



MCT COMPASS

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When a Country Catches the Flu

Avian influenza (AI) is a virus that causes disease in several types of birds so it's called the "bird flu." Every year there is a flu season for birds just like there is for humans, and as with people, some strains of the flu are worse than others.

There is a Low Pathogenicity Avian Influenza (LPAI) and a High Pathogenicity Avian Influenza (HPAI). Most strains of Avian Influenza are low pathogenicity and show few clinical signs in infected birds. These generally do not pose a significant health threat to humans. However, LPAI is still important to monitor because two strains, H5 and H7, can mutate into highly pathogenic forms.

HPAI is the strain that is

frequently fatal to birds and easily transmissible between susceptible species. This strain has caught most of the global attention and has been found in Southeast Asia, the Middle East, Africa and Europe and is believed to be on its way to the United States.

The H5NI virus can spread from birds to people as a result of extensive direct contact with infected birds. The disease can also be spread through indirect contact if healthy birds are exposed to contaminated equipment. There are significant public health concerns regarding the potential for this virus to mutate or change into a form that could spread from person to person.

Prevention is the key to keeping avian influenza from reaching the United States. As a primary line of

defense, USDA maintains trade restrictions on imports of poultry and poultry products from countries where H5N1 HPAI has been detected in commercial or traditionally raised poultry, but not in wild or migratory birds. As a result, most European flocks and even the Tower of London's Ravens have been quarantined.

Trade studies conducted in the meat sector show that if one of the meat categories is restricted, substitutions are made in the other meat categories. However, an outbreak of avian flu in the United States could lead to greater consumption of dairy as a main meal, as in pizza, or as food add-ins such as cheese on salads, pastas or burgers. **MCT**

KEN'S CORNER



*by Ken Meyers
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USDA's changes to the Price Support Purchase Program in Dairy 6 are

welcome updates that should ease the way for dairy companies to use the support program when necessary. While no one wants to resort to selling surplus dairy

products to the government, the updated system should work more efficiently and result in an effective support price of \$9.90/cwt. for dairy producers.

As you may recall, this did not occur in 2002, when Class III prices fell as much as 57 cents below support to \$9.33 in July. Clearing the market of surplus as rapidly as possible is critical to both dairy processors and producers. The goal is to keep the industry as

vibrant as possible and that means having both a strong and responsive farm sector and an efficient processing arm.

To retain that vibrancy, the government needs to respond quickly to the needs of the domestic industry as well as to the global marketplace. That means streamlining the purchase program and making it more responsive to the global dairy industry. **MCT**

More Milk

March milk production in the 23 states monitored by USDA was up 5.5%, compared with last year. While not as high as February's 5.9% gain, such strong growth is not sustainable. However, after two back-to-back years of record high milk prices, producers appear to have some staying power and farm level expansion continues unabated. Producers in the 23 states added

MCT Forecast					
	Block*	Barrel*	Class III	Butter*	Class IV
Apr	1.1650	1.1300	10.90	1.1650	10.30
May	1.1850	1.1550	10.85	1.1850	10.20
Jun	1.2225	1.1975	11.05	1.1975	10.40
Jul	1.2350	1.2100	11.30	1.2250	10.60
Aug	1.2850	1.2600	11.55	1.2425	10.80
Sep	1.3325	1.3075	12.05	1.2750	11.00

* Block, barrel and butter are monthly averages of CME prices.

17,000 cows in March, compared with February, and cow numbers are now 124,000 head stronger

than a year ago. Expect milk production to remain heavy well into summer. **MCT**

Purchase Program Enters New Century

After several years of planning and industry dialog, USDA unveiled Announcement Dairy 6 this month. Announcement Dairy 6 contains the contractual terms and conditions and product specification for all bulk dairy commodities purchased through the milk price support purchase program. These bulk dairy products include salted butter, block Cheddar cheese, American cheese packed in barrels and nonfat dry milk. Dairy 6 replaces Dairy 5, which had been in place since 1992.

USDA addressed the industry's concern for streamlining the process. Announcement Dairy 6 was reformatted to be more user-friendly. For example, all information about a product is centrally located in the document. The offer forms and cancellation forms for each product were consolidated into one form each. The AMS grading certificate number is now required on the commodity container instead of the CCC contract number. USDA has

included internet website links updated throughout the Announcement Dairy 6 document for reference purposes.

USDA reviewed the commodity specifications for each product and in some cases made changes. For example, the butter specifications were changed from piece to block. And perhaps one of the more troublesome specifications, "smooth finish," was changed to the finish shall have an acceptable body and color. The filled butter block will have no voids (e.g., holes, hand prints or deep crevices) with all corners filled (minimal rounding of edges is acceptable.) To help illustrate USDA's specifications of "good workmanship," photographic images of acceptable and unacceptable samples are available from USDA.

Salted butter specifications now include acceptable salt percentages and unsalted butter was deleted from the purchase program.

Cheese must be no less than 10 days old when inspected and graded and shall not be more than 60 days

old on the date it is offered to CCC. Dairy 6 corrected the container height for the closed drum.

Nonfat dry milk shall not be more than 60 days old on the date it is offered to the CCC. Dairy 6 changes include updated fortification of vitamins language, the removal of vitamin discounts, deletion of the option of "dry" fortification and updated minimum and maximum fortification levels. On packaging, the use of the gooseneck bag for nonfat dry milk was removed along with the sewing closure method for hot melt closures.

All in all, USDA's changes are designed to streamline the process by allowing for the electronic transmission of data; by eliminating outdated packaging requirements; and by enhancing grading guidelines and to be more reflective of current industry practices.

The document may be obtained from FSA's website: <http://www.fsa.usda.gov/daco/Announcement/Dairy/Dairy6/Dairy6.pdf>. **MCT**

