European Commission

Prospects for EU dairy Markets 2015-2025

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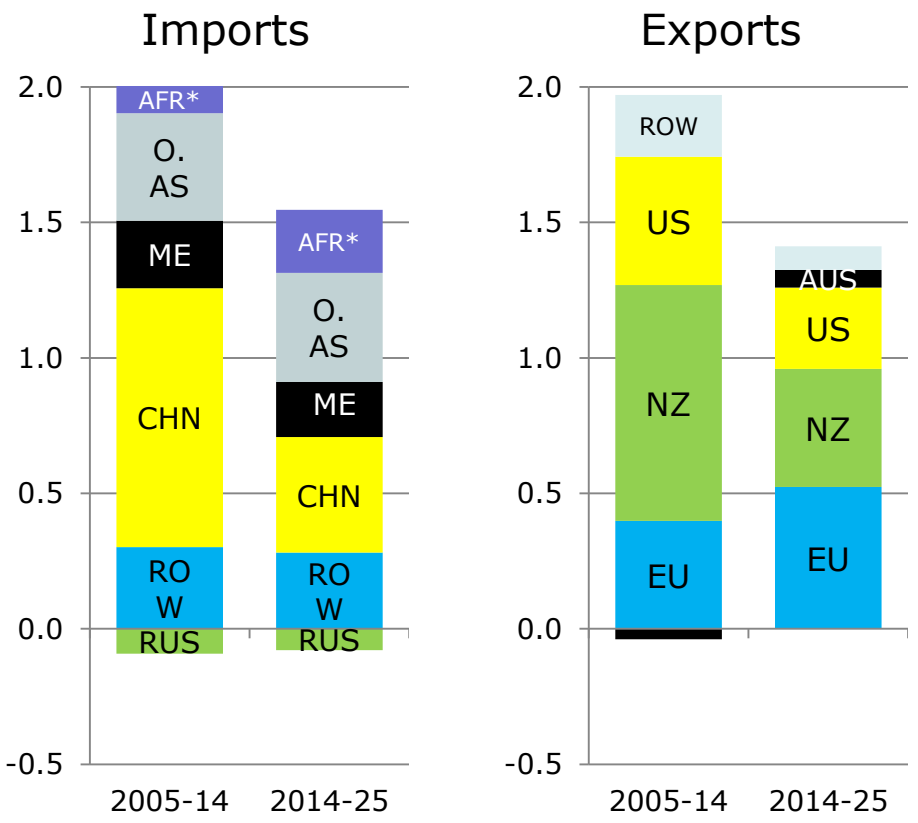
Agriculture and Rural Development

A steady growth in world imports

- Close to +2% a year in world consumption and production, mostly in developing world
- +2.3% a year in world imports
- A lower increase in traded volumes compared to the last decade
- China to contribute (but less) to import increase
- The EU to contribute most to trade expansion

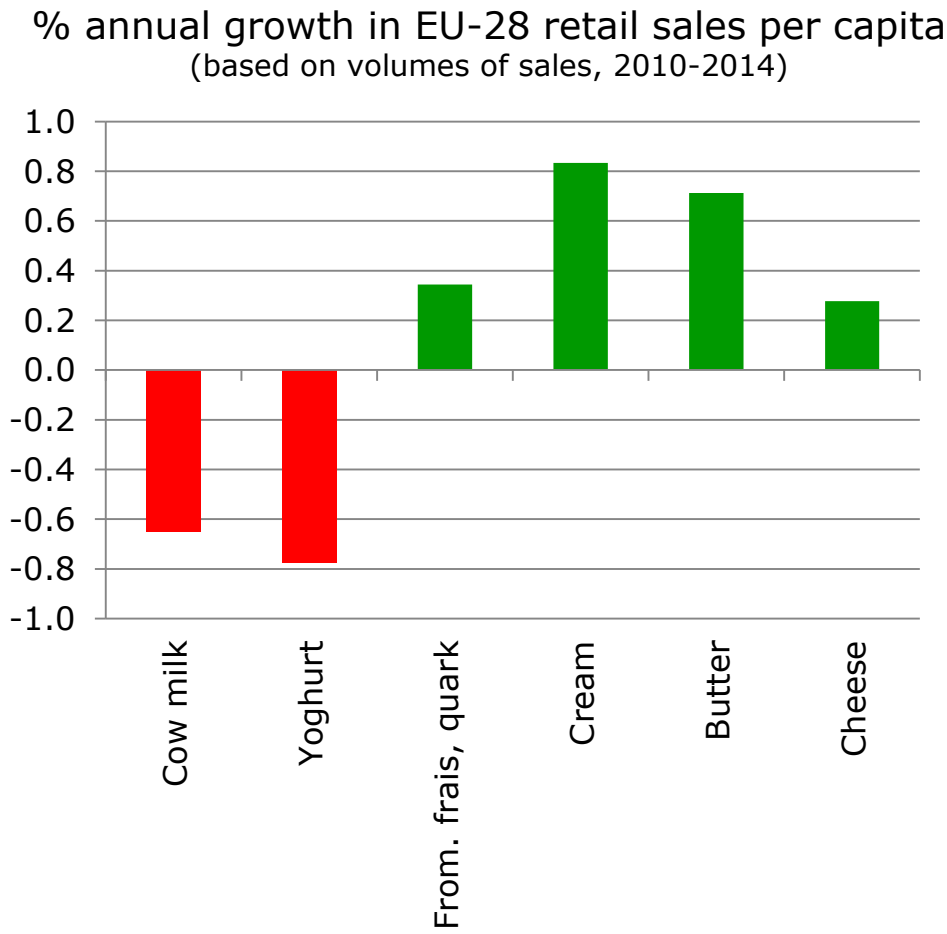
Annual change in world trade of dairy products
million tonnes of milk equivalent



*Africa ex. South Africa, ME: Middle East, CHN: China, O.AS: Other Asia
Note: Milk equivalent based of total solids, coefficients used: 6.57 for butter, 3.6 for cheese, 7.6 for SMP, 7.56 for WMP, 7.48 for whey powder

Domestic demand trends in the EU

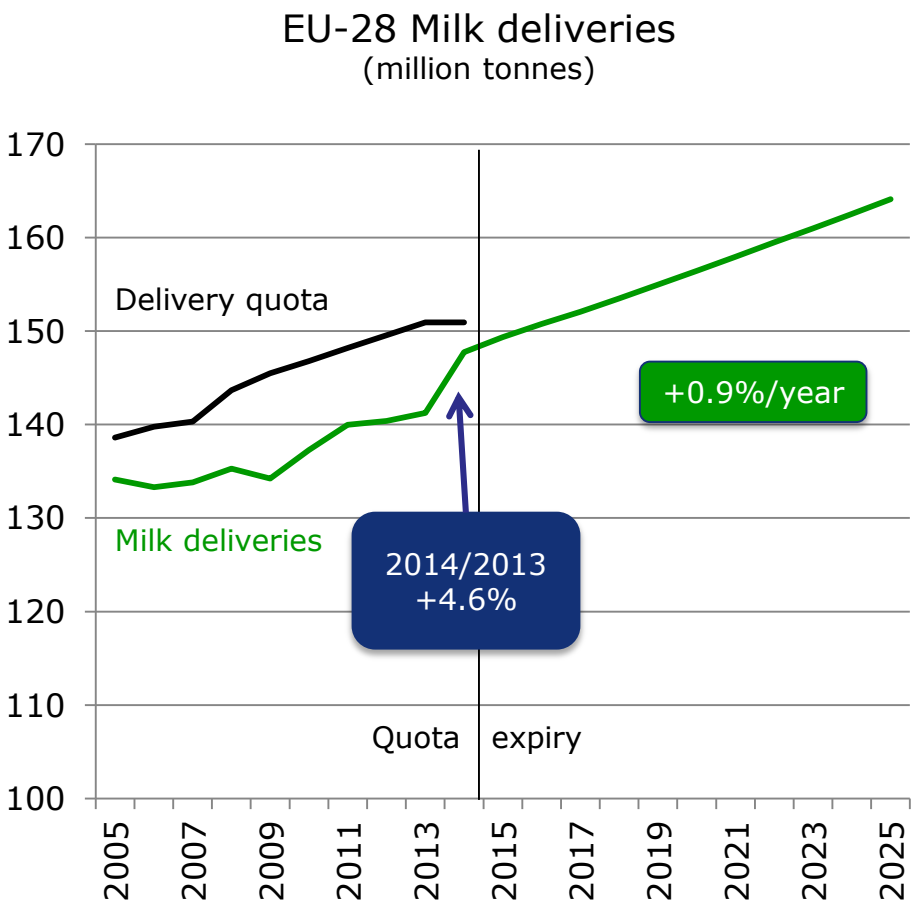
- Retail sales:
  - ↓ Drinking milk and yogurt
  - ↑ Cheese, cream, butter
- ↑ Industrial use
  - Cheese: sandwich, pizzas
  - Butter: Bakery and biscuits
  - SMP, WMP: Bakery & biscuits, chocolate
  - Whey: Infant formula
- Cheese per capita consumption +1.3 kg / capita in 10 years



Source: DG Agriculture and Rural Development based on Euromonitor and AMECO

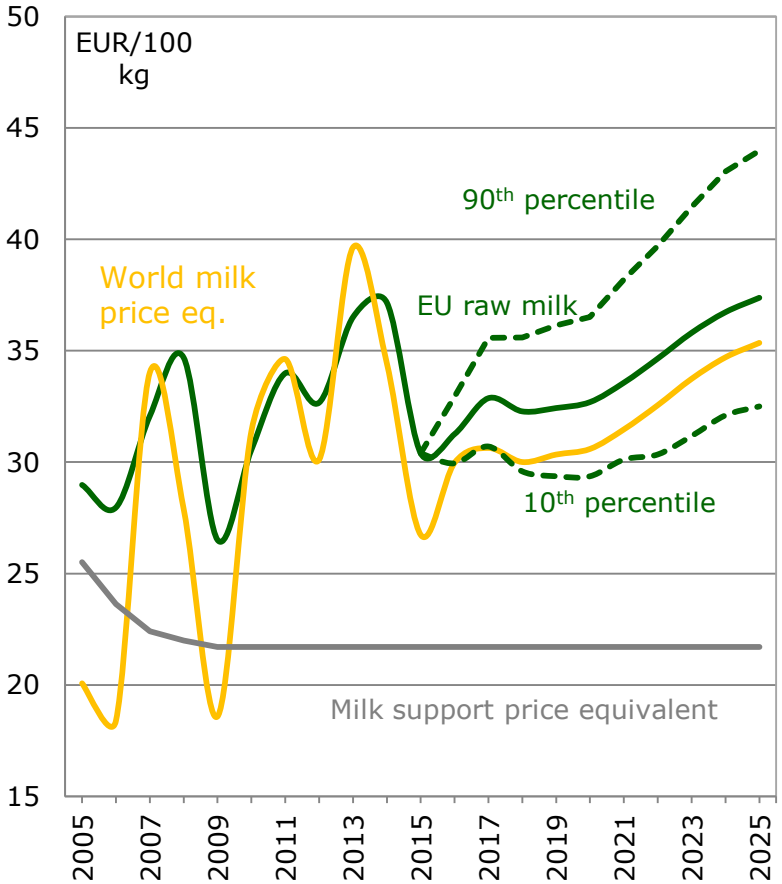
Driving a moderate increase in EU supply

- +15 Mt deliveries in 2025/2015
  - Faster growth in the EU-N13
- Moderate increase
  - Compared to exceptional 2014 (+6.5 Mt)
- Why?
  - Moderate milk prices (though affordable feed)
  - Environmental constraints

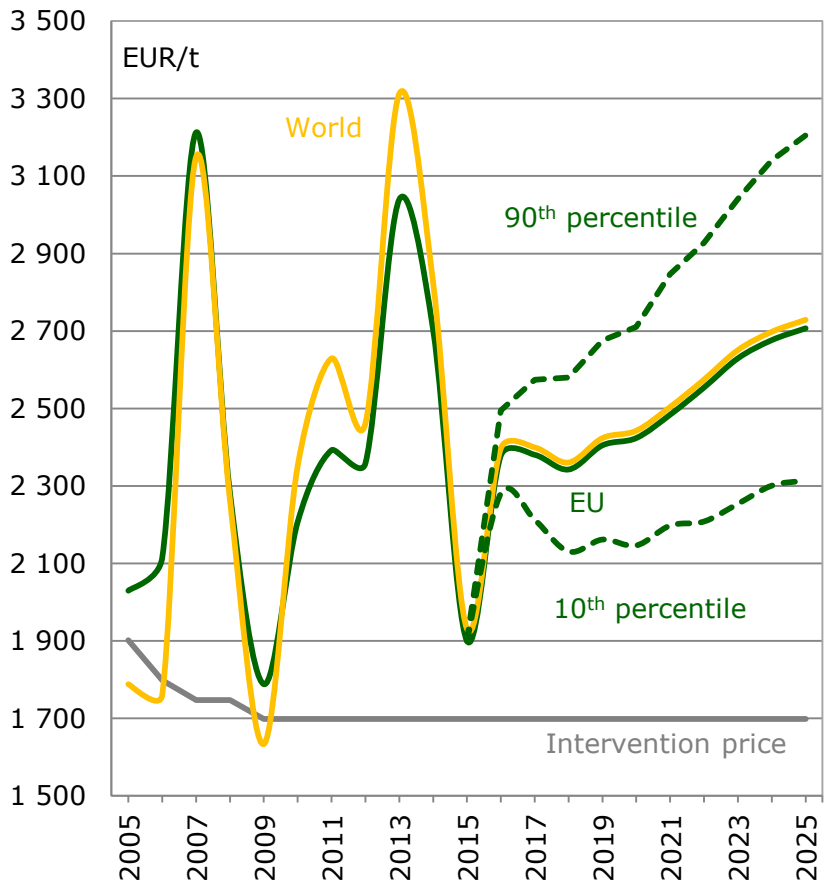


Dairy prices increases expected after 2020

Milk



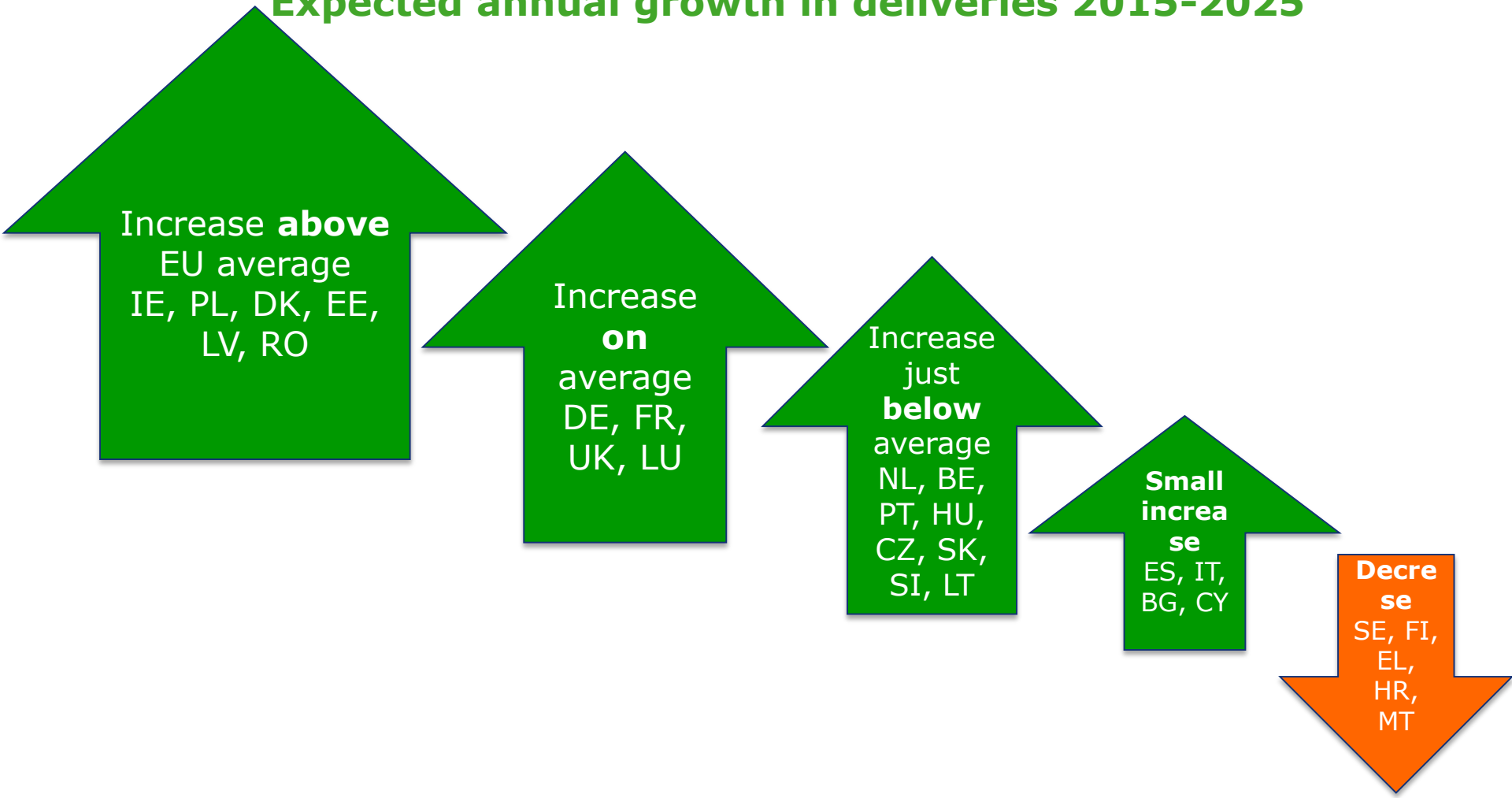
SMP



Towards a concentration of the production?

Different dynamics by Member States

Expected annual growth in deliveries 2015-2025



Towards a concentration of the production?

But there are environmental constraints…

- Nitrates directive
- Phosphates policy in the Netherland
- GHG emissions: ammonia (air pollution policy), methane (climate policy)

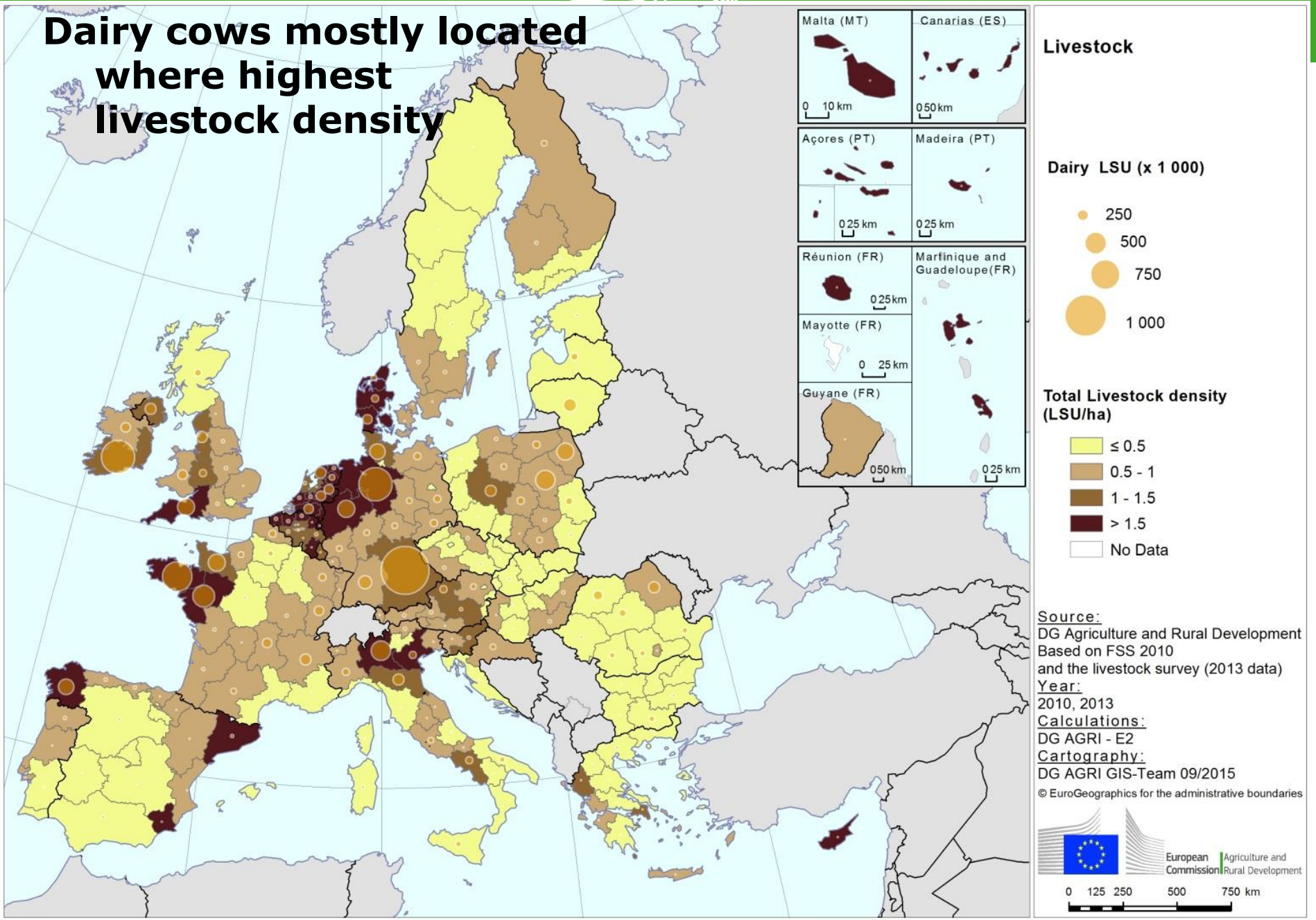
and the Voluntary Coupled Support

- Could help maintaining production in more areas
- 50% of EU dairy cows eligible

Limited alternatives

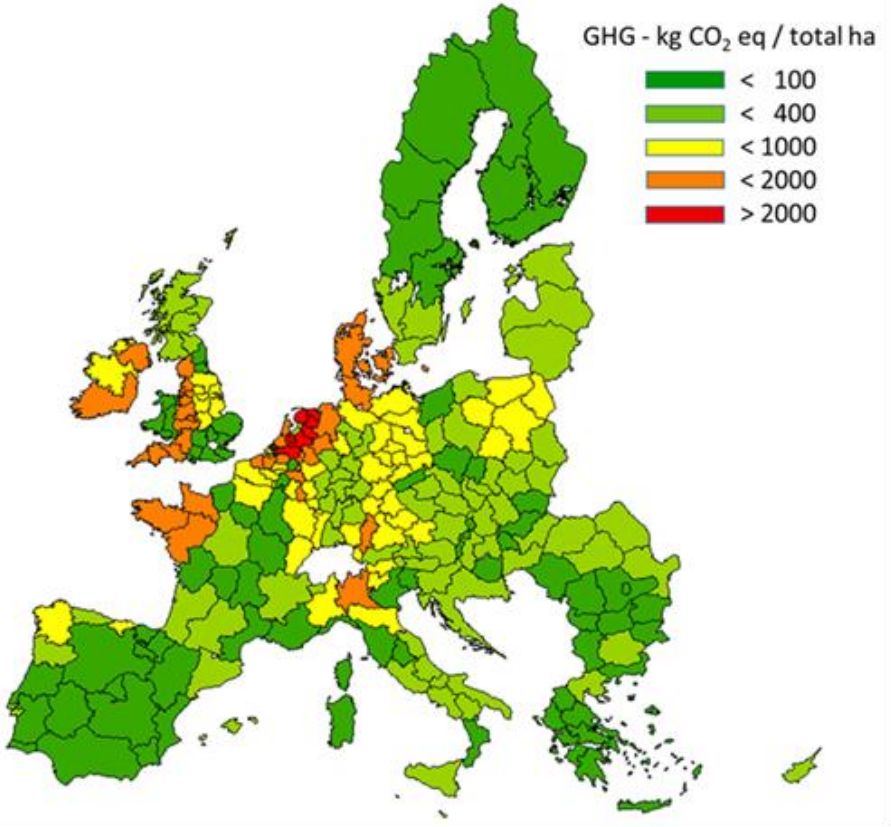
- Lower attractiveness of the crop sector
- Areas (like Massif-Central) without better alternatives

Dairy cows mostly located where highest livestock density

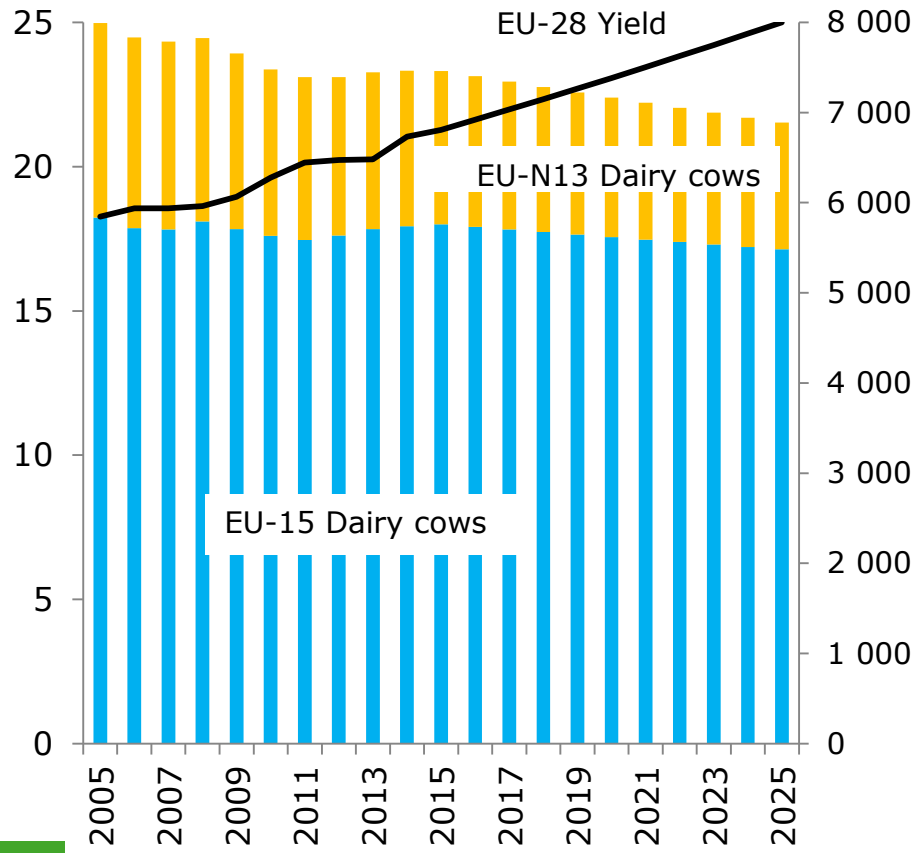


GHG Emissions of dairy cattle expected to decline with the reduction in herd

Expected GHG emissions from dairy cattle by 2025 (kg CO_2 eq./total ha)

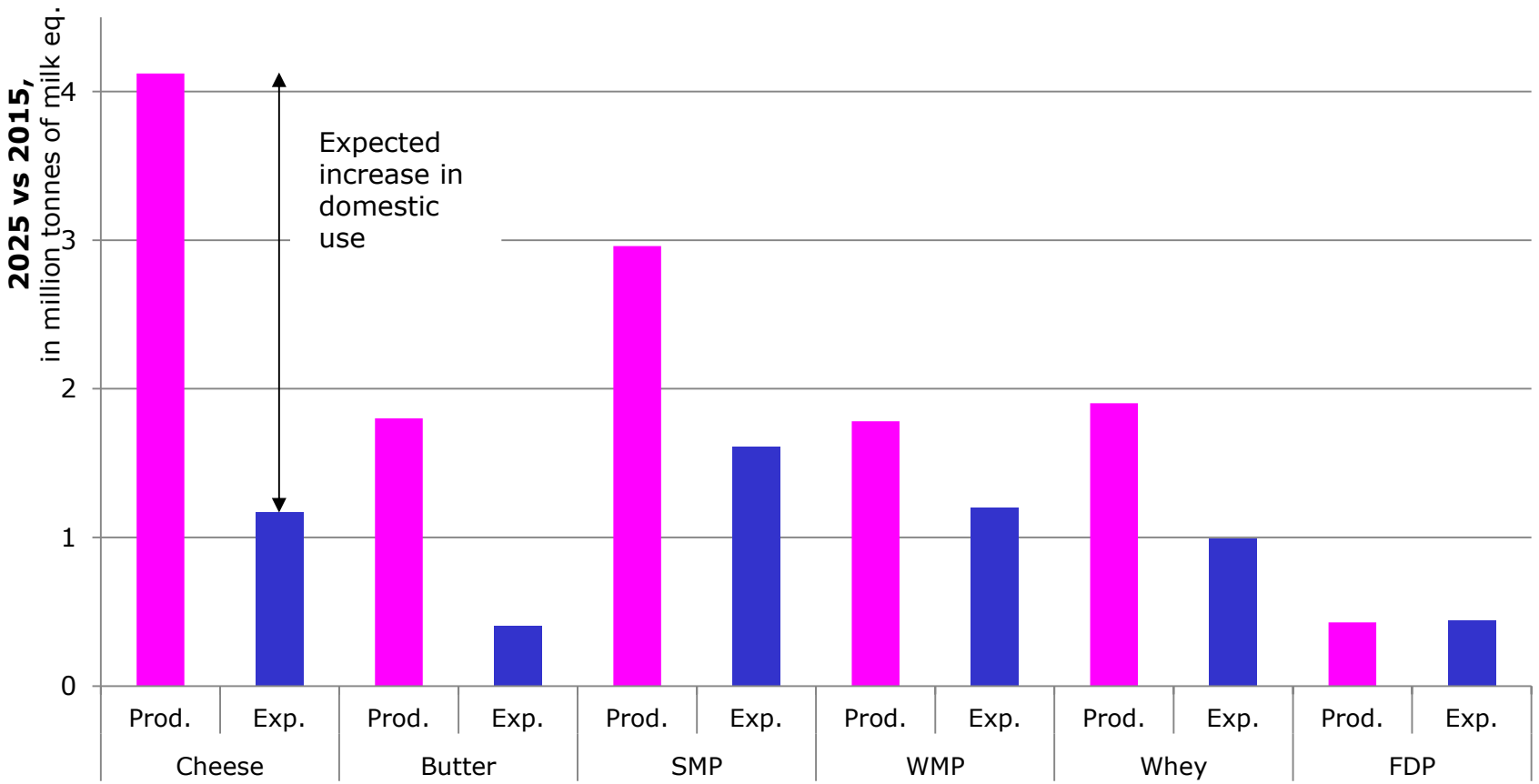


EU dairy cows (million heads, left axis) and yield (kg/cow, right axis)



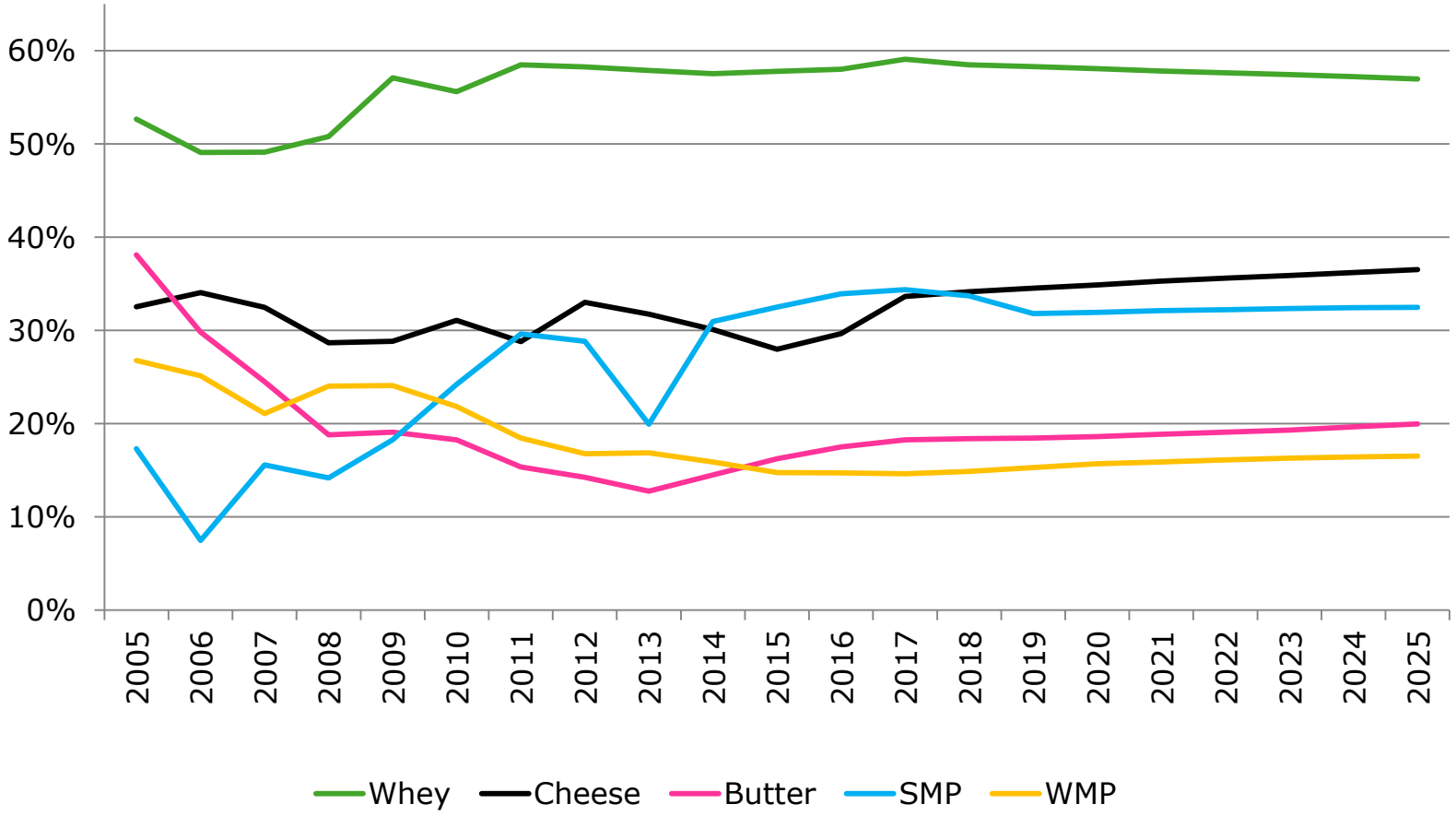
Source: JRC-IES in collaboration with JRC-IPTS

EU: Most of the extra milk channelled into cheese and exported powders



Note: Milk equivalent total solids coefficients used: 1 for FDP, 3.6 for cheese, 6.57 for butter, 7.6 for SMP, 7.56 for WMP and 7.48 for standard whey powder

High EU share in world exports



Prospects for milk and dairy products in the EU

- **The EU to supply growing internal and world demand and gain market shares on the world market**
- **EU deliveries to increase by 15 Mt in 10 years**
- **More milk channelled into cheese mainly for domestic consumption and powders for exports**