

Global Dairy eBrief

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 PRINT THE GLOBAL DAIRY eBRIEF

FEATURED

USDEC seeks member input to update U.S. Supplier Directory

USDEC requests member assistance to refresh our online [Supplier Directory](#). The directory is a free resource that enables global customers to search for U.S. dairy suppliers based upon product offerings. It is the most visited page of the current USDEC website and a go-to resource among global customers.

Our last broad membership survey was done in 2010 and with the upcoming launch of the new USDEC website, we would like to make sure the information we provide is up to date. An email was sent to the key contacts in our database, but if we missed you, please download the [2015 survey](#), fill it out and return to John Klees at jklees@usdec.org no later than Dec. 31, 2014. We thank you for your help in ensuring we deliver accurate information and facilitate business for you!

Administration moves to normalize relations with Cuba

The White House yesterday announced a number of steps to begin to ease trade sanctions with Cuba that have been in place since 1961. Though the measures don't immediately open the market for U.S. dairy products, USDEC supports open markets and is interested in exploring the prospects to help the industry develop sales to the nation of 11 million people. U.S. dairy sales to Cuba have been substantial in some years when the economic and political conditions were aligned, but have been modest in recent years. In addition to their geographic proximity and general familiarity with U.S. products, a boost in the Cuban economy resulting from normalized relations would likely also boost U.S. tourism, thereby creating both retail and food service sales opportunities. *(USDEC staff; White House)*

Turkey extends access for U.S. dairy products

The government of Turkey agreed to allow U.S. dairy products into the country until July 1, 2015. The border had been set to close on Aug. 1, 2014 and then again on Jan. 1, 2015 (see *Global Dairy eBrief*, 7/24/14), but talks on sanitary certificate language between the U.S. and Turkish governments continue to bring the two sides closer to a final agreement and prompted the extensions. USDEC is monitoring the situation and working with the U.S. government to maintain market access. *(USDEC staff)*

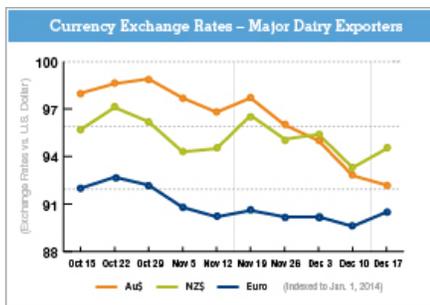
Dairy crisis webinar emphasizes preparedness, shares planning work

It has taken years for the U.S. industry to build a global reputation as a supplier of safe, high-quality dairy products. One food safety crisis—real or imagined—is enough to take that reputation away.

That was the message emphasized at the start of the Dec. 17 U.S. Dairy Industry Crisis Preparedness Webinar organized by USDEC and the Dairy Communications Management Team (DCMT) and focused on China. A series of speakers outlined China's market importance and heightened food-safety sensitivities, the landscape of Chinese social media (a key in understanding how food safety scares spread and addressing consumer concerns), the efforts of USDEC and the DCMT to expand and bolster U.S. crisis response capabilities in China, and how important it is for individual companies to constantly be aware of how their actions can impact impressions of U.S. dairy halfway

CURRENCY AND PRICES

Click charts to view larger images in your web browser



A rising index means that a competitor's currency is strengthening against the U.S. dollar. A falling index means that a competitor's currency is weakening against the dollar. When a competitor's currency is strengthening against the U.S. dollar (weak US\$), exporters in that country expect lower returns from export markets; when a competitor's currency is weakening against the U.S. dollar (strong US\$), exporters in that country expect higher returns from exports markets. *Source: Oanda.com*

	Nov 19	Dec 3	Dec 17
Cheese	3200-3700	3200-3650 (-50)	(-100) 3100-3600 (-50)
SMP	2400-2800	(-50) 2350-2750 (-50)	(-100) 2250-2600 (-150)
Butter	2550-2850	2550-2850	(+150) 2700-3100 (+250)
WMP	2500-2700	(-150) 2350-2650 (-50)	(-150) 2200-2600 (-50)

Prices are mostly lower, with the exception of some support for butters. Season-to-date output is running about 4 percent higher, but lower milk prices are expected to curb supplemental feeding over the balance of the season. Dry weather is creating milk production in Queensland, but the state makes up just 5 percent of overall Australian milk production.

Note: Numbers in parentheses are changes from previous period. *Source: USDA and commercial contacts*

around the world as well as shape crisis response.

Members interested in listening to the archived version of the webinar can do so by clicking [here](#). Watching the webinar on a mobile device may require downloading a free app. The slides from the presentation can be viewed and downloaded [here](#).

Editor's note

Due to the Christmas and New Year's holidays, *Global Dairy eBrief* will not publish Dec. 25 or Jan. 1. Instead, we will release one final 2014 issue on Tuesday, Dec. 30, and then resume the normal Thursday schedule on Jan. 8.

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MARKET CONDITIONS

GDT index posts a rare gain

Results from the Dec. 16 GlobalDairyTrade (GDT) auction were mixed but market sentiment remained subdued. The GDT Price Index rose for only the sixth time this year, as the average winning price reached US\$2,609/ton, a gain of 2.4 percent.

The average winning price for WMP increased 1.4 percent to US\$2,270/ton, largely a function of lower volumes on offer. SMP declined 3.2 percent to US\$2,320/ton, and further declines are likely in the offering.

The average winning price for butter and AMF jumped 10.4 percent (to US\$3,145/ton) and 10.8 percent (to US\$4,200/ton), respectively. Cheddar slipped 0.6 percent to US\$3,002/ton; buttermilk powder fell 9.5 percent to US\$2,560/ton; and casein rose 4.5 percent to US\$7,576/ton. Lactose did not trade and the whey powder price was not reported. (*USDEC staff; GDT*)

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TRADE POLICY

Japan election, Froman comments, TPA activity bring optimism to TPP process

Trans-Pacific Partnership (TPP) countries plan to hold another informal negotiating round in late January 2015 in the United States followed by a ministerial meeting in February or March. Although the talks are far from complete, activity over the past two weeks has strengthened a belief that they may actually conclude next year. USTR Michael Froman told House Democrats that he expected a TPP deal in 2015 and a number of TPP ministers endorsed a mid-2015 goal.

House and Senate staffers are reportedly actively working on a Trade Promotion Authority (TPA) bill for introduction early next year. Sen. Orrin Hatch (R-Utah), the incoming chair of the Senate Finance Committee, said trade was one of the first items on the agenda for 2015 and emphasized the necessity to renew TPA for TPP talks as well as Transatlantic Trade and Investment Partnership (TTIP) negotiations. (The 8th round of TTIP talks is slated for the first week of February in Brussels.)

And a number of analysts are saying that the election victory last weekend by Japanese Prime Minister Shinzo Abe's ruling Liberal Democratic Party provides the leader more freedom to make contentious agricultural reforms and trade policy decisions. Abe's mandate from Japanese voters could set the stage for a TPP push. (*USDEC Japan office; Inside U.S. Trade, 12/16/14, 12/15/14, 12/11/14; Wall Street Journal, 12/14/14*)

Australian FTAs enter into force

The Korea-Australia free trade agreement (KAFTA) entered into force on Dec. 12 and the Japan Australia FTA is scheduled for implementation on Jan. 15, 2015. For details of the dairy concessions included in each agreement, visit the Trade Agreements section of the [USDEC Export Guide](#). Australian officials said they hoped the nation's deal with China would enter into force in the second half of 2015.

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LOGISTICS

West Coast contract talks slog on

The Pacific Maritime Authority (PMA) presented the International Longshore and Warehouse Union (ILWU) a contract offer late last week and the ILWU quickly responded with counterproposals. A positive response by the PMA would set in motion a series of approvals by ILWU representatives to ratify the new contract. The PMA, however, downplayed the activity, saying the two sides were "far apart on several issues" despite seven months of discussions.

The ILWU said that the talks remain positive and are making progress. Negotiating teams were scheduled to meet again today. Meanwhile, congestion and slowdowns continue to plague a number of West Coast ports and at press time showed no signs of improving. (*Journal of Commerce, 12/18/14, 12/15/14; Reuters, 12/15/14*)

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COMPANY NEWS

Danone keeps medical nutrition division, sharpens African focus

Danone backed off plans to sell its medical nutrition division after months of failed efforts to find a buyer. The company said each of its four core businesses—fresh dairy products, water, early life nutrition and medical nutrition —“is an integral part of our strategy.” In addition, Danone created a new Africa division “to accelerate expansion in this strategic region.” Pierre-André Térésse, Danone CFO since 2008, will head up the unit. Danone acquired portions of Kenya’s Brookside Dairy (see *Global Dairy eBrief*, 7/24/14), Morocco’s Central Laitière (see *Global Dairy eBrief*, 7/24/14) and West Africa’s Fan Milk (see *Global Dairy eBrief*, 10/24/14) over the last 14 months. (Company reports, *DairyReporter.com*, 12/12/14)

Lala buys Nicaraguan dairy

Mexico’s Grupo Lala purchased Nicaraguan ice cream, milk and yogurt company Eskimo S.A. The purchase bolsters Lala’s Central American presence, since Eskimo’s distribution network extends to Costa Rica, El Salvador and Honduras. (Company reports)

Company news briefs

Glanbia Ingredients Ireland completed an €8 million expansion at its Virginia Country Cavan, Ireland facility. The project more than doubles milk protein powder output to 10,000 tons per year . . . A major fire destroyed a portion of **Fonterra’s** Australian cheese manufacturing site at Stanhope, Victoria. The extent of the damage was unknown at press time . . . **Irish Dairy Board** is changing its name to **Ornua**, an Irish word that roughly translates to “new gold.” The move is part of a rebranding process aimed at preparing for post-quota dairy expansion . . . **Camperdown Dairy Co.**, based in Victoria, Australia, began air-shipping fresh fluid milk to China. The company initially plans to export 16,000 liters per week . . . Brazilian meat and dairy processor **BRF** opened a \$160 million manufacturing plant in Abu Dhabi. The facility will make 70,000 tons of food products annually, including pizza. (*Dairy Markets*, 12/17/14; *ABC Rural*, 12/15/14; *Food Business Review*, 12/15/14; *Agiland*, 12/15/14; *The Australian Dairy Farmer*, 12/11/14)

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