

# Stronger TOGETHER

Dairy Growth is Good for Minnesota



## — CHARTING OUR PATH FORWARD —

Stronger Together: Minnesota Dairy Growth Summit is the first step to provide the Path Forward for a growing, vibrant dairy industry in Minnesota. State dairy leaders from government, university, industry, and dairy farmers are coming together to begin conversations about how to take these recommendations and move them forward.

## — CHALLENGES AND OPPORTUNITIES FOR MINNESOTA'S DAIRY INDUSTRY —

Global dairy demand is growing, and the United States continues to expand its role as an international supplier. The USDA has forecast a 15 percent increase in U.S. milk production by 2022, which represents a 30-billion pound gain from 2013 levels, in part to support this global growth.

As a result of a changing industry, both here and abroad, Midwest Dairy Association funded an economic study, under the direction of the Midwest Dairy Foods Research Center's Dairy Economic Advisory Council (DEAC), comprised of Midwest dairy farmer and processor leaders. The intent of the study was to find out the challenges and opportunities before the Midwest dairy industry to capture its share of the growing domestic and global dairy demand. It serves as a starting point to bring key stakeholders together to map out the Midwest's role in the Path Forward to ensure its future competitive state.

## — MINNESOTA ADVANTAGES —

The study identified the region's land and water infrastructure, positive business climate, capital resource availability and favorable returns as key ingredients for capturing its share of the projected growth. It also identified the potential for the industry to "backfill" domestic demand for products leaving the country, as well as a focus on cheese and value-added products.

## — IDENTIFIED AREAS TO ADDRESS —

Milk production in the Midwest dipped to a 40-year low in 2004, but has rebounded by 15 percent as of 2013. Several factors examined in the study have contributed to slowing on-farm expansions, including increased land prices, tighter lending requirements and attractive alternatives competing for producers' resources and capital. Growth in new facility processing capacity has been limited by relatively high farm milk prices, high freight costs, and uncertainty surrounding future product mix.

## THREE AREAS OF EMPHASIS FOR IMPACT

Through a series of meetings, producers and processors identified three areas of emphasis for maximum impact:

### Market Opportunity Assessment

- Midwest dairy viability
- Economic impact of dairy
- Current and future product mix
- Transportation
- Secondary processing
- Domestic value-added opportunities
- Global value-added opportunities

### Social License to Thrive and Grow

- Sustainability
- Traceability
- Food safety
- Animal care
- Message development
- Social media
- Spokesperson training
- Thought leader influence
- Issues management
- Crisis preparedness

### Dairy Development Efforts

- Labor availability at all levels
- Land availability and price
- New production models at all levels
- Availability of capital
- Infrastructure support
- Technology
- Leadership
- Regulatory
- On-farm processing at all levels

## PATH FORWARD RECOMMENDATIONS

Using the study as a foundation, the Dairy Economic Advisory Council recommended the following:

- Pursue a growth and prosperity strategy across the region, aiming to maintain share of U.S. milk supply while paying producers a nationally competitive milk price;
- Enhance state dairy economic development plans, including a repurposed Minnesota Dairy Leaders Roundtable;
- Identify pre-competitive domestic and global value-added product marketing challenges and opportunities through the Midwest Dairy Foods Research Center; and
- Build on Midwest Dairy's initiatives to inspire consumer confidence to address dairy farmers' social license to operate, thrive, and grow.

## JOIN US

Your leadership in our pursuit of the Path Forward is welcomed. These representatives can provide you with information on how you can help our industry thrive and grow. To learn more, contact:

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