

# MMPA & Michigan's Dairy Industry



MICHIGAN MILK PRODUCERS ASSOCIATION

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**ONE CENTURY STRONG**



**1,000 DAIRY FARMS**



**5 Billion LBS. OF MILK**



Quality



Integrity



Leadership



Progressive



Community

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# Michigan Milk Producers Association



- A dairy farmer owned cooperative and dairy processor
- Member farms located in Michigan, Indiana, Ohio and Wisconsin
- Employs approximately 300+ people
- 10th Largest Dairy Cooperative in the United States
- Owns and operates three manufacturing plants



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## National Dairy Quality Awards The Best of the Best!



**25%  
of all farms  
recognized  
nationally for  
quality milk  
production in  
January 2019  
were MMPA  
member farms.**

### Gold

- Don Beattie, Holton, Michigan
- Ron and Barb Brinks, McBain, Michigan
- Brad and Debbie Kartes, West Branch, Michigan
- Brad, Mark and Larry Crandall, Battle Creek, Michigan
- Gordon Dick, McBain, Michigan

### Silver

- Benthem Brothers, McBain, Michigan
- Lynn, Clint and Parker Bivens, Bellevue, Michigan
- Michael Bosscher, McBain, Michigan
- David Mageean, Ann Arbor, Michigan
- Mark Ramer, Hale, Michigan
- Brian Wenkel, Standish, Michigan



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# MMPA Locations



**Products made at Ovid & Constantine Plants:**  
Butter, Cream,  
Condensed Milk, Dry  
Milk Powders, and  
Specialty Blends.

**Middlebury Plant:**  
Colby, Monterey-jack  
and Cheddar type  
cheeses.



# MMPA's Product Portfolio



## Fluid Product

- Condensed Buttermilk
- Condensed Skim
- Condensed Whole Milk
- Cream
- Raw Skim Milk
- Raw Whole Milk
- Reverse Osmosis
- Raw Whole Milk



## Butter

- Concentrated Milk Fat
- 80% Salted Butter
- 80% Unsalted Butter
- 82% Unsalted Butter



## Milk Powders

- Buttermilk Powder
- High Heat NFDM
- Low Heat NFDM
- Medium Heat NFDM
- Whole Milk Powder



## Cheese

- Amish Creamery
- Cheddar (white or yellow)
- Colby (white or yellow)
- Colby Jack
- Farmers Cheese
- Garden Vegetable Jack
- Monterey Jack
- Monterey Jack with yogurt cultures
- Pepper Jack
- Sriracha Jack
- Thunder Jack

## Examples of MMPA Customers


























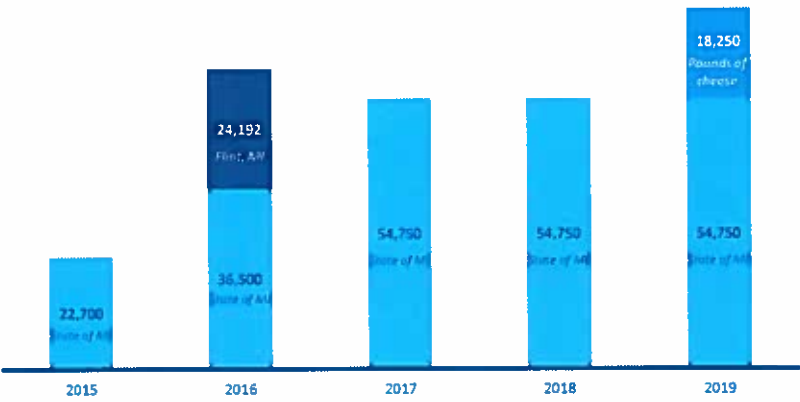


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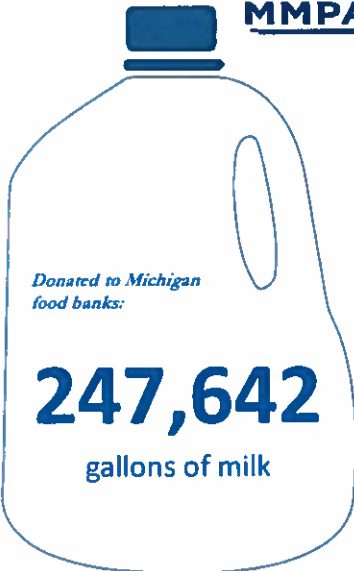
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## MMPA MILK DONATIONS 2015-2019





Year	2015	2016	2017	2018	2019
2015	22,700 (Gallons of Milk)				
2016		36,500 (Gallons of Milk)			
2017			54,750 (Gallons of Milk)		
2018				54,750 (Gallons of Milk)	
2019					54,750 (Gallons of Milk)
2019 Total					18,250 (Pounds of cheese)



Donated to Michigan food banks:

# 247,642

gallons of milk

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## Michigan's Dairy Industry



- Ranks 6<sup>th</sup> nationally
- Dairy is the top ranking segment of Michigan's agriculture industry.
- Dairy contributes over 20% of Michigan's cash receipts for Agriculture.
- Represents more than 5.0% of total U.S. milk production.



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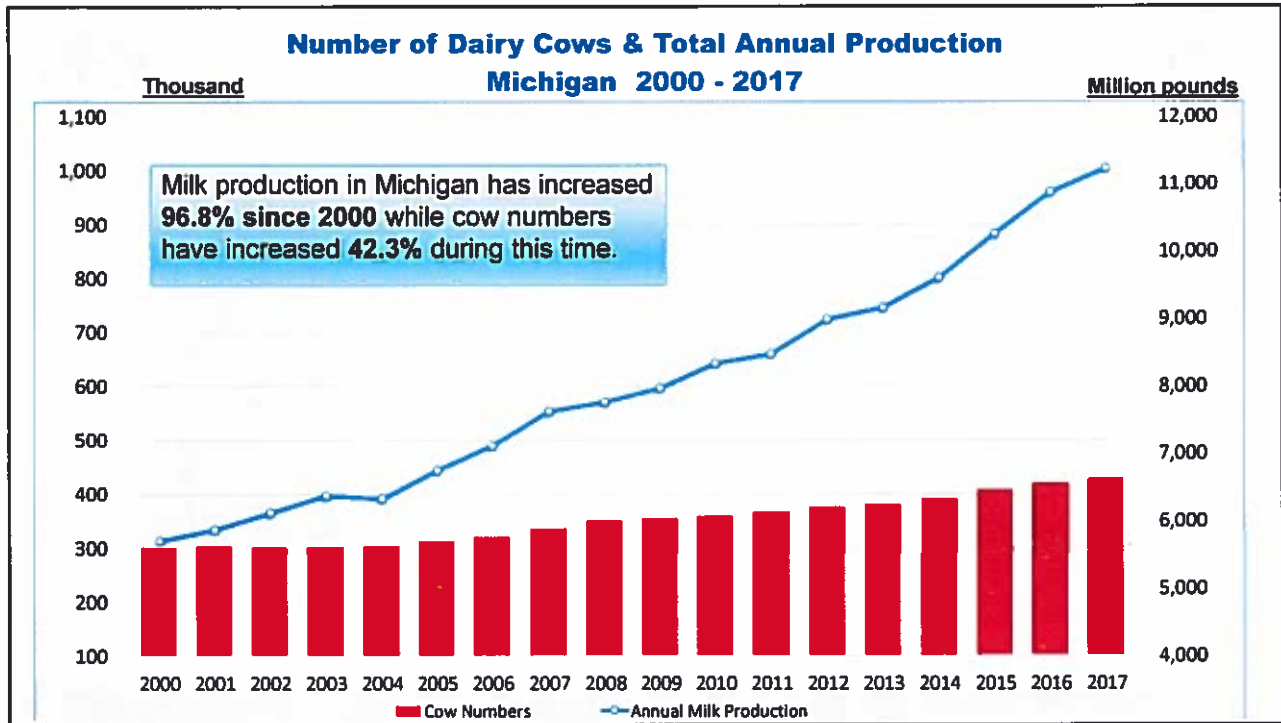
## Top Ten Dairy States 2018 Milk Production



1.	California	40.4 billion lbs.	+1.5 %
2.	Wisconsin	30.6	+0.8
3.	Idaho	15.1	+3.5
4.	New York	14.9	-0.3
5.	Texas	12.9	+6.6
6.	<b>Michigan</b>	<b>11.2</b>	<b>-0.6</b>
7.	Pennsylvania	10.7	+1.1
8.	Minnesota	9.8	0
9.	New Mexico	8.3	+0.9
10.	Washington	6.7	-3.1

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### Milk Production Per Cow - Top 10 States - 2018

	State	Milk Produced Per Cow
1.	Michigan	26,340 pounds
2.	Colorado	25,892 pounds
3.	New Mexico	25,106 pounds
4.	Idaho	24,875 pounds
5.	Washington	24,318 pounds
6.	Wisconsin	24,002 pounds
7.	Nebraska	24,000 pounds
8.	Iowa	23,945 pounds
9.	Texas	23,933 pounds
10.	Arizona	23,933 pounds

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## The Michigan Advantage

MMPA

Land & Water

Climate

Infrastructure

Access to population centers

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## STATE MILK PRODUCTION

(2016 Adjusted for Leap Year)

Jan +1.6% or +15M pounds  
Feb +1.0% or +9 pounds  
2018 Cal Yr = (.57)% vs 2017 +3.54%

2018 State Increases YTD (in Millions)		
State	Pounds +/-	Percent +/-
Indiana	(52)	-1.22%
Michigan	(64)	-0.57%
Ohio	(138)	-2.47%
Wisconsin	247	0.81%
Total YTD	(7)	-0.01%

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# Michigan's Dairy Industry



- Current processing capacity within the state will be expanded to accommodate milk production growth.
- Continued evaluation of dairy expansion opportunities underway.

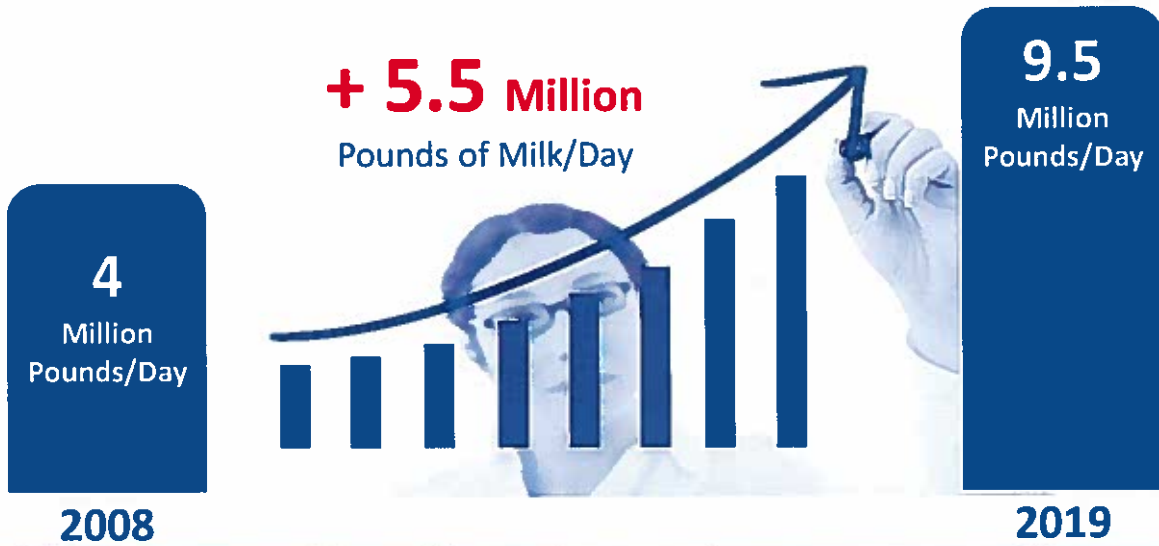


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# MMPA Expansion Investment

Impact on Processing Capacity 2008 vs. 2019



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## MMPA Expansion Efforts

### Expand Strategic Alliance with Foremost Farms

#### Joint Cheese Plant

- DFA, Select Milk and Glanbia to build plant in St. Johns, Mich.
- MMPA in discussions with entities regarding milk supply agreement

#### Middlebury Cheese Company

- Expanding from 400,000 pounds day to 1 million pounds milk/day

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### MMPA Constantine Plant Expansion

Added an additional 1.3 million pounds milk/day capacity. New milk concentration equipment added. Operational in November 2018



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# Trends

U.S. and International Milk Production

Global Dairy Trade

Milkfat consumption

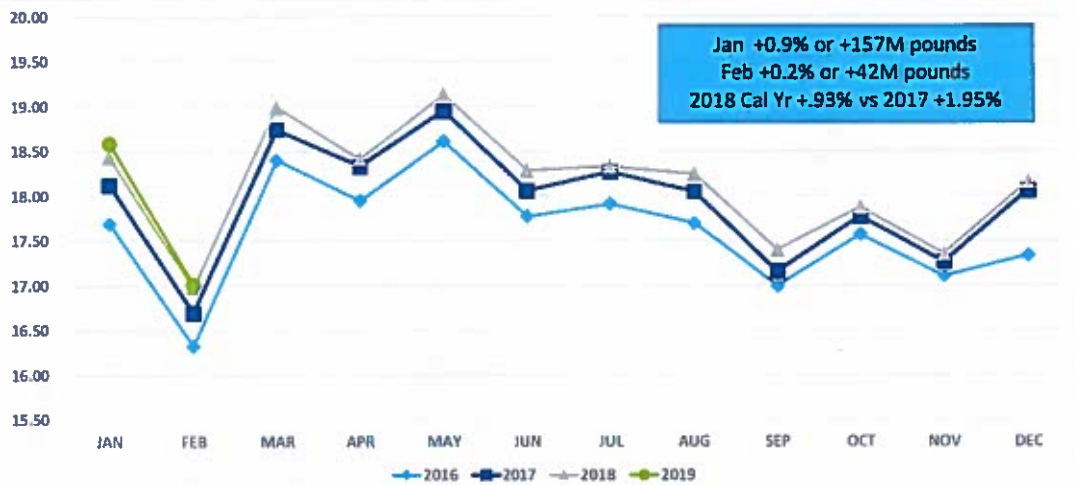


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## U.S. MILK PRODUCTION

(2016 Adjusted for Leap Year)



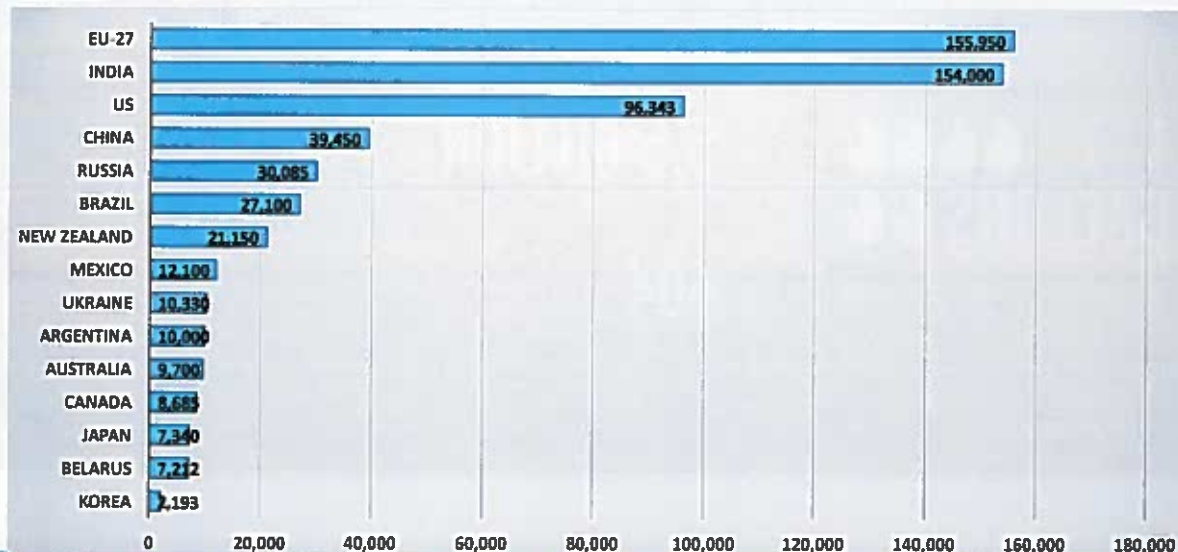
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## International Milk Production-2017



1000 MT



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## Export Market's Importance



Global demand for protein-rich dairy is rising.



U.S. dairy exports have more than quadrupled since 2000, to over \$5 billion in 2017.


Top five markets are:

1. Mexico (\$1.3 billion)
2. Southeast Asia (\$690 million)
3. Canada (\$636 million)
4. China (\$577 million)
5. Japan (\$291 million)


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# U.S. DAIRY EXPORTS BY THE NUMBERS



**1 OUT OF 7**



**GALLONS**


TURNED INTO DAIRY PRODUCTS AND INGREDIENTS SOLD IN OTHER COUNTRIES.

**\$5.5 BILLION**

IN ANNUAL U.S. DAIRY EXPORT SALES

**604%** INCREASE IN EXPORTS SINCE 1995

**\$1.3 BILLION**



SOLD TO MEXICO, OUR LARGEST CUSTOMER

Sources: U.S. Department of Agriculture, U.S. Department of Commerce, U.S. Dairy Export Council

**Bottom line:** Exports expand dairy's economic footprint, creating jobs and tax revenue.

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## U.S. Dairy Exports to Mexico at a Glance



- ✓ In 2018, a record **15.8 percent** of U.S. milk production was exported. Mexico was the largest single customer for U.S. dairy exports, with sales of **\$1.4 billion**, up 7 percent from 2017.
- ✓ Every \$1 of U.S. dairy exports to Mexico generates \$2.50 of economic activity in the United States, according to a study by Informa Economics.
- ✓ Each day, an average of over \$3.8 million in U.S. dairy products cross the border into Mexico.
- ✓ Mexico comprises roughly **25 percent** of all U.S. dairy exports, which totaled \$5.59 billion in sales in 2018.
- ✓ Mexico is the largest customer for U.S. milk powder, cheese and butterfat.

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## Trade Wars Impacting Dairy



### U.S. tariffs on Mexican steel and aluminum

- Mexican retaliatory tariffs on \$380+ million of U.S. cheese

### U.S. tariffs on Chinese...everything

- Chinese tariffs on \$575+ million of U.S. dairy



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## Increased Demand for Milkfat



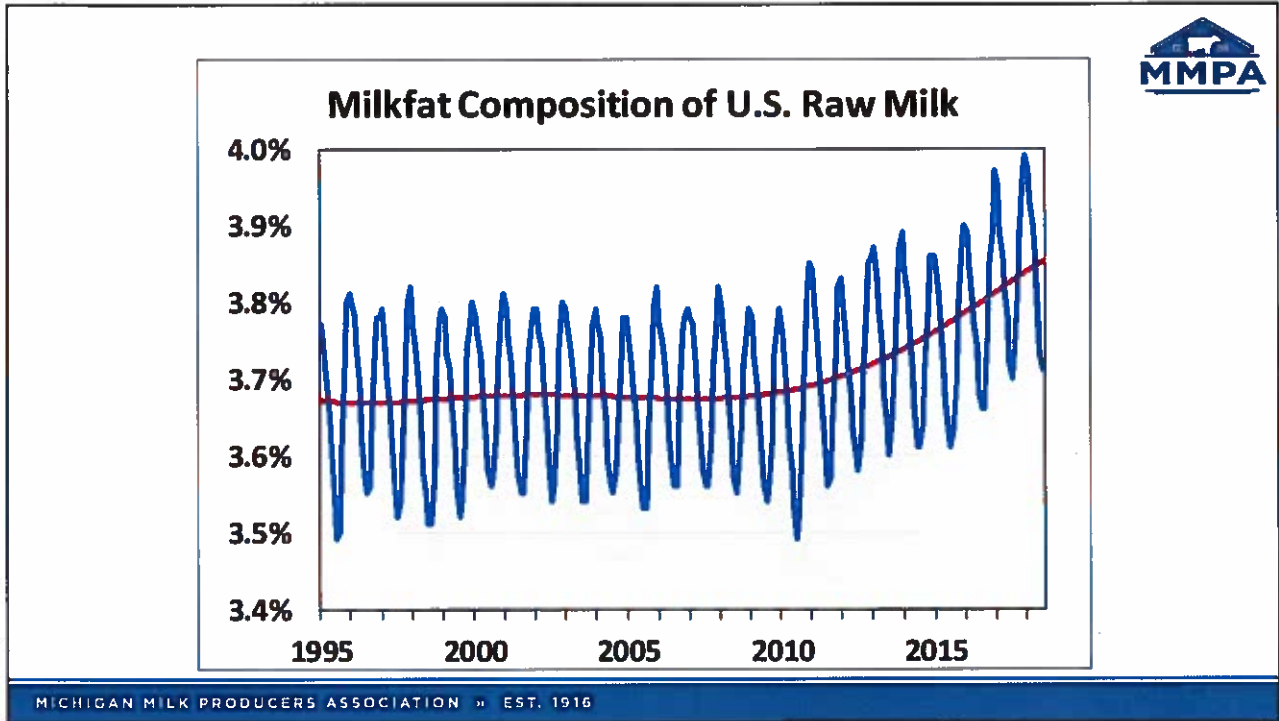
- **Revised views on impact of dietary fat consumption on cardiovascular health and obesity has led to growth in consumption of milkfat in the U.S. domestic market**

- **Butter**
- **Fluid whole milk**
- **Yogurt**
- **Cheese**
- **Other products**

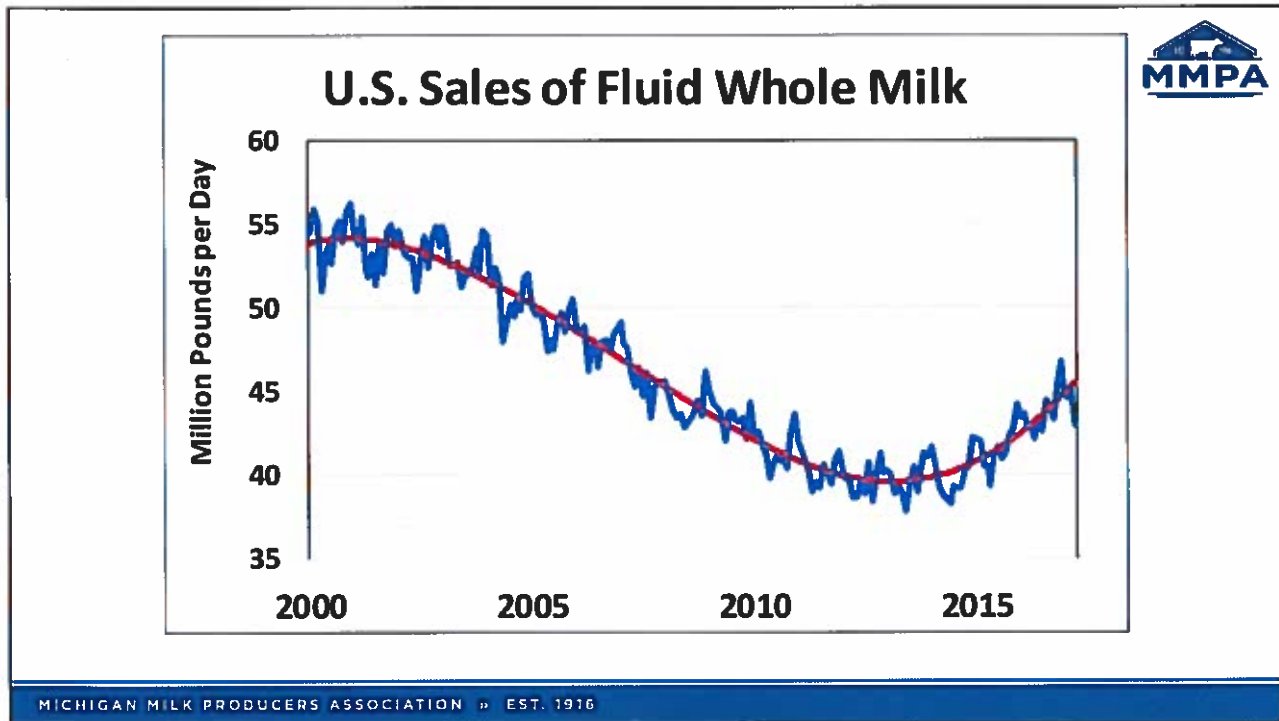


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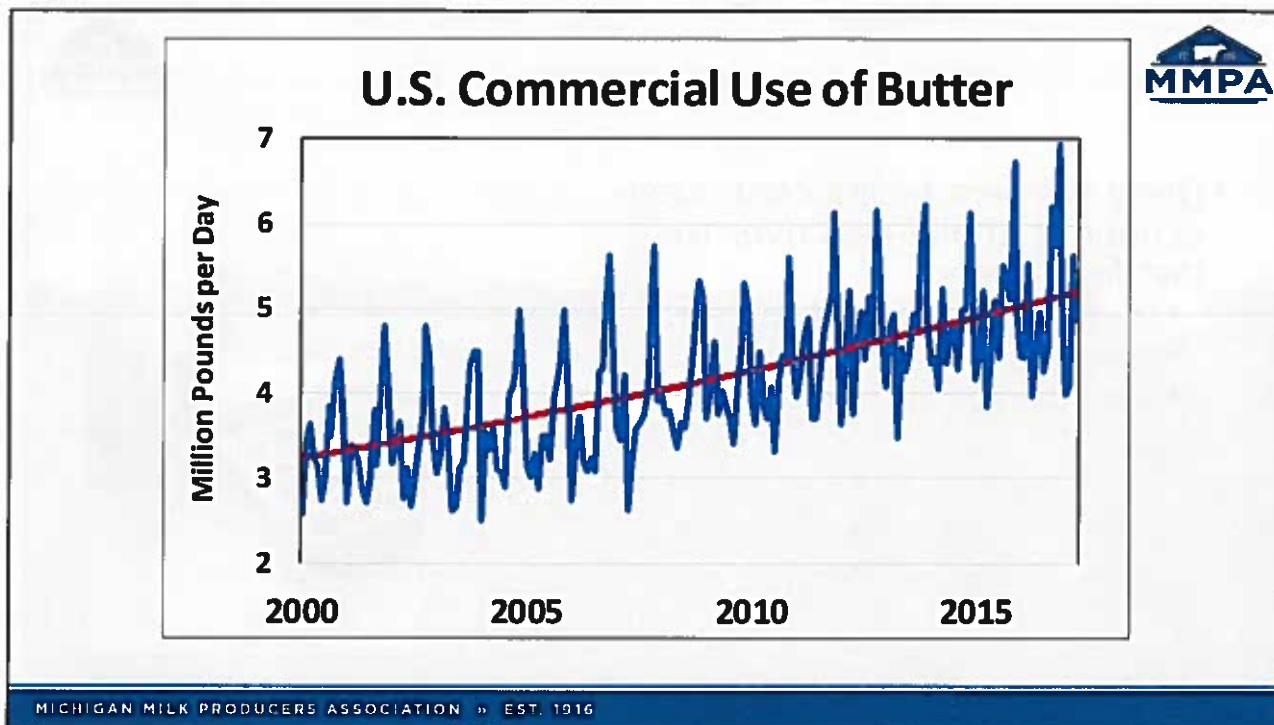
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## Current trends impacting dairy producers



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- Dairy farmers facing continued economic challenges over the last four years.
  - Depressed commodity markets
  - Global dairy markets
  - Trade agreement uncertainty



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## Michigan's Dairy Industry

1. Continue strong partnership between state government, legislators and University.
2. Continue to expand the export market for dairy products.
3. Continued support to enhance Animal Agriculture research programs.
  - MMPA has contributed nearly \$240,000 over the last few years in support of dairy cattle related research projects.

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