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## Milk Production in the Global Market: the Adaptation of Small Farmer in the State of Rio Grande Do Sul, Brazil

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### Abstract

The Brazilian milk production chain presents two historical moments. In the first moment the government intervened by fixing milk and dairy product prices. During this period, the dairy industry was formed by small and medium sized companies, which made the presence and participation of state companies and cooperatives become extremely important. During the second moment, since the beginning of the 90s, there is free market due to the globalisation of world economy. In the dairy sector fixed price was eliminated and there was a concentration of dairy industry and distribution sector. The government and cooperatives began to play a secondary magnitude, practically as mediators of the supply of raw matter or small industrial units of regional level. During this period, the goods and services market began to be dominated by global companies. In the state of Rio Grande do Sul, milk production was submitted to an intense transformation process, pressured by external and internal economical factors. The rearticulation process of this sector under the free market point of view allowed the creation of a production approach based on raw matter demand, where low production costs combined with product quality became the main point of this activity and the focus of industrial strategy in order to become commercially competitive in the global market. In Rio Grande do Sul milk production is concentrated in small farm than the national average, in areas of up to 50 hectares, being that these properties are responsible for 84.3% of the total production. The implementation of tools at a farm level, which can assist in the milking of cows in a more hygienic way, allied to the monitoring of production indicators are other means of helping small farmers which are willing to maintain themselves in this sector which continues to become more competitive. To know technical and economical results is of great importance since it is possible to evaluate farmer capitalisation and decapitalisation processes, allowing a deeper study of social relations which characterise the production and farming systems as a whole.

**Keywords:** Dairy farmer, dairy sector, Milk production, Milk quality