

Pennsylvania's Role In The Global Dairy Industry

Editor's Note: At the Dairy Futures Conference held in State College in December, officials from all segments of the dairy industry gathered to discuss the challenges to producers, processors, and marketers of milk and dairy products. One of the keynote speakers was Dr. Ken Bailey, from the University of Missouri. Here is the text of his presentation.

By Dr. Ken Bailey
Commercial Agriculture Program
University of Missouri

Paper Presented at the 1998 Pennsylvania Dairy Futures Conference
December 17-18, State College, Pennsylvania

The outlook for the Pennsylvania dairy industry is both exciting and challenging. Pennsylvania has some of the leading dairy counties in the U.S. in terms of milk production, has a tradition in dairy farming going back to the colonial days, and has a strong infrastructure. Pennsylvania has a comparative advantage in milk production. That's economic jargon for saying the state has a long-term advantage in milk production over her neighbors.

Clearly the objective of the dairy industry in Pennsylvania is to 1) maintain a family structure in dairy production, 2) maintain a strong rural infrastructure for milk production, transportation and processing, and 3) develop strong markets for dairy

products. These are the fundamentals that have kept Pennsylvania a leader in the U.S. dairy industry for many years.

Pennsylvania dairy farmers need to reassess their position in the future U.S. dairy industry. This industry is changing rapidly. In many ways it is no different that the automotive, computer, or banking industries. The U.S. marketplace changes rapidly and successful players need to understand these changes and profit from them. In the dairy industry, these changes are well within the grasp of small dairy farm families in Pennsylvania.

There are tremendous opportunities for those dairy farmers that realize change is needed and want to be successful in the new marketplace of the future. Thus my message today is:


- 1 The free market is working; no need to fear the future
- 2 Let's focus on the real problems in our industry
- 3 The outlook for milk and dairy products promising, and
- 4 Pennsylvania dairy farmers have a comparative advantage in milk production

Current Situation

The outlook for the dairy industry looks very promising at the moment.¹ Milk prices are at record highs, and grain prices are very reasonable due to a global glut and reduced demand in Asia. The result is very high margins (difference between milk prices and feed costs) for dairy farmers.

The reason for these high milk prices is supply and demand. The supply of milk has been tight this year due to lower production levels in the West (primarily California) due to heavy spring rains and summer heat. Demand for cheese and butter has been very strong, creating a strong demand for raw milk, especially for the fat content of milk. Thus strong markets and limited supplies have resulted in record high prices for milk.
(Turn to Page 3)

STEEL BALE BOXES



With 8-Ton Wagon Gears

3 Sizes Available - 16', 18', 20' with or without running gear

• Also will fit sides onto your flat wagon

• Tandem Rake Hitches •

Farm Gates Made To Your Specifications

10% DISCOUNT
During Month
Of January

MFD BY: GAP HILL FARM WAGONS
5549 Lincoln Hwy. - Gap, PA 17527 717-442-9489
Call Bet. 8:30 & 9:00 A.M.

See Us At The **KEYSTONE FARM SHOW**
BOOTH 102, Memorial Hall East


Trailer Hitches  \$59.95	Brake Controls  \$89.95	Fold-down Gooseneck  \$31.95	Convert - a - Ball  \$31.95
Ball Mounts  \$12.95	"PLUG-IN" Simple Wiring Hook 	Pintle Hooks  5-50 Tons	Elec. Plugs & Adapters 

WEAVER DISTRIBUTING 1-800-WEAVER-D Free Catalog
RR2 Fredericksburg, PA 17026 1-800-932-8373


KEYSTONE FENCE SUPPLIES

(717) 738-0923


See us at the
KEYSTONE FARM SHOW
York Fairgrounds
Booth 541, in the Horticultural Hall




Split Rail
Locust And Treated Pine Posts
Hemlock and Treated Poplar Rails




Board Fence
1" x 6" x 16" Oak & Treated Pine



Ship Board
1" x 6" - 10" Oak & Treated Pine




Diamond Mesh




2x4 Non Climb
Woven Wire Hi Tensile
Solid Lock Deer/Game

Class 3 Galv



Board Gates & Split Rail Gates

Complete Line Of Hi-Tensile Fence Supplies



Tubular Steel Gates

Round Posts

2"x3" - 7' & 8'
3"x4" - 6 1/2' - 7' - 8' - 10'
4"x5" - 6 1/2' - 7' - 8' - 10'
5"x6" - 6 1/2' - 7' - 8' - 10' - 12' - 14'
6" x 7" - 6 1/2' - 8' - 10' - 16' - 20' - 25'

40 CCA (30 Year) Pressure Treated Posts

Square Post

4"x4" - 7'-8'
3"x6" - 7'-8'
4"x6" - 7'-8'
6"x6" - 8'

★ Deliveries Available ★

EPHATA, PA 17522

THE BETTER TMR MIXERS

LOWEST COST PER CUBIC FOOT




FARM MASTER

- low h.p. - means low maintenance
- Available from 80 cu. ft. to 500 cu. ft.
- Powder-coated, all steel available in stainless steel
- Rugged and affordable

ZIMMERMAN FUNNEL MIXER

- Portable
- Simple construction - few moving parts
- Makes fluffier feed
- Rugged and affordable

See us at KEYSTONE FARM SHOW - Jan. 5 & 6
Booth 431-433 in the OLD MAIN BUILDING

120 Woodcorner Rd.
Lititz, PA
1-800-292-9649

Bethel, PA
717-933-8420