A new study commissioned by the Midwest Dairy Association indicates that the dairy industry along the so-called I-29 Corridor, which includes Minnesota, North Dakota, South Dakota, Nebraska and Iowa, has a significant opportunity for growth riding the coattails of a marked increase in global demand for dairy products. The study, “A Path Forward,” was authored by Madison, Wisconsin-based Blimling and Associates Inc., a research firm with expertise in the dairy industry.

“Working with the dairy industry throughout the Midwest, we funded ‘A Path Forward...Challenges and Opportunities for the Midwest Dairy Industry’, done by Blimling and Associates, to study our region’s competitive position to share in this new opportunity for growth,” said Midwest Dairy CEO, Mike Kruger. “We are trying to answer some fundamental questions on the dairy products that consumers will be demanding in the years ahead. Will we have the processing capacity to make these products? Will we have the local milk supply to fill these new processing needs? And, finally, will we be profitable along the value chain from “grass to glass”…from the dairy farmer to the product manufacturer? For the industry to meet its full economic potential, all facets will need to be able to thrive and grow.”

**Growth in Global Demand**

According to the study, two factors are driving global demand for dairy products. First is growth in global population, which is expected to rise by 500 million people over the next decade, adding a significant amount of dairy consumers to domestic and foreign markets.

The second factor, which is perhaps even more significant than the first, is the improvement in the economic condition of a large portion of the world’s population, particularly in Asia. From the report, “the number of people below the extreme-poverty line - defined as earning less than $1.25 per day, declined from 43% in 1990 down to 34% in 1999, and just 21% in 2010.” If prior trends continue, this economically emergent population of the world will likely consume a more dairy-intensive diet.

“USDA is predicting that this new demand could equate to 30 billion pounds (milk equivalent) of additional dairy products over the next 10 years. For comparison purposes, this growth is equal to Wisconsin’s total current dairy production,” said Kruger.

According to the report, cheese, milk powders, and so-called “specialty products,” which includes whey protein isolate, whey protein concentrate, and ultra high temperature milk, present the greatest potential for strong export growth.

Those trends equate to an immense opportunity for Minnesota’s dairy processors and producers.

**Opportunities for Midwest Dairy Producers**

The 217 page report lays out a convincing case to be bullish on the prospects for dairy in the Midwest. While Midwest dairy operations may not be best positioned to export directly, the increase in demand in Asian markets would create opportunities to backfill domestic demand, which is also growing. According to the report, if growth trends continue, researchers predict that an additional 1.1 billion pounds of cheese alone will be required in 2020 just to fulfill domestic demand. Exports could tack on another 1.6 billion pounds of additional demand.

In some regards, this growth in exports will be necessary for maintaining historical prices for the nation’s dairy producers, who continue to see growth in dairy production yearly. “My own analysis shows that over the next 10 years, we would have to export at least a third of all additional solids if we want to keep on growing at about 2-3 billion pounds per year and keep prices that are near historical average,” said Dr. Marin Bozic, Assistant Professor in Dairy Foods Marketing Economics at the University of Minnesota and reviewer of “A Path Forward.”

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Member In Focus

COMPANY: MINNESOTA LIVESTOCK BREEDERS’ ASSOCIATION
WEBSITE: WWW.MNLIVESTOCKBREEDERS.ORG
LOCATION: SECRETARY’S OFFICE, CURRENTLY MARINE ON ST. CROIX, MINNESOTA

HISTORY/BACKGROUND OF ORGANIZATION
Organized in 1896 as the Minnesota Stock Breeders’ Association, the Minnesota Livestock Breeders’ Association today is an organization composed of twenty of the principal state-wide purebred livestock associations of dairy cattle, beef cattle, swine, sheep, dairy goats and draft horses. There are 25 board members representing approximately 2800 breeders.

Q & A with Steve Pooch, Secretary-Treasurer of the Minnesota Livestock Breeders’ Association

How is your organization Funded?
The funding of the organization from its inception was through a grant from the state legislature and continues to be largely funded in that manner today.

What is new with your organization?
Our Annual Meeting was held on March 19th at the University of Minnesota in St. Paul. We plan to co-host a dairy judges clinic this summer; and we’ll again be managing the 4-H Purple Ribbon Auction and co-managing the 4-H Dairy Showcase at the Minnesota State Fair.

What are key trends affecting your Industry? How so?
Farms getting larger means fewer farmers but it also means more regulations. Manure management is a good example. With few people today having access to a farm, consumer education has become a major issue.

What are your legislative priorities?
Certainly our state grant is a high priority, but agriculture funding in general (Board of Animal Health, University of Minnesota Extension, MAELC) is also high on our list. Water quality, feedlot issues, animal disposal, funding for wolf predation have emerged as priorities in recent years.

What do you value most about your membership in AgriGrowth?
The unified agriculture voice that AgriGrowth represents along with the tremendous group of individuals that are members of the organization.

Welcome New Members!

Individual Memberships: Mark Davis, Mark Jirik, and Don Schiefelbein

The Minnesota AgriGrowth Council is an advocate for the state’s food and agriculture industry. Founded in 1968, AgriGrowth is a nonprofit, nonpartisan organization that represents the shared interests of its 150-plus members, which include food and agriculture businesses, organizations and producers, as well as the service industries that support them.

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Staff
Perry Aasness, executive director
Mary Kay Delvo, director of membership and development
Adam Axvig, communications director
Cory Bennett, director of public policy
This projected year over year growth is fueled by increases in yield-per-cow and better herd management, according to Bozic. However, the demand created by economic growth in Asia would likely outstrip the growth created by the aforementioned factors, creating opportunities for producers looking to grow their operations.

Over the last few decades, much of the growth in American dairy has occurred in the West. Recently however, some western states have experienced a slowing, and even reversal, of recent growth in dairy herds. High feed prices and severe droughts have taken a toll on California and New Mexico dairy herds, causing a draw down in the size of herds by 10,000 and 5,000 head respectively in 2013. While the growth in dairy production in other parts of the West remains strong, the Midwest’s natural resources allows its dairies to remain somewhat insulated from drastically higher feed prices and drought.

As the report suggests, the Midwest is well positioned to take advantage of opportunities created by an increase in global demand, despite the geographic realities of being located a considerable distance from coastal ports and population.

Regionally, in terms of water, feed and forage, Minnesota offers several advantages over western states. “The report reaffirmed what our members have known for years,” said Associated Milk Producers Inc. Co-President and CEO, Sheryl Meshke. “The Midwest is an ideal location for dairy farming. The availability of feed and water, positive business climate and several options for selling milk, make Minnesota an attractive location.”

Model Change

Much of the growth that has occurred in Midwest dairy is part of a transition to larger scale dairy operations. The construction of Concentrated Animal Feeding Operations, or CAFOs, the model that has fueled the incredible growth in dairy in western states, has been the primary driver of much of the growth in dairy in the Midwest. Of the 61 counties that reported an increase in dairy cows, 60% of them are home to at least one CAFO.

“We do see a trend towards larger operations,” said Bozic, “that doesn’t mean that small farms are doomed, by any measure. If you already have a facility built or you already have substantial land holdings, which many Midwest farms do have, that’s a considerable asset that you can use for your dairy production.” According to Bozic, profit-per-cow remains highest in the 200-500 head size farms.

All dairies, regardless of size, would stand to benefit from the uptick in demand.

Foreign Competition

While U.S. producers are in prime position to meet the demand coming online in Asia, other foreign competitors will almost certainly be looking to also tap the emerging Asian market.

Some of that competition may come from Asia itself. According to Bozic, China is leapfrogging many other nations in terms of the size of their farms with an accelerated transition from backyard dairies with a handful of cows to very modern dairies with direct links to processing facilities. Historically, Chinese dairy consisted of backyard pens with a handful of milk producing animals. Milk quality was poor, but China had been a net exporter of milk powders until the melamine scandal of 2008, after which new regulations on the dairy industry forced many of the traditional backyard operations out of business. According to the report, the industry is developing with new private investment in infrastructure, though land and feed availability continues to be an issue and production has continued to lag.

New Zealand and Australia continue to be strong players in the global dairy market and possess geographic competitive advantages to Asian markets. New Zealand also enjoys a lower tariff with the Chinese market, the product of a 2008 trade agreement signed between the two nations. Using a model very different than American dairy producers, New Zealanders use a pasture-based production model, which keeps input costs low, but limits capacity based on the land available, something the island nation of New Zealand has in relatively short supply.

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According to Bozic, the E.U. countries are the most likely to aggressively compete with the U.S. for future market share in Asia. As the continent eases out of the quota system, production in Europe, particularly western Europe, should rise sharply with excess supply seeking out foreign markets. Comparable with the U.S. supply in terms of quality and price, the E.U. will look to access the growing markets in Asia.

**Looking ahead**

The case for growth is convincing, though the ability to grow to meet the new demands ultimately lies with Minnesota producers themselves. “It comes down to dairy farmers, if dairy farmers want to grow, want to be part of the industry, if dairy farmers want to be dairy farmers into the future” said Minnesota Milk Producers Association Executive Director, Bob Lefebvre, “for those looking to expand, my message to them is don’t be afraid, go ahead and do it and be proud of being a dairy farmer in Minnesota. You can do it here.”

Midwest Dairy’s Kruger agrees, “The bottom line is that the Midwest has all of the attributes to be a global center for dairy production and manufacturing, but it will take an industry wide commitment to innovation, cooperation, and initiative to make it happen. It’s proven that a growing and thriving dairy industry benefits the dairy farmer, their local community, and the entire state’s economy in which they live.”

Find more information about “A Path Forward” on Midwest Dairy’s website [here](#).

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**AgriGrowth Hosts Secretary Vilsack**

On February 13th, AgriGrowth hosted a roundtable discussion with USDA Secretary, Tom Vilsack (pictured, right) to discuss current trade negotiations and efforts to further open up foreign markets for Minnesota agriculture products. Several AgriGrowth members and other leaders from Minnesota’s agriculture sector and state and federal government participated in the roundtable.

“The Secretary made a very compelling case for the need for Congressional authorization of Trade Promotion Authority and the importance of trade to Minnesota’s ag and food sector,” said AgriGrowth Executive Director, Perry Aasness (pictured, left).

“Opening markets helps farm families and their communities prosper. Other governments also recognize this and are actively forging their own trade agreements. If the United States stands still, other countries will quickly move ahead of us,” said Vilsack in a letter following the visit.

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**AgriGrowth Board Welcomes Jeff Grev**

At its Spring board meeting, the AgriGrowth Board of Directors voted to appoint Jeff Grev (pictured) to fill out the term of retiring long-time Board Member Joe Swedberg. Earlier this year, Hormel announced that Grev would be succeeding the retiring Swedberg as Vice President of Legislative Affairs at Hormel Foods Corporation.

Grev started with Hormel Foods Corporation in 1984 and brings over 30 years of packaged foods experience to the AgriGrowth Board of Directors.

Swedberg served on the AgriGrowth Board of Directors for over a decade, beginning in 2003. “Joe’s leadership and engagement as a board member and past chair of AgriGrowth has been greatly appreciated. We wish Joe all the best with his retirement plans, and are pleased to have Jeff continue Hormel’s representation on the board,” said AgriGrowth Executive Director, Perry Aasness.

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**AgriGrowth Board Tours University of Minnesota Labs**

Members of the AgriGrowth Board of Directors toured facilities on the University of Minnesota St. Paul Campus in conjunction with its April board meeting. University of Minnesota - CFANS Dean Brian Buhr accompanied several AgriGrowth Board Members on tours through the U’s Cereal Disease Lab, the Veterinary Diagnostic Lab, and the Food Science Pilot Plant.

The tours provided an excellent opportunity for Board Members to learn about the research being conducted at the University and the importance of the University to Minnesota’s food and agriculture sector.
Legislation granting the White House authority to negotiate trade deals is expected to be on the agenda for Congressional consideration in the coming weeks. For over 40 years Congress has authorized Trade Promotion Authority (TPA) - beginning with President Gerald Ford. That changed in 2007, when TPA was allowed to expire. The authority has yet to be renewed, though important trade deals currently under negotiation by the United States have rekindled bipartisan interest in passing TPA.

TPA is a measure passed by Congress granting the executive branch the ability to negotiate trade deals on behalf of the United States. Traditionally, Congress provides a rough set of goals for any trade deals under consideration, then charges the executive branch with the responsibility to negotiate deals to achieve the goals outlined in the provisions passed. The legislation is necessary because of the unique circumstances involved with negotiating trade deals and the need to be able to negotiate in good faith with potential partners.

Support for Congressional approval of TPA comes from numerous American businesses and agriculture groups seeking to expand access to foreign markets. The groups have coalesced into a group called “Trade Benefits America” to push for passage of TPA. The list of coalition partners includes representatives from business and agriculture, both large and small, including several AgriGrowth members.

“Our competitors are working on their own trade agreements right now with those countries. If we don’t get some sort of agreement, we could be at a disadvantage.”

Minnesota Association of Wheat Growers Executive Director, David Torgerson

Often lost in the rhetoric surrounding TPA is the impact that trade agreements would have on small business and individual farmers across the US and Minnesota. Minnesota Association of Wheat Growers, Executive Director, David Torgerson says TPA would be good for Minnesota wheat producers. “Wheat traditionally relies on exports as a large percentage of sales. It’s at least 50% right now, in the past it’s been upwards of 70%,” Torgerson said. Torgerson’s concern is that any deal that doesn’t include the U.S. could give foreign wheat producers an advantage against Minnesota producers. “Some of those countries, specifically in the Pacific area, are big customers. Our competitors are working on their own trade agreements right now with those countries. If we don’t get some sort of agreement, we could be at a disadvantage.”

Agricultural exports have proven vital to Minnesota’s economy. In 2014, Minnesota agriculture exports totaled nearly $8 billion, more than twice the amount of the next industry sector. That activity supported over 68,000 jobs in Minnesota.

Pork is another industry that sees immense benefits from trade. According to Minnesota Department of Agriculture data, Minnesota pork producers exported $737 million worth of pork in 2013, despite significant barriers. “You know it’s surprising, you wouldn’t think as a farmer that there are that many barriers, but when you really get into it and you start getting educated about trade you know there are a lot of tariff trade barriers, there are a lot of sanitary and phytosanitary trade barriers, that’s why we’re lucky enough to have staff not only at NPPC (National Pork Producers Council), but the National Pork Board and U.S. Meat Export Federation that are working to eliminate a lot of those trade barriers,” said Minnesota pork producer, Randy Spronk. Spronk believes that TPA is an essential first step to knocking down existing trade barriers, “It becomes very important that the administration negotiate the deal, Congress is aware of the deal that is going on all along, Congress can be updated, Congress knows what is going on, but they play it simple, they get an up or down vote without modification, that’s why TPA becomes very important to us so that we can get the negotiations done.”

Thus far, support for TPA from Minnesota’s Congressional delegation has been mixed; while some members of Minnesota’s congressional delegation have been very outspoken in their opposition to TPA, others have championed its passage. Sixth District Freshman Republican Congressman Tom Emmer has been a vocal proponent of TPA. In a letter to President Obama, Emmer said, “Advancing our nation’s trade agenda has been rightly identified as a potential area of bipartisan cooperation this year. We are committed to working with you to pass bipartisan Trade Promotion Authority (TPA) to set the stage for concluding the best possible deal in each of our ongoing trade negotiations.”

AgriGrowth has also engaged in trying to pass TPA. AgriGrowth sent a letter to Minnesota’s congressional delegation in February urging consideration and passage of TPA. “The importance of access to foreign markets for Minnesota’s agriculture and food products cannot be overstated. Minnesota currently ranks 3rd among states in agricultural exports, marketing nearly $8 billion worth of goods in 2013,” said the letter from AgriGrowth Executive Director, Perry Aasness, “Over the past decade, Minnesota agriculture exports have experienced an impressive growth of 180%, resulting in a $58.5 billion economic impact to the state and supporting over 60,000 jobs in agriculture and related industries.”

Congress is expected to take TPA up in the coming weeks.
Panelists Confirmed for Legislative Wrap Up Luncheon

The Legislative Wrap-Up Luncheon is an annual event for AgriGrowth, providing attendees with an overview of what happened during session, what didn’t, and what it means for Minnesotans. Our speakers will talk about the impacts of the legislative session on food and agriculture, education, workforce, environment, transportation, taxes and more.

AgriGrowth is pleased to announce the following legislators have been confirmed to participate on a session review panel at the luncheon:

- Sen. Lyle Koenen (DFL-Clara City)
- Sen. Bill Weber (R-Luverne)
- Rep. Clark Johnson (DFL-North Mankato)
- Rep. Paul Torkelson (R-Hanska)

The luncheon will take place at the 317 on Rice Park Event Center on June 2nd and will run from 11:30am to 1:00pm. Tickets are on sale now, you may purchase them on AgriGrowth’s website at [http://agrigrowth.org/event/legislative-wrap-up-luncheon/](http://agrigrowth.org/event/legislative-wrap-up-luncheon/)

Siehl Prize Laureates Announced

Awarded annually since 1994, the University of Minnesota - CFANS Siehl Prize Award (pictured) has recognized “those who have made extraordinary contributions toward producing food and ending hunger.”

The 2015 Siehl Prize Laureates were announced on March 18th. This year’s laureates are:

- **Stanley Diesch** (knowledge): As a professor of veterinary medicine at the University of Minnesota and large-animal/public health veterinarian, he established the Minnesota Food Animal Disease Reporting System that became the prototype for the national reporting system. His expertise in prevention and control of animal diseases is sought after by scientists around the world.

- **Gerhardt Fick** (agribusiness): He created four separate, successful businesses that relied on his plant breeding and sunflower expertise. Most sunflowers grown in the United States and Canada today are a testament to his work, as he devoted his career to developing disease-resistant, prolific cultivars that produce the high-quality sunflower seed and oils sought by food processors.

- **Mike Yost** (production agriculture): His family farms about 5,000 acres in west-central Minnesota, and he's been a state and national leader in soybean promotional organizations as well as in his home community. He's held high-ranking positions in both the federal Farm Service Agency and the U.S. Agriculture Department’s primary international agency, the Foreign Agricultural Service. In all of those roles, he's been a strong advocate for agriculture around the world.

The 2015 Siehl Prize laureates will be honored at a ceremony in McNamara Alumni Center on the University of Minnesota Minneapolis East Bank campus on Thursday, May 21.

Yost Farm, the farm operated by 2015 Siehl Laureate, Mike Yost, has been a long-standing member of the Minnesota AgriGrowth Council. On behalf of AgriGrowth and its members, we congratulate Mike on this prestigious award and thank him for his contributions to Minnesota’s food and agriculture industry.

Save the Date for 2015 Annual Meeting

AgriGrowth staff are busy working on securing another world-class line up of speakers for the 2015 Annual Meeting and Speakers Conference which will take place on November 12th at the Minneapolis Convention Center. To better accommodate our attendees, we are moving the 2015 meeting to the ballroom at the Convention Center. This will allow AgriGrowth to move the exhibitors to the hall beside the ballroom, which will give exhibitors the opportunity to discuss their exhibits with attendees while not disturbing those listening to the program.

AgriGrowth is also bringing back the popular pre-conference reception for 2015. The pre-conference reception was a new addition last year, held the night before at Brit’s Pub. The reception will be back at Brit’s again this year.

Look for more details to come regarding the 2015 Annual Meeting and Conference.

AgriGrowth Seeks Communications Director

AgriGrowth is currently seeking an exceptional individual to serve as Communications Director. The ideal candidate will possess strong communication and interpersonal skills, a strong background and understanding of the issues impacting the food and agriculture sector, demonstrated experience and knowledge of communication trends, tools, and strategies to effectively communicate with member and key external audiences, an ability to work under pressure and meet deadlines, an understanding of the political and regulatory processes, and a desire and enthusiasm for continuous learning and professional development.

Interested candidates can find more information on the position and how to apply at [http://agrigrowth.org/agrigrowth-seeks-communications-director/](http://agrigrowth.org/agrigrowth-seeks-communications-director/)