

Subscribe to our weekly dairy or livestock email newsletter at [CapitalPress.com/newsletters](mailto:CapitalPress.com/newsletters)

## Dairy

# Groundbreaking ceremony held for nation's largest research dairy

By CAROL RYAN DUMAS  
Capital Press

RUPERT, Idaho — Ground has finally been broken for the much-anticipated research dairy — the largest in the U.S. — that can take Idaho's dairy producers sustainably into the future.

"This really is an historic event," said Mark McGuire, University of Idaho associate dean and director of the Idaho Agriculture Experiment Station.

The university knew there was a need for a research dairy in southern Idaho. Dairy and Idaho Dairywomen's Association led

the effort, and the university responded, he said.

Dairy is a progressive force that wants answers and solutions. The research dairy has been a long time coming, and the university's partnership with dairy producers led to success, he said.

"It's nice to be moving dirt," he said.

The research dairy will be the main component of the university's \$45 million Center for Agriculture, Food and the Environment, said Michael Parrella, dean of the university's College of Agricultural and Life Sciences.

"Today is certainly a significant milestone for the

research dairy," he said.

Dairy research by universities around the country is making great progress. But that research is on a small scale, about 100 cows, he said.

"They are not going to be able to do the work that we'll be able to do here," he said.

The commercial-scale dairy will be built on a 640-acre demonstration farm conducting environmental research and will have a capacity of up to 2,000 cows. Its research will have a unique focus on the arid West, where herd sizes are especially large and operations face unique challenges

such as water constraints.

"We expect this facility to be a mecca," bringing in other researchers, students and research funding, he said.

Research will address environmental impacts of dairies on water quality and efficiency, as well as nutrient management and soil health. It will be an intersection of animal agriculture and crop agriculture, he said.

Dairy producers came to the university to drive the impetus and need for the facility, he said.

"I don't look at this as a U of I project; I look at this as a partnership," he said.

Rick Naerebout, CEO of

Idaho Dairywomen's Association, said the foundation of a research dairy unique to Idaho was laid by dairy producers Mike Quesnell and Bill Stouder (now deceased), who saw the need for environmental research.

"This is a huge moment for us," he said.

The U.S. dairy industry has committed to net zero carbon emissions by 2050. The research dairy is going to be a key figure in helping the industry reach that goal, he said.

"After two decades of talking about this project ... we're going to move dirt," he said.

The research dairy is

expected to be completed in 2023 and to begin milking cows in 2024.

The dairy is a partnership between the university, Idaho Dairywomen's Association—which has led the effort for more than 15 years—and the state, with each contributing funding.

Other agriculture groups, processors and individuals have contributed or committed funding for the larger Center for Agriculture, Food and Environment. CAFE includes an education and outreach center in Jerome and food science efforts in partnership with the College of Southern Idaho in Twin Falls.

## High costs, slack demand put pressure on U.S. dairy

By CAROL RYAN DUMAS  
Capital Press

High input costs and weakening demand continue to keep global milk production at bay.

As of the second quarter of 2022, milk production in the Big 7 dairy export regions is expected to have contracted for the fourth consecutive quarter. The Big 7 consists of the U.S., EU, New Zealand, Australia, Brazil, Argentina and Uruguay.

That hasn't happened since 2012-2013, according to Rabobank analysts.

Global milk output is expected to have declined by 1.1% year over year in the second quarter after declining 1.9% in the first quarter. Positive year-on-year growth versus a low comparable is anticipated in the second half of the year, resulting in an estimated decrease of 0.5% for 2022, they said in the latest "Dairy Quarterly" report.

Farmgate milk prices are high across most regions, but that hasn't resulted in production growth. Producers are facing higher corn and soybean prices and weather disruptions in some regions.

"Overall inflation pressures in energy, fuel and wages are also impacting profitability across the Big 7. Despite higher milk prices, production growth and the feed-costs scenario remain challenging," they said.

That supply shortfall is running up against weaker demand, with consumers in most regions feeling the impact of inflation in their purchasing power. Inflation in the U.S. and European Union is at a 40-year high.

"In emerging markets, inflation is not new. But the severity of the current rise in prices, especially for commodity-importing countries has been amplified by



Guyen Polat/Getty Images

Cows are milked at a dairy farm. Dairy exports continue to shrink.

the effects of the war in Ukraine and a very strong dollar," they said.

China will be key to global dairy demand moving forward. Dairy imports to China, excluding whey, are already down 4% year over year in the first four months of the year.

"Strong domestic milk production coupled with weaker consumer demand due to COVID-related measures at a time of high inventory is resulting in lower imports," the analysts said.

Whey imports by China are already down 40%, and non-whey imports are expected to drop 34% year over year in 2022.

In addition, New Zealand 30% to 40% of its dairy exports go to China, and China is not pleased with New Zealand aligning with the U.S. in its criticism of the country. China closing part or all of its markets to New Zealand even temporarily would be a huge blow to global dairy markets, and all parties would lose, they said.

In the U.S., the milk cow herd

hit bottom in January after posting monthly declines since June 2021. Producers added to the herd in February and March. The herd held steady in April but was down 98,000 head from a year earlier.

Milk production was down 1% in April and 0.7% in May year over year. The analysts expect it to turn positive by April. But growth is forecast to remain below trend with a 0.9% growth year over year in the second half of the year and a 1.1% growth in 2023.

While supply constraints have pushed milk prices higher, demand is beginning to push back.

"This demand response will trigger heightened volatility as markets search for equilibrium," the analysts said.

U.S. dairy exports have been mixed but only fell 1% in volume year over year in the first quarter. Exports to China fell 9%, driven by lower whey exports, but there were gains in Mexico and Japan.



Port of Seattle

Containers are stacked at the Port of Seattle. More work remains to be done to resolve shipping problems, according to the National Milk Producers Federation.

## Dairy focuses on supply-chain fixes

By CAROL RYAN DUMAS  
Capital Press

There's still more work to be done to improve the shipping system for dairy exporters, a leader of the National Milk Producers Federation says.

The NMPF worked with Congress for the better part of the year on the Ocean Shipping Reform Act, which was signed into law last month. The law will bring welcome changes to support U.S. agricultural exports, but the group recognizes it's not a total solution to supply-chain problems.

The legislation would address carriers' refusal to provide containers and space on ships, guidelines on what constitutes unreasonable refusal to load product and guidelines on detention and demurrage fees.

Carriers have been refusing to provide containers simply because it's more profitable for them to take back empty containers and return them quicker to the West Coast. They're not even extending contracts for U.S. agricultural exports, said Tony Rice, trade policy manager for NMPF.

The next step, now that the Ocean Shipping Reform Act is law, is a rulemaking process by the Federal Maritime Commission, he said.

A lot of the ocean carriers have dropped detention and demurrage fees in response to the legislation, but there are still a lot of difficulties with labor and shortages of truckers and containers, he said during the latest "Dairy Defined" podcast.

The percentage of empty containers leaving the major West Coast ports has still been around 70%. In 2021 alone, these challenges have cost U.S. dairy exporters just over \$1.5 billion, he said.

"Nearly 18% of total U.S. (milk) production was exported in 2021 alone. And as you can imagine if there is any hiccup in getting that product out the door that has a downward pressure on farmgate milk prices," he said.

It's really important to fix the supply-chain problems and not only the short term problems. It's clear that export volume is going to continue as international customers demand U.S. dairy products, he said.

"Our competitors, mostly the EU and New Zealand, they've shown that they're not going to be able to keep pace in the coming years. So it makes it all the more important that these supply-chain issues get ironed out, and hopefully sooner rather than later," he said.

The Ocean Shipping Reform Act would take steps to do that, and NMPF's role is making sure the Federal Maritime Commission takes measures to ensure the provisions are strong and support U.S. agriculture and dairy exports, he said.

But it is only one piece of the puzzle. NMPF is going to continue its efforts with the administration and Congress to make sure all available tools can be employed to make sure U.S. dairy exporters can meet international demand now and in the future, he said.

## Dairy product demand weakening

By LEE MIELKE  
For the Capital Press

Dairy product demand is weaker than most people expected, according to Matt Gould, editor and analyst with the Dairy and Food Market Analyst newsletter in the July 11 "Dairy Radio Now" broadcast.

He pointed to the Fed raising interest rates, the slowing economy, and the loosening of our tight supply chains as contributors.

When asked if exports will

### DAIRY MARKETS

Lee Mielke



reason than milk supplies globally remain tight."

### Milk estimates lowered

The Agriculture Department again lowered its milk production estimates for 2022 and 2023 its latest World Agricultural Supply and Demand Estimates report, citing slower expected growth in milk per cow.

2022 production was estimated at 226.0 billion pounds, down 400 million pounds from last month's estimate. If realized, 2022 production would be down 300 million pounds or 0.1% from 2021.

2023 production was estimated at 228.3 billion pounds, down 1 billion pounds. If realized, 2023 production would be up 2.3 billion pounds or just 1.0% from 2022.

The 2022 Class III milk price average was estimated at \$22.80 per cwt., down a dime from last month's estimate, and compares to \$17.08 in 2021 and \$18.16 in 2020.

The 2023 average is estimated at \$20.85, up 20 cents from a month ago.

# WESTERN PACKAGING

Your Future is Our Future...

## WE SPECIALIZE IN BULK BAGS!

<b>BAGS:</b> <ul style="list-style-type: none"> <li>• Seed Bags</li> <li>• Fertilizer Bags</li> <li>• Feed Bags</li> <li>• Potato Bags</li> <li>• Printed Bags</li> <li>• Plain Bags</li> <li>• Bulk Bags</li> <li>• Totes</li> <li>• Woven Polypropylene</li> <li>• Bopp</li> <li>• Polyethylene</li> <li>• Pocket Bags</li> <li>• Roll Stock &amp; More!</li> </ul>	<b>HAY PRESS SUPPORT:</b> <ul style="list-style-type: none"> <li>• Hay Sleeves</li> <li>• Strap</li> <li>• Totes</li> <li>• Printed or Plain</li> <li>• Stretch Film (ALL GAUGES)</li> </ul>	<b>LOCATIONS:</b> <p>Albany, Oregon (MAIN OFFICE) Ellensburg, Washington</p>
<b>CONTACT INFORMATION:</b> Phone: 855-928-3856 Fax: 541-497-6262 <a href="mailto:info@westernpackaging.com">info@westernpackaging.com</a>		
<b>CUSTOMER SERVICE IS OUR TOP PRIORITY!</b>		

[www.westernpackaging.com](http://www.westernpackaging.com)

### 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](mailto:info@rfc-nw.com)**  
[www.rfc-nw.com](http://www.rfc-nw.com)

**Rick Franklin Corporation**