



Aspects of Complexity: Current and Emerging Issues in Agribusiness



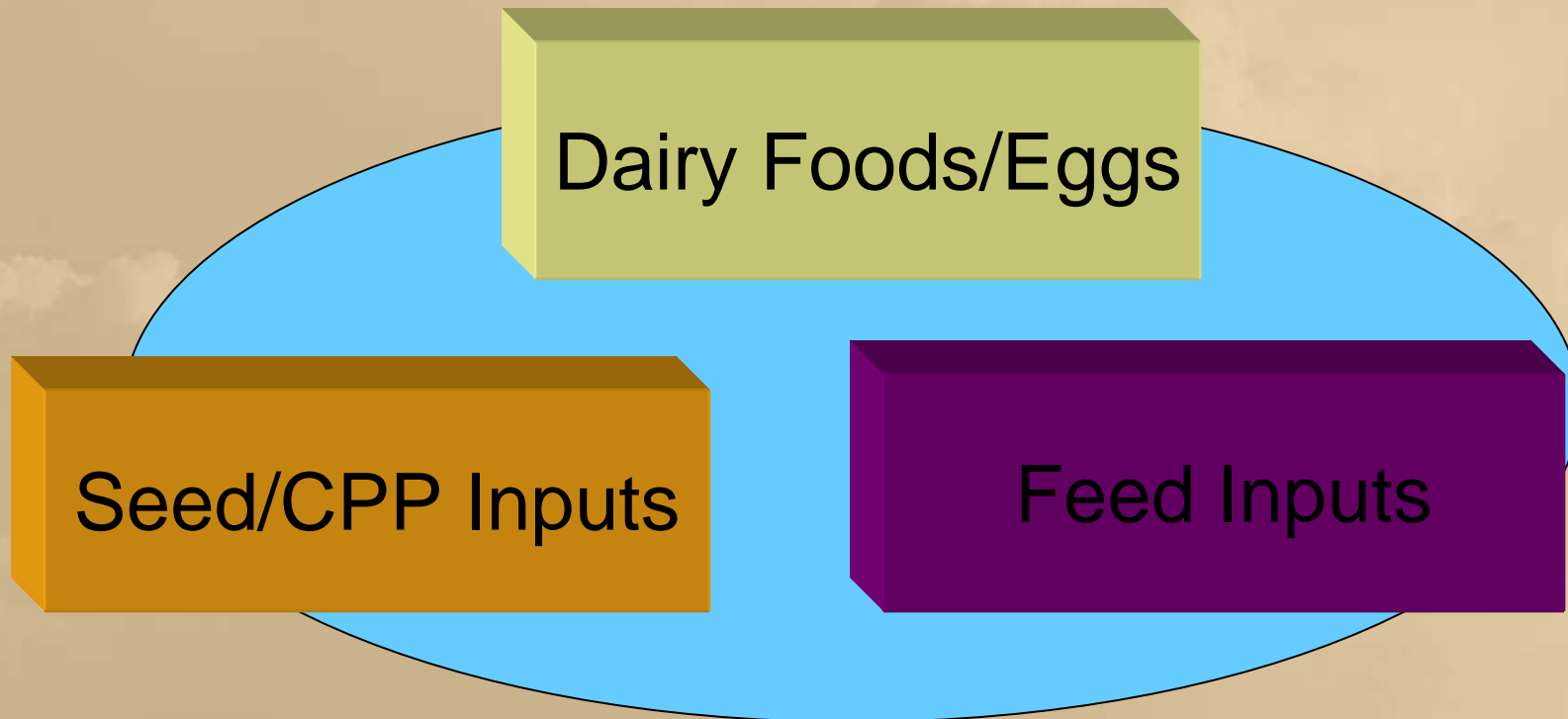
Tom Wegner
Land O'Lakes, Inc.
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Discussion Topics

- Land O'Lakes Overview
- Challenges in Collecting Dairy Data
- Importance of Timely Data
 - Prices
 - Supply/Demand Estimates
- Emerging Issues in Data Collection

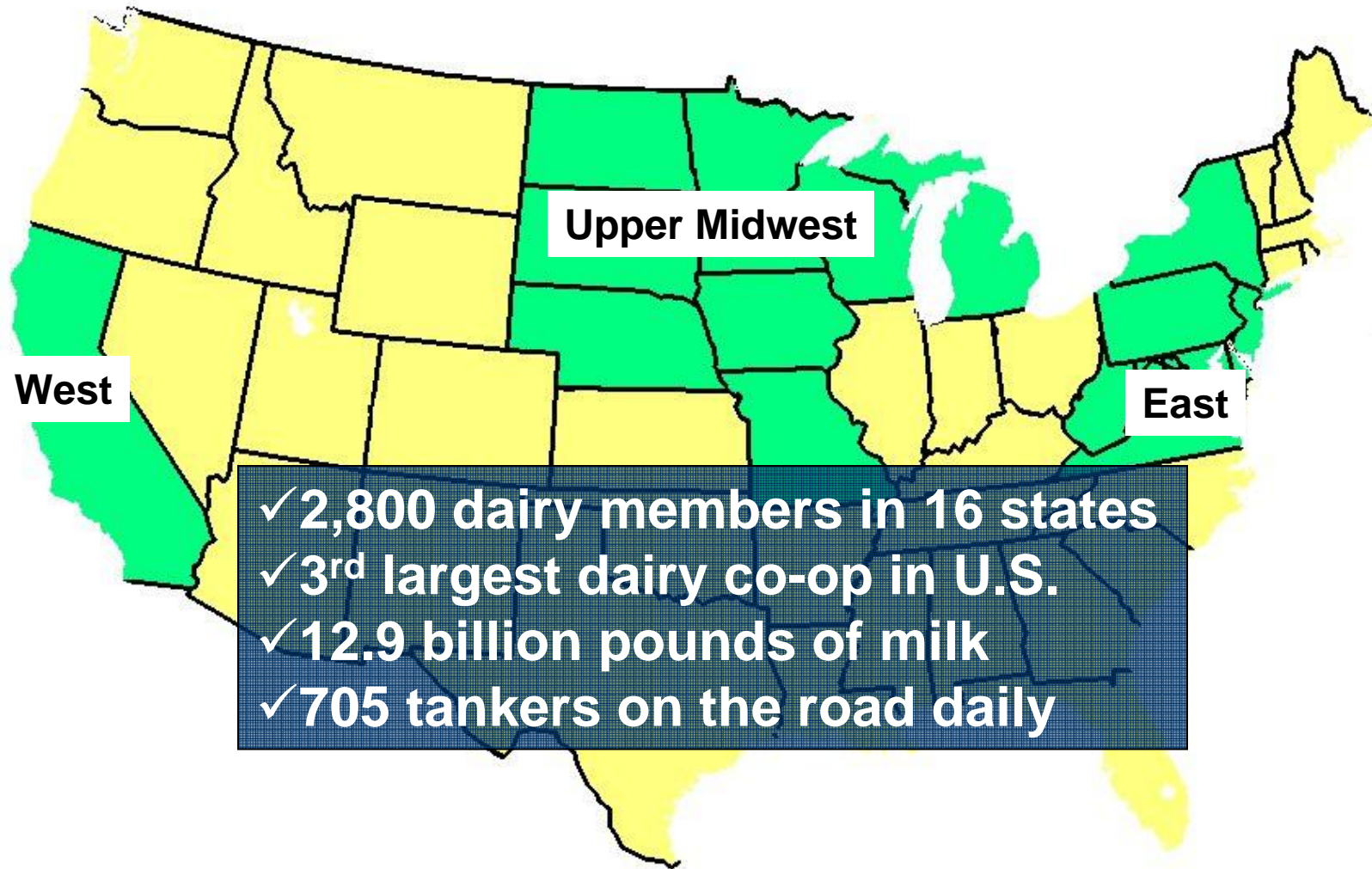
Land O'Lakes Core Businesses



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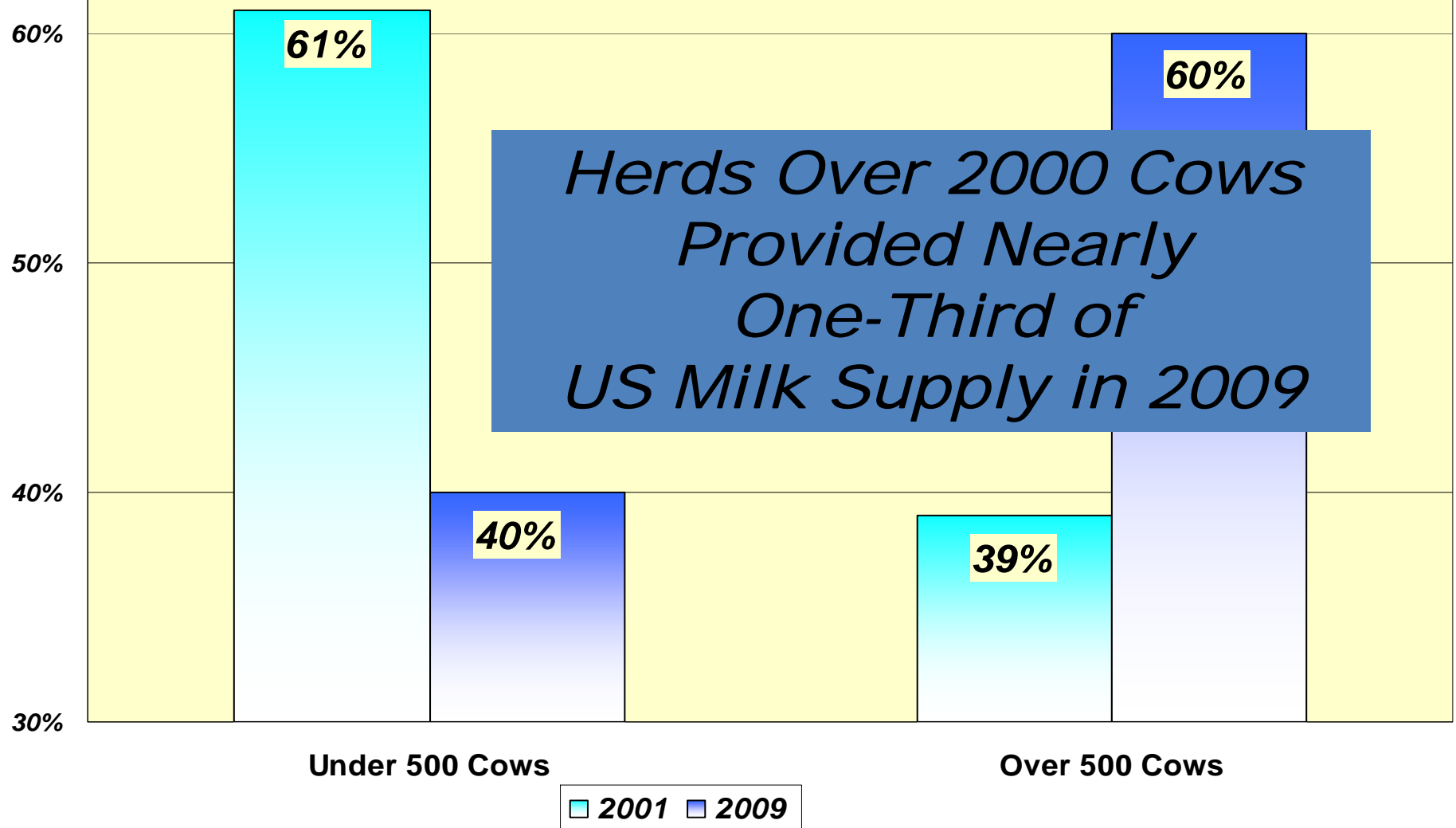
Land O'Lakes' Dairy Farmer Members



Unique Farm Profiles by Region

	Total Pounds (mill lbs.)	Total Farms	Estimated # Cows per Farm
East	2,926	1,587	90
UMW	3,925	1,005	190
West	5,863	255	1,120
Total/Avg	12,714	2,847	220

Larger Herds' Share of US Milk Supply Growing



59 Counties Marketed 50% Of All CA + Federal Order Milk During December 2009



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Coops Role in Milk Marketing

Cooperative	Milk Production (billion lbs.)	Member Farms
Dairy Farmers of America	37.7	9,872
California Dairies	16.9	539
Land O'Lakes	12.7	2847
Northwest Dairy	7.2	509
Dairylea Cooperative	6.1	2,279
Top Five Coops	80.6	16,046

Challenges of Sampling Larger Farms

- Finding the 'right' person to interview
- Time required to complete survey
- Multiple surveys (crop, livestock, financial)
- Enterprises managed by different individuals
 - Dairy
 - Crops

Complexity of Dairy Supply Chain

- Milk Processed Into Multiple Products
- Milk Price Based on Product Use
- 3rd Party Sales to Hundreds of Delivery Points
- Price Discovery Impacted: Spot, Contract
- Global Customers & Global Prices

Importance of USDA Dairy Data

- Federal Milk Order Pricing (monthly)
 - Establishes minimum prices
 - Land O'Lakes supplies sales price & volume (weekly)
- Crop Progress (weekly)
- Milk Production (monthly)
- Inventories in Cold Storage (monthly)
- World Ag Supply & Demand Estimates (monthly)

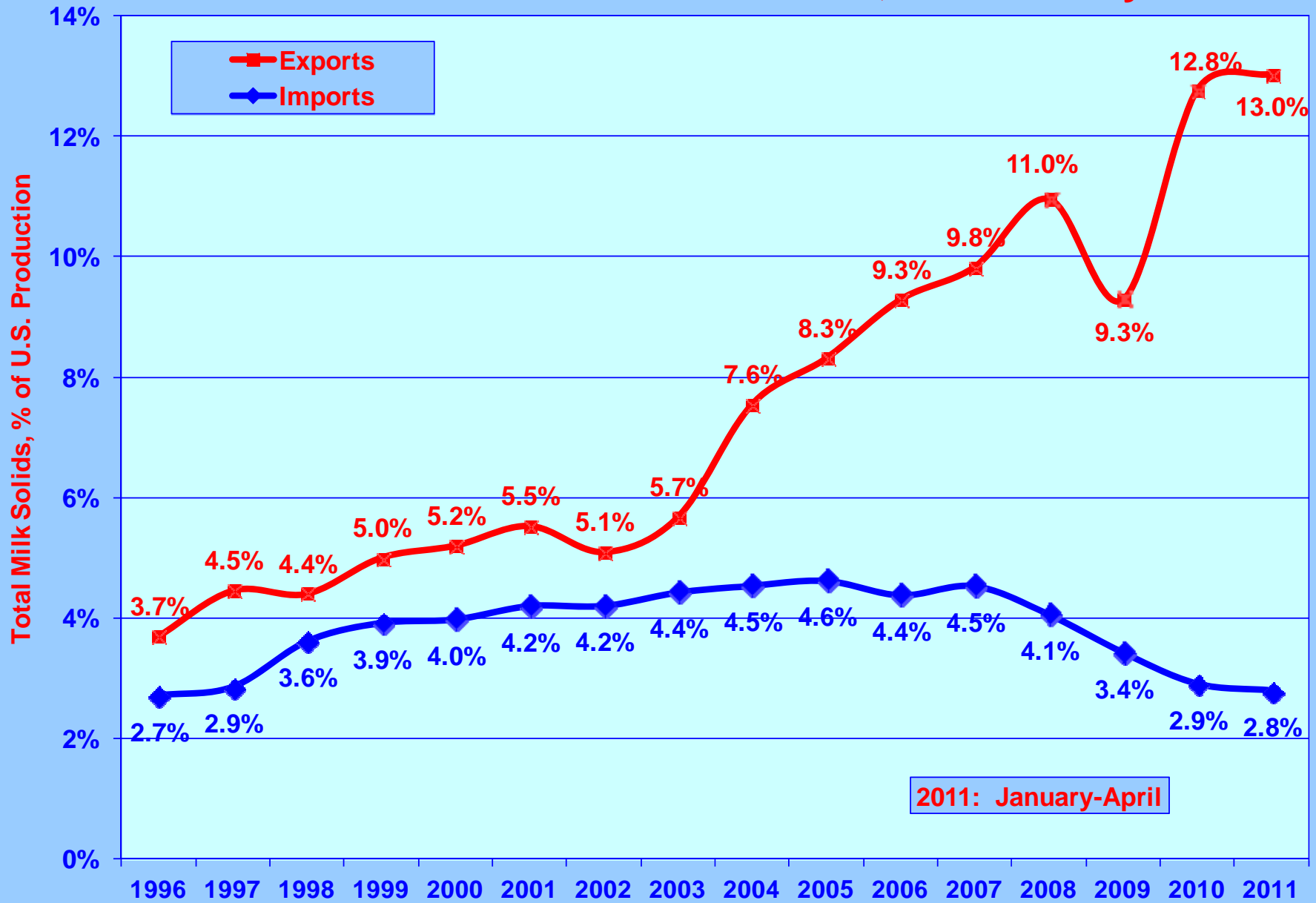
Reputation of USDA

- Unbiased, objective collector of data
- Consistent sampling methods over long term
- Fully aware of statistical methods, sampling
- Need to improve coordination among agencies—reduce redundancy

Emerging Issues

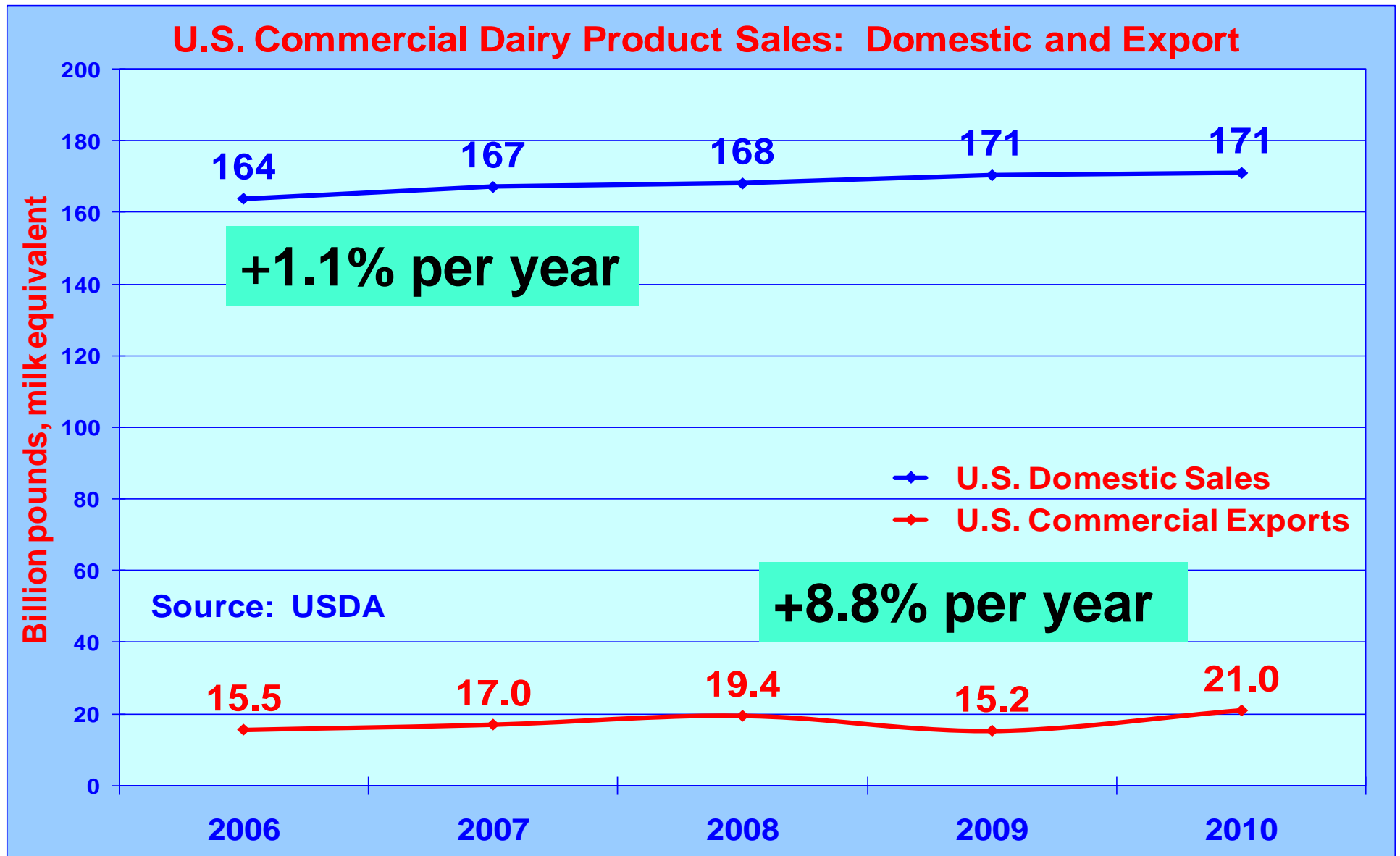
- Timeliness of data: Producers & processors desire more timely price and sales volume data—more market transparency
- Federal policies driving new data needs
 - Margin over feed
 - Bilateral trade efforts
- Submitting data on web platform
- Sustainability initiatives
- Global markets require global information

U.S. DAIRY TRADE BALANCE, 1996-2011 ytd



2011: January-April

U.S. Dairy Exports Growing Faster Than Domestic Dairy Sales (2006 – 2010)





We compete in a WORLD marketplace!

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Partners in Data Collection

- State Agencies
 - California Dep't of Food & Ag, production costs, prices, etc.
- Academic Institutions
 - Center for Dairy Profitability, 483 dairy farms' financials
- New Data Sources/Partnerships
 - Banks, Farm Credit
 - Regional Accounting/Financial Services
 - Cooperatives

Summary

- Land O'Lakes values NASS, ERS and global counterparts data collection
- Land O'Lakes strong advocate of public data collection
- Form new partnerships to leverage collection efforts and avoid duplication