

The New Mexico Dairy Industry in the United States

New Mexico's dairy industry is a top contributor to national milk production.

The seventh largest milk producing state, New Mexico provides 7.1 billion pounds (4%) of the 177 billion pounds of milk produced annually in the United States, according to the National Agricultural Statistical Service (NASS). The 33% growth rate in New Mexico's milk production during the last five years places it fourth in the nation for growth, after Kansas, Idaho, and Oregon. During this last five years, national milk production increased only 5.6%, because many states had decreasing trends (Table 1).

Of the four major milk production areas of the United States, only the West showed an overall increase in production (17.6%), while the Midwest, Northeast, and Southeast showed an overall decrease in milk production in the last five years (Figure 1). Most of the states with increasing production trends are in the West, while the Southeast has most of the states with decreasing production.

New Mexico also ranks seventh in the nation in total number of milk cows, with 340,000 cows, an increase of 30% in the last five years (2001-2006). The number of cows in the nation decreased 2% during this time period. In terms of milk productivity, New Mexico ranks eighth in the nation, with an average production of 21,192 lbs/cow/year. Among the 10 highest milk producer states in the nation, only California and Idaho rank above New Mexico in milk productivity per cow. New Mexico

Table 1. Top five states in percentage of change in milk production from 2001 to 2006.

Rank	State	% Change	Region	State	% Change	Region
1	Kansas	+47.80%	West	Hawaii	-40.20%	West
2	Idaho	+40.70%	West	Arkansas	-38.80%	Southeast
3	Oregon	+39.30%	West	Louisiana	-38.00%	Southeast
4	New Mexico	+32.80%	West	Alabama	-35.60%	Southeast
5	Indiana	+30.90%	Midwest	Rhode Island	-33.70%	Northeast

Source: data from the National Agricultural Statistical Service.

holds the first place in dairy farm size with an average of 2,000 adult cows per farm.

The Dairy Industry in New Mexico

Dairy is the most important agricultural industry in New Mexico. Dairying produces more cash receipts than any other agricultural industry in the state. About 40% of the \$2.6 billion in agricultural cash receipts comes from the dairy industry (Figure 2).

Since 2001, cash receipts from dairy farming have exceeded those from the beef industry in New Mexico (Figure 3).

Milk has been the number one cash commodity in New Mexico for the last four years, with receipts in excess of \$1 billion in each of the last three years. Milk productivity, in pounds per cow per year, has jumped from 13,500 to 21,200 in the last 20 years, while it has been accompanied by an expansion in the number of milking cows from 65,000 to 340,000. During the same period, overall state milk production has experienced a dramatic 11-fold increase, reaching 6.9 billion pounds during 2005 and 7.1 billion pounds during 2005/2006. According to the Agricultural Marketing Service (AMS) there are 172 dairy producers in New Mexico (Table 2, Figure 4).

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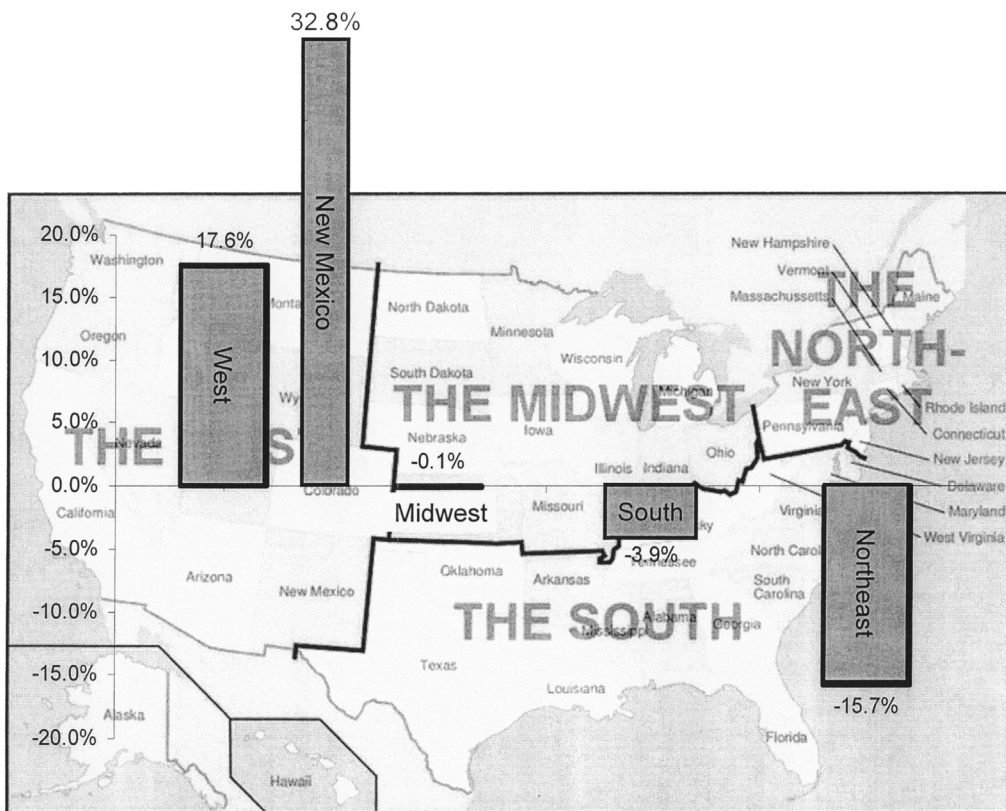


Figure 1. Growth rate of milk production in the United States, by region, 2001-2006. Source: data from the National Agricultural Statistical Service.

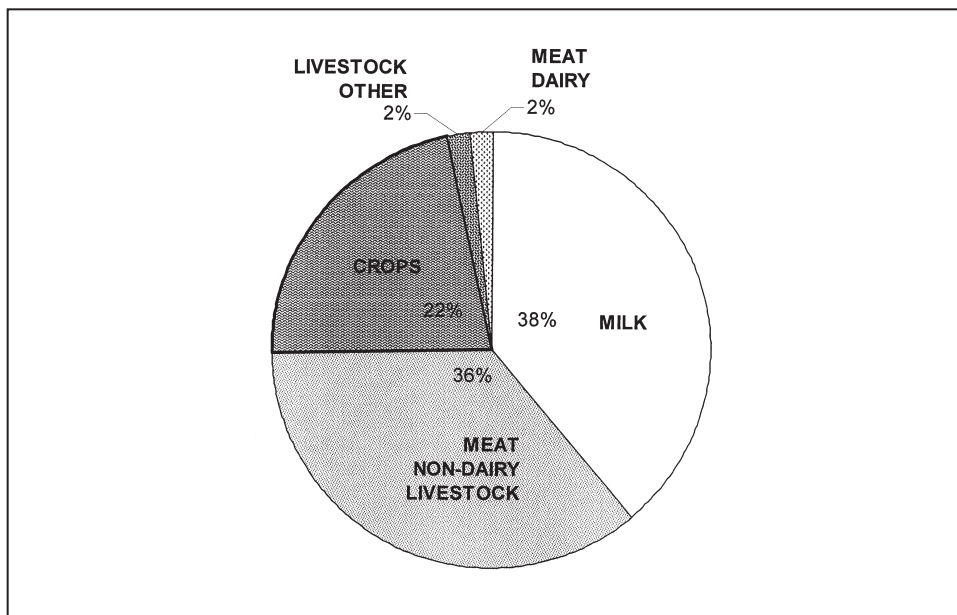


Figure 2. New Mexico agricultural cash receipts. Source: data from the National Agricultural Statistical Service.

Table 2. Dairy farms, milking cows, and milk production in New Mexico, 2005/2006.

County	Producers ²	Milk Cows ³	Milk ⁴ (million lb)
Chaves	39	90,000	1,921,536,905
Roosevelt	41	65,000	1,327,724,400
Curry	24	66,000	1,308,246,539
Doña Ana	24	53,000	1,116,865,913
Lea	14	25,000	504,387,238
Eddy	5	19,000	290,811,282
Valencia	8	4,000	189,014,684
Socorro	7	11,000	165,179,124
Sierra	3	5,000	95,319,111
Bernalillo	4	2,000	63,627,400
Others ¹	3	-	134,321,166
Total/Average	172	340,000	7,117,033,760

¹Torrance and Luna counties (data combined with other counties)

²Source: Agricultural Marketing Service, April 2006

³Source: National Agricultural Statistical Service, May 2006

⁴Source: Agricultural Marketing Service, April 2005 to March 2006

There are two major zones of milk production in New Mexico (Figure 4). Both go from the central to the southern regions of the state. One is located in eastern New Mexico, while the other is located in central New Mexico. The eastern zone is the major production area, with more than 75% of the milk volume. Within the eastern zone, Chaves, Roosevelt, and Curry counties produce 65% of total milk. In the central area, Doña Ana in the southern part of the state produces 15% of the state milk.

An “average” dairy in New Mexico produces 42 million pounds of milk in a year, receives \$6.4 million of gross income, and gives direct work to 17 people. Curry County tends to have the largest operations in the state, with on average over 2,750 cows per farm, while Valencia and Bernalillo have the smallest operations with on average 500 cows per farm.

Records from the NASS indicate there were 31,000 milking cows in New Mexico in 1975, during which time Doña Ana and Roosevelt were the most important milk producing counties, each with about 18% of the state’s cows. In 2006, 340,000 head of milking cows are reported to be in New Mexico, with Chaves, Curry, Roosevelt, and Doña Ana counties holding more than 80% of the state’s milking cows (Figure 5).

Milk production in New Mexico has increased at a rate of approximately 2.5 million pounds per month over the past 14 years (Figure 6). Based on this trend,

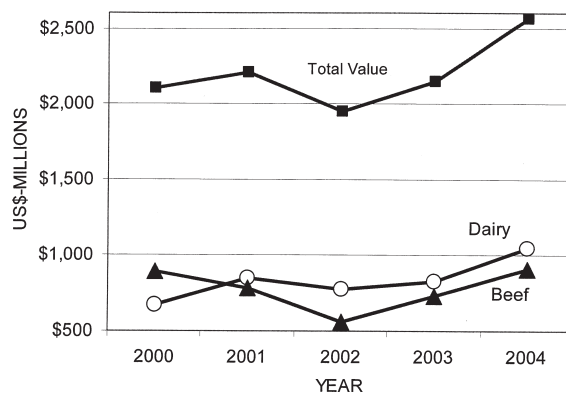


Figure 3. New Mexico’s agricultural cash receipts versus dairy and beef industries. Source: data from the National Agricultural Statistical Service.

milk production in New Mexico is expected to total 7.4 billion pounds at the end of 2006.

Seasonal variation in milk production can be as large as 20% between the highest month (May) and the lowest month (January). An increasing trend starts in January and continues through May, then begins a gradual decline until November. Thus, milk production is increasing in winter and spring, declining in summer, and leveling out in fall (Figure 7).

Direct Socioeconomic Importance of the Dairy Industry in New Mexico

The dairy industry in New Mexico generates tremendous labor demand and economic development. A normal ratio of labor to cows in the dairy industry is 1:100 or one person by every 100 cows. With 340,000 dairy cows in the state, around 3,400 direct jobs are generated by the dairy industry. According to the last estimates of the AMS, New Mexico milk has a statistical uniform price of \$307.4 for every ton of milk sold, which indicates that the value of the milk produced in New Mexico in a year is around \$1.1 billion. Table 3 presents this information disaggregated by counties.

Using the same indexes, an average dairy farm in New Mexico, having 2,000 cows and producing 42 million pounds of milk, has annual revenue of \$6.4 million and gives direct job to 20 people.

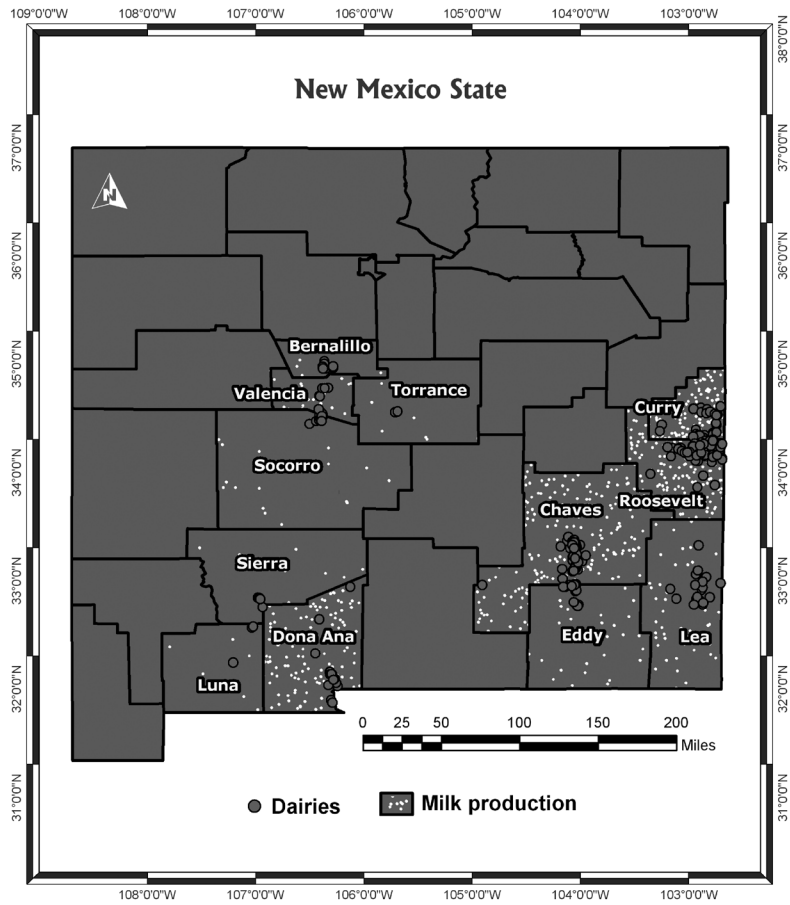


Figure 4. Distribution of milk production in New Mexico. Milk production proportional to white dots. Luna and Torrance counties measured together. Source: data from the National Agricultural Statistical Service.

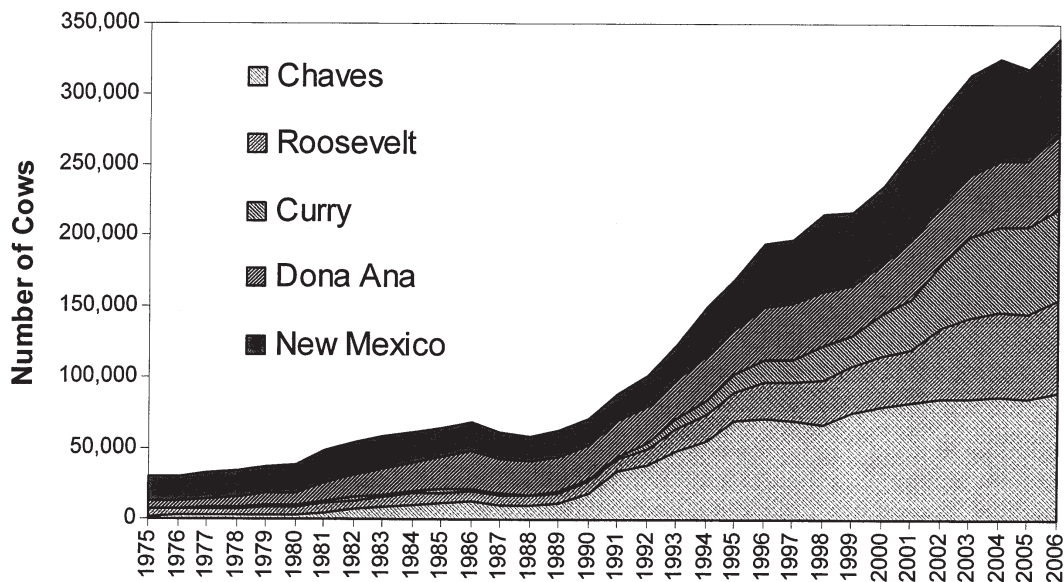


Figure 5. Number of milking cows in New Mexico and in the most important counties, 1975-2006.

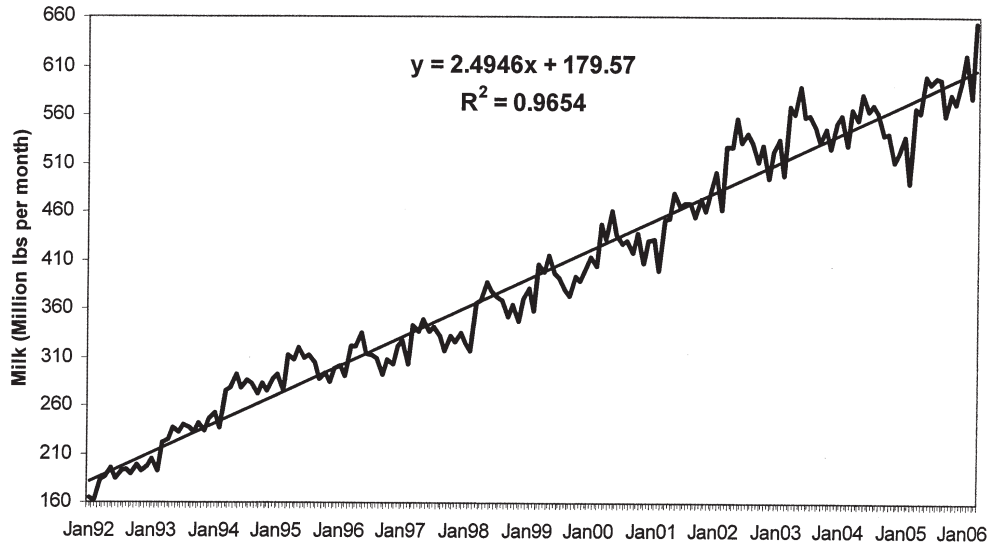


Figure 6. Trend of monthly milk production in New Mexico, 1992-2006. Source: data from the Agricultural Marketing Service.

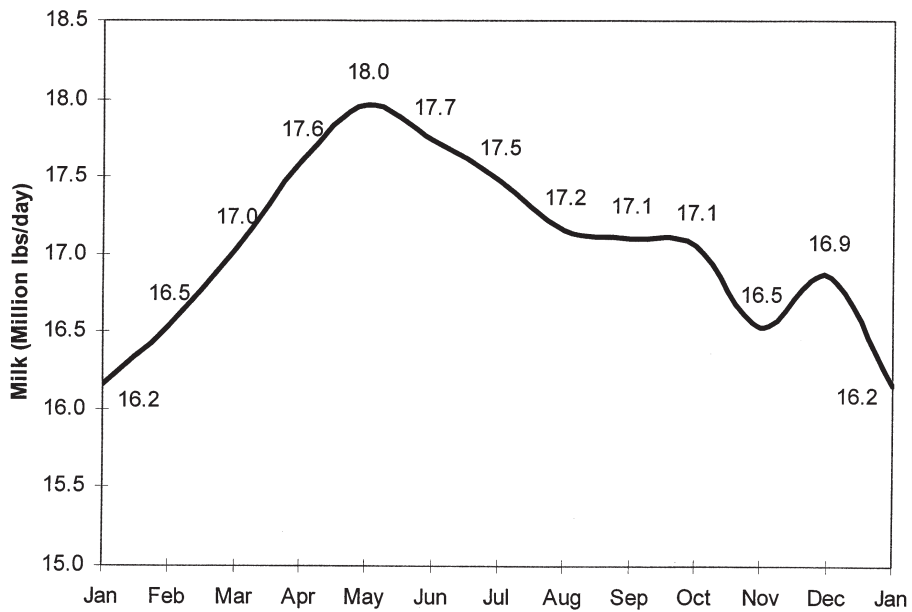


Figure 7. Seasonal milk production in New Mexico, 2003. Source: data from the Agricultural Marketing Service.

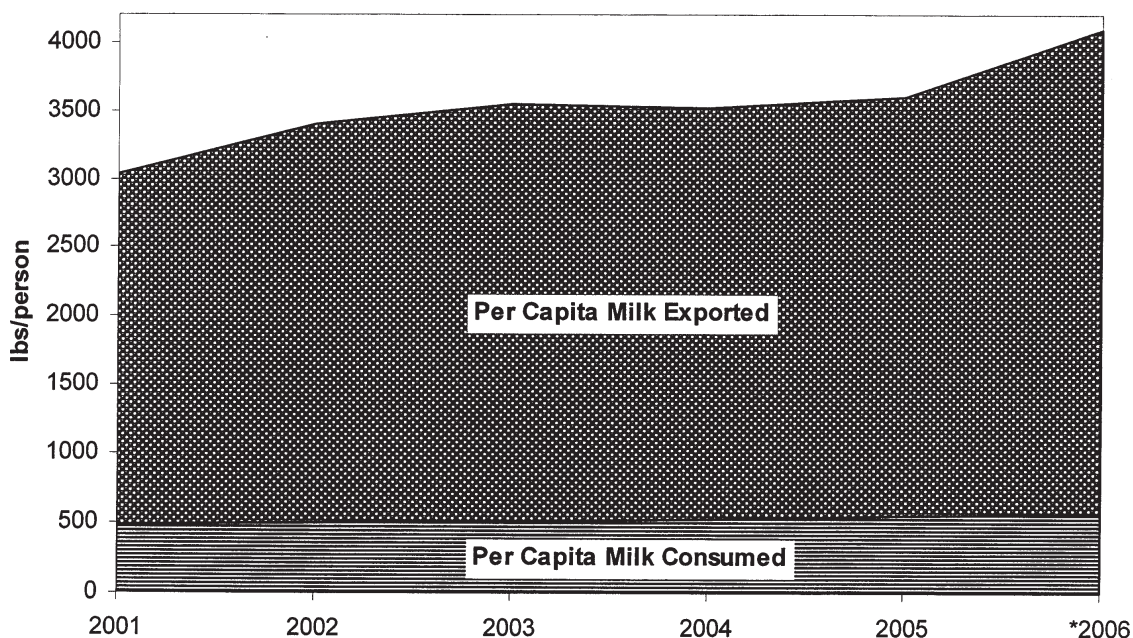


Figure 8. Per capita milk produced in New Mexico. Source: data from the Federal Milk Market Administrator.

*Projected from July to December 2006.

Table 3. Direct socioeconomic importance of dairy industry by county in New Mexico, 2005/2006.

County	Jobs Generated (Number of Jobs)	Money Generated (1,000\$)
Chaves	900	295,340
Roosevelt	650	204,071
Curry	660	201,077
Doña Ana	530	171,662
Lea	250	77,524
Eddy	190	44,698
Valencia	40	29,052
Socorro	110	25,388
Sierra	50	14,651
Bernalillo	20	9,780
Others ¹	-	20,645
Total New Mexico	3,400	1,093,888

¹Torrance and Luna counties

Table 4. New Mexico dairy milk related industries.

Name	Principal Product	Location
Creamland Dairy Inc.	Fluid	Albuquerque
DairiConcepts, L.P.	Powder	Portales
F&A Cheese Plant	Mozzarella/ Provolone Cheese	Las Cruces
Leprino Foods	Mozzarella Cheese	Roswell
Nature's Dairy	Fluid	Roswell
Select UF#5	Concentrated Milk	Artesia
Southwest Cheese	Cheddar Cheese	Clovis
Alkma, Inc.	Powder	Santa Teresa
DFA-Lovington Cheese	Cheddar Cheese	Lovington
Ilchisa, Inc.	Powder	Santa Teresa
Mickey's Dry in Dairy	Fluid	Albuquerque
Prima Proteina, LLC.	Powder	Lovington
Rasband Dairy	Fluid	Albuquerque
Taos Ice Cream Co.	Ice Cream	Santa Fe
Tucumcari Mountain Cheese	Feda Cheese	Tucumcari
Eagle Brand*	Fluid	El Paso
Prices*	Fluid	El Paso
Farmers*	Fluid	El Paso

*Located in El Paso, Texas, but process New Mexican milk.

Per Capita New Mexico Milk Production and Exports

According to the Milk Market Administrator (MMA), New Mexico has currently the third largest per capita milk production of milk in the U.S.A.—4,097 lbs/person—after Idaho (7,414 lbs/person) and Wisconsin (4,250 lbs/person). The per capita milk production in the U.S.A. averages 624 lbs/person.

The milk production per capita in New Mexico has increased substantially in the last five years, from 3,041 lbs/person in 2001 to 4,097 lbs/person in 2006, and it largely overpasses the capacity of consumption of 565 lbs/person (Figure 8). It is then estimated that the per capita consumption represents 13.4% of the per capita production and consequently that 86.6% or 3,547 lbs/person of milk produced in the state are exported out of New Mexico. New Mexico will export a total of 7.2 billion of pounds of milk in 2006.

Dairy Processing Plant Business in New Mexico

Most of the milk produced in New Mexico is processed locally through an extensive network of 15 milk-related industries across the state. New Mexico has four milk fluid plants, five cheese plants, four powder plants, one ice cream plant, and one ultra filtration plant. In addition, there are three plants in El Paso, Texas that handle almost exclusively milk produced in south Doña Ana County, New Mexico (Table 4).

Conclusions

The dairy industry in New Mexico is the number one agricultural activity in the state and has the greatest economic impact. Increasing trends in number of milking cows, milk productivity, and overall milk production indicate the dairy industry will continue to have a positive economic and social impact on the state of New Mexico in the future.

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