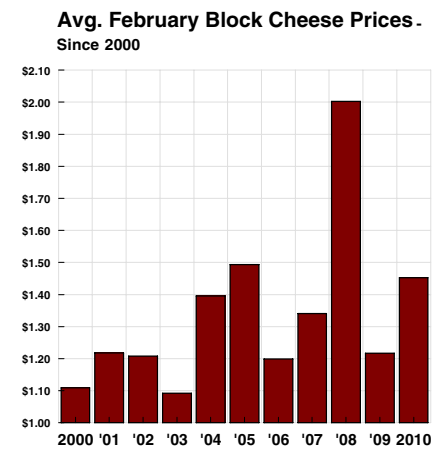




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Milk Production In 2009 Declined In Four Of Top Five Milk-Producing States; Wisconsin Was Exception; January Output Fell 0.6%

Washington—US milk production last year declined in four of the top five milk-producing states and in five of the top 10 states, figures released last Friday by USDA's National Agricultural Statistics Service (NASS) show.

The agency's January *Milk Production* report includes milk production totals for 2009, as well as for January 2010.

US milk production last year totaled 189.32 billion pounds, down 0.3 percent, or 662 million pounds, from 2008. Production per cow in the US last year averaged a record high 20,576 pounds, 181 pounds above 2008.

A total of 17 states posted milk production increases in 1999, while 33 states posted production declines. Milk production in the top 10 milk-producing states last year, with comparisons to 2008, was as follows:

California: 39.512 billion pounds, down 4.1 percent, or about 1.7 billion pounds. That was the first decline in California's milk output since 1978. Between 1978 and 2008, California's milk production grew by more than 29.3 billion pounds.

Wisconsin: 25.239 billion pounds, up 3.1 percent. That was a new record high for Wisconsin, breaking the record of 25.0 billion pounds set in 1988. As recently as 2004, Wisconsin's milk production was below 22.1 billion pounds.

New York: 12.424 billion pounds, down 0.1 percent from 2008's record output.

• See **Milk Output Falls**, p. 12

Price Cycle Points To Record Prices In 2010, But That's Seen As Unlikely

Arlington, VA—Given the three-year cyclical nature of milk prices since 1998 and the record peaks of 2004 and 2007, it might be expected that in 2010 the average all-milk price will exceed the prior peak of \$19.21 per hundredweight.

But although prices are expected to rise from their lows of 2009, "there are fundamental reasons to believe that exceeding the prior peak is not the most likely scenario," according to Jerry Cessna, senior agricultural economist, USDA, Agricultural Marketing Service (AMS), Dairy Programs.

Cessna made his observations at USDA's Agricultural Outlook Forum here last Friday.

Given forecasts for recovery of the US economy with continued high unemployment, a "moderate increase" in domestic commercial disappearance of dairy products is expected, Cessna said. In 2010, domestic commercial use is expected to increase 1.4 percent on a milk equivalent fat basis and 1.1 percent on a skim-solids basis.

Globally, the macroeconomic outlook is also mixed, Cessna noted. Gross domestic product this year is

expected to grow 2.1 percent for developed economies and 6.0 percent for developing economies.

The outlook for US dairy exports is generally optimistic, although there are some limiting variables to consider, Cessna explained. Australian milk production is expected to decline by 1 percent following a severe drought and high input costs, while New Zealand milk production is expected to grow about 2.5 percent, slightly higher than the five-year annual growth rate of 2003 through 2008.

European Union (EU) milk production is expected to grow marginally as producers recover from last year's low prices.

In the latter part of 2009, Oceania dairy export prices rose for all of the major dairy products, which Cessna called a "positive sign" for US dairy exports. However, prices have fallen somewhat since the beginning of the year.

There is some concern about how the EU will dispose of its intervention stocks, which include over 168 million pounds of butter and 571 million pounds of nonfat dry milk as of December 10, 2009. And in the

US, the Commodity Credit Corporation (CCC) holds 59.8 million pounds of uncommitted nonfat dry milk stocks, Cessna pointed out.

USDA expects US commercial dairy exports to increase significantly in 2010 over 2009, from 4.1 to 4.8 billion pounds on a milk equivalent fat solids basis and from 22.7 to 25.7 billion pounds on a milk equivalent skim solids basis.

However, given the mixed signals concerning the global economic recovery and signals indicating a possible leveling out of international export prices, dairy exports are not expected to reach the levels that existed in 2008, when exports were 8.7 billion pounds on a milk equivalent fat basis and 26.6 billion pounds on a skim solids basis, Cessna said.

US milk production is expected to continue to decline in 2010 as a lagged response to the low milk prices of 2009. The number of milk cows is expected to decline from an average of 9.2 million head in 2009 to an average of 9.015 million head in 2010, a decline of about 2 percent.

• See **Price Record Unlikely**, p. 7

A Gourmet Ingredient Staple On The Coasts, Awareness Of Creme Fraiche Steadily Grows

'Ready-Made White Sauce' Outshines Sour Cream In Upscale Recipes

Madison—Gourmet chefs have long been aware of creme fraiche as a versatile cooking ingredient, but as mainstream foodservice becomes more metropolitan, the market for creme fraiche is inching forward.

Creme fraiche is a pasteurized cultured cream with anywhere from 28 to 40 percent butterfat. Not to be mistaken for sour cream or other cultured creams with a lower fat content, creme fraiche is heat- and acid-stable, with a thicker texture and more subtle flavor than sour cream.

Originally produced in the Normandy region of France, creme fraiche is particularly useful in the finishing sauces of French cooking because it won't curdle.

Only a handful of US companies currently manufacture creme fraiche; one of the most well-known

is Kendall Farms of Atascadero, CA, which exclusively manufactures the product.

Kendall Farms has been in production since 1981. Owner Sadie Kendall studied dairy science at Cal Poly Technical Institute, and began her career as a specialty cheese maker.

"But in 1981, the market wasn't ready for fancy cheese," Kendall said. "I added the creme fraiche because I wanted it for my own table – and would have to make it myself."

After a period of experimentation, Kendall began bringing her creme fraiche to local chefs – established clients who previously purchased Kendall's specialty cheese.

Kendall Farms sells its creme fraiche exclusively through distributors located in California, Oregon, Washington, Chicago, New York, New Jersey and Florida. About 90

• See **Creme Fraiche**, p. 27

Many People Who Think They're Lactose Intolerant Aren't; Those Suffer From Nutrient Intake

Washington—Lactose intolerance is a real and important clinical syndrome, but its true prevalence is not known, an NIH Consensus Development panel concluded this week.

Many individuals with real or perceived lactose intolerance avoid dairy and ingest inadequate amounts of calcium and vitamin D, which may predispose them to osteoporosis and other adverse health outcomes, the panel noted. In most cases, individuals do not need to eliminate dairy consumption completely.

• See **Lactose Intolerance**, p. 10

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Creme Fraiche

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percent of sales are foodservice.

"When I started making creme fraiche back in the eighties, no one except very high-end chefs that spent time in Europe knew what to do with it," Kendall said.

To help educate her clients, Kendall penned a cookbook using creme fraiche as an ingredient.

"Because no one really knew what it was, I started selling it to foodservice. When the chef is using it as an ingredient, it's not necessary that customers know what it is. Whereas with fancy cheese, customers need to know more about it," she said.

Right now, creme fraiche remains a specialty food item at retail because people still don't understand the product, Kendall said.

After 25 years of production, Kendall said she's now focusing on the marketing of creme fraiche to help grow consumer awareness.

Cooks Know Creme Fraiche

The reason creme fraiche is ubiquitous abroad is because people there cook, Kendall said.

"They don't do fast food," she said. "They actually cook supper, and we don't."

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—Sadie Kendall,
Kendall Farms

This year, England's Coombe Castle International Ltd. is celebrating its 30th anniversary. The company has two distinct operations: an international cheese business and the manufacture of cream for British and overseas markets.

Coombe Castle produces close to 2 million pounds of cream each year for its export markets. While primary sellers are Double Devon Cream and Clotted Cream, predictions call for nearly 10 percent of all cream sales in 2010 to come from the recently launched creme fraiche line.

"The world of creme fraiche is a new venture for CCI," said David Barker, commercial director, Coombe Castle International.

Based near Bath, England, CCI is best-placed to sell creams in distant markets, Barker said.

"Our products have two key aspects: the packaging must be

entirely recyclable (we pack in small glass jars shaped like a milk churn) and given the distances involved, they need to have an extended shelf life," Barker said.

"The products must still taste great, and that makes us unique," he continued. "To get to this stage, it required nearly two years of development work."

Instead of creating another "me too" version of creme fraiche, CCI developed not only a naturally-flavored creme fraiche, but a flavored line as well – Creme Fraiche with Strawberry and Creme Fraiche with Lemon.

The product originated in the French regions of Normandy and Brittany, and is widely used throughout Europe primarily because of the worldwide reputation of French cuisine, Barker said. It's a versatile product that can easily be incorporated and adapted to regional cooking.

CCI sells its creme fraiche to the US at stores like Whole Foods Market, D'Agostinos in New York and HEB stores in Texas. The biggest seller is traditional creme fraiche, but the lemon-flavored variety is a close second, according to Barker.

Sold in natural groceries and specialty stores, the Vermont Creamery of Websterville, VT, is another primary US producer of creme fraiche. The product is unique because it has a high butterfat content of 42 percent, and cultured at a low temperature for better flavor, according to co-owner Allison Hooper.

The domestic market for creme fraiche is still very small, but growing slowly, Hooper said. It's a difficult product to manufacture – specifically tricky to make creme fraiche with a longer shelf-life, she said.

Ready-Made White Sauce For Chefs

Among the most popular ingredient applications for creme fraiche is for sauces – a ready-made white sauce, according to Kendall.

It also has certain advantages of sour cream and other creams, CCI's Barker said.

"You can boil it, reduce it and thicken it without the risk of splitting and curdling," he said. "This gives endless possibilities in both savory and sweet dishes."

Chefs love it because it's great for fresh fruit toppings, desserts and traditional English puddings, Barker said. It's also an excellent ingredient in savory dishes like soups and casseroles.

"It gives sauces richness and body," Barker said. "A swirl of creme fraiche in a soup or casserole makes a wonderful and appealing decoration to a dish," he continued.

Kendall Farms' creme fraiche is a revolutionary product with unique functional properties, with none other like it in the world, Kendall said.

When you boil it, it stays thick. All the others become faint and milky when boiled, she said. And when you whip Kendall Farms'

creme fraiche, it doesn't turn to butter – other brands turn to butter within three minutes, Kendall continued.

"The difference is in the details of production," she said.

Sour cream in California has between between 16 and 20 percent butterfat; creme fraiche is 40 percent butterfat.

"If you add heat to sour cream while cooking, it will curdle when the casein precipitates – you end up making cheese," Kendall said. "And because of the difference in butterfat, there's a difference in lactose. Perhaps much of the sour cream out there now is made by direct acidification rather than fermentation, and the flavor of direct acidification is pretty awful."

The flavor of my creme fraiche is on the edge of being acidic, but ultimately a gentler flavor, she said. I have chefs that call it "the crutch," because it fixes everything.

As compared to creme fraiche, sour cream is not quite as thick, lemony and tangy, CCI's Barker said.

All cultured creams are not equal, with different properties depending on ingredients, cultures, fermentation time and temperature, Kendall continued. Just like all cheese is not the same, depending on make procedures. r

Old Home Foods Develops CLA-Enhanced Yogurt

Wormerveer, the Netherlands, and St. Paul, MN—Old Home Foods has developed what is being described as the first and only yogurt on the US market incorporating CLA (conjugated linoleic acid).

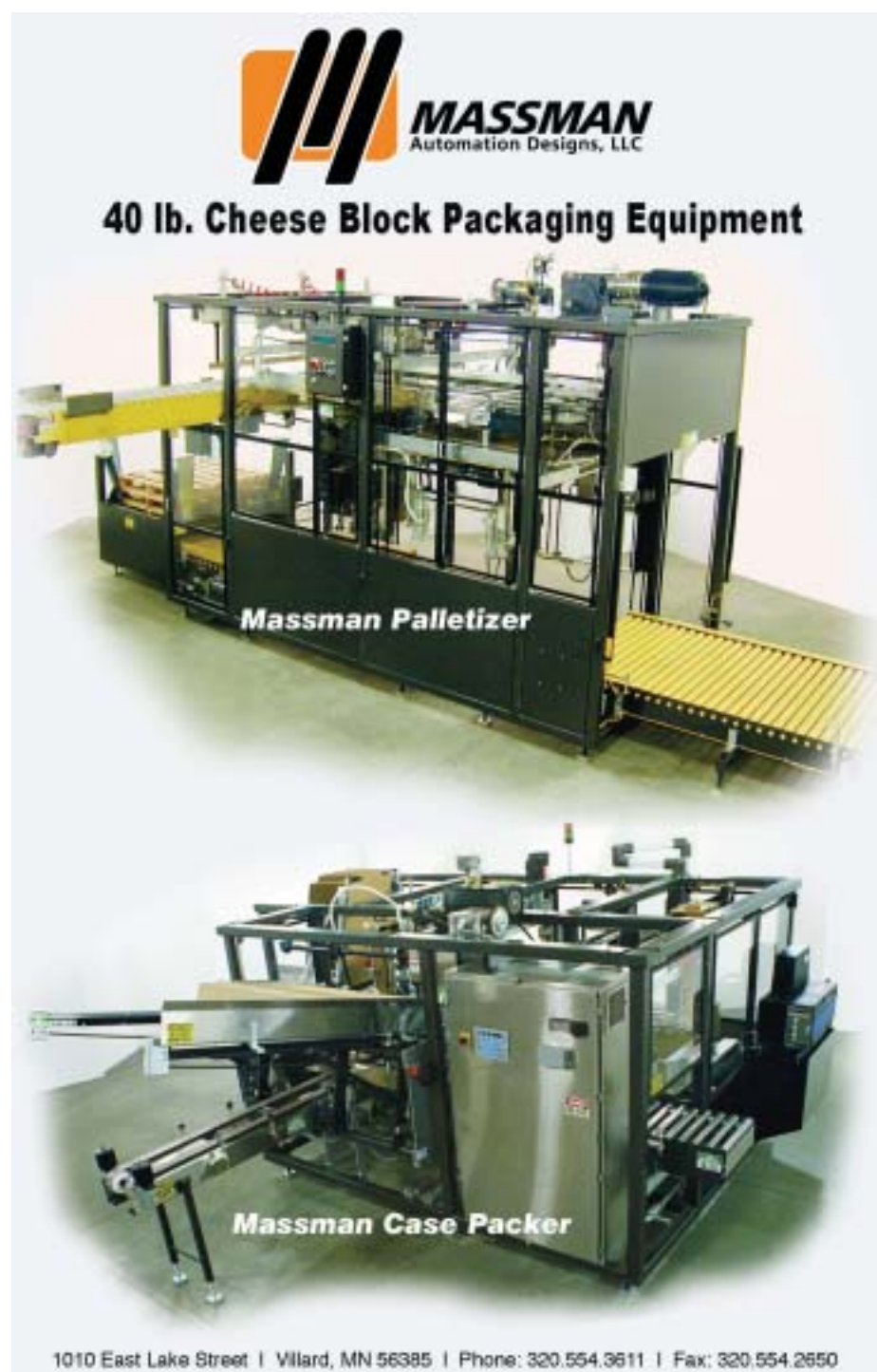
Safflower Power™ Yogurt is the first CLA-enhanced dairy product launched in the United States which can make unique weight management claims, specific only to conjugated linoleic acid, according to Lipid Nutrition, which makes Clarinol® CLA.

Safflower Power yogurt will be available in six-ounce cups in the refrigerated section of Minnesota grocery stores beginning in early March.

The eight varieties to be introduced will be strawberry, black cherry, blueberry, banana-mango, marionberry, peach, pomegranate-blueberry, and red raspberry.

Founded in 1925, Old Home Foods is a marketer of yogurt, cottage cheese, sour cream, organic milk, dips and other products, a company press release stated.

For more information, visit www.safflowerpower.com; www.old-homefoods.com; or www.lipidnutrition.com. r



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