

The Milkweed

Dairy's best information and insights

Issue No. 477 • April 2019

This issue mailed on April 12



“Float like a butterfly,
sting like a bee.”

— Muhammad Ali

Severe Flooding Disrupts U.S. Agriculture: All Prior Bets Off

by Pete Hardin

All prior assumptions about agriculture in the United States must be thrown out the window. Here in early April, we've just started to fathom the wreckage to this nation's agricultural dynamics that intense flooding in the heartlands is leaving in its path.

Unfortunately, tallying the damages from massive flooding in the nation's agricultural heartland may not end for months. To date, most of the dramatic pictures and television coverage of the flooding has focused on the Missouri River, along western Iowa, Northwestern Missouri, and northeast Nebraska. However, large volumes of snow remain yet to melt in the upper stretches of both the Missouri and Mississippi Rivers – providing a source of even more floodwaters ultimately heading south. The Mississippi River is expected to crest above prior record flood stage at St. Louis later this month. And woe be to folks downstream of the confluence of those two great rivers. The southerly flow of floodwaters from the Missouri, the Mississippi, and their tributaries promises pending carnage downstream in coming weeks and months.

The lands surrounding the river bottoms in the nation's heartland constitute one of the greatest expanse of fertile soils in the nation ... indeed, the world. The widespread flooding along the Missouri River was fed by melting snows, ice dams and intense late winter rainfall. Damage to farms and agriculture's infrastructure included:

- Deaths of over 1 million beef calves born this spring.
- Ruined large quantities of stored grains. The ill-advised trade wars have left farmers and elevators with large quantities of stored grain. Where those bins have been surrounded by floodwaters, the grain has been likely ruined. Wet grain stored in metal bins has commonly swelled and popped the rivets on those bins. Thus, affected farmers have lost a significant volume of 2018's crop that was stored on their fields or at nearby grain elevators.
- Great skepticism must greet notions that farmers in flooded areas may plant those acres in 2019. Why? For starters, many flooded acres may not adequately dry out to the point where they may be planted in 2019. Snowmelt in upper stretches of the Missouri River promises continued flow of moisture down river – sustaining the expanse of flooded acres for weeks ... or even months. Further, even when farmers might be able to move their equipment onto formerly flooded fields — i.e., equipment that's still operable – they face fields of debris left over from the

flooding. Those fields must be cleared of debris, including miles and miles of their own fencing, one acre at a time, before modern tillage and planting equipment can properly operate on the formerly flooded ground. Additional questions arise concerning the flooding's destruction of seed, fertilizer, and other spring planting inputs stored on many farms.

• In many areas, transportation infrastructure has been damaged, often beyond easy repairs. Examples of damage to transportation systems include washed out bridges, ruined highways and eroded railroad beds. The sheer magnitude of damages to transportation means that long delays will be experienced before things return to normal in the flooded areas. Grain farmers will have trouble moving out their stored crops that haven't been ruined by the flooding. Livestock farmers will face additional costs and challenges moving their animals to market. Moving inputs for spring planting – when feasible – will be time-consuming and expensive.

Tabulating the ruination to agriculture from the flooding in central states goes on and on, with no end in sight. More water remains stored in snows in the northern stretches of the Missouri River and Mississippi River watersheds. Experts fear that areas already flooded may remain that way for weeks, or months. And communities downriver from the confluence of the Missouri River and Mississippi River know they'll be receiving a big slug of water in weeks ahead.

Major devastation to the nation's agriculture

Farmers in flooded areas generally had significant volumes of stored grain in their bins – due to sluggish global demand for U.S. grain during the past year-plus. Where grain bins have been flooded, their contents are likely not salvageable. FDA rules require 100% of grain in impaired storage to be destroyed. And looking ahead, it's very likely that flooded-over areas cannot adequately dry out and be planted for crops in 2019. If and when those flooded fields do dry out, debris remaining from the flooding must be cleared, one acre at a time, before the planters may roll.



Master Cheesemaker Bill Hanson of Arena Cheese, Inc. (Arena, WI) has helped build a solid business model producing quality cheeses for sale to the delicatessen trade. See article, pages 8-9.

In a nutshell, farmers in flooded-over areas have lost a significant portion of their 2018 crop and may not be able to plant millions of acres in 2019.

The U.S. agricultural system is grain-based and grain-driven. Tighter grain supplies will lead to higher costs for grain users – including producers of dairy, pork, poultry and beef. Ahead: reversing the old adage, “Cheap Corn Makes Cheap Milk.” Ruin of stored grain and 2019's plantings should be a significant factor in slowing down this nation's agricultural resources and productivity. Ultimately, Mother Nature rules.

Feb. '19 Daily Mozzarella Output Up 10.3% Over '18

by Pete Hardin

Holy Anchovies! Here's one of the most amazing dairy statistics in a long, long time:

On a per day basis, February 2019 Mozzarella production was 10.3% higher than February 2018's total.

February 2019 saw this nation's cheese industry produce 348,117,000 lbs. of Mozzarella and Mozzarella-type products. That total represents a 6.3% increase over the total for February 2018 – a Leap Year – despite the fact that February of last year contained one more day. On a daily average basis, February 2019's Mozzarella production was an amazing increase of 10.3%

Continued on page 2

DFA Owns Stremicks – Plant “Milk” Processor

by Pete Hardin

Many concerned persons in dairy criticize plant-based beverages labeled as “milk” to be the enemy ... a source of mislabeled competition at the supermarket dairy case. Dairy Farmers of America (DFA) has crafted a response to such critics: “Nuts to you!”

Sleeping with the enemy? Heck no, DFA – the nation's largest dairy farmers' cooperative – recently gained 100% ownership of such a major “House of Ill Repute” producing plant-based “milk.” DFA purchased the remaining outstanding ownership interest in Stremick's Heritage Foods for \$947.9 million on January 4, 2019. The preponderance of that purchase was financed by boosting DFA's already huge corporate debt up to around \$2 billion.

DFA's 2018 financial audit reports, as a subsequent event, the co-op's purchase of the remaining

53% ownership of Stremick's Heritage Foods – a plant and dairy beverage processor based in California. Previously, DFA had owned 47.2% of the Stremick's business. That business relationship between DFA and Stremick's goes back at least 15 years. Thus, as Stremick's sales of non-dairy “milk” products have grown over the years, DFA has seemingly profited.

Yes, Stremick's does process beverage milk products. But a quick glance at that company's website reflects its priorities:

“Stremick's Heritage Foods, LLC, produces and supplies dairy and non-dairy products in the United States. It offers food service/private label products, such as **soymilk, rice milk, refrigerated soymilk/rice milk, almond milk**, organic milk, half and half products, whipping creams, organic creamers, aseptic creamers, nondairy creamers, sports nu-

Continued on page 4

resents a 6.3% increase over the total for February 2018 – a Leap Year – despite the fact that February of last year contained one more day. On a daily average basis, February 2019's Mozzarella production was an amazing increase of 10.3%

The Milkweed 04/19

Dairy's best source for news and analysis.

To subscribe, send your check to:

The Milkweed

P.O. Box 10

Brooklyn, WI 53521-0010

Subscription rates:

\$80 per year (2nd Class);

1st Class Fast-Pak \$140 (1st Class)

*Foreign subscription rates, one year:
Canada: \$120 (US\$); foreign air mail: \$175 (US\$)

To subscribe on-line, visit our website:

www.themilkweed.com and click the
“Subscribe Now link” on the home page.

(Name)

(Firm)

(Address)

(City, State, Zip)