

Darigold economist: Canada milk policy spoiling market

Northwest cooperative gathering evidence

By DON JENKINS
Capital Press

OLYMPIA — U.S. milk producers will lose an estimated \$1 billion over the next five years if Canada’s new dairy price system stays in place, a Darigold economist said Tuesday.

Ken Bailey, the cooperative’s lead economic planner and analyst, told the Washington Senate Agriculture Committee that he’s marshaling evidence to show that U.S. dairy farmers are being shut out of Canada and undercut in other countries.

“It’s an urgent, urgent issue,” he said after his presen-

tation. “Our milk checks are going to go down.”

Darigold, headquartered in Seattle and owned by about 500 Northwest farm families, is among the dairy groups hoping to influence North American Free Trade Agreement negotiations.

Darigold is taking aim at the Class 7 price structure introduced in February by Canadian dairy producers and processors. The agreement lowered production costs for skim-milk powder.

Bailey said he’s pulled together numbers that show how the Canadian pricing strategy has affected U.S. producers. He said that Tuesday’s presentation was the first time he’s outlined his findings in public.

“We want to get the word out, it’s a big problem,” Bailey said. “Our goal for the



Don Jenkins/Capital Press

Darigold economic planner and analyst Ken Bailey, right, talks with Darigold lobbyist Dan Coyne on Nov. 14 on the Capitol Campus in Olympia. Bailey outlined for lawmakers his study on how Canadian dairy policies are hurting U.S. milk producers.

dairy industry is to affect NAFTA negotiations.”

Milk is Washington’s second most valuable farm commodity, behind apples. Darigold is the state’s third largest privately owned company,

Canada wants to continue to exempt its industry from NAFTA, according to comments the group submitted to its government in July. The group defended its pricing policy and said managing the supply of milk products is a “breath of fresh air” in an unsteady marketplace.

“The Canadian dairy industry has respected and will continue to respect existing international trade agreements and their associated regulations,” the group stated. “The same cannot be said for the U.S. dairy industry, which time and again has proven they are not willing to play by the rules of international trade.”

Bailey accused Canada of dumping surplus milk products into the global market. “The system was designed to undercut world prices,”

he said.

Aided by unfair subsidies, Canadian milk processors are increasing production, Bailey said. Canadian milk, even after traveling long distances, is arriving at the Mexican border cheaper than U.S. products, he said.

Bailey said Darigold members invested \$97 million to upgrade the cooperative’s processing plant in Sunnyside, Wash., to compete for a share of the world’s market for skim-milk powder.

“We’ve done this on our own. You can imagine how frustrated our dairy family farmers are,” he said. “Canada is making similar investments, with help from the government to engineer a price system that undercuts us in the global marketplace. It’s extremely frustrating.”

Schilder newest member of Idaho Dairy Hall of Fame

By SEAN ELLIS
Capital Press

BOISE — The late John Schilder was inducted into the Idaho Dairy Hall of Fame Nov. 9 before hundreds of his peers he so willingly helped during difficult times.

Schilder died in January 2015 and his wife of 42 years, Aggie, and their four children and families were presented with an award honoring him during the annual meeting of Dairy West, formerly known as United Dairymen of Idaho.

The Schilder family owns a dairy near Buhl.

“Be proud of your profession. Love your animals and your family,” Aggie Schilder said during a brief speech, summarizing the things that were important to her husband.

She told Capital Press that her husband didn’t serve on a lot of boards but he loved his animals and was dedicated to the dairy industry.

“His cows were very important to him,” she said. “He always said, ‘When you take care of your cows, your cows will take care of you.’ He was proud of his herd. He wasn’t a board member of this and



Courtesy of Dairy West

Aggie Schilder holds a photo of her late husband, Idaho dairyman John Schilder, who was inducted into the Idaho Dairy Hall of Fame Nov. 9 during Dairy West’s annual meeting.

a board member of that. He was always on the dairy and physically worked with the employees on the dairy.”

Aggie Schilder said her husband didn’t care much for politics. “He wanted to provide product to the consumer and that was his love. That

and having a beautiful herd.”

Following John Schilder’s death, at the age of 64, one of his sons, B.J. Schilder, took over the responsibility of running the family dairy, which has 1,750 milking cows.

John Schilder was select-

ed for the honor by a committee of other dairymen and members of the industry.

“There’s really no greater award in life than to be honored by your peers,” said Buhl dairyman John Brubaker, a member of the selection committee who knew Schil-

der for more than 20 years.

Brubaker said Schilder was not one to seek the public eye, “But John had a heart of gold and he was the first one on the scene to help a neighbor or someone in the industry in need.”

Brubaker said Schilder’s involvement in his community and willingness to help neighbors or other producers was the reason he was selected, more so than for his involvement with various groups or individual professional achievements.

“There are a lot of things in life that are more important than production awards and that type of thing,” he said. “It came down to ... how John gave back to the community and to the dairy industry as a whole. He’s very deserving of the award. He represents everything our industry is looking for.”

Brubaker, who recounted spending many lunch hours with Schilder cracking jokes “and solving the world’s problems,” said his friend was well liked in his community and the dairy industry.

“I don’t think John had any enemies,” he said. “Everybody loved John.”

Dairy Markets
Lee Mielke



Dairy prices continue to undulate

By LEE MIELKE
For the Capital Press

CME dairy prices are on a roller coaster again. Block cheddar fell to \$1.6025 per pound last Wednesday, the lowest price since Sept. 21, 2017, then jumped 11 1/4-cents Thursday, and closed Friday at \$1.71, down a half-cent on the week and 17 1/2-cents below a year ago.

The barrels dipped to \$1.70 last Tuesday, then gained a nickel Thursday, and finished Friday at \$1.7525, up 3 3/4-cents on the week, a quarter-cent below a year ago, and an inverted 4 1/4-cents above the blocks.

The blocks inched up a quarter-cent Monday, only to give it back Tuesday, returning to \$1.71.

The barrels dropped 5 1/4-cents Monday and stayed there Tuesday, at \$1.70.

Midwestern cheese producers report that sales are steady to slower as the holidays approach, according to Dairy Market News. Discounted milk prices were reported again, as loads ranged from \$1 under to \$1 over Class III.

Western cheesemakers report solid domestic demand and some export interest. With plentiful milk available, a number of processors are running at or near full capacity. Stocks are heavier than normal.

Cash butter fell to \$2.18 per pound Wednesday, the lowest price since May 10, then rallied and closed Friday at \$2.2550, up 2 1/4-cents on the week and 24 1/2-cents above a year ago, with 50 cars trading last week.

It gave up a half-cent Monday, only to gain 3 cents Tuesday and climb up to \$2.28.

Cream to churns is becoming more available ahead of the holidays.

Bulk butter sales are picking up as prices have steadily declined in recent weeks.

Midwest contacts point to declining EU butter prices and suggest price trends domestically are mirroring European slides.

Western contacts report that butter prices are currently good but still lower compared to last year at this time. Butter production is active as cream is readily accessible.

However, to better manage inventories and production, some butter manufacturers are putting off churning until after Christmas and shipping cream to Mexico.

Cash Grade A nonfat dry milk closed Friday at 72 1/4-cents per pound, up a quarter-cent on the week but 15 1/2-cents below a year ago.

Ag needs Trump, adviser says

By DAN WHEAT
Capital Press

YAKIMA, Wash. — President Donald Trump may “offend” by what he says and does, but “he isn’t owned by anyone” and “he’s the kind of guy we need,” says a lawyer instrumental in picking Trump’s advisory Agriculture and Rural Issues team for the 2016 election campaign.

Gary Baise, a principal at OFW Law, Washington, D.C., talked about Trump at the Washington State Dairy Federation’s annual meeting at the Yakima Convention Center, Nov. 7, on the eve of the one-year anniversary of Trump’s election.

“He doesn’t know us, but he understands us. He knows something has happened in rural America,” Baise said, noting Republican Trump carried 84.6 percent of the rural vote while Democratic presidential nominee Hillary Clinton carried 73.5 percent of the urban vote.

Since Trump’s election the stock market has gained \$5 trillion mainly because of reduced regulations on business, unemployment is the lowest level in 17 years and if tax reform happens the Dow Jones Industrial Average could reach 25,000 to 27,000 and Republicans could win a 60-plus-seat Senate majority, Baise said.

He said he’s optimistic tax reform will happen because senators such as John McCain and Jeff Flake who hate Trump will vote for it because they know otherwise “people will have their heads.”



Gary Baise

“In John McCain you have someone who hates him even more than (New York Sen. Chuck) Schumer. What you may not know is McCain and Hilary Clinton are very close. They are part of what Mr. Trump calls ‘the swamp,’” he said. “Mr. Trump is something we have never seen. One thing he suffers from is never having had a strong board of directors, but Franklin Roosevelt was probably the only other president not bought and sold by special interests.

“Even though he can’t spell agriculture, he knows working people and what makes them tick. ...”

Baise also spoke about North Korea.

“We have three carrier groups off the coast of North Korea and three Los Angeles class nuclear submarines each with 20 multiple warheads. Kim Jong-un may see his missile blast off but he will never live to see whether it was successful. The Bushes, Clinton and Obama tried to buy him off. Trump’s the kind of guy we need,” Baise said.

On trade, he said Trump simply wants a fair and level playing field.

“We ship \$1.6 billion in meat to Japan with a 37 percent Japanese tariff and we hit the point where the tariff goes to 50 percent. We don’t do that to their cars, TVs and phones,” he said.

Speaker: Dairymen need to be able to adapt to rapid changes

By SEAN ELLIS
Capital Press

BOISE — Dairymen and industry leaders need to acquire the skills and knowledge that will enable them to remain relevant in a world that is being rapidly changed by technological innovation.

Artificial intelligence, automation, algorithms and large amounts of data are causing changes in the business and consumer world that could threaten to overwhelm producers who aren’t ready for them, keynote speaker Mike Walsh told several hundred Idaho dairymen during the annual Dairy West conference last week.

“We have to be ready to re-imagine ... how to operate,” said Walsh, CEO of Tomorrow, an innovation research lab.

He said the same thing that has made a dairy business successful until now “could be exactly what undoes you in the future if you are not prepared to adapt.”

He said a lot of high-profile tech money is flowing into food innovation and “the same approaches that have revolutionized technology will change food processing. There is a new era coming. We have to prepare for that.”



Courtesy Dairy West

Keynote speaker Mike Walsh tells Idaho dairymen during the annual Dairy West conference in Boise Nov. 9 that technological innovation is changing the world and the food industry rapidly and they need to be ready to adapt to these changes to remain competitive.

Walsh said algorithms will change retail markets and the way producers interact with customers and he noted that, “Your children will be the first generation to be raised in part by artificial intelligence.”

“Facial recognition will change the dynamics of society,” he said, and self-driving cars will result in “continuous, high-volume fresh food delivery into homes.”

Walsh said technology

will start to become more invisible and basically be built into our bodies.

He said the entire food chain is about to get disrupted by new technology, data and social media and producers have to re-think conventional approaches to food and agriculture.

Dairy West CEO Karianne Fallow told Capital Press the world is changing rapidly and Walsh was invited to speak at the convention “to give our dairy farmers some exposure to that. I think that helps them understand the world they live in today and the world that faces them for the future.”

If dairy businesses are going to remain competitive in the future, they have to be ready and able to adapt, she said.

“What I’m hearing from the farmers is that there is a mix of excitement about it and fear,” Fallow said. “I keep reminding them that awareness is the first step. If they’re aware, then they can prepare to do business in this new world.”

Those future technological innovations might seem scary, she said, but they present a lot of opportunity “if you can keep your finger on the pulse and not just react to it, but really try to be out ahead of it.”