Pennsylvania's Role In The Global Dairy Industry

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In the mean time, smaller family farms are learning to compete by shedding high-cost cropping enterprises when their machinery is worn out, and learning to contract for haying and silage production and storage Also, new small startup dairies are adopting management intensive grazing concepts in order to focus on the dairy enterprise, lower feed and veterinary costs, and limit investments per cow I am currently working with a number of such grazing operations in Missouri These farmers are very interested in running a tight business and keeping financial records

Size of Cooperatives:

Dairy cooperatives continue to get larger each year There is talk that we could end up with just two dairy cooperatives in the United States within the next 10-20 years Why have there been so many mergers between dairy cooperatives in recent years? One reason may have been to lower the cost of handling and marketing milk Another was to create a better bargaining position to bid up milk prices

Mergers are good for dairy farmers if they result in higher farm-gate milk prices in relation to federal order minimums, if they improve the financial health of the resulting cooperative, and if they ensure dairy producers better market access But mergers can potentially have a downside With more mergers there is less competition for buying milk in the country Farmers are always at an advantage if there are two or more cooperatives and proprietary firms biding for their milk supply Competition is good!

Processing Trends.

The processing of milk and dairy products really hasn't changed all that much in the last 50 years Some new technologies are on the horizon that may change all of that Reverse osmosis (RO) and ultra filtration are relatively new technologies that promise to radically reduce the cost of transporting milk components to market That means one day, lower cost milk produced in the West could find new homes at cheaper prices in eastern markets That would be a competitive threat to dairy producers in Pennsylvania

RO uses membrane technology to remove a substantial amount of water from milk The end product is a condensed milk that has all of the properties of fresh milk, with just less water Ultra filtration is another method that uses filters to remove water and whey from milk The resulting product is great for cheese making

At this time these technologies have limited practical applications since the costs of using them are still prohibitive (i e in excess of $0 75 per cwt for processing) Also, at this time, one cannot rehydrate milk that has undergone RO processing, label it milk, and put it on a shelf in retail stores Thus these two technologies are currently being used in a very limited scope in manufactured dairy products

One can see that one day, as costs decline and as regulations change, we could see fluid milk produced in New Mexico ending up on grocery store shelves in Florida in less than 24 hours as packaged fluid milk

Consumer Trends:

It is difficult to identify obvious consumer trends when it comes to the dairy industry. On the one hand, we hear that consumers are on a diet and want low-fat products Yet demand for high-fat dairy products (cheese, ice cream, butter, sour cream and dips, etc) continues to increase each year In fact, this summer, there was a critical shortage of butterfat and cream that sent butter prices up to $2 81 per pound!

There is concern that naive consumers may not be getting the correct messages regarding the healthful effects of milk and dairy products Despite mountains of evidence and excellent advertising programs from Dairy Management, Inc , regional dairy promotion programs, and Milk Pep, consumers can still get the wrong message about milk

For example, Robert Cohen recently published a book entitled, "Milk The Deadly Poison " Mr Cohen[3] readily admits he is not a trained scientist and lacks even minimum credentials Yet, he is claiming that milk contains bad chemicals, is dangerous to our health, and that our scientific community has turned a blind eye to this health threat

In my opinion, people like Mr Cohen do not understand how our dairy industry works! They write sensational articles and books in order to capitalize on consumer fears I read Mr Cohen's book and it was obvious to me that he does not understand how our milk inspection programs work He doesn't know about the Pasteurized Milk Ordinance Nor does he understand how dairy farmers, state milk boards, and Fieldmen and Sanitarians work together to ensure a safe and wholesome product. It takes a lot of work to ensure the safe milk supply that we have today Mr Cohen, antibiotics, pesticides and pus are just ***not*** in our milk supply!

The bigger question is do consumers listen to people like this? What message are they getting? The facts are, despite the wealth of food choices American consumers face, many do not get adequate amounts of calcium in their diets According to the National Institutes of Health,

Recent studies show that few American children are meeting all of the recommendations outlined in the food pyramid. Teenage girls, on average, failed to meet any of them One essential nutrient missing from the diets of many children and teens is calcium, found primarily in dairy products and in dark, leafy green vegetables Calcium plays a role in the proper functioning of the heart, muscles and nerves and in maintaining blood flow But most calcium is used in building bone mass in order to support physical activity throughout life and to reduce the risk of bone fracture, especially that due to osteoporosis, the weakening of bone that can occur in adulthood [4]

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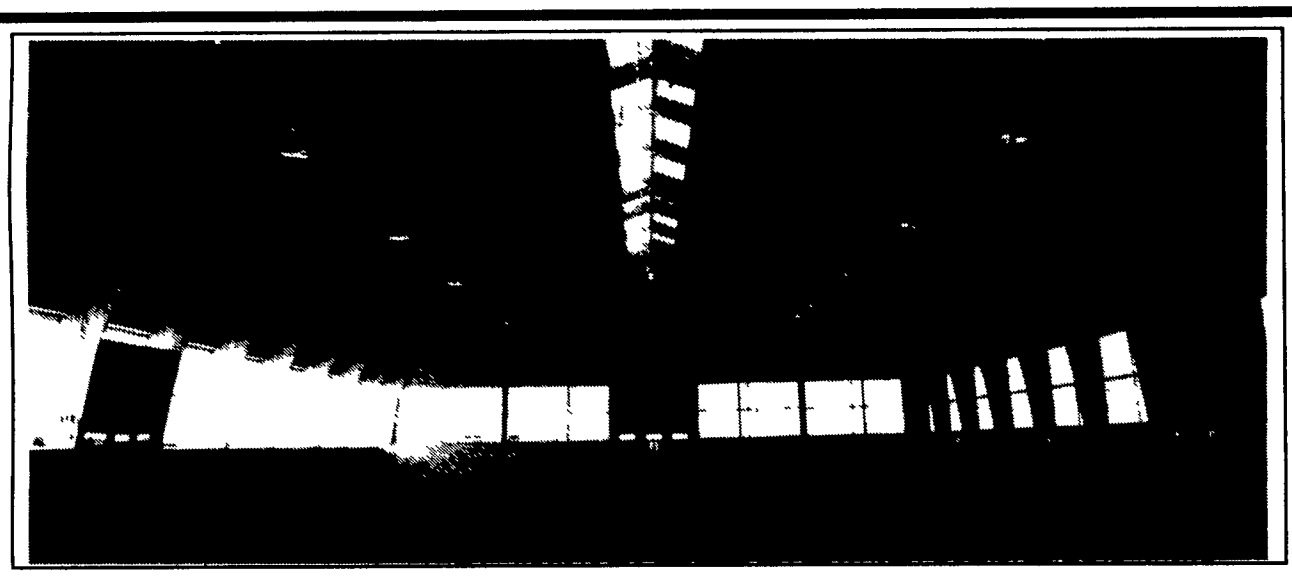

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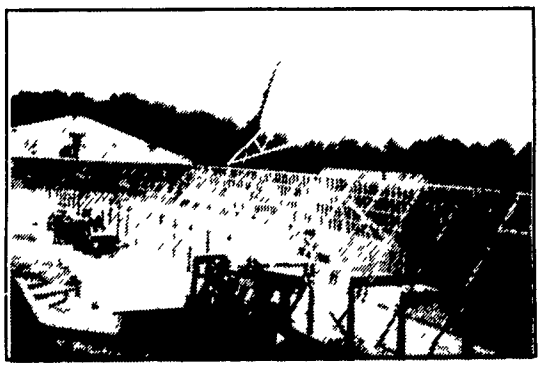

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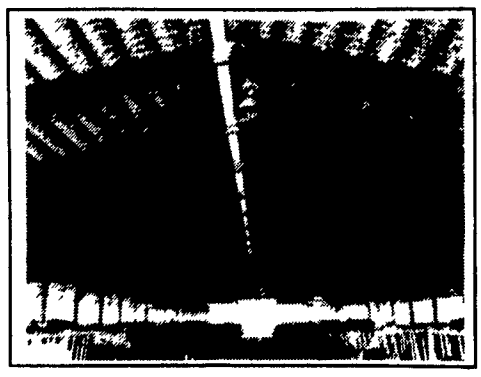

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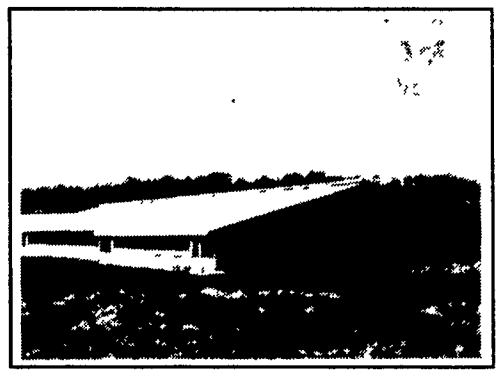

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