

EDITORIAL & OPINION

GUEST COMMENTARY BY ROBIN STERNBERG



# Market Forces Threaten Marin's Dairy Farms

## Threat hints Marin, Sonoma farms may not survive

Most Marinites are familiar with the history of our county's dairy industry, an integral component of Marin's economy, identity and landscape for over 150 years.

However, many of us may be unaware of the current market conditions that are impacting the industry's bottom line and posing a serious threat to its long-term economic sustainability. In short, Marin County's dairy farmers are in trouble — some even say there is a crisis — and it is being reported that some farms in West Marin and Sonoma may not survive.

It's important for all of us to thoughtfully consider what the industry is experiencing and what we can or should do about it.

The county's agriculture/food industry as a whole is identified by the Marin Economic Forum as one of the county's priority industries based on criteria that include revenue generation, exports, five-year growth and output per worker. Dairy has been the county's top commodity for decades and, with Albert Straus opening the first certified-organic dairy farm in the West, has helped establish

Marin as a leader in the organic food movement.

Last year organic milk and conventional milk accounted for approximately 39 percent of the \$87 million in agricultural production (organic milk comprising about 80 percent of total milk production). Additional agricultural output in Marin comes from beef, livestock (especially poultry), cheese, crops and related agricultural production.

Marin's forward-thinking organic farming drew attention from the global dairy market and positioned the region to develop other valuable products and brand extensions. While the industry is growing beyond milk, product diversification and extension development that would have helped balance the economic dominance of milk have been relatively slow. Our cheese industry is one example of a product extension success story, offering rich secondary market value; however, the volume is not yet large enough to offset the economic dominance of our milk production.

For years, organic farming offered a competitive advantage for Marin producers, with organic milk commanding a 72 percent premium over non-organic (conventional) milk. By 2015 — an historic year — gross

agricultural value was a record high \$111 million for the year.

But, like any investment, there is risk in reliance on just one commodity and for Marin farmers, the current challenge is two-fold.

First, milk consumption nationwide has declined significantly with a change in consumer habits — mostly a decline in breakfast consumption — and the turn to non-dairy substitutes (such as soy and almond milk).

Second, the market is awash in an exponentially larger supply of organic-certified milk. With the sharp market turn toward organic purchases, dairy farmers across the nation joined the movement and converted to organic, causing a market flood that brought milk prices down. Marin County's total gross agricultural production value was down 24 percent from 2015 in 2016 and declined further by 10 percent in 2017.

For those interested in supporting the survival of our local dairy farmers in the short term, there has never been a better time to buy local organic milk, cheese and other products made in Marin and Sonoma counties. In the longer term, to avoid another industry crisis, diversification and planning will be important to our farmers, including innovations in crops and production systems that contribute to healthy soils and the

environment. You are supporting these innovations through your purchase of local dairy products.

Finally, in any industry, it is considered highly beneficial to nurture an innovative ecosystem that allows for sector interaction, support, sharing of information, market updates, resources and training. Marin is already positioned as a leader in the organic food movement and is poised for market expansion through the development of value-added product innovations leveraging a strong Marin brand and the values and lifestyle our county represents. We could all do better to support the industry through stronger partnership and promotion.

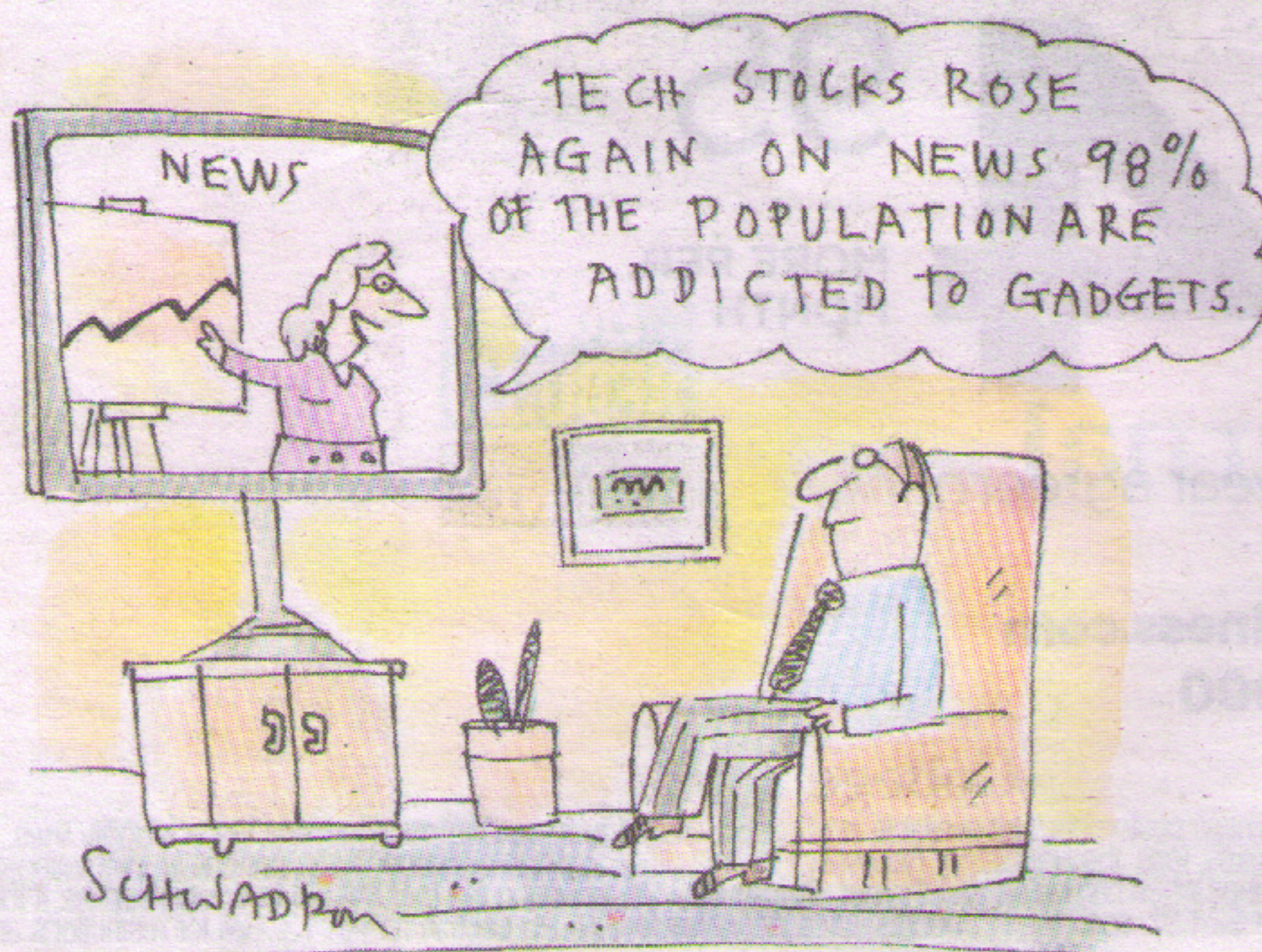
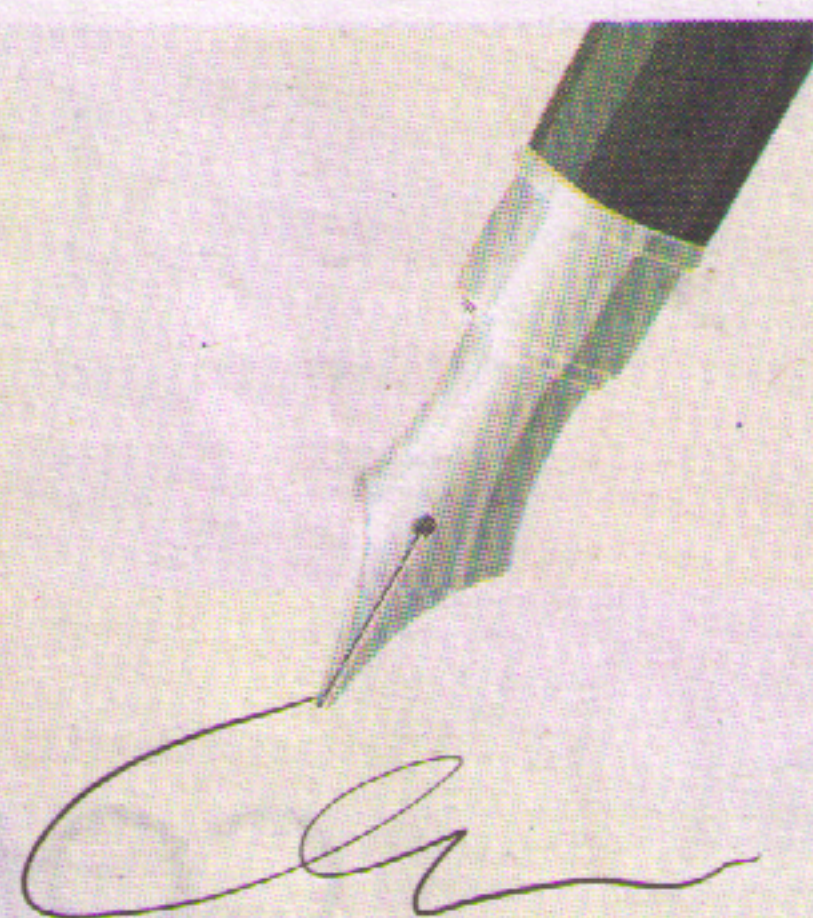
Agriculture is clearly a culturally important industry in the North Bay, representing our history and identity, and has provided enormous benefit to our community over the years. Combined with our burgeoning food and beverage industry and our complementary outdoor adventure lifestyle, the agriculture industry is a potential powerhouse not to be ignored and should be helped through this difficult time with stronger support from our community and its leadership.

*Robin Sternberg is chief executive officer of the Marin Economic Forum.*

## Contributions encouraged

The North Bay Business Journal welcomes written opinions from readers on business, political and social issues of interest to the local business community. Opinions should be no more than 700 words in length and make a point, take a stand or urge a call to action. The Business Journal also welcomes short letters to the editor in response to items that have appeared in prior issues.

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