

The Future of The Southeastern Dairy Industry

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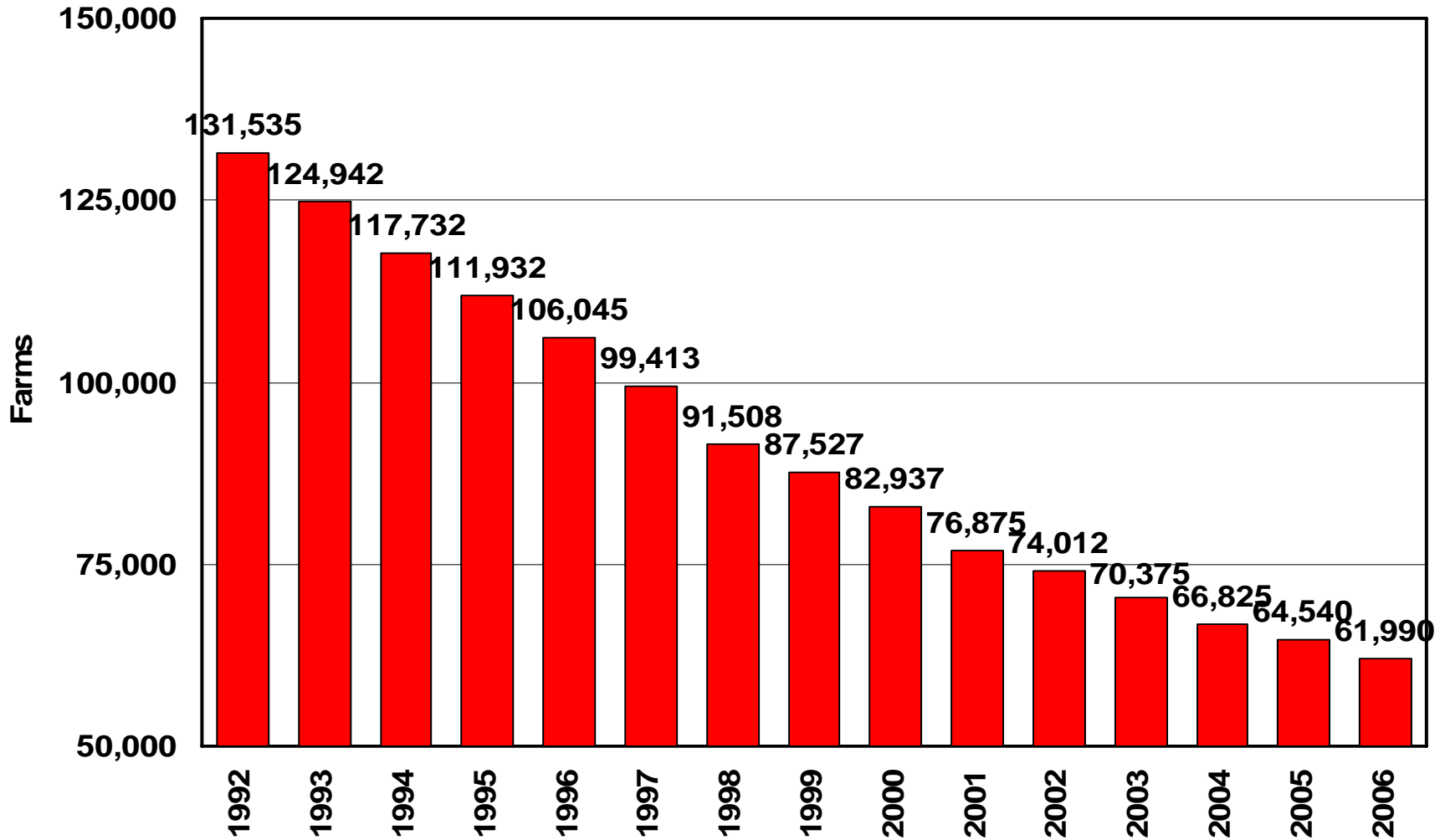
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Defining the challenge in the Southeast dairy industry



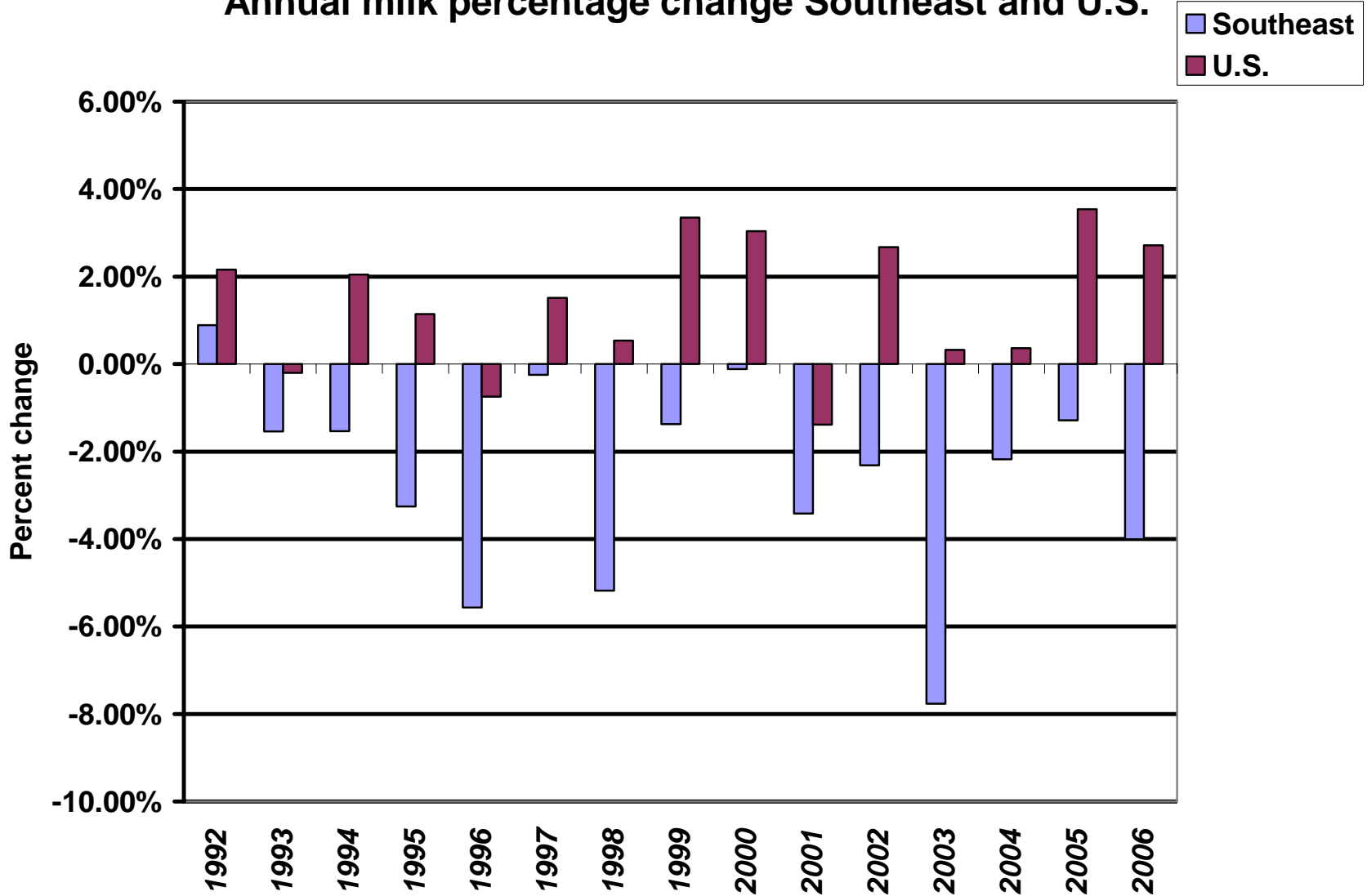
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U.S. Commercial Dairy Farm Numbers, 1992-2005



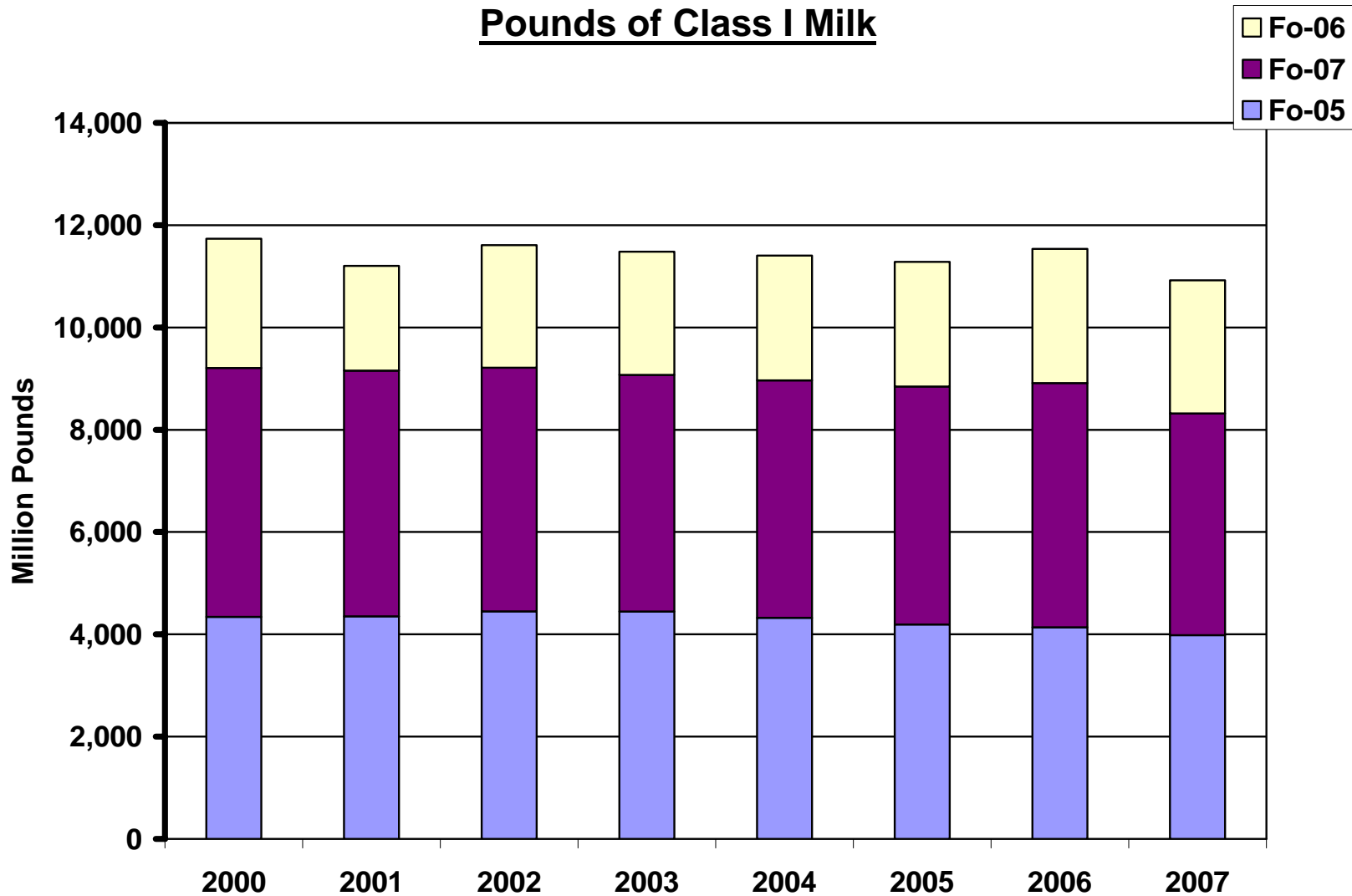
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Annual milk percentage change Southeast and U.S.



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Pounds of Class I Milk



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**We are working in
a deficit market.**



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What Have We Done?

What Are We Doing?

What Can We Do?

Cooperation, Competition, and

“Coopetition”

Coopetition

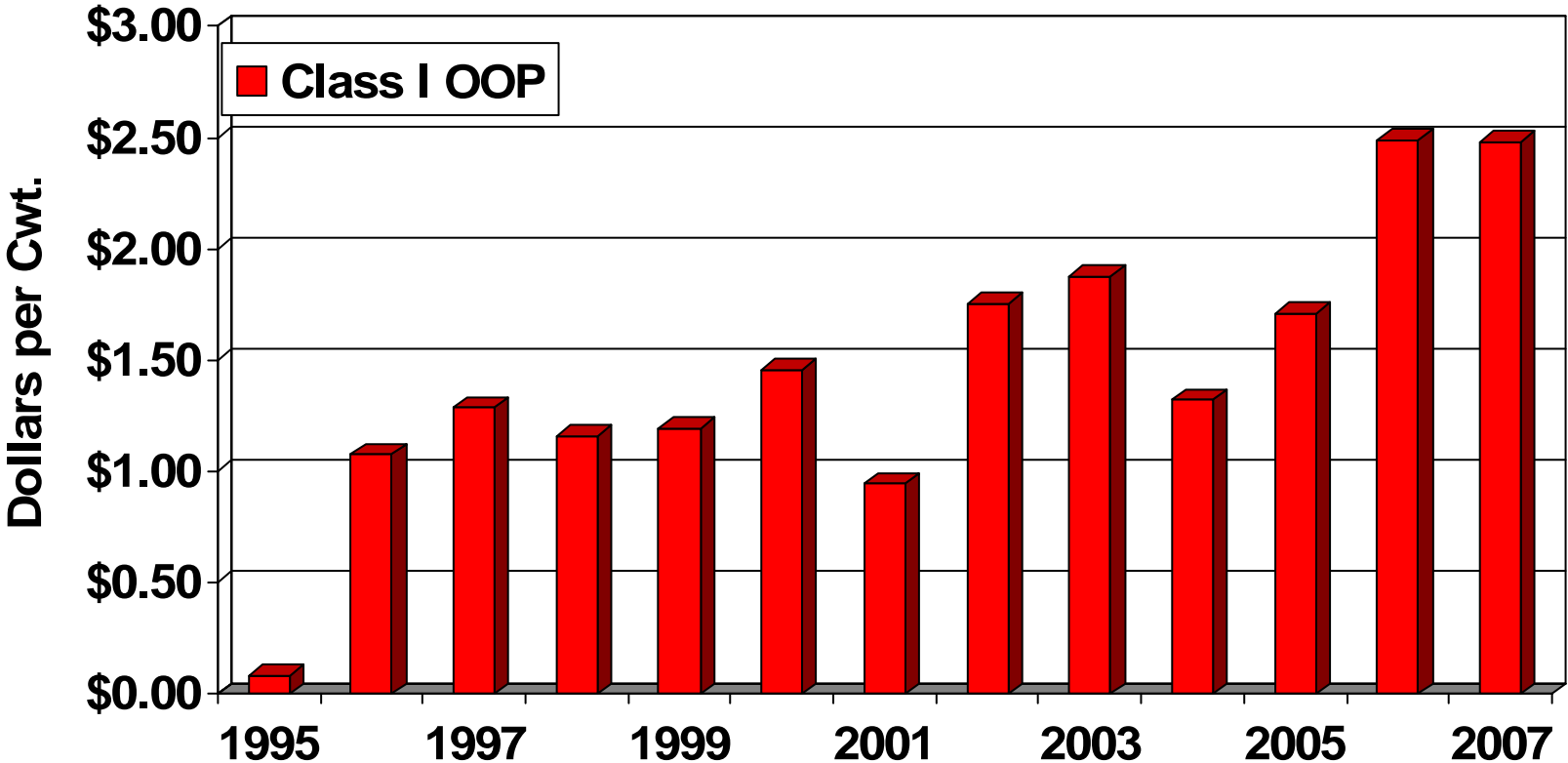
- *“Business is cooperation when it comes to creating a pie and competition when it comes to dividing it up.”*
- *“In business your success doesn’t require others to fail-there can be multiple winners.”*
- *“You may want to work together with your competitors in order to develop common complements.”*

What have we done?

- **Cooperatives and Processors:**
 - **Over Order Prices in Southeast**

DMCA Annual Average Net Class I Over Order Price (Atlanta, Georgia)

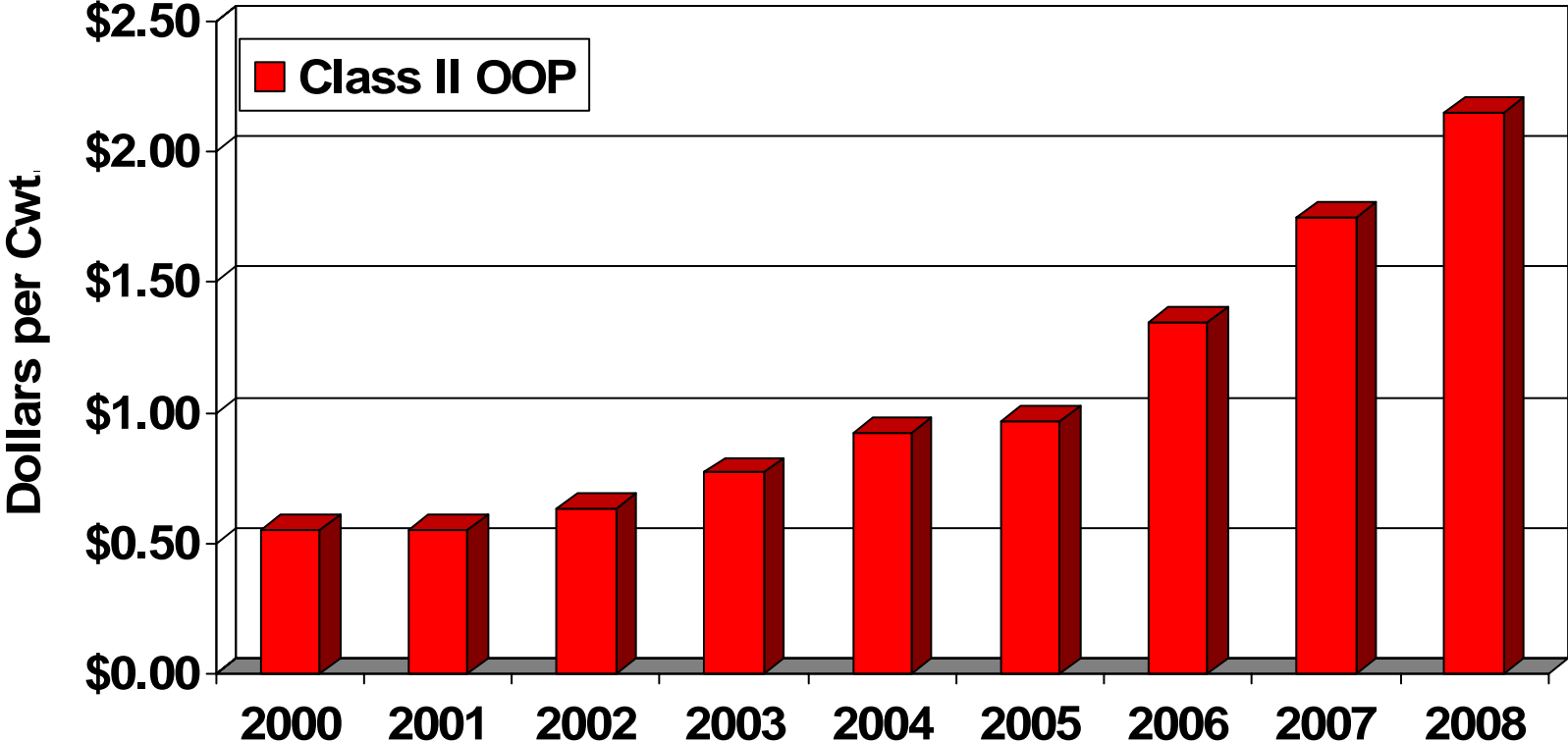
1995 - 2007



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DMCA Annual Average Net Class II Over Order Price

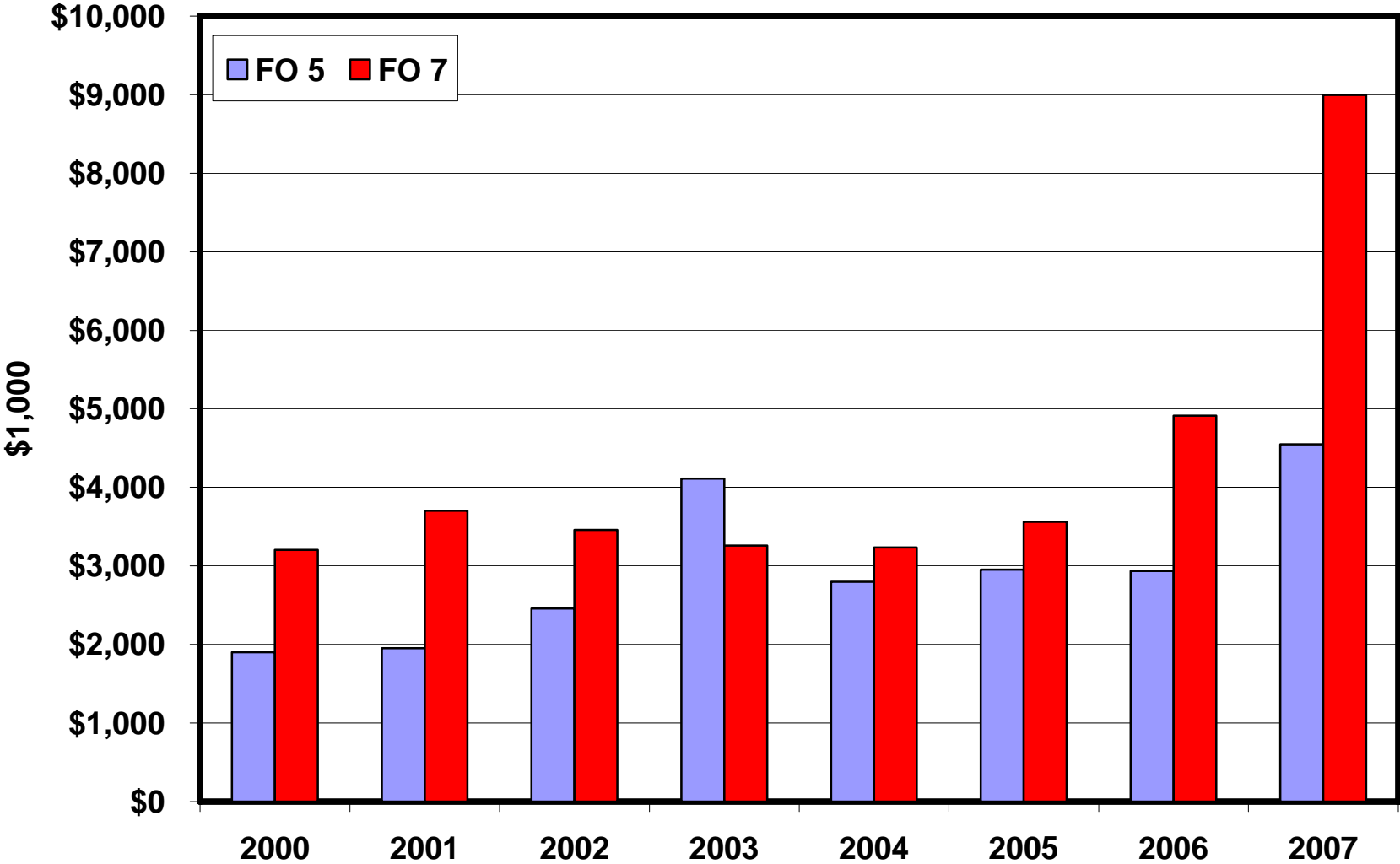
2000 - 2008



What have we done?

- **Cooperatives and Processors:**
 - **Over Order Prices in Southeast**
- **Cooperatives, Processors and Government:**
 - **Federal Order Changes, particularly Transportation Credits**

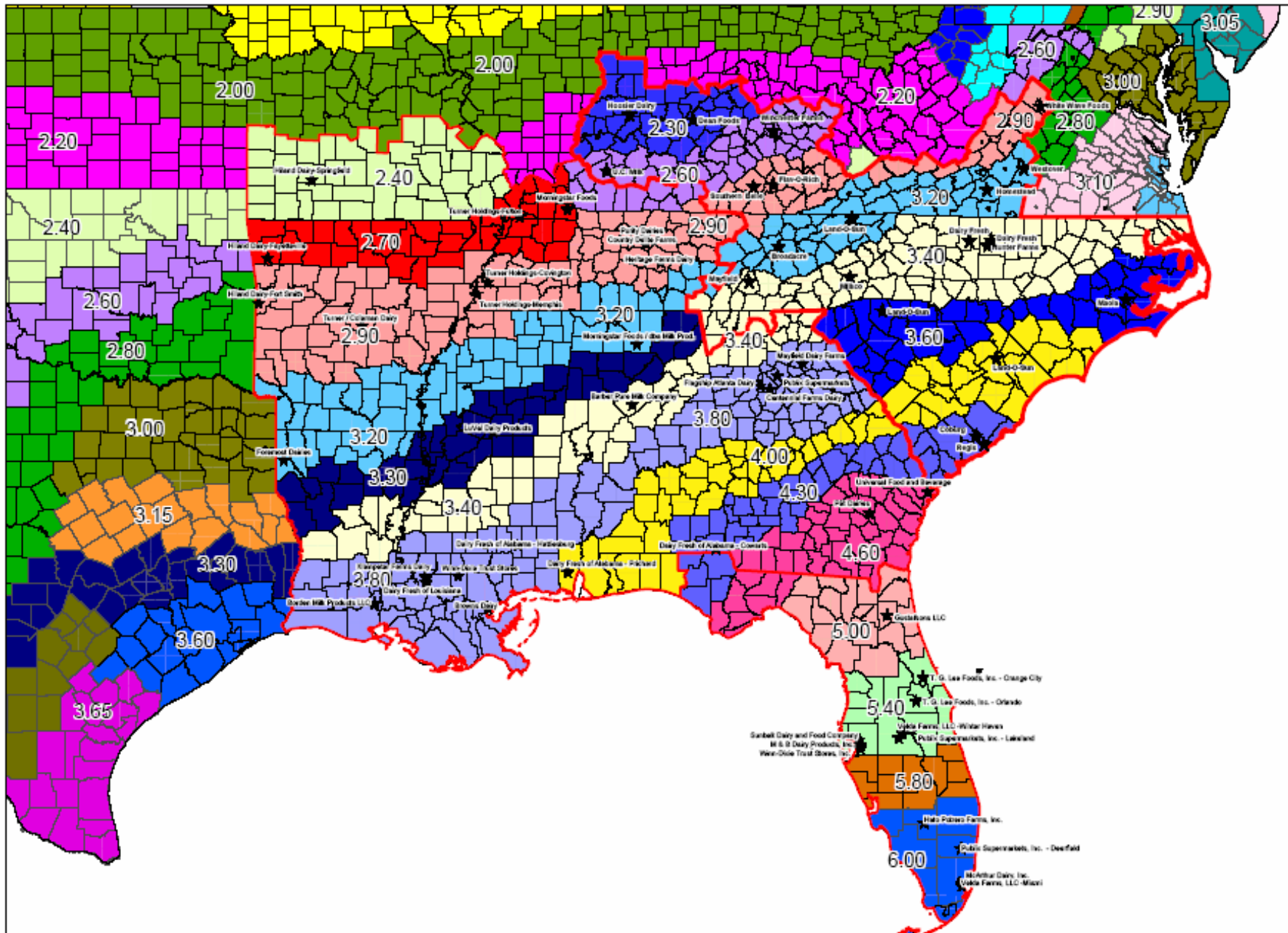
Federal Order Transportation Credit Payments



What are we doing?

- Cooperatives, Processors, Non-marketing Producer Associations and Government:
 - Federal Order Changes under review
 - Class I prices, Transportation Credits, Diversion Limits

Class I Price Surface DCMA Proposed



What are we doing?

- **Cooperatives**
 - **Efficiencies in Marketing and Operations Functions**
 - **Laboratory**
 - **Hauling**
 - **Seasonal Balancing / Plant Facilities**

What can we do?

- **Cooperatives, Processors, Non-marketing Producer Associations and Government:**
 - **Continue to keep the Federal Orders Relevant**
 - **Forge Coalition to encourage growth in milk production in the southeast**
 - **Develop information systems which reduce costs and help decision making**
 - **Continue to try new things**

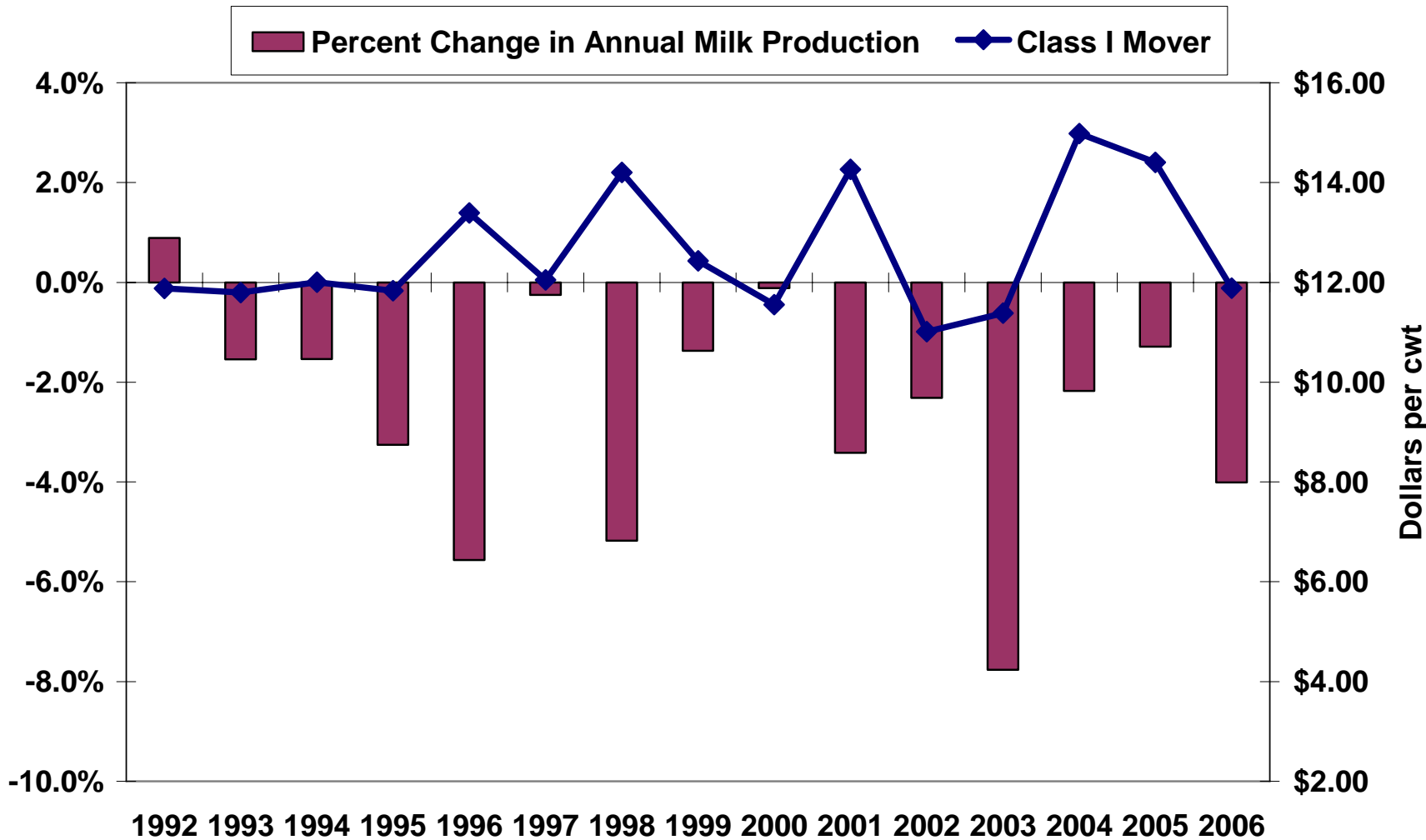
What can we do?

- **Cooperatives & Processors**
 - Rationalize Hauling
 - Efficiencies in seasonal balancing and supplemental milk procurement
 - Efficiencies in weekly balancing
 - Develop, and promote user friendly risk management tools
 - Continue to try new things
 - Continue to recognize we are in a national & global market

What can we do?

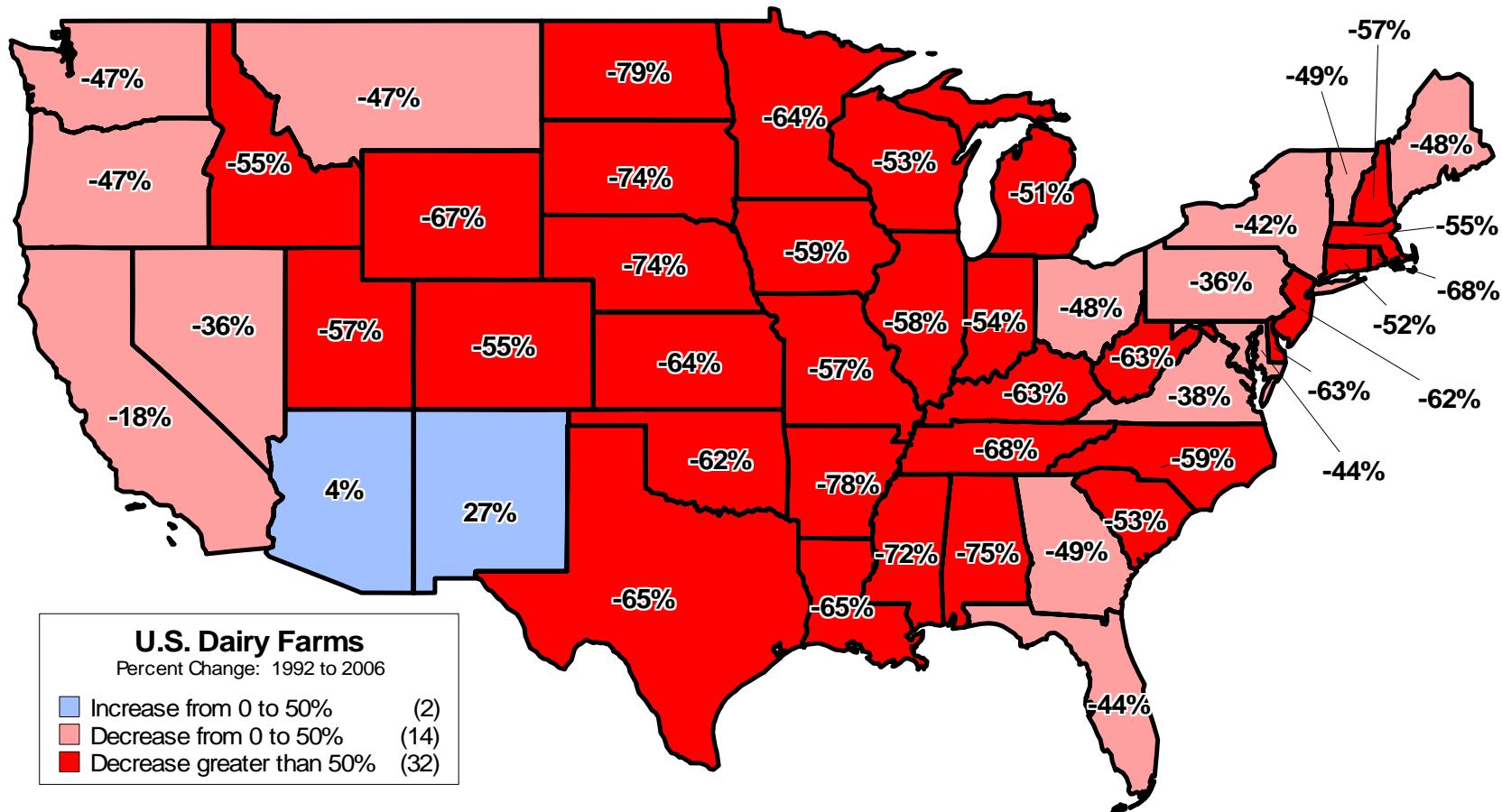
- **Are there other non-pricing factors to consider?**

Class I Mover and Percent Change in Southeast Milk Production



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Change in U.S. Dairy Farm Numbers



U.S. Dairy Farms
 Percent Change: 1992 to 2006

- Increase from 0 to 50% (2)
- Decrease from 0 to 50% (14)
- Decrease greater than 50% (32)



Other types of growth initiatives

- **Improve state funding for dairy**
 - **Ex: Wisconsin**
- **University Research**
 - **Grass Base Dairying**
- **SMA Growth Incentive Package**
- **Recruitment of large western dairy farmers or large foreign dairy farmers.**

**We are working in a
deficit market.**

**It's more important
than ever to work
together.**



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**“Everything has to
happen together, or
nothing might happen
at all.”**

-Quote from Co-opetition



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Thank You!



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