Growing Wisconsin Food and Agricultural Exports

International Agribusiness Center

WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION (DATCP)

November Wisconsin Agricultural Export Webinar with 2022 YTD (Q3) Export Highlights
Agenda

• Welcome

• Wisconsin Q3 YTD 2022 Dairy, Meat, and Crop Product Export Highlights

• UW-Madison Export Expansion Grant Project Presentation
  Assessing Barriers to Dairy Product Exports by Small and Medium-Sized Wisconsin Manufacturers

• Agricultural Export Projections

• Adjourn
Wisconsin Agricultural Export Webinar – November 2022

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2022 YTD Q3 Highlights

- 2022 Wisconsin exports $3.23 billion, up 13.6% from 2021
- 2022 U.S. exports $163 billion, up 15.1% from 2021
- 2021 Wisconsin exports (full year) $3.94 billion – all time high
- Five-year average (full year) $3.53 billion
US$ CURRENCY EXCHANGE RATES 1 YEAR NOVEMBER ‘21 – ‘22

Canada
US$ - CAD
1 year
1.22 > 1.33 +8.2%

Mexico
US$ - MXN
1 year
20.3 > 19.6 -3.4%

China
US$ - CNY
1 year
6.39 > 7.20 +12.7%

Korea
US$ - KRW
1 year
1201 > 1371 14.2%

Japan
US$ - JPY
1 year
114 > 147 28.9%

Europe
US$ - EUR
1 year
0.86 > 1.00 15.9%

Source: X-Rates.com https://www.x-rates.com/graph/
2022 DAIRY, MEAT, AND CROP PRODUCT EXPORTS
$2.18 BILLION, UP 14.1%

Top 5 Market Highlights

- $2.29 billion, 68% of the total
- Four of the five are up, Canada and Korea in double digits; Japan is flat.
- Korea and Canada continue to have strong growth
  - Canada main drivers by gains in beverages (including ethanol), cereals, dairy and sauces.
  - Korea main drivers are dairy, milk proteins, meat, food wastes for feed.

| Wisconsin Top 5 Agricultural Markets (All Agricultural Products, $ Millions) |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| CANADA          | 1096            | 9.9%            | 21.7%           | 22.5%           |
| CHINA           | 257             | 282             | 8.0%            | -0.1%           |
| MEXICO          | 220             | 238             | 8.0%            |                 |
| KOREA           | 148             | 181             | 22.5%           |                 |
| JAPAN           | 151             | 151             |                 |                 |

% Differences

SEP 2021 YTD | SEP 2022 YTD
Dairy Product Highlights (up 37.7%)

- **14% of all Wisconsin ag exports:** Includes cheese, whey, lactose, and milk proteins.

- **Top 5 products are 93% of the group total:** Whey, Cheese and Curds are 60% of the total followed by Albumins, Lactose, Butter, Milk and others,

- **Top 5 countries are 65% of the group total:** All of the top five up double digits, led by Korea, Japan, and Mexico.
**Meat Product Highlights** (down 1.6%)

- **19% of all Wisconsin ag exports:** Includes livestock, genetics, hides, and furs.

- **Top 5 products are 89% of the group total:** Meat preparations and genetics are 50% of the total followed by offal, furskins, proteins, and all others.

- **Top 5 countries are 72% of the group total:** Three of the top five are up double digits, and two are down along with all others. Mink sales to Finland continue up.
Crop Product Highlights (up 14.2%)

- **67% of all Wisconsin ag exports:** Includes grains, forestry, processed foods, and beverages.

- **Top 5 products are 52% of the group total:** Beverages, prepared vegetables, and wood are 35% of the total.

- **Top 5 countries are 68% of the group total:** Three of the top five are up double digits, Japan is down year to date.
International Agribusiness Center Team

We are here to help!

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Presentation for the Wisconsin Agricultural Export Webinar
November 16, 2022

Chuck Nicholson, UW-Madison
Agenda

• Brief introduction
• Current project objectives
• Current project status
• Related projects
Brief Introduction

• Hired with support of the UW-Madison Dairy Innovation Hub in January 2022

• Previously worked on dairy issues in four key US states
  • NY, VT, CA, PA
  • National Program on Dairy Markets and Policy

• Worked on dairy issues in five countries
  • Mexico, Colombia, Ethiopia, Kenya and Tanzania
Brief Introduction: Work on Dairy Issues

International trade policy and impacts of exports

- Price volatility
- Spatial milk values and Class I differentials
- Northeast Compact
- Dairy processing facility location
- California FMMO
- MPP-Dairy and Dairy Margin Coverage
- Food loss & waste

Milk price cycles

- Value-added dairy processing

Product classification under Federal Milk Marketing Orders

Impacts of Covid-19

- Antimicrobial resistance
- Impacts of sexed semen
- Growth management programs
- Milk price deregulation
- Impacts of generic advertising

Strategies to increase dairy competitiveness

Growth management programs
Current Project Objectives

1) Identify Wisconsin dairy manufacturers that currently sell to export markets and others have an interest in selling but who are not yet doing so;

2) Document the potential barriers to export market participation by small- and medium-sized dairy manufacturers, with an emphasis on supply chain logistics and costs;

3) Identify, evaluate and recommend strategies that could address barriers to export market participation for this segment of Wisconsin dairy product manufacturers, including proposals for dairy export hubs.
Current Project Activities

1) **Review previous information** from secondary sources on export market patterns, costs, and promotion efforts relevant to refine the data collection and analysis for this project

2) **Develop an online survey** of Wisconsin dairy manufacturers to assess export market participation, interest and initial assessment of barriers

3) **Conduct interviews and field visits** with relevant companies involved in export sales, with an emphasis on logistics providers, to quantify current constraints and potential strategies to address them;

4) **Integrate information** from the market characterization studies, surveys, interviews and field visits to identify, evaluate and recommend strategies that could enhance dairy product exports from the target segment of Wisconsin dairy product manufacturers

5) **Organize a workshop** to present the findings to interested external stakeholders
# Current Project Status

<table>
<thead>
<tr>
<th>Activity</th>
<th>Status</th>
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<tbody>
<tr>
<td>Review previous information</td>
<td>Begun review of existing export promotion programs at state and federal level, process mapping for exports and basic trade data</td>
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<tr>
<td>Develop online survey</td>
<td>Survey draft developed and under review by collaborators, pre-testing with WI companies soon</td>
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<tr>
<td>Conduct interviews and field visits with relevant companies</td>
<td>Interviewed a number of major players in dairy exports (coops and brokers) and identified additional contacts</td>
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<tr>
<td>Integrate information to evaluate and recommend strategies</td>
<td>Ongoing with steps above</td>
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<tr>
<td>Workshop for reporting</td>
<td>To be organized closer to project completion</td>
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**Expected reporting June 2023**
### Survey Question Examples (Preliminary)

#### Which of the following products did your company produce during 2022? Indicate approximate volumes for all that apply.

<table>
<thead>
<tr>
<th>Product</th>
<th>Volume produced in 2022 (mil lbs)</th>
<th>Volume certified organic (mil lbs)</th>
<th>Volume grass fed (mil lbs)</th>
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</thead>
<tbody>
<tr>
<td>American cheese styles</td>
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<tr>
<td>Italian cheese styles (mozzarella, parmesan,</td>
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<tr>
<td>others)</td>
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<tr>
<td>Other cheeses</td>
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<tr>
<td>Fluid whey (separated or not)</td>
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<tr>
<td>Dry whey powders (human or animal)</td>
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<tr>
<td>Whey protein concentrates</td>
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<td></td>
<td></td>
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<tr>
<td>Whey protein isolate</td>
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</table>

#### How large a challenge do you anticipate the following to be for the achievement of your company’s export goals in five years?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Not a challenge at all</th>
<th>Minor challenge</th>
<th>Major challenge</th>
<th>Not sure</th>
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<tr>
<td>Product characteristics (making the ‘right’ products with existing</td>
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<td>capacity and knowledge)</td>
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<tr>
<td>Competition from other US exporters (based on price, quality consistency</td>
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<td>of supply, or existing export relationships)</td>
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<tr>
<td>Competition from non-US exporters (based on price, quality consistency</td>
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<tr>
<td>of supply, or existing export relationships)</td>
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<tr>
<td>Supply chain and logistics delays or transportation availability</td>
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</table>
Related Project Efforts

1) Partnership with International Farm Comparison Network
2) Revise and update global dairy supply chain model for analysis of dairy trade
Related Project Efforts

1) Supply chain model developed with support from USITC
2) Global coverage in 15 regions, extensive products
3) Use to assess medium-term export opportunities, impacts of shocks (Covid, War, Environmental Change), returns to export promotion
Questions or Comments?

• Thank you for your attention!
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Upcoming Meetings

**Wisconsin Agricultural Export Webinars**
- Wednesday 11 January, 2023  09:00am
- Wednesday 15 February, 2023  09:00am

**Wisconsin Agricultural Export Advisory Council Meeting**
- Wednesday 29 March, 2023  09:00am
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