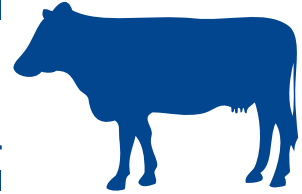


DAIRY WEEK



The Weekly bulletin on the Australian and New Zealand dairy industry and international markets

Week beginning June 21, 2010

www.dairyweek.com

DAIRY COMPANIES

Emmi
Danone
Valio
Dairy Crest
Tirol Milch/Berglandmilch
Dairy Queen
Nestle

PEOPLE MOVEMENTS

FARMGATE ISSUES

Crafar farms
Farmer deaths
Chatham Dairy

INDUSTRY STAKEHOLDERS

TB control operations
NZ farm recycling
Aus climate debate
US federal policy

EXPORTS AND TRADE

Fonterra
NZ dairy income
Mexico/NZ trade

MANUFACTURING R&D

Dairy tech academy
Vit A milk tests
Hershey expansion
GE discovery

MARKETING

IDF honors
Klondike Cheese
Dairy Crest product

CONSUMER

E.coli outbreak
Calorie count
Dairy health message

Dairy Week

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EDITORIAL - A Merging Trend

It seems the Entremont and Sodiaal merger has started a trend with several dairy companies opting to follow suit.

Last week French dairy giant Danone announced it intends to buy the protein supplement maker Medical Nutrition USA.

The company, whose North American Nutricia sector grossed \$70 million in sales last year, says it wants to extend its reach to benefit more people particularly in the United States.

Glac and Eurial, two of Danone's fellow dairy co-operatives, also decided to follow suit and merge last week.

If approved by a regulatory committee, the move will create France's second largest dairy company.

Austrian dairy firms Tirol Milch and

Berglandmilch opted to jump on the bandwagon as well last week, announcing a merger that will form the country's largest dairy co-operative.

Emmi and Fromalp are also all set to merge, after the Swiss Federal Competition Commission gave the deal the go ahead. The acquisition is scheduled to go through on July 1.

Emmi's CFO, Reto Conrad, hinted that the co-operative is looking to make more acquisitions in Europe later this year.

The current trend is most likely the result of a highly competitive dairy market. With co-operatives such as Fonterra and Yili emerging as the clear winners, it is no surprise that some dairy companies are opting to merge in order to safe guard their survival.

DAIRY MARKET REVIEW June 18, 2010

Agrifax

USD per tonne

	18-Jun-10	11-Jun-10	04-Jun-10	28-May-10	21-May-10	19-Jun-09
Butter	4100	4050	4000	4000	4000	1825
Skim Milk Powder	3400	3400	3500	3450	3450	1900
Whole Milk Powder	3900	3900	4000	4000	4000	1950
Cheddar Cheese	4150	4150	4150	4150	4150	2525
Casein	9200	8600	8550	8550	8500	5500

Agrifax Commentary:

Milk powder prices held steady last week. Conflicting pricing signals are prevalent in the skim milk powder (SMP) market, however Oceanic sourced product continues to trade at a premium. Product sold for short-term delivery is commanding higher prices than longer term delivery, which reflects uncertainty in the market. No intervention stocks of SMP have yet been released and EU internal SMP prices are holding

steady. The Euro has strengthened against the USD this week, which is holding up the price of EU sourced product on the world market.

Casein prices have increased last week, but they remain undervalued compared with the other dairy protein commodities.

Markets for fat based dairy commodities continue to be bullish due to tight supplies.

DAIRY COMPANIES

SWITZ: Emmi's Fromalp buy gets anti-trust green light

Just-food.com June 11, 2010

Switzerland's competition watchdog has cleared dairy group Emmi's planned acquisition of local cheese maker Fromalp, Just-food reports.

Emmi said the Swiss Federal Competition Commission, or WEKO, had approved the deal "without reservation". The acquisition from Germany's Hochland will go through on 1 July.

François Huguenin, Fromalp's sales and marketing director, will become the company's managing director.

Emmi said Fromalp generated around CHF100m (US\$87.4m) in sales in 2009, with some 40% made in export markets.

Emmi first announced plans to buy fondue maker Fromalp in April. Speaking to just-food in the wake of the announcement, Emmi CFO Reto Conrad hinted that the company would make further acquisitions in Europe this year, Just-food reports.

[FULL STORY](#)

FRANCE/US: Danone to buy Medical Nutrition USA

Just-food.com June 11, 2010

French dairy giant Danone is to buy protein supplement maker Medical Nutrition USA, or MNI, for US\$62m, Just-food reports.

The Activia and Actimel maker said MNI will become part of its North American medical nutrition business Nutricia North America, which is based in Maryland.

"Because MNI's competencies and successful product lines are so complementary to ours, the combination of the two businesses will reinforce Danone's leadership in Advanced Medical Nutrition, and allow us to expand our reach and benefit

the quality of life of more patients, particularly in the US," said Flemming Morgan, Danone's president for medical nutrition.

Frank Newman, MNI's chairman and CEO, said the deal was "a wonderful opportunity" for the business.

Danone's Nutricia North America arm generated \$70m in sales in 2009. MNI's revenues in the fiscal year to the end of January stood at \$16m, Just-food reports.

[FULL STORY](#)

FINLAND: Valio "to make production investment"

Just-food.com June 11, 2010

Finland-based dairy group Valio is to make a EUR100m (US\$120.6m) investment in additional production lines at its Lapinlahti facility, Just-food reports.

The project would involve additional powder and cheese lines being built, with construction expected to begin in 2011, local publication Helsingin Sanomat reported.

The powder line is expected to be completed by 2012, while

the cheese line is expected to be ready the end of 2014.

The plant is understood to employ around 320 staff and it is the largest of Valio's cheese factories.

In April, Valio reported a "difficult" 2009 for the dairy markets as it booked a drop in net sales, Just-food reports.

[FULL STORY](#)

IRELAND: Dairy Crest reduces stake in Wexford Creamery

Just-food.com June 14, 2010

Dairy Crest has reduced its stake in Ireland's Wexford Creamery from 80% to 30%, Just-food reports.

The Dairy giant's announcement followed the decision of the members of the Wexford Milk Producers co-operative to increase its stake in the business from 20% to 70%.

"The transaction allows Dairy Crest to concentrate on its key brands and further reduces its exposure to volatile commodity markets in line with its strategy," Dairy Crest said.

Dairy Crest will continue to provide a range of services to the creamery, including packing and distribution. The company will also sell Wexford-branded cheese in the UK on behalf of the creamery for a transitional period.

Dairy Crest will use the cash proceeds from the transaction of around EUR9m (US\$11m) to repay bank debt.

Martyn Wilks, Dairy Crest's executive managing director, said: "We have enjoyed a long and positive relationship with Wexford Milk Producers through our joint ownership of the creamery and this will continue.

"However the strategy of Dairy Crest's foods division is to increasingly focus on a small number of key brands and this transaction is another step in this direction," he said, Just-food reports.

[FULL STORY](#)

Austrian dairy firms Tirol Milch and Berglandmilch to merge

Flexnews June 15, 2010

Austrian dairy companies Tirol Milch and Berglandmilch are reportedly planning to merge operations and create the nation's largest dairy company, Flexnews reports.

As a merged company, both parties would benefit from synergies in logistics, accounting and exports.

The merger is, however, subject to agreement with both companies' 16,000 farmer members. Antitrust approval is also required since Berglandmilch is the biggest dairy on the Austrian market, while Tirol Milch ranks fourth.

"If the approvals are granted by September 30, then we could carry out a back-dated merger of the operations as of the beginning of 2010," Berglandmilch's Director General Josef Braunshofer said.

It is understood that the two brands will carry on separately and no closures are planned, Flexnews reports.

[FULL STORY](#)

Buffett's Dairy Queen, Al Safwa to open stores in Saudi Arabia

Bloomberg Businessweek June 14, 2010

International Dairy Queen Inc., the soft-serve ice cream franchise owned by Warren Buffett, reached an agreement with Al Safwa Food Group to expand in the Middle East by opening stores in Saudi Arabia, Bloomberg Businessweek reports.

The inaugural Dairy Queen is scheduled for Riyadh in the first half of 2011, with 32 projected throughout the country by 2015, the Minneapolis-based chain said today in a statement.

Dairy Queen is adding to Mideast locations in Bahrain, Oman, Qatar and the United Arab Emirates. The chain has more than 5,700 stores, including 680 outside the U.S. and Canada.

Al Safwa is a Riyadh-based retail holding group. Dairy Queen said it will serve its traditional foods such as Blizzard Treats and GrillBurgers in the Saudi locations.

Riyadh's average June high temperature is 108 degrees Fahrenheit (42 Celsius), compared with 79 degrees in Minneapolis, according to Foreca and Weather Decision Technologies, Bloomberg Businessweek reports.

[FULL STORY](#)

RUSSIA: Nestlé invests \$53m in latest Russian expansion

Just-food.com June 15, 2010

Nestlé is to build its 14th production site in Russia following an investment of CHF60m (US\$52.7m), Just-food reports.

Earmarked for a greenfield site in the Vyazniki district of the Vladimir region (around 300 km east of Moscow) the new factory will produce a range of culinary products under the Maggi brand.

The plant will create 500 new jobs in the district and Stefan De Loecker, CEO of Nestlé Russia, said the company thinks Russia has "huge long-term potential"

After the first phase of construction is completed in the third quarter of 2011, the new plant will produce more than 30,000 tonnes of Maggi products to meet demand for these products in Russia and CIS countries.

Once completed, Nestlé will transfer its culinary production out of its current site located in the town of Zhukovsky, Moscow, to the newly-constructed Vladimir plant. The Zhukovsky plant will then focus on ice-cream production.

The company also plans to transfer its ice-cream production lines from the Nestlé Kuban factory located in Timashevsk, in

the Krasnodar region, to the factory in Zhukovsky.

All permanent staff at the Kuban site will continue working at the factory due to the expansion of coffee production there, the company said.

Part of the culinary staff of Zhukovsky factory will be transferred to the ice cream production, while others will be offered other job opportunities at the new plant in the Vladimir region and the other branches of Nestlé Russia.

The Swiss food giant has been insisting recently that it remains committed to driving growth in Russia, despite the challenges that have hit consumption in the market over the past year.

The Russian economy slumped the most on record during 2009, with GDP falling 7.9% as the global economic crisis, the falling price of oil and rising unemployment levels took their toll, Just-food reports.

[FULL STORY](#)

FRANCE: Dairy co-ops Glac, Eurial set to merge

Just-food.com/Stuart Todd June 15, 2010

Two French dairy co-operatives, Glac and Eurial, have agreed to merge, a deal that could create the country's second-largest dairy co-op, Just-food reports.

The merger, which remains subject to regulatory approval but which the two sides hope will go live within the next 18 months, will form a company behind only Sodiaal among French co-ops.

The new group will have an annual output of 1.6 billion litres of cow's milk and 300 million litres of goat's milk, generate a turnover of EUR1.3bn and employ over 2,600 staff.

"The merger is aimed principally at providing a long-term economic future to one of France's major milk-producing

regions (encompassing mid-western and western France, southern Brittany and Auvergne) at a time when the industry as a whole – producers and dairy groups – are confronted with the effects of deregulation and the fluctuation of world markets," a statement by the two sides read.

Combined, the new group will operate over 20 processing plants specialising in cows' and goats' cheese, consumer milk, butter, cream and milk ingredients, Just-food reports.

[FULL STORY](#)

Global: China's Yili enters world's top 20 dairy firms

Just-food.com June 16, 2010

China's Yili Group has become the latest non-Western dairy processor to join the ranks of the world's top 20 firms in the sector, Just-food reports.

Yili is the 17th largest dairy processor in the world by sales, according to industry analysts at Rabobank, which revealed its Global Dairy Top-20.

The Chinese firm, which generated sales of US\$3.54bn in 2009 according to the Rabobank data, joined local peer Mengniu in the list.

Mengniu which first entered the Rabobank top 20 last year stood at 16, with annual sales of \$3.77 billion, the analysts said.

Norway's Tine made its first appearance in the list, which Rabobank said was due to the company's presence in a "relatively stable price environment".

There were few changes in the top ten, with Arla Foods, last year's eighth-largest, coming in seventh and swapping places

with US co-op Dairy Farmers of America.

Nestle, Danone, Lactalis, FrieslandCampina and Fonterra made up the top five, with Dean Foods at six.

Rabobank hinted that the number of dairy processors outside the "mature" markets of Europe and the US in the list could and should be higher.

"Assuming a successful completion of the new Brazilian conglomerate consisting of Itambé, Centro Leche, Confepar, Mineiras Cemil and Mines Milk, the new Latin American giant will definitely enter the top 20," Rabobank said.

"Furthermore, we may safely assume that Grupo Lala should actually be in the top 20, following its acquisition of National Dairy Holdings last year. However, lack of public financial data makes it impossible to put a hard number on Lala's dairy sales," Rabobank said, reports Just-food.

[FULL STORY](#)

PEOPLE MOVEMENTS

INDIA: Showdown at Amul, as MD insists only board can accept resignation

The Economic Times/Mitul Thakkar June 12, 2010

The leadership crisis at the Rs 8,000-crore strong Gujarat Cooperative Milk Marketing Federation Limited took a new turn when the Managing director refused to step down until the board accepted his resignation, The Economic Times reports.

BM Vyas refused to resign when he was asked to step down by GCMMF chairman Parthi Bhatol, despite having previously handed Mr Bhatol his notice.

When Mr Bhatol called Mr Vyas to his office, Mr Vyas refused to accept the chairman's orders saying only the board could

take a call on his resignation.

GCMMF board members have not met since December 2009 despite two calls from the chairman in last one month to reassemble.

It has yet to be confirmed whether Mr RS Sodhi, the chief general manager will replace Mr Vyas as the managing director of the milk marketing firm, The Economic Times reports.

[FULL STORY](#)

NETHERLANDS: FrieslandCampina gives international boss board seat

Just-food.com June 14, 2010

Kapil Garg, has been appointed a seat on the Dutch Dairy giant FrieslandCampina's board of directors, Just-food reports.

The decision to give the head of consumer businesses overseas the seat reflects the importance the company is placing on that part of its business, CEO Cees t'Hart said.

FrieslandCampina's Consumer Products International division includes its operations in Asia, the Middle East and Africa, as well as the export of dairy products from the Netherlands to

countries outside the EU.

In 2009, the division generated sales of EUR1.9bn (US\$2.33bn) - some 23% of its total turnover.

Last month, FrieslandCampina announced plans for further investment in Vietnam to meet growing local demand for products like Dutch Lady, Just-food reports.

[FULL STORY](#)

FRANCE: Sodiaal promotes vice president Iches to top job

Just-food June 15, 2010

French dairy group Sodiaal has announced its vice president Francois Iches has been elected as president of the co-operative, Just-food reports.

The company confirmed that Iches was elected at its AGM last week. He will succeed Gerard Budin, who spent 15 years in the job.

Iches, 60, has spent over 30 years with Sodiaal and its forerunners. A former farmer, in 1977, Iches became director of co-op Tempe Lait, one of the seven co-ops that formed Sodiaal.

In 2007, when Sodiaal was created, Iche became president of the Auvergne region in the south-west of France. For the last two years, he has been vice president of the co-operative.

Sodiaal is looking to acquire fellow French dairy co-op Entremont Alliance. Earlier this month, the two companies signed a "draft agreement" to merge, Just-food reports.

[FULL STORY](#)

Four key dates could end Wang's hopes of buying Crafar farms

BusinessDay.co.nz June 16, 2010

Four big dates in the next four weeks could bring an inauspicious end to businesswoman May Wang's plan to buy a \$1.5 billion slice of New Zealand's dairy industry, BusinessDay.co.nz reports.

Ms Wang will, in the next four weeks, again face creditors who have been kept waiting for months, mark the next important step in her bid to buy the Crafar farms, and reappear in the Auckland High Court on bankruptcy proceedings and in the district court on record keeping charges.

The first of Ms Wang's showdowns looms next Monday with a creditors' meeting that was delayed by a week.

Ms Wang yesterday bounced off another attempt by Westpac New Zealand to bankrupt her in the High Court in Auckland.

The case was adjourned until June 29 – date number two – to allow the creditors to look at her proposed 2c in the dollar offer to keep from going bankrupt.

Westpac is owed \$620,000, and the list of creditors more than \$22 million from her property and hotel company Dynasty Group.

Date three is next Wednesday, the close of tenders for offers on the ex-Crafar farms for \$1.5b.

An attempt in the High Court last Friday to get around the not-insignificant hurdle of approval from the Overseas Investment Office (OIO) to buy the giant farming interests was thrown out.

She can proceed with her offer, but it will need the blessing of the OIO.

The fourth date will see her reappearance in the Auckland District Court on July 15 on charges brought by the Economic Development Ministry relating to the liquidated Dynasty Group and records pertaining to it, BusinessDay.co.nz reports.

[FULL STORY](#)

A farmer dies every 28 days - ACC

BusinessDay.co.nz June 16, 2010

The Accident Compensation Corporation says a farmer is killed every 28 days in farming accidents in New Zealand while a farmer or agricultural worker is injured every half hour, BusinessDay.co.nz reports.

According to the corporation, 13 farmers died in accidents on New Zealand farms last year. There were 18,600 injuries on farms and the most common causes of injuries were poor handling of animals, quad bikes and farm machinery.

Nearly 1700 farm workers injured by cattle last year cost the country nearly \$6 million in Accident Compensation Corporation claims.

Otago University has forecast that in any given year farm workers will lose control of quad bikes on approximately 12,645 occasions, resulting in about 1400 injuries. Not all of these

will be registered as workplace injury claims with the Accident Compensation Corporation.

Tractor accidents are also causing concern with more than 300 people injured by being run over, rolling their tractors or being injured by an uncovered power take-off shaft.

Accident Compensation Corporation general manager Keith McLea said tractor, cattle and quad bike accidents cost New Zealanders \$12.4 million a year in claims alone.

The corporation has produced three new safety booklets with useful tips on handling cattle, driving tractors and controlling quad bikes to help farmers avoid preventable injuries, BusinessDay.co.nz reports.

[FULL STORY](#)

US: Chatham dairy lands another grant

Danville News/John Crane June 10, 2010

VanDerHyde Dairy's anaerobic digester project in Chatham just got another boost from the federal government, Danville News reports.

The \$150,000 grant, announced Thursday by Rep. Tom Perriello, D-5th District, comes from the U.S. Department of Agriculture's Value-Added Producer Program.

"This project is a win at every level," Perriello said in a prepared statement. "It produces clean, sustainable, domestic energy, turns a liability into an asset, and creates an additional revenue stream for hard-pressed dairy farmers while reducing their expenses. Most importantly, it shows the country and the world that our region is ready to help solve energy problems."

The money will help start up the anaerobic digester's methane-gas production, said Roy VanDerHyde, secretary/treasurer of Dairy Energy Inc.

The dairy's owners will use the anaerobic digester to process manure from their nearly 1,000 cows and expand use of its by-product, producing enough electricity to power up to 600 homes. The electricity will be sold back into the grid.

The digester, a \$2.5 million project, will recover methane

from animal waste through anaerobic – or airless – digestion. The technology processes the waste to produce electricity, bedding and liquid fertilizer. It also produces waste heat, which can be put to use to replace hot-water production and used for in-floor heating.

Construction of the anaerobic digester at VanDerHyde Dairy began in March. VanDerHyde said the digester itself is finished, but the generator and the reception tank, which would collect manure, still need to be built. VanDerHyde said he hopes the project will be complete by the fall.

The anaerobic digester will be 200 feet long, 72 feet wide and 16 feet deep, and will process waste in 21-day cycles.

The project has received other financial help, including \$1 million from Virginia's Biomass Energy Grant Program, a \$448,000 Tobacco Commission grant, and \$150,000 from the Natural Resources Conservation Service. VanDerHyde Dairy will pay for the remainder of the project, which is the first of its kind in Virginia, Danville News reports.

[FULL STORY](#)

INDUSTRY STAKEHOLDERS

NZ: Aerial bovine tuberculosis control operations continue on the West Coast

Animal Health Board June 15, 2010

The remaining control areas of the Mikonui South and Mikonui North aerial operational blocks are underway. These blocks form part of the West Coast bovine tuberculosis possum control programme.

Nick Hancox, Operational Policy Manager, said an attempt by anti-1080 protestors to disrupt the aerial operations has not prevented the operations from continuing.

"The successful implementation of these operations is the result of efficient planning by the contractor responsible."

"All of the relevant stakeholders and landowners, including the Medical Officer of Health, have consented to the operation. Every condition has been met including those outlined by landowners during the pre-operation consultation phase," says Mr. Hancox.

"This is a proactive pest control operation, designed to

maintain buffer zones to prevent the disease from spreading to uninfected livestock or back into otherwise "clean" areas of Westland."

"Scientific analysis shows that possums and other pests are responsible for 70 per cent of new herd infections. While many of the AHB's pest control operations will be undertaken using ground-based methods, aerially applied sodium fluoroacetate (1080), remains the most effective method to control TB in wildlife.

The TB control programme targets possums to prevent the spread of bovine TB and protect the West Coast's \$700 million per year pastoral agricultural sector.

[MORE INFORMATION](#)

Government backs farm recycling scheme

New Zealand Government June 16, 2010

Farmers are being encouraged to recycle and reuse rather than burn or bury thousands of tonnes plastic waste under a new scheme launched by the Government.

"It is neither clean nor green that over 7,000 tonnes of plastic farm waste, mainly used bale wrap, is currently burnt, buried or left to litter the countryside. We want to work with farmers and their supply industries to develop a nationwide recycling scheme that will enable this waste to be collected, reused and recycled", Dr Smith announced at the National Agriculture Fieldays in Hamilton.

"We have accredited Plasback as one of the first product stewardship schemes under the Waste Minimisation Act 2008. We are announcing a \$130,000 grant from the Government's Waste Minimisation Fund to support a nationwide campaign to encourage farms to become part of this nationwide recycling scheme."

"Plasback is an innovative scheme that enables the collection of bale wrap, agrichemical containers and other

packaging waste from farms and enables it to be recycled into new products such as piping and bins at a plant in Christchurch. This funding will help provide an information campaign to farms so the scheme can grow rapidly, with the aim of recycling over 2400 tonnes of waste plastic per year by June 2011."

"Many farms are frustrated by the lack of options for dealing with plastic farm waste and know that burning or burying waste is not a sustainable solution. Burning is particularly damaging because of the toxic chemicals it releases into the atmosphere. This voluntary scheme is about getting alongside farms and providing an environmentally friendly alternative."

This grant is the very first made under the new Act and Waste Minimisation Fund. Further consideration is being given to the other 163 applications with announcements due in coming months.

[FULL RELEASE](#)

AUS: Scientists put the heat on climate change sceptics

ABC Rural June 15, 2010

Some of Australia's most influential climate scientists are joining forces to try and win back public support for action on climate change, ABC Rural reports.

The group including Australia's chief scientist, Penny Sackett, the CSIRO and the Bureau of Meteorology want to counter the growing influence of the so-called climate change sceptics.

Dr Cathy Foley, from the Federation of Scientific and Technological Societies, says scientists will campaign to convince rural Australians that climate change still matters.

"The rural community are very keen on things scientific, because the whole of modern farming and agriculture is based on scientific development over many years," she says.

"It's interesting that even though they really trust scientific involvement in developing ways to make agriculture more effective and efficient and bountiful, it's curious that they're then saying that, 'when it comes to climate change, I don't want to take the same credence of the scientists'."

Dr Foley says the scientists feel the public is confused and are not sure what research to believe.

"We want to try and understand what it is that we need to do to have effective communication," she says, ABC Rural reports.

[FULL STORY](#)

US: New federal policy proposals could damage dairy industry, says IDFA

Dairy-reporter.com/Caroline Scott-Thomas June 14, 2010

Newly agreed supply management policy in the dairy sector could hurt industry by encouraging consumption of lower priced non-dairy foods, the International Dairy Foods Association has said, Dairyreporter.com reports.

The association's comments come in response to a statement from the National Milk Producers Federation which has outlined its proposals for US dairy policy reform in a new document entitled Foundation for the Future. The NMPF said the changes in federal dairy policies are intended to protect dairy farmers and "position them more favorably in an increasingly volatile global marketplace."

Among other measures included in the document, the NMPF said it would seek to tackle the low dairy prices that the industry has seen over the past 18 months, partly through a

Dairy Market Stabilization Program. This would send "strong and timely signals to producers that a small percentage of additional milk production may have significant consequences on their overall margins," NMPF said.

But the International Dairy Foods Association (IDFA) said that this part of the Foundation for the Future plan was "not forward-looking".

However, she added that the association did support other elements of the plan, including the margin insurance program, which would be used in place of price supports for dairy producers, Dairyreporter.com reports.

[FULL STORY](#)

EU split threatens dairy reform blueprint

Agra Informa's Dairy Markets June 15 2010

A group of member states are locked in last-minute talks on whether or not to sign off a paper which could form the blueprint for EU dairy reforms, Agra Informa's Dairy Markets reports.

A meeting of the High Level Group (HLG) on dairy will look to conclude six months of discussions with a report outlining recommendations for reforming the sector, in order to avoid a re-run of last year's crisis.

But Swedish diplomatic sources told Dairy Markets that the country, along with "like-minded member states", is still

undecided on whether it can back the latest drafts of the HLG conclusions.

Officials from another concerned member state said that there is little appetite for blocking the paper, but that major concerns remain over the HLG conclusions, Agra Informa's Dairy Markets reports.

[MORE INFORMATION](#)

US: Federal dairy farm policy looks bright

Watertown Daily Times/Marc Heller June 11, 2010

The jobs outlook may be brightening for cows, Watertown Daily Times reports.

A dairy-industry-led effort to pay farmers to kill their cows rather than milk them appears to be coming to an end, and dairy farmer groups are not pushing for a government-sponsored herd-retirement program in the 2012 rewrite of federal farm policy.

The National Milk Producers Federation announced that it is reorganizing its Cooperatives Working Together program, which pays for herd retirements and milk exports, to steer away from herd reductions and toward other approaches to support farmers. And cooperatives have been moving away from

government-backed herd reduction as a way to manage the nation's milk supply, said Robert Gray, a lobbyist for the Council of Northeast Dairy Farmer Cooperatives.

Discussions of federal dairy policy are in early stages, and Congress is only beginning to hold hearings, leaving plenty of time for the political winds to shift. But the announcement by the NMPF lays a starting point for talks by the biggest lobbying organization for dairy farmers. Lawmakers generally take the NMPF's advice as a reflection of dairy farmers' priorities nationally, Watertown Daily Times reports.

[FULL STORY](#)

EXPORTS AND TRADE

NZ: All eyes on Fonterra capital plan

BusinessDay.co.nz/Hamish Rutherford June 14, 2010

Fonterra shares could become one of the most traded stocks in New Zealand if its latest capital proposals are approved, the head of the New Zealand Capital Markets Development Taskforce predicts, BusinessDay.co.nz reports.

Investment banker Rob Cameron said approval of the share trading proposals would be “huge” for New Zealand’s capital market.

“If the Fonterra proposals are approved in June 30, that will have a huge impact on our capital markets, both because of the unit market” – which is open to the public – “but also because of the farmer-only share trading as well.”

The giant co-operative sent out voting packs last week on a proposal which would lead to big changes to the way farmers hold shares in the company. The vote takes place on June 30.

If approved, a new floating market would dictate the price at which farmers buy and sell shares. Farmers would also have increased flexibility over the number of shares they can hold. Farmers presently must buy or sell shares based on their production levels at a price dictated by the group’s board.

The new proposals will also, for the first time, allow those outside the industry to buy “units”, similar to bonds, which would be eligible for Fonterra dividends. The forecast for the 2010/11 season is for the shares to pay a dividend of between 19.5 cents and 37.5 cents.

Fonterra is highly sensitive about the issue. Concerns over outside ownership derailed an earlier proposal for a partial flotation. It stressed that the latest proposals meant non-farmers will not be able to control voting rights, with the units holding only the economic rights to shares.

Cameron said that the current level of Fonterra share trading between farmers made it among the 10 most traded stocks in the country, but the new proposals could significantly add to this and would be on a capital market platform. Farmers would be able to invest in additional shares if they chose while the appetite from outside investors was likely to be considerable, BusinessDay.co.nz reports.

[FULL STORY](#)

NZ: Dairying income set to leap

BusinessDay.co.nz/Jon Morgan June 16, 2010

Dairy income is tipped to rocket over the next year, earning the country an extra \$2.3 billion, BusinessDay.co.nz reports.

However, at the same time the payout to farmers is expected to slide, from this year’s \$6.10 a kilogram to \$5.60.

The predictions come from the Agriculture and Forestry Ministry’s latest situation and outlook report which looks at trading prospects for the next five years.

The ministry is generally upbeat, forecasting higher returns from dairy, beef, lamb, wool, kiwifruit and forestry.

It expects milk production to leap 14 per cent over the next year as farmers recover from drought and to go on growing as dairy conversions continue.

Dairy earnings are tipped to jump from just under \$10 billion this year to more than \$12b next year and to be at \$15.6b by 2014. After the payout’s fall over the next two years it is forecast to climb to be \$7.21 in 2014.

Ministry head Murray Sherwin said a dramatic growth in

trade with China had helped New Zealand ride out the global recession. Earnings from primary product exports to China rose 49 per cent to \$2.19b in 2009, with dairy and forestry the big contributors. “Most of our other trading partners have returned to growth as well, while the demand associated with growing incomes in key developing economies is ensuring conditions for food exporters have been buoyant,” he said.

However, several uncertainties hung over the outlook. Dairy product prices had become volatile over the past few years and rapid price shifts could not be ruled out.

High debt in some western countries would also pose risks for the global economy. “All in all, our exporters can afford to be optimistic about the medium-term picture, but short-term fluctuations in conditions are inevitable,” Sherwin said, BusinessDay.co.nz reports.

[FULL STORY](#)

Mexico keen to learn, but not ready for FTA

newsroom/Marie McNicholas June 17, 2010

New Zealand’s biggest trading partner in Latin America is looking to the Kiwi example to learn how to forge closer links between farmers and scientists, but is not ready to extend that to a free trade deal, newsroom reports.

Mexico has dispatched its agriculture minister, Francisco Javier Mayorga, and a delegation of 17 officials and agribusiness leaders on a five-day visit to New Zealand with a particular focus on agriculture policy, R&D funding and livestock greenhouse gas emissions.

Exports to Mexico are worth nearly half a billion a year and it is a key milk powder market, but the Mexicans also see potential for New Zealand partnerships to grow kiwifruit on its home turf, taking advantage of Mexico’s preferred access to the United States market through its membership of NAFTA.

Mexico’s agriculture strength is mainly in horticulture and

cropping, especially corn, but Mr Mayorga said it also had high dairy herd concentrations and feedlots in some areas and was keen to find ways to curb those greenhouse gas emissions.

Seven percent of its emissions come from agriculture and Mexico has 20 scientific institutions linked to the New Zealand-led Global Research Alliance on reducing farm emissions. As the host for the next world summit on United Nations climate change talks, its leadership is keen to show it is doing its bit to curb greenhouse gases.

With 50 million hectares of pasture land, water shortages and the effects of climate change already being felt particularly in the North of the country, Mr Mayorga said it needed to promote sustainable grazing.

Dairy imports were growing and there was potential for avocados, apples and kiwifruit but it needed to convince some

of its partners that New Zealand was not a threat to producers there.

The two governments started exploring the scope for an FTA in 2002, but despite other links forged since then and identified potential, Mr Mayorga indicated that a free trade agreement

was some way off while Mexico focused on regional deals, newsroom reports.

[FULL STORY](#)

US: Dairy group will ship cheese to Middle East

The Fence Post June 14, 2010

Cooperatives Working Together has accepted one bid from Dairy Farmers of America and two bids from Darigold for a total of 1.65 million pounds of cheddar cheese to be exported to the Middle East, The Fence Post reports.

The product will be delivered June through December.

Since CWT reactivated the Export Assistance program on March 18, it has assisted members in making export sales of

cheddar cheese totaling 36.1 million pounds to 18 countries on four continents. Figures have been adjusted as a result of a cancellation and slight adjustments in amounts, the Fence Post reports.

[FULL STORY](#)

Danish export surge meets Swedish demand

Agra Informa's Dairy Markets June 14, 2010

Danish cream and powder exports took off in the first two months of this year, according to latest customs figures, Agra Informa's Dairy Markets reports.

Exports of milk and cream, concentrated or sweetened (0402) were up 65% on the first two months of 2009, at 30 200 tonnes, worth €54.5 million.

It was powered by a huge increase in exports to Sweden of 12 790 tonnes compared to 9 244 tonnes in the whole of last

year. This in turn was double total 2008 exports sales of 4 660 tonnes.

Average Danish export prices for the category were 9% down on early 2009: €1 805/tonne as against €1 987/tonnes, Agra Informa's Dairy Markets reports.

[MORE INFORMATION](#)

FRANCE: Ausnutria and Nutribio eye venture for Chinese push

Just-food June 17, 2010

Ausnutria Dairy Corp. has signalled that it intends to set up a venture with France Nutribio to launch products in China, Just-food reports.

In a statement, Hong Kong-listed infant milk group Ausnutria said that, once established, the joint venture would have a proposed initial investment of EUR1m.

Ausnutria will invest its half of the investment in cash. Nutribio, a venture between French dairy co-ops Sodial and Entremont Alliance, will see its 50% come by way of the ownership of the Nactalia brand.

The capital contribution will be used for brand marketing and clinical research of products.

The venture will allow the companies to jointly engage in R&D, in order to introduce dairy products to consumers in China.

A board of directors comprising seven members will be set

up with Ausnutria Dairy appointing four members and Nutribio three. The chairman of the board will be appointed by Nutribio.

Nutribio will develop at least three to four new products every half year and sell them to Ausnutria.

The venture will then enter into an agreement with Ausnutria subsidiary Ausnutria Hunan to market the paediatric milk formula products, paediatric supplements, liquid milk products and adult formula milk products in China.

Finally, both parties agreed that, within six months from Nutribio becoming a wholly-owned subsidiary of Sodial, Ausnutria Dairy will buy a 10% equity interest in Nutribio at a price agreed between the parties, Just-food reports.

[FULL STORY](#)

US: Conflict of interest leads USDA to block certifier of Chinese organics

AP-Foodtechnology.com/Caroline Scott-Thomas June 14, 2010

The US Department of Agriculture has blocked a Chinese branch of a US organic certifier from certifying Chinese organics, the New York Times said, reports AP-Foodtechnology.com.

The Organic Crop Improvement Association, which is based in Nebraska but also has a small team in China, has allegedly been banned from certifying Chinese foods as organic due to a conflict of interest, as it used government officials to inspect state-run facilities. It is usual practice for the USDA's National Organic Program to delegate foreign certifying bodies to inspect overseas facilities for compliance with standards that would

enable foreign products to carry the green USDA organic seal. However, the independence of the organic certification process is a large part of its appeal for consumers and food manufacturers alike.

The OCIA was a leading inspector of Chinese organic production facilities, but had already closed down most of its Chinese operations last year in expectation of the USDA's move, the Times said, reports AP-Foodtechnology.com.

[FULL STORY](#)

Egyptian dairy launches IPO

Agra Informa's Dairy Markets June 15, 2010

Egyptian dairy producer Juhayna Food Industries has overcome the difficulties posed by a fire last month to launch the country's first initial public offering in two years, Agra Informa's Dairy Market's reports.

The company sold 206 million new shares in a private placement and initial public offering last week: 80% of the sale came through private placement and the rest from the IPO.

The new funds will raise Juhayna's capital to £1.52 billion (€217.3m) which will go to finance its product and export market expansion plans.

It already has a 70% share of Egypt's packaged milk market. But Juhayna is facing increasing competition from local and

international competitors looking to capitalize on Egypt's shift toward packaged foods, says a Bloomberg analysis.

An Egyptian dairy and juice producer known as Enjoy, has been bought by subsidiary of Citadel Capital, an Egyptian private equity firm with US\$8.3bn in assets.

A fire destroyed Juhayna's largest yogurt factory in April, putting the IPO in some doubt. The company said that it lost "substantial market share" since the fire, Agra Informa's Dairy market reports.

MORE INFORMATION

MANUFACTURING R&D

NZ: World-first science GE discovery that could lead to more productive farms and reduced greenhouse gases

AgResearch June 16, 2010

AgResearch scientists and the team from subsidiary company, Grasslanz Technology Ltd, believe they can improve white clover (*Trifolium repens*) to give grazing animals a higher intake of protein, while at the same time reducing methane emissions. In addition, the genetic breakthrough could improve animal health and reduce nitrogen waste, all issues important for sustainable farming.

The key is to develop white clover that contains beneficial concentrations of 'condensed tannins' in their leaves. Condensed tannins are a complex group of chemical compounds that are able to bind to and protect protein from breakdown in the stomach of sheep, cattle and other ruminants. However, they exist only in trace amounts in forage plants such as white clover and are entirely absent in grasses. There are some naturally occurring forage legumes that contain significant levels of tannins, but they are not suitable for pasture as they are difficult to establish and manage and do not persist under grazing conditions.

There are over 250 different types of clover, but only two are known to accumulate high levels of condensed tannins in their leaves. By using genetic techniques as a research tool, AgResearch scientists have compared these two to white clover and uncovered a pivotal gene that increases levels of condensed tannins in white clover leaves. A related tannin

gene was then located in white clover itself, although this native gene at present remains switched off. Understanding how the 'switches' work may result in clovers which have not been genetically modified but have a reactivated tannin gene. The technology has significant value for New Zealand but in the current regulatory environment some of the work will continue with partners offshore.

Dr Jimmy Suttie, AgResearch's Science & Technology General Manager, Applied Biotechnologies Group says that, if realised, this huge breakthrough will benefit the environment, farmers and industry. "Currently white clover contains extremely low levels of tannins found only in the flowers, and if we can alter this to allow condensed tannins to accumulate to effective levels in leaves then we'll have a major benefit.

Another benefit may be reducing bloat in animals eating clover rich pastures. Bloat is caused by retention of gas in the stomach, which can lead to the death of the animal and is common particularly in spring when pasture growth is rapid.

The work on the genetics of tannin production in clovers has been taking place for a number of years but is now at a point where there is progress to report.

FULL RELEASE

UK: New dairy technology academy opens to tackle skills gap

Dairyreporter.com/Guy Montague-Jones June 10, 2010

A new dairy technology training centre has opened in the UK as the industry looks to tackle "serious skill shortages", Dairyreporter.com reports.

The Eden International Dairy Academy opened last week at Reaseheath College in Cheshire, the UK, following a £2.7m (€3.26m) investment from industry and government.

The new training centre will offer a Foundation Degree in Dairy Technology that is designed to equip students with the theory and hands-on experience necessary to take up technical roles at dairy processing firms.

Industry worked with Reaseheath College and the National Skills Academy to fund and establish the Eden International Dairy Academy.

The ultimate goal of the project was to bring industry together

to solve a skills shortage in the UK dairy processing industry.

Jens Termansen, Arla executive and chairman of the Eden Steering Group said: "This all came about because the dairy industry in the UK was facing serious skills shortages in some critical areas, such as dairy technologists."

There are currently 27 students currently enrolled in the first year of teaching. Over the three years of the degree program they will study dairy theory, science and practical skills.

Processing equipment

One of the highlights of the new course is the opportunity it gives to use the latest dairy processing equipment. Jim Begg, director general of the trade body Dairy UK, said "We can now boast one of the best equipped training dairies in the world."

A number of leading dairy companies and bodies lent

their support to Project Eden including the Society of Dairy Technology, Arla Foods UK, Dairy Crest, First Milk, Robert Wiseman Dairies, Milk Link and Muller Dairy.

A spokesperson for Dairy UK said it is hoped that the cooperation between the dairies will be repeated and that the companies can meet regularly in the future to identify areas

where they can work together for mutual benefit.

Termansen echoed this point, adding: "This fabulous new Eden Academy is just the start, and we will keep working together to achieve our goals", Dairyreporter.com reports.

[FULL STORY](#)

CANADA: Two hour vit A milk test gains AOAC certification

Nutraingredients-usa.com/Guy Montague-Jones June 11, 2010

SciMed Technologies has gained certification from AOAC International for a new test that the creators claim can accurately measure vitamin A levels in milk within 2 hours, Nutraingredients-usa.com reports.

In countries like the US and Canada that operate mandatory vitamin A and D fortification policies for fluid milk, regular testing by processors and labs is necessary to ensure that vitamin levels are as they should be.

The VitaKit A and its accompanying VitaKit D, for measuring vitamin D levels, are being billed by SciMed Technologies as more time and cost efficient alternatives to high performance liquid chromatography tests. They are both based on an enzyme-linked immunosorbent assay technique.

Pitching the VitaKit systems against established HPLC technology, Chivers-Wilson said they offer two key advantages.

Firstly, he said the VitaKit tests provide accurate results in 2 hours rather than a matter of days, allowing processors to respond quickly to changes in vitamin levels and allowing labs to respond quickly to requests.

Secondly, the company spokesperson claimed the new tests are far more cost effective than existing alternatives, and thirdly, he added that they use a fraction of the organic solvents used in traditional HPLC.

Canada-based SciMed Technologies expects that interest in its vitamin testing kits will come from milk processors doing in-house quality checks and labs conducting independent tests for manufacturers, Nutraingredients-usa.com reports.

[FULL STORY](#)

US: Hershey move from old factory to bring 500-600 job losses

Foodnavigator-usa.com/Guy Montague-Jones June 15, 2010

Hershey is modernising its production facilities in a \$250 to \$300m investment plan that will see the company move out of a century-old chocolate factory and cut 500 to 600 jobs, Foodnavigator-usa.com reports.

The bulk of the investment budget - \$200 to \$225m - will go towards the expansion of its West Hershey site in Pennsylvania. The rest of the money - \$50 to \$75m - will be spent on distribution and administrative facilities in Hershey.

Meanwhile, production will be transferred away from the East Chocolate Avenue factory, which had been constructed by

company founder Milton Hershey in 1903 and later became the largest chocolate factory in the world.

Explaining the reason for the departure, CEO David West said: "The 19 East Chocolate Avenue factory is a proud part of the company's heritage, but the facility is over 100 years old, and simply cannot be modernized to meet the manufacturing needs of a 21st century business", Foodnavigator-usa.com reports.

[FULL STORY](#)

US milk production forecast raised

Agra Informa's Dairy Markets June 14, 2010

The US Department of Agriculture has raised its forecast milk production for 2010 from its May figure, reflecting a slower decline in cow numbers and stronger expected growth in milk per cow, Agra Informa's Dairy Markets reports.

In its June supply and demand estimates report, USDA now expects 2010 milk output to reach 190.4 billion lbs (86.36 million tonnes), up 200m lbs from its May forecast. The 2011 forecast is unchanged at 193bn lbs.

Dairy exports for 2010 and 2011 are raised on both a fat and skim solids basis. Exports on a fat basis are projected to

reach 5bn lbs in 2010, rising to 5.1bn lbs next year. On a skim solids basis they are pegged at 26bn lbs in 2010 and 27.1bn lbs in 2011.

Product exports were higher than expected in the first quarter of 2010, and with generally tight world supplies, US exports are expected to remain strong into 2011, Agra Informa's Dairy Markets reports.

[MORE INFORMATION](#)

US: Study aims to maximize return on dairy beef

Greenbaypressgazette.com June 15, 2010

With a black and white computer monitor behind her, Amy Radunz placed the ultrasound probe behind the shoulders of the Holstein steer, greenbaypressgazette.com reports.

Radunz took measurements of back fat and loin depth from the steer's ribeye as part of a project aimed at getting farmers more information about raising dairy steers that are sold to market as beef.

"The idea here is we've done a lot with beef cattle ... and identifying when you should be able to market them and avoid those discounts," said Radunz, a beef cattle specialist with University of Wisconsin-Extension in Madison.

But not a lot has been done on the dairy side, she said.

If the measurement of the ribeye cut is less than 2 inches when the animal goes to market, farmers can see a discount applied to their base carcass price when selling to market.

In other words, they get less money for their animal.

"You're talking about anywhere from \$15 to \$20 a hundredweight, which adds up a good chunk of money — \$100 or more per animal," Radunz said about discounts for animals. "Feeding margins are tight and that little bit can have a significant impact."

Kewaunee County University of Wisconsin-Extension ag agent Aericia Opatik, who developed the study with Radunz, said there is a need for more information about marketing dairy steers, which can have different traits than other beef animals.

"These steers are a pretty important product of the dairy industry," she said. "Dairy steers are a completely different animal. Their bone structure and their muscle structure is completely different from straight-bred beef calf or steers, and it's not always easy for people to identify which ones are ready for market and hopefully give them some visual and educational tools to work with."

The project will follow the animals from a young age to recording meat quality after harvest, Opatik said.

Data collected through the study could eventually help farmers determine which animals are ready for market and which are not.

It also can help determine which market is best for a given animal, greenbaypressgazette.com reports.

FULL STORY

Latest Australian Milk production figures

Dairy Australia Release updated June 17, 2010

Dairy Australia Milk Production 09/10 (thousand litres)

		NSW	VIC	QLD	SA	WA	TAS	AUS
Month	April-09	80,249	350,141	38,952	47,336	25,826	50,506	593,011
	April-10	78,243	367,809	38,740	46,058	26,349	51,755	608,954
	% change	-2.5%	5.0%	-0.5%	-2.7%	2.0%	2.5%	2.7%
Region Share	April-09	13.5%	59.0%	6.6%	8.0%	4.4%	8.5%	100.0%
	April-10	12.8%	60.4%	6.4%	7.6%	4.3%	8.5%	100.0%
YTD	2009/2010	898,295	5,401,930	430,851	529,926	288,939	634,620	8,184,561
	2010/2011	908,618	5,002,376	447,338	511,729	293,431	593,507	7,756,999
	% change	1.1%	-7.4%	3.8%	-3.4%	1.6%	-6.5%	-5.2%
Region Share	2009/2010	11.0%	66.0%	5.3%	6.5%	3.5%	7.8%	100.0%
	2010/2011	11.7%	64.5%	5.8%	6.6%	3.8%	7.7%	100.0%
	2010/2011	1,064,607	6,134,840	511,924	627,942	340,492	708,368	9,388,174
Total	2008/2009	1,064,607	6,134,840	511,924	627,942	340,492	708,368	9,388,174
	Region Share	11.3%	65.3%	5.5%	6.7%	3.6%	7.5%	100.0%

MORE INFORMATION

Australian manufactured dairy products update

Dairy Australia Release updated June 17, 2010

Dairy Australia (tonnes)

	Butter			Butteroil			SMP		
	08/09	09/10	Var%	08/09	09/10	Var%	08/09	09/10	Var%
April	6,213.0	6,696.0	7.8%	2,322.4	1,856.5	-20.1%	9,786.1	14,298.8	46.1%
YTD	83,422.7	71,883.2	-13.8%	26,125.0	18,867.1	-27.8%	189,495.9	162,492.2	-14.3%

	Cheese			WMP			Whey Powder		
	08/09	09/10	Var%	08/09	09/10	Var%	08/09	09/10	Var%
April	18,815.0	21,588.6	14.7%	9,735.8	5,768.2	-40.8%	4,226.6	4,676.0	9.6%
YTD	284,556.4	284,556.4	-1.2%	125,249.7	107,022.9	-14.6%	45,693.0	69,377.8	-3.0%

MORE INFORMATION

Latest Australian cheese production figures

Dairy Australia Release updated June 17, 2010

Dairy Australia (million litres)

	Cheddar			Fresh		
	08/09	09/10	Var%	08/09	09/10	Var%
April	7,609	8,246	8.4%	4,799	5,639	17.5%
Year Total	157,718	142,563	-9.6%	52,674	54,658	3.8%

	Hard			Mould		
	08/09	09/10	Var%	08/09	09/10	Var%
April	424	858	102.4%	487	528	8.4%
Year Total	15,567	10,026	-35.6%	6,484	6,137	-5.3%

	Semi-hard			Eye		
	08/09	09/10	Var%	08/09	09/10	Var%
April	238	546	129.6%	1,227	1,551	26.4%
Year Total	1,775	3,719	109.5%	10,534	12,086	14.7%

	Stretch			Cheese Total		
	08/09	09/10	Var%	08/09	09/10	Var%
April	4,030	4,220	4.7%	18,814	21,588	14.7%
Year Total	39,764	51,876	30.5%	284,516	281,067	-1.2%

Please note industrial sales are not included in these figures

MORE INFORMATION

MARKETING

US: Lactic acid bacteria and fermented milk research grabs IDF honours

Dairyreporter.com/Jane Byrne June 11, 2010

A group of Irish, Finnish and US researchers have been awarded the IDF Elie Metchnikoff Prize for their work on Probiotic and lactic acid functionality in dairy products, Dairyreporter.com reports.

The work of Finnish dairy probiotics researchers, Seppo Salminen and Erika Isolauri, was recognised, because it showed that probiotic-supplemented perinatal dietary counselling could be a safe and cost-effective tool in addressing allergic, inflammatory disease and the metabolic epidemic.

Professor Todd Klaenhammer, from the US, was awarded the prize in biotechnology for his research into the industrial application of molecular genetics to food grade lactic acid bacteria, which has focused on the design of novel genetic strategies to provide bacteriophage resistance to dairy starter cultures, among other applications.

And the collaborative work of Irish researchers Paul Ross,

Catherine Stanton, Gerald Fitzgerald and Colin Hill on the mechanistic basis of LAB and probiotic functionality won the microbiology prize.

The IDF said the prizes recognise outstanding scientific discoveries in the fields of microbiology, biotechnology, nutrition and health with regard to fermented milks, with the secondary aim of reporting the latest progress in the field.

The award is named in honour of the recipient of the 1908 Nobel Prize, who was one of the first scientists to take an interest in the influence of lactic bacteria on health and it was initiated in 2007 by the IDF, in partner with Institut Pasteur Paris and International Scientific Association for Probiotics and Prebiotics, Dairyreporter.com reports.

FULL STORY

US: Klondike Cheese Co. updates web presence

Progressive Grocer June 10, 2010

Klondike Cheese Co.'s newly redesigned site, www.klondikecheese.com, now offers details and flavor notes about the Monroe, Wis.-based cheese purveyor's quality Feta, Muenster and Brick cheeses, as well as creative ideas for using them in recipes, Progressive Grocer reports.

Visitors will also discover the history of a company that marries tradition with technology, and learn how Klondike's cheeses can complement contemporary American menus.

Begun in 1925 by a farmers' cooperative and operated for over 75 years by the Buholzer family, whose members include master cheesemakers, Klondike employs state-of-the-art equipment, as detailed on its Web site, and has garnered numerous awards for the cheese varieties it produces, Progressive Grocer reports.

[FULL STORY](#)

UK: Dairy Crest extends Cathedral City relaunch to snacking range

Just-food June 17, 2010

Dairy Crest is completing a GBP10m (US\$14.8m) relaunch for its Cathedral City brand with a revamp of the line's snacking range, Just-food reports.

"The adult snacking market, worth GBP24m, is growing at 1% year-on-year and represents a genuine growth opportunity for Cathedral City and the category," the UK dairy group said.

The company said the changes were needed to communicate more clearly to consumers the content of each pack. The range of snacks incorporates Cathedral City with Crackers & Pickle, and Cathedral City with Pickle. Cathedral City Mature Minis and Snackpack will also feature the brand's new packaging to complete the range.

Following the Cathedral City blocks, the snacking range will use the new logo and deeper burgundy colour, which was adopted across the brand in November.

Laura Downey, Dairy Crest head of marketing, cheese, said: "Since our relaunch last November, we have experienced strong growth for Cathedral City and the category as a whole. Cathedral City has grown in value by more than GBP18m to GBP222m. Snacking presents an opportunity for even further growth, particularly as our range fills the gap in the market for natural unprocessed cheese snacks for adults", Just-food reports.

[FULL STORY](#)

Latest Australian Milk Sales figures

Dairy Australia Release updated June 17, 2010

Dairy Australia Milk Sales 09/10 by State (thousand litres)

		NSW	VIC	QLD	SA	WA	TAS	AUS
Month	April 08/09	57.7	44.5	41.8	17.6	19.8	4.8	186.3
	April 09/10	56.3	45.5	40.6	18.3	20.3	4.8	185.9
	% change	-2.4%	2.3%	-3.1%	3.7%	2.8%	0.9%	-0.2%
YTD	2009/2010	576.7	441.7	423.5	172.9	201.7	46.9	1,863.4
	2010/2011	575.3	452.7	426.6	183.3	205.6	47.5.4	1,891.0
	% change	-0.2%	2.5%	0.7%	6.0%	1.9%	1.2%	1.5%
Total	2009/2010	695.4	533.4	509.7	208.3	241.2	56.3	2,244.3
	Region Share	31.0%	23.8%	22.7%	9.3%	10.7%	2.5%	100.0%

[MORE INFORMATION](#)

US: Where does food come from?

Merced Sun Star/Mike Tharp June 11, 2010

Chocolate milk doesn't come from brown cows, Merced Sun Star reports.

That's one of the many misconceptions a new exhibit at the Hilmar Cheese Co.'s Visitor Center hopes to correct among consumers.

At the ribbon-cutting Hilmar execs, the state secretary of agriculture and others made one point clear.

People need to be educated about where their food comes from and how it gets from field and farm and ranch to their tables.

Unlike a lot of big outfits, Hilmar Cheese combines commercial success with a social conscience. The Visitor Center, started

in 1998, shows that the company cares about more than the bottom line. Some 15,000 students visit each year.

In that sense, Hilmar Cheese parallels the business philosophy of one of the 20th century's most important entrepreneurs, Konosuke Matsushita, founder of Matsushita Electric Industrial Co., known for its Panasonic and National brand names. He started what was to become one of the most productive corporations in history in an Osaka tenement house, Merced Sun Star reports.

[FULL STORY](#)

3 more ill in E. coli outbreak linked to raw milk

Star Tribune/David Shaffer June 11, 2010

Three more children, one of them an infant, have been sickened by a dangerous strain of E. coli linked to consumption of raw milk or cheese from a Gibbon Minn. dairy farmstate officials said, Star Tribune reports.

The new cases bring the number of outbreak victims to eight, from seven homes, mostly in Hennepin County. The Health Department revealed the outbreak of E. coli O157:H7 illnesses on May 26 and has urged people not to consume the Hartman Dairy Farm's unpasteurized products.

Two of the latest victims are school-age children who consumed products from the farm on May 26 and May 27, though officials don't think their families deliberately ignored health warnings. "They probably just didn't know about it," said Dr. Joni Scheftel, state public health veterinarian for the Health Department.

One of the children was hospitalized for three days but has been released, she said. No one sickened in the outbreak remains in the hospital, including a toddler who earlier was hospitalized with a life-threatening complication from the pathogen, officials said.

The infant who recently got sick didn't consume the dairy

products, and apparently picked up the bug from a family member stricken earlier in the outbreak, officials said.

State Agriculture Department officials said Friday that an investigation of the dairy is still underway. So far, 28 environmental and animal samples from the farm have tested positive for harmful E. coli, including 26 with the same genetic signature of the pathogen found in the sick consumers, the Health Department said.

In a new development, the department said three manure samples from the dairy's milking area also genetically matched the illness strain.

Despite those findings, Hartmann can legally sell raw milk on the farm under a state law that permits occasional, on-farm sale of raw milk. Hartmann's customers have used an informal distribution system relying on drop points at some consumers' home, Star Tribune reports.

[FULL STORY](#)

Consumers become more 'calorie conscious,' survey shows

Drugstorenews.com reports/Allison Cerra June 15, 2010

Health and weight management are on the minds and plates of consumers nationwide, with 43% of surveyed consumers paying more attention to calorie counts than they were two years ago, Drugstorenews.com reports.

In the new Shopping for Health survey conducted by Harris Interactive on behalf of the Food Marketing Institute and Prevention, a Rodale Inc. magazine, more than 1,423 adult shoppers polled said sodium levels are the new top nutrition

label concern (66%), tied with fat (66%) and followed closely by sugar/artificial sweeteners (65%) and calories (60%). Compared with last year, more than one-third of shoppers say they're buying products with more grains (whole grain, 49%; multigrain, 40%), fiber (39%), low-fat (37%) and low-sodium (34%), Drugstorenews.com reports.

[FULL STORY](#)

One in three adults confused about health messages surrounding dairy products

Eatoutmagazine.co.uk June 17, 2010

One in three adults in the UK are confused about the health messages surrounding dairy products, according to a YouGov SixthSense report, eatoutmagazine.co.uk reports.

Although 82% of respondents agree that dairy products are good for children, many are unsure where dairy 'fits' in their diet. Health perceptions of dairy vary widely, with 65% of respondents claiming dairy products are not bad for their health because they are 'natural'.

Women are more likely than men to acknowledge the negative effects dairy can have on one's health. Some 37% of women in the UK try to restrict their dairy intake as it may affect their cholesterol levels, compared to 26% of men.

In the same report, milk is considered nutritious by 65% of respondents and six out of 10 believe that it is both healthy and natural. Just 10% of people associate the word fattening with milk - this compares to 66% who see cream as contributing to weight gain and 59% who see it as indulgent.

Cheese is more likely to connote words such as tasty (74%) or traditional (59%) and versatile (50%), rather than indulgent. Yoghurt is rarely viewed as unhealthy, with only 5% of people associating it with the word fattening and 71% seeing it as healthy.

Commenting on the report, James McCoy, research director for YouGov SixthSense, said: "Cheese, milk and yoghurt have benefited from the lasting perception that they are 'traditional' and 'natural' and are subsequently less likely to be seen as fattening or bad for your health. Cream is predominantly seen as being a treat, synonymous with indulgence."

More dairy companies are emphasizing the natural properties of their products with words like pro-biotic and pre-biotic adorning the front of packaging in dairy aisles everywhere," McCoy said, eatoutmagazine.co.uk reports.

[FULL STORY](#)

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