# Structure Of Cost And Dairy Specialization

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ABSTRACT

Regional and technological differences in dairy production distinguish different ways to handle the sustainability of dairy production systems, suggesting that cash and capital costs per liter of milk produced may define the future of being more or less specialized. Seven dairy typical production systems from three different regions of Brazil were considered. Sustainability skills, technological flexibility and cost composition were analyzed.

It was found that less specialized production systems are less dependent on cash costs, which may keep them in business, even with higher total cost per liter. The risk is a lack of a breed definition: neither dairy nor beef, with long run consequences on the ability to reinvest and grow. Price is always their main concern.

For higher-yield productive systems, the feed costs are higher and the capital costs per liter of milk are lower. Due to higher cash cost per liter these are a type of production systems that are not able to survive under low milk price. This production system is related to a farmer more likely to invest in technology, but probably also more concerned to the price stability than the price by itself.

In the South and South East regions, as well as in areas in urbanization process there will be a tendency to remain farms with higher yield, due to higher prices for land, capital and labor.

**KEYWORDS:** competitiveness; cow; flexibility; specialization; technological difference; yield.

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