



PRINT THE GLOBAL DAIRY eBRIEF

FEATURED

Shipping efficiency erodes as dockworker contract talks drag on

West Coast dockworkers are about to enter their fifth month without a contract, and the delay is starting to impact import and export activity. Negotiations between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) have been notable this year for the cooperative attitude expressed by both sides. But the old contract expired July 1, and expectations for a new deal have repeatedly been pushed back. There has been no visible progress since August (see *Global Dairy eBrief*, 8/28/14). Based on recent activity at Portland, Ore., and Los Angeles/Long Beach, dockworkers appear to be losing patience.

Citing pay disputes and other grievances, Local 40 ILWU walked off the job in Portland last week, shuttering operations Thursday and Friday at the container port. Although contract talks are ongoing, a spokesperson said that the lack of a contract meant there no longer existed a no-strike clause nor an arbitration procedure, so the workers were free to take action.

At Los Angeles/Long Beach, slowdowns by union members are contributing to long backups caused by heavier-than-normal ship traffic, the growing size of container ships and shortages of chassis and drayage drivers. The ILWU expressed opposition to automation at the port, citing a threat to dockworker safety, and enacted slowdowns to reflect their dissatisfaction.

The Agriculture Transportation Coalition (AgTC) coordinated a letter to the ILWU and PMA chiefs signed by 104 concerned organizations, including USDEC, calling for the two parties to quickly conclude a labor agreement to prevent further walkouts and delays. Congestion problems at key West Coast ports worsen each day, and the absence of a new signed contract is a significant contributing factor, the letter notes. "We ask that both parties recognize that time is of the essence" to prevent greater interruption of trade flows, it concludes. (AgTC; *Journal of Commerce*, 10/21/14, 10/17/14)

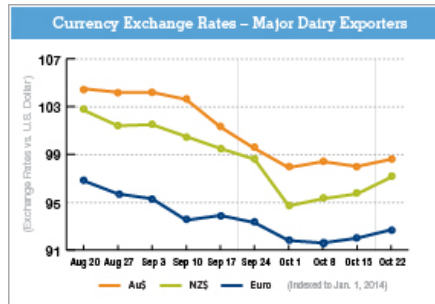
New EU labeling regulations to take effect

The EU's new labeling regulations will apply from Dec. 13, 2014, except for the mandatory nutrition declaration, which will apply from Dec. 13, 2016. The new regulations are included in Volume 3 of the [USDEC Export Guide](#) under "General Labeling" in the European Union link. All new requirements that will be implemented in December are highlighted in blue. The new labeling regulations apply to foods intended for the final consumer, including foods delivered by mass caterers and foods intended for supply to mass caterers.

The major changes to the labeling requirements include minimum font size for printing mandatory information and a new format for allergen labeling (allergens must be highlighted in the list of ingredients—"allergen boxes" are no longer allowed). Voluntary front-of-pack labeling has to follow a set format. For nutritional information, there is a mandatory declaration of the energy value and the amounts of fat, saturates, carbohydrates, sugars, protein and salt expressed per 100g or per 100ml in the same field of vision on food labels. It is the responsibility of the buyer to ensure that imported products comply with these regulations, but non-compliant products may be rejected at the border or removed from the EU market. Please contact Sandra Benson at sbenson@usdec.org with any questions.

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

	Sep 24	Oct 8	Oct 22
Cheese	3800-4200	(-400) 3400-4000 (-300)	(-100) 3300-3900 (-100)
SMP	2525-3100	(-125) 2400-3000 (-100)	(-50) 2350-2900 (-100)
Butter	2850-3400	(-250) 2600-3200 (-200)	2600-3200
WMP	2625-3125	(-75) 2550-3050 (-75)	(-150) 2400-2900 (-250)

Oceania prices continue to slide. Pastures are in good condition at the seasonal production peak. Fonterra says its September milk collections in New Zealand were 3.9 percent higher than a year ago. Banks in the region continue to trim their forecasts of farm-gate payments for 2014/15.

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

China WMP imports plunge in September

China's declining WMP imports are finally showing in the trade data. Customs data posted yesterday reveals September imports of WMP were just 9,510 tons, down 63 percent from a year ago and the lowest figure in nearly three years. In the first eight months of the year, imports averaged almost 75,000 tons per month. It should be noted, however, that September is typically China's lowest month of the year for WMP purchases.

Imports of other dairy ingredients were below year-earlier levels as well. SMP imports were 16,132 tons, down 45 percent; imports of whey products were 37,333 tons, down 12 percent; and lactose purchases were 5,501 tons, down 54 percent. Meanwhile, cheese (+46 percent) and butterfat (+11 percent) imports were greater than a year ago. (*USDEC staff; GTIS*)

[Back to top](#)

TRADE POLICY

CCFN decries lack of transparency for GI meetings

The Consortium for Common Food Names (CCFN) is speaking out against the World Intellectual Property Organization's (WIPO's) plan to allow approval of a controversial intellectual property agreement to take place behind closed doors, without the full participation by all WIPO members who might be impacted by the decision. A WIPO working group will debate proposed changes to the Lisbon Agreement for the Protection of Appellations of Origin on Oct. 27-31 in Geneva, Switzerland (*see Global Dairy eBrief, 10/2/14*).

The proposal would greatly expand the Lisbon Agreement system for geographical indications (GIs), which could severely impede the global use of many common cheese (and other food and beverage) names. WIPO is only intending to allow countries that signed the Lisbon Agreement (about 30 nations, the majority from Europe) to participate—and not the full membership. This exclusive approach flies in the face of long-standing WIPO precedent on how to handle contentious intellectual property issues, CCFN notes. (*CCFN*)

As Bali Package languishes, WTO considers alternatives to break deadlock

India refuses to budge on its demand that the WTO exempt its food stockpiling program from the organization's domestic support disciplines (*see Global Dairy eBrief, 9/25/14*). The nation's intransigence is delaying implementation of the Bali Package, which includes a Trade Facilitation Agreement that, once implemented, would reduce the cost of trade by streamlining and harmonizing customs rules and procedures to the benefit of all countries.

"This could be the most serious situation this organization has ever faced," WTO Director-General Roberto Azevedo warned the WTO Trade Negotiating Committee last week. The Bali Package reinvigorated the WTO and injected much-needed credibility into the organization last year when members approved it. The group's inability to implement agreements that its own members passed brings those credibility questions back into sharp focus and again threatens the multilateral trading system.

The issue has prompted leaders to begin discussing potential ways to circumvent the WTO's consensus principle, which requires that every single member approve a deal. The United States and the EU are reportedly leading a push to turn the Bali Package into a plurilateral pact within the WTO, thus removing the requirement that all members sign off.

"We cannot continue in such an inefficient and ineffective way that is so prone to paralysis," Azevedo said, calling for a rethink in how the WTO operates. Azevedo will meet with heads of delegations Oct. 30 to further discuss the Bali impasse. (*Inside U.S. Trade, 1/16/14; Financial Times, 10/16/14, 10/12/14*)

[Back to top](#)

PUBLICATIONS

USDA begins releasing dairy products annuals

USDA's Foreign Agricultural Service released six "Dairy and Products Annuals" this past week. To download each report, click on the respective country or region: [Brazil](#), [India](#), [Indonesia](#), [Mexico](#), [New Zealand](#) and [Ukraine](#).

IFCN publishes 2014 dairy report

The International Farm Comparison Network (IFCN) published its 2014 *Dairy Report*. The study contains a global survey of farm profitability, a review of global dairy economic indicators and fact sheets listing milk supply and demand, milk prices, demand drivers, the top ten processors and other industry facts on a country-by-country basis. For more information, click [here](#).

[Back to top](#)

MARKET CONDITIONS

NZX rolls out dairy forecasting tool

NZX, the New Zealand securities exchange, launched two new dairy forecasting tools to provide greater

transparency to New Zealand dairy markets. The Milk Production Predictor forecasts New Zealand milk output three months out, while the Farmgate Milk Price Calculator is designed to help farmers better understand the relationship between GlobalDairyTrade prices and their milk solids payout. Both tools were developed in conjunction with New Zealand's Massey University and backed by government funding. To view the tools, click [here](#). NZX is allowing free access through the end of October, after which it will charge a subscription fee. (NZX)

[Back to top](#)

EVENTS

Registration open for ag shippers' workshops

Registration is open for the Agriculture Transportation Coalition's (AgTC's) ag shippers' workshops. The one-day workshops take place in a roundtable format and cover the most current issues with the most direct impact on ag and forest product transportation, such as government regulation. The sessions strive for open and frank discussions, and attendance is limited to those with agriculture and forest products cargo and their forwarders. No press is allowed.

Dates and locations are as follows: Boise, Idaho, Nov. 19; Minneapolis, Dec. 9; Portland, Ore., Jan. 27, 2015; Fresno, Feb. 25; and Sacramento, Calif., Feb. 26. To register or for more information, click [here](#).

[Back to top](#)

COMPANY NEWS

Pactum expansion fast tracked

Pactum Dairy Group is fast tracking an A\$18 million (about US\$16 million) expansion plan at its Shepparton, Victoria, UHT milk plant. The facility, opened earlier this year, produces 150 million liters annually. The expansion will boost output to 200 million liters. Pactum says it needs the capacity to meet rapidly rising demand from Asia. (*Stock & Land, 10/22/14*)

Fonterra plans dryers for New Zealand, Indonesia

Fonterra Co-operative Group started the consultation process to add two high-efficiency dryers to its Studholme site in South Canterbury. Pending environmental clearances, the estimated NZ\$600 million project would proceed in two phases: Construction on the first dryer would start within the next five years; construction on the second in the next 10 years.

Even though Fonterra's new West Java, Indonesia, milk powder plant won't be completed until March 2015, the co-op is already considering expanding it. A reported US\$25 million project would double capacity to 24,000 tons per year. (*Company reports; Jakarta Globe, 10/17/14*)

Mergers and acquisitions

Arla Foods bought Swedish cheese cut-and-wrap operation **Falbygens Ost** from owner Atria Scandinavia . . . **CEC Entertainment**, parent of Chuck E. Cheese, acquired Arizona-based **Peter Piper Pizza**, which operates 147 restaurants in the Southwest United States and Mexico . . . Dutch investment firm **SHV Holdings** paid €2.7 billion for Dutch animal feed maker **Nutreco** . . . Canadian dairy **Gay Lea Foods Co-operative** acquired fellow Ontario processor **Hewitt's Dairy**. (*Company news; Wall Street Journal, 10/20/14*)

Company news briefs

The Chinese-led conglomerate that secured 50 Australian dairy farms last week (see *Global Dairy eBrief, 10/17/14*) reportedly plans to build two dairy processing plants in western Victoria . . . Chinese milk producer **Ronghua Group** began construction on a new \$176 million UHT milk and infant formula plant in Gansu Province. The company expects sales revenues from the facility to eventually reach \$980 million annually. (*USDEC China office; The Standard, 10/18/14*)

[Back to top](#)