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New Zealand Claims Victory In Dairy TRQ Dispute With Canada

Panel's Findings Praised By Dairy Companies Association Of NZ, Canadian Cheese Importers

Auckland, New Zealand—Canada has acted inconsistently with its obligations, under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), to allow importers the opportunity to utilize dairy tariff-rate quota (TRQ) quantities fully and not to limit access to an allocation to processors, a CPTPP dispute panel concluded in a final report released Tuesday.

The dispute at issue in the report concerns several claims by New Zealand that the system used by Canada for the administration of its TRQs on imports of dairy products is inconsistent with Canada's obligations under the CPTPP.

The CPTPP was signed in March 2018 and entered into force as between New Zealand and Canada at the end of 2018. The CPTPP contains in its Chapter 2 a Section D devoted to addressing the rules related to TRQs. Those provisions span five articles, with New Zealand raising claims under

provisions included in the first three articles, the report noted.

Section D opens with an Article entitled "Scope and General Provisions." These provisions require that all TRQs must be incorporated into a party's schedule to Annex 2-D (Tariff Commitments), which Canada has done, and requires that TRQs be implemented and administered in accordance with Article XIII of the General Agreement on Tariffs and Trade (GATT) and the Agreement on Import Licensing Procedures (ILA) of the World Trade Organization (WTO), the report explained.

Section D's second article, entitled Administration and Eligibility, begins with the requirements that parties administer their TRQs "in a manner that allows importers the opportunity to utilize TRQ quantities fully." It adds provisions prohibiting the introduction of a new or additional condition, limit, or eligibility requirement on the utilization of CPTPP TRQs

for the importation of a good and provides for a process to reach agreement should a party wish to introduce such a new or additional limit, condition, or eligibility requirement.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership incorporates each party's tariff schedules into the treaty as Annex 2-D (Tariff Commitments). As such, Canada's commitments in its Annex 2-D are part of the CPTPP treaty provisions relevant to this dispute.

Included in Canada's tariff schedule is an Appendix A-Tariff Rate Quotas of Canada. Appendix A contains both a Section A, which includes general provisions applicable to all of Canada's TRQs, and a Section B, which includes a set of specific TRQ commitments, noting the specific product at issue for each TRQ, the amount of that good that can enter free of duty under the TRQ each year (which increases for up to 19 quotas), and the fact that goods entered in excess of the in-quota quantity will be subject to

• See **NZ-Canada Dispute**, p. 11

Cheese Production Fell 0.7% In July; Cheddar Output Dropped 2.6%

Washington—US cheese production during July totaled 1.16 billion pounds, down 0.7 percent from July 2022, USDA's National Agricultural Statistics Service (NASS) reported Tuesday.

Cheese production during the first seven months of 2023 totaled 8.24 billion pounds, up 0.3 percent from the first seven months of 2022.

Regional cheese production in July, with comparisons to July 2022, was: Central, 562.6 million pounds, up 0.4 percent; West, 462.3 million pounds, down 2.7 percent; and Atlantic Region produced 137.4 million pounds, up 1.8 percent.

July cheese production in the states broken out by NASS, with comparisons to July 2022, was: Wisconsin, 291.7 million pounds, up 2.4 percent; California, 202.3 million pounds, down 4.0 percent; Idaho, 86.8 million pounds, up 1.0 percent; New Mexico, 82.8 million pounds, up 4.5 percent; New York, 71.3 million pounds, up 4.6 percent; Minnesota, 70.0 million pounds, up 3.9 percent; South Dakota, 43.0 million pounds, down 2.0 percent; Pennsylvania, 37.5 million pounds, up fractionally; Iowa, 33.8 million pounds, up 7.2 percent; Ohio, 20.5 million pounds, up 3.7 percent; Vermont, 11.9 million pounds, down 2.3 percent; Illinois, 5.4 million pounds,

• See **Cheese Output Falls**, p. 6

Hearing Testimony On Surveyed Products Ends; Focus Turns To Make Allowances

Carmel, IN—Testimony on surveyed commodity products continued last Friday afternoon and again early this week at USDA's federal milk marketing order (FMMO) hearing, then switched to make allowances beginning Wednesday afternoon.

The surveyed commodity products testimony focused on four proposals: Proposal 3, submitted by National Milk Producers Federation (NMPF), seeks to eliminate the 500-pound barrel Cheddar price series from the protein price formula; Proposal 4, submitted by the American Farm

• See **Hearing Testimony**, p. 7

US Dairy Exports Declined 21% In July; Dairy Imports Increased 1%

July Cheese Exports Fell 1%, Imports Rose 10%

Washington—US dairy exports during July were valued at \$646.1 million, down 21 percent from July 2022, according to figures released Wednesday by USDA's Foreign Agricultural Service (FAS).

That's the lowest monthly dairy export value since January 2022, when exports were valued at \$587.6 million.

During the first seven months of this year, dairy exports were valued at \$4.9 billion, down 12 percent from the first seven months of last year.

Leading markets for US dairy exports during the January-July

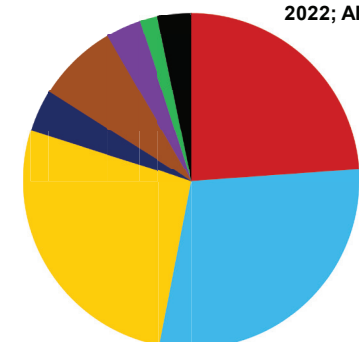
period, on a value basis, with comparisons to the same period last year, were: Mexico, \$1.4 billion, up 3 percent; Canada, \$645.8 million, up 5 percent; China, \$378.7 million, down 15 percent; Japan, \$247.5 million, down 18 percent; Philippines, \$228.4 million, down 38 percent; Indonesia, \$213.1 million, down 23 percent; South Korea, \$192.6 million, down 44 percent; and Australia, \$117.2 million, down 2 percent.

US dairy imports during July were valued at \$403.0 million, up 1 percent from July 2022.

Dairy imports during the first seven months of 2023 were valued at \$2.8 billion, up 13 percent from the first seven months of 2022.

• See **July Dairy Trade**, p. 10

Whey-Based Dairy Ingredients Production 2022; ADPI



• See **Whey-Based Dairy Ingredients Production**, p. 8



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Falling Fluid Milk Sales Overhang Federal Order Changes

It was definitely just a coincidence, but in a case of interesting timing, USDA's Economic Research Service last Thursday released beverage milk sales data at the same time USDA's Agricultural Marketing Service was conducting a hearing on various proposals to amend federal milk marketing orders.

Fluid milk is, after all, the "bedrock" of federal orders. Marketing order provisions created under the Agricultural Marketing Agreement Act of 1937 are intended to promote orderly market conditions in **fluid milk markets**, assure consumers (both locally and nationally) of an adequate supply of good quality milk, stabilize milk prices, and improve farmers' income (emphasis added), according to a 1988 study by the US General Accounting Office (now known as the Government Accountability Office).

Further, as AMS itself notes, federal orders establish certain provisions under which dairy processors purchase fresh milk from dairy farmers supplying a marketing area. A marketing area "is generally defined as a geographic area where handlers compete for packaged fluid milk sales..."

So it's interesting to, on the one hand, listen in on the testimony at the ongoing federal order hearing in Carmel, IN, and on the other hand, see that fluid milk sales continue to decline.

Specifically on that latter point, as reported on our front page last week, beverage milk sales in 2022 totaled 43.45 billion pounds, down 2.4 percent, or 1.07 billion pounds, from 2021.

In fact, fluid milk sales last year were at their lowest level since 1955, when they totaled 43.40 billion pounds.

To put that in some historical federal order perspective, in 1955, according to AMS statistics, there were 63 federal orders,

1,483 pool handlers, and 188,611 pooled producers, and a total of 18.0 billion pounds of producer milk was used as Class I. The percent of producer milk used as Class I was 62.3.

In 2022, there were 11 federal orders, 213 pool handlers, 23,108 pooled producers, and a total of just under 41.0 billion pounds of producer milk was used as Class I. The percent of producer milk used as Class I was 27.0 percent, and that percentage would have been considerably lower had it not been for large volumes of Class IV milk being depooled almost every month.

Looking ahead, there are a couple of conclusions that can be reached. First, fluid milk sales are likely to keep dropping. This seems like an obvious conclusion, given that sales have now fallen for 13 consecutive years.

And several of these fluid milk sales declines have been pretty significant. Just in 2021 and 2022, fluid milk sales fell by a total of 2.9 billion pounds, after declining by just 51 million pounds in 2020 (when sales were aided by the pandemic).

Further, over the 2010-2019 period, fluid milk sales dropped by over 1.0 billion pounds four times (in 2013, 2014, 2017 and 2018). During the first two of those four years, average retail whole milk prices were relatively inflated, averaging above \$3.50 per gallon every month of 2014 and averaging \$3.30 per gallon or more every month of 2015, so the large sales declines could maybe be attributed, in part, to high retail prices.

But high prices can't be blamed for the large drops in fluid milk sales in 2017 and 2018. In 2017, retail whole milk prices averaged under \$3.30 per gallon in each of the last nine months of the year. More notably, retail whole milk prices in 2018 averaged under \$3.00 per gallon every month of the year, the first time that

fluid milk will continue becoming less important in the US dairy industry generally and in the federal order program specifically.

happened since 2003. And sales still fell by more than 1.0 billion pounds from 2017.

Second, fluid milk will continue becoming less important in the US dairy industry generally and in the federal order program specifically. This isn't necessarily an obvious conclusion, because the percentage of producer milk used as Class I has both risen and declined since fluid milk sales started their current downturn in 2010.

But there are several reasons for those fluctuations that aren't related to fluid milk sales declines. First, California joined the federal order program in November 2018; the following year, the volume of producer milk used as Class I jumped by almost 3.0 billion pounds, thanks entirely to California (5.3 billion pounds of milk was used in Class I on the California order in 2019, meaning that, without the new California order, the volume of milk used as Class I that year would have been around 38.6 billion pounds).

Also, depooling has helped to increase Class I utilization, even as Class I milk volumes continue to decline (at just under 41 billion pounds in 2022, Class I volume in the 11 federal orders was just 344 million pounds higher than it was in 2017, the last full year without the California federal order).

But after falling below 30 percent in both 2018 and 2019, Class I utilization in 2020 increased to 31.8 percent, thanks to massive volumes of Class III milk being depooled. Depooling also helped boost Class I utilization in 2021 and 2022.

By the time the final decision from the current proceeding is fully implemented, Class I volume could be well below 40 billion pounds, and utilization could be under 25 percent. Should fluid milk still be the bedrock of federal orders?

USDA Final Rule Establishes Milk Loss Program For Disaster Assistance

Program Will Pay For 2020, 2021, And 2022 Milk Losses Due To Disasters

Washington—A final rule to be published in Monday's *Federal Register* by USDA's Farm Service Agency (FSA) establishes provisions for providing agricultural disaster assistance for 2020, 2021, and 2022 milk losses.

The Milk Loss Program will provide payments to eligible dairy operations for milk that was dumped or removed without compensation from the commercial milk market due to disaster events including droughts, wildfires, hurricanes, floods, derechos, excessive heat, winter storms, freeze (including a polar vortex), and smoke exposure that occurred in the 2020, 2021, and 2022 calendar years.

The Disaster Relief Supplemental Appropriations Act, 2023 also authorizes assistance for eligible milk losses due to tornadoes that occurred in 2022.

The final rule to be published Monday specifies the administrative provisions, eligibility requirements, application procedures, and payment calculations for the Milk Loss Program.

The Milk Loss Program allows eligible dairy operations to receive payments for milk that was dumped or removed without compensation from the commercial milk market due to qualifying weather events that inhibited the delivery of milk or the storage of milk due to weather-related issues, such as power outages or impassable roads, for the 2020, 2021, and 2022 calendar years.

The milk loss base period is the first full month of milk production before the dumping or removal of milk first occurred due to a qualifying disaster event. The base period milk production is used to determine the average daily milk production from the cows in the dairy operation. The average daily milk production calculation includes the number of cows, the pounds of milk marketed for the month, and the number of days in the month.

The claim period for milk loss is each calendar month that milk was dumped or removed from the commercial market due to a qualifying disaster event. Each milk loss application covers the loss in a single calendar month.

Milk loss that occurs in more than one calendar month due to the same qualifying disaster event requires a separate application for each month. The days that are eli-

gible for indemnification begin on the date the milk was removed and continue for the concurrent days milk was removed or dumped.

Once the dairy operation returns to the normal marketing of milk, the dairy operation is no longer eligible for assistance for milk removed or dumped due to that qualifying disaster unless after restarting commercial marketing of milk, additional milk is removed or dumped due to the same qualifying disaster event, the final rule explains.

The dairy operation will provide the milk marketing statement for the month prior to the month milk was removed or dumped and for the month that the milk dumping occurred and will verify the days the dairy operation did not commercially market milk.

For the Milk Loss Program, the duration of yearly claims is limited to 30 days per year for 2020, 2021, and 2022.

The fair market value of removed or dumped milk represents the dollar value the dairy operation would have received if it had commercially marketed such milk for that month. The dairy operation's milk marketing statement from the claim period will be used to verify the days milk was not marketed.

The final Milk Loss Program payment is determined by factoring the Milk Loss Program payment calculation by a:

- 90 percent payment factor for affected farmers who meet the definition of beginning farmer or rancher, limited resource farmer or rancher, socially disadvantaged

farmer or rancher, or veteran farmer or rancher; or

- 75 percent payment factor for all other affected farmers.

Dairy operations that apply for the Milk Loss Program will provide, at the time of application, the milk marketing statement for the month prior to the month that the milk was removed or dumped, the milk marketing statement for the affected month and a detailed written statement of the circumstances of the milk removal, including the type and geographic scope of the weather event, what transportation limitations occurred, and any information on what was done with the removed milk production.

Any other pertinent information that further describes the reason why milk was removed or dumped should be included to provide FSA the necessary information to determine eligibility for the Milk Loss Program, as well as all other information required to be furnished in the regulation. FSA county offices can assist dairy operations in completing the Milk Loss Program application.

Payments for the Milk Loss Program will be issued to eligible applicants as applications are received and approved.

USDA will accept applications beginning Sept. 11. The deadline to apply for the Milk Loss Program will be October 16, 2023.

Emergency Relief Program

The final rule also makes corrections to Phase 2 of the Emergency Relief Program (ERP). FSA announced ERP Phase 2 in a final rule published in January 2023.

The final rule to be published Monday corrects an error in the ERP Phase 2 payment calculation, which should specify that a

producer's gross (not net) calculated ERP Phase 1 payments will be subtracted from the difference in a producer's benchmark year allowable gross revenue and disaster year allowable gross revenue.

The ERP Phase 2 payment uses a producer's gross ERP Phase 1 payment in order to prevent paying a producer for the same loss under both phases of the program or applying different payment limitations to the same loss (for example, a 2022 crop year loss paid under ERP Phase 1 that also resulted in a reduction in allowable gross revenue for the 2021 disaster year under ERP Phase 2), the final rule explains.

A producer who received an Phase 1 payment has already been paid the maximum amount they are eligible to receive for the loss for which the gross ERP Phase 1 payment amount was calculated.

The final rule also corrects the ERP Phase 2 producer eligibility requirements. ERP is a single program, and FSA's intent is to apply consistent producer eligibility requirements to both phases.

As indicated in the ERP Phase 1 notification of funding availability, partnerships, corporations, limited liability companies, and other organizational structures organized under state law must consist solely of citizens of the US or resident aliens to be eligible for ERP. FSA is correcting the ERP Phase 2 eligibility requirements to add that criteria, which FSA said was inadvertently omitted from the regulation.

For more information on the Milk Loss Program, contact Douglas E. Kilgore, at (202) 720-9011; or email douglas.e.kilgore@usda.gov. For ERP information, contact Kathy Sayers, at (202) 720-7649; or email kathy.sayers@usda.gov.

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Kroger, Albertsons Announce Divestiture Plan With C&S Wholesale

Cincinnati, OH, and Boise, ID—The Kroger Co. and Albertsons Companies Inc. today announced that they have entered a definitive agreement with C&S Wholesale Grocers, LLC, for the sale of select stores, banners, distribution centers, offices and private label brands in connection with their proposed merger that was announced last October.

The divestiture plan marks a key next step toward the completion of the merger, the companies said, by extending a well-capitalized competitor into new geographies. The divestiture plan ensures no stores will close as a result of the merger and that all frontline associates will remain employed, and all existing collective bargaining agreements will continue.

The divestiture transaction includes 413 stores, along with QFC, Mariano's and Carrs brand names. Stores currently under these banners that are retained by Kroger will be re-bannered into one of the retained Kroger or Albertsons Cos. banners following the close of the transaction.

In the four states where C&S will have the license to the Albertsons banner, Kroger will re-banner the retained stores following the close of the merger with Albertsons Cos. Kroger will maintain the Albertsons banner in the remaining states.

In addition, Kroger will divest the Debi Lilly Design, Primo Taglio, Open Nature, ReadyMeals and Waterfront Bistro private label brands.

The number of stores contained in the divestiture plan by geography is as follows:

Washington: 104 Albertsons and Kroger stores.

California: 66 Albertsons and Kroger stores.

Colorado: 52 Albertsons stores.

Oregon: 49 Albertsons and Kroger stores.

Texas/Louisiana: 28 Albertsons stores.

Arizona: 24 Albertsons stores.

Nevada: 15 Albertsons stores.

Illinois: 14 Kroger stores.

Arkansas: 14 Albertsons stores.

Idaho: 13 Albertsons stores.

New Mexico: 12 Albertsons stores.

Montana/Utah/Wyoming: 12 Albertsons stores.

Washington DC/Maryland/Virginia: 10 Harris Teeter stores.

These stores, regardless of banner, will be divested by Kroger following the closing of the merger with Albertsons.

The definitive purchase agreement has customary representations and warranties and covenants of a transaction of its type, Kroger and Albertsons stated. The transaction also provides a comprehensive operational infrastructure including eight distribution centers, two offices, five private label brands, and expert district, division and functional associates, to ensure C&S can continue to operate the divested stores competitively and cohesively with no disruption to the associate or customer experience.

All fuel centers and pharmacies associated with the divested stores will remain with the stores and continue to operate.

Subject to fulfillment of customary closing conditions, includ-

ing Federal Trade Commission (FTC) and other governmental clearance, and the completion of the Kroger-Albertsons merger, C&S will pay Kroger an all-cash consideration of approximately \$1.9 billion, including customary adjustments.

Prior to the closing, Kroger may, in connection with securing FTC and other governmental clearance, require C&S to purchase up to an additional 237 stores in certain geographies. If additional stores are added to the transaction, C&S will pay to Kroger additional cash consideration based upon an agreed-upon formula.

C&S is an industry leader in wholesale grocery supply and supply chain solutions, with a strong track record as a successful grocery retailer, according to Kroger and Albertsons. Founded in 1918 as a supplier to independent grocery stores, C&S services customers of all sizes, supplying more than 7,500 independent supermarkets, retail chain stores and military bases. C&S currently operates Grand Union grocery stores and Piggly Wiggly® franchise and corporate-owned stores in the Midwest and Carolinas.

Through its wholesale and retail operations, C&S purchases more than 100,000 products, giving it the ability to provide customers with the best product selection and pricing available, Kroger and Albertsons stated. In addition to its franchise and corporate-owned supermarkets, C&S provides end-to-end wholesale, supply and marketing services to its retailer customers.

C&S also brings experience with the merger process, having been an FTC-approved divestiture buyer in prior grocery transactions with a strong track record of successfully transitioning union employees and their associated collective bargaining agreements, Kroger and Albertsons continued to add.

In anticipation of the agreement, C&S's 1918 Winter Street Partners retail holding company has been established to ensure a seamless closing process.

"Following the announcement of our proposed merger with Albertsons Cos., we embarked on a robust and thoughtful process to identify a well-capitalized buyer who will operate as a fierce competitor and ensure divested stores and their associates will continue serving their communities in the ways they do today. C&S achieves all these objectives," said Rodney McMullen, Kroger's chairman and CEO. "C&S is led by an experienced management team with an extensive background in food retail and distribution and has the financial strength to continue investing in associates and the business for the long run."

FROM OUR ARCHIVES

50 YEARS AGO

Sept. 7, 1973: Reno, NV— Instead of bacon and eggs for breakfast, why not try macaroni and cheese, or a cheese pizza? Even bagels and Cream cheese make a healthy breakfast, nutritionists argued here this week, with Americans "over" the traditional bacon-and-eggs breakfast.

Washington—The Federal Trade Commission's recent action against the American Dairy Association was primarily aimed at a limited problem. "It covers what we were concerned about – milk isn't a diet food and the order prohibits claims that it is," FTC's Gerald Thain reported this week.

25 YEARS AGO

Sept. 4, 1998: Syracuse, NY— Crowley Foods of Lafargeville, NY, was named Grand Champion of the dairy products competition at the New York State Fair here with a Cream Cheese entry. Crowley Foods also topped the Cottage Cheese, Lowfat Cottage Cheese and Nonfat Cottage Cheese classes.

Green Lake, WI—Paul Koepfel of Schreiber Foods was elected president of the Wisconsin Dairy Products Association here this week. Other officers include vice president, Bob Walker, Foremost Farms; treasurer, Richard Wagner, Weyauwega Milk Products; and secretary Ed Welch, North Central AMPI.

10 YEARS AGO

Sept. 6, 2013: Kansas City, MO—Dairy Farmers of America has acquired Dairy Made Dairy, based in Frederick, MD. Dairy Made Dairy is a family-owned processor of fluid milk products, heavy cream, half-and-half, buttermilk, eggnog, juice and fruit drinks.

Winfield, PA—Penn Cheese Corporation announced this week that it closed its Swiss cheese manufacturing plant July 25. Jonathan Weber, general manager of Penn Cheese, said that installing whey concentration equipment, in order to recoup the high value of whey, was the company's last viable way to stay in operation (*Penn Cheese has since reestablished and currently operates*).

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Wisconsin Dairy Processor Grant Applications Being Accepted Through Oct. 13, 2023

Madison—The Wisconsin Department of Agriculture, Trade and Consumer Protection (WDATCP) is inviting Wisconsin dairy processors to apply for dairy processor grants through October 13, 2023.

The dairy processor grants aim to foster innovation, improve profitability, and sustain the long-term viability of Wisconsin's dairy processing facilities.

A total of \$500,000 is available for this year's dairy processor grants. Eligible applicants must operate a licensed dairy processing plant in Wisconsin that is engaged in pasteurizing, processing, or manufacturing milk or dairy products.

Funding from these dairy processor grants can be used to address a wide range of dairy business needs such as food safety, staff training, plant expansion or modernization, and professional consulting services.

Grants will be awarded for projects up to \$75,000 and two years in duration. Processors are required to provide a match of 20 percent of the grant amount. Grant recipients will be chosen through a competitive selection process.

"Dairy processors play an essential role in our state's dairy supply chain," commented Randy Romanski, DATCP secretary. "These grants allow dairy processors across Wisconsin to continue innovating.

"Since this program began in 2014, processors have utilized program support to expand, market, and invest in Wisconsin's dairy industry," Romanski added.

Since 2014, DATCP has received 199 dairy processor grant proposals requesting more than \$7.8 million.

The DATCP has funded 106 of those proposals, totaling \$2.1 million.

Earlier this year, the DATCP announced 21 Wisconsin dairy companies would receive a Dairy Processor Grant in 2023.

The dairy processor grant application is available at: <https://datcp.wi.gov/Pages/AgDevelopment/DairyProcessorGrants.aspx>. To see videos of past successful grant applicants, click "Success Stories" on the right column of that page.

Applications can be emailed to Brian Williams, DATCP grants manager, at datcpdadgrants@wisconsin.gov by 5 p.m. on October 13, 2023. Grant recipients are expected to be announced in early 2024.

Global Dairy Trade Price Index Posts First Increase Since First May Auction

Auckland, New Zealand—The price index on this week's semi-monthly Global Dairy Trade dairy commodity auction increased 2.7 percent from the previous auction, held three weeks ago.

That was the first increase in the GDT price index since the first auction in May.

In this week's auction, which featured 177 participating bidders and 137 winning bidders, prices were higher for whole milk powder, butter and anhydrous milkfat; and lower for Cheddar cheese, skim milk powder and buttermilk powder.

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

Cheddar cheese: The average winning price was \$4,102 per metric ton (\$1.86 per pound), down 0.6 percent. Average winning prices were: Contract 1 (October), \$4,315 per ton, up 0.6 percent; Contract 2 (November), \$4,206 per ton, up 4.0 percent; Contract 3 (December), \$4,037 per ton, down 2.2 percent; Contract 4 (January 2024), \$4,044 per ton, down 1.4 percent; Contract 5 (February), \$4,090 per ton, unchanged; and Contract 6 (March), \$3,990 per ton, down 5.9.

Skim milk powder: The average winning price was \$2,286 per ton (\$1.04 per pound), down 1.6 percent. Average winning prices were: Contract 1, \$2,216 per ton, down 6.6 percent; Contract 2, \$2,220 per ton, down 4.0 percent; Contract 3, \$2,339 per ton, up 2.4; Contract 4, \$2,374 per ton, down 0.4 percent; and Contract 5, \$2,456 per ton, up 1.4 percent.

Whole milk powder: The average winning price was \$2,702 per ton (\$1.23 per pound), up 5.3 percent. Average winning prices were: Contract 1, \$2,727 per ton up 7.5 percent; Contract 2, \$2,681 per ton, up 5.9 percent; Contract 3, \$2,705 per ton, up 6.9 percent; Contract 4, \$2,698 per ton, up 1.6 percent; and Contract 5, \$2,748 per ton, down 1.5 percent.

Butter: The average winning price was \$4,588 per ton (\$2.08 per pound), up 1.1 percent. Average winning prices were: Contract 1, \$4,745 per ton, up 4.3 percent; Contract 2, \$4,575 per ton, up 0.4 percent; Contract 3, \$4,580 per ton, up 0.8 percent; Contract 4, \$4,560 per ton, up 1.9 percent; Contract 5, \$4,530 per ton, down 0.2 percent; and Contract 6, \$4,535 per ton, down 0.8 percent.

Anhydrous milkfat: The average winning price was \$4,561 per ton (\$2.07 per pound), up 2.7 percent. Average winning prices were: Contract 1, \$4,712 per ton, up 6.3 percent; Contract 2, \$4,475 per ton, up 2.1 percent; Contract 3, \$4,506 per ton, up 1.8 percent; Contract 4, \$4,579 per ton, up 2.6

percent; Contract 5, \$4,694 per ton, up 4.1 percent; and Contract 6, \$4,766 per ton, up 3.1 percent.

Buttermilk powder: The average winning price was \$2,215 per ton (\$1.00 per pound), down 6.5 percent. Average winning prices were: Contract 2, \$2,144 per ton, down 7.5 percent; Contract 3, \$2,275 per ton, down 5.2 percent; Contract 4, \$2,250 per ton, down 7.2 percent; and Contract 5, \$2,240 per ton, down 5.9 percent.

Lactose: The average winning price was \$608 per ton (27.6 cents per pound). That was for Contract 2.

ASB Bank, in its "Commodities Weekly" report, said that, despite dairy prices mounting a "modest comeback" in this week's GDT auction, it is "still cautious" on the outlook.

Gains in whole milk powder prices look to have been concentrated in the front end of the contract curve (where prices were at their lowest ebb after the sharp falls of the previous auction), ASB noted. Contracts with shipment dates further into the future are still trading at, or even slightly below, the prices they commanded in mid-August.

Interestingly, ASB noted, the bulk of whole milk powder was


once again purchased by the Middle East and Southeast Asia/Oceania, with China's share of purchases declining after its uptick over the last couple of auctions. As by far the dominant player in the market for New Zealand dairy exports, ASB still believes a more sustained recovery in Chinese demand is a necessary precursor to a substantial recovery in prices.

"That still doesn't look imminent in our view," ASB commented.

In other Global Dairy Trade-related news, GDT recently announced that Fonterra plans to widen its product range on GDT Pulse for the remainder of the pilot period. Starting next month, Fonterra will introduce both instant whole milk powder and skim milk powder in addition to the whole milk powder regular Contract Period 2 currently being offered. This expansion is expected to attract more participants and further enhance market liquidity.

Since its joint launch by GDT and Fonterra about a year ago, the pilot version of GDT Pulse has sought to expand GDT's service offering for buyers and sellers by facilitating more frequent price discovery. GDT Pulse takes place in weeks when GDT Trading Events (the semi-monthly commodity auctions) are not held.

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Cheese Output Falls

(Continued from p. 1)

down 4.7 percent; and New Jersey, 5.0 million pounds, down 4.0 percent. July cheese production in all other states totaled 300.3 million pounds, down 8.2 percent from July 2022.

American-type cheese production during July totaled 475.2 million pounds, up 0.2 percent from July 2022. During the January-July 2023 period, American-type cheese production totaled 3.39 billion pounds, up 2.3 percent from the same period last year.

Production of American-type cheese, with comparisons to July 2022, was: Wisconsin, 91.3 million pounds, up 4.6 percent; Minnesota, 59.4 million pounds, up 3.2 percent; California, 42.6 million pounds, down 8.4 percent; Iowa, 17.4 million pounds, up 0.3 percent; and New York, 11.8 million pounds, down 3.1 percent.

Cheddar production totaled 331.5 million pounds, down 2.6 percent from July 2022. Cheddar output during the first seven months of 2023 totaled 2.39 billion pounds, up 2.5 percent from the first seven months of 2022.

Production of other American-type cheeses during July totaled 143.7 million pounds, up 7.4 percent from July 2022.

Italian & Other Cheeses

Production of Italian-type cheese totaled 481.6 million pounds, down 1.5 percent from July 2022. Italian cheese output during the first seven months of 2023 totaled 3.4 billion pounds, down 0.8 percent from the first seven months of 2022.

Italian cheese production in the states broken out by NASS, with comparisons to July 2022, was: Wisconsin, 138.8 million pounds,

up 2.2 percent; California, 135.8 million pounds, down 2.9 percent; New York, 27.3 million pounds, up 8.2 percent; Pennsylvania, 22.1 million pounds, down 4.4 percent; Minnesota, 10.3 million pounds, up 8.0 percent; and New Jersey, 2.6 million pounds, down 7.4 percent.

Mozzarella production during July totaled 382.2 million pounds, down 2.6 percent from July 2022. Mozzarella output during the January-July period totaled 2.7 billion pounds, down 0.2 percent from the same period last year.

July production of other Italian cheese varieties, with comparisons to July 2022, was: Parmesan, 41.0 million pounds, up 8.6 percent; Provolone, 30.5 million pounds, up 4.1 percent; Ricotta, 17.7 million pounds, up 1.0 percent; Romano, 3.9 million pounds, down 13.7 percent; and other Italian types, 6.4 million pounds, down 13.7 percent.

Production of other cheese varieties during July, with comparisons to July 2022, was:

Swiss cheese: 28.5 million pounds, down 0.4 percent.

Cream and Neufchatel: 87.7 million pounds, down 6.7 percent.

Brick and Muenster: 17.6 million pounds, up 8.8 percent.

Hispanic cheese: 34.4 million pounds, up 3.2 percent.

Blue and Gorgonzola: 7.0 million pounds, up 0.1 percent.

Feta: 12.7 million pounds, up 13.6 percent.

Gouda: 4.9 million pounds, up 17.8 percent.

All other types of cheese: 12.7 million pounds, down 7.1 percent.

Whey Products Output

July production of dry whey, human, totaled 81.3 million pounds, up 2.5 percent from July 2022. Manufacturers' stocks of dry whey, human, at the end of

July totaled 83.4 million pounds, up 17.7 percent from a year earlier and up 3.0 percent from a month earlier.

Lactose production, human and animal, totaled 92.7 million pounds in July, down 2.8 percent from July 2022. Manufacturers' stocks of lactose, human and animal, at the end of July totaled 144.6 million pounds, down 14.1 percent from a year earlier and down 1.0 percent from a month earlier.

Production of whey protein concentrate, human, during July totaled 39.5 million pounds, up 11.3 percent from July 2022. Manufacturers' stocks of WPC, human, at the end of July totaled 80.9 million pounds, up 7.9 percent from a year earlier but down 1.6 percent from a month earlier.

July production of whey protein isolates totaled 9.2 million pounds, down 19.3 percent from July 2022. Manufacturers' stocks of WPI at the end of July totaled 22.2 million pounds, up 14.2 percent from a year earlier but down 6.2 percent from a month earlier.

Butter & Dry Milk Products

July butter production totaled 157.0 million pounds, up 3.5 percent from July 2022. Butter output during the first seven months of 2023 totaled 1.3 billion pounds, up 4.0 percent from the first seven months of 2022.

Regional butter production in July, with comparisons to July 2022, was: West, 86.5 million pounds, down 2.2 percent; Central, 60.3 million pounds, up 16.9 percent; and Atlantic, 10.2 million pounds, down 12.7 percent.

Nonfat dry milk production during July totaled 134.9 million pounds, down 18.6 percent from July 2022. NDM output during the January-July period totaled

1.28 billion pounds, up 1.8 percent from a year earlier.

Manufacturers' shipments of nonfat dry milk during July totaled 141.8 million pounds, down 6.2 percent from July 2022. Manufacturers' stocks of NDM at the end of July totaled 283.3 million pounds, down 15.0 percent from a year earlier and 5.2 percent lower than a month earlier.

Production of other dry milk products during July, with comparisons to July 2022, was: skim milk powder, 62.6 million pounds, up 2.6 percent; dry whole milk, 9.3 million pounds, down 11.4 percent; milk protein concentrate, 16.3 million pounds, up 5.7 percent; and dry buttermilk, 11.3 million pounds, up 4.6 percent.

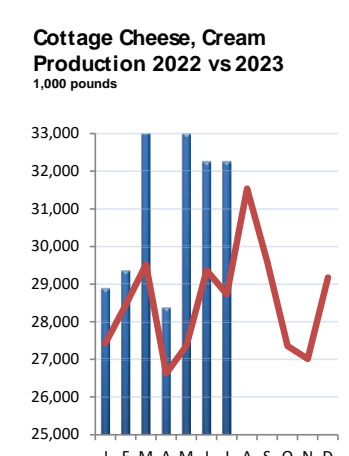
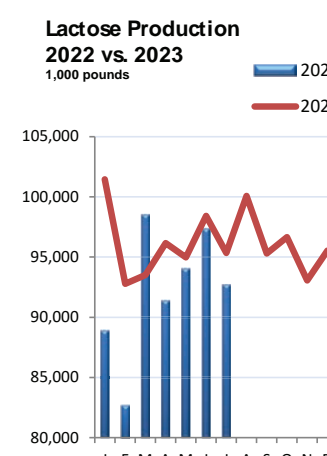
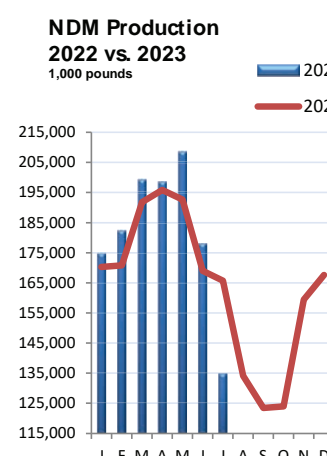
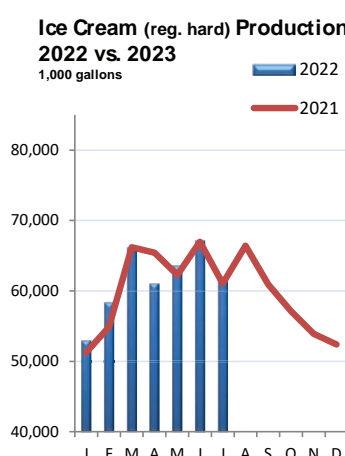
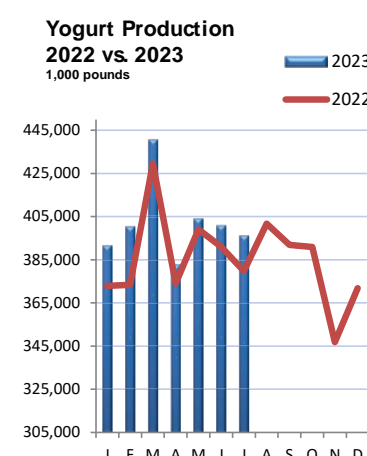
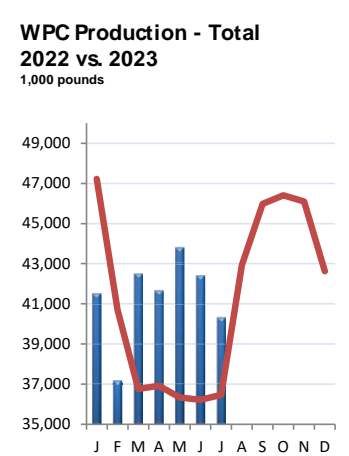
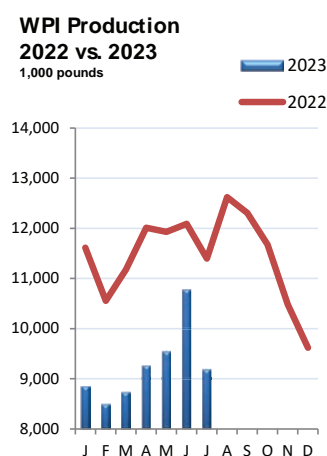
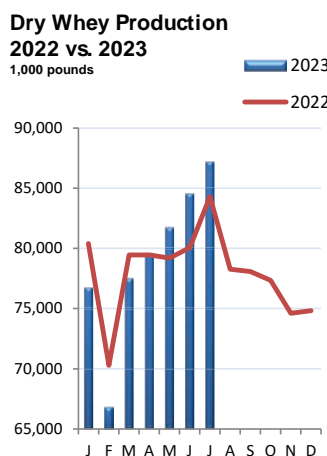
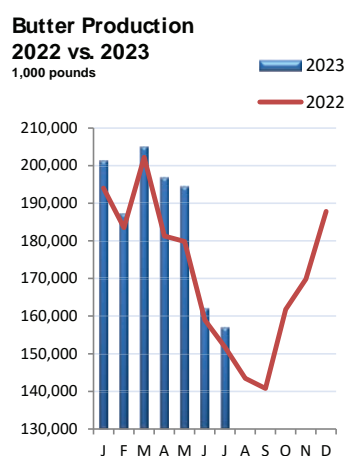
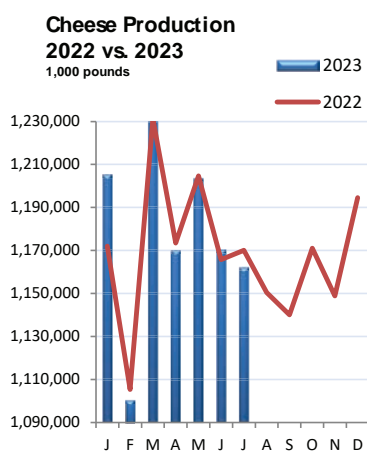
Yogurt & Other Dairy Products

July production of yogurt, plain and flavored, totaled 396.2 million pounds, up 4.3 percent from July 2022. Yogurt output during the January-July period totaled 2.82 billion pounds, up 3.4 percent from a year earlier.

Sour cream production during July totaled 118.6 million pounds, up 2.5 percent from July 2022. Sour cream output during the first seven months of 2023 totaled 856.3 million pounds, up 0.9 percent from the first seven months of 2022.

Cream cottage cheese production during July totaled 32.3 million pounds, up 12.3 percent from July 2022. Lowfat cottage cheese output during July totaled 292 million pounds, up 17.6 percent from a year earlier.

Production of regular ice cream during July totaled 62.0 million gallons, up 1.5 percent from July 2022. Lowfat ice cream production during July totaled 40.9 million gallons, up 0.6 percent from July 2022.



Hearing Testimony

(Continued from p. 1)

Bureau Federation (AFBF), seeks to add 640-pound Cheddar blocks to the protein price formula; Proposal 5, also submitted by AFBF, seeks to add unsalted butter to the butterfat and protein price formulas; and Proposal 6, submitted by the California Dairy Campaign (CDC), seeks to add Mozzarella to the protein price formula.

Christian Edmiston, vice president of procurement at Land O'Lakes, testified last Friday afternoon in support of Proposal 3.

"The price spread between block cheese and barrel cheese was relatively stable from 1999 to 2016. Without volatility in this price spread, the flaws in the current Class III pricing formula structure were not evident," Edmiston noted in his written testimony. The departure of the historically stable price relationship between block and barrels "has become evident since 2017" and has created negative financial impacts.

Emma Downing Reynolds, who works for Dairy Farmers of America (DFA), testified representing DFA and NMPF in support of Proposal 3. She stated that the inclusion of the barrel volume is no longer necessary to achieve a representative 40-pound block survey price.

Roger Cryan, chief economist at the American Farm Bureau Federation (AFBF), testified in support of three proposals. AFBF supports Proposal 3 as written.

Regarding Proposal 4, there has been a "pronounced shift" from 40-pound blocks to 640-pound blocks in the marketplace, Cryan noted in his written testimony. Adding 640s would provide a deeper volume to the National Dairy Products Sales Report (NDPSR) survey immediately and would avoid the need for a hearing in the future simply to address the further dwindling of 40-pound block volume.

AFBF expects that the addition of 640-pound blocks to the NDPSR survey will strengthen price discovery, avoid the potential for block manufacturers to switch between sizes to avoid and re-enter the price survey, and avoid a possible crisis of dwindling small blocks in the future.

Regarding Proposal 5, the growing volume of unsalted butter production and use in the US market has meant that salted-only butter price collection in the NDPSR survey increasingly underrepresents the value of US butter, Cryan stated. Incorporating the unsalted butter price into the FMMO butterfat formula will expand the base of the survey and make the survey price more representative of an evolving butter market.

Mike Brown, chief economist for the International Dairy Foods Association (IDFA), testified in opposition to Proposals 3, 4, 5 and 6.

Whether 500-pound barrels should be included in the NDPSR surveys is a question USDA has previously addressed, and has twice resolved in favor of inclusion, Brown noted.

"IDFA believes that USDA's reasoning in reaching that conclusion was sound, and continues to be valid today," Brown said. The 500-pound barrel market "is an important part of the supply-demand balance of the commodity Cheddar sector of the cheese industry and needs to remain part of the NDPSR monthly cheese price."

Regarding Proposal 4, USDA's current pricing formulas rely upon "very substantial sales volumes" to determine the market price of Cheddar cheese, Brown noted. The price surveys encompassed well over 1.34 billion pounds of sales in 2022, divided almost evenly between 40-pound blocks and 500-pound barrels.

"This robust data set is more than sufficient to determine prices in the market. 640-pound blocks aren't needed to fill any information gap," Brown continued. "Indeed, 640-pound blocks typically trade off the price of 40-pound blocks, and therefore bring little if any additional information to bear."

Regarding Proposal 5, Brown noted that Grade AA butter is traded on the Chicago Mercantile Exchange. Thus, by basing the butterfat price on the price of Grade AA salted butter, USDA is relying upon a heavy volume of trade data, of a commodity that is subject to uniform specifications, publicly traded, and for

which price surveys are already conducted.

"None of the foregoing attributes apply to unsalted butter," Brown said.

Regarding Proposal 6, Brown noted that USDA has consistently rejected including cheeses other than Cheddar, and specifically Mozzarella, in the price surveys used to establish the protein value that is included in setting Class III prices. USDA's conclusions remain valid today, with respect to both the criteria for inclusion in the price survey, and the existence of costs of manufacture.

Alison Krebs, director of dairy and trade policy for Lepirino Foods Company, testified in opposition to Proposals 3, 4 and 6. Darin Hanson, senior vice president of supply chain and risk management at Foremost Farms USA, also testified in opposition to Proposal 6.

Rob Vandenheuvel, senior vice president, member and industry relations, California Dairies, Inc. (CDI), testified in opposition to Proposal 5, stating that USDA should maintain the current FMMO methodology that utilizes bulk salted butter with 80 percent butterfat.

Steve Schlangen, a dairy farmer from Albany, MN, and chairman of the Associated Milk Producers, Inc. (AMPI) board of directors, testified against Proposal 3.

"AMPI believes the primary reason to continue including blocks and barrels in the NDPSR cheese price is that both have comprised the total supply and demand picture for Cheddar cheese. They are traded commodities at CME cash markets, and thus have an openly traded market to determine value," Schlangen noted.

Peter Vitaliano, NMPF's vice president, economic policy and

market research, testified in support of Proposal 7, submitted by NMPF.

That proposal would increase the current make allowances as follows: butterfat, from 17.15 to 21.0 cents per pound of butter; nonfat solids, from 16.78 to 21.0 cents per pound of nonfat dry milk; protein, from 20.03 to 24.0 cents per pound of Cheddar cheese; and other solids, from 19.91 to 23.0 cents per pound of dry whey.

"NMPF does not contend that these increases fully correct for the increases in butter, nonfat dry milk, Cheddar cheese and dry whey manufacturing costs experienced by manufacturers since 2008, when the current make allowances were adopted," Vitaliano noted in his written testimony.

"Instead, these make allowance increases represent a fair balance between the producer impact of higher make allowances and the processor impact of make allowances that more closely reflect the current cost of manufacturing commodity style butter, nonfat dry milk, Cheddar cheese and dry whey," he continued.

LOL's Edmiston testified in support of Proposal 7, noting, among other things, that outdated, undervalued, inadequate make allowances have led to and will continue to lead to disorderly marketing conditions; producer impacts of increasing make allowances must be taken into account by USDA; and the industry needs a mandatory, audited survey of commodity manufacturing costs to provide data to use in discussions to propose updates to the make allowances.

Foremost's Darin Hanson and CDI's Rob Vandenheuvel also testified in support of Proposal 7.

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Vivolac Introduces COTTA Series; A New Line Of Cottage Cheese Cultures

Greenfield, IN—Vivolac Culture Corporation has introduced a new line of cottage cheese cultures for higher yields and efficiencies.

The new and improved COTTA series of cultures are Vivolac's newest innovative addition, designed to maximize profits through higher yields and faster activities, the company said.

"Vivolac's cottage cheese cultures have been used for making cottage cheese and other cheeses for years," said Aaron Miller, Vivolac's director of sales and technical services. "This is an enhancement of that program, developed to foster faster make times and increased yields.

It's a phage robust program that really delivers."

The focus of the initial project was to create a fast acidification that adds value to the company's customers, both through the ability to supply the cottage cheese market with US-made products, but also with more cheese per pound and higher yields to their vats, Miller said.

"This is obviously something the cottage cheese industry was seeking," Miller said. "Greater yields and faster make times. It checks those boxes. The COTTA series was created for and by the industry. And our customers report that COTTA is currently exceeding expectations.

"One of the major issues with cottage cheese is its susceptibility to phage and the cultures slowing down," Miller continued. "Several of our current cottage cheese customers requested our expertise in developing a price competitive

product that would create solutions."

Vivolac currently offers eight of the high yield, fast acidification blends. These blends have multiple strains to add phage robustness.

"We added more robust strains, as well as more diversity to help combat our customer's issues. We actually added more complexity, and we were able to provide cost savings as well, something that doesn't typically always happen in this industry," Miller said.

"Innovation is what our customers have come to expect from us. As a privately held business with 50-plus years

of culture experience, we always react quickly to market demands, that's one of our strengths. We are really excited for what challenges lie ahead and our innovation to meet those challenges is just beginning," Miller said.

Vivolac Culture Corporation is a leader in starter cultures, media, and bioprotective cultures. The company completed an 8,000 square foot expansion to its freezer capacity, warehousing, and its shipping operations to serve the industry more efficiently as well as recently completed an automation upgrade to streamline current processes.

All of Vivolac cultures for the dairy industry are developed and made in the United States, the company said.

For more information, contact Miller at amiller@vivolac.com or 920-255-0808; or visit the company's new website at www.vivolac.com.



PERSONNEL

Doud Begins New Role With NMPF; Staff Reorganized

Arlington, VA—GREGG DOUD began stepping into his new role as president and CEO of the National Milk Producers Association (NMPF) this week as the organization embarked on significant staff reorganization.

Doud will succeed JIM MULHERN, who recently announced plans to retire in January 2024, as president and CEO. Until then, Doud will begin work with NMPF as chief operating officer.

"I'm excited to announce these changes, which will enhance the efficiency and effectiveness of our organizational structure," Mulhern said.

"They also recognize the significant contributions of the affected individuals to our overall success in recent years and position the organization well for even greater success in the future," Mulhern continued.

NMPF named three executive vice presidents – PAUL BLEIBERG, SHAWNA MORRIS and ALAN BJERGA – as part of the reorganization, recognizing responsibilities that are expanding across NMPF teams.

Bleiberg will serve as executive vice president, government relations; Morris as executive vice president, trade policy and global affairs; and Bjerga as executive vice president, communications and industry relations.

Other promotions include DAVID WEST to chief administrative officer; STEPHEN CAIN to senior director, economic research and analysis; BEVERLY HAMPTON PHIFER to senior director, FARM Animal Care; THERESA SWEENEY-MURPHY as senior director, communications and outreach; MIQUELA HANSELMAN to director, regulatory affairs; and TONY RICE to director, trade policy. Staffers receiving title changes in line with new responsibilities are CHRIS GALEN, who will serve as senior vice president of member services and governance; and CLAUDIA LARSON, senior director, government relations & head of nutrition policy.

WOW Logistics has recently promoted ZACH TATRO to senior director of sales. Tatro started with WOW Logistics in 2013 as a logistics engineer. Three years later, he was promoted to account manager, where he utilized his knowledge to create and execute profitable account plans and opportunities, lead

quarterly business reviews, and drive profitable growth. In his new senior director of sales position, Tatro will be responsible for leading the account management and inside sales teams to develop and execute sales plans, for both new and existing customers, to drive strategic growth for the company. To start, Tatro will develop the strategic account plan process for each service offering, leveraging his experience to refine procedures and train sales staff. He will also work with customers to understand their objectives and kick-start specific strategic account plans. Long-term, Tatro plans to drive growth via dynamic account plans that support the company's recent growth and investment in technology, engineering, operational, and planning resources. Prior to WOW Logistics, Tatro was with GENCO serving as a business analyst and, most recently, a logistics engineer. He was responsible for ensuring analyses met customer objectives, leading related communications, and data analysis. WOW also hired ALEX WILLEY as inside sales manager, responsible for collaborating with account managers on strategic accounts. He will coordinate contract renewals, nurture relationships, and perform daily customer service tasks. Additionally, he will manage midsize accounts. To start, Willey will focus on familiarizing himself with WOW's portfolio of supply chain solutions. Long-term, Willey's goal is to nurture and develop current and future customer partnerships. WOW Logistics has likewise promoted JENNIFER CHRISTIE VON HOLT to inside sales manager. Von Holt started with WOW in 2018 as inside sales coordinator. In this role, she sourced new sales opportunities, supported daily sales operations, and assisted with marketing campaigns. As inside sales manager, Von Holt will support account managers with strategic account plan execution, assisting with relationship development, contract renewals, rate negotiations, and daily customer service tasks. She will also manage midsize accounts, developing and refining opportunities. Prior to WOW Logistics, Von Holt acquired more than three decades of sales experience within the regulatory compliance, and continuous license monitoring industries.

To include your personnel changes or obituary notice, email Moira Crowley at mcrowley@cheesereporter.com. There is no cost for the announcement.

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Winning Tennessee Milk Logo Design Announced

Nashville, TN—After collecting 5,230 total votes among four milk logo finalists, the Tennessee Department of Agriculture (TDA) this week announced the winning Tennessee milk logo design.

Tennessee dairy producers whose milk is 100 percent sourced, processed, and bottled in Tennessee may choose to use the logo. Cow, sheep, and goat milk producers will have species-specific logos they may use to mark their products starting next month.

Transition to the new logo will take time to roll out and it will be up to eligible producers to decide if and when they use the Tennessee milk logo, the TDA noted.

“The statewide contest to redesign Tennessee’s milk logo is one of the ways we promote our dairy industry,” Tennessee Agriculture Commissioner Charlie Hatcher said. “We weren’t sure what we would get when we launched the milk logo contest, and I was impressed with the number and creativity of the results.”

“Primarily, the contest and use of the new logo serves to enhance the visibility of milk that is entirely sourced, processed, and bottled in Tennessee,” Hatcher added.

TDA conducted voting at the Wilson County Fair-Tennessee



State Fair where 1,500 people stopped by the TDA booth to cast a vote for their favorite. Voting was also open on the TDA Facebook page where more than 3,700 votes were cast.

“Holding the contest at the fair built a lot of excitement for the new look. Giving fairgoers a chance to vote at the fair allowed us the chance to talk to people about local milk and other locally-produced foods,” Hatcher said.

“It’s exciting to have my design chosen out of so many creative submissions,” Michaele Bloodsworth said. “I wanted my logo to be aesthetically pleasing and a trusted symbol for farmers who choose to use it as a visual representation of local production and quality. People who buy milk featuring the logo will know the milk is locally produced in Tennessee and I think people care about supporting farmers.”

Tennessee residents are eligible to electronically submit a design for the new Tennessee milk logo.

Minnesota State Fair Butter, Cheese Contest Winners Named

St. Paul, MN—The top three winners in each category at the Minnesota State Fair Butter & Cheese Contest were announced recently.

Hosted by the Upper Midwest Dairy Industry Association (UMDIA), this year’s competition featured six categories. First, second and third place finishers are:

Artisan Butter

First place: Lori Allard, Hope Creamery, 98.00

Second place: Hudson Mrotz, Hope Creamery, 97.083

Third place: Eric Hubbard, Miller-ville Co-op Creamery, 95.750

Continuous Churn

First place: Ryan Sondag, AMPI, New Ulm, MN, 99.418

Second place: Mike Ranweiler, AMPI, New Ulm, MN, 99.417

Third place: Paul Thiede, AMPI, New Ulm, MN, 99.334

Block Cheddar

First place: Justin Larson, Bongards, Perham, 99.267

Second place: Riley Pater, First District Association, Litchfield, MN, 99.200

Third place: Eric Schmid, First District Association, 99.100

Barrel Cheddar

First: Riley Pater, First District Association, Litchfield, 99.450

Second: Tyler Kielty, First District Association, Litchfield, 99.417

Third place: Eric Schmid, First District Association, 99.333

Miscellaneous Cheese

First place: Sunnyside Creamery, Mayer, MN, Aged Habanero Cheddar, 99.500

Second place: Toby Chellin, First District Association, HM Peppercini Bacon, 99.467

Third place: Patrick White, Foremost Farms, Appleton, WI, LMPS Mozzarella, 99.300

Artisan Cheese

First place: Casey Murphy, Cows & Co. Creamery, Carrington, ND, Extra Old Gouda, 99.533

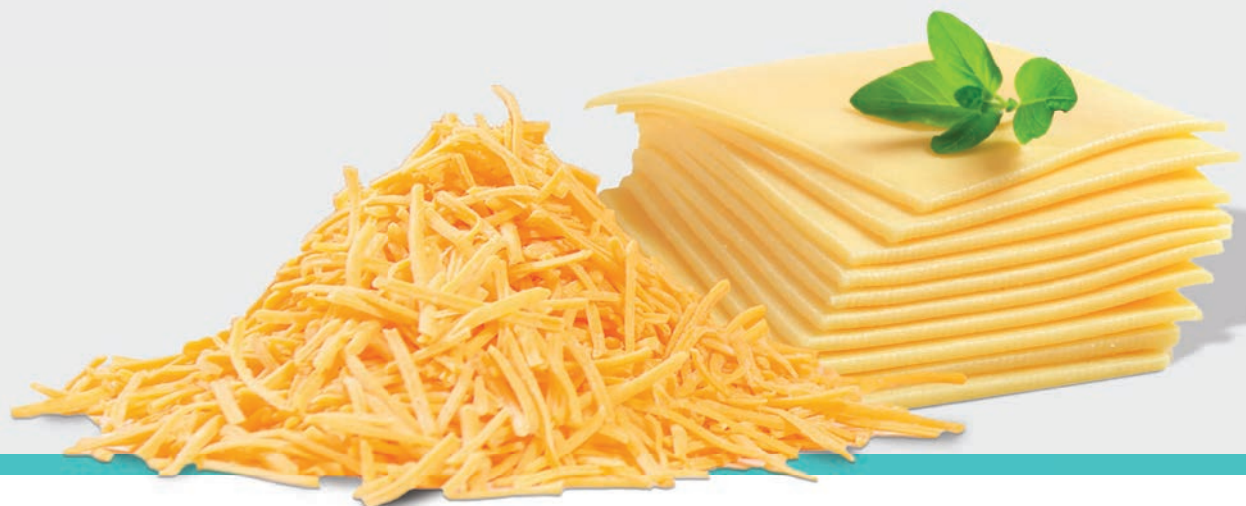
Second place: Redhead Creamery, Brooten, MN, Lucky Linda Clothbound Cheddar, 99.500

Third place winner: Caves of Faribault Team, Caves of Faribault, Faribault, MN, Amablu Blue Cheese.

For the complete list of entries and placement, visit www.umdia.org/contests/

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July Dairy Trade

(Continued from p. 1)

Leading sources of dairy imports during the January-July period, on a value basis, with comparisons to the same period last year, were: New Zealand, \$407.0 million, up 0.4 percent; Ireland, \$393.6 million, up 8 percent; Italy, \$289.4 million, down 1 percent; Canada, \$215.1 million, up 26 percent; France, \$192.3 million, up 7 percent; Mexico, \$174.4 million, up 30 percent; Netherlands, \$141.5 million, up 4; Denmark, \$125.3 million, up 39 percent; Spain, \$106.2 million, up 55 percent; United Kingdom, \$90.6 million, up 68 percent; Germany, \$77.7 million, up 35 percent; and Poland, \$63.6 million, up 101 percent.

Cheese Exports Decline

US cheese exports totaled 80.9 million pounds, down 1 percent from July 2022. The value of those cheese exports, \$173.6 million, was down 11 percent.

Cheese exports during the first seven months totaled 551.3 million pounds, down 6 percent from the first seven months of 2022. The value of those cheese exports, \$1.28 billion, was down 2 percent.

Markets for US cheese exports during the January-July 2023 period, on a volume basis, with comparisons to the same period in 2022, were: Mexico, 177.8 million pounds, up 13 percent; South Korea, 56.6 million pounds, down 44 percent; Japan, 55.0 million pounds, down 14 percent; Australia, 42.2 million pounds, up 17 percent; Canada, 22.7 million pounds, up 37 percent; Guatemala, 22.0 million pounds, up 57 percent; Chile, 16.1 million pounds, up 12 percent; Dominican Republic, 14.7 million pounds, up 3 percent; and China, 14.6 million pounds, up 145 percent.

Nonfat dry milk exports totaled 144.5 million pounds, up 3 percent from July 2022. NDM exports during the first seven months of this year totaled 1.08 billion pounds, down 1 percent from the first seven months of last year.

Dry whey exports during July totaled 25.3 million pounds, down 43 percent from July 2022. Dry whey exports during the January-July period totaled 233.7 million pounds, down 11 percent from the same period in 2022.

July exports of whey protein concentrate totaled 23.2 million pounds, down 29 percent from July 2022. WPC exports during the first seven months of 2023 totaled 182.5 million pounds, down 20 percent from the first seven months of 2022.

Lactose exports during July totaled 83.7 million pounds, down 2 percent from July 2022. During the January-July period, lactose exports totaled 606.5 million pounds, up 7 percent from a year earlier.

Butter exports totaled 5.2 million pounds, down 61 percent from July 2022. Butter exports during the first seven months of this year totaled 44.9 million pounds, down 42 percent from the first seven months of last year.

Ice cream exports totaled 13.9 million pounds, up 5 percent from July 2022. Ice cream exports during the January-July period totaled 91.7 million pounds, down 8 percent from the same period in 2022.

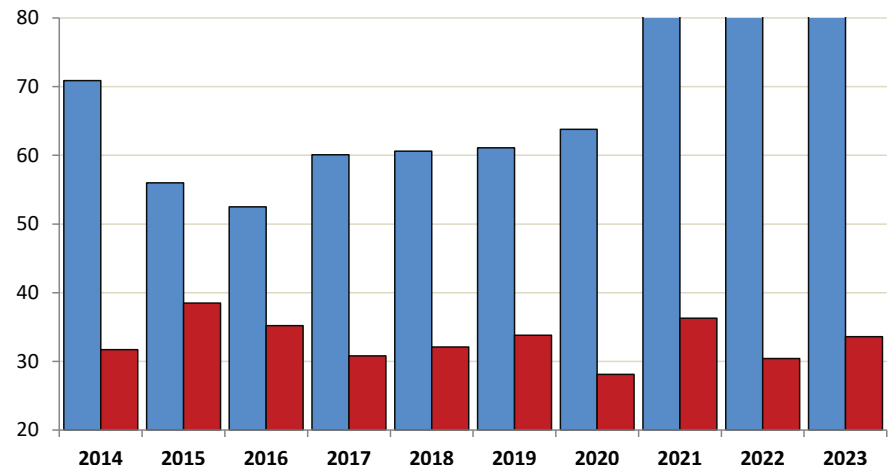
Yogurt exports during July totaled 4.6 million pounds, up 38 percent from July 2022. Yogurt exports during the first seven months of 2023 totaled 26.3 million pounds, up 6 percent from the first seven months of 2022.

Cheese Imports Rise

US cheese imports during July totaled 33.6 million pounds, up 10

US Cheese Exports vs Imports

July of 2014- 2023; Million of pounds



percent from July 2022. The value of those imports, \$142.2 million, was up 30 percent.

Cheese imports during the first seven months of 2023 totaled 223.6 million pounds, down 0.5 percent from the first seven months of 2022. The value of those imports, \$926.1 million, was up 11 percent.

Leading sources of US cheese imports during the January-July 2023 period, on a volume basis, with comparisons to the same period in 2022, were:

Italy: 44.6 million pounds, down 8 percent.

France: 23.1 million pounds, down 14 percent.

Netherlands: 19.9 million pounds, up 8 percent.

Spain: 18.6 million pounds, up 70 percent.

Nicaragua: 11.3 million pounds, up 43 percent.

Ireland: 9.7 million pounds, down 15 percent.

Switzerland: 9.34 million pounds, down 6 percent.

United Kingdom: 9.27 million pounds, down 1 percent.

Greece: 8.4 million pounds, down 7 percent.

Canada: 8.3 million pounds, up 22 percent.

Butter Imports Drop

July imports of butter and other milkfat-containing products, primarily anhydrous milkfat, totaled 13.8 million pounds, down 14 percent from July 2022. July butter imports totaled 9.0 million pounds, down 27 percent from July 2022.

During the first seven months of this year, imports of butter and

other milkfat-containing products totaled 94.8 million pounds, up 14 percent from the first seven months of last year. Butter imports during this period totaled 67.0 million pounds, up 15 percent from the same period last year.

Casein imports totaled 3.2 million pounds, down 69 percent from July 2022. Casein imports during the first seven months of 2023 totaled 41.5 million pounds, down 36 percent from the first seven months of 2022.

July imports of caseinates totaled 4.8 million pounds, up 22 percent from July 2022. Imports of caseinates during the January-July period totaled 40.8 million pounds, up 44 percent from a year earlier.

Imports of Chapter 4 milk protein concentrates during July totaled 5.3 million pounds, down 9 percent from July 2022. During the first seven months of this year, imports of Chapter 4 MPCs totaled 46.9 million pounds, down 11 percent from the first seven months of last year.

July imports of Chapter 35 milk protein concentrates totaled 10.5 million pounds, up 172 percent from July 2022. Imports of Chapter 35 MPCs during the January-July period totaled 34.2 million pounds, up 66 percent from the same period last year.

Yogurt imports during July totaled 8.3 million pounds, up 21 percent from July 2022.

Yogurt imports during the first seven months of 2023 totaled 48.2 million pounds, up 29 percent from the first seven months of 2022.

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NZ-Canada Dispute

(Continued from p. 1)

Canada's most-favored nation rates of duty.

Section B of the Appendix to Canada's tariff schedule includes 16 separate TRQs in the dairy sector covering: milk; cream; skim milk powders; milk powders; cream powders; concentrated milk; yogurt and buttermilk; powdered buttermilk; whey powder; products consisting of natural milk constituents; butter; industrial cheese; Mozzarella and prepared cheese; cheeses of all types; ice cream and mixes; and other dairy.

Five of these TRQs contain requirements on the permissible end-use of the imported product.

Up to 85 percent of the TRQ quantities for milk are to be used for the importation of milk in bulk (not for retail sale) to be processed into dairy products used as ingredients for further food processing, with the remaining quantities to be used for the importation of any milk.

Up to 30 percent of the TRQ quantities for yogurt and buttermilk, and 85 percent of the TRQ quantities for butter, are to be used for the importation of goods in bulk (not for retail sale) used as ingredients for further processing.

Also, according to the report, 100 percent of the TRQ quantities for industrial cheese are to be used for the importation of industrial cheese in bulk (not for retail sale) used as an ingredient for further food processing and 100 percent of the TRQ quantities for concentrated milk are to be used for the importation of concentrated milk destined for retail sale.

As Canada administers its TRQs through an import licensing system, shipment-specific import permits are issued for all imports that draw upon the TRQ volumes, the report explained. Canada limits the issuance of these import permits, and thus access to imports under the TRQs, to allocation holders, which are determined pursuant to Canada's allocation mechanism.

Canada's allocation mechanism is based on a pooling system that reserves specific percentages of the TRQs for "processors," "further processors," and "distributors." The specific percentages reserved for each group or pool and the definition of who falls into which category of potential allocation holder are set forth in separate Notices to Importers for each of the 16 dairy TRQs.

The allocations in the notices reserve between 80 percent and 85 percent of all dairy TRQs for processors, between 0 percent and 20 percent for further processors, and between 0 percent and 15 percent for distributors, depend-

ing on the TRQ in question, the report stated.

Since the CPTPP has gone into effect, Canada's dairy TRQs have been largely underutilized, with the fill rates (the percentage of the quota that has been filled by imports) for the 2021-2022 for 13 of Canada's 16 dairy TRQs at 10 percent or below, with nine of those 13 experiencing no imports at all under the TRQ, the report noted.

The three products for which the quotas were much more heavily utilized in 2021-2022 are Mozzarella and prepared cheese (62.4 percent fill rate), cheeses of all types (65.3 percent fill rate) and butter (95.8 percent fill rate).

All 16 tariff-rate quotas are subject to the same basic allocation system, including the reservations of 80 percent to 85 percent of quota for processors, the report said.

In its request for the establishment of this panel, New Zealand contended that Canada's system for administering its TRQs, particularly its practice of reserving the vast majority of its TRQ allocations for processors, falls short of Canada's commitments under the CPTPP.

The panel's conclusions include the following:

- The panel found that the pools created in Canada's Notices to Importers, by reserving priority access to its 16 dairy TRQs to processors, are inconsistent with Canada's obligation to ensure that, unless otherwise agreed by the parties, Canada does not limit access to an allocation to processors.

- The panel found that Canada's Notices to Importers are inconsistent with Article 2.29(1) as they result in the administration of the TRQs under an allocation mechanism which includes a pooling system that operates to limit the opportunity for otherwise eligible applicants to use the TRQs fully.

- The panel found that Canada's inclusion of additional criteria for eligible applicants for a quota allocation within its Notice to Importers falls within the discretion provided to parties employing an allocation mechanism and is not inconsistent with Canada's obligations.

- The panel found that Canada's Notices to Importers are not inconsistent with Article 2.29(2)(a) because they do not introduce new limits or eligibility requirements on the utilization of Canada's dairy TRQs for the importation of a good that fall within the scope of this provision.

Reactions To Panel's Report

Damien O'Connor, New Zealand's minister for trade and export growth, welcomed the CPTPP panel's ruling.

"Canada was not living up to its commitments under CPTPP, by effectively blocking access for our dairy industry to upscale its exports. That will now have to change," O'Connor said.

"Canada is very pleased with the outcome of the panel's report which is a clear victory for Canada," according to a statement from Mary Ng, Canada's international trade minister, and Lawrence MacAulay, Canada's agriculture minister.

"The panel has made a significant finding by recognizing Canada's discretion to set TRQ allocation policies, including determining who is eligible to obtain an allocation," Ng and MacAulay stated. "We will not negotiate these allocations with countries who seek to weaken Canada's supply management system."

The Dairy Companies Association of New Zealand (DCANZ) welcomed the dispute panel's findings.

"We applaud the clear ruling that Canada is not implementing the dairy access it agreed in CPTPP as it should be," said Kimberly Crewther, DCANZ executive director. "It is outrageous that Canada has sought to undercut the access it promised by reserving most of the quota quantities for domestic processors for those same products, who are least likely to import."

The International Cheese Council of Canada (ICCC), an association of small- and medium-sized cheese importers and their suppliers, also welcomed the panel's findings.

"The ICCC commends the panel for its thorough and speedy work. Once the government of Canada enacts the appropriate steps to come into compliance, the amended TRQ allocation measures will finally allow Canadian consumers to fully benefit from the market access granted to foreign cheese producers under the CPTPP," said Joe Dal Ferro, the ICC's chair.

"The ICCC looks forward to improved TRQ policies that will ultimately reduce costs for Canadian consumers, and increase choice on grocery store shelves," Dal Ferro added.

Dairy Farmers of Canada (DFC) is "disappointed" with the panel's ruling, according to David Wiens, DFC's president. "We now call on the federal government to do a thorough review of the measures the government of New Zealand has put in place to support its dairy sector to ensure that they are consistent with its international trade obligations."

The Dairy Processors Association of Canada (DPAC) said it will work with the Canadian government to identify options to bring its CPTPP allocation mechanisms into compliance.

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Dairy Ingredients Seminar To Look At Sustainability Through Supply Chain

Santa Barbara, CA—The American Dairy Products Institute (ADPI) will once again host its Dairy Ingredients Seminar, highlighting the opportunities and challenges for the dairy ingredient industry.

The three-day meeting will be held here Sept. 25-27 at the Hilton picturesque Santa Barbara Beachfront Resort.

Discussions will center around the exploration of regional and global market trends; consumer purchasing behavior, ingredient formulation innovations, and the latest technologies shaping the future of dairy ingredient manufacturing, marketing, and trade.

The meeting starts out Monday afternoon with registration and opening reception. It continues the following day with an official welcome from ADPI president and CEO Blake Anderson.

A session on key global dairy supply and demand drivers. Pan-

elist and industry strategist Mike McCully, president of McCully Consulting, will lead his team through a high-level review of global dairy macroeconomics, provided by Steve Spencer of Fresh Agenda.

Phil Plourd of Ever.Ag will outline regional dairy supply and demand drivers and opportunities, followed with a review of regional and global climate factors that are currently impacting the dairy industry, led by Everstream Analytics' Mark Russo.

Another session dedicated "from parlor to plate" will outline how the US dairy industry continues to improve the sustainability of its practices and communicate these actions to stakeholders throughout the value chain.

During this session, ADPI's Andy Powers will lead a panel of sustainability professionals through a deep dive into the work that is being done, the tools

COMING EVENTS

www.cheesereporter.com/events.htm

PLANNING GUIDE

Pack Expo Las Vegas: Sept. 11-13, Las Vegas Convention Center, Las Vegas, NV. Registration open at www.packexpolasvegas.com.

ADPI Dairy Ingredients Seminar: Sept. 25-27, Santa Barbara, CA. Registration now open at www.adpi.org/events.

NCCIA Annual Conference: Oct. 10-12, Best Western/Ramkota, Sioux Falls, SD. Visit www.northcentralcheese.org for more information as well as registration updates.

IDF World Dairy Summit: Oct. 16-19, Chicago, IL. Visit www.idfwds2023.com to register online.

Process Expo: Oct. 23-25, McCormick Place, Chicago. Online registration is available at www.fpsa.org/process-expo.

NDB, NMPF, UDIA Joint Annual Meeting: Oct. 23-26, Orlando, FL. Agenda will soon be available online at www.nmpf.org.

ADPI Dairy Purchasing & Management Risk Seminar: Nov. 1-2, Convene Willis Tower, Chicago. For more information, visit www.adpi.org.

PLANNING GUIDE: 2024

Winter Fancy Food Show: Jan. 21-23, 2024, Las Vegas Convention Center, Las Vegas, NV. Check www.specialtyfood.com for updates.

Dairy Forum 2024: Jan. 21-24, J.W. Marriott Phoenix Desert Ridge, Phoenix, AZ. Details posted soon at www.idfa.org/dairy-forum.

World Championship Cheese Contest: March 5-7, Monona Terrace Convention Center, Madison. Visit www.worldchampioncheese.org for updates.

ADPI Global Ingredients Summit: March 11-13, 2024, Peppermill Resort, Reno, NV. Visit www.adpi.org for more information.

Cheese Expo: April 16-18, 2024, Baird Center, Milwaukee, WI. Registration now available online at www.cheeseexpo.org.

NCCIA Cheese Contest Entry Deadline Is Sept. 15; Auction Is Oct. 11

Sioux Falls, SD—Entry forms and fees for the North Central Cheese Industries Association's (NCCIA) Cheese Contest must be received no later than Friday, Sept. 15.

To participate the individual or plant must be a current member of NCCIA. Contestants may submit one cheese per category.

Judges will then select one Grand Champion along with first, second and third place winners in each category. The contest will feature four categories: Cheddar Block, Barrel and new this year, Flavored Miscellaneous.

Each Cheddar block entry must be a minimum of 40 pounds

and must include the manufacture date. Barrel entry fees are \$50.

All other cheese entries are considered a donation to NCCIA and are not charged a fee. Barrel entry fees should be mailed to: NCCIA, 1748 Weston Hills Dr. NW, Cleveland, TN, 37312.

Judging will take place at Bongards Creameries in Bongards, MN, on Sept. 19. Entries must arrive no later than Sept. 15 and contain the manufacture date, name and address of the contestant.

Entries should also be securely wrapped and packaged for safe delivery. Packages should be

marked "Refrigerate: Do Not Freeze."

Entries can be mailed to: Bongards Creameries, Attn: Terry Simon, 13200 County Rd. 51, Bongards, MN 55368.

Contest winners will be recognized during a banquet dinner Oct. 11 at the NCCIA annual conference here at the Ramkota Best Western Hotel. Award-winning cheeses will also be put up for auction on Oct. 11.

Each year since 1953, NCCIA has collaborated with MDA to raise money for dairy-related college scholarships.

For contest queries, contact NCCIA's Susan Eschbach at (612) 968-1080 or via email: seschbach.nccia@gmail.com.



North Central Cheese Industries Association Annual Conference

Sustainability Issues and Opportunities: Today and in the Future

October 10 - 12 • Best Western/Ramkota, Sioux Falls, SD

For More Information:

- Conference Fees
- Register
- Presentations & Speakers
- Hotel accommodations

www.northcentralcheese.org

For Sponsorship Opportunities:

Susan Eschbach,
NCCIA - Administrative Assistant
Email: seschbach.nccia@gmail.com
Phone: 612-968-1080

Accommodations:

Best Western/Ramkota
Sioux Falls, SD
(605) 336-0650

Midwest Dairy Research Forum & Pre-Meeting Workshop

Tuesday, October 10, 5:00 pm

- Cheese: What's New: **Maureen Windish**, *Midwest Dairy Association*

Wednesday, October 11, 8:00 am

- Sustainability Panel: "What's Happening Today and in the Future"

NCCIA Annual Conference

Wednesday, October 11, Noon: Lunch and Registration

- Keynote Speaker: **ESG Defined**
- Dairy Sustainability Framework: **Brian Lindsay**
- US Dairy Stewardship Commitment - Innovation Center for US Dairy: **Eric Hassel**
- Perspective: Consumer Point of View: **Land O'Lakes**
- Perspective: International Customer B2B: **Brian Zook**, **Bel Brands**

Thursday, October 12, 9:00

- Farm Update with Sustainability Emphasis: **Riverview Farms**
- Packaging Supplier Presentations on Sustainability
- **Supplier Presentations**
- Sustainability Impacts & Economic Outlook



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SOLD: ALFA-LAVAL SEPARATOR: Model MRPX 518 HGV hermetic separator. **JUST ADDED: ALFA-LAVAL SEPARATOR:** Model MRPX 718. Call: Dave Lambert at **Great Lakes Separators**, (920) 863-3306 or e-mail drlambert@dialez.net for more information.

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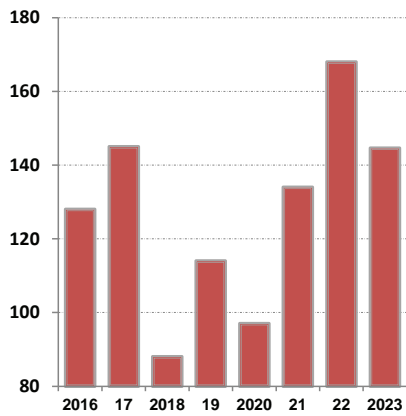


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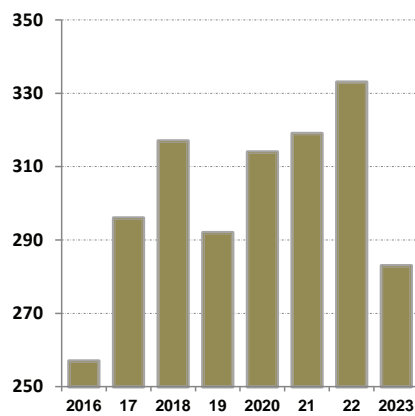
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Manufacturers' Stocks of Lactose Total
End of July; million lbs



Manufacturers' Stocks of NDM
End of July; million lbs

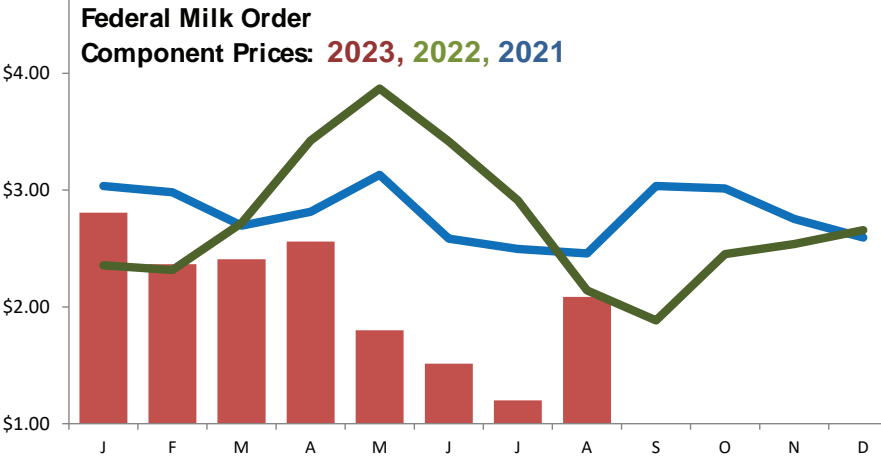


DAIRY FUTURES PRICES

SETTLING PRICE *Cash Settled

Date	Month	Class III	Class IV	Dry Whey	NDM	Block Cheese	Cheese*	Butter*
9-1	Sept 23	18.61	18.59	29.250	110.825	1.999	1.9630	267.000
9-4	Sept 23	—	—	—	—	—	—	—
9-5	Sept 23	18.54	18.60	29.250	111.275	1.989	1.9450	267.000
9-6	Sept 23	18.51	18.48	29.250	111.000	1.980	1.9540	267.000
9-7	Sept 23	18.58	18.48	29.000	110.950	1.980	1.9630	269.675
9-1	Oct 23	18.92	18.46	32.150	108.000	1.990	1.9470	268.000
9-4	Oct 23	—	—	—	—	—	—	—
9-5	Oct 23	18.88	18.60	35.000	107.850	1.982	1.9700	272.075
9-6	Oct 23	18.95	18.38	33.000	111.025	1.982	1.9740	273.500
9-7	Oct 23	19.21	18.38	33.025	111.975	1.990	1.9940	276.250
9-1	Nov 23	18.59	18.35	34.750	107.125	1.972	1.9310	263.500
9-4	Nov 23	—	—	—	—	—	—	—
9-5	Nov 23	18.61	18.53	32.900	107.775	1.955	1.9360	270.250
9-6	Nov 23	18.71	18.39	35.250	111.775	1.955	1.9340	273.000
9-7	Nov 23	18.98	18.35	35.400	112.250	1.974	1.9600	275.025
9-1	Dec 23	18.44	18.21	35.500	109.000	1.951	1.9320	251.025
9-4	Dec 23	—	—	—	—	—	—	—
9-5	Dec 23	18.55	18.40	35.500	109.475	1.948	1.9200	263.500
9-6	Dec 23	18.57	18.19	36.000	113.475	1.948	1.9200	267.500
9-7	Dec 23	18.73	18.13	36.500	114.500	1.960	1.9380	269.500
9-1	Jan 24	18.24	18.19	37.500	111.000	1.931	1.9050	255.000
9-4	Jan 24	—	—	—	—	—	—	—
9-5	Jan 24	18.41	18.19	37.500	111.000	1.931	1.9050	247.325
9-6	Jan 24	18.52	18.18	37.500	114.675	1.931	1.9050	258.525
9-7	Jan 24	18.57	18.16	37.500	116.000	1.931	1.9060	258.975
9-1	Feb 24	18.41	18.25	36.250	112.750	1.926	1.9030	253.000
9-4	Feb 24	—	—	—	—	—	—	—
9-5	Feb 24	18.41	18.27	36.250	112.500	1.926	1.9030	247.025
9-6	Feb 24	18.43	18.25	38.000	116.500	1.926	1.9030	257.500
9-7	Feb 24	18.56	18.25	38.000	117.925	1.926	1.9000	259.500
9-1	Mar 24	18.48	18.54	38.000	115.000	1.933	1.9100	255.125
9-4	Mar 24	—	—	—	—	—	—	—
9-5	Mar 24	18.45	18.54	38.000	113.750	1.933	1.9040	249.500
9-6	Mar 24	18.49	18.64	38.000	117.750	1.930	1.9040	258.000
9-7	Mar 24	18.55	18.54	38.000	115.250	1.928	1.9020	259.500
9-1	April 24	18.48	18.52	37.125	117.500	1.938	1.9000	251.500
9-4	April 24	—	—	—	—	—	—	—
9-5	April 24	18.48	18.52	38.000	116.000	1.938	1.9000	245.000
9-6	April 24	18.50	18.52	38.000	119.275	1.923	1.9050	253.525
9-7	April 24	18.45	18.52	39.000	119.750	1.923	1.9020	255.025
9-1	May 24	18.35	18.55	37.325	119.500	1.933	1.9173	249.125
9-4	May 24	—	—	—	—	—	—	—
9-5	May 24	18.35	18.55	37.325	120.025	1.933	1.9170	245.000
9-6	May 24	18.50	18.55	39.000	120.300	1.933	1.8980	251.725
9-7	May 24	18.50	18.55	39.000	120.900	1.933	1.9070	253.150
9-1	June 24	18.45	18.84	38.000	123.375	1.938	1.9050	249.650
9-4	June 24	—	—	—	—	—	—	—
9-5	June 24	18.45	18.84	38.000	123.375	1.938	1.9200	244.150
9-6	June 24	18.58	18.94	39.000	123.375	1.938	1.9080	242.525
9-7	June 24	18.59	18.84	38.000	121.975	1.934	1.9080	254.025
9-1	July 24	18.70	19.00	38.000	125.375	1.955	1.9080	243.000
9-4	July 24	—	—	—	—	—	—	—
9-5	July 24	18.70	19.00	39.000	124.500	1.955	1.9080	244.150
9-6	July 24	18.70	18.94	39.000	124.500	1.955	1.9200	245.500
9-7	July 24	18.70	18.84	39.0500	123.375	1.955	1.9200	247.000
Sept. 7		17,061	4,886	1,939	8,411	1,831	16,996	8,598

Protein Price

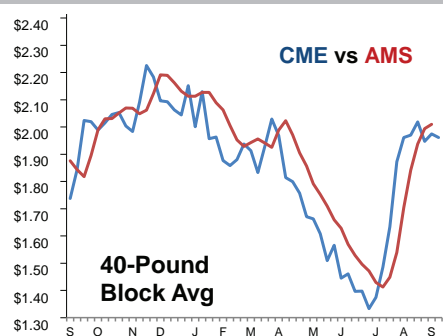


AVERAGE MONTHLY WPC MOSTLY PRICES: USDA

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'14	1.7663	1.7799	1.7694	1.7682	1.7530	1.6612	1.6089	1.5549	1.4355	1.3358	1.2751	1.2326
'15	1.1727	1.0970	1.0031	.9439	.9103	.8620	.7863	.6473	.5610	.5333	.5313	.5300
'16	.5445	.5750	.5852	.6076	.6239	.6616	.6937	.7151	.7305	.7706	.7961	.8608
'17	.9318	.9905	.9681	.9425	.9138	.9013	.8919	.8486	.8231	.8063	.7757	.7490
'18	.7268	.7211	.6960	.7027	.7502	.7949	.8092	.8144	.8437	.8658	.8817	.8851
'19	.8929	.8995	.9025	.9025	.9074	.9244	.9297	.9444	.9465	.9530	.9597	.9854
'20	1.0017	1.0140	1.0148	1.0027	.9590	.9356	.8945	.8591	.8500	.8810	.9124	.9255
'21	.9693	1.0134	1.0487	1.0977	1.1328	1.1513	1.1551	1.1548	1.1450	1.1540	1.2149	1.3174
'22	1.4378	1.5904	1.7102	1.7920	1.8160	1.8269	1.8313	1.8118	1.8052	1.8085	1.8073	1.7478
'23	1.6671	1.4846	1.3440	1.2238	1.0989	.9482	.8743	.8191				

DAIRY PRODUCT SALES

Sept. 7, 2023—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 NDFM.



•Revised

Week Ending	Sept. 2	Aug. 26	Aug. 19	Aug. 12
40-Pound Block Cheddar Cheese Prices and Sales				
Weighted Price		Dollars/Pound		
US	2.0094	1.9937	1.9374	1.8417
Sales Volume		Pounds		
US	9,711,180	10,809,681	10,984,808	11,544,856
500-Pound Barrel Cheddar Cheese Prices, Sales & Moisture Content				
Weighted Price		Dollars/Pound		
US	1.9492	1.9361	1.9124	1.8736
Adjusted to 38% Moisture				
US	1.8534	q1.8503	1.8214	1.7871
Sales Volume		Pounds		
US	12,218,130	10,817,013	11,200,488	10,861,404
Weighted Moisture Content		Percent		
US	34.80	35.12	34.90	35.00
AA Butter				
Weighted Price		Dollars/Pound		
US	2.6765	2.6941	2.6862	2.6339
Sales Volume		Pounds		
US	3,687,024	5,460,191	4,649,947	3,294,016
Extra Grade Dry Whey Prices				
Weighted Price		Dollars/Pound		
US	0.2761	0.2659	0.2697	0.2635
Sales Volume		Pounds		
US	4,881,398	7,461,848	6,213,770	7,246,231
Extra Grade or USPHS Grade A Nonfat Dry Milk				
Average Price		Dollars/Pound		
US	1.1066	1.1367	1.1394	1.1357
Sales Volume		Pounds		
US	16,988,929	13,993,544	16,821,938	19,754,167

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____ Cheese Manufacturer

____ Cheese Processor

____ Cheese Packager

____ Cheese Marketer (broker, distributor, retailer)

____ Other processor (butter, cultured products)

____ Whey processor

____ Food processing/Foodservice

____ Supplier to dairy processor

JOB FUNCTION:

____ Company Management

____ Plant Management

____ Plant Personnel

____ Laboratory (QC, R&D, Tech)

____ Packaging

____ Purchasing

____ Warehouse/Distribution

____ Sales/Marketing

DAIRY PRODUCT MARKETS

AS REPORTED BY THE US DEPARTMENT OF AGRICULTURE

WHOLESALE CHEESE MARKETS

NORTHEAST - SEPT. 6: Several school districts in the Northeast returned for the first day of the semester after Labor Day. As a result, the amount of milk clearing into Class I operations continues to draw upon milk volumes for Class III manufacturing. Some cheese plant managers suggest labor issues persist, and manufacturing was paused due to plant downtime over the holiday weekend. American-type cheeses like Cheddar are a main production focus. Demand for Process American and Mozzarella is strong, namely on the school-meal foodservice front. Demand for cheese from the restaurant sector is steady, and cheese demand in retail settings is strong.

Wholesale prices, delivered, dollars per/lb:

Cheddar 40-lb block:	\$2.4400 - \$2.7275	Process 5-lb sliced:	\$1.9500 - \$2.4300
Muenster:	\$2.4275 - \$2.7775	Swiss Cuts 10-14 lbs:	\$3.1275 - \$5.4500

MIDWEST AREA - SEPT. 6: Milk availability for cheese production continues to tighten. Cheese makers say several milk handlers have gone silent regarding offers. Spot loads changing hands, at report time, are reportedly \$1 over Class III and higher. Cheese makers in the region are growing concerned about meeting incoming requests for cheese, particularly Mozzarella and pizza cheese makers. Clearly, the tone of the market has changed courses this summer. Excessively available milk supplies throughout the winter/spring months kept cheese makers very busy, but recent dwindling availability has cheese makers changing course. Some are allotting more plant downtime, while others are keeping six- and seven-day workweeks, but paying up for milk loads. Cheese market tones are firm.

Wholesale prices delivered, dollars per/lb:

Blue 5# Loaf :	\$2.4825 - \$3.6925	Mozzarella 5-6#:	\$2.0125 - \$3.1000
Brick 5# Loaf:	\$2.2125 - \$2.7800	Muenster 5#:	\$2.2125 - \$2.7800
Cheddar 40# Block:	\$1.9350 - \$2.4775	Process 5# Loaf:	\$1.8275 - \$2.2950
Monterey Jack 10#:	\$2.1875 - \$2.5350	Swiss 6-9# Cuts:	\$2.6425 - \$2.7450

WEST - SEPT. 6: Retail and foodservice demand for varietal cheeses is reported as strong to steady in the West. The movement in cash call prices on the CME since last Wednesday was mixed. Barrels increased \$0.0075 cents, while blocks decreased \$0.0300 cents. Export demand is moderate. However, stakeholders relay interest is more active from Latin American purchasers. Some industry sources indicate unrobust export demand is making more barrel cheese available for buying through the CME. Class III milk demand is reported to be strong by most cheese manufacturers. Production managers relay milk supplies are in good balance with processing capacities. Although cheese production is reported as strong to steady, current farm level milk output levels puts the greater lean towards the steady side.

Wholesale prices delivered, dollars per/lb:

Cheddar 10# Cuts :	\$23150 - \$2.5150	Monterey Jack 10#:	\$2.3025 - \$2.5775
Cheddar 40# Block:	\$2.0675 - \$2.5575	Process 5# Loaf:	\$1.9525 - \$2.1075
		Swiss 6-9# Cuts:	\$1.9350 - \$3.3650

EEX Weekly European Cheese Indices (WECI): Price Per/lb (US Converted)

Variety	Date: 9/6	8/30	Variety	Date: 9/6	8/30
Cheddar Curd	\$1.82	\$1.84	Mild Cheddar	\$1.84	\$1.88
Young Gouda	\$1.67	\$1.68	Mozzarella	\$1.64	\$1.65

FOREIGN -TYPE CHEESE - SEPT. 6: In Europe, retail demand for cheese is strong though inflation is causing some retailers to focus their retail advertisements on smaller packaging to encourage customer purchasing. Foodservice sales are steady, and contacts note demand persists to summer vacation destinations. Export demand for cheese from Europe is unchanged. Milk production in the region continues to decline, and some industry sources report milk output is down compared to this time last year. Cheese makers in Europe say they continue to run busy production schedules, despite tightening milk availability. Demand for cheese continues to outpace production and contacts say warehouse inventories are tight. Some cheese makers are unable to fulfill the needs of purchasers who are looking for additional loads of cheese currently.

Selling prices, delivered, dollars per/lb:

	Imported	Domestic
Blue:	\$2.6400 - 5.2300	\$2.2975 - 3.7850
Gorgonzola:	\$3.6900 - 5.7400	\$2.8050 - 3.5225
Parmesan:	0	\$2.6875 - 4.7750
Romano :	0	\$3.4875 - 5.6425
Sardo Romano (Argentine):	\$2.8500 - 4.7800	0
Reggianito (Argentine):	\$3.2900 - 4.7800	0
Jarlsberg:	\$2.9500 - 6.4500	0
Swiss:	0	\$3.1625 - 3.4875
Swiss Cuts Finnish:	\$2.6700 - 2.9300	

DRY PRODUCTS - SEPTEMBER 7

LACTOSE CENTRAL/WEST: Lactose prices saw mixed movements across the range and mostly price series this week. Some exporters say they are offering loads of lactose at or near the bottom of the range to entice some international purchasers to return to the market after spending several months on the sidelines. Meanwhile, contacts report a recent uptick in domestic demand is contributing to some higher prices at the bottom of the mostly price series. Some contacts say purchasers looking for specific brands of lactose, or loads which meet rigorous end user specifications, are accepting of higher prices extending up to the top of the range.

WPC CENTRAL/WEST: The whey protein concentrate 34% (WPC 34%) price range and mostly price series moved higher at the bottom, while the top of each moved

lower this week. Spot WPC 34% loads remain available, though inventories of preferred brands are tighter than loads that are more interchangeable. Some stakeholders note they continue to sell loads of WPC 34% priced below \$0.70 to reduce warehouse inventories. Contacts note an uptick in domestic inquiries but say some purchasers, looking for interchangeable protein sources, are passing on loads priced near the top of the range.

NORTHEAST DRY WHEY: Steady bottling orders continue to draw upon milk volumes previously available for Class III operations. Cheese manufacturing is limited not only by smaller milk volumes, but by persistent labor shortages in Northeastern plants. Liquid whey volumes are down as a result, and drying schedules are slower than in recent weeks.

NATIONAL - CONVENTIONAL DAIRY PRODUCTS

The waning weeks of summer have brought slowdowns in dairy ad totals. Total conventional ads were four percent fewer than last week, while organic ads decreased 24 percent. Conventional ice cream in 48- to 64-ounce containers was the most advertised dairy item, despite no noted difference in ad totals from last week. Conventional milk ad totals went against the grain and jumped 245 percent week to week. Half-gallon milk ad totals, for conventional milk, moved higher by 131 percent, while organic half-gallon milk ad totals slipped 53 percent.

Total conventional cheese ad totals slipped five percent, while organic cheese ad totals increased by eight percent. The most advertised cheese item was conventional 6- to 8-ounce shred cheese, with an average price of \$2.49, up from \$2.30 last week. Conventional butter ad totals for one-pound packages were down 34 percent week to week.

RETAIL PRICES - CONVENTIONAL DAIRY - SEPTEMBER 8

Commodity	US	NE	SE	MID	SC	SW	NW
Butter 8 oz	1.79	NA	1.79	NA	NA	NA	NA
Butter 1#	3.82	3.70	3.96	2.71	2.41	2.74	3.48
Cheese 6-8 oz block	2.71	2.47	2.86	2.00	2.46	2.84	NA
Cheese 6-8 oz shred	2.49	2.34	2.31	2.10	2.45	2.74	NA
Cheese 6-8 oz sliced	2.44	2.70	2.18	1.92	NA	3.42	2.69
Cheese 1# block	3.47	NA	NA	NA	4.99	3.89	NA
Cheese 1# shred	3.65	NA	NA	NA	NA	NA	NA
Cheese 1# sliced	NA	NA	NA	NA	NA	NA	NA
Cheese 2# block	6.11	NA	6.64	4.99	NA	5.97	7.15
Cheese 2# shred	6.26	6.49	6.64	4.99	6.88	6.82	6.00
Cottage Cheese 16 oz	2.32	3.02	2.00	2.49	1.67	1.97	3.99
Cottage Cheese 24 oz	3.02	3.00	3.81	2.66	NA	NA	2.69
Cream Cheese 8 oz	2.78	2.80	NA	2.04	1.91	2.47	2.69
Ice Cream 14-16 oz	3.60	3.84	3.39	3.76	2.86	3.72	3.61
Ice Cream 48-64 oz	3.93	3.61	4.20	4.22	4.33	3.53	4.16
Milk 1/2 gallon	2.44	2.99	NA	3.29	2.50	1.97	1.49
Milk gallon	3.41	3.71	NA	3.26	NA	3.52	NA
Flavored Milk 1/2 gal	2.86	NA	NA	NA	NA	NA	NA
Flavored Milk gallon	NA	NA	NA	NA	NA	NA	NA
Sour Cream 16 oz	2.21	2.36	2.03	2.18	2.18	2.20	2.44
Sour Cream 24 oz	3.01	NA	3.18	3.79	2.66	3.50	NA
Yogurt (Greek) 4-6 oz	1.02	1.09	1.04	1.00	0.96	1.07	1.02
Yogurt (Greek) 32 oz	4.34	4.17	NA	NA	NA	5.99	NA
Yogurt 4-6 oz	0.61	0.57	NA	0.59	0.63	0.49	0.60
Yogurt 32 oz	3.00	3.03	NA	NA	2.64	2.64	2.49

ORGANIC DAIRY - RETAIL OVERVIEW

National Weighted Retail Avg Price:

Sour Cream 16 oz:	\$4.31	Yogurt 4-6 oz:	NA
Butter 1 lb:	\$7.49	Yogurt 32 oz:	\$5.82
Cheese 2 lb block:	NA	Yogurt Greek 4 - 6 oz	NA
Cheese 2 lb shred:	NA	Yogurt Greek 32 oz	\$4.08
Cottage Cheese 16 oz:	\$3.99	Milk 1/2 gallon:	\$3.98
Cheese shreds 6-8 oz:	\$4.36	Milk gallon:	NA
Cheese 6-8 oz block:	\$2.99	Ice Cream 14-16 oz	\$5.19
Cheese 6-8 oz sliced:	\$5.17	Ice Cream 48-64 oz	NA

WHOLESALE BUTTER MARKETS - SEPTEMBER 6

CENTRAL: Cream availability varies by locality, but the holiday weekend did provide butter plant manager contacts with extra spot cream over the weekend and early in the week. Contacts say cream access has already snugged up some and is expected to tighten further moving into next week. Recent heat and humidity in the Midwest have crimped milkfat output at the farm level. Retail butter demand is steadily increasing moving into the remaining weeks of the summer season. Foodservice demand is notably improved from the dog days of summer, as well. Bulk butter is available, but spot prices continue to edge higher this week. Churning is active, naturally after a holiday weekend, but expectations are that as cream tightens again processing could slow in upcoming weeks. Butter production is mixed.

NORTHEAST: Large supplies of cream were freed up due to plant downtime over the holiday weekend. Cream multiples and the weekly average price of butter on industry cash exchanges dipped

from recent weeks, resulting in lower cream prices. Some butter plant managers say they were able to capitalize on the opportunity and acquire extra spot loads of cream to churn for near-term needs. Other contacts relayed that labor issues and other obstacles prevented them from acquiring additional spot loads. Retail and foodservice demands are steady.

WEST: Although cream tightness eased up some with the holiday weekend at hand, post-holiday cream volumes are shifting back to the tightness over recent pre-holiday weeks. Stakeholders relay near-term cream volumes are anticipated to be tight in the West. Spot load volumes are available, but more limited than currently somewhat tight contact volumes. Tighter spot cream {availability and higher spot cream prices are keeping some buyers at bay. A few plant managers are slotting in maintenance time for churns ahead of anticipated busier running times as fall arrives. Among butter manufacturers with active churns, some report steady production schedules, while other note lower churning than anticipated.

WEEKLY COLD STORAGE HOLDINGS

SELECTED STORAGE CENTERS IN 1,000 POUNDS - INCLUDING GOVERNMENT

DATE	BUTTER	CHEESE
09/04/23	48,915	85,086
09/01/23	48,927	85,254
Change	-12	-168
Percent Change	0	0

CME CASH PRICES - SEPTEMBER 4 - 8, 2023

Visit www.cheesereporter.com for daily prices

	500-LB CHEDDAR	40-LB CHEDDAR	AA BUTTER	GRADE A NFDN	DRY WHEY
MONDAY September 4	No Trading	No Trading	No Trading	No Trading	No Trading
TUESDAY September 5	\$1.8675 (-¼)	\$1.9500 (NC)	\$2.7100 (+5)	\$1.0575 (-1¼)	\$0.3200 (+1½)
WEDNESDAY September 6	\$1.8675 (NC)	\$1.9625 (+¼)	\$2.7200 (+1)	\$1.0900 (+3¼)	\$0.3200 (NC)
THURSDAY September 7	\$1.8675 (NC)	\$1.9625 (NC)	\$2.7300 (+1)	\$1.1000 (+1)	\$0.3100 (-1)
FRIDAY September 8	\$1.8275 (-4)	\$1.9250 (-3¼)	\$2.6800 (-5)	\$1.1000 (NC)	\$0.3025 (-¾)
Week's AVG \$ Change	\$1.8575 (+0.0075)	\$1.9500 (-0.0245)	\$2.7100 (+0.0670)	\$1.0869 (-0.0026)	\$0.3131 (+0.0201)
Last Week's AVG	\$1.8500	\$1.9745	\$2.6430	\$1.0895	\$0.2930
2022 AVG Same Week	\$1.9188	\$1.8444	\$3.1463	\$1.5519	\$0.4494

MARKET OPINION - CHEESE REPORTER

Cheese Comment: Tuesday's block market activity was limited to an uncovered offer of 1 car at \$2.0000, which left the price unchanged at \$1.9500. No blocks were sold Wednesday; the price increased on an unfilled bid for 1 car at \$1.9625. There was no block market activity at all on Thursday. Three cars of blocks were sold Friday, the last at \$1.9250, which set the price. The barrel price declined Tuesday on an uncovered offer at \$1.8675, then fell Friday on an uncovered offer at \$1.8275. 3 carloads of blocks were sold this week on the CME, while 2 carloads of barrels were traded.

Butter Comment: The price increased Tuesday on a sale at \$2.7100, rose Wednesday on a sale at \$2.7200, climbed Thursday on a sale at \$2.7300 (a total of 16 cars of butter were sold Thursday), then dropped Friday on a sale at \$2.6800. A total of 49 carloads of butter were traded this week on the CME.

Nonfat Dry Milk Comment: The price declined Tuesday on an uncovered offer at \$1.0575, jumped Wednesday on a sale at \$1.0900, and increased Thursday on a sale at \$1.1000. A total of 27 carloads of NDM have been traded thus far in September, 15 on Thursday, September 7.

Dry Whey Comment: The price rose Tuesday on a sale at 32.0 cents, declined Thursday on a sale at 31.0 cents, and fell Friday on a sale at 30.25 cents. 11 carloads of dry whey were traded this week on the CME.

WHEY MARKETS - SEPTEMBER 4 - SEPTEMBER 8, 2023

RELEASE DATE -SEPTEMBER 7, 2023

Animal Feed Whey—Central: Milk Replacer:	.2000 (+1) – .2200 (NC)
Buttermilk Powder:	
Central & East:	.8500 (NC) – 1.0000 (+½) West: .8200 (NC) – .9500 (NC)
Mostly:	.8500 (NC) – .9200 (NC)
Casein: Rennet:	4.1000 (NC) – 4.6000 (NC) Acid: 3.7500 (NC) – 4.1500 (-10)
Dry Whey—Central (Edible):	
Nonhygroscopic:	.2500 (+½) – .3400 (+2) Mostly: .2600 (NC) – .3000 (+2)
Dry Whey—West (Edible):	
Nonhygroscopic:	.2750 (+½) – .3700 (-1) Mostly: .3000 (-1) – .3600 (-1)
Dry Whey—NE:	.2450(+1¼) – .3175 (+1¼)
Lactose—Central and West:	
Edible:	.1200 (-2) – .3950 (+2½) Mostly: .1800 (+1) – .2800 (NC)
Nonfat Dry Milk—Central & East:	
Low/Medium Heat:	1.5000(-2) – 1.1300 (+3) Mostly: 1.0800 (-1) – 1.1100 (-1)
High Heat:	1.1950 (NC) – 1.3500 (NC)
Nonfat Dry Milk—Western:	
Low/Med Heat:	1.0400 (+1) – 1.1400 (-1) Mostly: 1.0500 (+1) – 1.1200 (+1)
High Heat:	1.1800 (-1) – 1.3800 (-1)
Whey Protein Concentrate—34% Protein:	
Central & West:	.6500 (+5) – .9800 (-1) Mostly: .7100 (-3) – .9100 (-2)
Whole Milk:	1.8000 (NC) – 2.0000 (NC)

HISTORICAL MONTHLY AVG BUTTER PRICES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
'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	1.6912	1.6815	1.7756	1.8002	1.9714	2.1536
'22	2.7203	2.6196	2.7346	2.7169	2.7514	2.9546	2.9506	3.0073	3.1483	3.1792	2.8634	2.6695
'23	2.3553	2.4017	2.3692	2.3655	2.4293	2.3902	2.5598	2.6760				

Wisconsin-Based Heartisan Foods To Purchase North Country Packaging

Barron, WI—Heartisan Foods, a manufacturer and online seller of specialty and flavored cheeses, is buying North Country Packaging, also based in Barron county, WI.

The deal will triple Heartisan's manufacturing capacity, support the Cheese Brothers online brand with expanded fulfillment capabilities, and allow Heartisan to launch new, innovative products across cheese spreads and cheese curds, both of which help support Heartisan's growth in the fast-growing cheese snack category, Heartisan stated.

North Country's co-founders, Kendall Goossen (taking a senior executive role at Heartisan) and his wife Maria will retain a significant stake in the combined entity.

"We've known the Goossens and their colleagues at North Country for years and we share the exact same vision," said Gene Graf, CEO of Heartisan. "The added capacity comes at just the right time, given that we're currently running our production facilities at full steam. With 32 different North Country cheese spreads and cheese curds to choose from, Heartisan's custom-

ers now have a different flavor to enjoy every day of any month."

North Country's products range from tomato and sweet basil curds to habanero ghost pepper spreads.

To finance the purchase of North Country, Ronin Equity Partners is using a \$10 million revolving credit line established for Heartisan when the latter was formed in 2021.

Ronin created Heartisan through the simultaneous acquisition and merger of flavored and smoked cheese specialists Red Apple Cheese, Barron County Cheese, and the direct-to-consumer e-commerce business Cheese Brothers.

In addition to online sales, Heartisan's flavored and smoked cheeses are distributed across the US through more than 12,000 retail outlets.

"Expanding capacity and driving innovation in new flavors and product categories shows our retail and consumer partners how committed we are to supporting their needs and driving growth," said Ronin partner Tiffany Bell, a Heartisan board member.

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