceable parts and the use of unsanitary equipment, Jones said.

Trabak’s Magnetic Innovative Conveyor System (MAG-ic™), is a buffering system eliminating mergers and diverters found in traditional size reduction systems.

Jones described MAG-ic as the latest in product transfer technology.

“It’s a touchless levitation system that can be configured to meet any dairy product conveying or buffering needs,” he said.

The robotic system is comprised of plates with individual motion capability, each moving independently on a bed with preprogrammed routes.

The plates offer absolute traceability that are identifiable at all times, offering unlimited flexibility and six degrees-of-flexibility, Jones said. Each plate has built-in intelligence that helps avoid impediments and other obstacles.

Since the conveyance line is not limited to the number of plates that can be used to transfer production to its destination, production lines can vary from small to very large. The plates come in numerous sizes and shapes and have little or no weight constraints.

The MAG-ic system is easy to clean with its design and virtually maintenance free, Jones said.



Staff and Family at Trabak Automation include (left to right): Scott Jones, owner and automation engineer; Trenton Poff, engineer; Anya Fritz, Kylie Jones, Ryker Jones, Addi Fritz, Blake Jones, engineer; and Jessica Jones, marketing.

“It’s a system that really needs to be seen to believe,” Jones said. “This is brand new technology. It’s going to revolutionize the way plants convey product.”

Jones said there are no serviceable parts and practically no maintenance is needed.

“The only actual moving part is the plate with magnets in them. It’s far safer. The cost of ownership is incredible. There is no migration of bacteria that can get to the product,” Jones said.

All of these plates are individual conveyors and have unique identifiers. They are like having an absolute encoder in each plate, Jones said.

Another one of Trabak’s uses of magnets is the company’s Kleen Drive™ technology.

Kleen Drive uses advancements in magnetic couplings that drive through stainless steel for complete rotary torque transmission. It’s completely sealed, has no product contact and is maintenance free.

The whole conveying frame is built using stainless steel and the magnetic couplings sit behind the

frame and rotate the rollers, Jones said.

“It’s very clean. No removing belts to clean or the time to remove them. You can pop these rollers out of the conveyor and throw them into the COP tank,” Jones explained.

Jones said the magnetic couplings are very strong and can easily convey a 640-pound block because of the disbursement of weight across rollers.

The next introduction will be the company’s new Intel-A-Harp, a cheese cutter designed to reduce downtime due to harp breaks and changeovers found in traditional harp cutting systems.

Trabak Automation can also integrate and develop custom designs for any automation need and specializes in cheese conversion machines, conveying and data acquisition. All systems follow USDA and 3A guidelines, he said.

For more details and to see the MAG-ic product buffering system, visit www.trabak.com, or call Trabak Automation at 608-751-7098.

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Vermont Cheese Festival Cancelled; Looks Ahead To 2022

Shelburne, VT—Organizers of the popular Vermont Cheesemakers Festival have cancelled the July event, and are looking forward to its 12th installment in 2022.

“With great sadness, we announce the cancellation of the 2021 Vermont Cheesemakers Festival, given the current conditions, uncertainty around COVID variants, and our interest in keeping both our vendors’ and attendees’ safety prioritized,” the Vermont Cheese Council (VCC) reported.

In lieu of a public festival, VCC brought back “The Hunt,” launched as a Covid-friendly alternative. The scavenger hunt breaks the state into six regions, helping participants visit the cheesemakers in those regions. To check it out, visit www.vtcheese.com/2021hunt.

WI Governor Signs Budget That Doubles Dairy Processor Grant Program

Madison—Wisconsin Gov. Tony Evers this week signed the 2021-2023 biennial state budget, which includes, among other things, expansion of dairy processor grants and a new program to grow international trade opportunities.

According to the Wisconsin Cheese Makers Association, the budget doubles investments in the Dairy Processor Grant Program at the Wisconsin Department of Agriculture, Trade and Consumer Protection, offering \$800,000 over the biennium to industry innovation and continued modernization.

Also, the budget supports a new DATCP initiative to boost exports of dairy, meat and other Wisconsin agricultural products. State funding of more than \$1 million over the biennium will get the program up and running, with the state legislature's Joint Finance Committee (JFC) holding authority to approve more support, the WCMA said.

"The state's new spending plan demonstrates a long-term, bipartisan commitment to growing Wisconsin's \$105 billion agricultural economy," said John Umhoefer, WCMA executive director.

640 Box Shortage

Continued from p. 18

plants across the US, Kalin continued.

"These are the types of things everyone is facing," Jon Kalin commented.

He said Tosca's customers realize the situation and are feeling it far more than just the 640 box shortage.

"They realize that this pandemic has turned everything upside down," Tosca's Kalin said. "640s are just one of many parts of the industry experiencing troubles right now."

We thought 2020 was weird and we reacted, but there have been strange whiplashes back and forth of demand and surges of supply and unexplained lack of inventory this year, Kalin explained.

So to alleviate some of the shortage of 640 boxes, it would seem to make sense to simply make more boxes.

Yet, both Tosca and Arena are being allocated wood and plastic resin supply, respectively.

"We are buying every board we can. Our procurement teams are dedicating their time on locating and buying as much Russian Birch and Douglas Fir as we possibly can," Kalin said.

Tosca said they have commit-

ted millions to new boxes, a number that continuously increases. About half of those boxes have come in and the rest are to come in between now and early September.

It looks to be September too for Arena Products before they get enough resin to create their plastic 640 box.

Kent said Arena has recently invested to improve wash facilities, tripled capacity to wash boxes and has ordered new forms to increase manufacturing capacity, but that's not going to help the industry until the fourth quarter due to the resin shortage.

"If resin was available, we'd be making boxes every day," Arena's Kent commented. "We are currently being allocated on resin. Prices are astronomical, but price is not considered as a factor at any point. Resin is short. That's the only restriction we have right now."

Shortage Lasting To October

Kalin said there are several conditions that may ease the tight supply of boxes.

"We are hearing production is at its seasonal peaks and so there has to be some easing," Kalin said. "Whether it's kids going back to school, demand starting to pick back up, all of these things will

alleviate the current shortage probably before we can introduce new boxes."

Due to the July 4th holiday, some plants shut down cutting operations, subsequently slowing box returns.

"Until we get past that," Kalin said, "I think we are going to be very uncomfortable sending out any positive signals that packaging challenges will end in the near terms."

"The next few weeks are going to be very critical in our 640 inventory," Tosca's Schenkoske commented. "Inbound boxes this week so far have been lower than anticipated. One large cut plant took the entire week off. This will cause further cutbacks in the available boxes."

I think it is going to get worse before it gets any better, Jeff Kent cautioned. And I think it will be worse next month than it is this month.

"I think we are not going to see an easing on inventory until retail sales start picking back up," Kent said. "We'd love to see retail get strong now but historically this doesn't happen until August/September. That's why I believe it gets slightly worse before it gets better."

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COMING EVENTS

www.cheesereporter.com/events.htm

Content For ACS Virtual Conference Available For Three Months Post Event

Denver, CO—For the first time, attendees of the virtual American Cheese Society (ACS) Conference July 28-30 will have access to educational programming until the end of October, 2021.

Entitled “Moving Forward Together with Purpose,” the online event will include over 30 seminars and workshops on market challenges, financial management, climate change, sustainability, and the evolution of the industry.

Educational Programming Highlights include:

■ **The Homogenization of the Dairy Industry:** Highlighting Black, Indigenous and People of Color in Cheese, Agriculture, and Specialty Foods.

■ **Let’s Get Serious About Sustainable Dairy – From Farm to Cheese:** Speakers will share insights and methods used by farmers and producers of dairy products to protect the environment.

■ **Crisis Marketing: Dispatches from the Pandemic Era** – Participants will learn how to build an effective crisis marketing strategy.

■ **Practical Tools and Solutions for Developing & Implementing Your Food Safety Plan:** Attendees can return to content without restriction for three months after the conference.

■ **Meet the Cheese Maker Virtually:** Cheese makers meet attendees, who receive a randomized sample box as they learn about select cheeses.

Other timely topics in the educational lineup are: the cost of having (or not having) an aging program; selling more cheese online; evolution of dairying for raw milk cheese production; how feed influences flavor; and a panel discussion led by LBGTQ+ members of the cheese industry.

“As with all our ACS annual conferences, this year attendees will be able to experience a wide range of educational programming and networking opportunities,” said Jeremy Stephenson, ACS board president. “An added benefit of this year’s online conference is that rather than having to choose one session from a concurrent session group, conference-goers will be able to view all the sessions later, at a time and place that best suits them!” he noted.

Sponsors supporting the conference and helping to celebrate accomplishments in artisan cheesemaking include Dairy Farmers of Wisconsin, DPI Specialty Foods, Gourmet Foods International, Murray’s/Kroger, and Whole Foods.

Attendees can meet sponsors and exhibitors in virtual settings,

from booths and networking sessions to live video chats.

“We are so thankful to our sponsors, and of course our dedicated members, for their unwavering support during this challenging time,” said Lynn Giacomini Stray, ACS board vice president.

ACS gives an essential voice to the concerns of our industry and provides solutions for challenges through education that simply couldn’t exist without supporters like these, she continued.

Details will be soon be released concerning the Certified Cheese Professional Exam (ACSCCPTM), which will be held virtually on Aug. 4. Registration for the 2022 ACS CCPTM exam will open in February 2022. The annual ACS Judging & Competition has been scheduled for May 2022 in Minneapolis. The 39th ACS annual conference will return to Portland, OR, July 20-23, 2022.

Cost to participate in the virtual event is \$300 for ACS members and \$475 for non-members. A reduced rate of \$225 is available for cheese mongers working behind the counter. To register for the conference and review the educational opportunities and speaker lineup, visit www.cheesesociety.org/2021-conference.

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PLANNING GUIDE

July 12-13: Dairy Symposium, The Landmark Resort, Egg Harbor, WI. For more information, visit www.wdpa.net.

July 18-21: IAFP Food Safety Conference, Phoenix Convention Center, Phoenix, AZ. Details and registration will be available soon online at www.foodprotection.org.

July 19-21: New Date & Format – IFT Annual Meeting & Digital Event. More information will be available online at www.iftevent.org.

July 28-30: New Date & Format - American Cheese Society Virtual Education & Networking Event. Visit www.cheesesociety.org for updates.

Aug. 12-13: Idaho Milk Processors Association Annual Meeting, Sun Valley, ID. Visit www.impa.us.

Sept. 10-14: Tentative New Date - National Conference on Interstate Milk Shipments, Indianapolis, IN. Updates available online at www.ncims.org.

Sept. 27-29: New Date - Fancy Food Show 2021, Javits Convention Center, New York, NY. Visit www.specialtyfood.com for more information.

Oct. 12-14: NCCIA Conference, Wilbert Square Event Center, Brookings, SD. Online registration open at www.northcentralcheese.org.

November 15-17: National Milk Producers Federation/Dairy Management Inc/United Dairy Industry Association Joint Annual Meeting will be held at The Mirage in Las Vegas, NV. Visit www.nmpf.org for details.

June 5-7: IDDBA 2022 in Atlanta, GA. For details, visit www.iddba.org.

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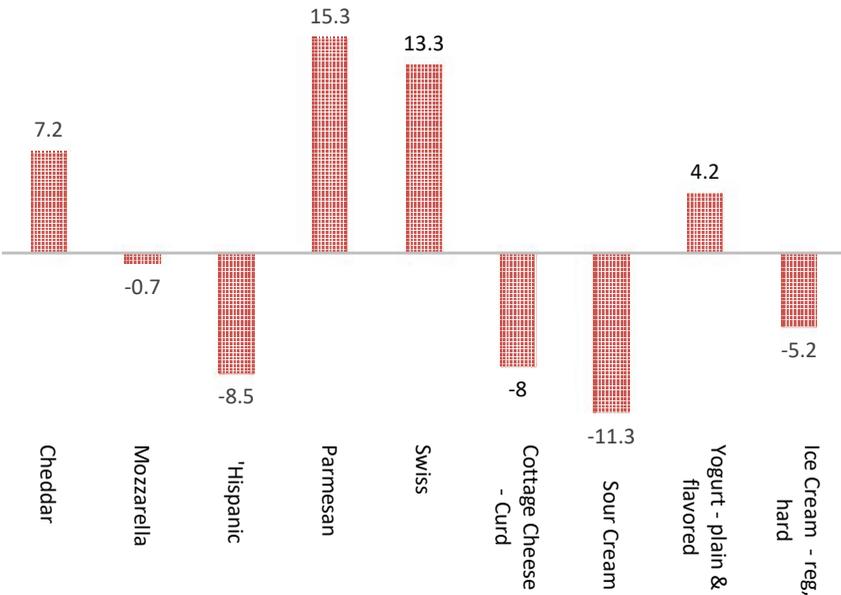
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Dairy Products Output:
Percent Change of Select Dairy
May 2021 with comparisons to May 2020



DAIRY FUTURES PRICES

SETTLING PRICE

*Cash Settled

Date	Month	Class III	Class IV	Dry Whey	NDM	Block Cheese	Cheese*	Butter*
7-2	July 21	16.79	16.13	61.400	126.000	1.635	1.6150	175.025
7-5	July 21	—	—	—	—	—	—	—
7-6	July 21	16.74	16.13	61.250	125.250	1.635	1.6200	175.225
7-7	July 21	16.95	16.12	60.400	123.300	1.635	1.6400	175.250
7-8	July 21	17.09	15.99	60.500	123.550	1.641	1.6540	174.300
7-2	Aug 21	16.71	16.00	55.700	124.975	1.695	1.6530	174.950
7-5	Aug 21	—	—	—	—	—	—	—
7-7	Aug 21	16.92	15.70	53.250	122.175	1.686	1.6480	173.025
7-6	July 21	16.74	16.13	61.250	125.250	1.730	1.6820	172.750
7-8	Aug 21	17.59	15.70	53.250	122.125	1.776	1.7550	171.250
7-2	Sept 21	17.28	16.31	53.125	127.500	1.740	1.7270	176.150
7-5	Sept 21	—	—	—	—	—	—	—
7-6	Sept 21	17.12	15.85	51.525	124.250	1.740	1.7110	174.000
7-7	Sept 21	17.16	15.84	50.500	123.550	1.740	1.7350	173.500
7-8	Sept 21	17.78	15.82	50.000	123.600	1.796	1.8010	172.275
7-2	Oct 21	18.11	16.54	52.000	129.000	1.800	1.8090	180.425
7-5	Oct 21	—	—	—	—	—	—	—
7-6	Oct 21	18.00	16.31	50.400	126.250	1.800	1.8050	178.000
7-7	Oct 21	18.03	16.18	49.025	125.000	1.808	1.8200	177.025
7-8	Oct 21	18.44	16.15	48.925	128.675	1.857	1.8650	175.000
7-2	Nov 21	18.24	16.70	51.750	130.500	1.830	1.8280	181.025
7-5	Nov 21	—	—	—	—	—	—	—
7-6	Nov 21	18.02	16.51	50.000	127.500	1.830	1.8170	180.000
7-7	Nov 21	18.02	16.39	48.750	129.975	1.830	1.8250	179.025
7-8	Nov 21	18.35	16.34	48.000	126.050	1.854	1.8590	178.250
7-2	Dec 21	18.01	16.83	50.000	131.350	1.830	1.7980	184.450
7-5	Dec 21	—	—	—	—	—	—	—
7-6	Dec 21	17.77	16.75	48.500	128.500	1.830	1.7990	182.000
7-7	Dec 21	17.77	16.55	48.000	126.475	1.830	1.8080	182.000
7-8	Dec 21	17.99	16.51	47.850	127.150	1.830	1.8300	180.000
7-2	Jan 22	17.63	17.13	49.950	132.000	1.834	1.7840	185.450
7-5	Jan 22	—	—	—	—	—	—	—
7-6	Jan 22	17.63	16.91	48.500	129.350	1.834	1.7840	183.700
7-7	Jan 22	17.60	16.80	47.500	129.350	1.834	1.7890	183.700
7-8	Jan 22	17.72	17.80	47.500	128.150	1.834	1.8070	182.975
7-2	Feb 22	17.70	17.27	48.500	132.000	1.848	1.7830	189.000
7-5	Feb 22	—	—	—	—	—	—	—
7-6	Feb 22	17.67	17.16	48.100	130.000	1.848	1.7830	187.750
7-7	Feb 22	17.60	17.00	48.100	130.000	1.848	1.7880	186.975
7-8	Feb 22	17.63	17.00	48.100	130.000	1.848	1.8030	186.975
7-2	Mar 21	17.75	17.39	48.500	133.000	1.845	1.7880	190.000
7-5	Mar 21	—	—	—	—	—	—	—
7-6	Mar 21	17.70	17.24	48.500	131.000	1.845	1.7880	189.000
7-7	Mar 21	17.64	17.12	47.500	130.600	1.845	1.7960	188.000
7-8	Mar 21	17.69	17.12	47.500	130.600	1.845	1.8000	186.975
7-2	April 21	17.70	17.40	48.500	132.275	1.851	1.7900	194.000
7-5	April 21	—	—	—	—	—	—	—
7-6	April 21	17.70	17.40	48.500	132.700	1.851	1.7900	190.500
7-7	April 21	17.72	17.38	48.475	131.275	1.851	1.7950	190.500
7-8	April 21	17.78	17.38	48.475	131.275	1.851	1.8050	190.500
7-2	May 22	17.74	17.40	47.000	133.600	1.840	1.8000	195.000
7-5	May 22	—	—	—	—	—	—	—
7-6	May 22	17.73	17.40	47.000	132.500	1.840	1.8000	192.000
7-7	May 22	17.72	17.38	47.000	131.375	1.840	1.8030	192.000
7-8	May 22	17.77	17.38	47.000	131.375	1.840	1.8070	192.000

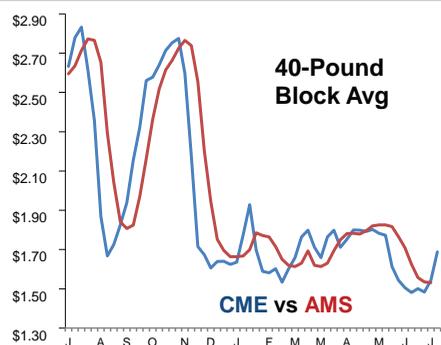
Interest - July 8	23,289	2,857	4,679	6,222	3,275	24,184	7,685
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HISTORICAL MILK PRICES - CLASS III

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'18	14.00	13.40	14.22	14.47	15.18	15.21	14.10	14.95	16.09	15.53	14.44	13.78
'19	13.96	13.89	15.04	15.96	16.38	16.27	17.55	17.60	18.31	18.72	20.45	19.37
'20	17.05	17.00	16.25	13.07	12.14	21.04	24.54	19.77	16.43	21.61	23.34	15.72
'21	16.04	15.75	16.15	17.67	18.96	17.21						

DAIRY PRODUCT SALES

July 8, 2021—AMS' National Dairy Products Sales Report. Prices included are provided each week by manufacturers. Prices collected are for the (wholesale) point of sale for natural, unaged Cheddar; boxes of butter meeting USDA standards; Extra Grade edible dry whey; and Extra Grade and USPH Grade A nonfortified NFD. *Revised



Week Ending	July 3	June 26	June 19	June 12
40-Pound Block Cheddar Cheese Prices and Sales				
Weighted Price	Dollars/Pound			
US	1.5314	1.5348*	1.5568	1.6256
Sales Volume	Pounds			
US	12,469,139	12,538,737*	13,560,336	12,310,536
500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Content				
Weighted Price	Dollars/Pound			
US	1.6642	1.7266*	1.7196*	1.7288
Adjusted to 38% Moisture	Dollars/Pound			
US	1.5864	1.6398	1.6366*	1.6471
Sales Volume	Pounds			
US	11,544,575	12,331,319*	13,318,807*	14,035,932
Weighted Moisture Content	Percent			
US	34.96	34.72*	34.86	34.92
AA Butter				
Weighted Price	Dollars/Pound			
US	1.7682	1.7978*	1.7849*	1.7968
Sales Volume	Pounds			
US	2,538,483	3,653,241*	3,186,438	2,298,211
Extra Grade Dry Whey Prices				
Weighted Price	Dollars/Pounds			
US	0.6218	0.6421	0.6250	0.6579
Sales Volume	Pounds			
US	3,681,940	5,010,459	5,439,956	5,163,588*
Extra Grade or USPHS Grade A Nonfat Dry Milk				
Average Price	Dollars/Pound			
US	1.2626	1.2682	1.2743*	1.2682
Sales Volume	Pounds			
US	23,421,856	20,241,896*	16,331,184*	19,018,869

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DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NATIONAL - JULY 2: Milk supplies for cheese producers are reported as substantial. Spot milk prices in the Midwest are \$6 to \$5 under Class III. Contacts expect a potential chipping away at those low prices following the holiday. Some, though, expect further availability into the summer. Cheese is available, but contacts say the lower market prices in recent weeks have buyers being a little more consistent in purchasing patterns. Demand, in general, varies from and within regions.

NORTHEAST - JULY 7: Class III sales are strong for many eastern cheese makers. Cheese operations are working through hardy milk volumes. Mozzarella and Provolone production schedules are close to capacity. Cheddar output is fairly unchanged from rapid operating schedules. Regional inventory levels are available for spot/contract commitments. Cheese demands are reportedly healthy in various cheese markets. Retail sales are stable for several outlets. Foodservice cheese sales are somewhat mixed. Numerous fast-food restaurants are ordering a solid supply of cheese products for their immediate needs. Cheese markets are moderately unsettled.

Wholesale prices, delivered, dollars per/lb:

Cheddar 40-lb blocks: \$1.9950 - \$2.2825 Process 5-lb sliced: \$1.5950 - \$2.0750
Muenster: \$1.9825 - \$2.3325 Swiss Cuts 10-14 lbs: \$3.4375 - \$5.7600

MIDWEST AREA - JULY 7: Cheese producers in the Midwest relay milk availability is sloppy. Spot milk prices, early in the short week, are similar to last week, as the discounts remain steep. Some cheese plant managers relay running busy schedules in light of the current milk situation. Not only that, cheese demand is somewhat busy. In fact, Midwestern cheese makers say cheese inventories are tighter in recent weeks. Some are turning down orders. In spite of running six- or seven-day schedules, they are unable to fulfill extra orders. Cheddar, processed cheese, and curd producers all relay stronger demand tones. Market tones are getting a lift, as well. Labor shortages in plants in the upper Midwest have become a concern. Plant managers relayed that staffing shortages have begun to affect load output.

Wholesale prices delivered, dollars per/lb:

Blue 5# Loaf: \$2.1800 - \$3.2475 Mozzarella 5-6#: \$1.7100 - \$2.6550
Brick 5# Loaf: \$1.9100 - \$2.3350 Muenster 5# Loaf: \$1.9100 - \$2.3350
Cheddar 40# Block: \$1.6325 - \$2.0325 Process 5# Loaf: \$1.5800 - \$1.9400
Monterey Jack 10# \$1.8850 - \$2.0900 Grade A Swiss 6-9#: \$2.9525 - \$3.0700

WEST - JULY 7: Demand for cheese across retail and foodservice markets has held steady this week. Contacts report steady purchasing for international markets, with notably strong demand for export to Asian markets. Exports continue to face delays due to limited available vessel space and port congestion. Cheese market prices are higher this week. Since last Wednesday, the price for cheese blocks on the CME has increased by \$0.1575, while the barrel price has risen by \$0.0475. Milk continues to be readily available for production, despite high temperatures in the region, while producers are running at or near capacity. Spot purchasers are able to find loads to meet their needs, though some report tighter inventories than in recent weeks.

Wholesale prices delivered, dollars per/lb: Monterey Jack 10#: \$1.8575 - \$2.1325
Cheddar 10# Cuts: \$1.8700 - \$2.0700 Process 5# Loaf: \$1.5975 - \$1.8525
Cheddar 40# Block: \$1.6225 - \$2.1125 Swiss 6-9# Cuts: \$3.2450 - \$3.6750

FOREIGN -TYPE CHEESE - JULY 7: Export demand for semi hard cheese manufactured in Western Europe is described as stable and good by sources. Prices in euros for Western European manufactured cheese are also steady this week. However, shipping costs are nudging up. This is generally attributed to shipping containers being in short supply. Orders are being filled in part from aging stocks. This is of minimal concern as these stocks are considered adequate. One of the largest global dairy processors has signed a deal to purchase a cheese company with two plants in the UK. The acquired company makes specialty cheese. Upon regulatory approval being finalized, the acquired company will fold into European cheese operations of the acquiring processor.

Selling prices, delivered, dollars per/lb:	Imported	Domestic
Blue:	\$2.6400 - 5.2300	\$2.0025 - 3.4900
Gorgonzola:	\$3.6900 - 5.7400	\$2.5100 - 3.2275
Parmesan (Italy):	0	\$3.3900 - 5.4800
Romano (Cows Milk):	0	\$3.1925 - 5.3475
Sardo Romano (Argentine):	\$2.8500 - 4.7800	0
Reggianito (Argentine):	\$3.2900 - 4.7800	0
Jarlsberg (Brand):	0	0
Swiss Cuts Switzerland:	0	\$3.4725 - 3.7975
Swiss Cuts Finnish:	\$2.6700- 2.9300	0

WHOLESALE BUTTER MARKETS - JULY 7

WEST: Cream is a bit tighter in the West, although cream demand is generally said to be a little lower as well due to holiday plant closures Monday. However, some butter manufacturers are running more active schedules this week following unplanned changes to production last week. Some plants that were counting on a full week of churning butter last week, but had to pause production due to the heat, report trying to make up for that down time now. Bulk inventories are stable to growing, and butter is available for spot and contract needs. Retail demand is steady, albeit seasonally lower. Foodservice orders are strong but are reported to have plateaued. Export demand is stable, but port congestion and related shipping delays persist.

CENTRAL: Butter plant managers are beginning to pass along that a tighter cream market is upon them. There is still some cream available at similar multiples to last

week, but not at the same volumes as in the pre-holiday weeks. Micro-fixing is reportedly shifting higher, as producers prepare for seasonally tighter cream supplies. Butter demand is meeting seasonal expectations. Retail is unchanged, and noted as somewhat slow. Foodservice is much better than this time last year, but varies from one week to the next. Butter market tones are quiet.

NORTHEAST: Butter markets are holding a stable undertone currently. In the East, butter makers have bounced back to operating levels prior to the holiday. Churning operations are working through in-house cream supplies. Plants are not purchasing additional spot cream supplies for increased butter output. Butter inventories are available to meet spot/contract needs. Foodservice sales are stable to flat as several eateries are filling/or have replenished pipelines. Retail butter sales are somewhat mixed.

NATIONAL - CONVENTIONAL DAIRY PRODUCTS

Conventional dairy ad numbers decreased 23 percent this week. The most advertised conventional dairy item is 48- to 64-ounce containers of ice cream. The national weighted average price is \$2.79, down \$0.17 from last week. Overall, ad numbers decreased 10 percent from last week.

The average advertised price for conventional 8-ounce shred cheese is \$2.33, up \$0.05 from last week. The conventional 8-ounce block cheese average advertised price is \$2.31, up \$0.02 from last week. The national average price for conventional Greek yogurt in 4- to 6-ounce containers, the most advertised conventional yogurt container size, is \$0.94, down \$0.05 from last week. The national price for conventional yogurt in 4- to 6-ounce containers is \$0.53, up \$0.03 from last week.

The national average price for conventional half-gallon milk is \$0.96, down from \$2.65 last week. The price for organic half-gallons is \$4.20, down from \$4.63 last week. This results in an organic price premium of \$3.24.

RETAIL PRICES - CONVENTIONAL DAIRY - JULY 9

Commodity	US	NE	SE	MID	SC	SW	NW
Butter 1#	3.58	3.54	3.70	3.47	NA	NA	3.70
Cheese 8 oz block	2.31	2.24	2.12	1.99	2.13	3.01	2.86
Cheese 1# block	3.44	4.78	3.00	NA	NA	3.97	NA
Cheese 2# block	6.66	5.99	6.99	6.99	6.38	6.89	5.00
Cheese 8 oz shred	2.33	2.15	2.38	2.17	2.18	2.48	2.80
Cheese 1# shred	3.25	3.36	3.00	NA	NA	3.97	5.48
Cottage Cheese	2.04	2.29	2.07	1.66	NA	1.91	NA
Cream Cheese	2.20	1.92	2.25	1.99	NA	NA	2.50
Flavored Milk ½ gallon	2.12	NA	NA	2.12	NA	NA	NA
Flavored Milk gallon	2.50	NA	NA	NA	NA	NA	NA
Ice Cream 48-64 oz	2.70	2.99	2.61	2.76	3.33	2.95	2.61
Milk ½ gallon	NA	.88	.88	.88	NA	NA	NA
Milk gallon	NA	NA	NA	2.99	NA	NA	2.50
Sour Cream 16 oz	1.88	1.81	1.76	1.76	1.36	1.43	NA
Yogurt (Greek) 4-6 oz	.90	.97	.93	.85	.95	.97	.98
Yogurt (Greek) 32 oz	4.33	4.11	4.49	4.49	4.03	4.44	2.98
Yogurt 4-6 oz	.53	.56	.50	.50	.55	.50	.33
Yogurt 32 oz	2.75	3.06	2.49	2.49	NA	NA	2.45

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

ORGANIC DAIRY - RETAIL OVERVIEW

National Weighted Retail Avg Price:	Yogurt 32 oz:	\$3.12
Butter 1 lb:	Greek Yogurt 32 oz:	NA
Cheese 8 oz shred:	Milk UHT 8 oz:	\$1.00
Cheese 8 oz block:	Milk ½ gallon:	\$4.20
Cream Cheese 8 oz:	Milk gallon:	\$5.85
Cottage Cheese 16 oz:	Sour Cream 16 oz:	NA
Yogurt 4-6 oz:	Ice Cream 48-64 oz:	\$5.99

NDM PRODUCTS - JULY 8

NDM - CENTRAL: Low/medium heat NDM prices slipped at all facets this week. End users say the bearish writing is on the wall, and are no longer opting for loads at \$1.30+. Export interests have reportedly slowed, as drying remains very active with more condensed skim available in recent weeks/months. High heat NDM prices held steady, but trading activity was limited. Contacts have begun to report growing availability for high heat NDM, but trading has yet to pick up its modest pace. NDM market tones are bearish.

NDM - WEST: Demand for low/medium heat NDM is steady in domestic markets. Exports to Mexico are a strong driver of international demand. Port congestion continues to delay exports. Loads intended for domestic markets are further hampered by a truck driver shortage in the region. Contacts report that, while condensed skim milk is available for production, the truck driver shortage is also causing delays in milk deliveries, reducing production schedules. Inventories of low/medium heat NDM are available for spot purchases. High heat NDM inventories are available for spot purchases, while contacts have reported

an uptick in demand. With high volumes of milk available for drying in the region, production of high heat remains limited, as plant managers prefer the shorter drying time of low/medium heat NDM.

NDM - EAST: Eastern low/medium heat NDM trading activity was notably quieter this week. Trading in the region had been somewhat steady until this week, when it declined. Production is busy in the region, and elsewhere for that matter. Condensed skim availability has continued to grow, and in recent weeks, customer interest has weakened. High heat NDM prices did not shift on quiet trading.

LACTOSE: Contract agreements for Q3 are in place, but some manufacturers find themselves trying to get shipping equipment to move their Q2 lactose agreements. The congestion and delays within shipping channels are still prevalent. Some industry contacts think this may be the case well into fall. Demand is solid for lactose entering the standardization and infant formula markets but weakening for lower mesh lactose and lactose that moves toward feed applications.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

DATE	BUTTER	CHEESE
07/05/21	73,746	85,855
07/01/21	74,963	85,139
Change	-1,217	716
Percent Change	-2	1

CME CASH PRICES - JULY 5 - 9, 2021

Visit www.cheesereporter.com for daily prices

	500-LB CHEDDAR	40-LB CHEDDAR	AA BUTTER	GRADE A NDFM	DRY WHEY
MONDAY July 5	No Trading	No Trading	No Trading	No Trading	No Trading
TUESDAY July 6	\$1.5100 (+1)	\$1.6225 (+6¾)	\$1.7400 (NC)	\$1.2450 (-1¼)	\$0.5300 (-2)
WEDNESDAY July 7	\$1.5500 (+4)	\$1.7100 (+8¾)	\$1.7400 (NC)	\$1.2275 (-1¾)	\$0.4975 (-3¼)
THURSDAY July 8	\$1.5800 (+3)	\$1.7100 (NC)	\$1.6750 (-6½)	\$1.2250 (-¼)	\$0.4875 (-1)
FRIDAY July 9	\$1.5800 (NC)	\$1.7250 (+1½)	\$1.6750 (NC)	\$1.2500 (+2½)	\$0.5075 (+2)
Week's AVG \$ Change	\$1.5550 (+0.0595)	\$1.69188 (+0.14838)	\$1.7075 (-0.0430)	\$1.23688 (+0.0040)	\$0.50563 (-0.05537)
Last Week's AVG	\$1.4955	\$1.5435	\$1.7505	\$1.2625	\$0.5610
2020 AVG Same Week	\$2.3760	\$2.7785	\$1.7095	\$1.0250	\$0.2925

MARKET OPINION - CHEESE REPORTER

Cheese Comment: On Tuesday, 1 car of blocks was sold at \$1.6225, which raised the price. Two cars of blocks were sold Wednesday, the last at \$1.7100, which raised the price. On Thursday, one car of blocks was sold at \$1.7100, which left the price unchanged. Six cars of blocks were sold Friday, the last at \$1.7250, which raised the price. The barrel price increased Tuesday on a sale at \$1.5100, rose Wednesday on a sale at \$1.5500, and increased Thursday on an unfilled bid at \$1.5800.

Butter Comment: The price dropped Thursday on a sale at \$1.6750.

Nonfat Dry Milk Comment: The price dropped Tuesday on an uncovered offer at \$1.2450, fell Wednesday on an uncovered offer at \$1.2275, declined Thursday on an uncovered offer at \$1.2250, then increased Friday on a sale at \$1.2500. A total of 78 carloads of NDM were traded in the month of June at the Chicago Mercantile Exchanges.

Dry Whey Comment: The price fell Tuesday on an uncovered offer at 53.0 cents, dropped Wednesday on an uncovered offer at 49.75 cents, declined Thursday on an uncovered offer at 48.75 cents, then increased Friday on an unfilled bid at 50.75 cents. A total of 11 carloads of dry whey were traded in the month of June at the CME.

WHEY MARKETS - JULY 5 - 9, 2021

RELEASE DATE - JULY 8, 2021

Animal Feed Whey—Central: Milk Replacer: .4800 (-2) – .5000 (-2)

Buttermilk Powder:
 Central & East: 1.2200 (NC) – 1.3025 (-¼) West: 1.1750 (-2½) – 1.2500 (+1)
 Mostly: 1.2000 (-1) – 1.2300 (NC)

Casein: Rennet: 4.7400 (+7) – 4.8900 (+2) Acid: 4.5100 (-2) – 4.7100 (-19)

Dry Whey—Central (Edible):
 Nonhygroscopic: .5000 (-2) – .6300 (-3) Mostly: .5500 (-2½) – .5850 (-3)

Dry Whey—West (Edible):
 Nonhygroscopic: .5100 (-3) – .7050 (+2) Mostly: .5800 (-1½) – .6150 (-½)

Dry Whey—NorthEast: .5600 (-2) – .6750 (+1¾)

Lactose—Central and West:
 Edible: .4000 (NC) – .5500 (NC) Mostly: .4200 (+1) – .5000 (NC)

Nonfat Dry Milk —Central & East:
 Low/Medium Heat: 1.2200 (-1) – 1.3000 (-1) Mostly: 1.2300 (-3) – 1.2700 (-3)
 High Heat: 1.3600 (NC) – 1.4000 (NC)

Nonfat Dry Milk —Western:
 Low/Medium Heat: 1.2125 (+½) – 1.3025 (-2¼) Mostly: 1.2200 (-½) – 1.2700 (NC)
 High Heat: 1.4100 (+1) – 1.4425 (-1)

Whey Protein Concentrate—Central and West:
 Edible 34% Protein: 1.1000 (+5) – 1.3200 (NC) Mostly: 1.1100 (NC) – 1.2025 (NC)

Whole Milk—National: 1.7500 (NC) – 1.8500 (NC)

Visit www.cheesereporter.com for historical dairy, cheese, butter, & whey prices

HISTORICAL MONTHLY AVG BUTTER PRICES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'08	1.2246	1.2088	1.3454	1.3905	1.4750	1.5001	1.5385	1.6279	1.6973	1.7320	1.6165	1.2007
'09	1.1096	1.1097	1.1770	1.2050	1.2526	1.2235	1.2349	1.2000	1.2199	1.2830	1.5008	1.3968
'10	1.3950	1.3560	1.4641	1.5460	1.5896	1.6380	1.7787	1.9900	2.2262	2.1895	1.9295	1.6327
'11	2.0345	2.0622	2.0863	1.9970	2.0724	2.1077	2.0443	2.0882	1.8724	1.8295	1.7356	1.6119
'12	1.5077	1.4273	1.4895	1.4136	1.3531	1.4774	1.5831	1.7687	1.8803	1.9086	1.7910	1.4848
'13	1.4933	1.5713	1.6241	1.7197	1.5997	1.5105	1.4751	1.4013	1.5233	1.5267	1.6126	1.5963
'14	1.7756	1.8047	1.9145	1.9357	2.1713	2.2630	2.4624	2.5913	2.9740	2.3184	1.9968	1.7633
'15	1.5714	1.7293	1.7166	1.7937	1.9309	1.9065	1.9056	2.1542	2.6690	2.4757	2.8779	2.3318
'16	2.1214	2.0840	1.9605	2.0563	2.0554	2.2640	2.2731	2.1776	1.9950	1.8239	1.9899	2.1763
'17	2.2393	2.1534	2.1392	2.0992	2.2684	2.5688	2.6195	2.6473	2.4370	2.3293	2.2244	2.2078
'18	2.1587	2.1211	2.2011	2.3145	2.3751	2.3270	2.2361	2.3009	2.2545	2.2600	2.2480	2.2071
'19	2.2481	2.2659	2.2773	2.2635	2.3366	2.3884	2.3897	2.2942	2.1690	2.1071	2.0495	1.9736
'20	1.8813	1.7913	1.7235	1.1999	1.4710	1.8291	1.6925	1.5038	1.5163	1.4550	1.3941	1.4806
'21	1.3496	1.3859	1.7153	1.8267	1.8124	1.7758						

Masters Gallery Begins Construction On Expansion At Oostburg Facility

Oostburg, WI—Masters Gallery Foods recently began construction to add 110,000 square feet onto its Oostburg, WI, packaging and distribution center, bringing the total facility to over 285,000 square feet.

The expansion will double production area while adding significantly to dry storage, bulk cheese and finished goods warehousing space, the company said. Project completion is estimated to be within 2022's second quarter.

"Masters Gallery continues to experience strong growth within our private brand retail and food service cheese business, and this expansion is necessary to facilitate that growth while creating capacity for new opportunities," said Jeff Gentine, CEO and co-owner of Masters Gallery Foods.

The expansion "will also relieve some pressure on our main facility in Plymouth by allowing us to better spread production and minimize transfers between locations," Gentine added.

Initial construction of the Oostburg facility was completed in May 2018 and has led to almost 250 new jobs for Sheboygan county since production began. Oostburg was deemed an ideal location for

the facility due to its proximity to Sheboygan and to Interstate 43, which helps to attract employees living outside the local area, the company explained.

The expansion is expected to add roughly 125 jobs as new packaging lines are installed.

"Our consistent growth has created an abundance of new job opportunities for people to start or further their careers at Masters by earning \$40,000 or more per year with excellent benefits. Advancement opportunities are plentiful, too. Approximately 45 percent of our current employees have advanced within the company since their hire," Gentine said.

Masters Gallery Foods was founded in 1974 by Leonard "Butch" Gentine, Jr., as a small brokerage firm in the business of purchasing, aging and distributing large blocks of bulk cheese to industrial customers. Since then, the company has grown to service many of the country's grocery chains, wholesalers, restaurants and distributors with a full line of cheese and cheese-related products. The company also specializes in the procurement, aging and distribution of bulk cheeses.



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