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Dairy/Livestock

Oregon leaders visit organic creamery

Butter, milk powder production facility opened in 2017

By **GEORGE PLAVERN**
Capital Press

McMINNVILLE, Ore. — Sitting face-to-face with organic dairy farmers from around the Willamette Valley, Oregon Gov. Kate Brown and U.S. Sen. Jeff Merkley pledged their support for organic agriculture, an industry that Merkley called “an exciting opportunity for our food and our economy.”

Brown and Merkley, both Democrats, visited the Organic Valley creamery in McMinnville on Friday, one year to the month after the plant opened with \$350,000 in funding from the state’s Strategic Reserve Fund.

The creamery now has 42 full-time employees and brings in 500,000 pounds of organic milk every day to process into butter and powdered milk. Organic Valley is the nation’s largest organic farming cooperative, with more than 2,000 members in 35 states — including 75 organic dairy farms in Oregon and Wash-



George Plaven/Capital Press

Oregon Gov. Kate Brown and U.S. Sen. Jeff Merkley visited the Organic Valley creamery in McMinnville on Friday, including a brief tour with plant manager Scott Fields.

ington state.

One of those members is Sar-Ben Farms in Saint Paul. Steve Pierson, a fourth-generation family farmer, also serves on the Organic Valley board of directors. He talked about the process of going organic, shifting from a confined feeding operation to a grass-based operation, which helped to improve the health of his cows.

“We felt that herd should have been healthier,” Pierson

said, and though it was intimidating to change their production model, “We found that working with Mother Nature, instead of against it, was really better for us.”

Pierson’s daughter Sara, 22, will become the fifth generation, along with her brothers, to work at Sar-Ben Farms. While Sara Pierson said she originally thought she might be interested in a more traditional 9-to-5 job, she ultimately missed the fast-paced work.

“I really love the way I grew up on the farm,” Pierson said. “I don’t think I could have an office job.”

Organic Valley has been a key partner in helping those dairy farms remain in business, cutting \$59 million in milk checks for Oregon members in 2017. The McMinnville creamery is the co-op’s only brick-and-mortar facility outside Wisconsin.

Brown said she was pleased to see the cream-

ery has created new jobs in the community, and will be talking with Department of Agriculture Director Alexis Taylor about programs to support further growth in organic farming.

Getting into the organic business is no easy task. For dairy farmers, cows can only eat organic feed, cannot be given any additional hormones or antibiotics, and must have at least 120 days to graze on open pasture.

For farmers growing their own feed, it takes three years without spraying chemicals before the land can be certified organic.

Pierson said organic farmers must maintain consumer trust and credibility, which is why they are willing to work with lawmakers on new guidelines and regulations.

“It’s all about integrity, really,” he said. “We need to meet that (customer) expectation.”

Adam Warthesen, who heads government relations for Organic Valley, said the co-op feels “pretty good” about where organics stand in the 2018 Farm Bill, which is scheduled to go to conference committee Sept. 5.

Merkley, the ranking

Democrat on the Senate Agriculture Appropriations Subcommittee, pointed to several provisions in the Senate’s version of the Farm Bill intended to invest in organics — such as creating permanent mandatory funding for organic research, providing mandatory funding for cost-share programs to help farmers transition to organic practices, and strengthening enforcement tools under the USDA National Organic Program to protect against fraudulent imports.

Last year, the USDA Office of Inspector General issued an audit claiming that the agency could not provide reasonable assurance that the National Organic Program required documents at U.S. ports to verify that labeled organic products, in fact, came from organic sources.

Chris Schreiner, executive director of Oregon Tilth, a nonprofit organization accredited to certify organic farms, said that report served as a call to action.

“The organic label rests on consumer credibility and trust,” Schreiner said. “It’s really our job as certifiers to make sure that integrity is there.”

Roller coaster ride continues in dairy market

By **LEE MIELKE**
For the Capital Press

The roller coaster was alive and well at the CME last week. The Cheddar blocks fell to \$1.61 per pound Monday but closed Friday at \$1.67, up 1 1/2-cents on the week and 2 cents above a year ago.

The barrels fell to \$1.5650 Wednesday but closed Friday at \$1.60, down 7 cents on the week and 4 1/4-cents above a year ago.

The cheese blocks lost 1 3/4-cents Monday, then regained 1 1/2-cents Tuesday, hitting \$1.6675. The barrels were up a penny Monday and stayed there Tuesday at \$1.61.

Demand reports throughout August have been similar, according to Dairy Market News. Mozzarella, provolone and curd orders have been strong or strengthening, while Cheddar/spe-

Dairy Markets

Lee Mielke



cialty producers have seen slowdowns. Orders last week were steady to stronger across the board. Pizza cheesemakers are citing new and returning college students as a factor in the continued demand upticks.

While milk production has eased somewhat in the West and Class I demand has increased, cheese production remains steady and in line with seasonal norms.

Cheese orders from the food service sector have somewhat increased as pizza processing is taking more cheese than usual. But stocks remain profuse for many varieties of cheese. Cheese marketers continue to report that U.S. cheese is facing strong competition in

international markets. Nonetheless, industry players are hopeful that sales opportunities both in the international and domestic markets will become available and help keep inventories in check.

Spot butter dipped to \$2.2375 per pound last Tuesday, only to close Friday at \$2.26, still down 4 1/2-cents on the week and 36 3/4-cents below a year ago.

Monday’s butter jumped 3 1/2-cents and inched up a half-cent Tuesday, to \$2.30.

Churn activity increased last week in the Midwest, while some south-central butter plants were holding off. Cream prices have become more approachable for butter producers since their peak, says DMN, and cream rates are in a fairly sharp downturn, as school bottling has put more milkfat back on the market.

Retail sales remain healthy.

July milk production up just 0.4 percent

By **CAROL RYAN DUMAS**
Capital Press

Heat and humidity took a toll on milk production in July in some parts of the country, adding to the dampening production growth driven by low milk prices.

Milk production was down year over year in 11 of the 23 states in USDA National Agricultural Statistics Service’s monthly report.

Cow numbers were also below year-ago levels in 13 of the states, and milk production per cow was down in eight of the states.

Nationwide production was up just 0.4 percent in July year over year, and production per cow was up just 0.5 percent. Cow numbers were down 8,000 head from both June and year-earlier levels.

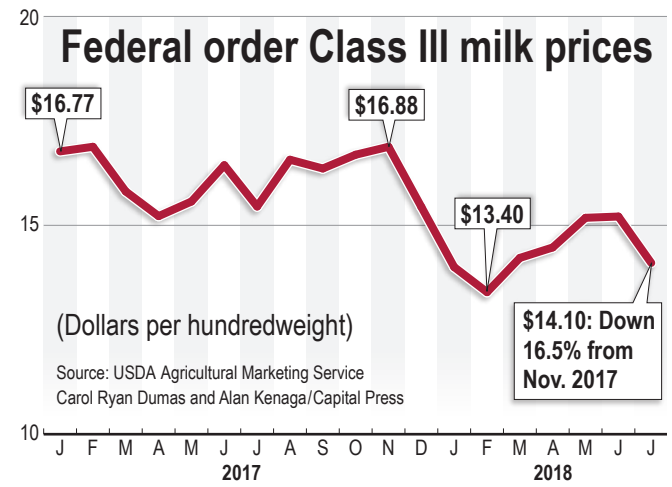
Top dairy state California had 12,000 fewer head than a year earlier, and the heat took 35 pounds out of per-cow production year over year. Milk production was down 2.5 percent in July from year-earlier levels.

Milk prices have been lackluster all year, but the Class III price lost \$1.11 per hundredweight from June to July and sank to \$14.10.

Producers’ mailbox checks are well under cost of production, and dairy cow slaughter was 4.9 percent higher year over year from January through June.

“It appears dairy prices may have overreacted late June and early July to retaliatory tariffs to be implemented about mid-July by Mexico, China and Canada,” Bob Cropp, a University of Wisconsin economist, said in his latest Dairy Situation and Outlook Report.

But dairy product prices have recovered some in



Capital Press File

Cows feed at a dairy near Kuna, Idaho. Fewer cows along with heat, humidity and unappetizing milk prices, slowed the growth in U.S. milk production in July.

August. The August Class III price should improve to around \$15. The Class IV price, which fell to \$14.14 in July, should strengthen to around \$14.70 he said.

“The major factor for improved dairy product prices and milk prices is milk production,” he said.

Milk cow numbers in the U.S. could fall further with milk production per cow improving with cooler weather by October. The growth in

U.S. milk production could stay at 1 percent or less, which would be positive for prices,” he said.

The EU is experiencing some severe drought, which has reduced crop production and increased feed costs. New Zealand might see some recovery in milk production, but it’s only projected to increase 2 percent.

“So the growth in world milk production is likely to be lower, resulting in world milk prices staying relatively strong,” he said.

U.S. dairy exports have been a positive factor for milk prices, but the uncertainty is how they will do for the remainder of the year now that the retaliatory tariffs are in effect, he said.

U.S. milk prices for the remainder of the year are also uncertain. But Class III could improve to the high \$15s and even touch \$16, and Class IV is likely to be in the \$15s, he said.

Last week, USDA’s Economic Research Service forecast a Class III of \$14.50 to \$14.70 for 2018 and \$14.95 to \$15.95 for 2019.

The agency’s forecast for the Class IV price is \$13.95-14.25 for 2018 and \$13.75 to \$14.85 for 2019.

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35-1/106