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Dairy

April dairy exports break record

By CAROL RYAN DUMAS
Capital Press

Exports of U.S. dairy products set an all-time monthly record with shipments of 213,115 metric tons of milk powder, cheese, butterfat, whey and lactose.

Those exports were up 31 percent from April 2017 and broke the previous record of 204,453 metric tons set just a month earlier, according to the latest report from U.S. Dairy Export Council.

April exports were valued at $518.4 million, up 15 percent over a year earlier and the highest monthly value since April 2015.

Exports of ingredients continued to lead the way. Shipments of nonfat dry milk and skim milk powder to Southeast Asia were up 70 percent in volume year over year and sales to Mexico were the fourth-highest ever. Shipments of lactose to China were at record highs for the third month running, USDEC reported.

U.S. dairy exports, April

Product	Exports (Metric tons) April 2017	April 2018	Percent change
NDM/SMP†	55,555	76,052	37%
Whole milk powder*	2,181	5,154	136
Total cheese	26,876	32,865	22
Butterfat	1,706	4,945	190
Total whey	43,294	53,665	24
Lactose	30,854	37,986	23
Milk protein concentrate	1,975	2,448	24
Aggregate	162,441	231,115	31
Milk/cream (liters)	8,519	10,612	25
Total value** ($ millions)	$451	$518.4	15

* USDEC believes USDA's volume is overstated, misclassified.
† Nonfat dry milk/skim milk powder ** Total value includes fluid milk.

Sources: USDA; USDEC Capital Press graphics

Total exports of nonfat dry milk and skim milk powder were 37 percent higher in volume than a year earlier, with sales to Mexico increasing 30 percent.

Total whey exports were 24 percent higher in volume and included record shipments to East Asia, up 123 percent.

Butterfat shipment increased 190 percent in volume, with shipment up 1,172 percent to Mexico on low comparables and 37 percent to Canada.

China again led the gains in lactose sales, increasing its imports 79 percent. Total lactose exports increased 23 percent in volume over year-earlier levels.

Cheese shipments were 22 percent higher with increases of 11 percent to Mexico, 31 percent to Japan and 15 percent to South Korea.

But USDEC is concerned with future cheese sales to Mexico, following retaliatory tariffs Mexico has put on imports of U.S. cheese in response to U.S. tariffs on Mexican steel and aluminum.

Mexico is the top export destination for U.S. cheese. With $391 million in purchases last year, Mexico imported 28 percent of all U.S. cheese exports. It is by far the largest U.S. cheese export market, exceeding second-place South Korea by $178 million in sales in 2017, USDEC said.

"Tariffs on cheese will potentially eliminate the competitive advantage we have in our No.1 market," Tom Vilsack, USDEC president and CEO, said in a press release.

The retaliatory tariffs range from 10 to 15 percent on certain U.S. cheese products, rising to 20 to 25 percent after July 5.

"This is a significant setback for our farmers, processors and our exporters," Jaime Castaneda, USDEC senior vice president for trade policy, said in the release.

Last year, U.S. suppliers shipped 96,413 metric tons of cheese to Mexico and the U.S. held a 75 percent share of Mexico's cheese market. Over the last decade, both the volume and value of U.S. cheese exports to Mexico have nearly tripled, according to USDEC.

Chobani funds scholarships at University of Idaho, Cornell

Capital Press

The Chobani Foundation will provide $160,000 for scholarships to the University of Idaho to help educate the next generation of dairy professionals, the university has announced.

The Chobani Scholars program will focus on students from Idaho's Magic Valley surrounding Twin Falls, where Chobani operates the world's largest yogurt plant.

"Chobani has been a great corporate citizen for Idaho from the start. This investment in the people of the Magic Valley — and its own future workforce and supply-chain partners — is a perfect example of the culture behind that civic virtue," Idaho Gov. Butch Otter said in the university's press release.

"Working together with the University of Idaho to build a better educated and more highly skilled ag sector will yield personal and economic rewards for years to come," he said.

Chobani

The Chobani Foundation will provide scholarships at the University of Idaho and Cornell University in New York..

The Chobani Foundation funds an identical program at Cornell University in New York state.

The foundation's goal is to support students, including children of migrant workers, who have family ties to the dairy industry and plan to pursue their own dairy careers.

"As an independent food company with deep ties to our dairy communities, it's important to us all that we do everything we can to support the next generation of dairy farmers," Michael Gonda, Chobani's senior vice president of corporate affairs, said.

"The Chobani Foundation's mission is to strengthen the communities we call home, which makes this investment in the future of farmers so important. We can't wait to meet the Chobani Scholars and welcome them into our family," he said.

The donation will fund eight $20,000 scholarships split between students who begin college in 2019 and 2020.

The scholarships are for students whose family members work on dairy farms and who intend to pursue a career in dairy farming.

"This will help students realize their dreams of finding their place in the rapidly evolving dairy industry, one of Idaho's most important agricultural enterprises," Michael Parrella, dean of the university's College of Agricultural and Life Sciences, said.

Each university will manage the selection of specific scholarship recipients.

Washington Ecology defends dairy rules as hearing ends

Agency fights two-front battle

By DON JENKINS
Capital Press

TUMWATER, Wash. — An eight-day hearing on the Washington Department of Ecology's new manure-management rules ended June 7 with the agency defending itself against varied attacks by the dairy industry and environmental groups.

Ecology's attorney, Phyllis Barney, asked the Pollution Control Hearings Board to uphold rules that will require dairies with more than 200 cows to obtain pollution-control permits from Ecology.

"Ecology's permits when complied with are protective of water quality," Barney said.

The Washington State Dairy Federation and Washington Farm Bureau, and a coalition of environmental groups are appealing aspects of Ecology's rules. The board is the first stop to challenge Ecology decisions.

Farm groups allege some rules are unnecessary and burdensome, particularly one that would prohibit manure lagoons built to federal standards. Environmental groups say Ecology's faults include failing to require synthetic liners in lagoons and on-farm wells to monitor whether manure is polluting groundwater. The hearing continued the long-running and high-stakes battle between dairies and environmental groups in Washington.

The lead attorney for environmental groups, Charlie Tebbutt, accused Ecology of putting the dairy industry over clean water. He asked the hearings board to order Ecology to redo the rules.

"You have the opportunity to be on the right side of history," he said.

"Ecology has utterly failed the people of Washington," Tebbutt said. "Ecology has fiddled while Washington burns with manure contamination."

He criticized Ecology director Maia Bellon for not defending the rules at the hearing. "She didn't have the guts to testify," Tebbutt said.

Administrative Judge Heather Francks last month denied a motion to force Bellon to testify. Francks agreed with Ecology's attorneys that Bellon didn't have any information that couldn't be provided by other agency employees.

"It's atypical for the agency director to testify at a hearing like this. The water-quality program staff who wrote the permit are the appropriate ones to testify, and they've been available throughout the proceedings," an Ecology spokeswoman said June 7 in an email.

In closing arguments, the dairy industry's attorney, Elizabeth Howard, reviewed testimony about how dairies handle manure now to prevent water pollution. "We've heard that dairies are proactive. We've also heard that dairies are highly regulated," she said.

The dairy industry's chief complaint is that Ecology deviated without warning from Natural Resources Conservation Service standards for manure lagoons.

NRCS standards require the top of clay liners to be at least 2 feet above groundwater. Ecology will require 2 feet of separation from the bottom of the liners. The change could make many dairies spend hundreds of thousands of dollars to raise lagoons, according to the industry.

Dairies did not have a chance to comment on the stricter lagoon standard before it was adopted.

Dairy Markets

Lee Mielke

Cash markets mixed amid trade turmoil

By LEE MIELKE
For the Capital Press

Cash dairy markets weakened last week, perhaps over trade and political concerns, but they rallied as the first week of June Dairy Month progressed.

Block Cheddar dipped to $1.5750 per pound last Tuesday but closed Friday at $1.6350, up 3 3/4-cents on the week and a half-cent above a year ago. The barrels were at $1.5650, up 4 1/2-cents on the week and 15 cents above a year ago.

Monday's trading left the blocks and barrels unchanged but Tuesday inched the blocks a half-cent higher to $1.64, while the barrels rolled 2 1/2-cents lower to $1.54, a dime below the blocks.

Spot milk remains discounted for Class III producers, according to Dairy Market News, ranging from $1.50 to $4 under Class. Cheese production is steady to increasing, but lighter demand may reverse that. Demand remains slow to steady, depending on variety and destination. Some Midwest cheesemakers point to Mexican tariffs as a potential cause for concern, while suggesting effects may not be felt until later in the year."

Western cheesemakers report "customers are making regular draws, but not asking for more right now. The unofficial start to summer passed and grilling season is upon the nation. However, terms are ending for the school year and food service demand is shifting. Contacts hope export demand continues to grow, but some have lingering concerns about trade discussions, potential tariffs, currency rates, shipping and other trade issues."

Cash butter saw a Friday close at $2.39 per pound, up 1 1/4-cents on the week but 8 1/2-cents below a year ago.

The butter was unchanged Monday but gave back 2 cents Tuesday, slipping to $2.37.

Cream remains fairly tight for some upper Midwest butter makers though bulk butter is very available, particularly from the West.

Western output is following seasonal norms as cream continues to be readily available. Inventories are growing.

Domestic demand is strong and orders from the international market were steady compared to the previous week.

Grade A nonfat dry milk closed Friday at 80 1/2-cents per pound, down 2 cents on the week and 10 1/4-cents below a year ago. Monday's powder was down 1 1/4-cents and lost a half-cent Tuesday, dipping to 78 3/4-cents per pound, lowest CME price since April 18, 2018.

The dry whey market hit 41 1/4-cents per pound Friday, up 2 3/4-cents on the week and the sixth consecutive week of gain, with 5 cars finding new homes last week.

It inched a half-cent higher Monday and stayed at a record high 41 3/4-cents per pound on Tuesday.