

— “Non-dairy hybrids?”

DFA Joint Venture Sells “Cheese Replacers and Extenders”

by Pete Hardin

Why would Dairy Farmers of America – through its DairiConcepts joint venture with New Zealand – openly market products to food processors advertised as “Cheese Replacers and Extenders?”

Angry dairy farmers wanting to focus on one big part of THE MILK PRICE PROBLEM – phony products substituting for cheese – need look no farther than DairiConcepts: a joint venture between DFA and Fonterra (the scandal-ridden, New Zealand-based, global dairy trader). DairiConcepts processes and markets a variety of “innovative dairy and cheese ingredients” – according to advertisements in a recent issue of a magazine for dairy and food processors. Problem is: ingredients “innovation” involving dairy usually means cheap (imported) materials fabricated to look and taste like the “REAL” dairy products.

On page 91 of the March 2009 issue of *Dairy Foods*, a DairiConcepts advertisement appears – full-page, color. Among the offerings listed in that advertisement:

“Cheese Replacers and Extenders: Dairy and non-dairy hybrids will improve the cost of your formula, while maintaining functionality.”

Simply stated: products that “replace” and “extend” cheese are NOT cheese! This DFA joint venture is selling products to replace cheese in processed and prepared foods.

DairiConcepts is located at 3253 East Chestnut Expressway in Springfield, Missouri. That site was DFA’s headquarters, until the co-op moved to fancier digs on the outskirts of Kansas City.

The DairiConcepts Web site may be visited at:
www.dairiconcepts.com

Funny thing, but Fonterra has a habit of leaving a stinking mess for U.S. dairy farmers in virtually every deal it gets into in this country.

DAIRICONCEPTS
Innovative Dairy & Cheese Ingredients

Let our product development scientists assist you with your next project. We specialize in cost-effective authentic dairy flavors and powders. Put our technology to work for you with a range of solutions from concentrated flavors to sauce systems.

Supernatural® Cheese Pastes: 3 to 20 times flavor concentrates in many cheese varieties. Heat stable and easily blended. Use alone or combine with fresh cheese in your formula.

Supernatural® Cream and Butter Concentrates: An enzyme-modified blend of cream with an intense but balanced butter flavor.

Cheese Replacers and Extenders: Dairy and non-dairy hybrids will improve the cost of your formula, while maintaining functionality.

All in One Sauce Bases: Reduce SKU's and improve consistency with this simple cost-effective solution. Just add thickeners and your spice system.

Cheese Powders and Blends: Wide variety of flavors and intensities for all applications from sauces, soups, and dips to snacks, baked goods, and frozen foods.

Cream Powders and Cultured Ingredients: Add that creamy or tart note. We offer cream and butter at various fat levels, cream cheese, yogurt, and cultured buttermilk powders.

Snack Seasonings: Standard and custom seasonings. Ask to see our creative new prototypes.

Hard Italian Cheese: Hard Italian varieties in bulk, ground and dry grated forms. Bulk, retail, and food service packaging options available.

Ingredients For:
Soups / Sauces
Prepared Foods
Dressings/ Dips
Cheese Foods
Baked Goods
Snacks

www.dairiconcepts.com • 3253 East Chestnut Expressway • Springfield, Missouri 65802 • 1-877-596-4374

Jan.-April '09: Massive Increases in Milkfat-type Imports

There are two levels of dairy imports. Actually, there might be three because milk protein concentrates and caseins are officially classified as “chemicals,” not subject to dairy tariffs. There is what is called “High Tier” imports upon which full tariffs are assessed.

Although the high tier imports have fallen off some in the most recent period, January through April 2009, from the same timeframe of 2008, there are some strange goings-on. For instance, imports of skim milk powder have increased over seven times. The same is true of butter substitutes.

The part of dairy imports which is most interesting is in the low tier or as they are called “licensed” imports. A quota is imposed on how much product can be imported at vastly reduced tariffs. Importing at reduced tariffs requires a license from

USDA Foreign Agricultural Service (FAS).

Fonterra, the New Zealand behemoth co-op, holds 22 dairy import licenses. Fonterra brings in dairy products from many countries. This includes importing dairy products from Iceland – a great dairy producing nation.

Dairy Farmers of America, that great defender of member’s interest, holds 12 licenses.

While America, that is the Commodity Credit

Corporation (CCC) section of USDA has bought both NFD and butter, someone is importing butter and whole milk powder at low tariff rates. The table below illustrates the point.

Below is a table generated by USDA FAS:

How much of a surplus can there be if we are importing MPCs from Singapore?

The simple fact of the matter is – no one is importing dairy products without a market.

	Jan - Apr 2008 imports	Jan - Apr 2009 Imports	April 2008	April 2009
Butter	547,519	896,064	139,241	380,649
Butter Substitutes	109,966	657,803	28,862	539,039
Dried Whole Milk	72,867	842,993	13,818	201,479

Chapter 4 MPC Imports: 2004-2008 & Jan.-March '08 vs. '09

	JANUARY - DECEMBER QUANTITIES Metric Tons					JANUARY - MARCH COMPARISONS		
	2004	2005	2006	2007	2008	2008	2009	%CHNG
ARGENTINA	20	180.8	40	0	0	0	0	--
AUSTRALIA	75.6	217.8	247.8	207.9	60.8	28	5	-82.14
CANADA	58.2	9	277.8	204.1	103.1	69.6	0	--
CHINA	0	0	0	0	13.3	0	0	--
DENMARK	765.7	671.2	85	90.6	8.4	0	11.2	--
IRELAND	2,762.70	1,846.10	1,678.40	1,091.80	718.8	135.5	167	23.25
ESTONIA	115.5	0	0	0	0	0	0	--
FRANCE	286.2	78.4	0	0	0	0	0	--
GERMANY	19.5	0	0	70.1	242.7	40.9	0	--
HUNGARY	58.9	51	34.8	34	0	0	1	--
INDIA	714	748	177.8	214.8	0	0	170	--
NETHERLANDS	40	0	19.6	1.1	0	0	0	--
NEW ZEALAND	29,157.20	40,501.10	50,072.30	48,160.40	48,278.10	12,968.90	16,110.40	24.22
SINGAPORE	0	0	0	214.4	224.4	19.5	58.5	200
SWITZERLAND	0	0.8	0	17	0	0	0	--
UNITED KINGDOM	0	1.7	0	0	0	0	0	--
TOTAL	34,073.60	44,305.90	52,633.50	50,306.20	49,649.70	13,262.40	16,523.00	24.59

Data Sources: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics
Note: All zeros for a data item may show that statistics exist in the other import type. Consumption or General.
(*) denotes a country that is a summarization of its component countries.