

Project Brief:

Analysis of Southeast Federal Milk Marketing Orders in the Southeast and Appalachian Regions

By Matt Gould, President
Dairy & Food Market
Analyst, Inc

Road Map

The Research Process

- FMMO Reference Manual
- Analysis
- Interviews

3 Key Findings

1. Compensation has declined
2. Consolidation has outpaced national averages
3. The Southeast has become more dependent on milk produced outside the region.

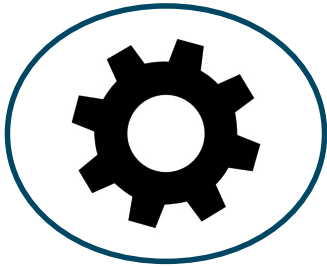
Milk Movements

- 2000-2018 Appalachian Movements. Producer milk share of market by county.
- 2000-2018 Southeast Movements. Producer milk share of market by county.

Proposed Next Steps

- Matt's recommendation:
 - Coalition paper recognizing problems.
 - Policy work begins after that.

The Research Process



Accurate reference manual for federal orders



Evidenced based analysis



Conducted interviews with industry practitioners

1. First of its kind: wrote 6-page manual to arm farmers and farmer organizations with the terminology of federal orders and an accurate description of order rules

2. Worked with multiple industry experts to verify the accuracy of the writeup, including practitioners and USDA economists.

3. Levels the knowledge gap between farmers and full-time practitioners.

1. Analyzed changes in farmgate compensation, milk supplies, dairy demand, and origin of dairy product sales in the Southeast and Appalachian regions.

2. Used data-backed evidence (not hearsay or speculation) to depict the evolution of the Appalachian and Southeast's dairy industry.

1. Interviewed industry practitioners and government personnel develop a history of federal milk marketing order reform and to verify and challenge conclusions from the study.

3 Key Findings



Compensation has declined.

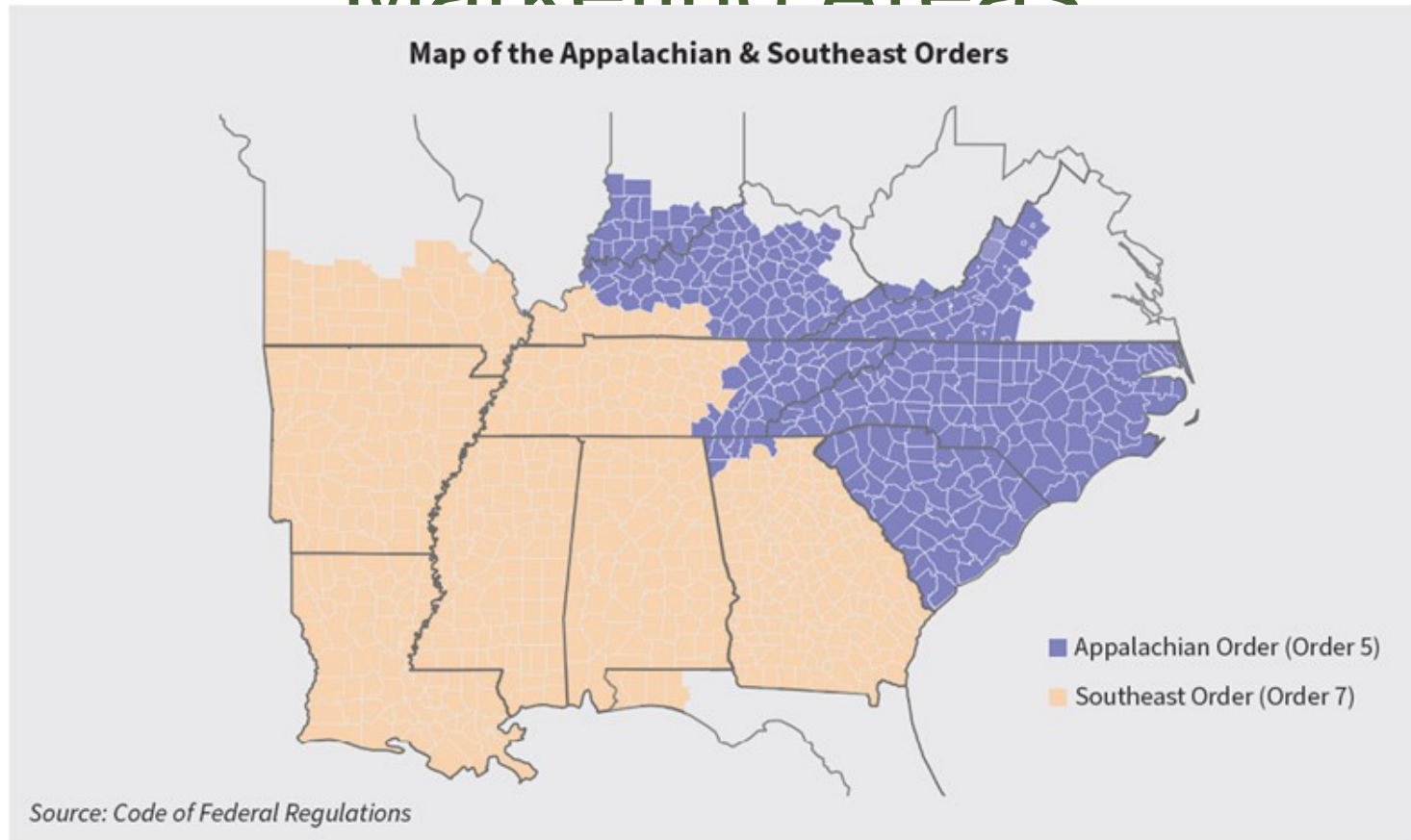


Consolidation in the region has, by all measures, outpaced national averages.

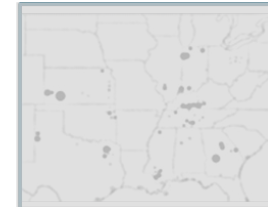
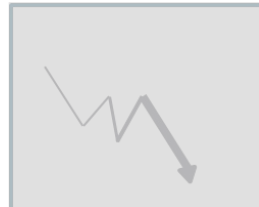
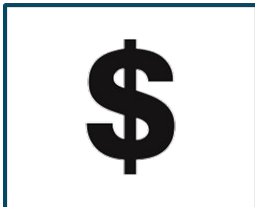
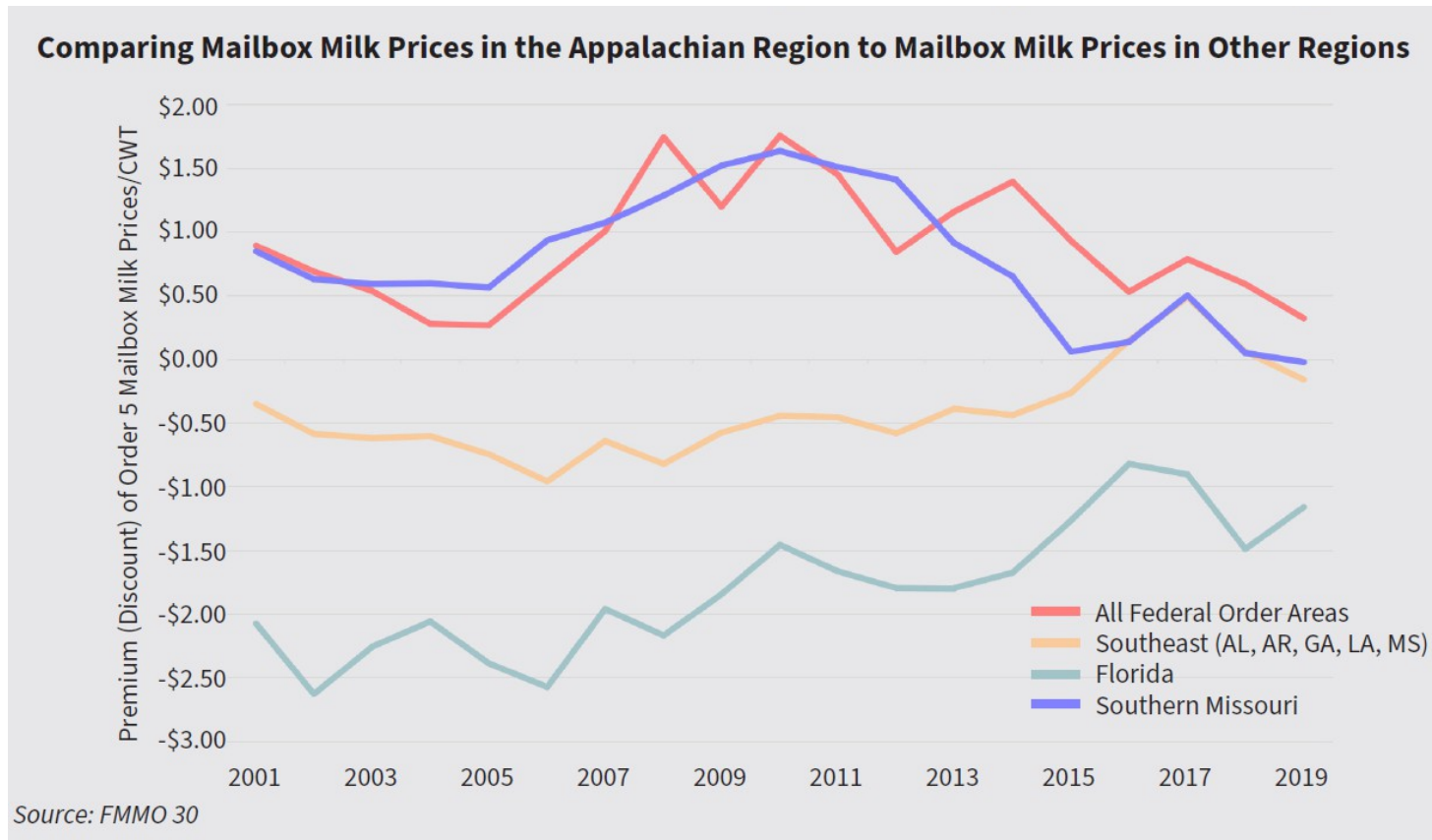


The Southeastern industry has become increasingly reliant on dairy sourced from other parts of the country.

Appalachian and Southeast Marketing Areas



Farmgate compensation in the Appalachian area has decreased.

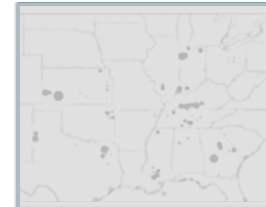
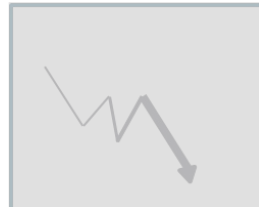
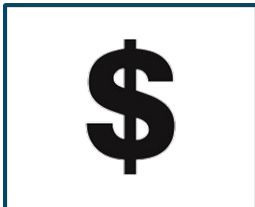


Farmgate compensation in the Southeast area has decreased.

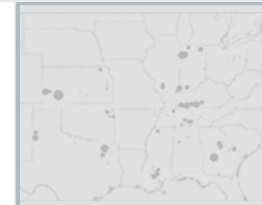
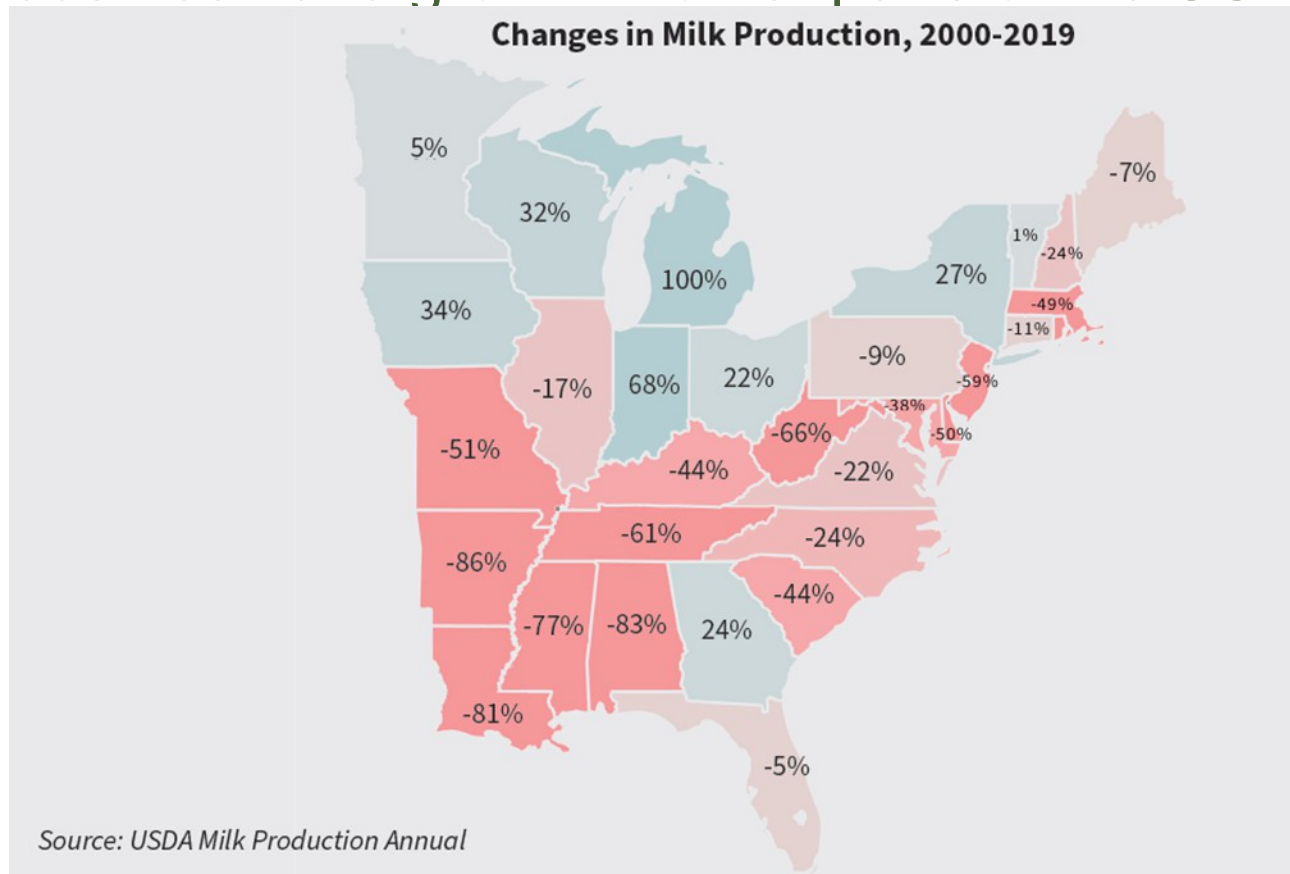
Table 1. Farmgate Compensation in the Southeast Region

Comparing Milk Prices in the Southeast Region to National Milk Prices in Other Regions

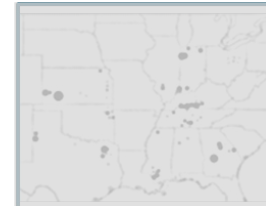
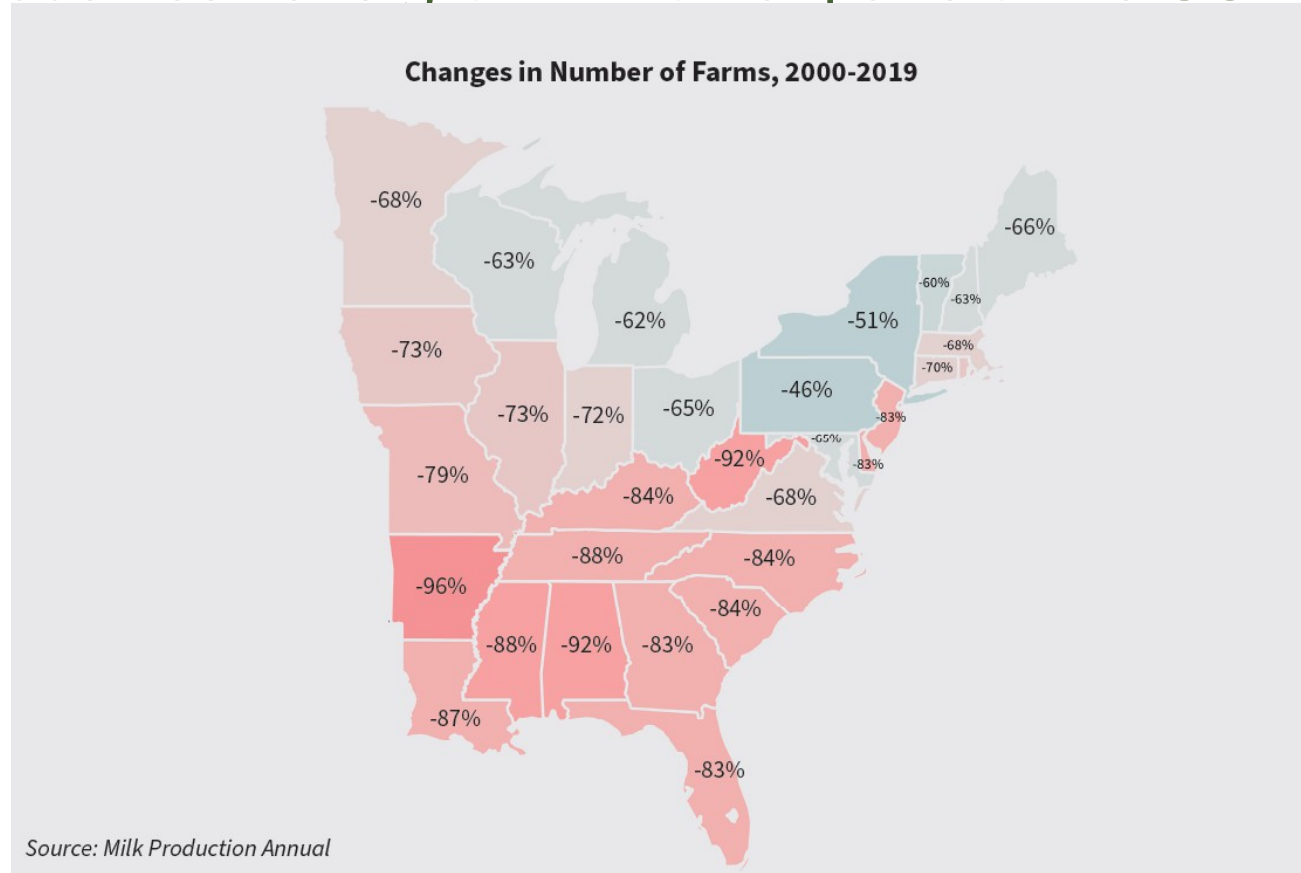
Year	SE Region	National	Other Regions
2000	1.00	1.00	1.00
2001	0.95	0.95	0.95
2002	0.90	0.90	0.90
2003	0.85	0.85	0.85
2004	0.80	0.80	0.80
2005	0.75	0.75	0.75
2006	0.70	0.70	0.70
2007	0.65	0.65	0.65
2008	0.60	0.60	0.60
2009	0.55	0.55	0.55
2010	0.50	0.50	0.50
2011	0.45	0.45	0.45
2012	0.40	0.40	0.40
2013	0.35	0.35	0.35
2014	0.30	0.30	0.30
2015	0.25	0.25	0.25
2016	0.20	0.20	0.20
2017	0.15	0.15	0.15
2018	0.10	0.10	0.10
2019	0.05	0.05	0.05
2020	0.00	0.00	0.00



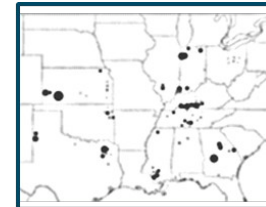
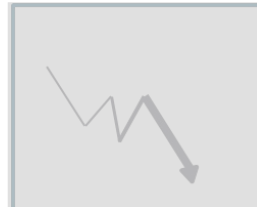
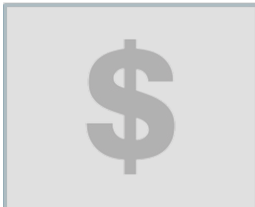
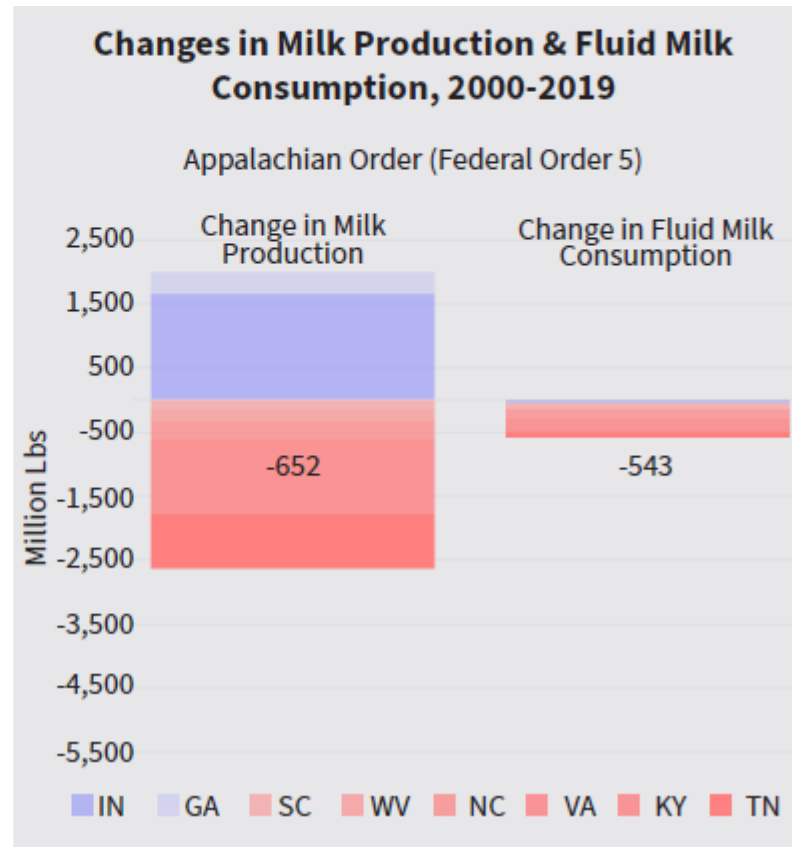
The Southeast and Appalachian milk production industries have declined over the last two decades, while dairy industries have grown in other parts of the USA.



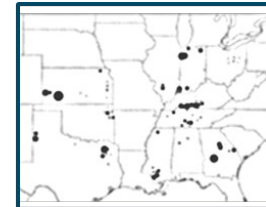
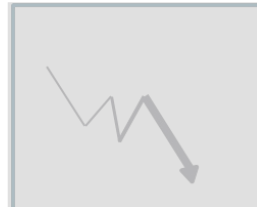
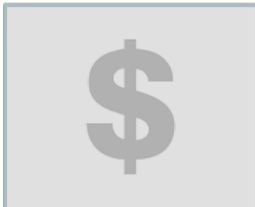
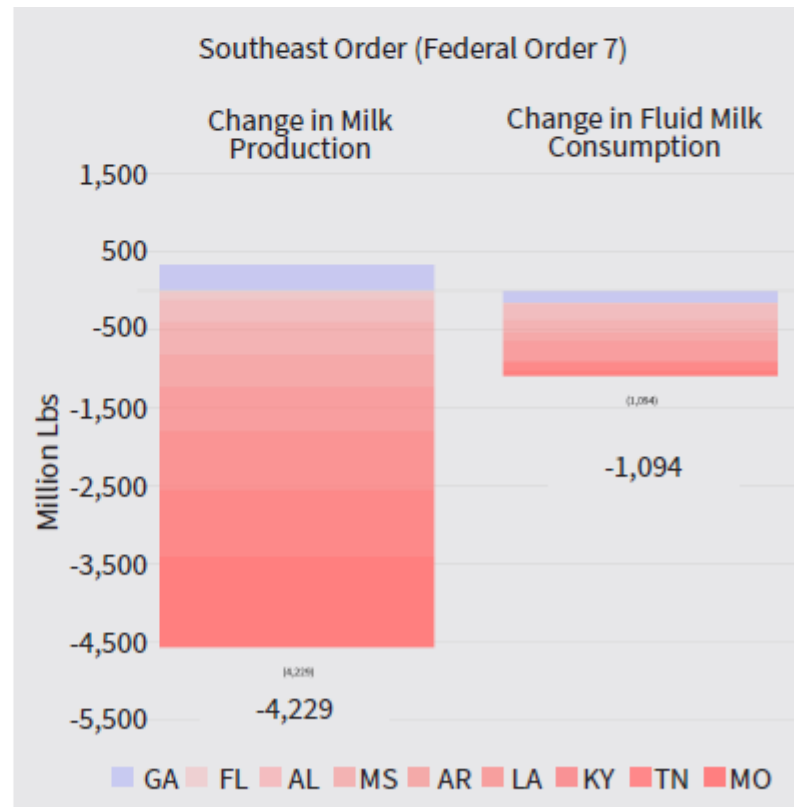
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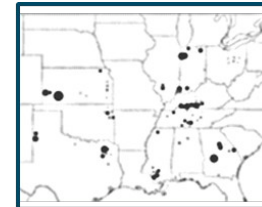
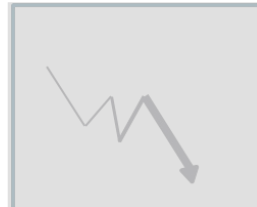
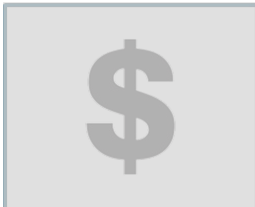
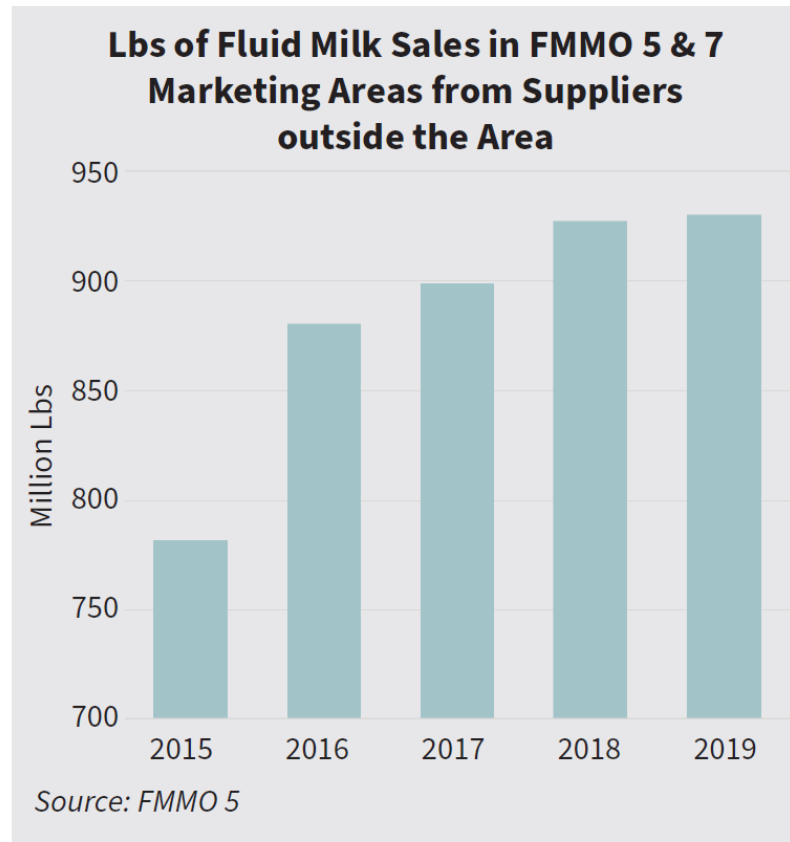
To meet rising dairy consumption, the Southeastern industry has become increasingly reliant on dairy sourced from other parts of the country.



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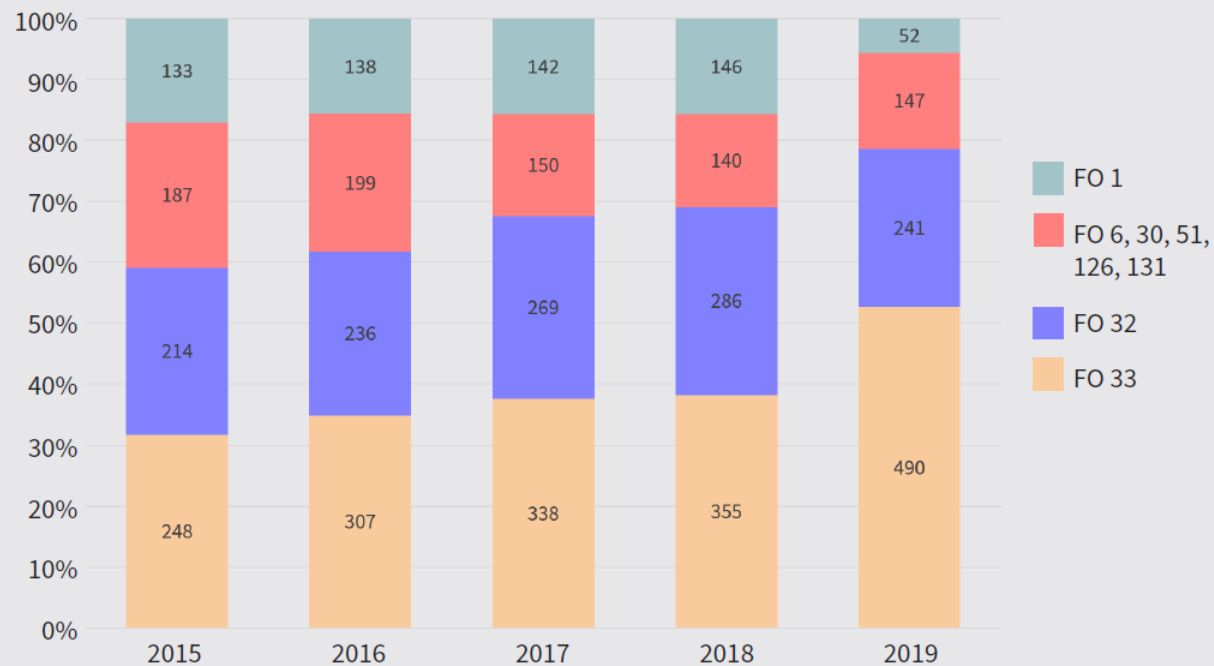


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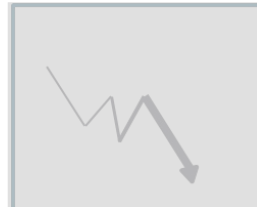
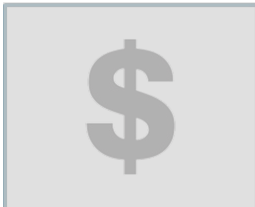


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Packaged Fluid Milk Sold in the Southeast and Appalachian Marketing Areas from other Marketing Orders (Million Lbs)



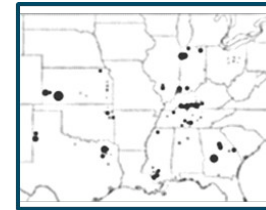
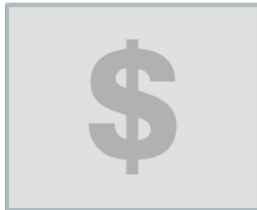
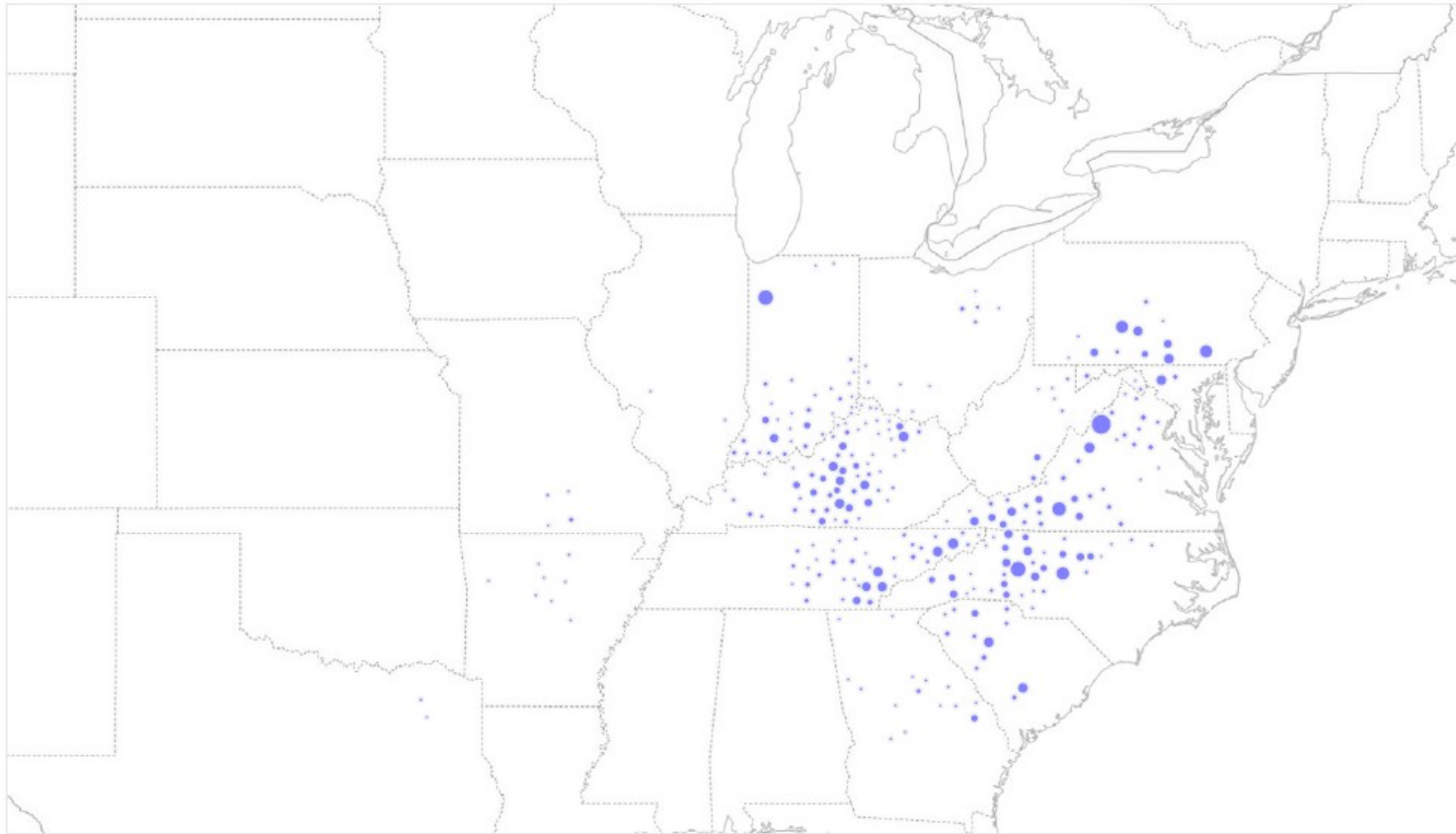
Source: FMMO 5



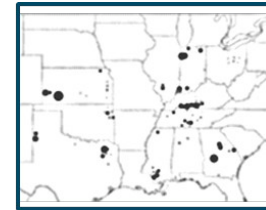
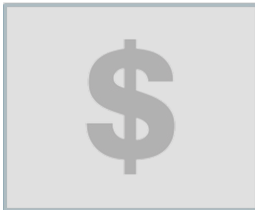
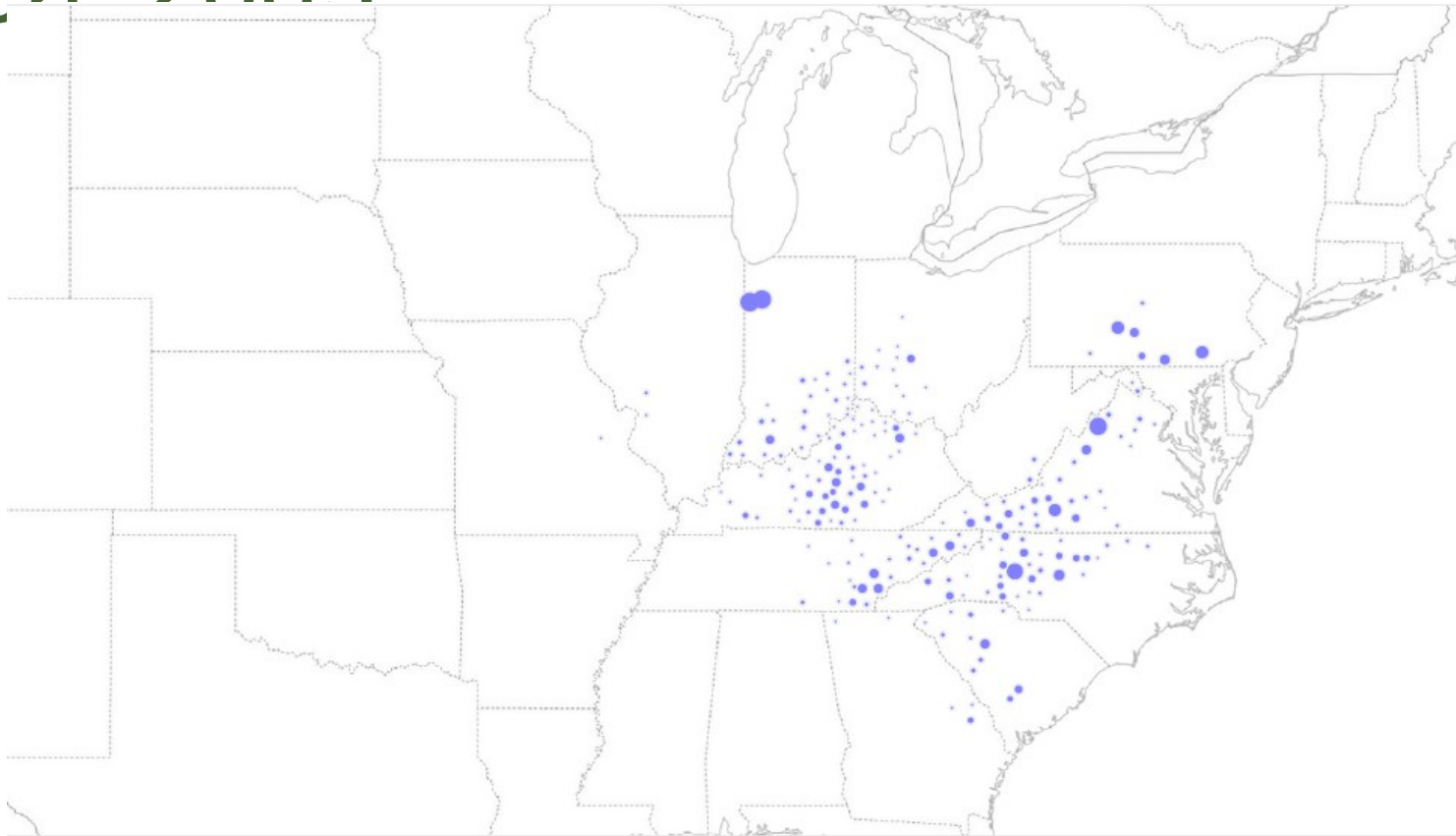
Milk Movements

Milk Movements: Appalachian Federal Order

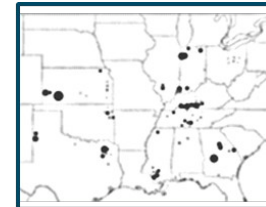
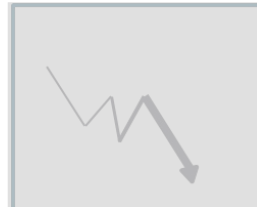
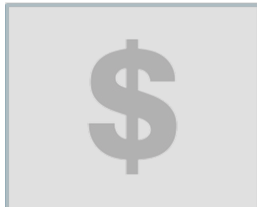
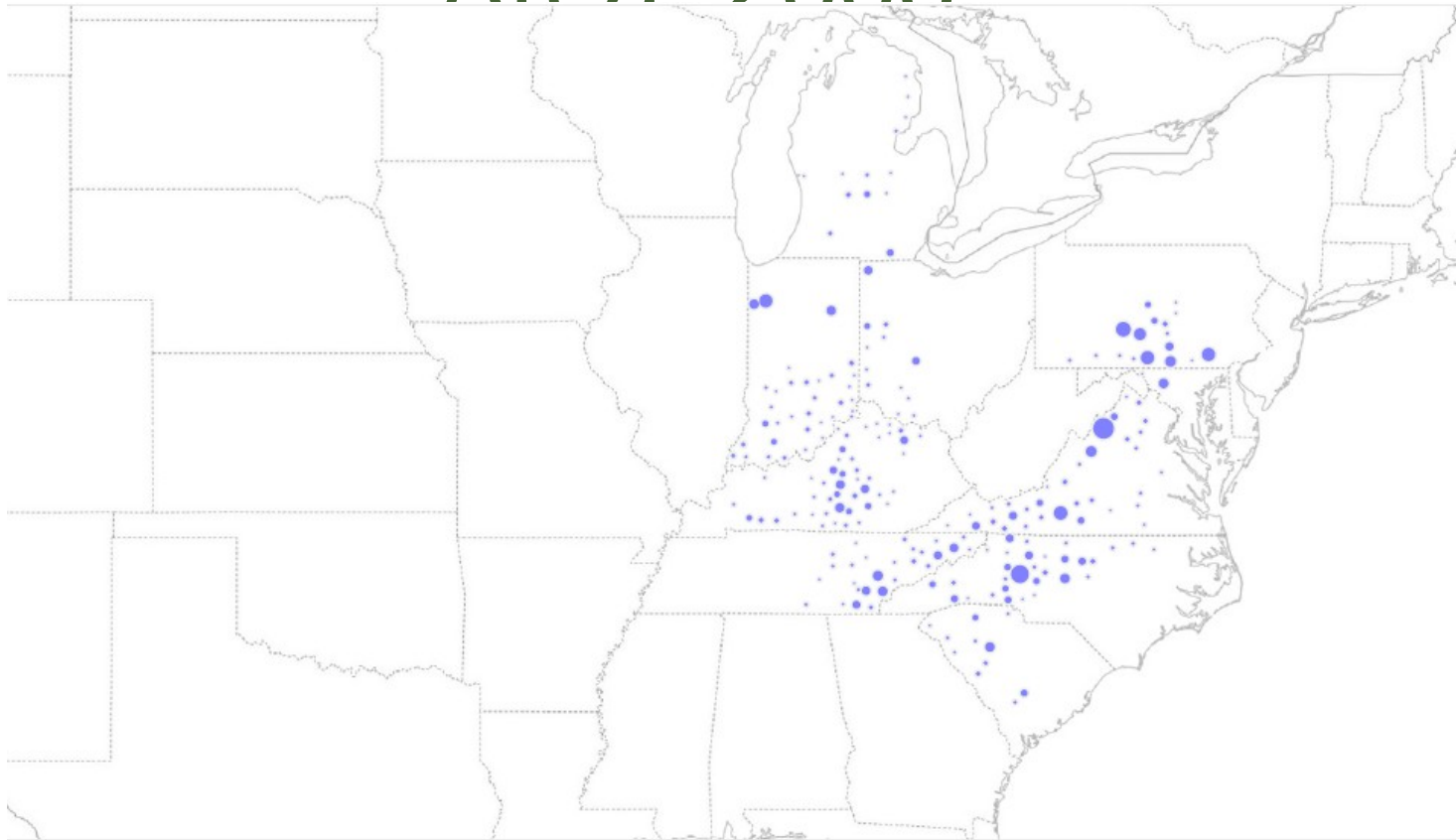
Makeup of Appalachian Marketing Area: 2000



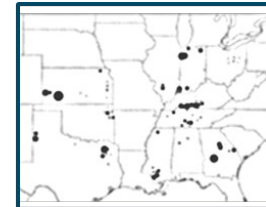
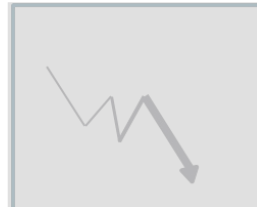
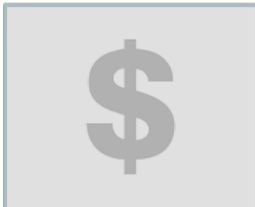
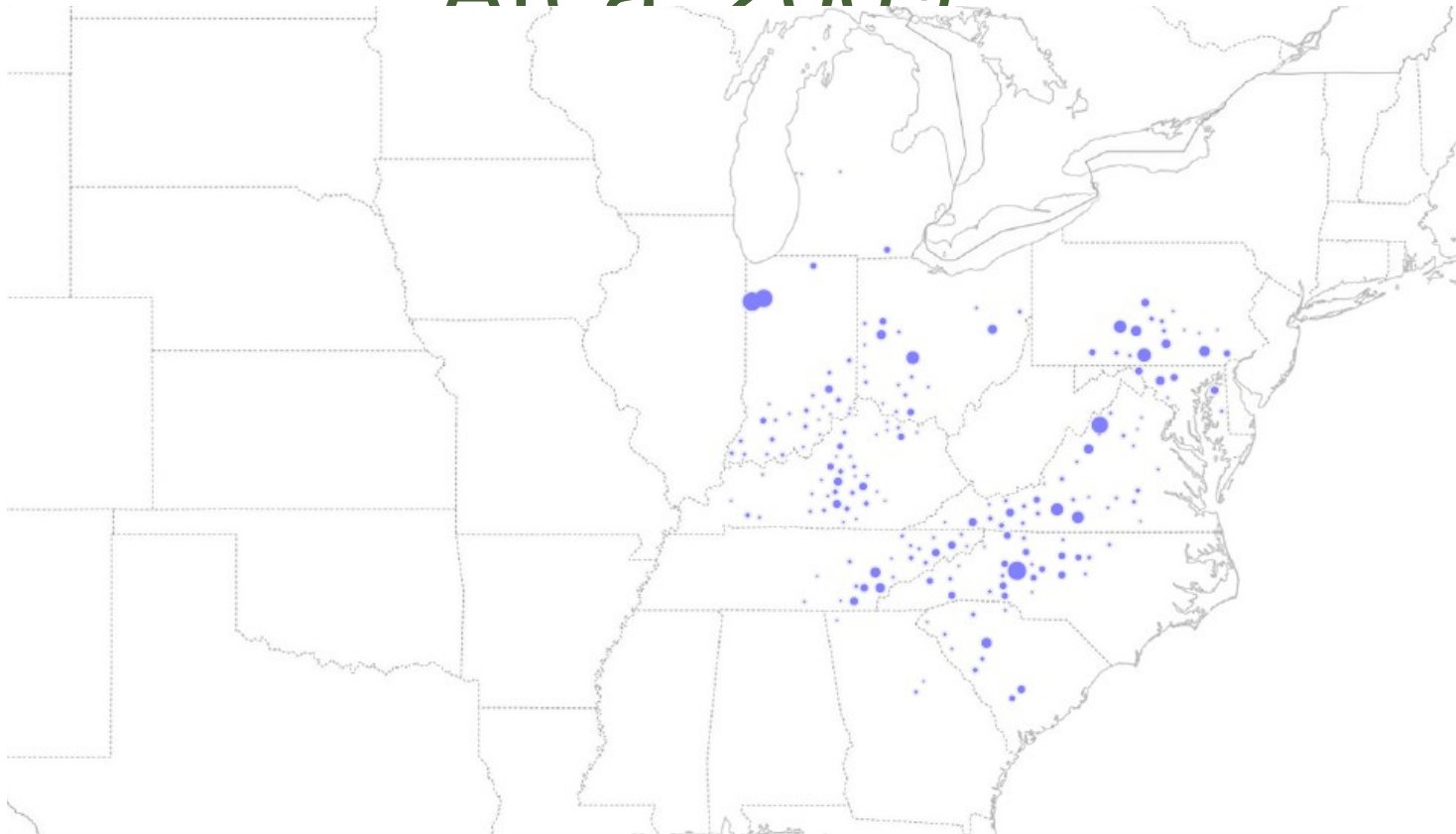
Makeup of Appalachian Marketing Area: 2003



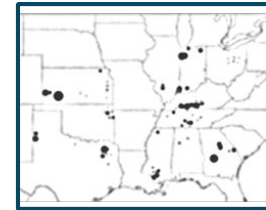
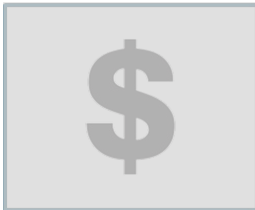
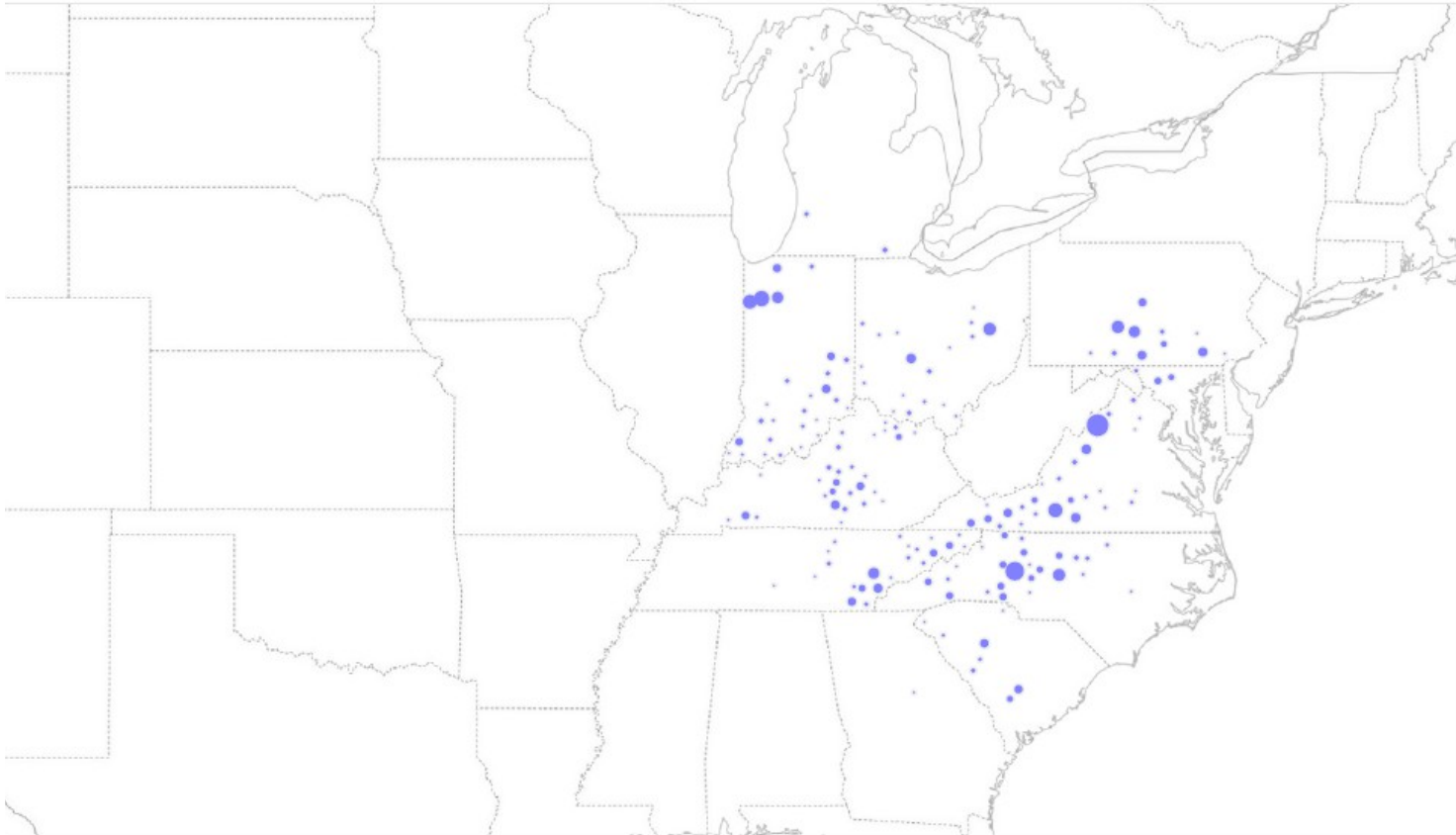
Makeup of Appalachian Marketing Area- 2006



Makeup of Appalachian Marketing Area - 2009

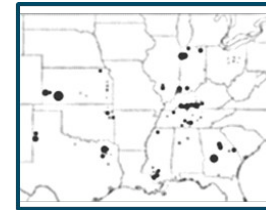
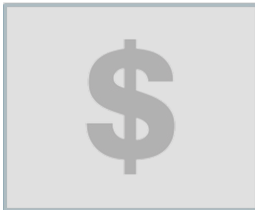
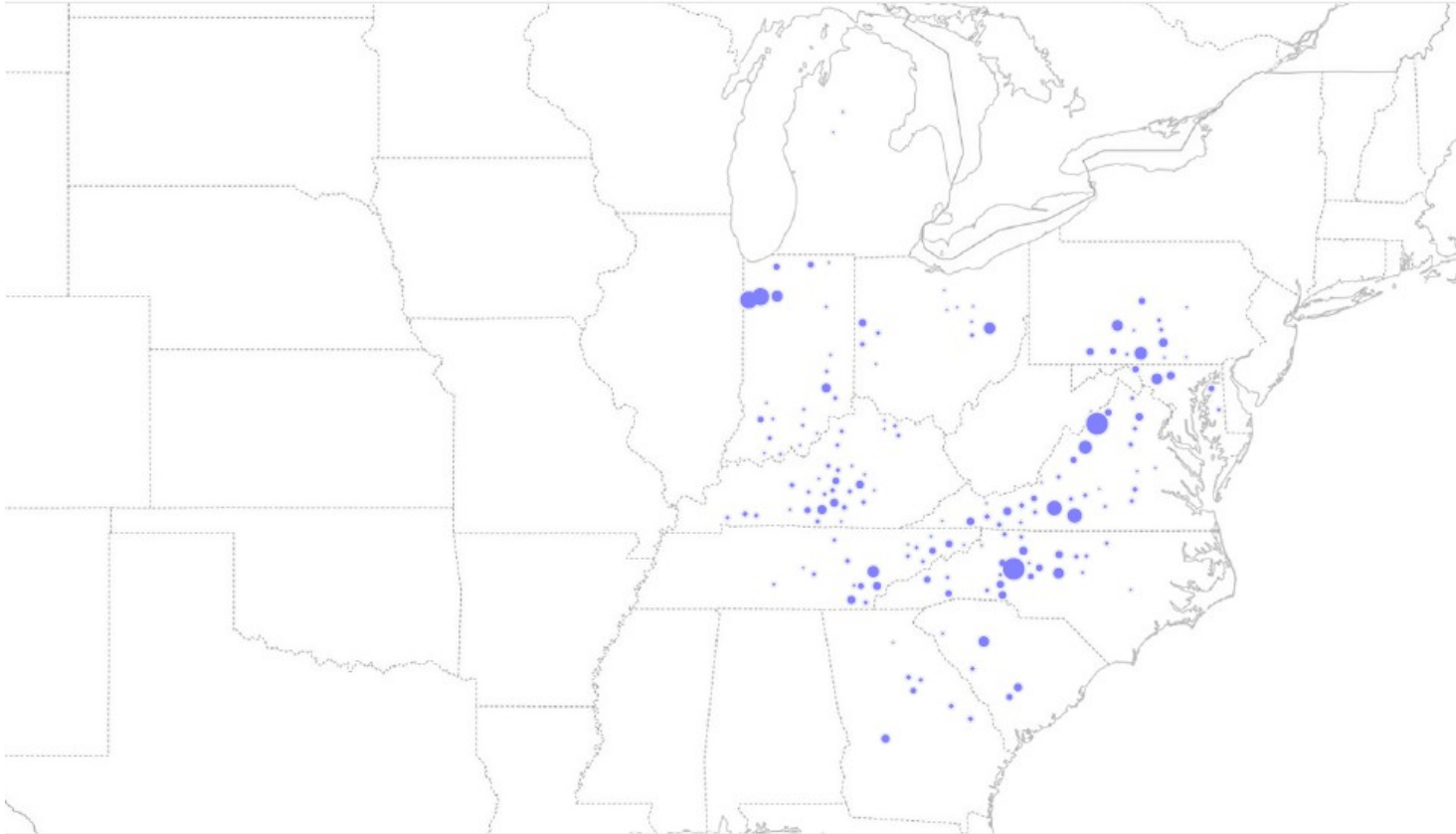


Makeup of Appalachian Marketing Area - 2012

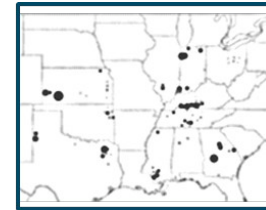
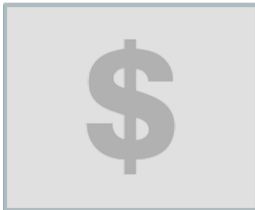
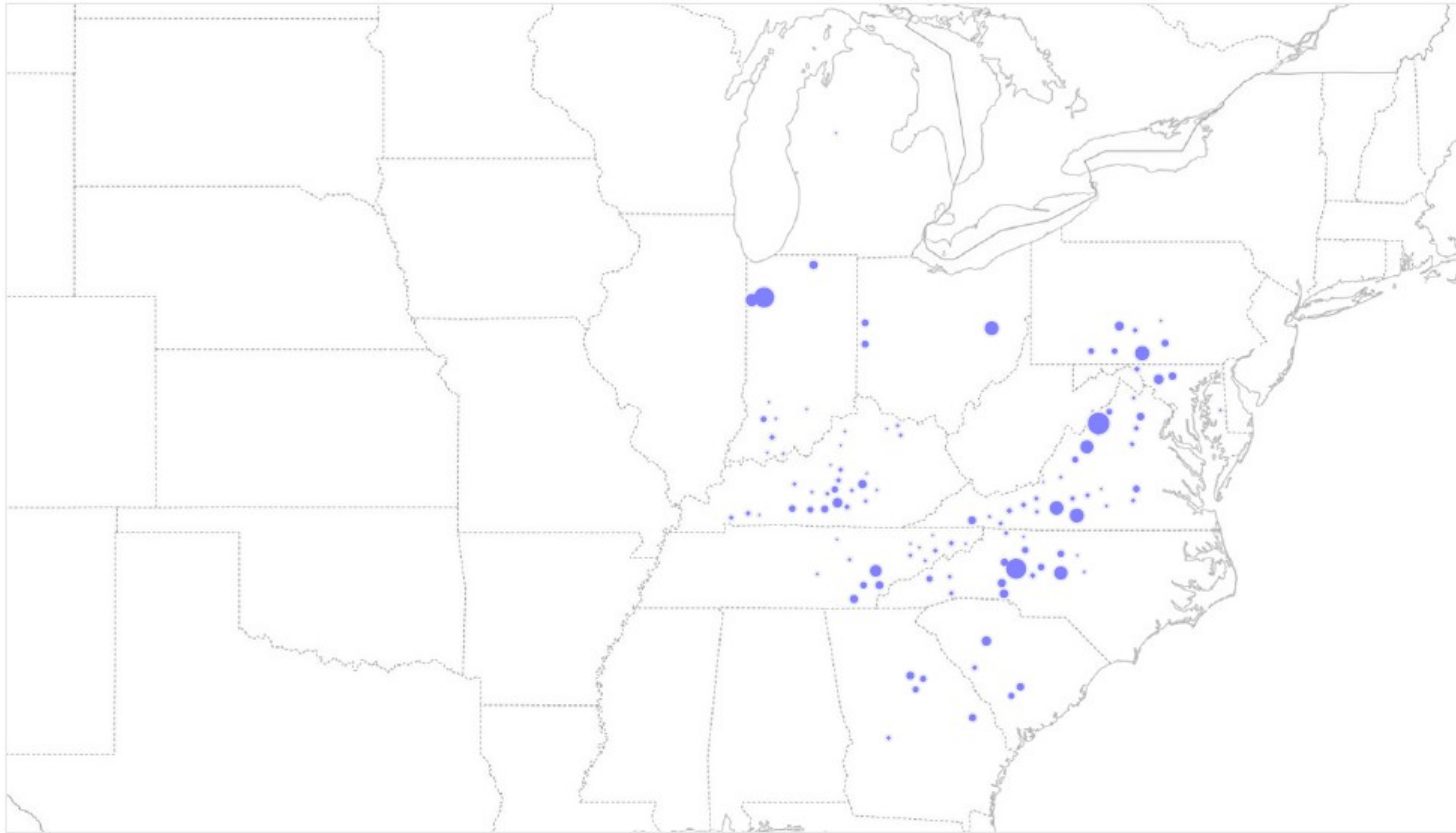


Makeup of Appalachian Marketing

Area: 2015

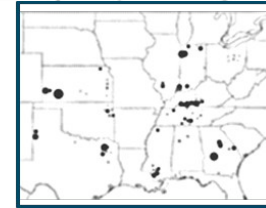
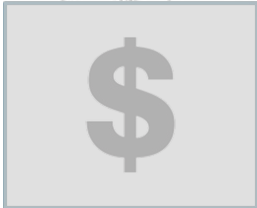
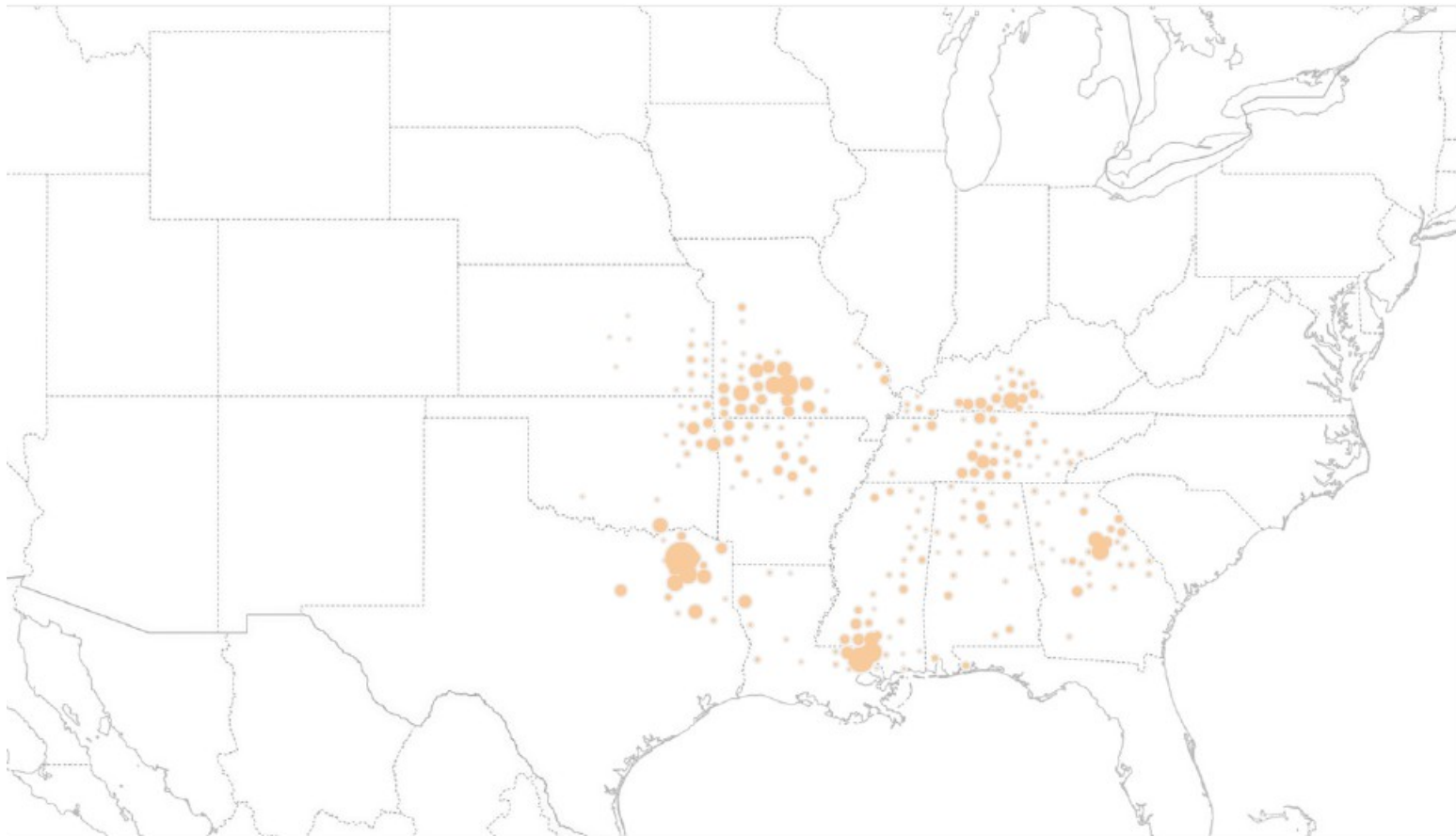


Makeup of Appalachian Marketing Area: 2018

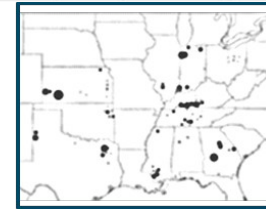
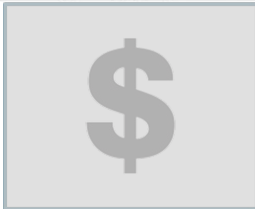
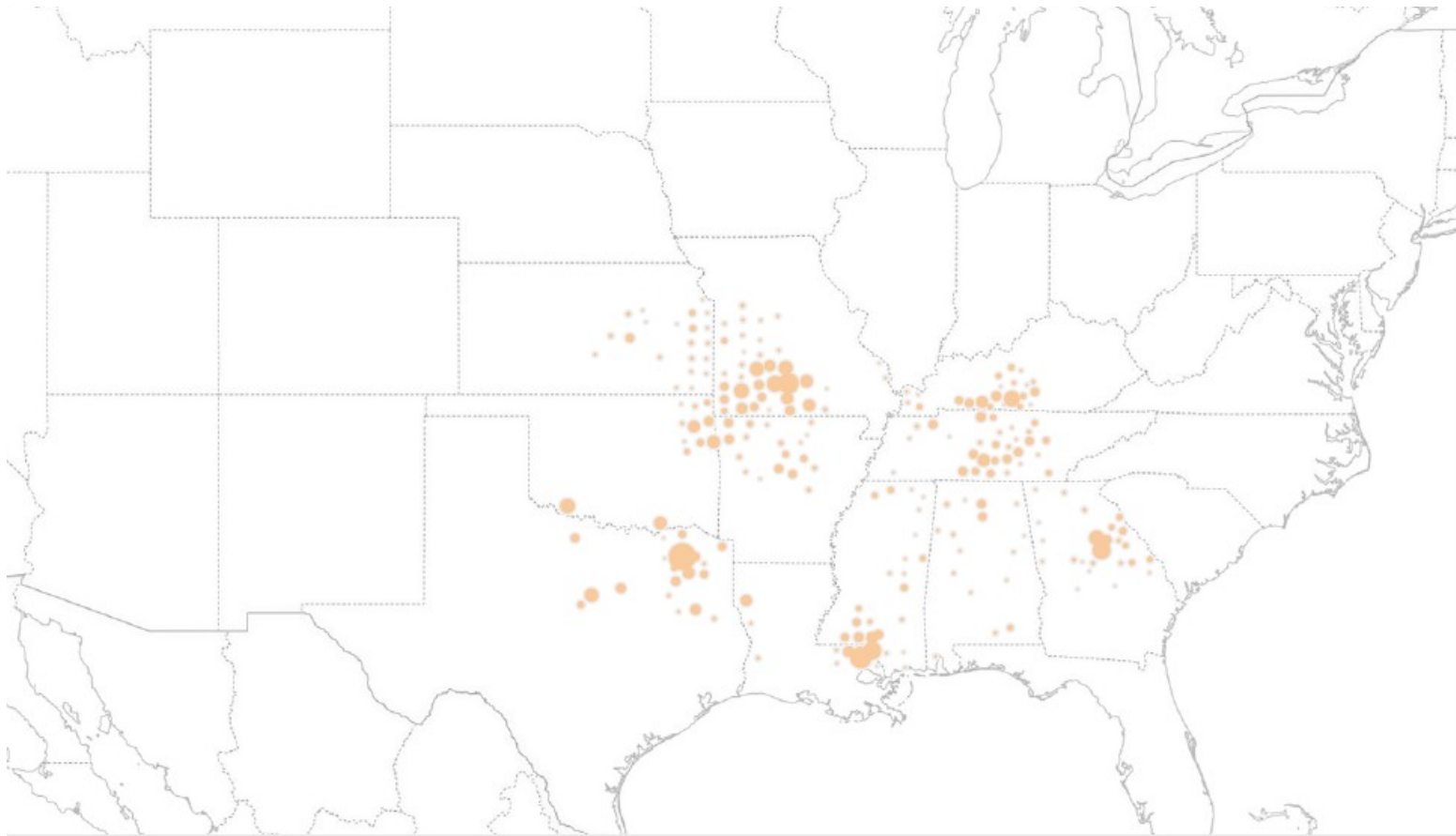


Milk Movements: Southeast Federal Order

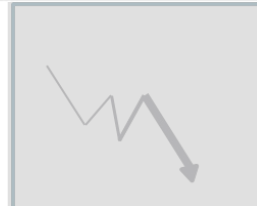
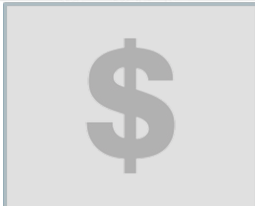
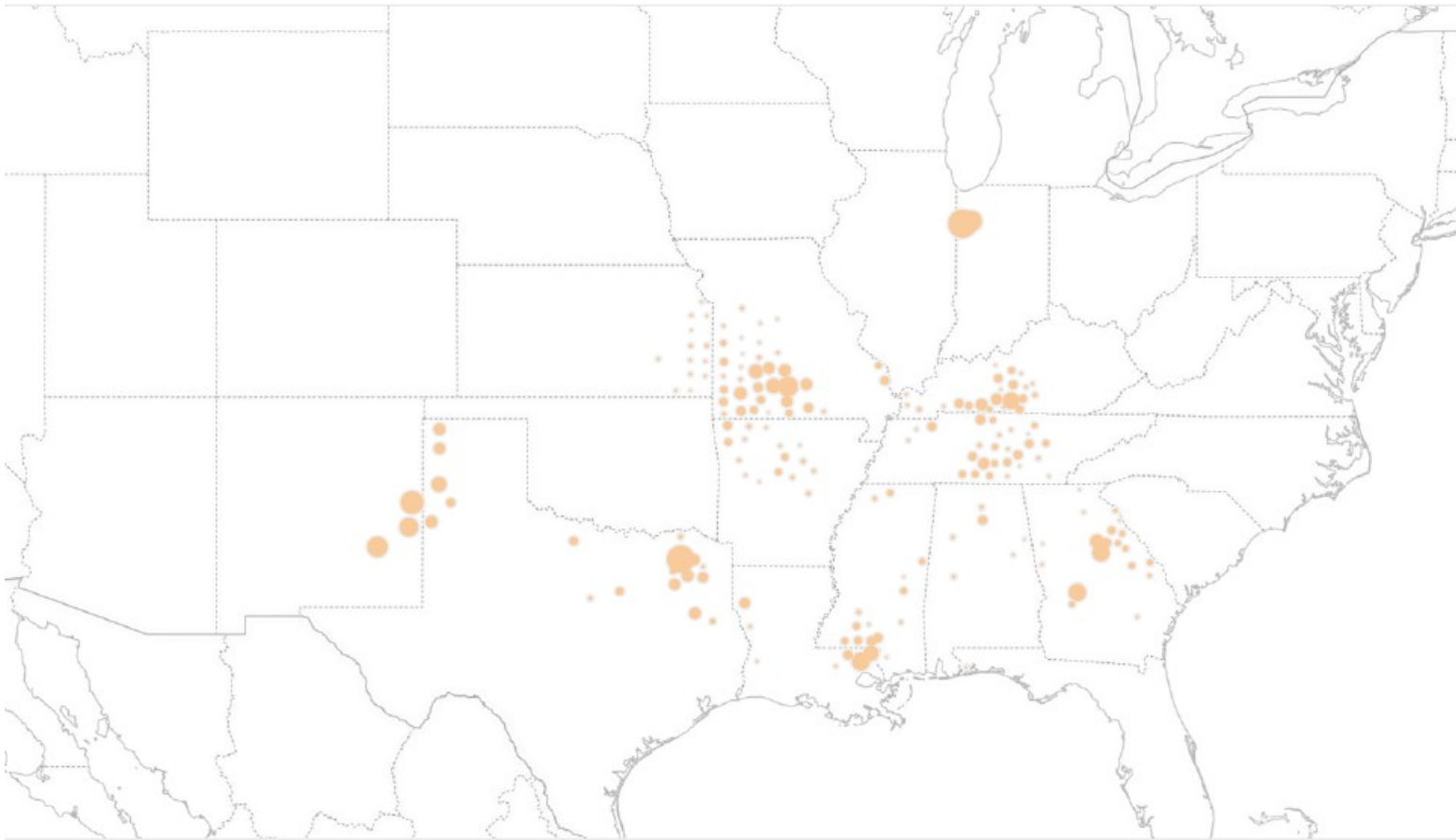
Makeup of Southeast Area: 2000



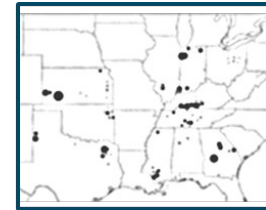
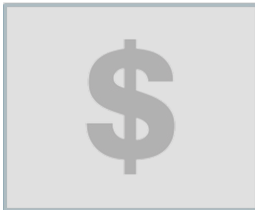
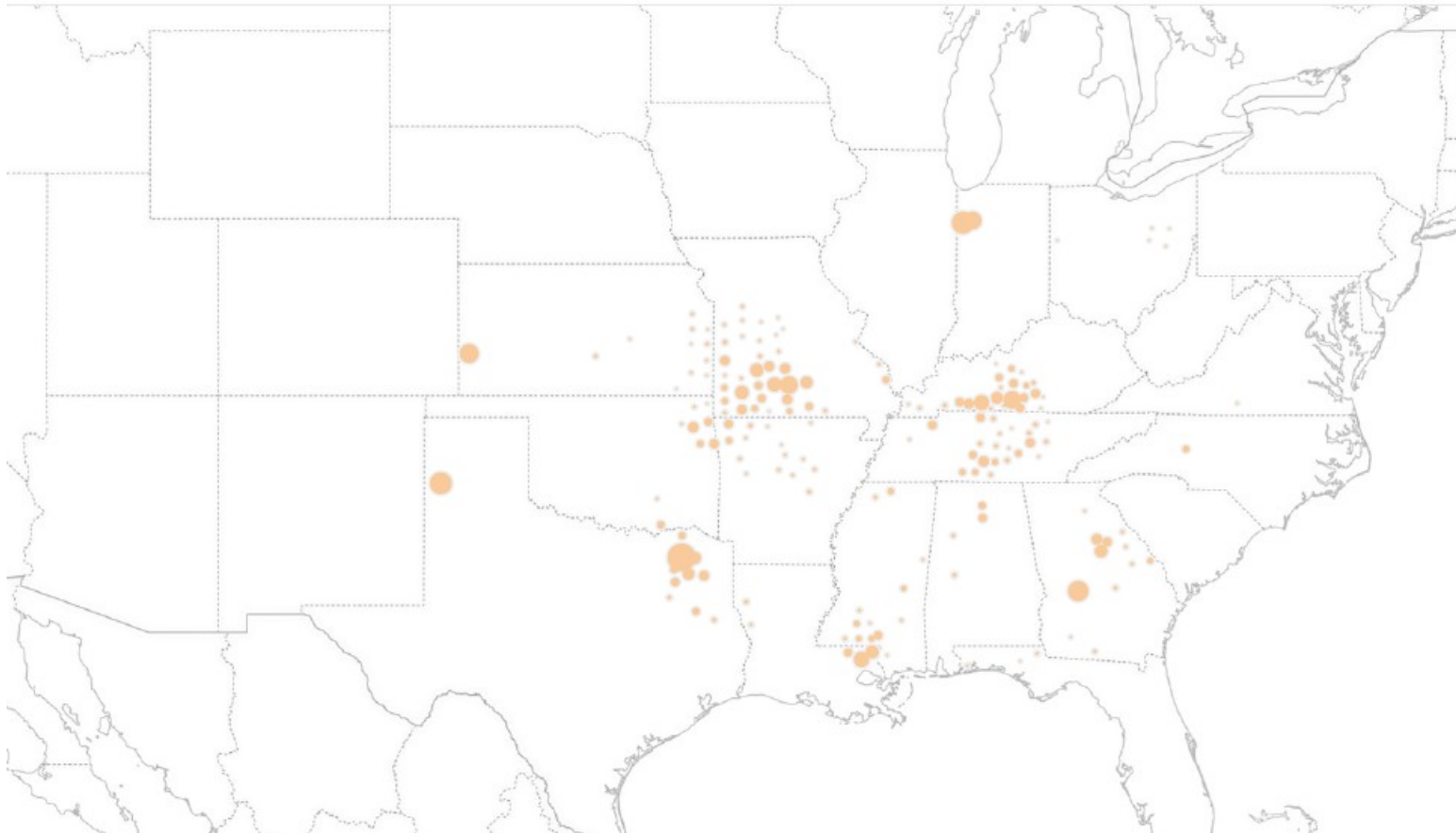
Makeup of Southeast Area: 2003



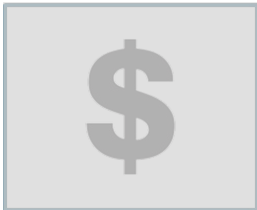
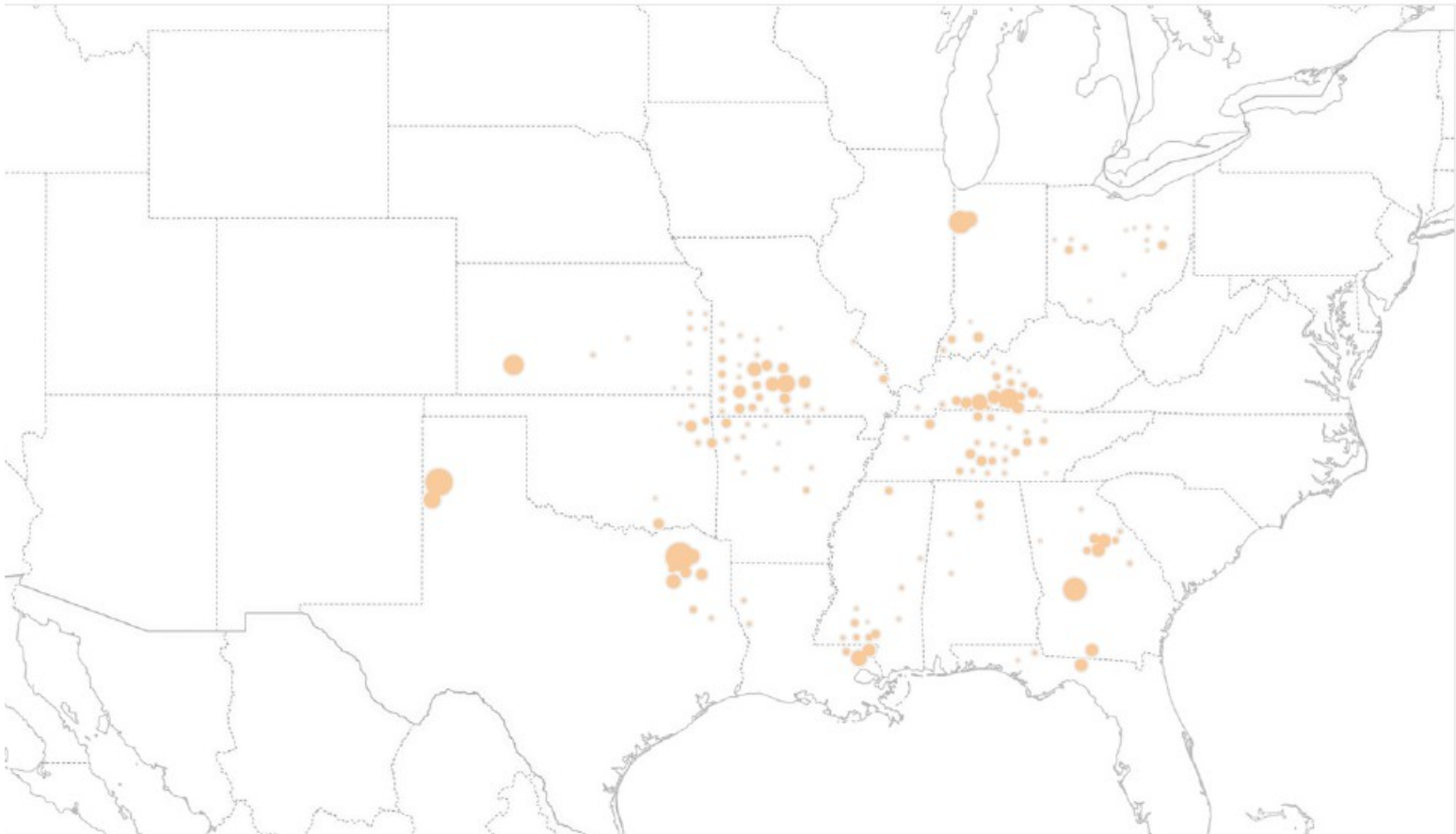
Makeup of Southeast Area: 2006



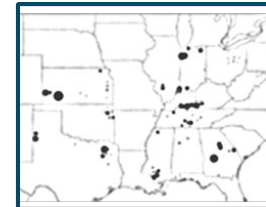
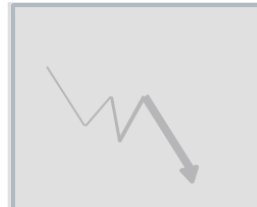
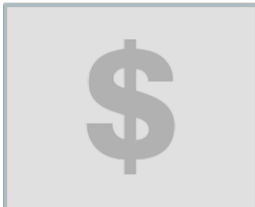
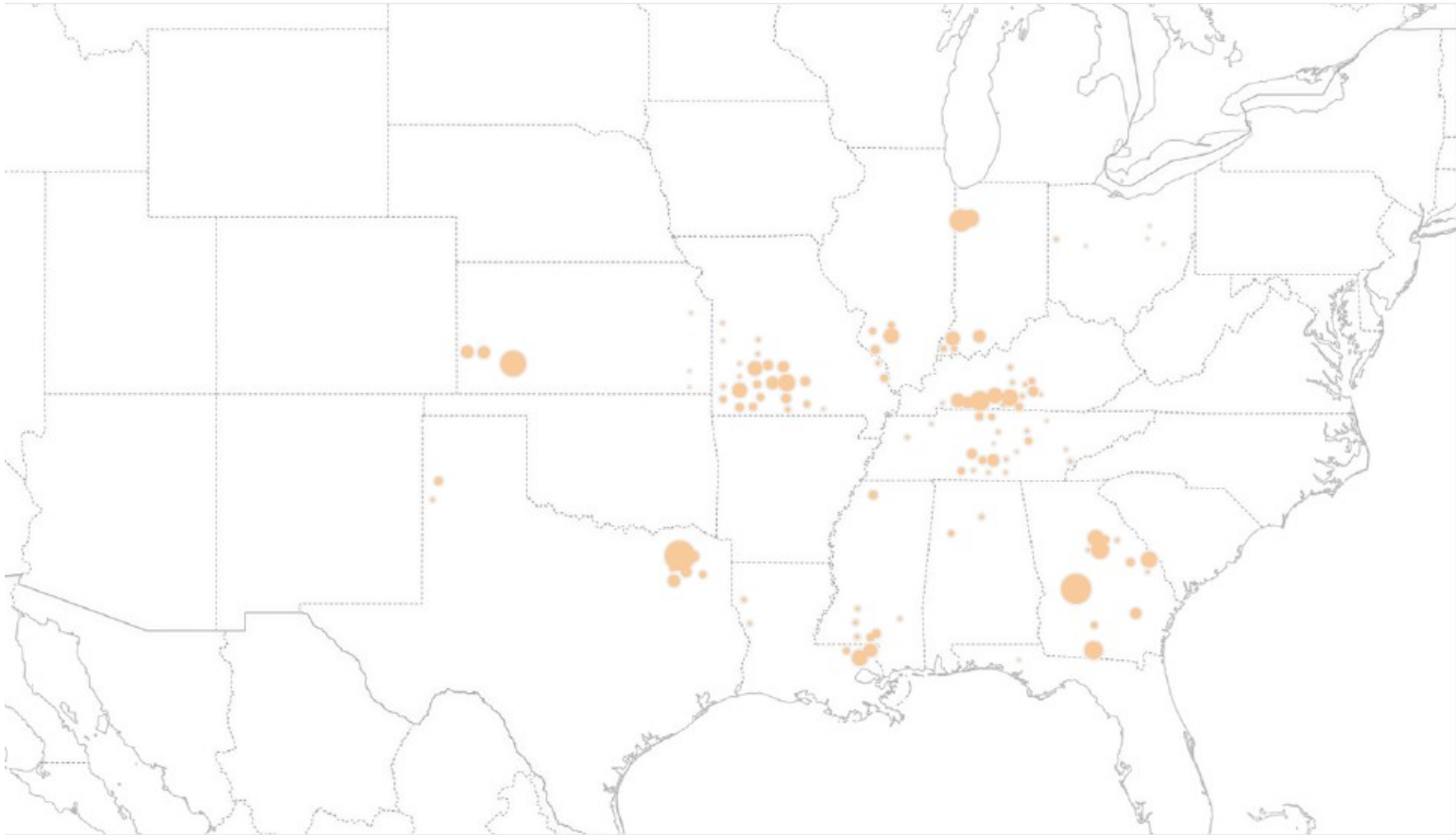
Makeup of Southeast Area: 2009



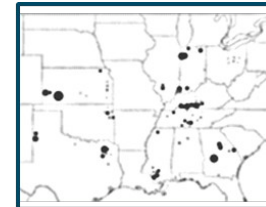
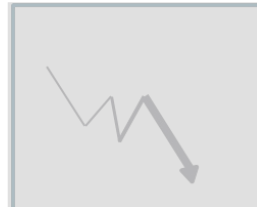
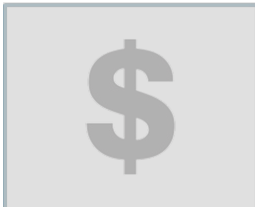
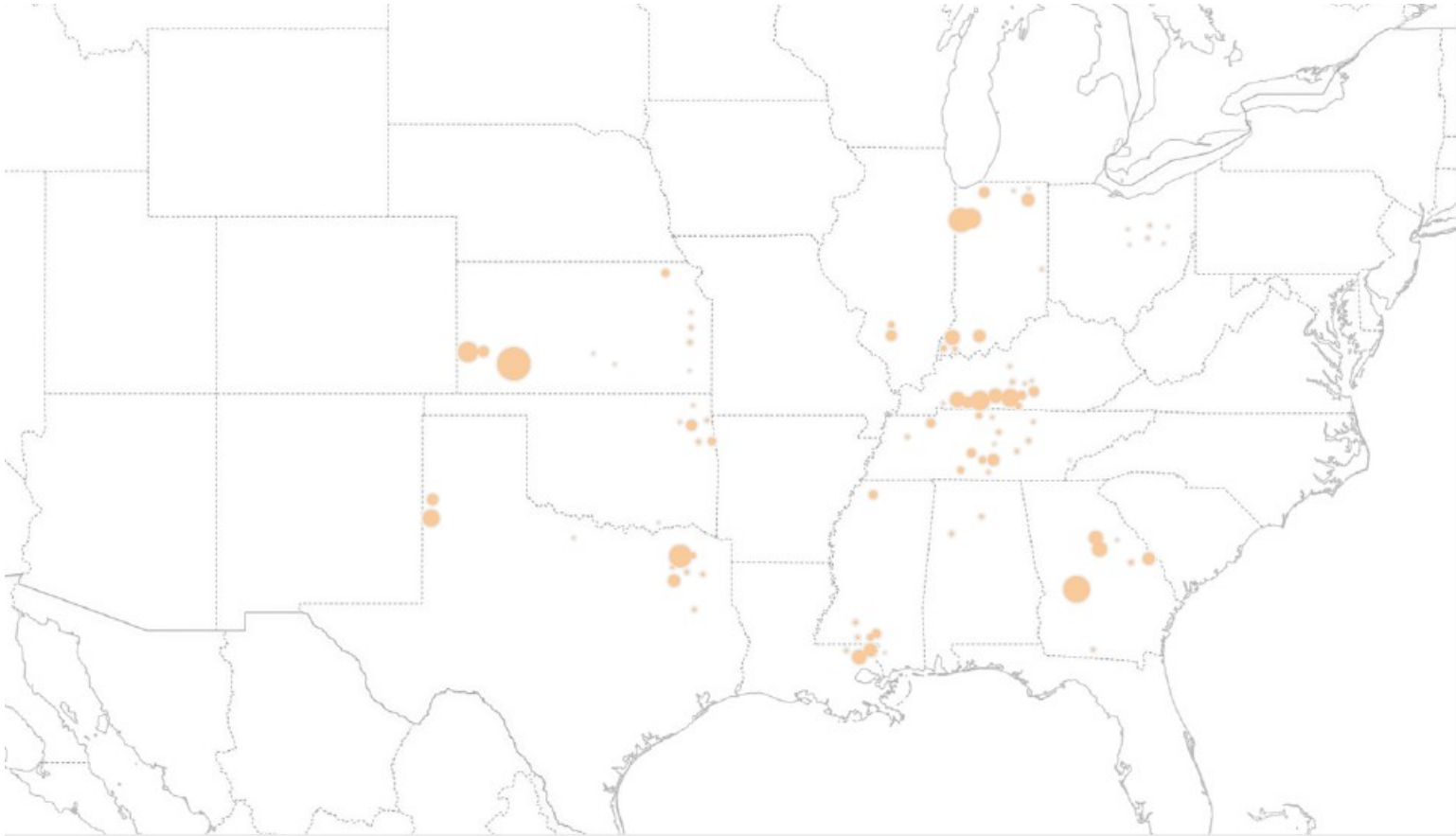
Makeup of Southeast Area: 2012



Makeup of Southeast Area: 2015



Makeup of Southeast Area: 2018



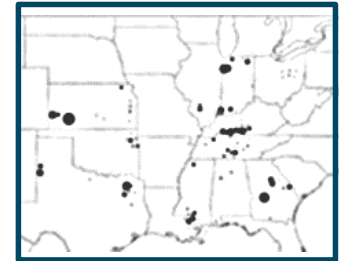
3 Key Findings



Compensation has declined.



Consolidation in the region has, by all measures, outpaced national averages.



The Southeastern industry has become increasingly reliant on dairy sourced from other parts of the country.

Proposed Next Steps



Analysis of problems based on due diligence, data analysis, and evidence



Coalition Task Force That Produces
writup of: "Acknowledge of Problems
in the Southeast and Appalachian
Marketing Areas"



Task Force to Produce Policy that
solves for the Acknowledged problems

Independent analysis of evolution of
Southeast and Appalachian Marketing
Areas using data from USDA, industry, and
economic modeling.

~~Coalition recognized problems are only~~
evidence based. No speculation or
hearsay.

Potential Ideas to be included:

- The severe decline of local milk producing industries.
- The increasing reliance on milk sourced outside the region.
- The inefficient milk movements to ward Western Kansas and Western Texas

May be region-wide or statewide

Ideally made up of stakeholders across the
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