

Dairy industry leads state's agricultural activity

New Mexico residents not directly involved in the state's growing dairy industry may not realize the dairy business is now the leading agricultural activity in the state and a top contributor to the national milk market.

In fact, New Mexico is the seventh-largest milk-producing state, providing 7.1 (4 percent) of the 177 billion pounds of milk produced annually in the United States. New Mexico is also the seventh-largest state in total number of cows with 340,000 lactating animals and the eighth-largest in milk productivity with an average of 21,192 pounds of milk per cow per year.

Our state ranks first in dairy herd farm size with almost 2,000 adult cows per farm and ranks third in productivity among the top 10 milk-producing

states. The production of milk in New Mexico has grown 33 percent and the number of cows has increased 30 percent in the last five years, while the productivity per cow has jumped 57 percent in the last 20 years.



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Dairy is the most important agricultural industry in New Mexico, bringing in more cash receipts than any other agricultural activity. About 40 percent of the \$2.6 billion in agricultural cash receipts come from the 172 dairy farms in the state. Milk

alone has been the No. 1 cash commodity in New Mexico for the last four years, with receipts in excess of \$1 billion in each of the last three years.

The eastern part of the state is the major production area, with more than 75 percent of the milk volume. Within this, Chaves, Roosevelt and Curry counties produce 65 percent of total milk. Dona Ana County in the south-central part of the state, produces 15 percent of the milk.

The New Mexico dairy industry generates "direct economic impacts" because of its direct sales of milk, animals and other outputs. The industry also generates "indirect economic impacts" through the industries that provide associated goods and services to dairy farms, as well as "induced eco-

nommic impacts" due to the expenditure of income earned in the "direct" and "indirect" activities, and "value added impacts" coming from the economic returns to the primary factors of production, such as land, labor and capital.

The direct impact of dairies to New Mexico's economy is estimated at \$1.15 billion per year. The calculated indirect impact is \$492 million, while induced impact is estimated at \$596 million. That adds up to a combined economic impact of \$2.24 billion.

Considering the value-added impact of \$498 million, the overall dairy industry economic impact to New Mexico's economy is \$2.7 billion a year.

It is also estimated that the dairy

industry generates 14.9 jobs for each \$1 million in sales of dairy products. This means for every \$1 million in sales, 2.5 jobs are generated directly, 4.9 indirectly and 7.45 induced. Add it all up and the dairy industry in New Mexico generates 2,886 direct jobs, 5,713 indirect jobs and 8,559 induced jobs. Overall, the dairy industry generates 17,158 jobs across our state.

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