



PRINT THE GLOBAL DAIRY eBRIEF

FEATURED

China supports use of common cheese names

In a victory for U.S. cheesemakers, the U.S.-China Joint Commission on Commerce and Trade (JCCT) committed to stronger protections for common food names. The JCCT, a forum for addressing U.S.-China trade issues, concluded meetings prior to Christmas that laid out a set of common principles for how geographical indications (GIs) should be handled, and committed to future U.S.-China dialogue on GIs.

The JCCT outcome is important because of the EU's aggressive efforts to impose bans on the use of certain common cheese names through GI-specific agreements with individual countries, including China. USDEC, NMPF and IDFA released a joint press statement applauding the outcome. To view that release, click [here](#). To read the USTR's "U.S. Fact Sheet: 25th U.S.-China Joint Commission on Commerce and Trade," click [here](#).

Cuban measures to streamline financing rules

Although the trade embargo with Cuba remains in place, the renewal of diplomatic relations between the United States and the island nation (see *Global Dairy eBrief*, 12/18/14) includes changes to trade financing that should facilitate authorized U.S. exports. The Obama administration proposed a less-restrictive interpretation of the "cash-in-advance" requirement for payment under the Trade Sanctions Reform and Export Enhancement Act of 2000. Currently, payments must be made before ships leave port. The new interpretation of the rule (which actually harkens back to the original interpretation prior to revisions made during the George W. Bush administration), will require payment before transfer of title but not before the ship leaves port.

Secondly, the Obama administration plans to permit U.S. banks to interact directly with Cuban banks, eliminating the costly and time-consuming procedure of going through a third-country financial institution to process payments. (*Inside U.S. Trade*, 12/24/14)

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TRADE POLICY

New Zealand, South Korea initial FTA; text now available

South Korean and New Zealand trade ministers initiated their FTA (see *Global Dairy eBrief*, 11/20/14), signaling that the text is final. Both governments published the documents immediately following the signing ceremony. For more information on the dairy provisions of the FTA, go to the Trade Agreements section of the *USDEC Export Guide*, where USDEC has posted an analysis of the deal.

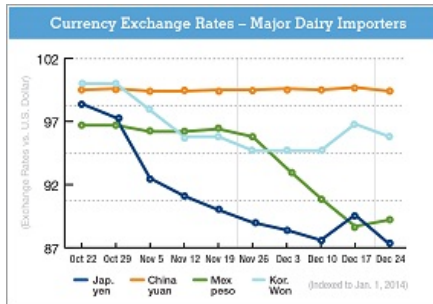
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LOGISTICS

PMA calls for federal mediation on West Coast

CURRENCY AND PRICES

Click charts to view larger images in your web browser



A rising index means that an importer's currency is strengthening against the U.S. dollar. A falling index means that an importer's currency is weakening against the dollar. When an importer's currency is strengthening against the U.S. dollar (weak US\$), the importer's purchasing power increases; when an importer's currency is weakening against the U.S. dollar (strong US\$), the importer's purchasing power decreases. Source: Oanda.com

	Dec 3	Dec 17	Dec 31
Cheese	3200-3650	(-100) 3100-3600 (-50)	3100-3600
SMP	2350-2750	(-100) 2250-2600 (-150)	2250-2600
Butter	2550-2850	(+150) 2700-3100 (+250)	(+200) 2900-3300 (+200)
WMP	2350-2650	(-150) 2200-2600 (-50)	2200-2600

Butter prices are higher; other prices are steady over the year-end holiday period. New Zealand exports of milk powder, cheese, butterfat and whey in November were down 4 percent from last year as a result of slower sales to China. In November, China reported imports of just 25,318 tons of WMP, down 73 percent from a year ago. New Zealand suppliers offset a portion of this decline with increased sales to Algeria and Southeast Asia. New Zealand also reported sales of nearly 6,000 tons of butterfat to the United States, up from just 585 tons in November 2013.

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

The Pacific Maritime Association (PMA) called for federal mediation to resolve West Coast contract negotiations with the International Longshore and Warehouse Union (ILWU). "With no end in sight . . . it is clear that the parties need outside assistance to bridge the substantial gap between us," PMA said. In a subsequent statement, the ILWU failed to respond to the mediation issue. Both sides have to agree to federal mediation before the government would consider entering talks. (*Journal of Commerce*, 12/29/14, 12/22/14; *Politico.com*, 12/23/14)

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MARKET CONDITIONS

India to conduct food adulteration investigation

India's consumer affairs department and food safety authority are conducting a joint nationwide food safety investigation on dairy and other products to assess the prevalence of adulteration and identify contaminants. A much-publicized study from the Food Safety and Standards Authority of India in 2011 found 68 percent of Indian milk was substandard, while a more recent study announced by India's health minister found that more than 25 percent of milk samples were adulterated. The joint investigation will commence in January and run through June. (*Times of India*, 12/18/14; *FoodNavigator-Asia.com*, 12/17/14)

Argentine milk output suffering

Argentine milk output is on track to decline 1 percent for the second straight year, leaving some to question the country's ability to compete globally. Poor weather and rising input costs contributed to the 2014 decline, but government intervention continues to limit exports and restrain growth. (*Dairy Markets*, 12/22/14)

Finnish dairy sector gets additional EU support

The European Commission approved a €10.7 million (about US\$13 million) support package for Finnish milk producers and processors stemming from the Russian dairy embargo. The approval comes after Finnish authorities protested that the nation was omitted from a dairy support package given to Baltic dairy farmers in November (see *Global Dairy eBrief*, 11/20/14), even though Finland ships a higher percentage of its milk to Russia than any EU nation.

At the same time, Finland's Valio is adding a production line to its manufacturing plant in Moscow to manufacture cheese in country and mitigate lost exports from its domestic facilities. The line will double its Russian cheese capacity, Valio said. (*RT.com*, 12/24/14; *TheDairySite*, 12/23/14)

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MARKET ACCESS

New Zealand establishes new infant formula labeling regs

New Zealand's Ministry of Primary Industries (MPI) issued new infant formula labeling regulations for exports. The rules clarify information that must appear on the label, criteria for the use of "Made in New Zealand" claims, and information or representations that are restricted or prohibited. It is the first of a set of technical regulatory changes that MPI plans to rollout progressively over the next six months "to further strengthen our assurance system for exports of infant formula products." Exporters have 18 months to fully comply with the new labeling standard. (*Ministry of Primary Industries*)

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PUBLICATIONS

DMI publishes Research Pipeline Quarterly

DMI released the latest *Research Pipeline Quarterly*, a report that highlights recent high-impact nutrition research and reports that were accepted or published in scientific journals within the last quarter, as well as scientific and regulatory affairs papers. Among the current issue's cited documents are summaries of studies on dairy and brain health, saturated fat and heart disease, and how minerals in natural cheese influence the texture of processed cheese. To view a copy, click [here](#).

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COMPANY NEWS

Parmalat buys Longwarry Food Park

Parmalat paid A\$67 million (about US\$54 million) for Australian dairy manufacturer Longwarry Food Park, which operates a plant in Gippsland, Victoria. It is Parmalat's second Australian purchase this year, following the A\$120 million buyout of dairy and juice processor Harvey Fresh in April. While Harvey Fresh earns about 90 percent of sales from the domestic market, Longwarry exports about 80 percent of its products, including specialized milk powders, UHT milk and cream cheese. (*The Australian*, 12/22/14)

China's Banner opens formula plant

China's Banner Infant Dairy Products began production at its new vertically integrated farm and manufacturing site in northwest Hebei Province. The \$643 million operation has 40,000 cows and capacity to make 60,000 tons of infant formula per year. The company is emphasizing the freshness of its product, noting that it can take milk from the cow to canned powder in less than 10 hours. (USDEC China office)

Mergers and acquisitions

Switzerland's **Emmi** purchased the 34 percent of **Emmi Fondue AG** owned by France's **Bongrain** . . . Mexican food manufacturer and distributor **Grupo Herdez** paid \$68 million for Nestlé's Mexican ice cream business **Helados Nestlé**. The deal includes an ice cream factory in Lagos de Moreno, Jalisco, and an exclusive license to Nestlé ice cream brands in Mexico . . . Vietnam-based VinaCapital Vietnam Opportunities Fund and Japanese investment firm Daiwa Partners paid \$45 million for a 70 percent stake in Vietnamese dairy processor **International Dairy Products** . . . Canada's **Saputo** sold its bakery division to Canada Bread Co., a division of Mexico's **Bimbo**. (Company reports; FoodBev.com, 12/24/14; TalkVietnam, 12/19/14)

Company news briefs

Yili Group is spending \$64 million to expand its UHT milk plant in Chengdu. The project is Yili's third UHT development project in 2014, following two \$70 million investments in the provinces of Ningxia and Shandong . . . A group of Canadian institutional investors and banks put C\$470 million (about US\$403 million) into **Agropur Cooperative** to support the company's growth strategy and finance recent acquisitions . . . Australia's **Devondale Murray Goulburn** is investing A\$57 million (about US\$46 million) on "Program Evolution," an initiative centered on a new enterprise resource planning system to "integrate and streamline" business processes . . . Yogurt chain **Menchie's** is opening its first outlet in Bahrain, its 16th foreign market. The company has 500 more units planned worldwide. (Company reports; USDEC China office; USDEC Middle East office)

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U.S. Dairy Export Council - 2101 Wilson Blvd. Suite 400 - Arlington, VA 22201-3061 USA
Phone USA: 703.528.3049 - Fax USA: 703.528.3705
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