

Brewster Dairy, Inc. Make It Swiss!



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BREWSTER CHEESE



STOCKTON CHEESE



BREWSTER WEST



BREWSTER CHEESE



Fritz Leeman



Brewster Dairy Circa 1949



BREWSTER CHEESE



STOCKTON CHEESE



STOCKTON CHEESE



BREWSTER WEST



BREWSTER WEST



Kellogg's Cheez-It Crackers



CHALLENGES AND OPPORTUNITIES FOR THE DAIRY INDUSTRY

***THE OHIO STATE
UNIVERSITY***

**ANIM SCI 2507
Spring Semester, 2013**



Challenges and Opportunities for the Dairy Industry

- ▣ Past History
- ▣ Present Situations
- ▣ Future Opportunities
- ▣ Questions and Answers

Past History

- ▣ Ohio
 - ▣ Swiss Immigrants
 - ▣ Ohio is #1 Swiss cheese producing state in US

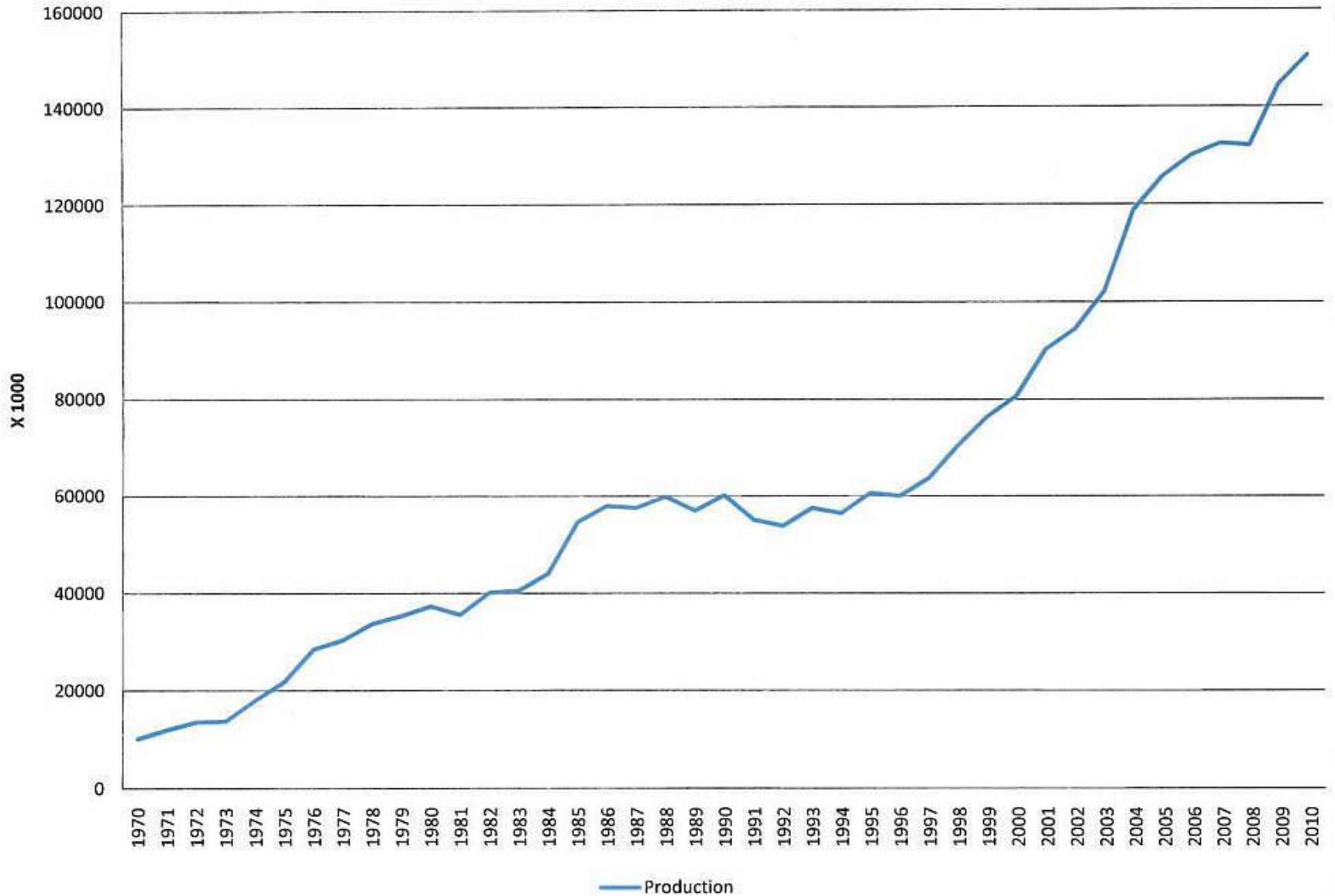
Past History

Total United States Swiss Cheese Production 1970 - 2012



Past History

Ohio Swiss Cheese Production 1970 - 2010



Past History

□ Ohio

- Swiss Immigrants
 - Ohio is #1 Swiss cheese producing state in US
- Amish Farmers
- Fluid Milk was the largest end use of milk
- Cheese Plants were used to balance the fluid milk supply
 - Lots of milk in Spring
 - Shortage of milk in Fall
- Brewster Cheese was a balancing plant
 - Produced barrel cheese for processing and other commodity cheeses
 - Swiss cheese production increased in the late 80's and early 90's

□ US

- Wisconsin was "The Dairy State" and center for cheese production
- Whey was disposed of in the least costly manner
- Milk was purchased by volume based on butterfat content

□ World

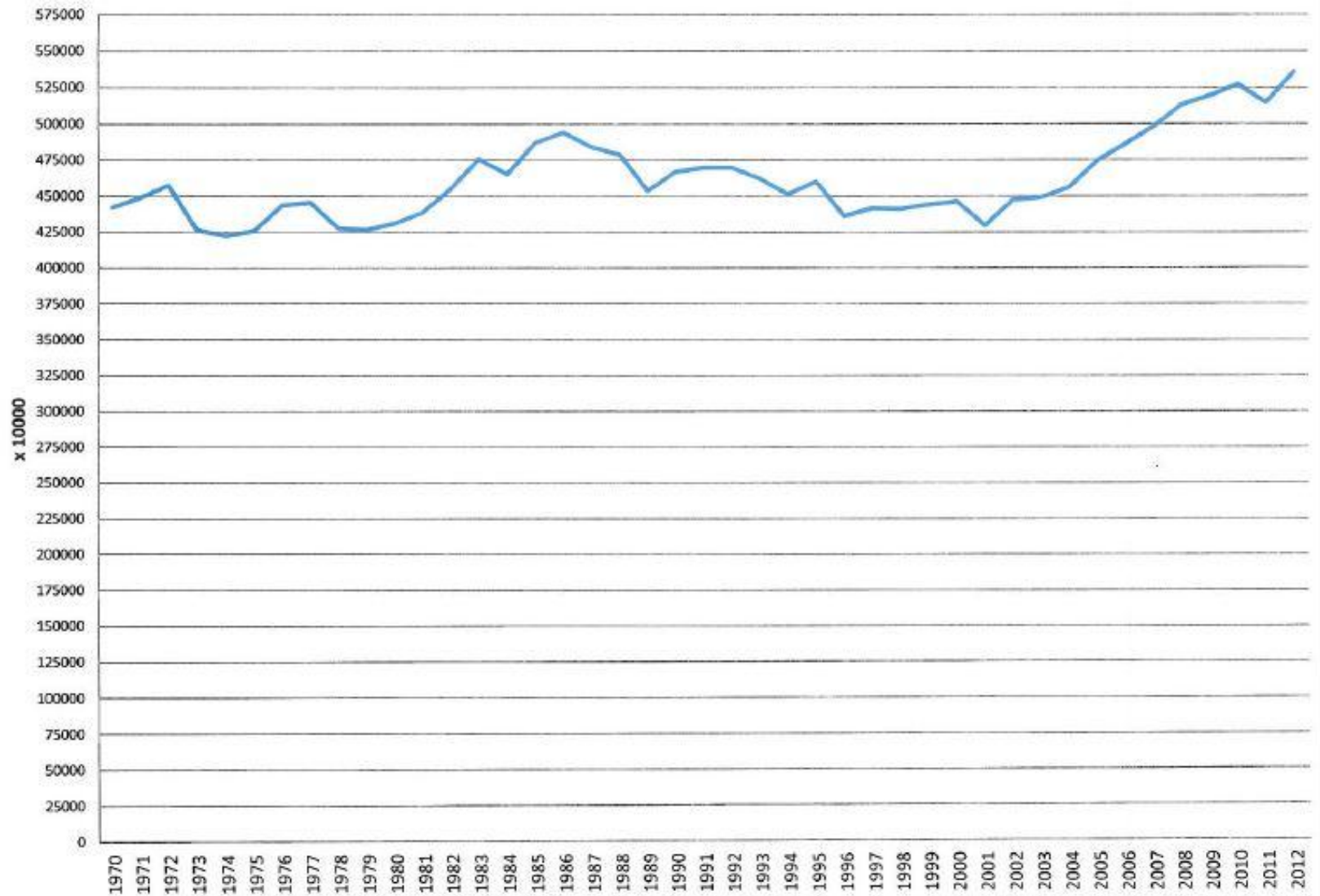
- Cheese types and technology were primarily developed in Europe

Present Situations

- ▣ Ohio
 - ▣ Amish converted to bulk milk or quit milking
 - ▣ Urban encroachment into farm land
 - ▣ Ohio milk production has grown since 2001

Present Situations

Ohio Milk Production 1970 - 2012



Present Situations

▣ Ohio

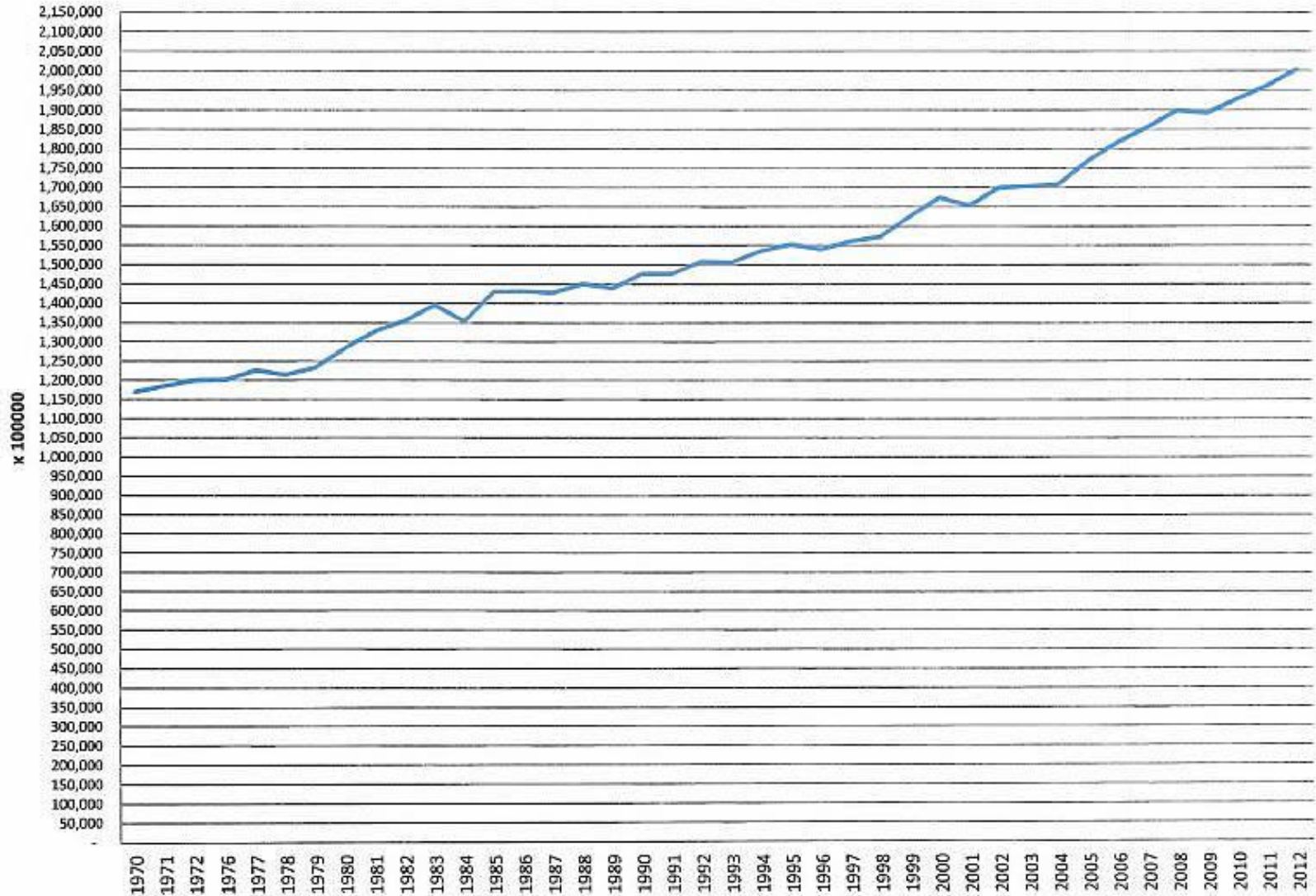
- ▣ Amish converted to bulk milk or quit milking
- ▣ Urban encroachment into farm land
- ▣ Ohio milk production has grown since 2001
- ▣ Ohio is a milk deficit state
- ▣ Brewster buys condensed milk from GA, NM, TX, ID & WI

▣ US

- ▣ Cheese is now the largest end use of US Milk

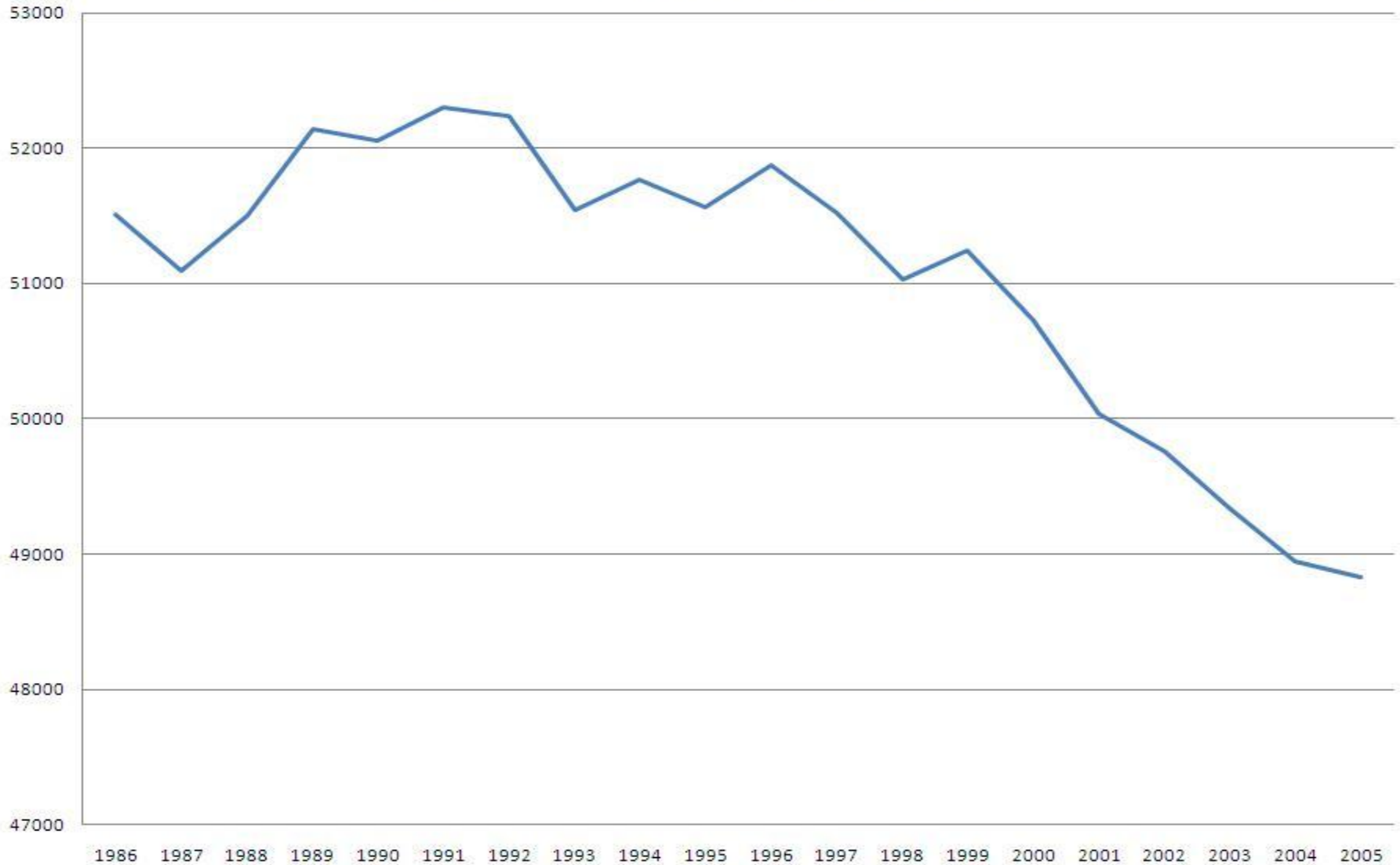
Present Situations

Total US Milk Production 1970 - 2012



Present Situations

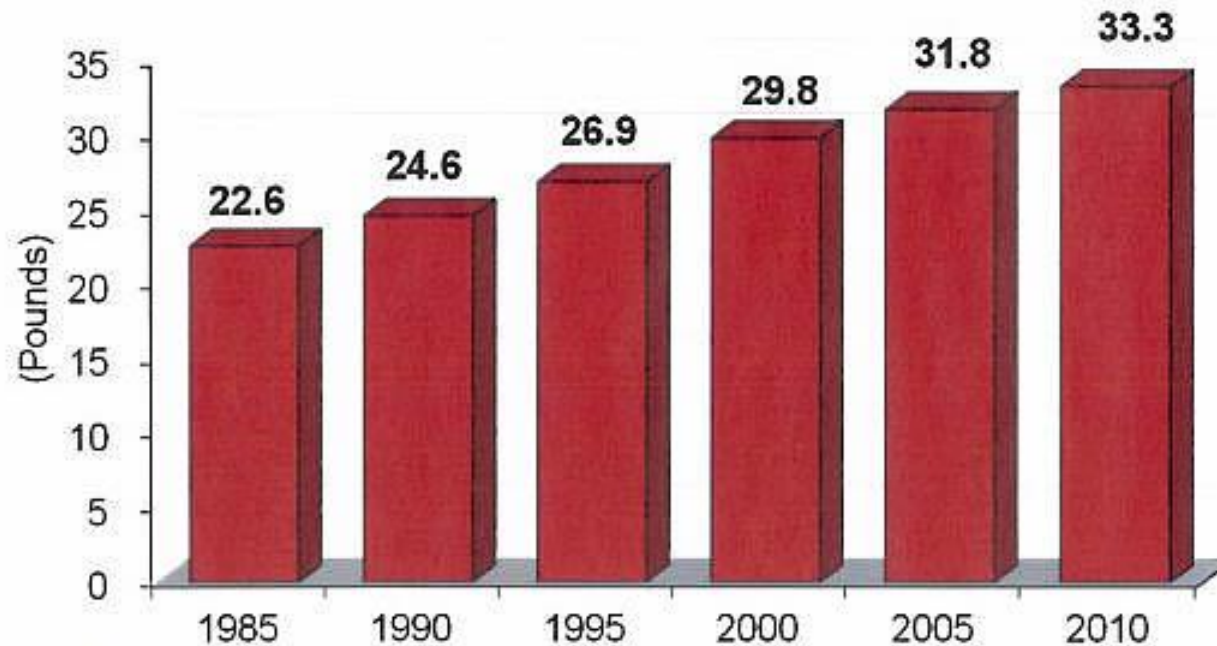
Fluid Milk Consumption 1986 - 2005



Present Situations

U.S. Cheese Consumption

Per Capita Cheese Consumption, 1985-2010*



* Preliminary estimate.

Source: USDA/ERS, *Livestock, Dairy, and Poultry Outlook*.



WISCONSIN MILK
MARKETING BOARD
WISCONSIN DAIRY PRODUCTS

Present Situations

▣ Ohio

- Amish converted to buy milk or quit milking
- Urban encroachment into farm land
- Ohio milk production has grown since 2001
- Ohio is milk deficit state
- Brewster buys condensed milk from GA, NM, TX, ID, & WI

▣ US

- Cheese is now the largest end use of US Milk
- Milk is now purchased based on all solids component values
- Milk Production is moving to Western & Southwestern states
 - California is now the largest milk producing state
 - Surpassed Wisconsin 10 years ago
 - Currently #2 state in cheese production
 - Idaho has surpassed NY as the number 3 milk producing state.
- Whey processing is a must in today's cheese plants

▣ World

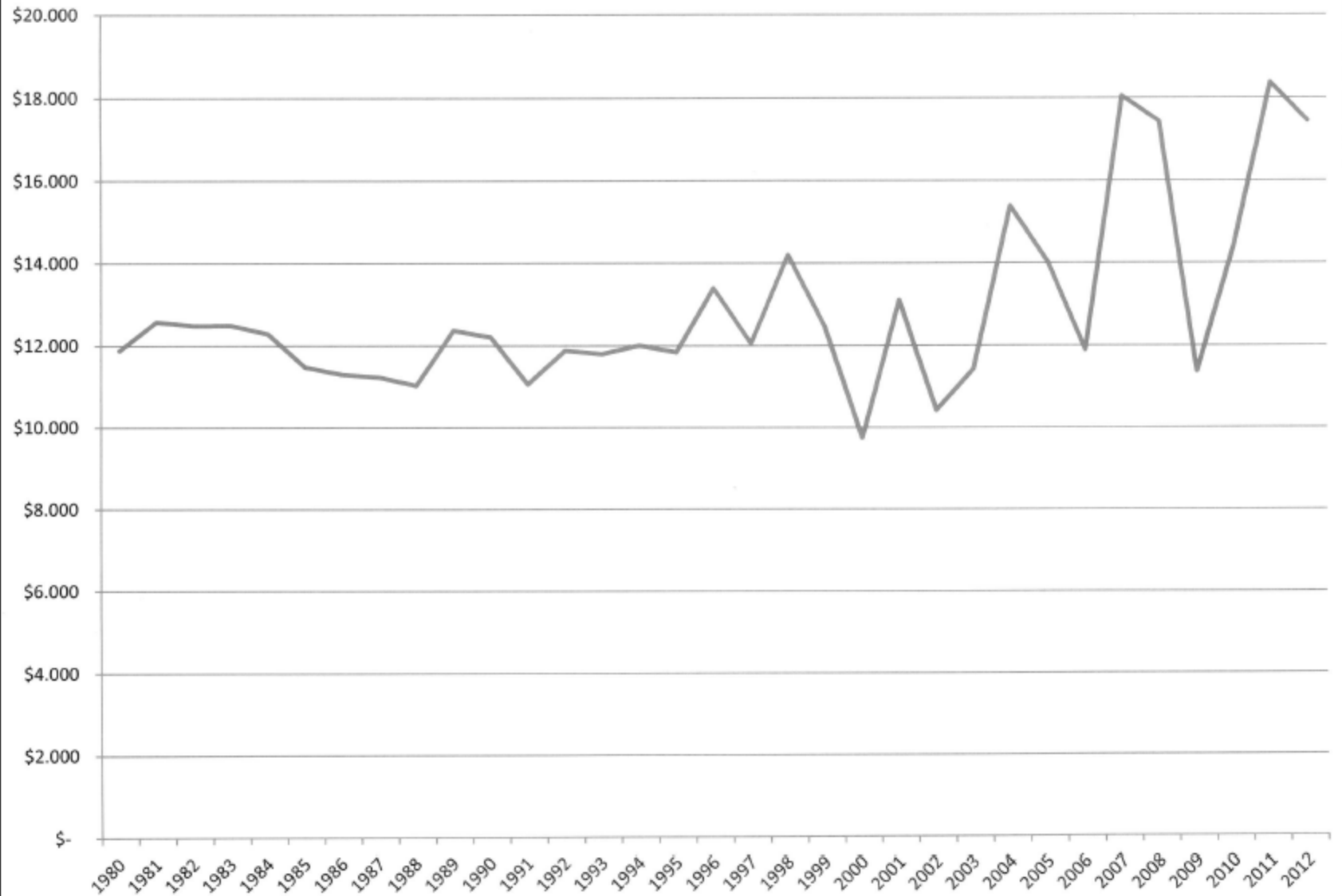
- India is the world's largest dairy producing country
- New Zealand is the largest dairy exporting country
- Brazil and Argentina are emerging dairy countries
- Pacific rim countries are becoming major users of dairy products

Future Opportunities

- ▣ Ohio will continue to be the #1 Swiss cheese producing state
- ▣ Dairy farms will continue to become larger
- ▣ Risk Management will become a “way of life” on the farm

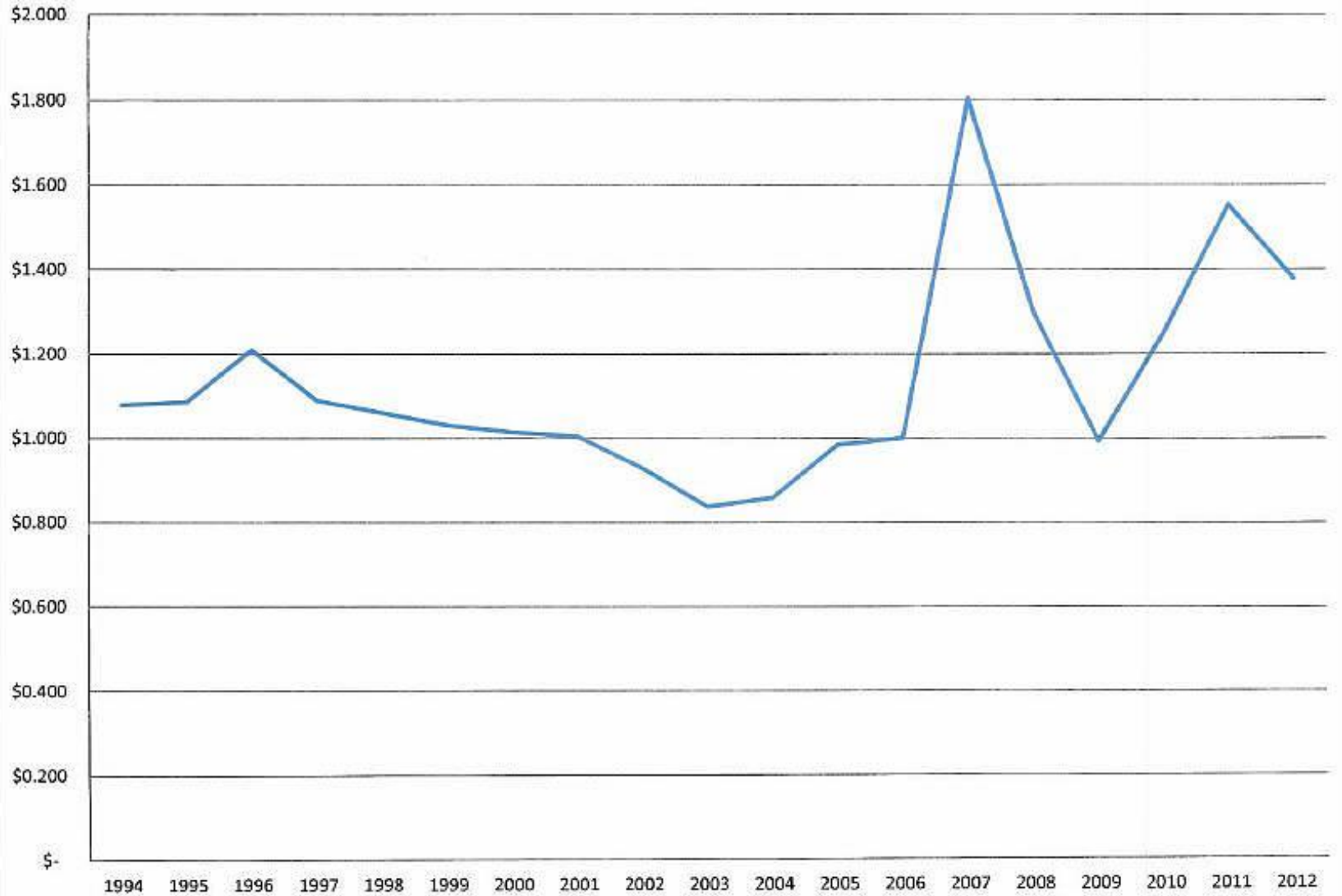
Future Opportunities

Announced Class III Price - US 1980 - 2012



Future Opportunities

Average Central NFDN Price 1994 - 2012

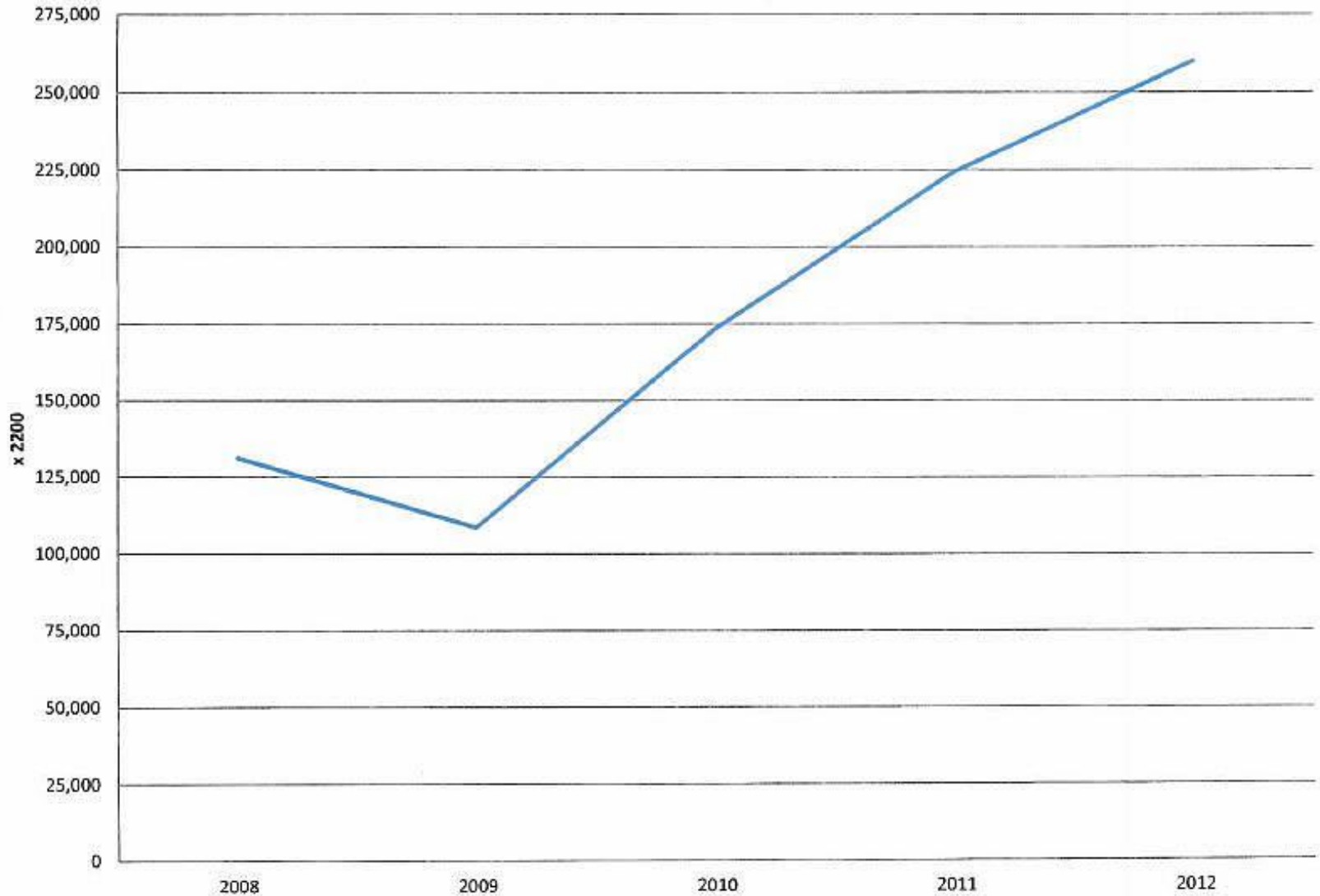


Future Opportunities

- ▣ Ohio will continue to be the #1 Swiss cheese producing state
- ▣ Dairy farms will continue to become larger
- ▣ Risk Management will become a “way of life” on the farm
- ▣ Regulatory requirements will intensify
- ▣ Transportation costs to Eastern US markets will be a factor
 - 2/3 of all cheese is consumed in Eastern 1/3 of US
 - This will keep the Ohio cheese industry viable
- ▣ Exports to Pacific rim countries will provide huge US dairy export opportunities

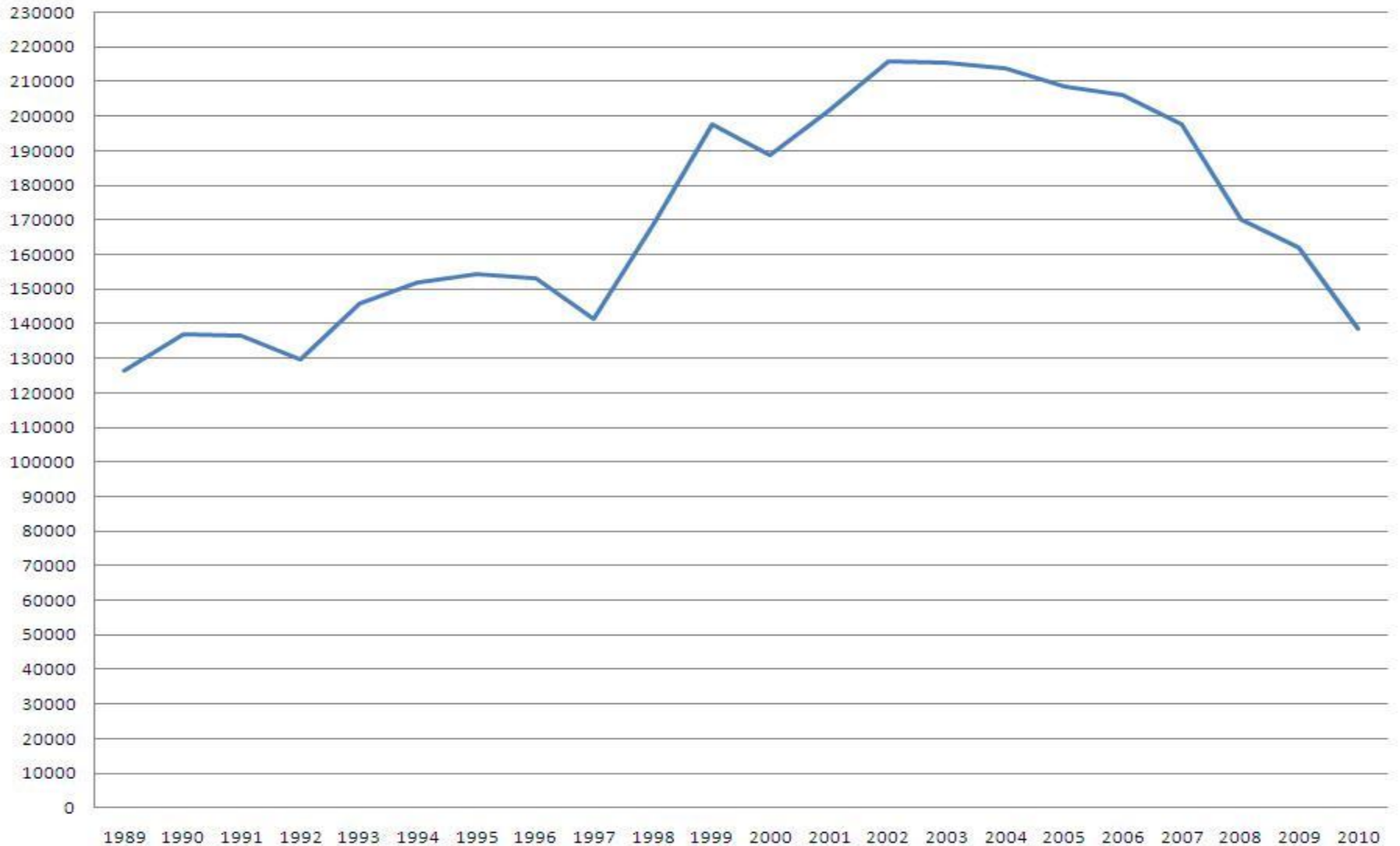
Future Opportunities

Total US Cheese Exports 2008 - 2012

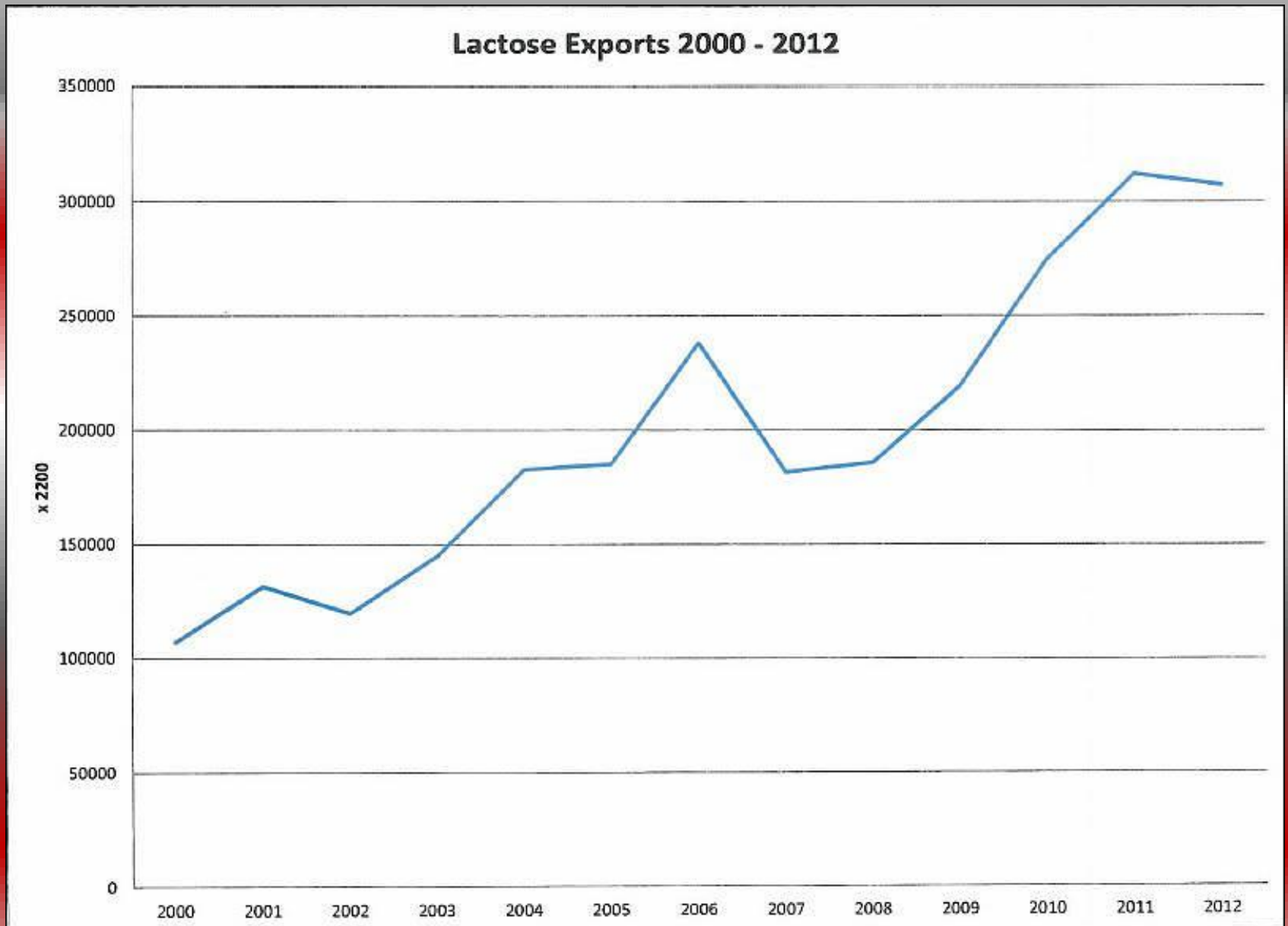


Future Opportunities

Total Cheese Imports 1999 - 2010

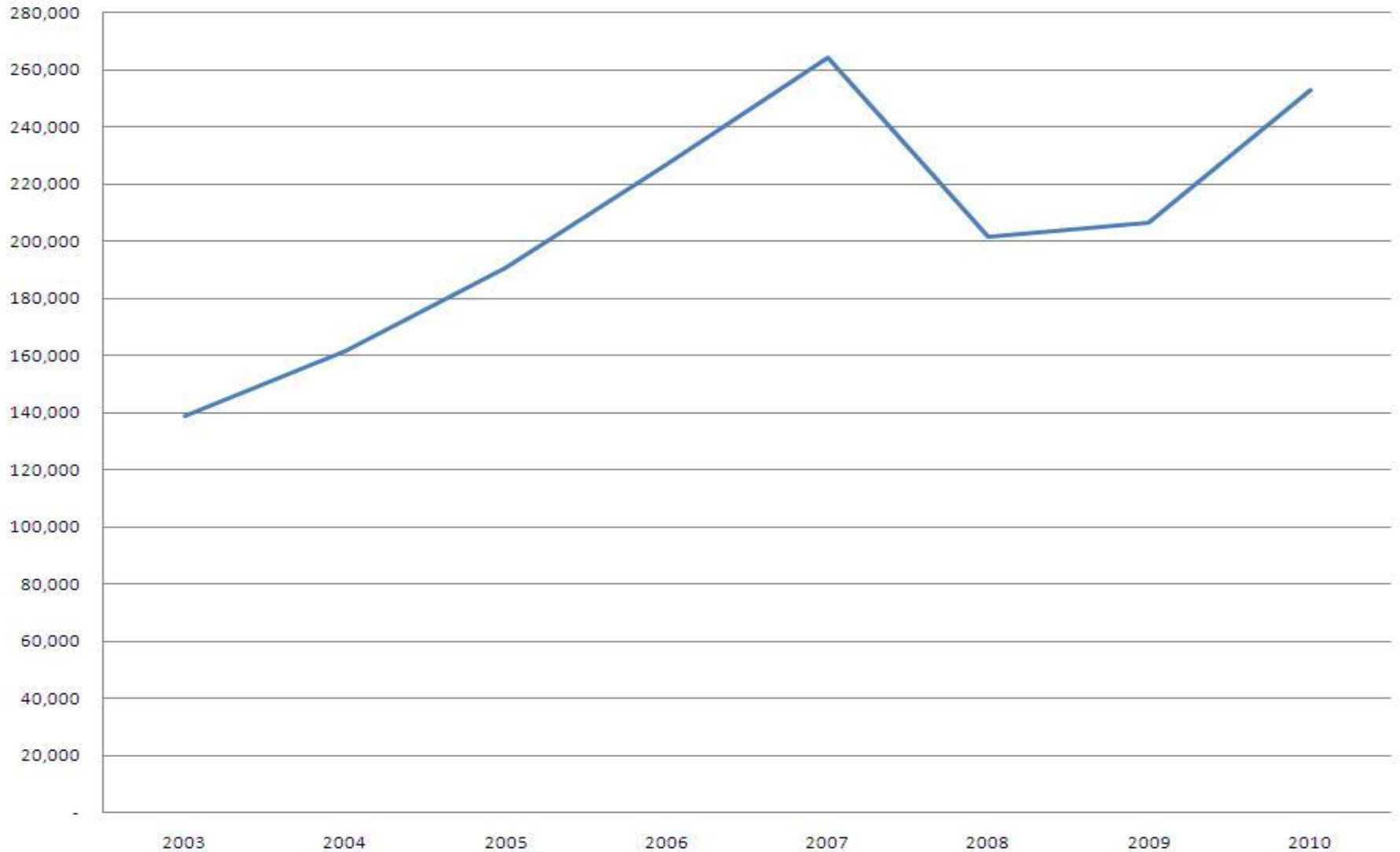


Future Opportunities



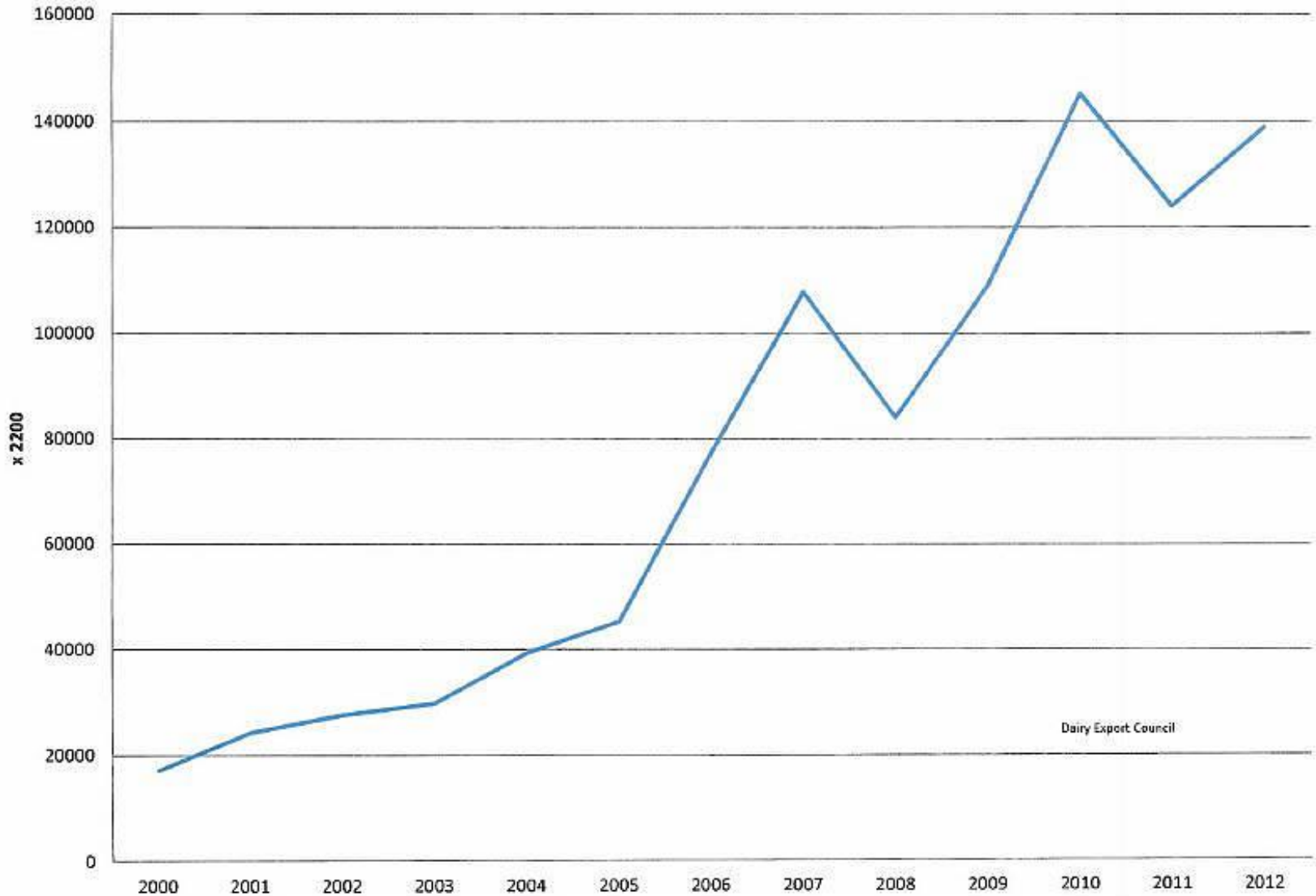
Future Opportunities

Whey Powder Exports 2003 - 2010



Future Opportunities

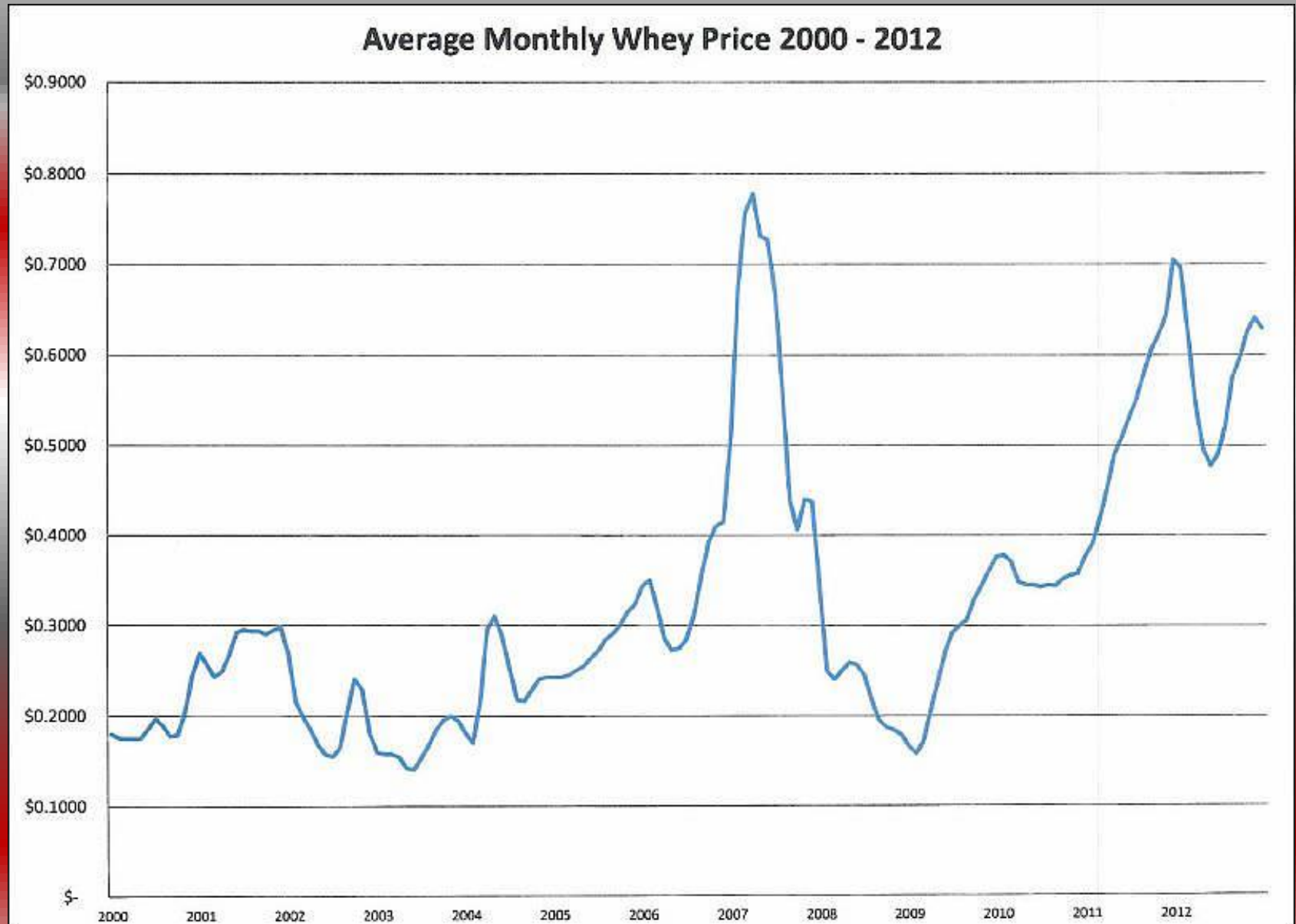
Whey Protein varieties Exported 2000 - 2012



Future Opportunities

- ▣ Ohio will continue to be the #1 Swiss cheese producing state
- ▣ Dairy farms will continue to become larger
- ▣ Risk Management will become a “way of life” on the farm
- ▣ Regulatory requirements will intensify
- ▣ Transportation costs to Eastern US markets will be a factor
 - 2/3 of all cheese is consumed in Eastern 1/3 of US
 - This will keep the Ohio cheese industry viable
- ▣ Exports to Pacific rim countries will provide huge US dairy export opportunities
- ▣ Technology will play a major role in the dairy industry
 - Cloning of dairy cattle and bacteria
 - BST usage (or not)
 - Organic products
 - Use of “other solids” from milk and whey
 - ▣ Other solids value in Class III milk is now over \$3.00/cwt.
 - ▣ Microfiltration
 - ▣ Fundamental shift of whey solids values

Future Opportunities

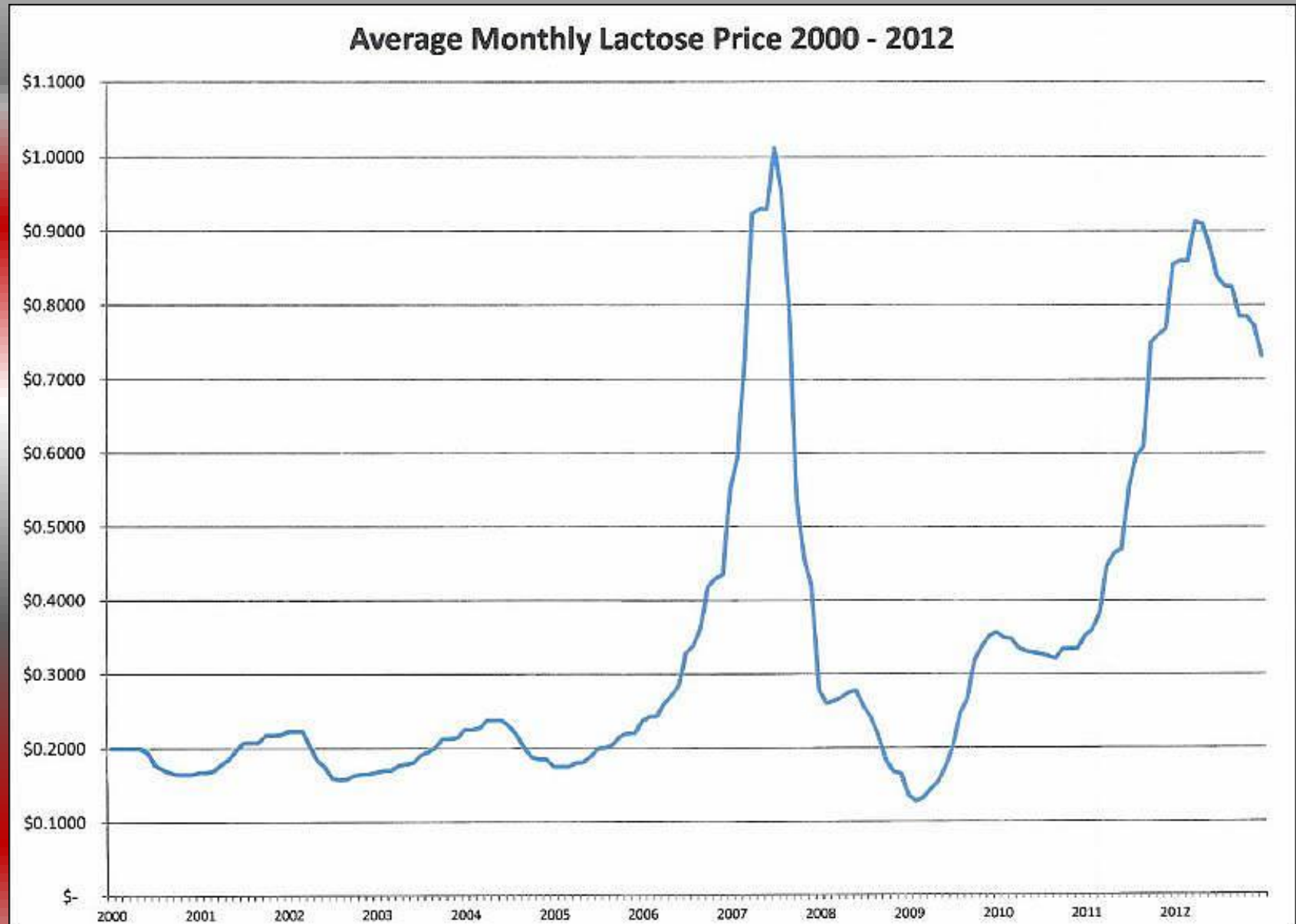


Future Opportunities

Average Monthly 34% whey Protein Price 2000 - 2012



Future Opportunities



Questions?

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