



# CEDAR GROVE VETERINARY SERVICE NEWSLETTER

DECEMBER 2016

## DAIRY FARMING: A GLOBAL INDUSTRY

The holidays are fast approaching and that time of year brings lots of food, fun, and an endless string of questions from non-farm friends and family about "what's it like to be a farmer these days?" This can be a very hard question since your mind may be on the current state of milk prices, or the yields of your crops, or your current labor situation. Often you may come across as more exasperated than happy to dairy farm. Well, don't fret, we are here to offer you some talking points about the global dairy industry. These should provide the non-farm acquaintances a perspective into how lucky they are to rely on American agriculture for their food and fiber.

The first thing for both farmers and non-farmers to realize is that milk prices and feed prices are not solely affected by what your neighbors are doing. The dairy industry is bigger than a county, a state, and even this country. It is a global industry. The recent trends in the costs of production and low milk prices are also not limited to the USA. The world's biggest dairy exporters include New Zealand, the European Union, the US, and Australia. Farmers in all of these

nations have felt the same pressure and pain that we see here.

Twelve years ago, countries like New Zealand soared in the dairy industry due to low production costs and favorable milk prices. However, per the International Farm Comparison Network (IFCN), the cost gap between the major producing countries has closed, especially between New Zealand and the US.

Currently the most favorable place to produce milk is in Cameroon where the major source of milk is from beef cows. It is actually considered a by-product of their beef industry. Cameroon also has the 16<sup>th</sup> highest milk price for retail sale. In the US, production costs per hundredweight of milk can vary between \$16 and \$22. In Cameroon, the production cost works out to just \$1.82 per hundredweight. If that makes you feel like you should pack your bags and move to another country, you better do your research. There are many countries that have higher costs of production than the US. Japan boasts the highest costs where they average \$58.05 per hundredweight of milk in cost of production.

DO YOU KNOW  
YOUR  
VACCINES?



### CD&T

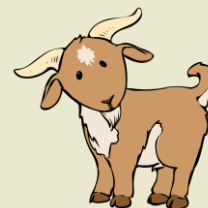
**Use:** For the vaccination of healthy, susceptible sheep, goats, and cattle against enterotoxemia and tetanus caused by the toxins of *Clostridium perfringens* Types C and D and *Clostridium tetani*.

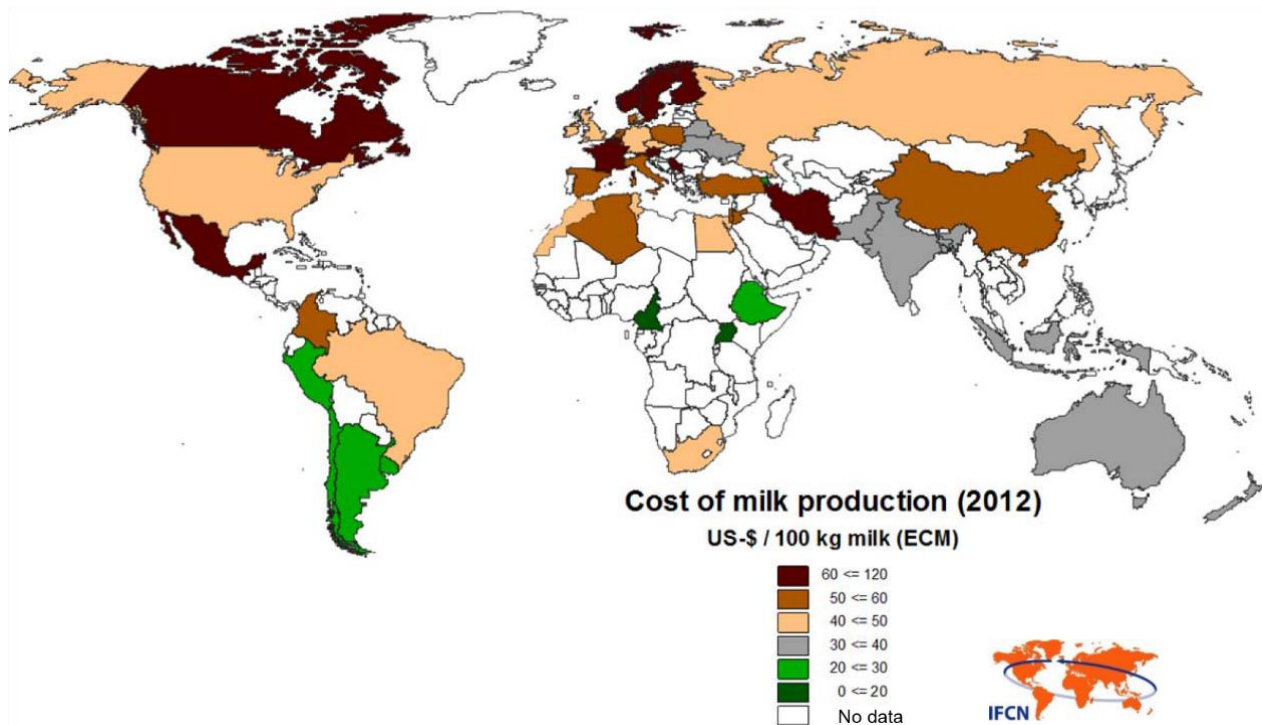
**Dose:** 5 mL SQ (Cattle)  
2 mL SQ (Sheep and Goats)

**Dosing:**

Cattle: Using aseptic technique, inject 5 mL subcutaneously. Repeat in 21 to 28 days and once annually.

Sheep and Goats: Using aseptic technique, inject 2 mL subcutaneously. Repeat in 21 to 28 days and once annually.



**Figure 2: Cost of milk production in average sized farms per country in 2012**

If global production costs are too deep a subject for Christmas dinner, a more accessible conversation may pertain to cost of a gallon of milk. In August 2011, on average, consumers paid \$3.40 per gallon. Of that \$3.40, farmers received just \$1.53. However, that is not pure profit. In 2011, the average cost of production was \$19.55 per hundredweight. This means it cost, on average, \$1.68 for a farmer to produce a gallon of milk while they were only receiving \$1.53. That is very frustrating math for anyone and while some input costs have changed, margins remain very tight as we near the end of 2016.

This is a fact that escapes the public most days. They don't see the cost of production. Consumers only see when a gallon of milk increases in price in the store. They often believe it is the farmers' fault

and make the incorrect assumption that the farmer is getting rich off them. Therefore, another interesting fact is that the US ranks 149<sup>th</sup> in the cost of milk in the store. Barbados ranks first when considering the highest cost of milk in the store. A gallon of milk in Barbados costs \$14.64. For further comparison, the cost of a gallon of milk in China is \$8.36 and our friends in New Zealand spend \$8.08 on a gallon of milk.

It is amazing how an increase in the cost of milk in the stores in the US can cause such an uproar since we have by far some of the cheapest milk. Additionally, our federal regulations also assure that the USA also has some of the safest and healthiest dairy products in the world.

Overall, all this info should provide many with very interesting dinner talk. It should also load you with data when talking with consumers about why the dairy industry in the US is so great. There are still many future battles ahead of us concerning antibiotics, GMO's, and any new preferences that consumers want. However, as we go forward, it is always good to have solid facts about the strength of the industry and the everyday battles that farmers, like you, are facing.



