



Dairy Exports Offer Profit Center for Pennsylvania's Dairy Farms

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Editor's Note: This is a special feature from the Center for Dairy Excellence exclusively for Farmshine newspaper.

As the dairy industry continues to be one of the more volatile businesses, producers around the state of Pennsylvania and the country are looking for additional ways to be profitable. Some are finding that exporting heifers to different countries has been a solution to finding those extra profits.

The Pennsylvania Holstein Association owns

the Pennsylvania Holstein Farm in Middletown. This farm is an official quarantine facility and does the final inspections before the heifers are shipped out of Wilmington, Del.

In the fiscal year 2010, the farm served as a quarantine facility for 13,000 dairy exported out of the U.S. Already this year, nearly 18,000 head have moved through the facility. Estimates are that by the fiscal year end in September, close to 25,000 will have gone through Middletown.

Currently, the top importers from the East Coast are Turkey and Russia. Other developing countries are also seeing market growth and may increase imports in the near future.

The world economy and the strength of the U.S. dollar could change the dynamics of the export business. However, with many countries wanting to grow their dairy industry, producers and exporters are optimistic about the opportunities that exist for the future of the export business in Pennsylvania and nationally.

This month's *Farmshine* center page features comments from Ken Raney, executive secretary of the Pennsylvania Holstein Association, and two dairy industry exporters who have sent heifers through the PHA facility.



KEN RANEY

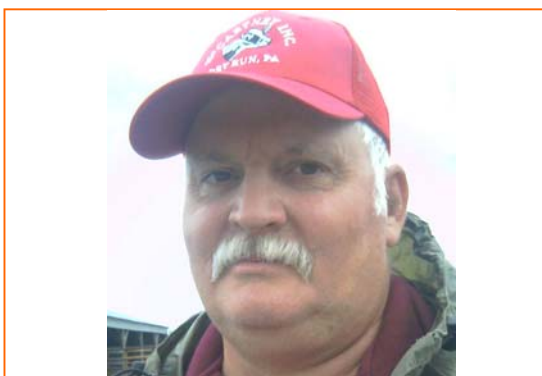
**Pennsylvania Holstein Association
State College, Centre County**

Raney is the Executive Secretary of the Pennsylvania Holstein Association (PHA). Part of his responsibilities include working with the quarantine facility and export shipments out of the PHA farm in Middletown to shipping docks in Wilmington, Del.

What have you found as benefits of the export business? "We get cattle from all over the country, but mostly from the East Coast," Raney said. "We are in a good location for exports. With the farm, we need all of the regular services — feed, vet, etc. — so that has a ripple effect into the industry. The export business through PA Holstein Association, in the end, has been a great benefit for our members and other producers within Pennsylvania."

What have you found challenging about the export business? "Finding a constant supply of heifers to export is challenging," he said. "Not only just sheer numbers but those that meet specifications by the government. It has become quite competitive to keep the numbers steady. Making sure that the paperwork and shipments are all coordinated and on time can sometimes be a bit of hurry-up and wait, and that can be challenging as well."

Where do you see the future of the export business is heading, in Pennsylvania and nationally? "The future of the export business can depend a lot on the world economy and the strength of the U.S. dollar," Raney said. "However, genetically, the United States has what other countries want, which keeps the market interesting. The export business continues to keep the prices of heifers up and there is hope that the export opportunity can continue for dairymen across the country."



MIKE MCCARTNEY

**McCartney Farms
Dry Run, Franklin County**

McCartney has been exporting for the majority of the time he has been in the dairy industry. Their dairy facility in south-central Pennsylvania houses about 3,000 head, with six isolation barns. He also has other facilities around the country and usually exports about once a month.

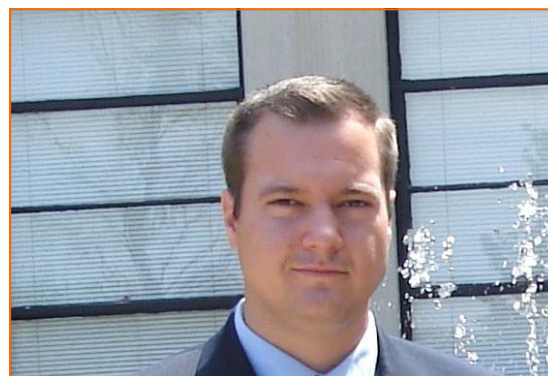
What have you found as benefits of the export business? "Pennsylvania is in the right place," McCartney said. "As a central location on the east coast, the PHA farm has been key in getting cattle to the docks in Wilmington, Del. There have been a lot of new people in the export business which has increased the opportunities to export."

What have you found challenging about the export business? "As with any business, there are always challenges and little things that are frustrating. The federal regulations are hard to keep track of. There have been a lot of changes to the federal regulations, and we have not been given enough time to get used to the changes or see full effect of them."

"Making sure all of the cattle are lined up, along with the books and timing of shipments, is always a challenge."

Where do you see the future of the export business is heading, in Pennsylvania and nationally? "There are more people in the world everyday and more people looking for a better life with better food," he said.

"The export business will continue in order to help provide for these people who want a better resource for food. However, a lot can change with changes in politics and as the strength of the dollar changes."



BRANDON WEBB

**LI Animal Health
Airville, York County**

LI Animal Health is a Pennsylvania-based company that was founded in 2005 with the goal of improving animal health internationally. They market products to governments and other organizations on five continents.

What have you found as benefits of the export business? "The benefits of exporting come with additional risk compared to transactions within the U.S. However, with national growth at less than two percent and growth in some international markets at five to ten percent, the benefits of pursuing international opportunities are obvious," Webb said.

"East Africa, for example, has been an excellent market in recent years. Despite lower per capita income, the dairy sector there, in Russia, and in Turkey, as well as in other developing markets, has seen explosive growth."

What have you found challenging about the export business? "Without question, the largest challenge is risk management. When one steps out of the domestic market, there are risks related to logistics, especially regarding shipment of live cattle. However, this risk typically pales in comparison to the credit risk, legal risk, currency exchange risk and political risk not found within the United States."

Where do you see the future of the export business is heading, in Pennsylvania and nationally? "The future of exports from Pennsylvania and the U.S. is filled with opportunity. The number of developing markets with young populations and expanding economies are numerous, and most seek out U.S. technology and genetics that are not found elsewhere."