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MINNESOTA DAIRY PRODUCTS PROCESSOR



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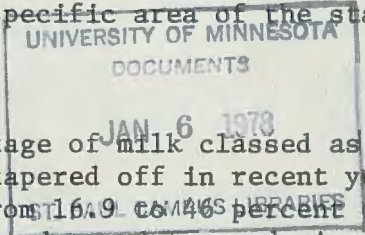
It has been a while since we last updated you on Minnesota's dairy statistics. With a new year getting underway, we thought now might be the best time to pause, and see what has happened over the past few years.

COW NUMBERS AND MILK PRODUCTION

Table 1 shows cow numbers and milk production for the state for the 3 years 1971, 1973, and 1976. Trends continue pretty much as they have been for some years now. What this table does not show are local areas of change. In the years 1973-1976 only 3 Crop and Livestock Reporting districts showed increases in production. West-central and central counties were up slightly, but the southeast showed striking increases. Both milk production and dairy farm numbers went up in this corner of the state over those 3 years. Interestingly enough, slight increases in milk output were registered for the region represented by Todd, Morrison, Mille Lacs, Kanabec, and Pine counties. Possibly, as we have suggested in the past, a slight shift northward in production is taking place. All four of these counties lie on the northern fringe of the area generally referred to as the "dairy belt." As well, and in every single county outside the dairy belt, milk production went down. With the exception of Cass, Wadena, and Crow Wing counties, the loss was heavy. Without question, dairying continues to concentrate within a specific area of the state.

GRADE A vs GRADE B

Table 2 summarizes the trend in percentage of milk classed as grade A vs grade B. Sharp increases in grade A production have tapered off in recent years. Nevertheless, a decade has seen grade A production rise from 16.9 to 46 percent of the total. Because price incentives are lacking, continued trend to grade A may well remain sluggish. As for farm numbers, grade A now accounts for 8,600 of the 28,680 dairy farms in Minnesota, as noted in table 3.



DAIRY PLANT NUMBERS

Dairy plant numbers continue to decline (see table 4), as economies of scale work their influence. Only in receiving stations and cheese plants have there been increases. In the former case, this usually represents a plant facility in which the processing function has been discontinued. In the latter, there have been conversions to cheese in existing plants, one or two new plants have been added, and the Farmstead Cheese operations also account for a share of the increase.

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PRODUCTION OF DAIRY PRODUCTS

Table 5 shows the production of manufactured dairy products in Minnesota over the past decade. The truly spectacular change is in amount of cheese now being produced. Most conversions to this product and/or new plants have now come on line, and the figures show dramatically just what is happening.

A WORD ABOUT CONSUMPTION

Looking at per capita consumption figures from 1955 and 1975, one is struck by a couple of trend-setters. First, though total fluid milk consumption is down, low-fat milk products have rocketed up in our daily fare. The trend - and the future - seems strongly fixed. One can only hope that the industry will exploit the trend with all vigor. As always, the game is won or lost in the marketplace. And consumers, nutritionists, and government are today speaking with the closest thing to a single voice we have as yet heard on this aspect of the business.

The other bright spot is cheese consumption, now having edged up to 16 pounds per person per year. This, too, looks good. It helps. But the future - the best possible future - rests strongly in product development, new uses for dairy ingredients, and an aggressive exploitation of those eating patterns - institutional and restaurant or fast food service - that figure so strongly in the future.

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Table 1. Minnesota dairy production statistics, 1971, 1973, 1976

	<u>1971</u>	<u>1973</u>	<u>1976</u>
Milk cows on farms	942,000	912,000	878,000
Milk production per cow (lbs)	10,210	10,273	10,500
Total milk production (mil. lbs)	7,618	9,369	9,239

Table 2. Percentage of grade A and grade B milk (Minnesota - by year)

<u>Year</u>	<u>Grade A (%)</u>	<u>Mfg. Grade (%)</u>
1965	16.9	83.1
1970	29.1	70.9
1971	32.7	67.3
1972	36.3	63.7
1973	36.0	64.0
1974	41.0	59.0
1975(June)	45.0	55.0
1976(June)	46.0	54.0

Table 3. Present and projected grade A and grade B dairy farms in Minnesota

<u>Year</u>	<u>Grade A</u>	<u>Manufacturing grade</u>	<u>Total dairy farms</u>
1965	5,043	53,761	58,804
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
1977 (1)	8,600	20,080	28,680

(1) Figures in this row (across) are those reported by Robert Swanson, Minnesota Agriculture Department information officer

Table 4. Select types and numbers of dairy plants (Minnesota)

	<u>1971</u>	<u>1974</u>	<u>1977</u>
Butter	123	59	51
Powder (human food)	49	36	28
Cheese	17	24	28
Bottling	63	43	34
Frozen products	35	25	19
Receiving stations	224	164	166

Table 5. Production of manufactured milk products (Minnesota - by year)

<u>Year</u>	<u>Butter (mil. lbs)</u>	<u>Nonfat dry milk (mil. lbs)</u>	<u>Cheese (mil. lbs)</u>
1965	357	605	74
1970	299	486	161
1971	286	433	202
1972	261	369	234
1973	220	302	287
1974	234	282	316
1975	217	243	316
1976	178	187	431

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