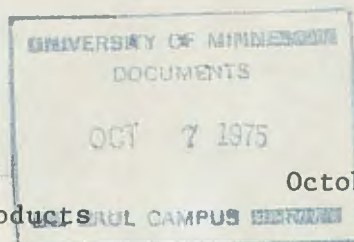
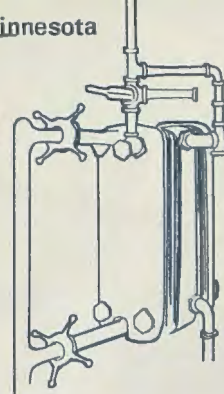


## 3 MINNESOTA DAIRY PRODUCTS PROCESSOR



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October 1975 No. 60

Extension Specialist, Dairy Products

Everything becomes obsolete after awhile, but nothing seems to go out of date quite so quickly as dairy industry statistics. Since Special Report 52, "Minnesota's Dairy Industry, Present and Future", new figures have become available and this issue of MDPP will update certain aspects of the report and revise earlier predictions.

PRODUCTION STATISTICS

Table 1 shows dairy production statistics from 1972-74. Last year cow numbers decreased by 22,000 to an all-time low of 890,000. Milk production per cow increased slightly to 10,542 pounds. Overall milk production, which has been declining slightly over recent years, increased very slightly. Minnesota cows produced about 9.38 billion pounds of milk last year: nearly 8 percent of the nation's milk.

Table 1. Milk production statistics for Minnesota, 1972-74

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Milk cows on farms	932,000	912,000	890,000
Milk production per cows (lbs.)	10,279	10,273	10,542
Total milk production (million lbs.)	9,580	9,369	9,382

HERD SIZE

Herd size continues to increase in Minnesota, although few large herds exist and the state's dairy character tends toward small rather than large herds. Still, herd size is growing. By the end of 1975 about 40 percent

of the herds in the state will consist of 30 or more cows. By 1980 55 percent of Minnesota herds will reach this level. Compare this with 1971 when 28 percent of the herds had 30 or more cows and 1965 when only 12 percent had 30 or more.

ONE MINNESOTA AREA UP IN BOTH COW NUMBERS AND MILK PRODUCTION

In the face of declining cow numbers and milk production, one Minnesota area showed increases in both from 1972-74. The figures may reflect low cull cow prices to some extent, but low prices would have exerted influences overall. The area represented by Todd, Morrison, Stearns, Benton, Mille Lacs, Kanabec, and Pine counties showed upward trends during this span. Kandiyohi County increased milk production, but not cow numbers. Other counties in the state either held the status quo or declined. Possibly -- and we're only guessing -- such figures indicate a slight north-eastward shift in Minnesota dairying.

GRADE A vs. GRADE B

The trend toward grade A milk continues. It was the reason why (though the trend abated in 1972-73, due primarily to high manufacturing milk prices) we projected a continuation of grade A conversions for 1974 and again in Special Report 52. What actually happened in 1974 has now been reported, and we find ourselves blushing. We had projected 40 percent of the milk supply as grade A by the end of 1975 and the state reached 41 percent by 1974! There were 600 more grade A farm numbers and, at the same time, the state lost 4,000 manufacturing milk producers. Thus the surprising figures. Now our 1980 projections are hesitantly being placed at 66 percent. The point is, we'll soon have as much grade A milk in Minnesota as manufacturing grade milk. The implications are many.

Table 2 indicates the grade A/B situation in farm numbers.

Table 2. Present and projected grade A and manufacturing grade dairy farms in Minnesota

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<u>Year</u>	<u>Grade A</u>	<u>Manufacturing grade</u>	<u>Total dairy farms</u>
1970	6,439	34,206	40,645
1971	6,687	32,070	38,757
1972	7,760	30,944	38,704
1973	7,951	27,652	36,603
1974	8,236	25,530	34,198
1975	9,000	22,000	31,000
1980	15,000	8,000	23,000

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### CAN vs. BULK

A large number of dairy plants have closed their doors to can milk and adjustments are taking place as a result. Between 1970 and 1974 the amount of milk handled in cans dropped from 31.7 to 18 percent. By the end of this year we expect 85 percent of the state's milk volume to be in bulk. For 1980 our estimate is 95 + percent. In 1974 can producers dropped to a 12,000 farm total, bulk to 13,400. Since some of these can producers will convert to bulk, we might expect a shift of some 3,000 in this direction. Currently there are 1.6 billion pounds of milk (17 percent) represented by can handling.

### PRODUCTION OF DAIRY PRODUCTS

During 1974 4.9 billion pounds of milk went into butter/powder production. Cheese represented about 3.1 billion pounds of milk, or nearly two-thirds of the total milk supply used for manufactured products. Fifty percent of all milk was used in butter/powder, 33 percent in cheese. In the future it could be just the reverse: 50 percent in cheese, 33 percent in butter/powder.

### END OF AN ERA?

It may be that we are approaching the end of an era in the Minnesota dairy industry. For the past 40 years or more the industry has adjusted -- not without agony -- to the influence of improved transportation. Progress has been in greatly increasing volume of output per plant and at the same time decreasing plant numbers. While this type of plant efficiency and cost reduction will likely continue to some extent; future progress appears to be linked mainly to tighter in-plant control, more efficient technology, and development of new products. Indeed, a new dairy industry character is emerging.



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