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Dairy/Livestock

Analysts lay out NAFTA scenarios for dairy

By CAROL RYAN DUMAS
Capital Press



Carol Ryan Dumas/Capital Press File

Dairy cows rest at Si-Ellen family dairy in Jerome, Idaho. Whether NAFTA is renegotiated, rejected or remains the same, it will impact U.S. dairy operators, a Rabobank analysis found.

President Donald Trump's harsh criticism of the North American Free Trade Agreement and his threat to withdraw the U.S. from it, followed by a softer position to renegotiate the deal have left plenty of uncertainty about the future of dairy trade with Mexico and Canada.

Dissolution of the deal is a significant cause of concern for the three countries' dairy industries, which have become somewhat interdependent, according to a new report by RaboResearch analysts. But continuing business as usual or renegotiating the trade pact would also have implications for the U.S. dairy industry.

The report lays out the likely effects of those three possibilities.

From the perspective of the U.S. dairy industry, NAFTA

is extremely important, the analysts said. The majority of U.S. dairy exports go to Mexico and Canada. In addition, U.S. milk production is highly reliant on Mexican labor, accounting for more than 50 percent of dairy farmworkers, most of whom are undocumented, the analysts stated.

Loss of those export channels — particularly to Mexico, which accounted for 32 percent of U.S. dairy exports in 2016 — would force the U.S. to develop other markets, incurring a 2 to 5 percent increase in export costs and resulting in overall lower returns.

Losing access to Mexico and Canada is not as simple as redirecting products to new markets, the analysts said.

"The share of U.S. exports into non-NAFTA markets is still relatively small and these markets have different tastes and preferences, meaning products need to be tailored to buyer requirements. There is also more competition from other exporters, and longer distances mean higher transportation costs to contend with," the analysts stated.

Loss of Mexican labor, which could play out in any scenario without a viable guestworker program, would also increase production costs 5 to 7 percent. That's on top of a 16 percent increase in labor costs since 2010.

"It is clear that the U.S. dairy industry has a lot at stake when it comes to NAFTA," the analysts stated.

If NAFTA were terminated, U.S. producers would face

lower milk prices, as domestic supply accumulated, they said.

Under any scenario, the analysts expect Mexico to seek diversification in import suppliers and pursue other trade deals to avoid over-dependence on the U.S.

As for the effects on trade with Canada, that country has remained a protected dairy market for five decades, but has relied on small volumes of U.S. milk on an ad-hoc basis to help balance its dairy market.

The U.S. industry has long called for more access to Canadian dairy markets, but recent policy changes are limiting access even further. Canada's new ingredient milk class price to undercut imports of unfiltered milk has harmed U.S. exports, with shipments from Wisconsin, Minnesota and New York falling 30 percent in the first quarter of 2017.

Dairy Markets
Lee Mielke



Butter price stays on roller coaster

By LEE MIELKE
For the Capital Press

Cash cheese prices languished in butter's shadow last week, especially June 14, when the shining star of the "Milky Way" shot up 12 cents and hit \$2.70 per pound.

But the roller coaster plunged Friday when 24 cars traded hands, dropping butter 14 1/2-cents to \$2.56, which was still 8 1/2-cents higher on the week and 19 1/4-cents above a year ago when it jumped almost 17 cents and peaked for the year at \$2.3675. A total of 49 cars were sold last week at the CME.

The spot was unchanged Monday, as traders anticipated Tuesday morning's Global Dairy Trade auction, and then jumped 7 cents Tuesday to \$2.63.

FC Stone's Brendan Curran wrote in his June 14 Insider Opening Bell, "The international (butter) market remains on fire and driving prices here, which could have lasting effects if some of the shortages we're hearing of come to fruition."

HighGround Dairy points out that EU butter prices are quickly approaching the \$3 per pound level and look poised to test the CME all-time high from September 2015 of \$3.14 per pound.

Butter sales are strong, according to Dairy Market News. With only slight exceptions, retail butter demand has outperformed expectations for the past month.

WSDA clears one dairy in Yakima County flood

Probe into second farm unfinished

By DON JENKINS
Capital Press

The Washington State Department of Agriculture has cleared one dairy in connection with a berm that gave way under the pressure of melting snow in March and led to manure-tainted water surrounding several homes and contaminating drinking water in a Yakima County community.

WSDA has yet to complete its investigation into a second dairy involved in the incident, a department spokesman said Monday.

A pond formed in a corner of a field at DeRuyter Brothers Dairy and pushed March 1 though a berm built to keep manure from running off the property, according to WSDA.

The water went across a road and into a compost pile of manure at Snipes Dairy. The water then flowed around homes in Outlook about a half-mile away, according to WSDA. The water exceeded state standards for fecal coliform and caused public health officials to warn community residents to drink bottled water. The water entered one home and forced the occupants to evacuate.

The DeRuyter dairy had

applied manure to 121 acres behind the berm in November, according to WSDA. The application complied with state manure-management rules and with the dairy's Confined Animal Feeding Operation permit.

WSDA will not take any enforcement action against the DeRuyter Brothers Dairy. Investigators determined severe weather caused the breach, not human error, the spokesman said.

WSDA noted the dairy repaired the berm immediately.

The dairy's owners recently reported selling the 1,000-acre farm. The owners cited health concerns and nearing retirement in their decision to sell.



Courtesy WSDA

Water with high levels of fecal coliform surrounds homes March 1 in Outlook, Wash. The Washington State Department of Agriculture has cleared one dairy and continues to investigate a second dairy involved in the incident.



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25-4/#5



Tim Hearden/Capital Press
4-H member Xitlali Gonzalez, 9, of
Orland, Calif., stops for a photo with
her market goat at the Glenn County
Fair in late May. She is involved in
many different activities in 4-H.

4-H Cultivates Love of Animals

ORLAND, Calif. — Xitlali Gonzalez is the epitome of student involvement.

A 4-H member from Orland, Gonzalez, 9, raised a market goat for the Glenn County Fair in May and also had pygmy goats, a rabbit, does shooting and team roping, and she's a pitcher on her youth softball team.

A 4-H'er since she was 5, Gonzalez has a special place in her heart for anything having to do with animals.

"I was so in love with animals that I was looking to go in and figure out what I could do with them," she said.

Gonzalez has been around plenty of animals. Her father, Manuel Gonzalez, competes in rodeos, and she started roping when she was 3.

"I loved horses, and I loved to get on them," she said.

Soon afterward, she started entering the mutton busting contests at the rodeo her dad was competing in. Later she started team roping.

"With roping, I help my dad get ready for his rodeos," she said.

Gonzalez lives on a farm raising chickens, rabbits, goats and horses. "I would like to go into farming and ranching, and be a veterinarian," she said.

'Raise Your Hand'

California 4-H wants alumni and friends of the youth organization to connect with a network of other former members and supporters -- and perhaps win a national competition.

The nationwide 4-H Raise Your Hand campaign will enable alumni to get news about 4-H programs in California and stay in touch with a program that made a difference in their lives.

"Having experienced our programs firsthand, our alumni know about the positive impact of 4-H," said

Glenda Humiston, vice president of the University of California's Agriculture and Natural Resources division and a 4-H alumna. UCANR is the umbrella organization for 4-H in California.

Gaining greater involvement from alumni is part of the 4-H program's goal to increase its membership from nearly 6 million children nationwide to 10 million by 2025. States have until June 30 to gather alumni for the network, and the one with the most will win \$20,000 for its programs.

People are considered alumni if they were in a 4-H club, took part in a 4-H after-school program, served as a volunteer leader or taught a project, according to a UCANR news release.

For information, visit <http://4-h.org/raise-your-hand/>.



Tim Hearden/Capital Press

4-H members' goats are judged at the Sacramento County Fair on May 27 at Cal Expo in Sacramento. The organization is trying to rally support from alumni and friends through its "Raise Your Hand" campaign.

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