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## Should Small-scale Dairy Farmers Welcome Globalisation?

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### Abstract

Globalisation means an ever-changing economic climate, in which challenges and opportunities come at you from every side. In such a competitive global situation, the first thing is to assess how small-scale farmers are positioned to convert challenges into opportunities, which they can capitalize on.

This study main objective was to evaluate how small-scale dairy farmers in selected developing countries produce milk as compared to their counterparts in several industrialised nations. The measurement of cost of milk production is taken as the indicator for global competitiveness. It is assumed that the lower the production costs for a liter of milk, the better positioned a farmer is to compete in a global market.

This study uses the methodology and database of the International Farm Comparison Network (IFCN) to analyse typical dairy farming cases in India, Pakistan and Peru (as developing countries) and Germany, United States, and Australia (as industrial nations). The IFCN methodology relies on panels of local dairy experts (3–6 people), who assist in selecting the farming cases, revise the data collected and validate the results of the economic analyses.

The results of this comparative study show that small-scale farmers in developing countries are low-cost producers. This positions subsistence dairy farmers on solid grounds to exploit the poverty reduction benefits inherent in globalisation. However, these small-scale farmers are quite clear that, although they can produce milk competitively, their ability to successfully operate in a globalised world depends on a set of conditions such as **(1)** having working capital for growth and intensification, **(2)** counting with reliable and remunerative markets, and **(3)** availing affordable quality livestock services. Finally, small-scale dairy farmers in these countries would very much welcome globalisation once conditions of a well-managed global trade complement their global leadership as low-cost producers.

**Keywords:** Dairy, globalisation, IFCN, Milk Production, Poverty