

WORLD DAIRY DIGEST

Dairy Farmers of America no longer to sell or market milk from independent farmers



Dairy Market Services (DMS) will stop marketing and selling milk for independent dairy farmers starting in November.

Brad D. Keating, senior vice-president of Dairy Farmers of America Inc.'s eastern fluid group, said DMS, the Northeast marketing arm of DFA, will terminate its agreements with 900 independent farmers throughout the Northeast United States to market and sell their milk in seven months. These independent farmers will either have to find their own market by Nov. 1, or join DFA, a national dairy co-operative.

A letter was sent to these independent farmers notifying them about the operational change.

"We don't want them to be without a market," Keating said. "Being without a market could be a business-ending decision."

The revenue DFA earned from DMS selling independent farmers' milk has been lower than

the federally-regulated minimum payments DFA must make to those independent farmers, Keating said.

He added independent farmers must receive minimum payments based on the blend price average of different classes of milk, and the revenue DFA earned from DMS selling independent farmers' milk was "inequitable" to those blend-price-based minimum payments."

Douglas W. Shelmidine, co-owner of Sheland Farms in the town of Ellisburg and a DFA member, said members' payments, which can be less than the blend-price-based minimum payments at times, can change depending on market conditions and co-operative expenses, meaning independent farmers who join DFA would also follow this model. "We share in the risks and rewards of being a part of the co-op," Shelmidine said. www.watertowndailytimes.com.

PepsiCo invests in Russian dairy plant, makes plans to sell another

PepsiCo has completed its large-scale investment project in a Russian dairy company and is planning on selling another. The company's Anna dairy plant in the Voronezh region was built in 1977 and became part of Wimm-Bill-Dann JSC in 2001. PepsiCo acquired Wimm-Bill-Dann in 2011. The Voronezh region is in the southwest region of the country, bordering Ukraine. The plant will remain fully operational and production of long shelf life sterilized milk will continue as normal while the company seeks a buyer for its Anna plant.

PepsiCo has also launched a new line for manufacturing Agusha and Chudo Dektu baby food yogurts as the final stage of its large-scale investment project to expand capacity of its Nizhny Novgorod dairy plant, part of Wimm-Bill-Dann. The launch of the new line will double the plant's capacity and add 40 jobs. The baby food product line also includes milk, kefir, curds, fermented milk drinks, juices, purees, porridge and milk formula. The products are specifically marketed to preschool and school-aged children. www.dairyreporter.com.

Australian dairy output slows to 20-year low

Australia's dairy production is headed for 20-year lows as the slump in milk prices has prompted farmers to either quit the industry or slash output by cutting the size of their herds.

And with farmgate prices tipped to rise only slightly over the balance of the year from present levels, and as global prices for most of the main export products are likely to remain under pressure, a quick recovery is likely not in the cards.

Rabobank has forecast Australia's dairy output to decline as much as seven per cent to less than 8.9 billion litres for 2016-17 which, if correct, will see output drop to

20-year lows. The fall in output is mainly being recorded in the key export-focused regions of southern Australia, centred on Victoria. The recent uptick in some product prices coupled with good rains, which led to flooding in some areas six months ago, has helped revive sentiment in some quarters.

As the 2016-17 season draws to a close, farmer margins remain pressured, the bank stated in a quarterly report. Some slight improvements in export-orientated farmgate prices, coupled with reasonably attractive feed and irrigation water prices, are providing some relief, the report added. www.smh.com.au.

Wisconsin and New York dairy farmers seek government aid

Wisconsin state officials are asking the U.S. Department of Agriculture (USDA) to help its dairy farmers impacted by new Canadian trade policies.

Grassland Dairy Products Inc. in Greenwood sent letters this week to several dozen state dairy farmers saying the Wisconsin company would no longer purchase their milk as of May 1.

Grassland said a new Canadian classification system for ultra-filtered milk, a product with elevated protein levels used in cheese production, caused them to lose the Canadian market.

Wisconsin Department of Agriculture, Trade and Consumer Protection secretary Ben Brancel and New York agriculture commissioner Richard Ball wrote to USDA acting deputy secretary Michael Young on Friday seeking assistance for their states' dairy farmers. They want the USDA to buy cheese and butter in storage to distribute in its nutritional aid programs, including food banks and the school lunch program. www.madison.com.

Cadbury to return production of chocolate bars to U.K.

Cadbury is reportedly returning the production of all its Dairy Milk bars to the United Kingdom again after it moved some manufacturing to Poland.

The company's United States owner Mondelez came under fire last year after it was accused of breaking a promise to keep making the chocolate bars in its Bournville factory.

Following a £75 million (C\$124 million) investment in its historic West Midlands plant, Mondelez has promised to return Dairy Milk production that was previously moved from Bournville, back to the U.K., the *Daily Mail* reported. The money will be spent on new machinery to increase production while reducing the size of its workforce. Cadbury was sold to the food giant Kraft Foods in 2010, which was later spun into Mondelez, despite massive opposition. www.telegraph.co.uk.