

DAIRYPROFITWEEKLY™

DairyBusiness Media

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Cow 'gross' up \$859 in 2011

Annual gross milk income per cow improved for a second straight year, but feed and other operating costs likely took a bigger bite out of the bottom line.

Using USDA's preliminary monthly milk production and price estimates, *DairyProfit Weekly* returned to its Excel spreadsheets to calculate the "average" annual gross income from milk sales per cow. Based on those estimates, the nation's 9.2 million working cows each produced about 21,335 lbs. of milk in 2011, up 186 lbs. from 2010. The preliminary 2011 all-milk price was \$20.14/cwt., up \$3.88/cwt. from 2010. The result: an \$859/cow increase in gross

income, with an estimated \$4,297/cow generated in milk sales in 2011, compared to about \$3,438 in 2010, and just \$2,641 in 2009.

There's a \$1,886/cow spread between the state with the lowest gross milk income per cow in 2011 (Missouri, at \$3,020) compared to the highest (Washington, at \$4,906).

Individual analysis for major dairy states is available at <http://dairybusiness.com>, then click on "Your cows made more milk money in 2011. Did you?" under *Daily News*.

Looking ahead to 2012, USDA's latest estimates put milk

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Coming up
USDA's semi-annual *Cattle Report*, including cow and dairy replacement heifer estimates, was released after *DairyProfit Weekly's* press deadline. The monthly *Milk Cost of Production* report is due Jan. 30, with the *Ag Prices* report due a day later. *January California Class 4a/4b* and *federal order Class II, III & IV* prices will be announced next week. For daily updates, visit www.dairybusiness.com.

This Issue

- Cows earned more in 2011; Wisconsin dairy status; low-oil DDGS
- DPW Trends: Milk output, cows up in December
- DPW Numbers: IOFC down in Pennsylvania, Wisconsin
- DPW Industry: Dean; Glanbia; sodium in cheese
- DPW Washington: Dairy in school meals; State of the Union 'spilled milk'

↑↑ Cows, milk output

December milk production in the 23 major states totaled 15.43 billion lbs., +2.7% from December 2010. November revised production, at 14.74 billion lbs., was +2.2% from November 2010.

Production per cow in those states averaged 1,818 lbs. for December, +27 lbs. from December 2010.

Milk cow numbers in the 23 major states was 8.49 million head, +99,000 head from December 2010 and +12,000 head from November 2011.

Compared to a year earlier, cow numbers in major dairy states posted the largest gains in: California (+30,000 head); Texas (+15,000); New Mexico (+13,000); Washington (+11,000); Michigan (+9,000); Colorado (+8,000); Arizona and Idaho (+7,000); and Florida (+6,000). Most Midwest states had steady to lower cow numbers.

National monthly, quarterly and annual totals (compared to 2010):

- December – milk production: 16.56 billion lbs. (+2.5%);

December 2010 & 2011* milk production

| State | Milk cows ¹ | | | Milk per cow | | Total production | | |
|--------------|------------------------|-----------------------|-----------|----------------|-----------|------------------|-----------|-----------------------|
| | Dec. 2011 | Change from Nov. 2011 | Dec. 2010 | Dec. 2011 | Dec. 2010 | Dec. 2011 | Dec. 2010 | Change from Dec. 2010 |
| | 1,000 head | | | lbs. per month | | million lbs. | | percent |
| Arizona | 191 | -1 | +7 | 1,965 | 1,970 | 375 | 362 | +3.6 |
| California | 1,779 | +1 | +30 | 1,965 | 1,925 | 3,496 | 3,367 | +3.8 |
| Colorado | 131 | 0 | +8 | 1,955 | 1,985 | 256 | 244 | +4.9 |
| Florida | 120 | 0 | +6 | 1,600 | 1,660 | 192 | 189 | +1.6 |
| Idaho | 581 | +2 | +7 | 1,910 | 1,870 | 1,110 | 1,073 | +3.4 |
| Illinois | 99 | +1 | +1 | 1,690 | 1,640 | 167 | 161 | +3.7 |
| Indiana | 174 | +2 | +3 | 1,760 | 1,685 | 306 | 288 | +6.3 |
| Iowa | 203 | +3 | -4 | 1,850 | 1,775 | 376 | 367 | +2.5 |
| Kansas | 123 | 0 | +1 | 1,780 | 1,805 | 219 | 220 | -0.5 |
| Michigan | 370 | +1 | +9 | 1,950 | 1,920 | 722 | 693 | +4.2 |
| Minnesota | 465 | 0 | -5 | 1,635 | 1,605 | 760 | 754 | +0.8 |
| Missouri | 93 | -1 | -2 | 1,240 | 1,230 | 115 | 117 | -1.7 |
| New Mexico | 334 | +1 | +13 | 2,025 | 2,065 | 676 | 663 | +2.0 |
| New York | 610 | 0 | -1 | 1,755 | 1,750 | 1,071 | 1,069 | +0.2 |
| Ohio | 270 | +1 | +0 | 1,625 | 1,610 | 439 | 435 | +0.9 |
| Oregon | 123 | +1 | +2 | 1,650 | 1,660 | 203 | 201 | +1.0 |
| Pennsylvania | 539 | +1 | -4 | 1,650 | 1,640 | 889 | 891 | -0.2 |
| Texas | 435 | 0 | +15 | 1,855 | 1,845 | 807 | 775 | +4.1 |
| Utah | 89 | +1 | +3 | 1,800 | 1,780 | 160 | 153 | +4.6 |
| Vermont | 133 | -1 | -2 | 1,595 | 1,575 | 212 | 213 | -0.5 |
| Virginia | 96 | 0 | +1 | 1,530 | 1,510 | 147 | 143 | +2.8 |
| Washington | 263 | 0 | +11 | 1,950 | 1,945 | 513 | 490 | +4.7 |
| Wisconsin | 1,265 | 0 | 0 | 1,750 | 1,705 | 2,214 | 2,157 | +2.6 |
| 23 states | 8,486 | +12 | +99 | 1,818 | 1,791 | 15,425 | 15,025 | +2.7 |
| U.S. total | 9,221 | +12 | +80 | 1,796 | 1,767 | 16,559 | 16,150 | +2.5 |

1/ Includes dry cows, excludes heifers not yet fresh
*/ Preliminary

Source: USDA

milk per cow: 1,796 lbs. (+29 lbs.); cow numbers: 9.221 million, (+12,000 from November 2011 and +80,000 from December 2010).

- October-December quarter – milk production: 48.65 billion lbs., (+2.3%); cow numbers: 9.22 million, (+86,000).
- 2011 – milk production: 196.22 billion lbs. (+1.8%); milk per cow: 21,335 lbs. (+186 lbs.); cow numbers: 9.197 million (+80,000).

DPW TRENDS

VOLUME XXIII, NUMBER 4, Jan. 30, 2012

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production at about 21,610 lbs./cow, with the 2012 all-milk price mid-range at about \$18.70/cwt. At those levels, **2012 gross income would be about \$4,041/cow**, about \$256 less than 2011.

We'll get a better idea of "net" income per cow when USDA releases its **monthly cost of production** data, Jan. 30.

The "2012 Status of Wisconsin Agriculture" report highlighted last year's milk price/operating cost dilemma. At \$20.29/cwt, the **average milk price was the highest ever**, up \$4.11/cwt. from 2010 and \$7/cwt. higher than 2009. **Milk sup-**

plies in the state were tight, leading processors to pay higher premiums most of the year.

The dairy section of the report, authored by UW-Madison dairy economist **Mark Stephenson** and professor emeritus **Robert Cropp**, also highlights some **interesting trends in Wisconsin dairy assets and equity**.

While the states' crop farmers saw assets climb between 2003-2010, the total value of **Wisconsin dairy farm assets held constant**, because a significant share of the **assets were in cows instead of land**, and there was **little net expansion**. Expanding dairies acquired cows and other fixed assets from producers who left the business. **Dairy farms**, which enjoyed equity

gains between 2003-2006, saw **equity positions decline slightly over the 2006-2010 period**, possibly reflecting a structural change, as **older farmers sold cows and assets** to fund their retirement, pulling equity out of dairy.

The **percentage of total Wisconsin farm cash receipts represented by milk sales slipped**, from **50% in 2001-03 to 46% in 2008-10**.

Visit www.aae.wisc.edu/www/pub.

The **National Family Farm Coalition (NFFC)** is asking other dairy organizations to sign a letter **asking Congress to establish a minimum floor price of \$20/cwt. for all U.S. produced milk used to manufacture dairy products**. According to a circulating e-mail, the letter will recommend that floor remain in place **until Congress adopts a new dairy bill** which establishes a **minimum price covering dairy farmer operating costs**. Existing Class I differentials would be added to the floor price to establish the Class I price. NFFC plans to deliver the letter to Congress on Jan. 30.

Ethanol technology may be changing how you **feed distiller's dried grains with solubles (DDGS)**. According to the **U.S. Grains Council**, U.S. ethanol plants continue to **upgrade equipment to extract non-food grade corn oil**. Randy Ives, U.S. Grains Council Value-Added Advisory Team Leader, said low-oil DDGS has **higher crude protein and higher levels of amino acids**. The concentrated amino acid profile is positive for monogastric animals, while **dairy animals may be able to utilize more DDGS** due to lower fat levels. The dried, low-oil product also has **improved flowability**.

About **half the ethanol-producing dry mills** will have oil extraction capabilities by this summer, with capacity to produce **58% of DDGS as low-oil**. The changing nutrient profile may require **changes in buy/sell agreement contracts**.

Outstanding dairy leaders from around the globe are being sought for **World Dairy Expo's annual recognition awards**. Nominations will be accepted through Feb. 15, in the following four categories: **Dairy Woman of the Year; Dairyman of the Year; Industry Person of the Year; and International Person of the Year**. Visit www.worlddairyexpo.com.

DPW NUMBERS

Weekly dairy cow culls¹

| Week ending | Week | Y-T-D* | Change ² |
|-------------|--------|--------------|---------------------|
| Dec. 31 | 51,500 | 2.97 million | +119,200 |

1/ Slaughtered under federal inspection
2/ Y-T-D compared to same period last year

Cold storage: Butter stocks up

December 2011 butter stocks totaled 105.18 million lbs., **up 12%** from November 2011 and 29% more than December 2010, according to USDA's latest **Cold Storage report**.

Total cheese stocks were estimated at 981.3 million lbs., **up 1%** from November 2011, but down 6% from December 2010. **American cheese**, at 600.6 million lbs., was **up 3%** from November, but down 5% from a year earlier.

January cattle

U.S. slaughter cattle and calves in feedlots (with capacity of 1,000 or more) on Jan. 1 totaled 11.9 million head, 3% more than a year ago.

December 2011 placements, at 1.68 million (1.59 million net), were 6% less than a year earlier.

December **fed cattle marketings**, at 1.80 million, were 2% less than December 2010.

Pennsylvania IOFC falls

Pennsylvania's December milk income over feed costs (IOFC) fell by 29¢/cow/day (-3.3%) from November, to \$8.77/cow/day, according to Penn State dairy economist Jim Dunn. The December **Pennsylvania all-milk price was down 40¢/cwt.**, to \$21.80/cwt. At \$5.40, **average daily feed costs** (at 65 lbs. of milk/cow/day) were **up 3¢** from the previous month, with lower corn and soybean meal prices offset by higher hay prices. **IOFC for 2011 averaged \$8.94/cow/day**, compared to \$7.89 in 2010 and just \$5.30 in 2009.

Feed costs per hundredweight of milk produced averaged **\$8.31/cwt.**, resulting in a milk

income margin over feed costs of \$13.49/cwt., down 45¢ from November and the smallest margin since April 2011.

The **2011 Pennsylvania all-milk price is \$22.15/cwt.**, \$3.87 (21.1%) more than 2010. It is **forecast to decline \$2.07/cwt.** (9.4%) to \$20.08/cwt. in 2012. To read Dunn's complete monthly analysis, visit <http://dairyoutlook.aers.psu.edu/>.

CWT export assistance

| Product | Week ending | | Y-T-D* |
|---------|-------------|--------------------------|----------------------|
| | Jan. 20 | cheese lbs. ³ | ME lbs. ³ |
| Cheese | 4.2 | 10.4 | 101 |

3/ Million lbs.
ME = milk equivalent

Source: *Cooperatives Working Together*

* Year-to-date 2012

Corn for ethanol; co-products

| | |
|---------------------------------|------------------|
| Week ending Jan. 13 | |
| Ethanol yield (gallons) | 39.5 million/day |
| Ethanol % of daily gasoline use | 11.8% |
| Corn used (million bushels) | 14.27/day |
| DDGS yield (metric tons) | 95,551/day |

DDGS = Dried distillers grains w/solubles

Source: *Renewable Fuels Association*

Wisconsin IOFC, IOTVC down

Lower milk prices and higher feed costs reduced Wisconsin dairy producer income over feed costs (IOFC) and income over total variable costs (IOTVC) in January 2012.

Compared to the previous month, the anticipated January 2012 Wisconsin **mailbox milk price is \$18.55/cwt.** (-\$1.94), while **average feed costs increased 95¢/blended ton, or 5¢ per \$1 of milk sold, to 44¢.**

Based on a milk production rolling herd average of 22,000 lbs., January 2012 IOFC and IOTVC are **\$10.36/cwt. and \$8.21/cwt., respectively**. Visit <http://cdp.wisc.edu/Welcome.htm>.

DPW MARKETS

DPW INDUSTRY

Dairy Replacements \$/head

| Norwood, Mo. (Jan. 12) | |
|-----------------------------|-----------|
| Fresh cows | 1125-1425 |
| Heifers (bred 4-6 mos.) | 1100-1425 |
| (bred 7-9 mo.) | 1200-1700 |
| Open heifers (250-300 lbs.) | 320-360 |
| (490-500 lbs.) | 560-600 |
| (500-570 lbs.) | 590-600 |
| Heifer calves (small) | 100-130 |

| Springfield, Mo. (Jan. 24) | |
|----------------------------|-----------|
| Fresh cows | 1000-1450 |
| Heifers (bred 7-9 mo.) | 1075-1475 |
| (bred 3-6 mos.) | 1000-1430 |
| (bred 1-3 mos.) | 910-1040 |
| Open heifers (250-300 lb.) | 340-410 |
| (350-400 lbs.) | 380-450 |
| (525-600 lbs.) | 660-705 |
| (700-750 lbs.) | 760-785 |
| Heifer calves | 175-200 |
| (small) | 150 |

| Smiths Grove, Ky. (Jan. 24) | |
|-----------------------------|-----------|
| Fresh cows (2-3 yrs.) | 1300-1420 |
| Springers (2-3 yrs. old) | |
| (bred 5-8 mos.) | 1290-1670 |
| Open heifers (200-300 lb.) | 230-270 |
| (300-400 lbs.) | 270-340 |
| (400-500 lbs.) | 370-460 |
| (500-600 lbs.) | 430-490 |
| (600-700 lbs.) | 620-690 |
| Heifer calves (small) | 150 |
| (medium) | 175-200 |

| New Holland, Pa. (Jan. 25) | |
|-----------------------------|-----------|
| Fresh cows | 1450-1650 |
| Springers | 1375-1625 |
| Heifers (bred 4-6 mo.) | 1350-1425 |
| (bred 7-9 mo.) | 1300-1525 |
| Open heifers (300-600 lbs.) | 500-525 |
| (600-900 lbs.) | 875-935 |
| (900-1200 lbs.) | 950-1025 |

| Sulphur Springs, Texas (Jan. 19) | |
|-------------------------------------|-----------|
| Fresh cows | 1125-1550 |
| Springers | 1100-1450 |
| Heifers (breeding age) | 675-1050 |
| Small | 250-550 |
| Calves | 70-245 |
| Prices for supreme & approved only. | |
| Holsteins unless otherwise noted. | |

USDA/NASS prices\$/lb.

| Week | NFDM | Dry whey |
|---------|--------|----------|
| Jan. 21 | 1.3654 | 0.7113 |
| Jan. 14 | 1.4149 | 0.7021 |
| Jan. 7 | 1.4164 | 0.6791 |

USDA/NASS Cheddar Cheese

| Week ending | U.S. | | MN/WI | | Other | |
|-------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | Barrel (\$/lb.) | Block (\$/lb.) | Barrel (\$/lb.) | Block (\$/lb.) | Barrel (\$/lb.) | Block (\$/lb.) |
| Jan. 21 | 1.6053 | 1.5899 | 1.6148 | 1.6945 | 1.5975 | 1.5824 |
| Jan. 14 | 1.6081 | 1.5724 | 1.6179 | 1.6813 | 1.5996 | 1.5630 |
| Jan. 7 | 1.6036 | 1.5813 | 1.6055 | 1.6939 | 1.6015 | 1.5733 |

CME Class III Futures 200,000 lbs.; \$/cwt.

| Month | 2012 | | 2013 | |
|-------|-------|-------|-------|-------|
| | 1/26 | 1/19 | 1/26 | 1/19 |
| Jan. | 17.09 | 17.07 | 16.75 | 17.00 |
| Feb. | 16.58 | 16.49 | 16.50 | 16.53 |
| March | 16.81 | 16.77 | 16.48 | 16.50 |
| April | 16.80 | 16.63 | 16.40 | 16.40 |
| May | 16.91 | 16.86 | 16.40 | 16.40 |
| June | 17.04 | 17.11 | 16.40 | 16.40 |
| July | 17.15 | 17.20 | 16.40 | 16.40 |
| Aug. | 17.21 | 17.20 | 16.25 | 16.25 |
| Sept. | 17.20 | 17.20 | 16.00 | 16.00 |
| Oct. | 17.08 | 17.08 | 15.75 | 15.75 |
| Nov. | 17.05 | 17.10 | 15.50 | 15.50 |
| Dec. | 17.05 | 17.11 | 15.30 | 15.30 |

* Actual Class III price

CME Cheese Futures 20,000 lbs.; \$/lb.

| Jan. 26, 2012 | | | |
|---------------|-------|-------|-------|
| Month | 1/26 | 1/19 | 1/26 |
| Jan. '12 | 1.612 | 1.612 | 1.740 |
| Feb. '12 | 1.549 | 1.549 | 1.740 |
| Mar. '12 | 1.600 | 1.600 | 1.740 |
| Apr. '12 | 1.637 | 1.637 | 1.731 |
| May '12 | 1.670 | 1.670 | 1.725 |
| June '12 | 1.700 | 1.700 | 1.721 |
| July '12 | 1.725 | 1.725 | 1.750 |

CME Cash Spot

| Month | Cheddar Cheese | | Butter |
|---------|-----------------|----------------|-------------------|
| | Barrel (\$/lb.) | Block (\$/lb.) | Grade AA (\$/lb.) |
| Jan. 26 | 1.4850 | 1.5050 | 1.5550 |
| Jan. 19 | 1.5150 | 1.5450 | 1.5775 |
| Jan. 12 | 1.5800 | 1.5950 | 1.6125 |

Nonfat Dry Milk/Whey (\$/lb.)

| Item | East/Central | | West |
|------------------|--------------|------------|------------|
| | 1.40-1.45* | 1.35-1.41* | 1.35-1.41* |
| Nonfat dry milk | 1.40-1.45* | 1.35-1.41* | 1.35-1.41* |
| Dry whey | .6950-.7250* | .6950-.74* | .6950-.74* |
| Animal feed whey | .52-.6925 | | |

* Most sales in this range

Source: USDA Dairy Market News, Jan. 26

Order Class Prices - \$/cwt Federal orders

| Month | I base | II | III | IV |
|----------|--------|-------|-------|-------|
| Oct. '11 | 19.56 | 19.41 | 18.03 | 18.41 |
| Nov. '11 | 18.45 | 19.26 | 19.07 | 17.87 |
| Dec. '11 | 18.47 | 18.08 | 18.77 | 16.87 |
| Jan. '12 | 18.80 | | | |
| Feb. '12 | 17.03 | | | |

California order

| Month | 1 North | 1 South | 4a | 4b |
|----------|---------|---------|-------|-------|
| Oct. '11 | 21.50 | 21.77 | 18.29 | 15.78 |
| Nov. '11 | 20.26 | 20.54 | 17.70 | 17.19 |
| Dec. '11 | 20.67 | 20.94 | 16.59 | 15.14 |
| Jan. '12 | 19.88 | 20.15 | | |
| Feb. '12 | 18.52 | 18.79 | | |

*Year-to-date average

Grain Futures

Jan. 26, 2012

| | Corn | Soybeans | Soy Meal |
|-----------|--------|----------|----------|
| | \$/bu. | \$/bu. | \$/ton |
| Mar. '12 | 6.34 | 12.23 | 323.60 |
| May '12 | 6.40 | 12.32 | 325.40 |
| July '12 | 6.44 | 12.42 | 327.80 |
| Sept. '12 | 5.89 | 12.30 | 325.80 |
| Dec. '12 | 5.66 | 12.22* | 321.00 |
| Mar. '13 | 5.78 | 12.34 | 325.30 |
| May '13 | 5.85 | 12.33 | 326.20 |

Chicago Board of Trade *November

Regional Feeds

Jan. 26, 2011

| Location | Cotton- | Soy | Corn |
|-------------------------------|---------|--------|--------|
| | seed | 46-49% | |
| | \$/ton | \$/ton | \$/bu. |
| Madison, WI ¹ | 302 | 319 | 6.30 |
| Zumbro Falls, MN ¹ | 312 | 320 | 6.25 |
| Orangeburg, SC ¹ | 210 | 381 | 7.25 |
| Okeechobee, FL ¹ | 280 | 385 | 7.80 |
| North Java, NY ² | 275 | 360 | 7.75 |
| Lynden, WA ² | 360 | 366 | 8.15 |
| Turlock, CA ² | 365 | 364 | 7.98 |
| Friona, TX ² | 337 | 345 | 7.28 |
| Comanche, TX ² | 355 | 347 | 7.49 |

1/ F.O.B. prices 2/ Approx. delivered prices

* Previous week NA = not available

Corn feeds

Jan. 25, USDA (\$/ton)

| Distillers Dried Grains | |
|-------------------------|---------|
| Eastern Corn Belt | 179-205 |
| Chicago | 188-190 |
| Lawrenceburg, Ind. | 200 |
| Nebraska | 180-223 |
| Minnesota | 178-183 |
| Kansas | 210-240 |
| Iowa | 173-198 |
| Northern Missouri | 185-205 |
| St. Louis | 185-210 |
| Wisconsin | 180-190 |
| California | 246-247 |

Corn Gluten Meal

| | |
|---------------------------|---------|
| Midwest (Ia., Ill., Ind.) | 390-480 |
| Kansas City | 510-515 |
| St. Louis | 410-510 |
| Memphis | 445 |

Corn Gluten Feed

| | |
|---------------------------|---------|
| Midwest (Ia., Ill., Ind.) | 125-155 |
| Kansas City | 170-190 |
| St. Louis | 150-160 |

CME futures annual averages

As of closing, Jan. 26

| | 2012 | 2013 | 2014 |
|----------------------|--------|--------|--------|
| Class III (\$/cwt.)* | 17.00 | 16.18 | -- |
| Class IV (\$/cwt.)* | 16.74 | 15.13 | -- |
| Cheese (\$/lb.)* | 1.681 | 1.771 | -- |
| Corn (\$/bu.)* | 6.15 | 5.75 | 5.61 |
| Soybeans (\$/bu.)* | 12.31 | 12.24 | 12.12 |
| Soy meal (\$/ton)** | 324.64 | 325.91 | 328.20 |

*/ includes previously settled months in year

**/ average for remainder of the year only

Dairy alfalfa hay*

For USDA's weekly hay report, visit www.ams.usda.gov/mnreports/lswfeedseed.pdf.

Following Organic Valley cooperative's announcement it would raise prices paid to member-owner organic milk producers by \$2/cwt., beginning in March, the Associated Press reported **Horizon Organic will too**, starting Feb. 1. Horizon is a brand within **WhiteWave Foods Inc., a Dean Foods Co.** subsidiary. A spokesperson said Horizon's 2011 average weighted price was \$28/cwt. Conditions will be re-evaluated in June.

Dean Foods will host a live webcast of its fourth quarter and full year 2011 earnings conference call on Feb. 15.

The Dairy Pricing Association, a milk producer cooperative whose mission is to establish a minimum price the dairy industry receives for its production, while at the same time maintaining a level of milk production to meet the needs of the consumer, **donated 2,000 lbs. of cheddar cheese to Second Harvest Foodbank of Southern Wisconsin.** DPA members pay 10¢/cwt. on milk they produce to purchase products. It marks the third donation since last August.

USDA's Economic Research Service forecasts **2012 annual average retail dairy product prices will decline 2%-3%.** They rose 6.8% in 2011 and 1.1% in 2010. Dairy's trends follow the all food consumed at home index, which is forecast to fall 2.5%-3.5% in 2012, after increasing 4.8% and 0.3% in 2011 and 2010, respectively.

Published reports differ on the amount of investment - between \$10 million and \$15 million - but **Glanbia Foods will build a new corporate headquarters and innovation center** in Twin Falls, Idaho. Construction is expected to be completed by March 2013.

The International Dairy Foods Association filed comments with the U.S. Food & Drug Administration, saying **voluntary actions** taken by the dairy industry to **reduce sodium levels in cheese** make added **mandatory regulation unnecessary.** Regulations sharply limiting salt and sodium in cheese could have **food safety consequences**, and **restricting "sodium reduced" nutrient content claims** to foods cutting sodium by 25% **could hamper consumption of cheeses** rich in calcium, phosphorous, protein and vitamin A.

DPW WASHINGTON

Even a little spilled milk is subject to **partisan politics**. In his **State of the Union** address, President Obama said his administration had **approved fewer regulations than his predecessor**, and singled out the rejection of one – the **Spill Prevention, Control and Countermeasure (SPCC) program** – which would have regulated milk and oil spills similarly.

Last April, dairy was exempted from the **U.S. Environmental Protection Agency (EPA) Clean Water Act proposal**, which would have required a facility that stores, transfers or uses milk to develop and implement an SPCC plan. Both the **International Dairy Foods Association (IDFA)** and **National Milk Producers Federation (NMPF)** worked to exempt dairy.

While the Obama Administration seemingly took credit for the exemption, **House Ag Committee chair Frank Lucas (R-Okla.)** doesn't remember it that way. He said the Obama administration withdrew the Bush administration's proposal to exempt dairy farmers from oil spill regulations, then **delayed the decision** on the exemption for nearly two years, until a **House Republican bill forced EPA** to finalize the exemption.

NMPF and IDFA commended USDA for **highlighting dairy products** in the final regulations for reimbursable school meal programs. At the same time, **IDFA expressed concern** **restrictions on flavored milk** could reduce overall milk consumption in schools in favor of

less healthy alternatives.

The USDA rule will put in place the provisions of the **Healthy, Hunger-Free Kids Act**. It requires schools to offer **eight ounces of fluid milk with each school lunch and breakfast**, but only low-fat and fat-free plain milk and fat-free flavored milks are allowed.

The **new rule includes yogurt and cheese** as meat alternates, and **identifies lower-fat and lower-sodium cheeses** available to schools. It also allows for **five-day averaging** for calorie caps, saturated fat and sodium, so schools will retain flexibility for incorporating **cheese, pizza and other dairy foods** in weekly meal plans.

The **American Farm Bureau Federation** is urging congressional members to **oppose legislation that would restrict the use of antibiotics in livestock and poultry**. In letters to Senate and House members, AFBF said the legislation would **handicap veterinarians and farmers** in their efforts to maintain animal health and protect the nation's food supply. **Pending bills** – H.R. 965, introduced by U.S. Rep. Louise Slaughter (D-N.Y.), and S. 1211, introduced by Sen. Dianne Feinstein (D-Calif.) – **are in committee**.

The **House Ag Committee** advanced by voice vote **six bills amending Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act**. According to Lucas, the bills reflect concerns the **Commodity Futures Trading Commission is overreaching** in its rulemaking, with **potential negative impacts** on businesses

– including farms – attempting to **hedge against risk**.

The **National Association of State Departments of Agriculture (NASDA)** filed comments with the **U.S. Environmental Protection Agency (EPA)** concerning EPA's proposed **Confined Animal Feeding Operation (CAFO) Reporting Rule**. NASDA took issue with the rule, **citing biosecurity concerns** and concerns **EPA was overstepping its authority** under the Clean Water Act.

Kansas Gov. Sam Brownback and **Attorney General Derek Schmidt** also **urged EPA to scrap the proposal**, saying Kansas already maintains a comprehensive database and permitting process for animal feeding operations, and the proposed rule would be an additional layer of burdensome federal government paperwork. In addition, they said **the rule usurps the state's authority** to regulate CAFOs.

The **U.S. Supreme Court** struck down a **California law banning** the processing of all non-ambulatory animals. The **National Meat Association** challenged the law, and a federal district court judge in California blocked it. But the U.S. Court of Appeals for the Ninth Circuit in San Francisco in 2010 overturned the lower court ruling. NMA appealed the case to the Supreme Court, arguing that the **Federal Meat Inspection Act (FMIA)** pre-empts the California law.

DPW

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