

CHEESE MARKET NEWS

The Weekly Newspaper Of The Nation's Cheese And Dairy/Deli Business

September 12, 2003

**Guest columnist/opinion:
A hungry world**

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If you've opened a newspaper lately, you've seen the great outcry over the loss of U.S. service sector jobs to overseas competition. Advances in technology have made it easier than ever to set up shop wherever it makes the most economic sense — many times outside of the United States. Countries like India have a ready and willing work force that is not only educated but also available at much lower wages. Service-oriented jobs like accounting, order fulfillment and technical services are now being treated as commodities with open competition on a global scale.

Until we figure out how to employ Star Trek technology, commodities like food will continue requiring the actual movement of material rather than electrons. With a commodity like dairy, the largest market is in our own back yard where we have a huge marketplace and the pricing is pretty favorable. We've seen a few changes over the years in terms of production and transportation, but nothing we haven't been able to handle. There's a great big old world out there, though, and we won't be satisfied forever with our domestic market. Nor will we be able to keep overseas products from competing on our home turf. We live in an increasingly global society and need to be able to compete with the rest of the world.

According to the U.S. Dairy Export Council, the biggest growth markets today are Asia and Latin America. I can't tell you the number of Americans who have told me that China holds no future for U.S. dairy products. My eyes and the news tell a different story. China has one of the fastest growing economies in the world. I don't know about you, but when my income is higher, I eat better. It's no different for China's 1.4 billion people who are now focusing their attention on health and nutrition matters. In fact, a Wall Street Journal article printed this past February points to the new drinking craze among health-conscious Chinese citizens — milk! Dairy products are playing an important role in China's drive toward health, and the folks in Oceania are right there helping to deliver the goods.

China is just the tip of the international iceberg. The second most populous country is India with Indonesia following in third. And don't forget Latin America. The gang from both Australia and New Zealand are very present at any meeting where customers from Latin America or eastern Asia can be found.

Combined, Australia and New Zealand produce a bit more milk than California, yet they have a combined population only little more than half of the state's. That extra milk has to go somewhere. Both countries have gone through the obligatory reorganization and stand poised to show the world how to compete in the global dairy marketplace. More power to them. Competition makes everyone better — as long as the playing field is level.

Right now, however, this is not the case. In order for the United States and Europe to sell commodity milk powder on the world market, it must be subsidized. That is a short-term fix. While we focus on producing commodities, the gang from Oceania is talking to customers and tailoring products to meet their needs. Not only does that take marketing skills it also requires technical superiority. They are investing in the ability to make value-added products so that even when the price supports disappear they will have the edge. When the United States opens its market to international competition, what will happen?

This is a wake-up call. America still has the strength to move into any market. It just needs the will. I am confident that citizens of the world want to eat better and that the pressure to deliver dairy products will create tremendous opportunities for everyone. We need to protect our market against the environmental challenges, animal welfare issues and animal health/food safety issues that can cripple our ability to compete. If you need an example, go ask the Canadian beef producers how business is going these days. We also need to invest in manufacturing technology and research to better understand the nutritional basis of our products.

Take a good look around. Now is not the time to get paranoid, rather it is time to take an active role in protecting our markets and positioning ourselves to expand our product lines to meet the needs of a hungry world.

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