

Subscribe to our weekly dairy or livestock email newsletter at CapitalPress.com/newsletters

Dairy

Dairies must look beyond government help, economist says

By **MATEUSZ PERKOWSKI**
Capital Press

SALEM — Dairies need to sharpen their business skills because they can't count on income from the government anymore, according to economist Dave Kohl.

Federal support has helped the agricultural economy weather the turbulence of the past few years, but that time is ending, he said.

"Basically, the government put us on steroids. Now we're going to have to cut our teeth as we move forward," Kohl said March 8 at the Oregon Dairy Farmers Association's convention in Salem.

Federal cash represented about 72% of dairy farmers' net income in 2020, the year the coronavirus pandemic broke out, he said.

"There are still going to be some checks but they're not going to be as generous as in the past," Kohl said.

To thrive in spite of the uncertainty, dairies should focus on incremental improvements to their planning, goal-setting and record-keeping, he said.

"People who do well, do a lot of little things 5% better. A lot of the 5% is the boring stuff," Kohl said. "It's called sweating the small stuff."

A thorough understanding of a dairy's cost of production is key to financial health, but too few farmers heed that advice, he said.

"Less than half of ag businesses know their cost of production," Kohl said.

The upcoming decade is going to see a major generational transfer of capital — how that's managed will also determine whether businesses thrive, he said.

"If you don't do that properly, you know who wins? Uncle Sam and a bunch of high-priced lawyers," he said.

The challenges facing farms will likely mark the 2020s as "the decade of economic and financial divide," between those who adapt to the changes and those who don't, Kohl said.

"Volatility can be challenging but it can also be opportunistic," he said.

Oil prices will be worth watching: Current high levels are undermining consumer confidence, and 80% of farm inputs track those fluctuations, Kohl said.

"Our economy is very enmeshed with oil," he said.

The general economy can expect to face headwinds from the aging of the "Baby Boomer" generation, since many are likely to see declining health this decade, he said.

"Watch us get more conservative in our spending," Kohl said.

Labor expenses are a major consideration for farms and other businesses, which will have to invest in robotics, he said.

Until self-driving trucks become a reality, though, the U.S. is likely to continue enduring supply chain problems due to the trucker shortage, Kohl said.

Dairies will need to compete with milk alternatives and the farm industry should generally expect impacts from a greater focus on "environmental, social and governance" values, he said.

Activist investors are leading the charge to improve company scorecards on these criteria, which is bound to affect farmers and cause controversy, he said.

Kohl said his creamery business was evaluated on these "ESG" values by a major buyer.

Its reliance on recyclable glass and minority and female employees helped the creamery pass the test, he said. "You checked these boxes, you can still sell to us."

E. Oregon farm turns to desert-adapted sheep breed to improve dairy business

By **SIERRA DAWN McCLAIN**
Capital Press

LEXINGTON, Ore. — Farm owner Terry Felda has seen first-hand the value of matching genetics to environment: raising a breed of dairy sheep adapted to her region's specific microclimate.

Introducing genetics from the Assaf breed into her flock the past few years has been transformational, boosting productivity and improving her farm's sustainability.

"We can already see the difference," said Felda, 59.

For more than a decade, Felda ran her operation with standard American dairy sheep crosses: Lacaune and East Friesian breeds. The problem was that these breeds need good pasture and a temperate climate to thrive, and Felda's 450-acre farm lies among the dry, crumpled hills outside Lexington, in Eastern Oregon's semi-arid Morrow County.

Felda's ewes struggled on ranges with limited forage.

"I felt I had to put a lot of feed and time into them to get them to where I wanted,"



Terry Felda holds a lamb.

Sierra Dawn McClain/Capital Press

said Felda.

For years, she wanted to bring in genetics from breeds better adapted to arid climates, such as the Awassi, native to Israel, or the Assaf, a cross between the Awassi and the German East Friesian sheep.

The Assaf, according to the Israel Dairy Board, is prized for high milk production and tolerance to almost all climates. The breed has spread across Eurasia and today is the most important dairy sheep breed in Spain, according to the Journal of Dairy Science.

Felda was one of many

Dairy and Sheep Ranch.

"To be able to finally get (the genetics) was huge," said Felda.

In 2019, she introduced the semen into her flock through laparoscopic artificial insemination. In 2020, she had her first cross-bred 50% Assaf lambs. In 2021, she milked the crosses.

Felda said the Assaf crosses gain weight faster and seem well-adapted to handle heat, stress and minimal forage. The ewes also produce more milk.

Before introducing the new genetics, each Lacaune-East Friesian dairy sheep was fed and milked twice a day but produced only 300 to 400 pounds of milk annually. Last year, each 50% Assaf ewe was fed and milked only once a day but produced up to 500 pounds of milk annually.

Felda expects the numbers would be higher if she milked twice daily, and because last year's milk came from crosses, Felda anticipates even higher production in future years as her ewes approach purebred Assaf status.

American farmers who wanted Assaf genetics, but for years, the U.S. blocked importation over concerns about scrapie, a disease that affects sheep.

Finally, in 2017, after years of negotiations with USDA, the Spanish Department of Agriculture and European Union officials, the U.S. sheep industry brought in Assaf semen through a University of Wisconsin-Madison project.

The Dairy Sheep Association of North America secured some of the semen, from which Felda got her first batch for Tin Willows

Dairy groups support crackdown on ocean carriers

Capital Press

Dairy groups are in full support of the Ocean Shipping Antitrust Enforcement Act introduced in the U.S. House by Rep. Jim Costa, D-Calif.

The legislation would remove exemptions from federal antitrust laws for foreign shipping carriers and address unfair practices that harm U.S. businesses.

"U.S. dairy exporters experience a litany of unfair practices from for-

eign-owned ocean carriers — including unprecedented shipping rates, fees often incurred out of the exporters' control, intentional lack of transparency and continually rolled bookings," said Krysta Harden, president and CEO of U.S. Dairy Export Council.

Due to the high concentration of power in the largely foreign-owned shipping industry, American dairy exporters have little option other than to accept these unwarranted fees and

delays as a business expense, she said.

"We commend the introduction of this important legislation to revoke the anti-trust immunity that these shipping lines exploit at the expense of American producers and consumers, and we urge Congress to expeditiously pass this measure into law," she said.

The bill has cosponsored has eight cosponsors, including Reps. John Garamendi, D-Calif.; Dusty Johnson, R-S.D.; and

Adrian Smith, R-Neb.

"At a time when ocean carriers have been enjoying record profits, U.S. dairy producers have been bearing the brunt of the export supply chain crisis, with over \$1.5 billion in added costs and lost sales in 2021 alone," said Jim Mulhern, president and CEO of National Milk Producers Federation.

The legislation would rein in the enormous power foreign-owned shipping lines wield over American exporters, he said.

Milk estimates lowered again

By **LEE MIELKE**
For the Capital Press

The Agriculture Department again lowered its estimate for 2022 milk production, citing lower dairy cow numbers and slower growth in milk production per cow, and raised milk price projections in the latest World Agricultural Supply and Demand Estimates report (WASDE).

2022 production and marketings were estimated at 226.0 billion and 225.0 billion pounds, respectively, down 1.2 billion pounds on production. If realized, 2022 production would be down 200 million pounds or, 0.1%, from 2021.

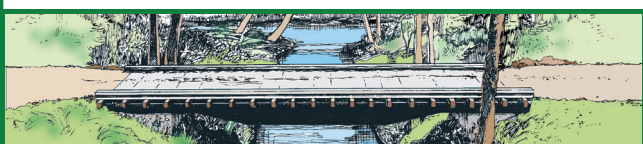
Price forecasts for cheese, butter, nonfat dry milk and whey were raised from the previous month, based on current prices, lower expected production, and continued demand strength. The higher product prices resulted in both Class III and Class IV milk prices being raised.

Cheese is now projected to average \$2.03 per pound in 2022, up 13 cents from last month's estimate, and 35.55 cents above the 2021 average.

Butter was projected at \$2.5750 per pound, up 18.5 cents from a month ago and 84.25 cents above 2021.

FLAT CARS- THE BETTER BRIDGE

- Lower Cost • Custom Lengths up to 90'
- Certified Engineering Services Available
- Steel Construction



Contractor
License # 71943

P.O. Box 365 • 101 Industrial Way, Lebanon, OR 97355



Office: 541-451-1275
Email: info@rfc-nw.com
www.rfc-nw.com

5235809-1

DAIRY MARKETS

Lee Mielke



ected at \$1.74 per pound, up 7.50 cents from last month's estimate and 47.1 cents above the 2021 average.

Whey is projected to average 71 cents per pound, up a half cent from last month's estimate and 13.6 cents above the 2021 average.

The 2022 Class III milk price is projected to average \$21.65 per hundredweight, up \$1.35 from what was expected a month ago, and \$4.57 above the 2021 average of \$17.08.

The Class IV average was projected at \$23.70, up \$1.40 from a month ago, and \$7.61 above the 2021 average of \$16.09.

The war in Ukraine is especially impacting global grain markets, and the USDA lowered its export data on corn and wheat from the region. Ukraine's corn exports were reduced 6 million metric tons, and the March 9 "Daily Dairy Report" warned, "Even if other exporters, such as the U.S., increase shipments to partially offset lower Ukrainian exports, the resulting supply shortage is nonetheless expected to keep global corn prices elevated."

Apply less, expect more?

PRECISELY.

It's time for a crop nutrition plan that gets more return from every drop. Get custom-calibrated formulas and complete agronomic support for the nutrients you need and the quality potatoes you want. Every step of the way, AgroLiquid has precisely what it takes to help you succeed like never before.

Find an AgroLiquid dealer near you.

ApplyLessExpectMore.com

Pro-Germinator®

Sure-K®

Kalibrate®
Precision Potassium

LIBERATECa™



Pro-Germinator®, Sure-K® and Kalibrate® are registered trademarks and LiberateCa is a trademark of AgroLiquid. © 2021 AgroLiquid. All Rights Reserved.

5272670-1