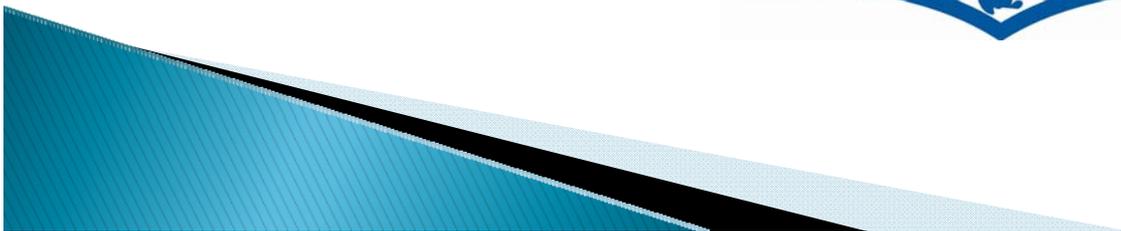


# Michigan Commission of Agriculture

## April 14, 2010

Clay Galarneau, General Manager,  
Michigan Milk Producers Association

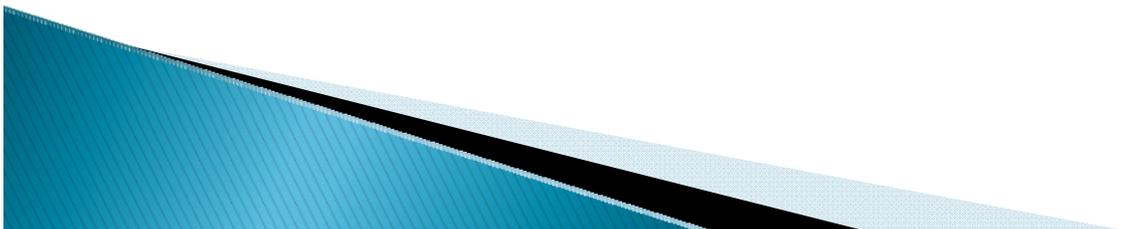


# Michigan Milk Producers Association

---

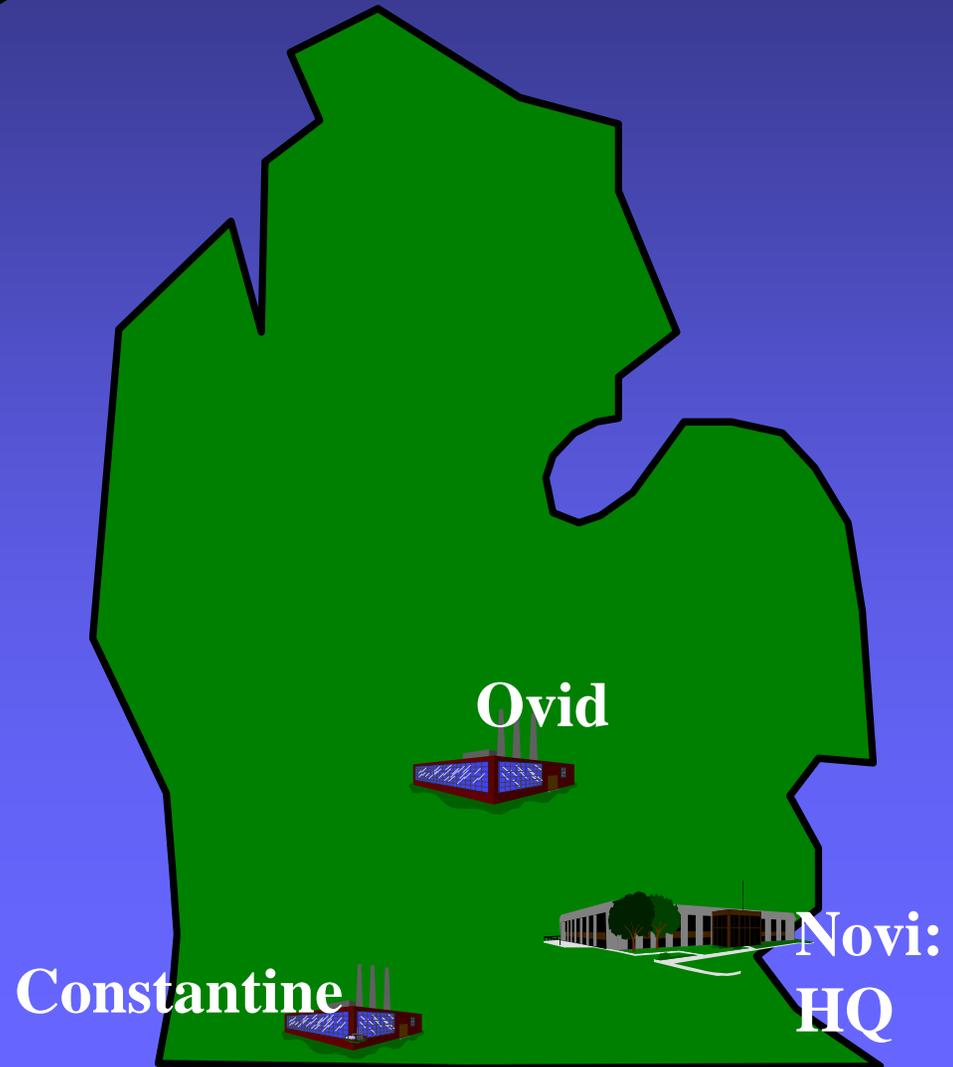


- **Formed in 1916**
- **2,200 members representing 1,400 farms**
- **Members in Michigan, Ohio, Indiana and Wisconsin.**
- **Markets 3.9 billion pounds of milk annually.**
- **11<sup>th</sup> largest dairy cooperative in the United States.**



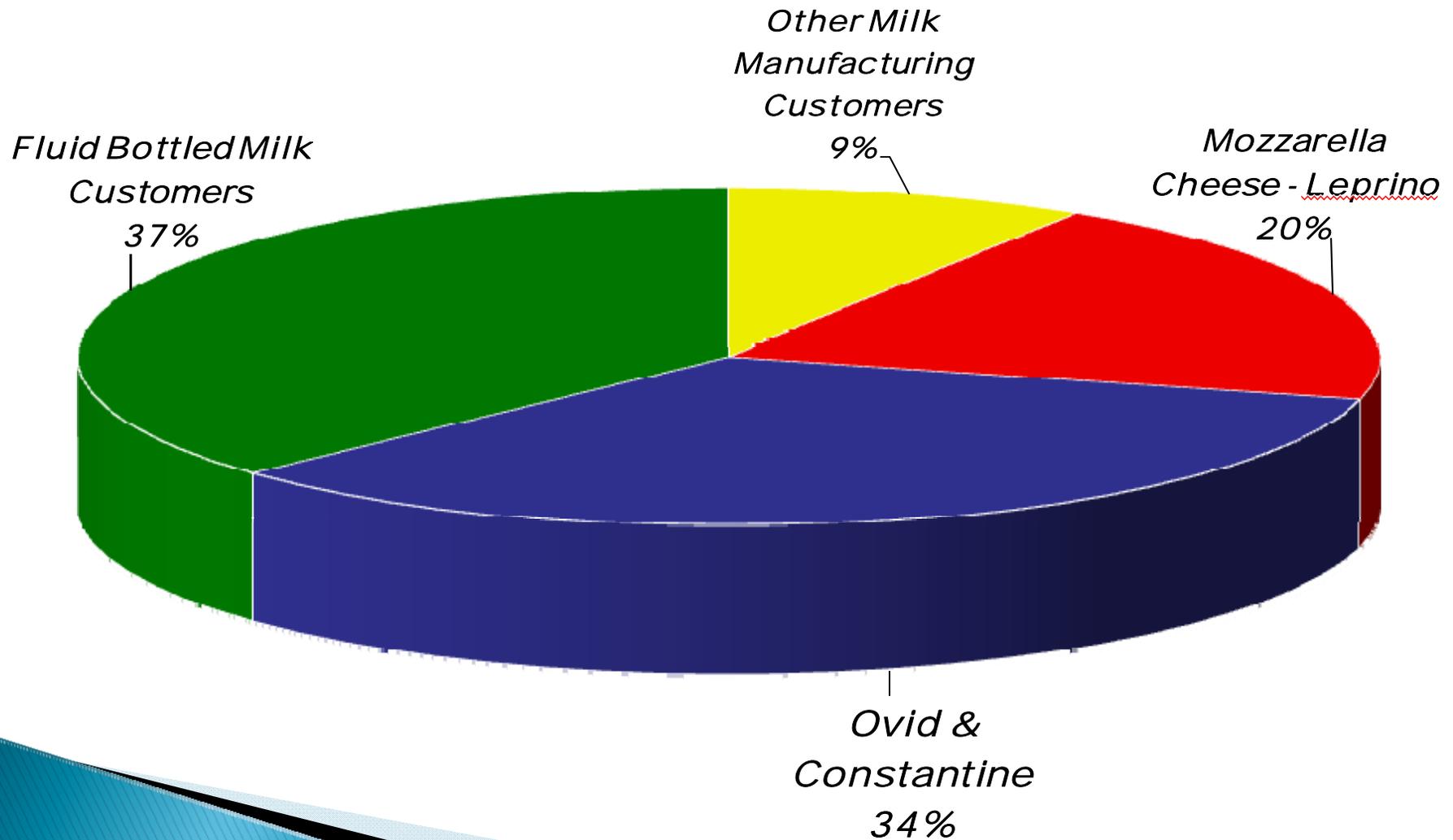
# MMPA Locations

**Products made at  
Ovid & Constantine  
Plants:** Butter,  
Cream, Condensed  
Milk, Non-Fat Dry  
Milk Powder,  
Specialty Blends.



# ***Milk Marketed by MMPA***

***3.9 billion pounds for FY 2009***

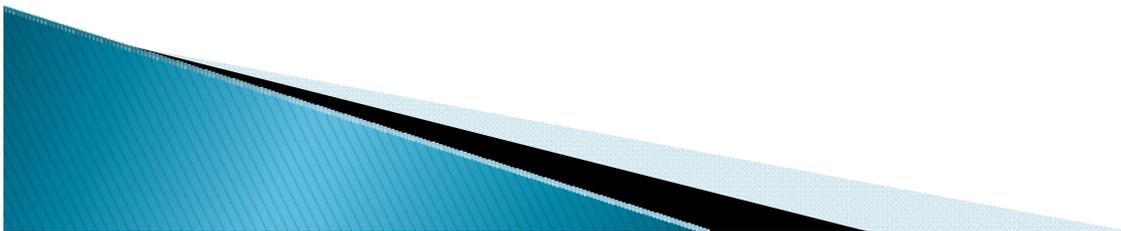


# Michigan Milk Producers Association

## ***Mission Statement:***

---

***To Market MMPA Members' Milk to  
the Greatest Advantage Possible***



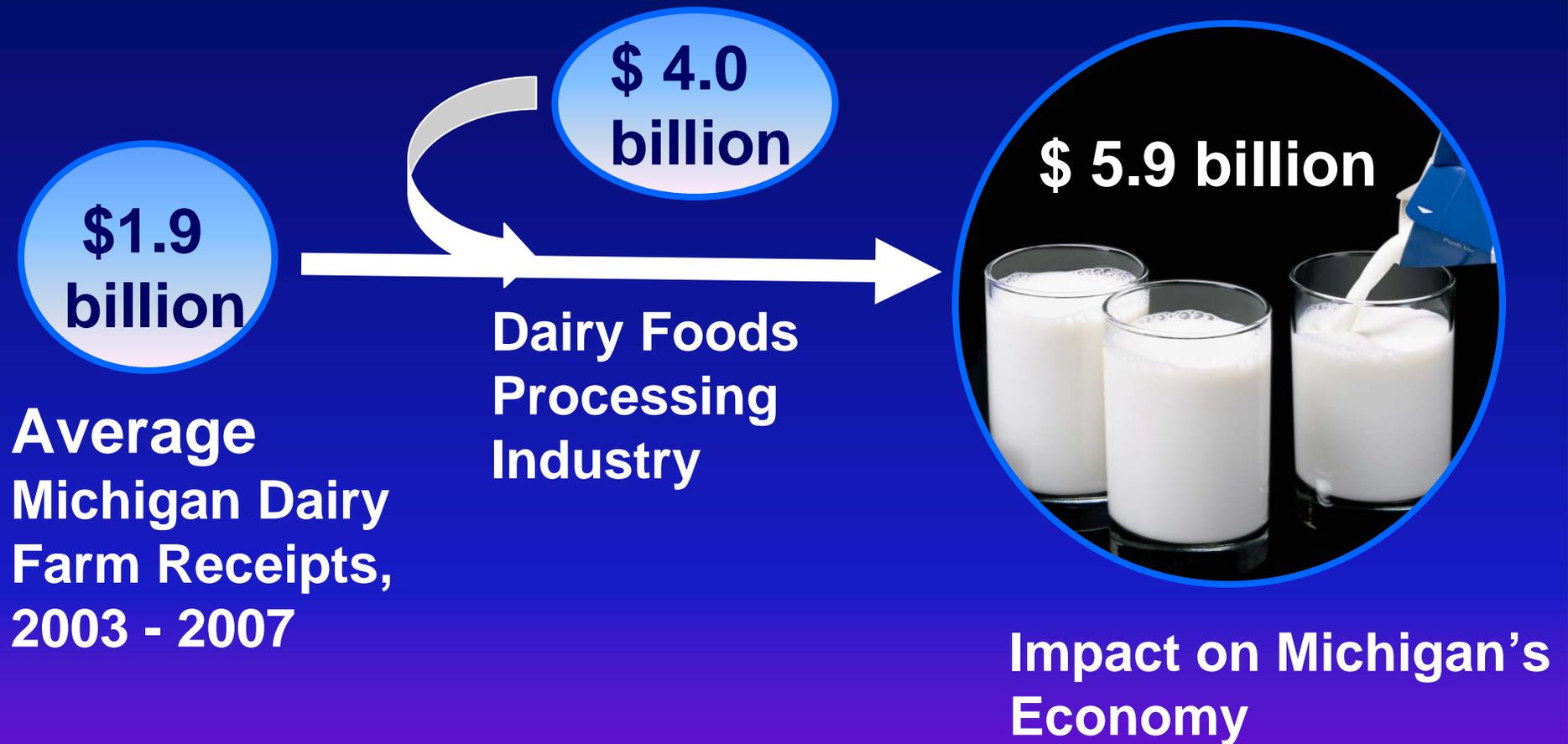
# *Michigan's Dairy Industry*

---



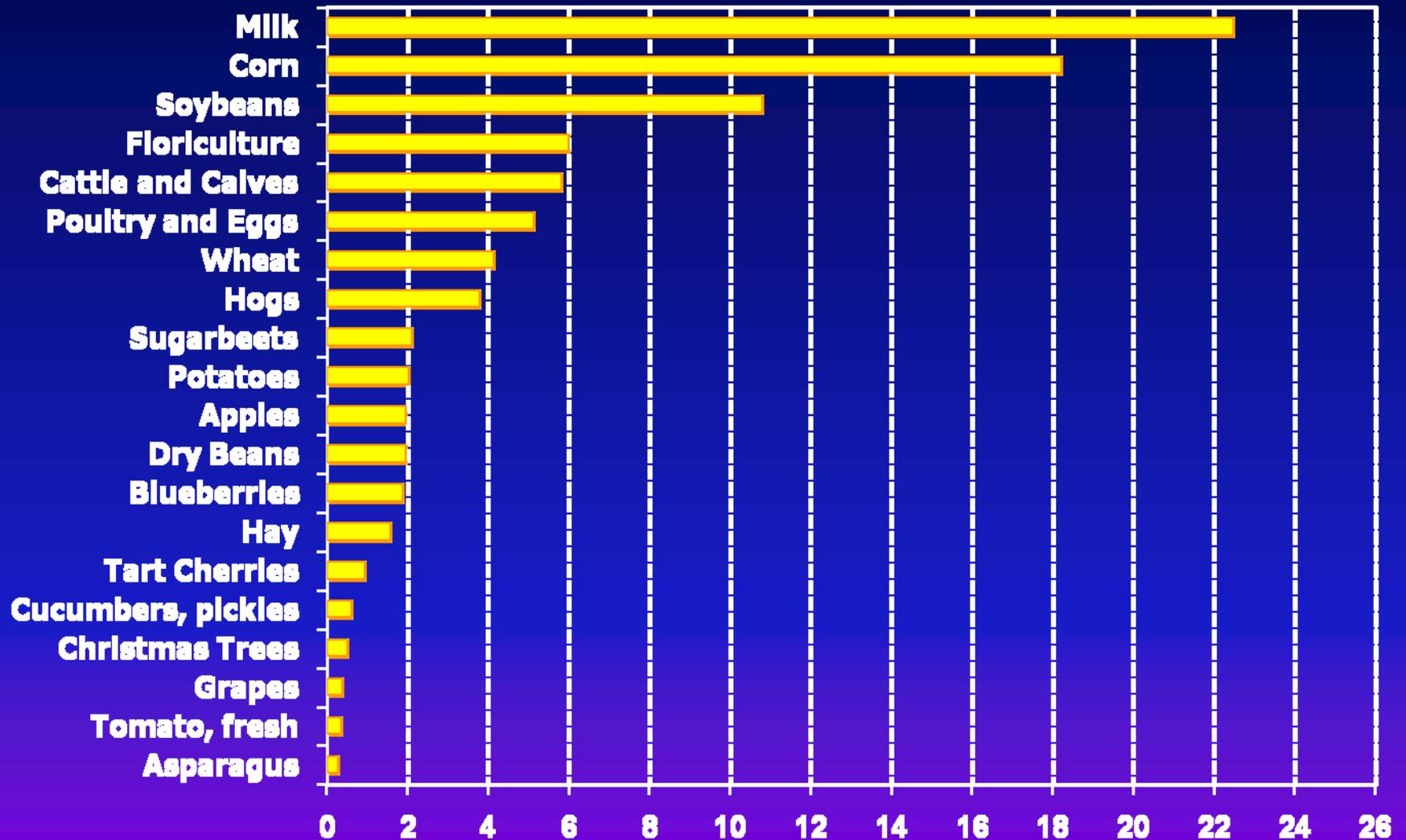
- Ranks 8<sup>th</sup> nationally
- Dairy is the top ranking segment of Michigan's number two industry: Agriculture.
- Dairy contributes approximately 25% of Michigan's cash receipts for Agriculture.
- Represents more than 4.0% of total U.S. milk production.

# *Dairy Industry's Impact on Michigan's Economy*



Source: Michigan Agricultural Statistics Service and Michigan State University, "Economic Impact and Potential of Michigan's Agri-Food System" report released January 2006 and February 2009.

# Top 20 Commodities in Cash Receipts, 2008



Percent of \$6.6 billion total

*Source: Michigan Agricultural Statistics 2008-2009*

# Top Ten Dairy States

## 2009 Milk Production

1.	California	39.5 billion lbs	- 4.1%
2.	Wisconsin	25.2	+ 3.1%
3.	New York	12.4	- 0.1%
4.	Idaho	12.1	- 1.3%
5.	Pennsylvania	10.5	- 0.2%
6.	Minnesota	9.0	+ 2.7%
7.	Texas	8.8	+ 5.0%
8.	<b>Michigan</b>	<b>8.0</b>	<b>+ 2.8%</b>
9.	New Mexico	7.9	+ 0.5%
10.	Washington	5.6	- 2.4%

# Milk Production Per Cow

## Top 10 States - 2009

	State	Milk Produced Per Cow
1.	New Mexico	24,320 pounds
2.	Washington	23,171 pounds
3.	Colorado	23,089 pounds
4.	Arizona	23,028 pounds
5.	<b>Michigan</b>	<b>22,445 pounds</b>
6.	Idaho	22,091 pounds
7.	California	22,000 pounds
8.	Nevada	21,821 pounds
9.	Kansas	21,085 pounds
10.	Utah	20,988 pounds

# *Issues Facing Michigan's Dairy Industry*

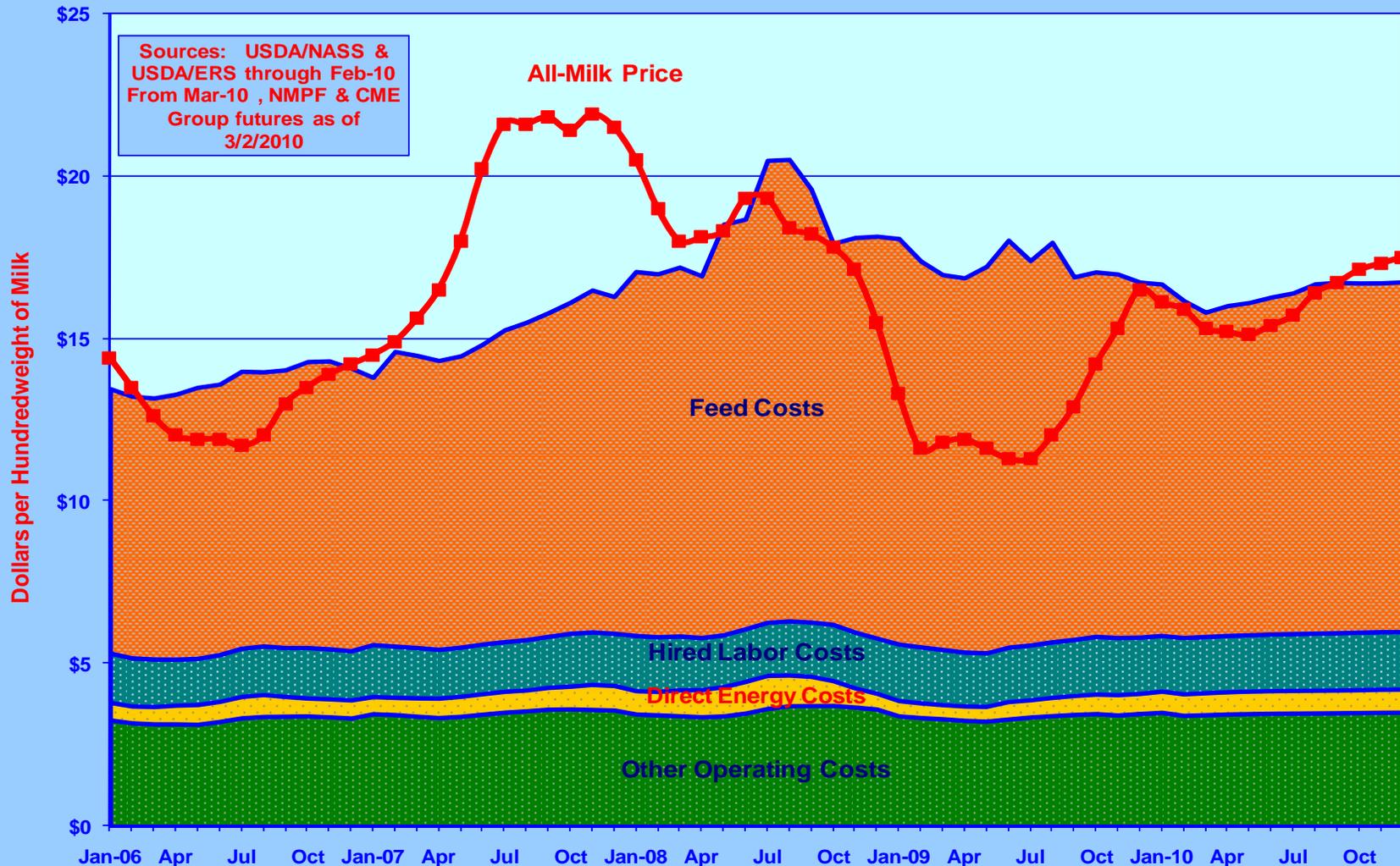
---

- Milk prices for dairy farmers dropped significantly in 2009.
- Milk prices in 2010 not as strong as anticipated.
- Increasing farm production costs.
- State Budget issues – MDA, MSUE, MSU Ag Experiment station.
- Increasing Regulatory Requirements.
- Declining number of large animal veterinarians.



# Market Outlook

**U.S. Milk Prices and Costs of Production, 2006-2010(f)**



# *Opportunities For Michigan's Dairy Industry*

---

- Michigan's dairy industry is growing in both milk production and processing capacity.
- Milk production in Michigan increased over 2.5% in 2009 compared to 2008.



# *MMPA Ovid Expansion*

---

## *OVID – Phase II*

■ Increase Capacity by 2 mill. lbs/ day	\$ 35 Million
■ New Powder Dryer Project -	<u>\$ 27 Million</u>
• Total	\$ 62 Million

- Construction started June 2008
- Financing secured for \$62 Million
- Main Plant completion date: Dec 2009
- Dryer completion in March 2010

# *Opportunities For Michigan's Dairy Industry*

---

- **Increased supplemental out-of-state milk sales**
- **Increased U.S. dairy product export sales over the long term.**
  - Over 9% of all U.S. dairy products were exported in 2009.



## *MMPA Exports*

---

- **Since November 2009, MMPA has exported:  
Over 1.8 million pounds of butter  
Approximately \$2.8 million in total sales.**
- **Butter exported to:  
Canada, Russia, Middle East and Mexico.**
- **In April, MMPA began shipping nearly  
200,000 pounds of butter to Japan.**

# *U.S. Milk Production*

## *Top Ten States*

	<u>2009</u>	<u>1970</u>	
1 California	49,486	9,500	4
2 Wisconsin	25,167	18,300	1
3 New York	12,363	10,500	2
4 Idaho	12,114	1,500	23
5 Pennsylvania	10,549	7,100	5
6 Minnesota	9,023	9,800	3
7 Texas	7,982	3,100	9
<b>8 Michigan</b>	<b>7,982</b>	<b>4,600</b>	<b>7</b>
9 New Mexico	7,905	300	43
10 Washington	5,578	2,100	15
<i>U.S. Total</i>	<i>189,259</i>	<i>117,320</i>	

# The Michigan Advantage

- Agricultural Land
- Climate
- Water
- Infrastructure
- Access to Population Centers