

# MMO Economic Board

## Meeting of 6 December 2021

- o The 40th meeting of the MMO Economic Board took place on 6/12/2021 by video-conference, with the participation of experts from the milk supply chain: COPA-COGECA (producers and cooperatives), CEJA (young farmers), EMB (European Milk Board), ECVC (Via Campesina), EDA (dairy industry), Eucolait (dairy trade) and Eurocommerce (retail). Presentations and information exchanged during the meeting highlighted the following:
  - o EU cow's milk collection in January-September 2021 was slightly above last year's levels (+0.3% with the leap day adjusted). 10 MS reported reduced milk deliveries, including DE (-1.2%), FR (-0.9%), NL (-1.7%).
  - o EU cheese production in the first nine months of 2021 increased by 2.3%. Also production growth for cream (+1.8%) and concentrated milk (+3.8%). Production decline for the rest of dairy products: WMP (-10.1%), SMP (-3.6%), butter (-1.3%), fermented milk (-2%) and drinking milk (-0.5%).
  - o EU average farm gate milk prices have increased in each and every month this year and remain well above recent years' levels (38.5 c/kg in October, 3.1% higher than previous month and +9.7% above October 2020 price). MS' estimates for November 2021 point to a further increase to 38.86 c/kg (+1% compared to October). Raw milk prices in all MS were higher than a year ago, with the highest increases reported in LT (+22.7%), BE (+22%) and MT (+19.6%).
  - o Feed costs for dairy production in the EU (based on a mix of cereals, rapeseed meal and soybean meal) have increased by 25% compared to last year.
  - o EU average dairy prices improved in the last four weeks and are all at much higher levels than a year ago. EU SMP prices have reached their highest levels since April 2014 and WMP prices are at a historical record level. EU whey powder prices are at the highest level since July 2007. Butter prices have increased by 56.5% since the start of 2021 and SMP prices by 43%. All dairy prices are above their 5 years' average, including SMP (+60%) and wheypowder (+45%).
  - o The assessment of EU stock levels based on a residual approach (EU production + EU imports - EU internal consumption - EU exports) shows that private SMP stocks (approx. 60 000 t) are very low for this period of the year due to healthy internal consumption, strong exports and lower production in the EU and outside. Butter stocks built in spring have proved convenient in autumn due to low availability of cream for fresh butter. Further reduction of butter stocks (now below 150 000 t) is expected due to high prices. Due to strong demand in recent months, cheese stocks have declined since June from approx. 400 000 t to 365 000 t in September 2021.
- o Milk production is also slowing down in the USA, Oceania and the UK. Overall, milk collection in the main exporting countries/regions (AU, EU, USA, UK, NZ) decreased by -0.8% in September 2021 but still expanded in the first 9 months of 2021 (+0.8%).
- o Global trade growth has been solid in the first nine months of 2021 despite some disruptions in global supply chains due to capacity constraints (lack of availability of containers and vessels, higher freight rates, unreliable schedules and delayed exports). In January-September 2021, the EU, NZ and the US had a 76% share of world export volumes (in milk equivalent). EU dairy exports are being impacted by post-Brexit trading arrangements while trade with the US is dynamic following the suspension of additional duties from Boeing/Airbus dispute. Cheese and whey powders have been showing the best performance. Chinese dairy imports have been outstanding and there are no signs of drastic reduction so far. The US, China, the UK and Indonesia were the main EU export destinations.
- o Home consumption and retail sales of dairy products have somewhat dropped in some MS in the first 10 months of 2021, in parallel with a slight increase in restaurant sales. Sales of organic dairy products declined in January-October 2021 in France.
- o The Commission presented the evolution of dairy farms' structure. Acknowledging vast differences across MS, the general trends observed during the years 2005-2016 show a reduction of the number of farms, in parallel with an increase in farm size (+17 cows per farm on average between 2005-2016). The EU dairy herd declined in 2009-2019, which was offset by efficiency gains, resulting in an overall EU milk production growth trend. There is a growing share of young farmers in dairy farms, even if the absolute numbers have decreased (in line with the lesser number of holdings). Dairy farm labour is still dominated by family members, but the share of contracted workers is increasing.
  - o EU dairy markets are rather firm, due to a modest milk production and a solid internal and global demand. However, too high dependency on Chinese demand, new restrictions linked to new Covid variants, rising input costs and other supply chain challenges call for vigilance.

# **ANNEX 1**

## **Milk Market Situation**

***European Commission***



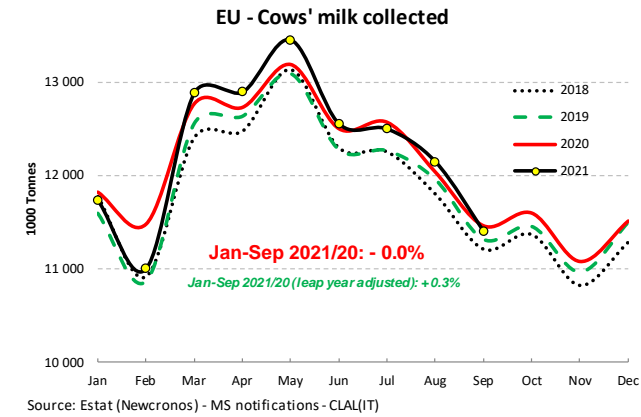
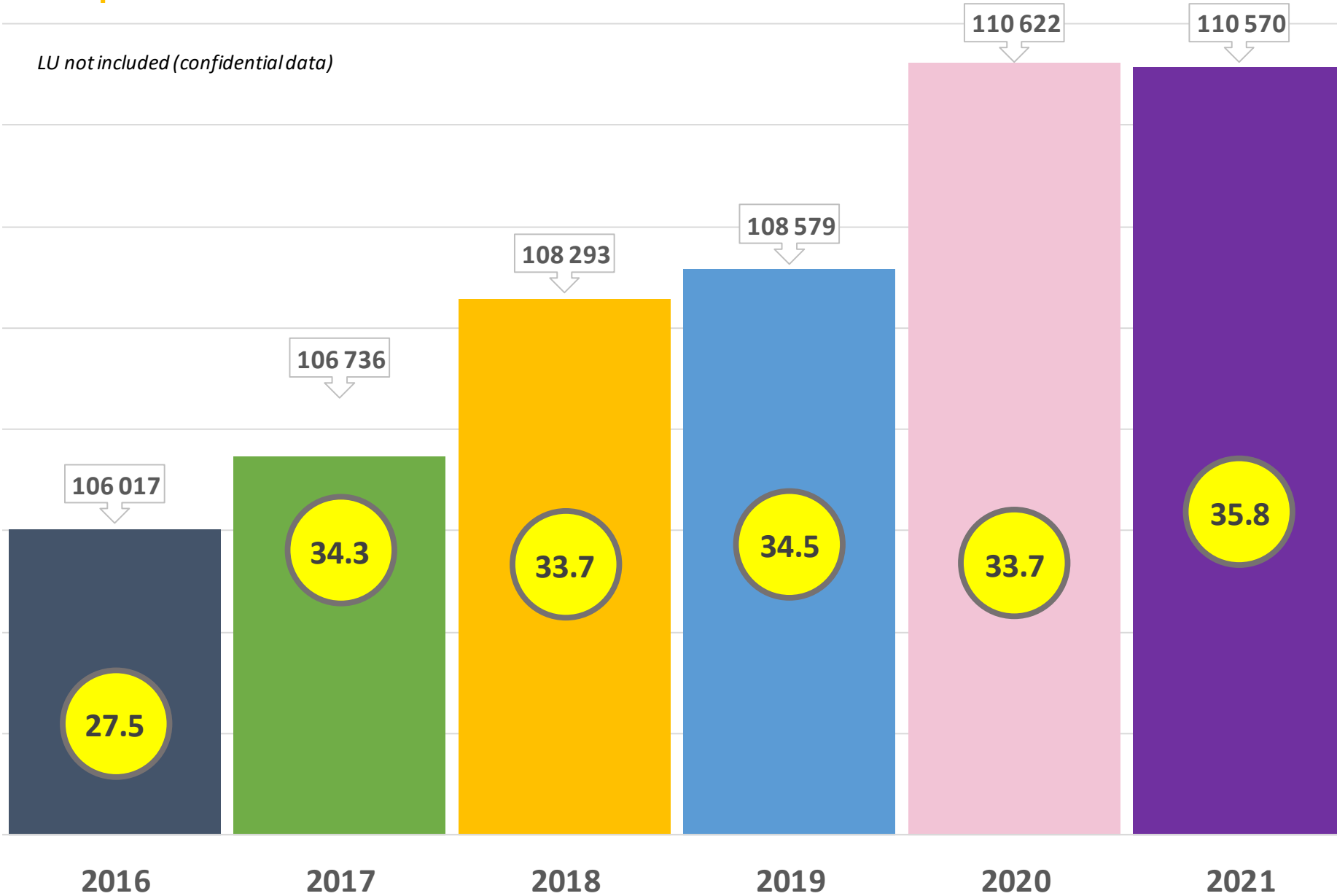
# Milk Market Situation

MMO meeting

Brussels, 6 December 2021

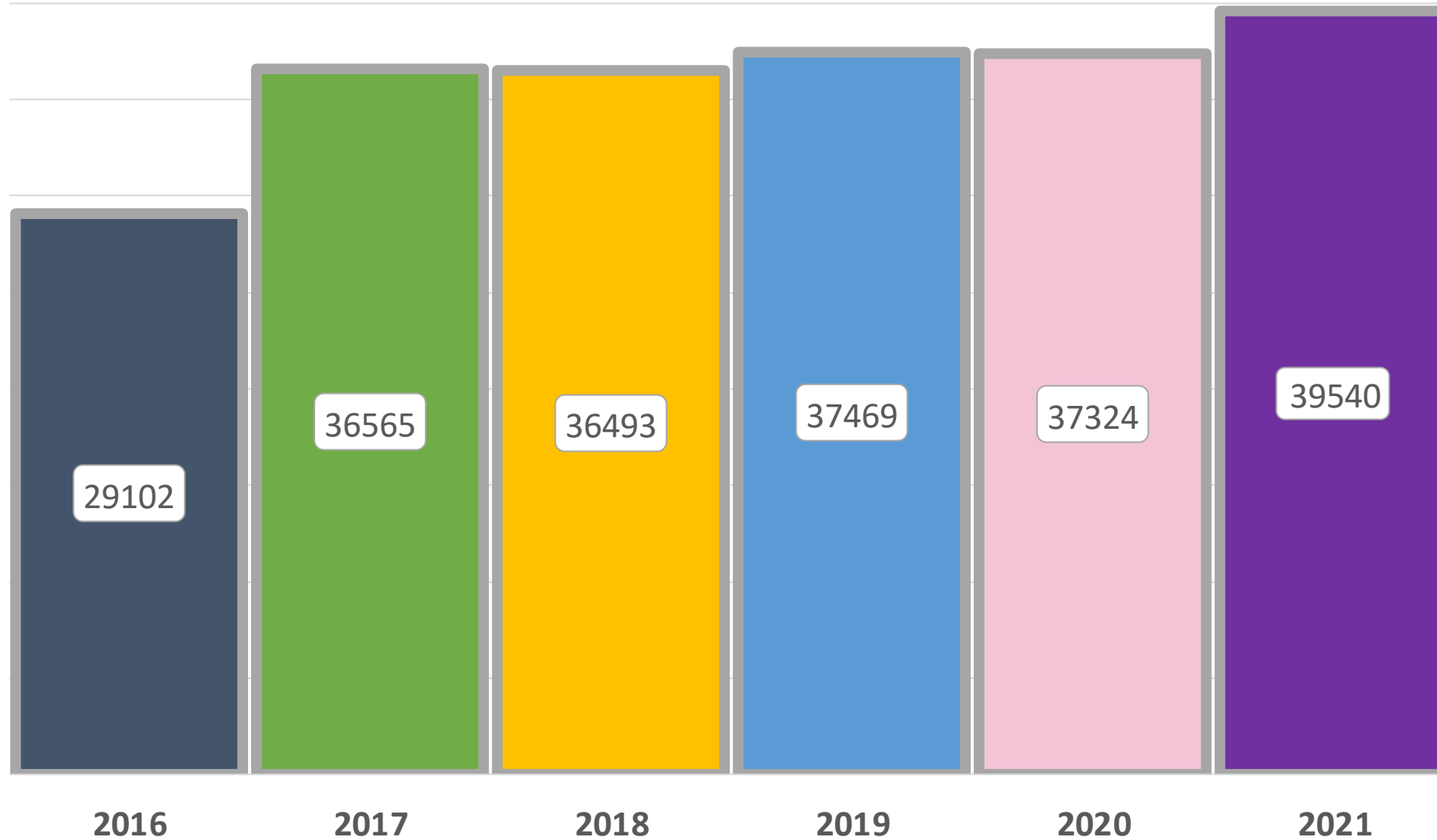
# EU-27 milk deliveries and price Jan-Sep 2016-21 (x1000 t, c/kg)

LU not included (confidential data)



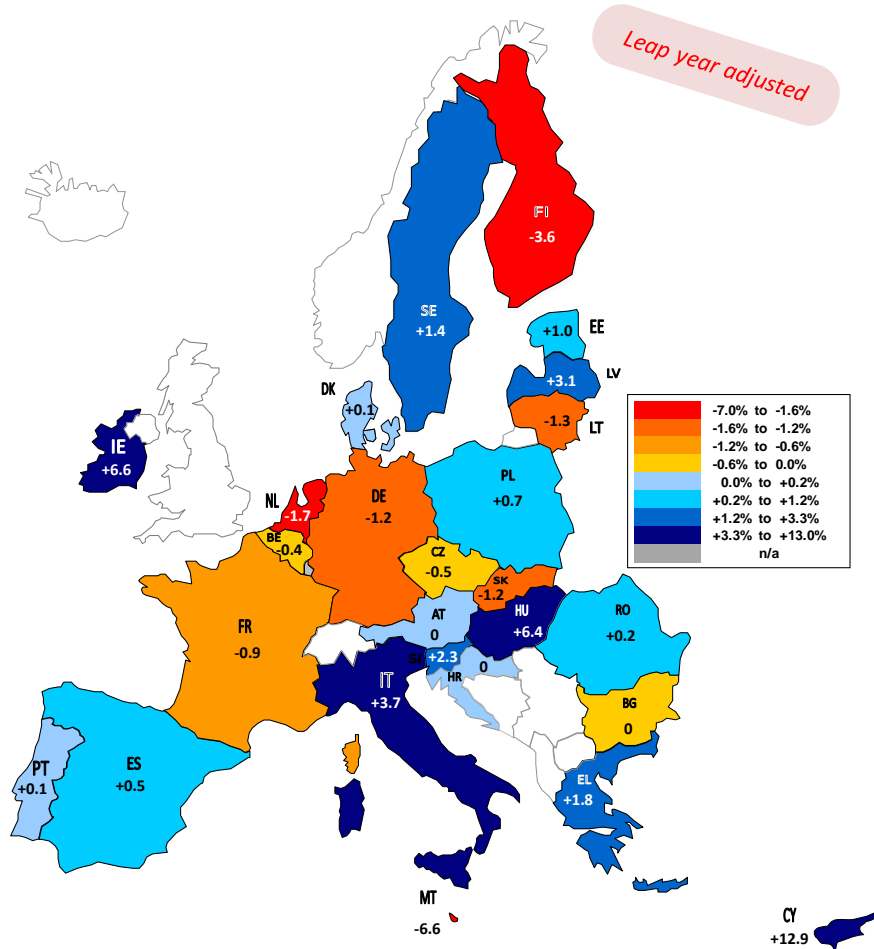
# EU-27 value milk production Jan-Sep 2016-21 (x million €)

*LU not included (confidential data)*



# EU Milk Deliveries compared to last period (in %)

(Jan - Sep 2021 / Jan - Sep 2020)

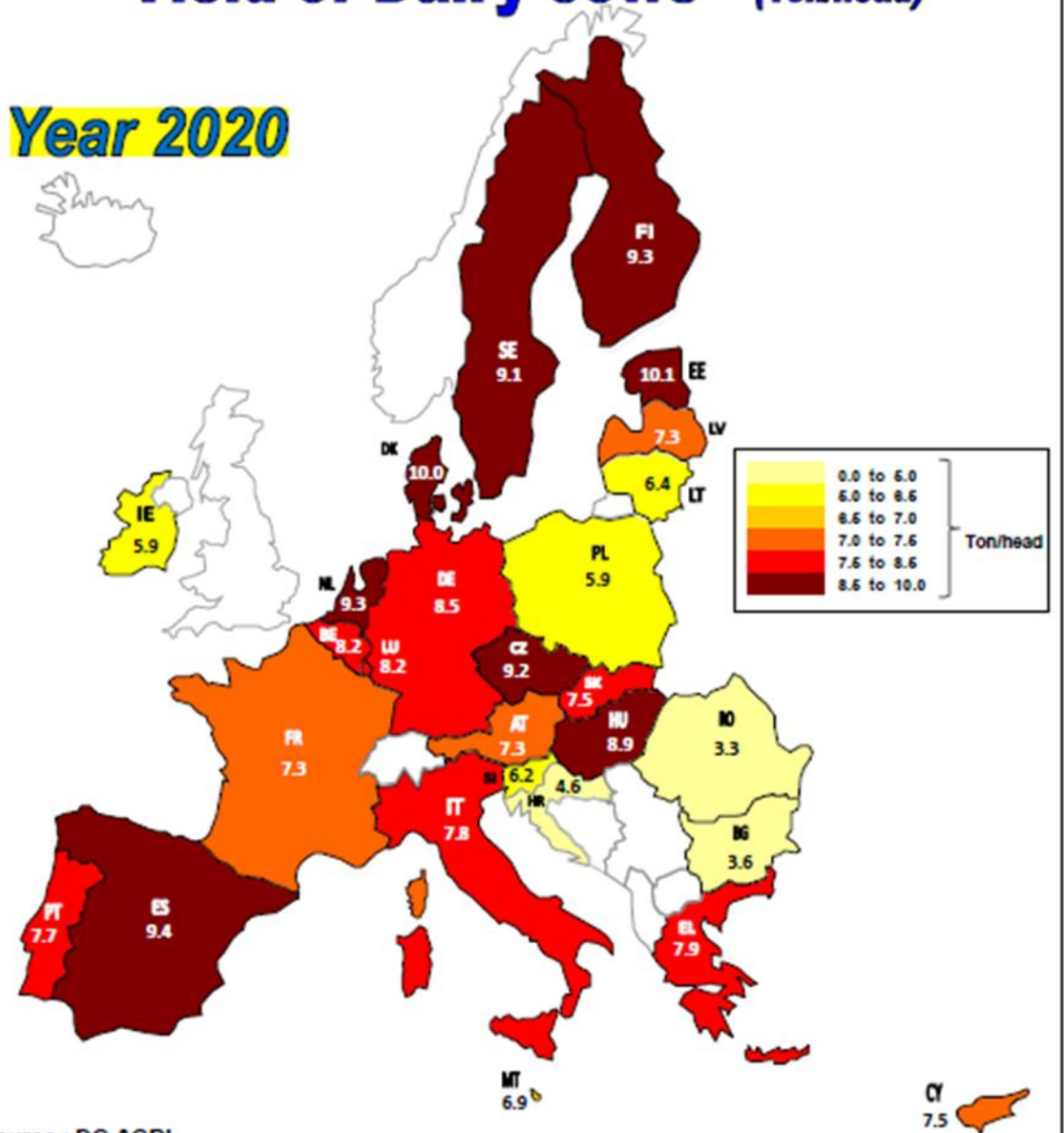


Source : MS' Communications to Eurostat, FEQA, AGEA, Reg.479/2010.1(a)1

The designations employed and the presentation of material on the map do not imply the expression of any opinion whatsoever on the part of the European Union concerning the legal status of any country, territory or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

# Yield of Dairy cows - (Ton/head)

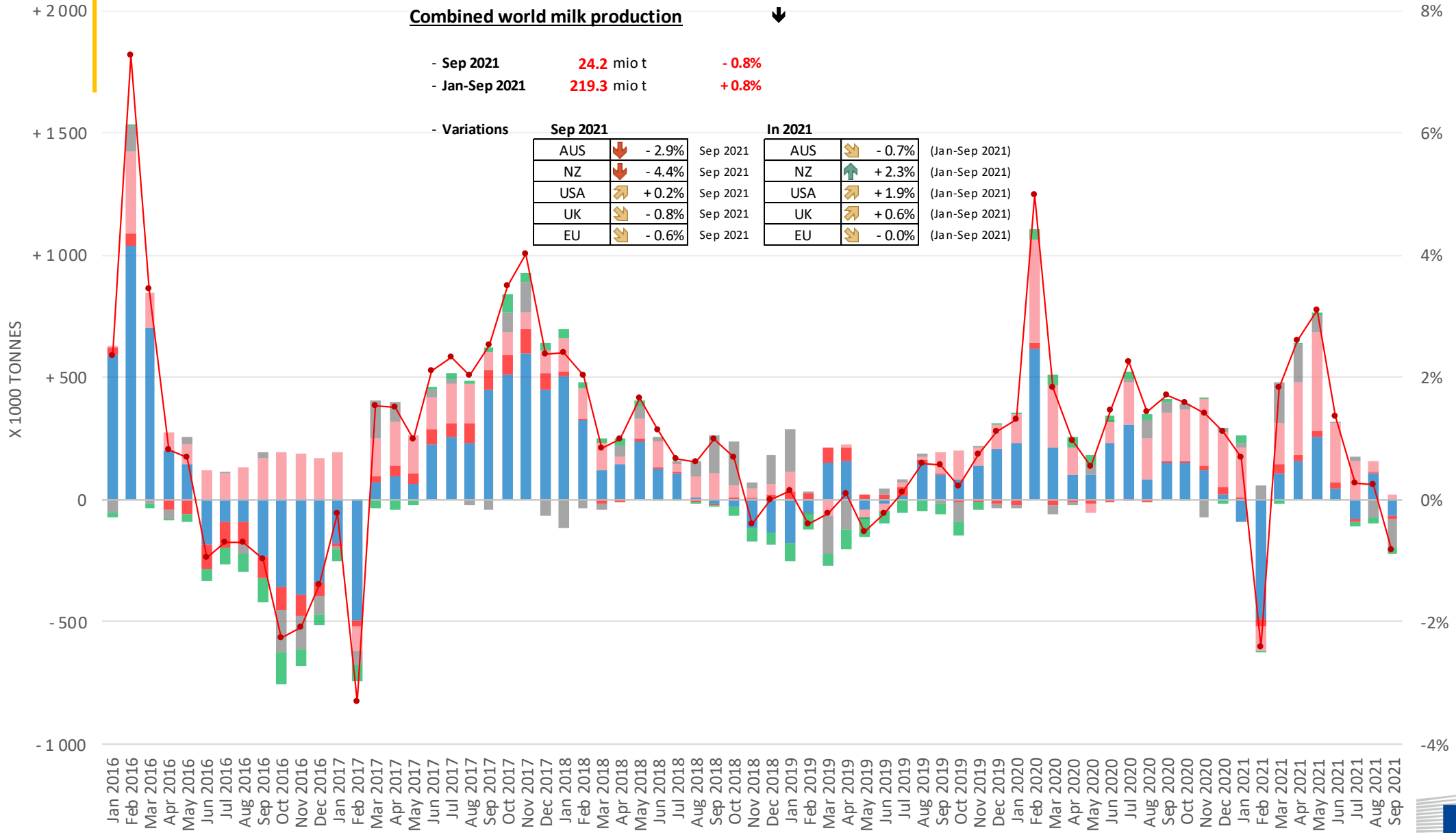
Year 2020



Source : DG AGRI

The designations employed and the presentation of material on the map do not imply the expression of any opinion whatsoever on the part of the European Union concerning the legal status of any country, territory or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

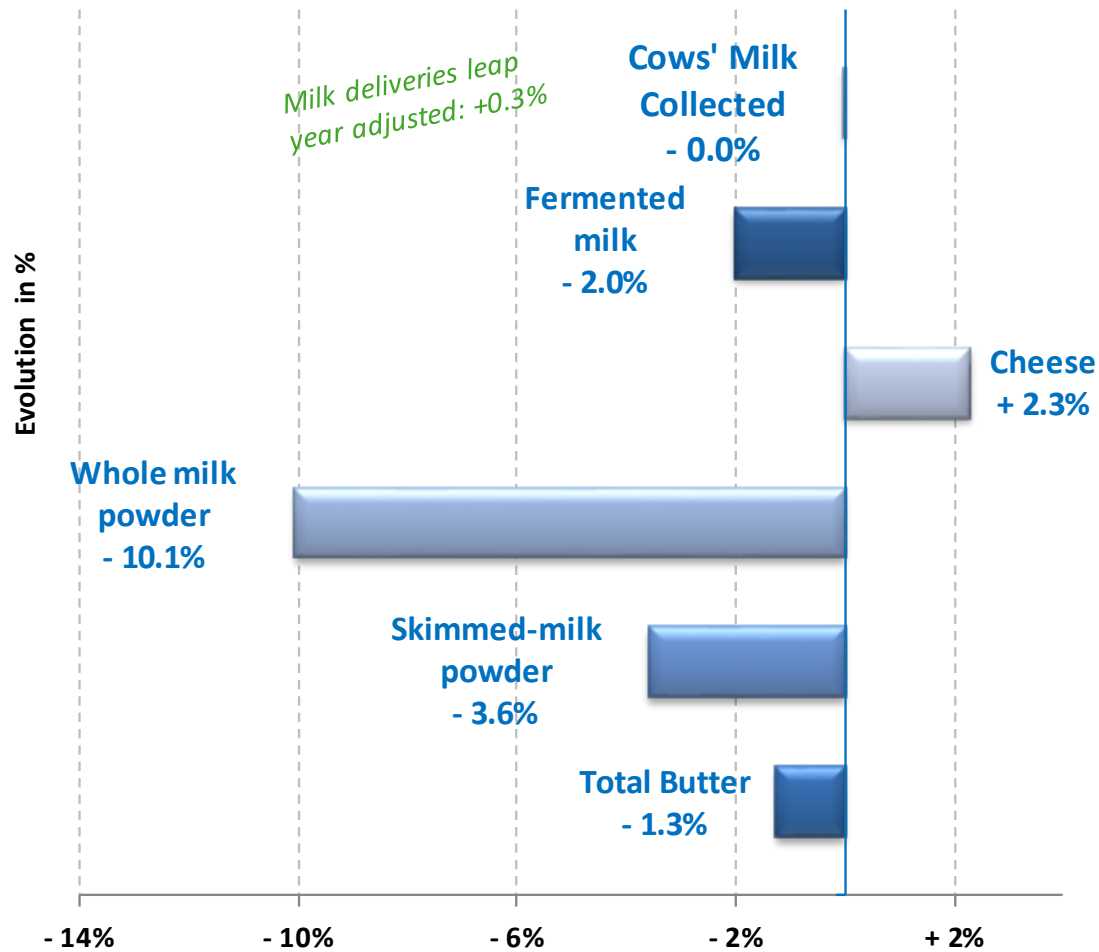
# EU\*+UK+US+NZ+AUS COMBINED MILK PRODUCTION GROWTH



\* not including LU (confidential data)

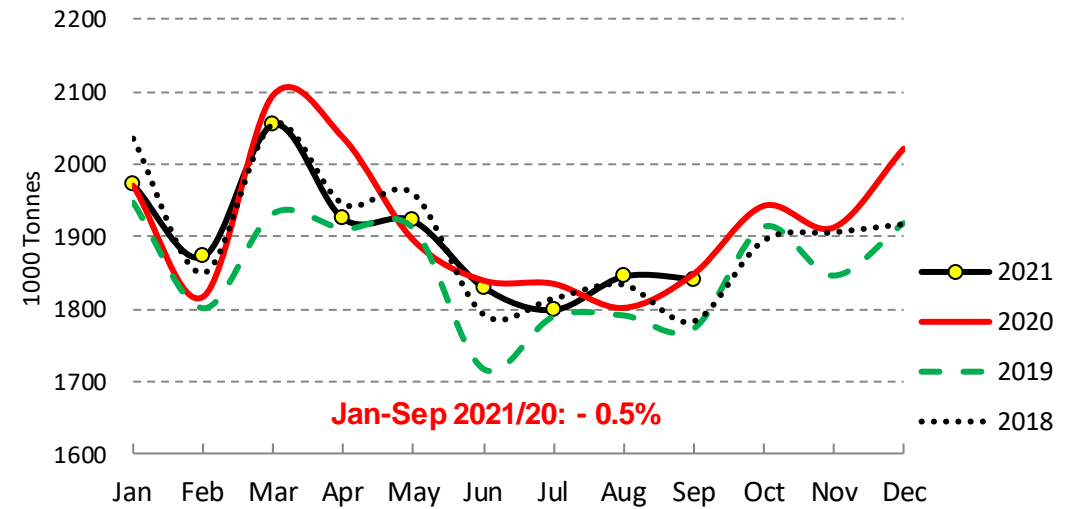
EU UK US NZ AUS Combined increase

### EU Deliveries/Productions development (Jan-Sep 2021 compared to Jan-Sep 2020)



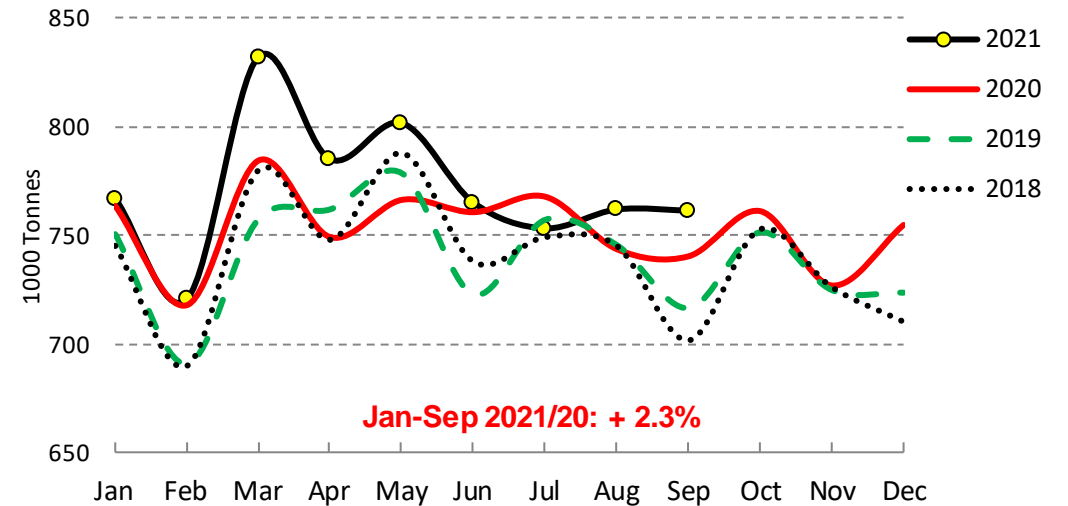
Source: MS' Communications to Eurostat, and, for milk: AGEA, FEGA, Reg. 2017/1185

### EU - Drinking milk



Source: Estat - Newcronos

### EU - Cheese

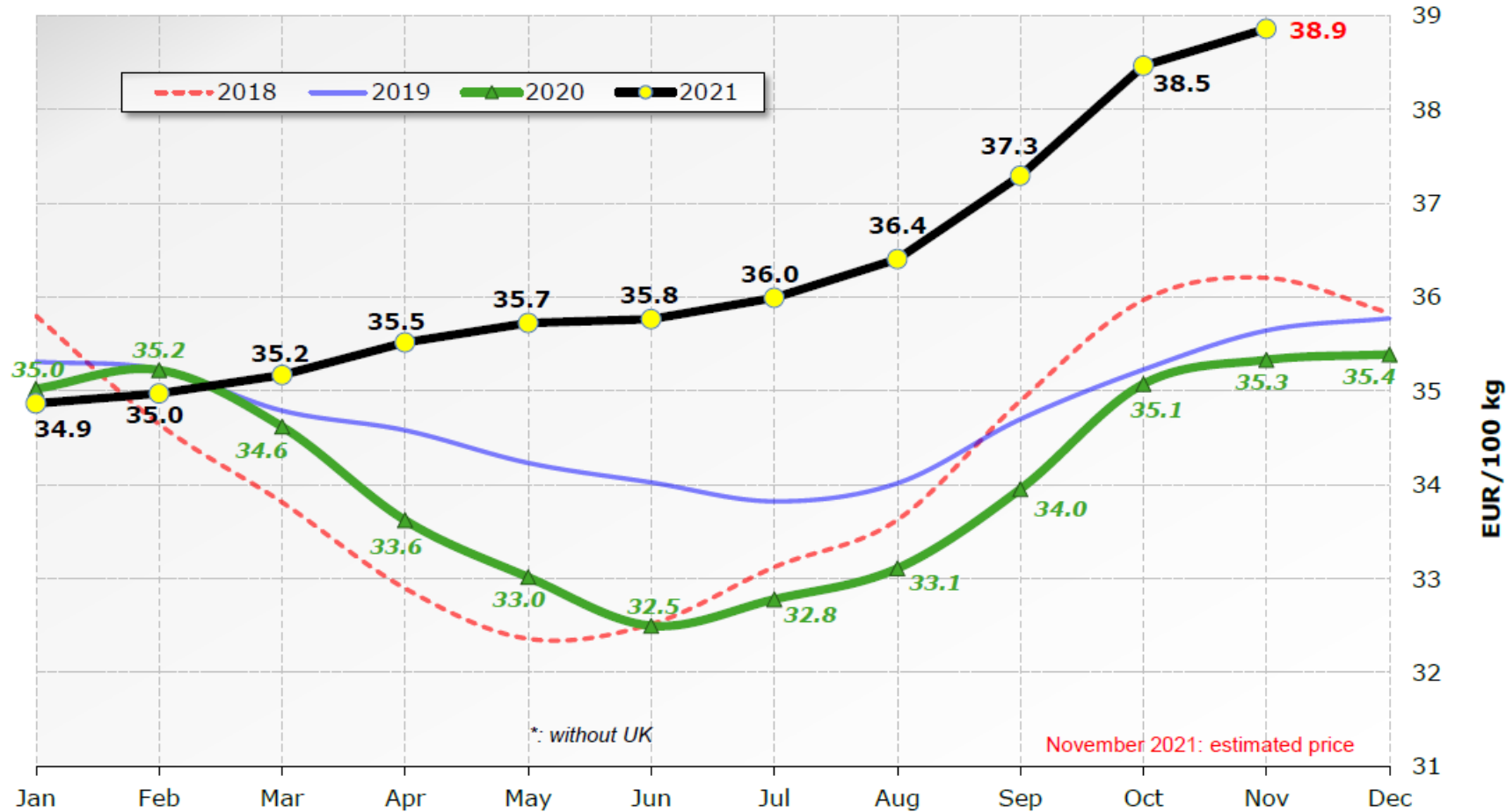


Source: Estat - Newcronos



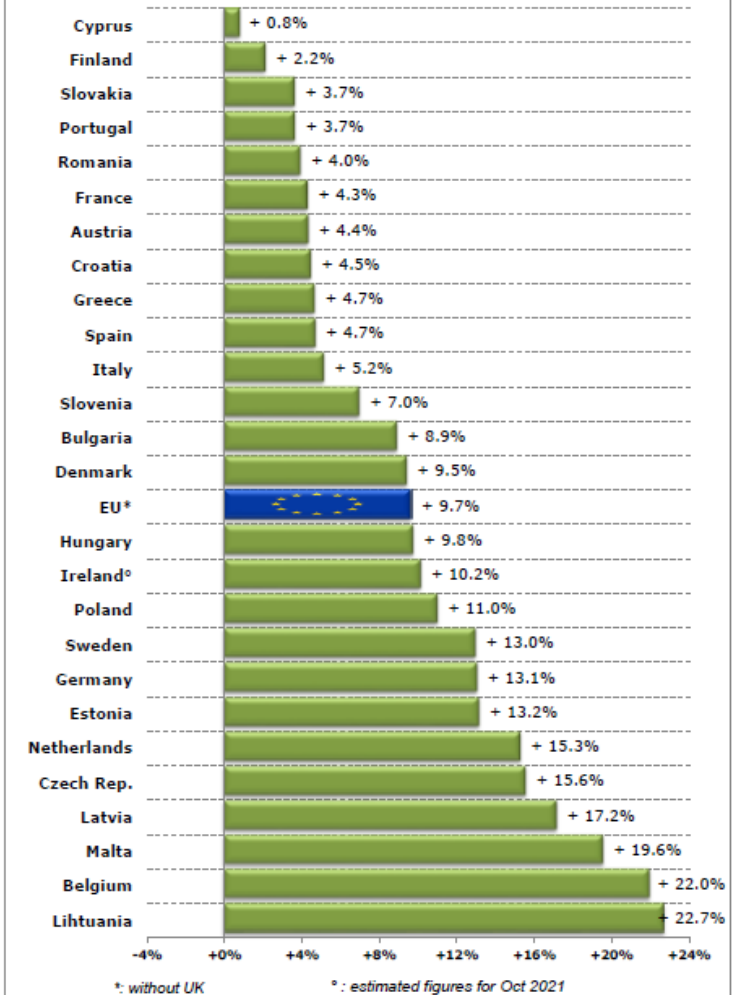
# EU milk prices paid to the producers

## Milk Prices paid to the Producers EU\* (weight. avg.)



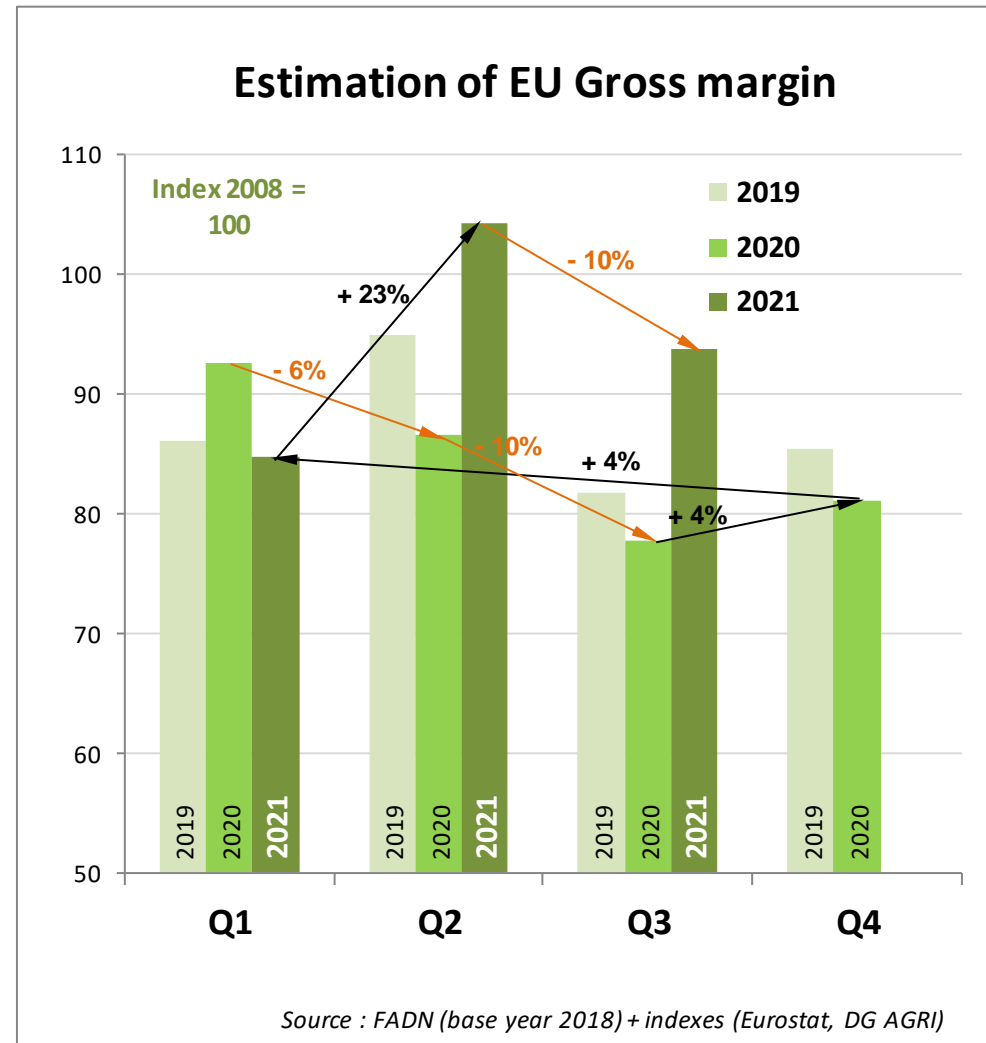
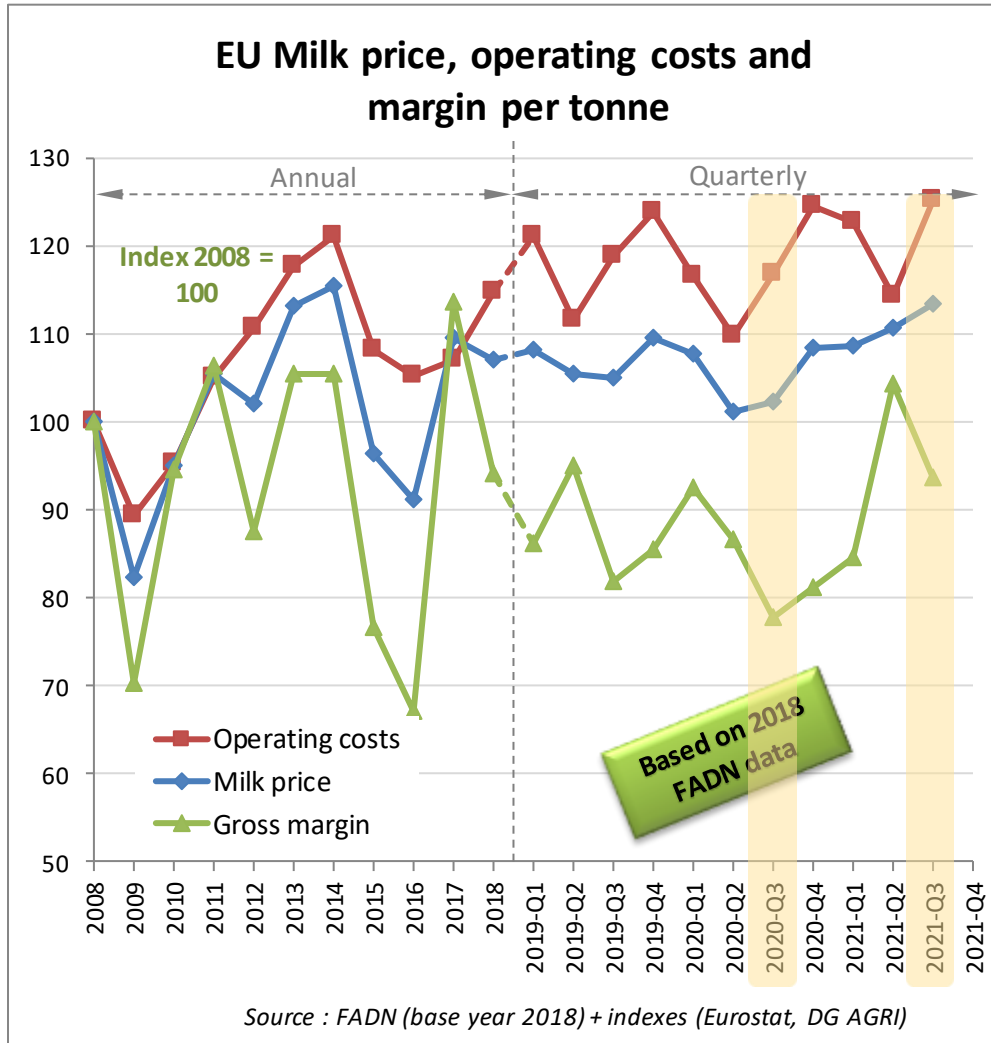
Source : Member States Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a)

## Raw Milk Price evolution in October 2021 compared to October 2020

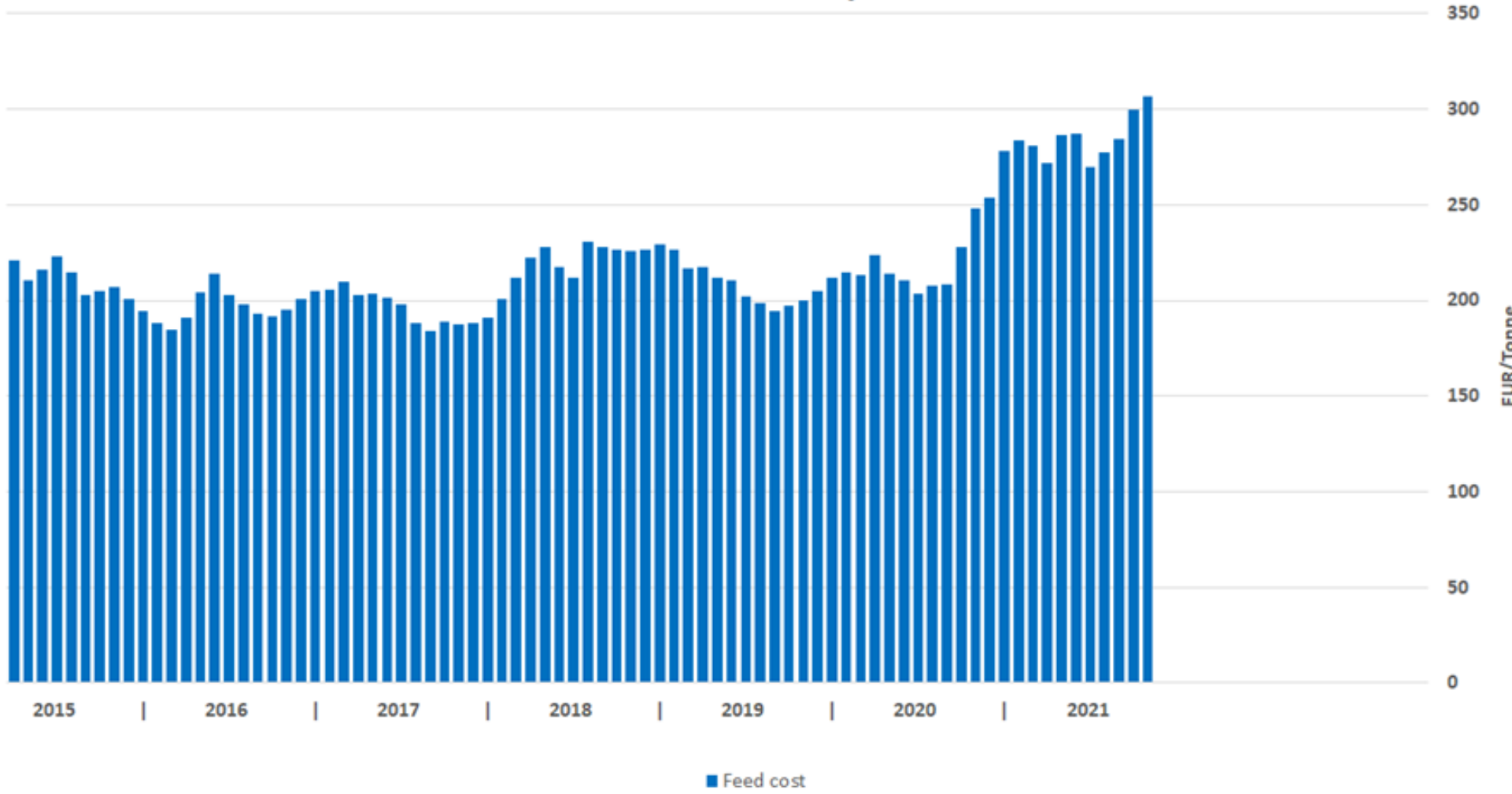


Source : Member States (Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

# Margins



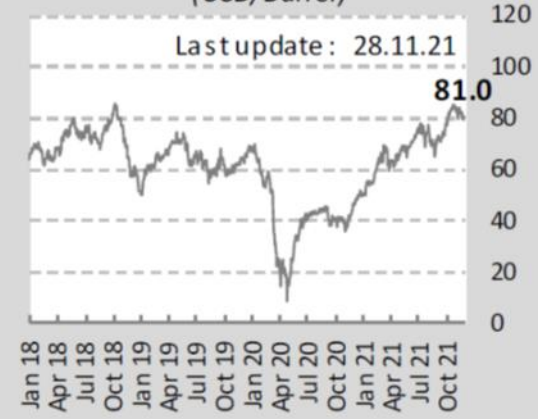
## Feed cost in the Dairy sector



## OIL : Europe Brent Spot Price

(USD/Barrel)

Last update: 28.11.21

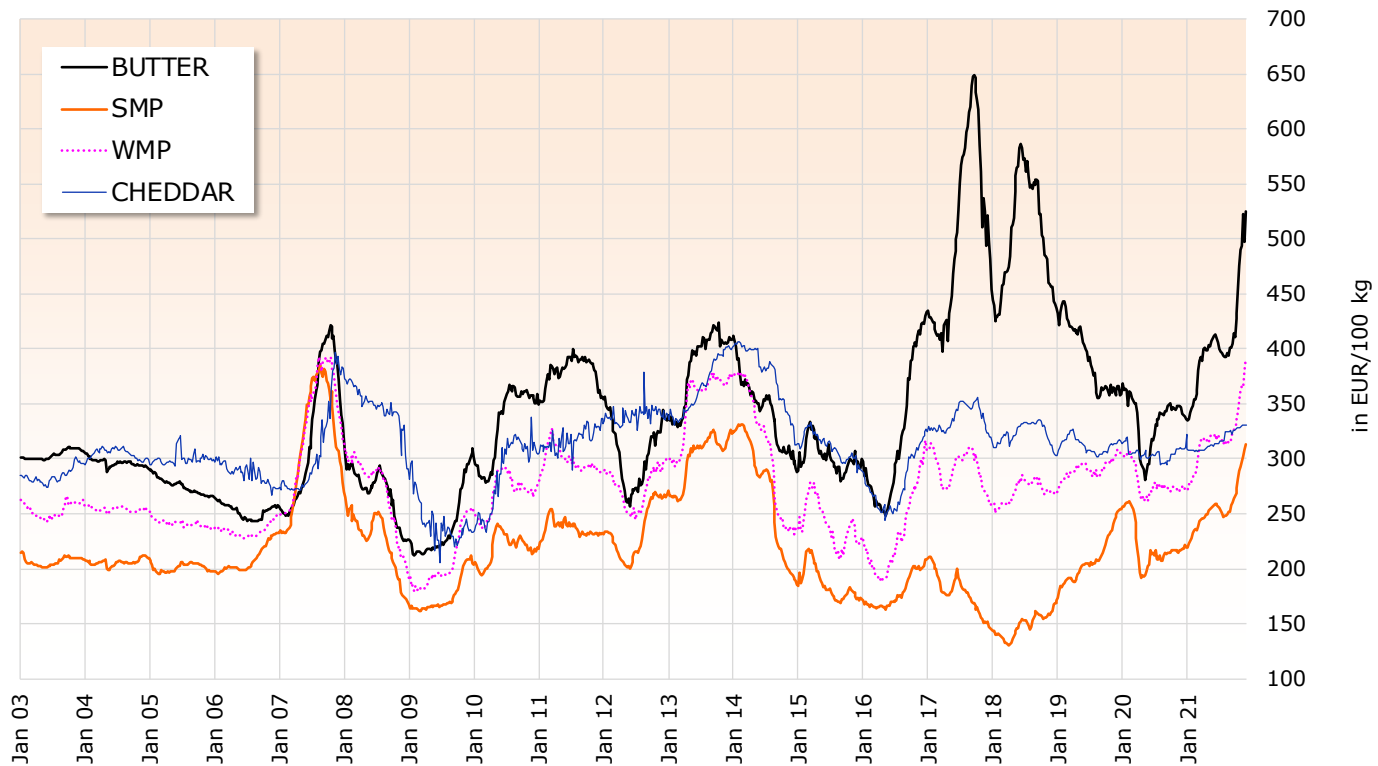


Source : Nasdaq

# EU dairy quotations

## EU evolutive\* dairy Quotations

(EU Average Prices based on MS communication and weighted by production)



Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

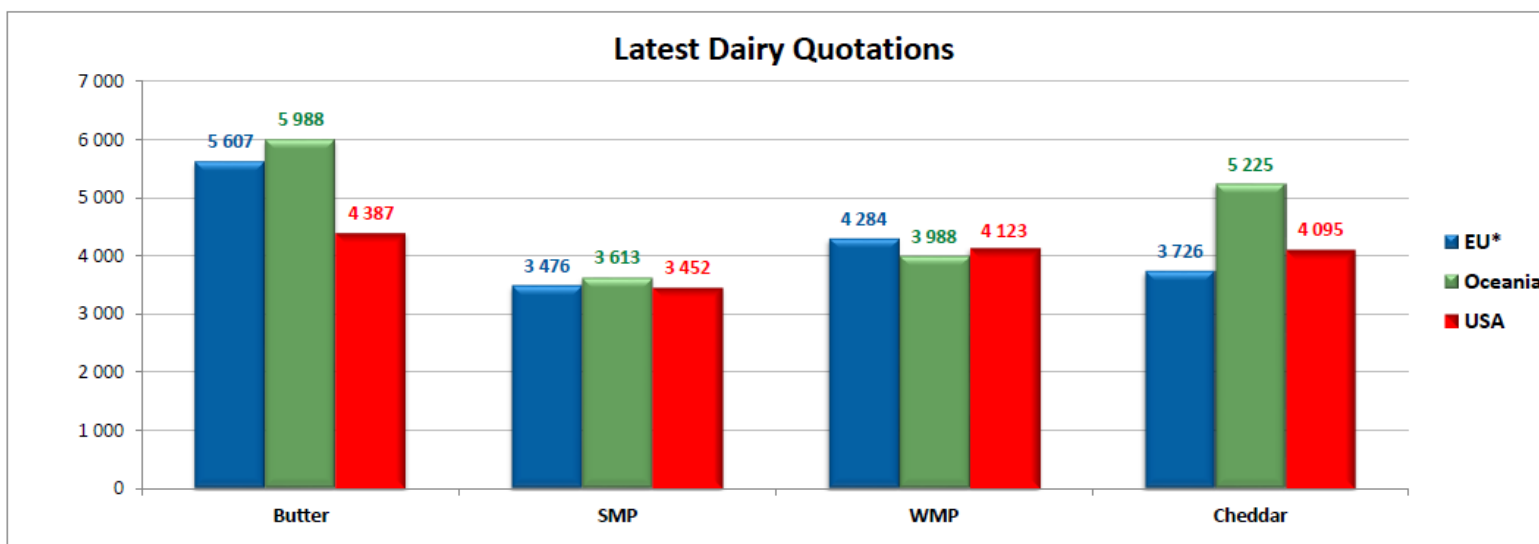
	BUTTER	SMP	WMP	CHEDDAR	EDAM	GOUDA	EMMENTAL	WHEY
Price €/100 kg	<b>525</b>	<b>313</b>	<b>392</b>	<b>331</b>	<b>369</b>	<b>365</b>	<b>498</b>	<b>109</b>
1 week	+ 5.5%	+ 1.5%	+ 3.0%	0.0%	+ 0.5%	+ 0.8%	+ 0.4%	+ 0.8%
4 weeks	+ 7.0%	+ 6.9%	+ 8.0%	+ 0.4%	+ 4.9%	+ 4.9%	+ 0.5%	+ 5.7%
Year-1	+ 51.2%	+ 44.7%	+ 44.2%	+ 7.0%	+ 17.2%	+ 14.5%	+ 3.7%	+ 45.9%
5-years avg.	+ 26.9%	+ 60.1%	+ 38.4%	+ 8.4%	+ 13.9%	+ 13.3%	+ 6.6%	+ 45.4%

# Latest world dairy quotations

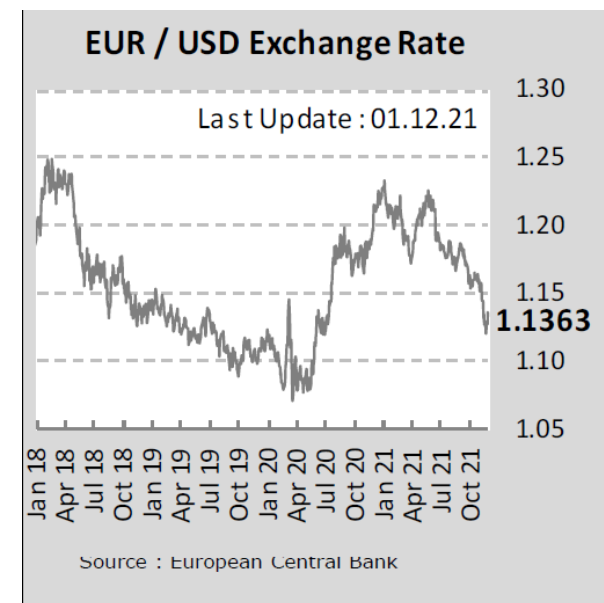
## Latest World Quotations of Dairy Products

In US\$/t	Latest Quotations			Week - 2						Year - 1					
	28/11/2021			14/11/2021			% change (previous quotation)			22 November 2020			% change (1 year)		
	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA
<b>Butter</b>	5 607	5 988	4 387	5 695	5 275	4 327	-1.5%	+13.5%	+1.4%	4 119	3 825	2 930	+36%	+57%	+50%
<b>SMP</b>	3 476	3 613	3 452	3 429	3 575	3 444	+1.4%	+1.0%	+0.2%	2 539	2 813	2 400	+37%	+28%	+44%
<b>WMP</b>	4 284	3 988	4 123	4 222	3 900	4 123	+1.5%	+2.2%	nc	3 236	3 038	3 450	+32%	+31%	+19%
<b>Cheddar</b>	3 726	5 225	4 095	3 804	4 813	3 848	-2.0%	+8.6%	+6.4%	3 656	3 613	3 689	+2%	+45%	+11%

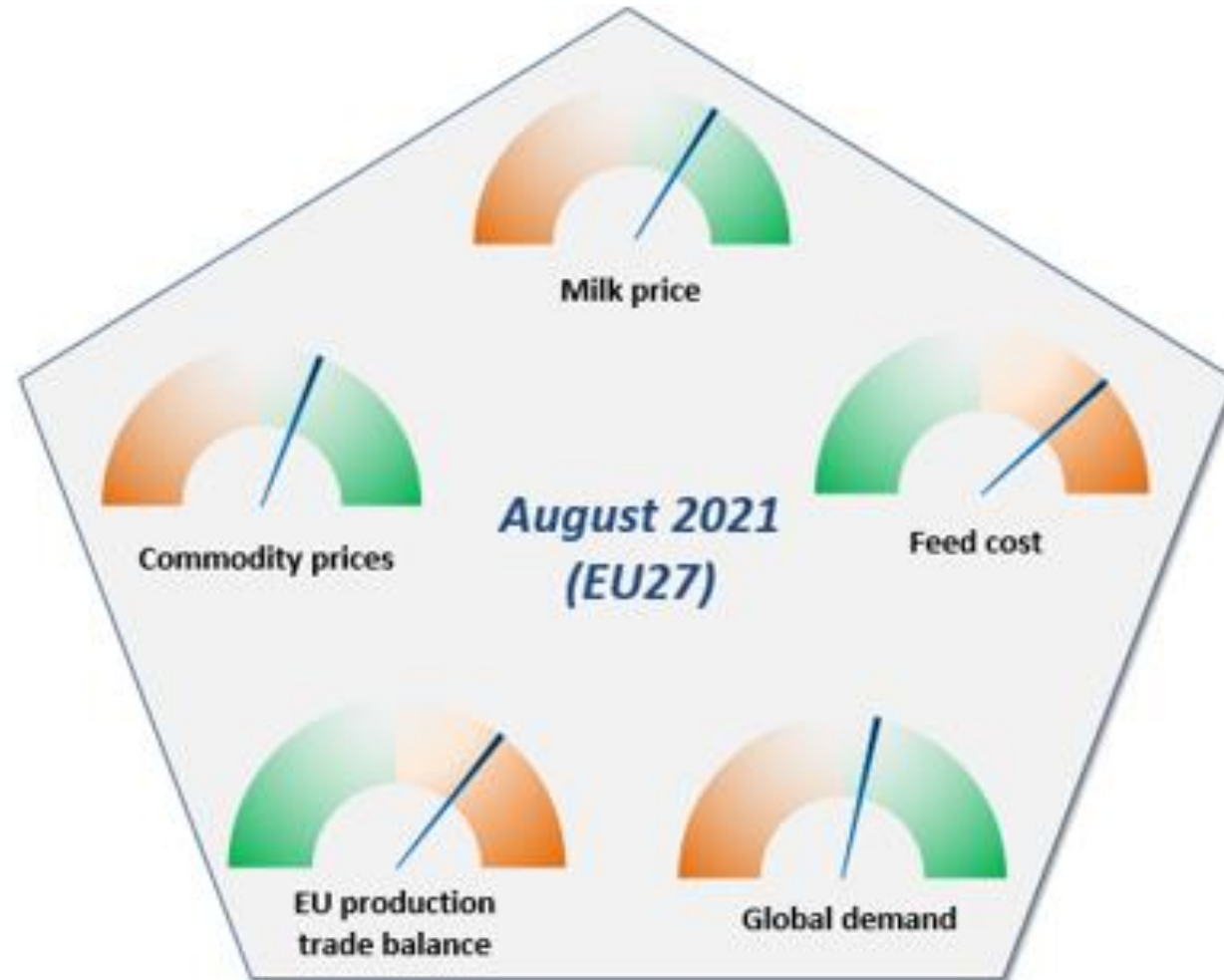
Source : Member States Notifications under Reg. 2017/1185, USDA



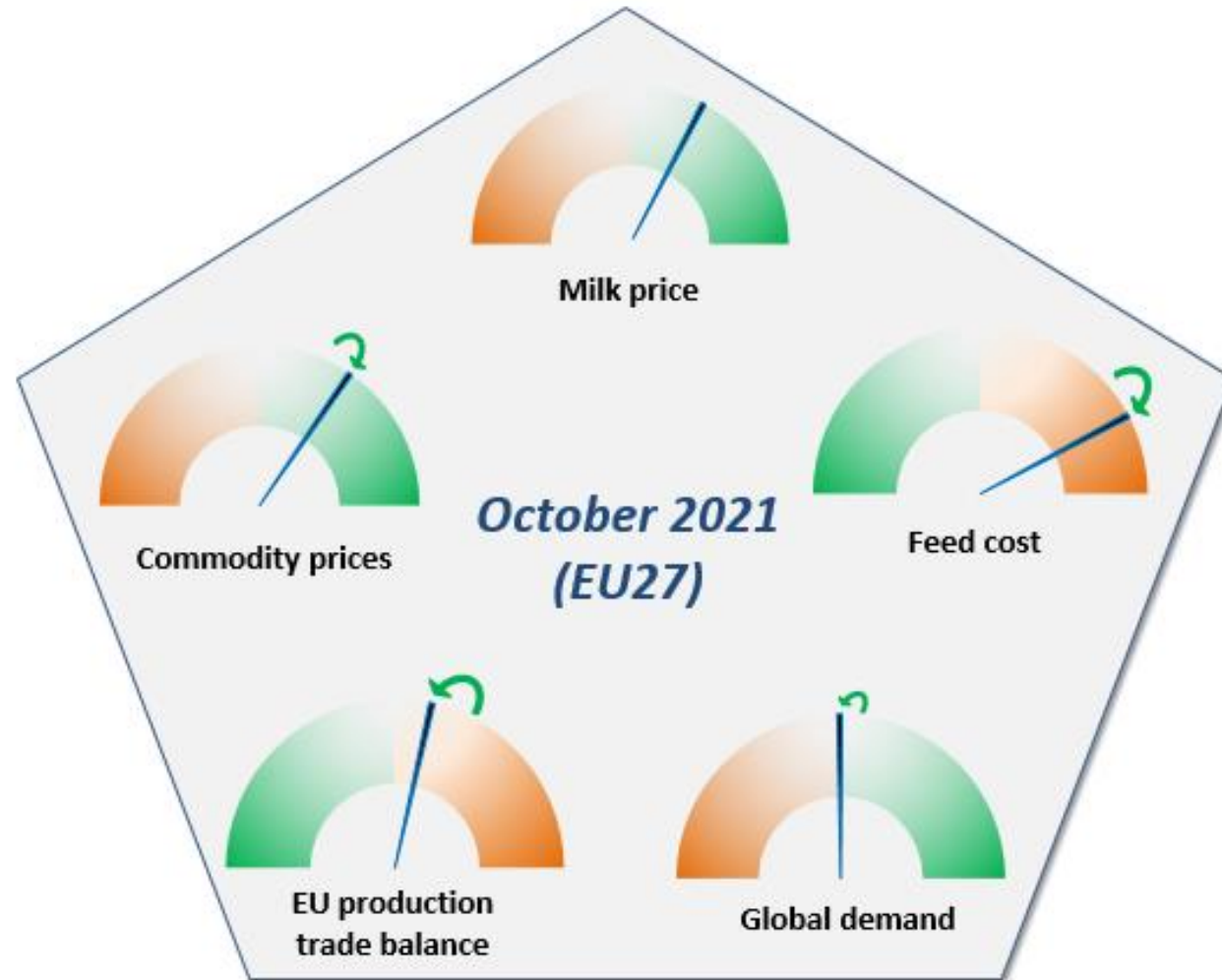
EU\* = EU without UK



# Indicators



# Indicators



# Keep in touch and thank you!



[ec.europa.eu/agriculture](https://ec.europa.eu/agriculture)



[EUagri](https://www.youtube.com/EUagri)



[@EuropeanMMO](https://twitter.com/EuropeanMMO)



[@EUAgri](https://www.facebook.com/EUAgri)



[EU agri-food Data portal](#)



# **ANNEX 2**

## **The Milk Market**

***LTO Nederland***

# The milk market



1. Confidence
2. Production
3. Demand
4. Prices & costs
5. Conclusions

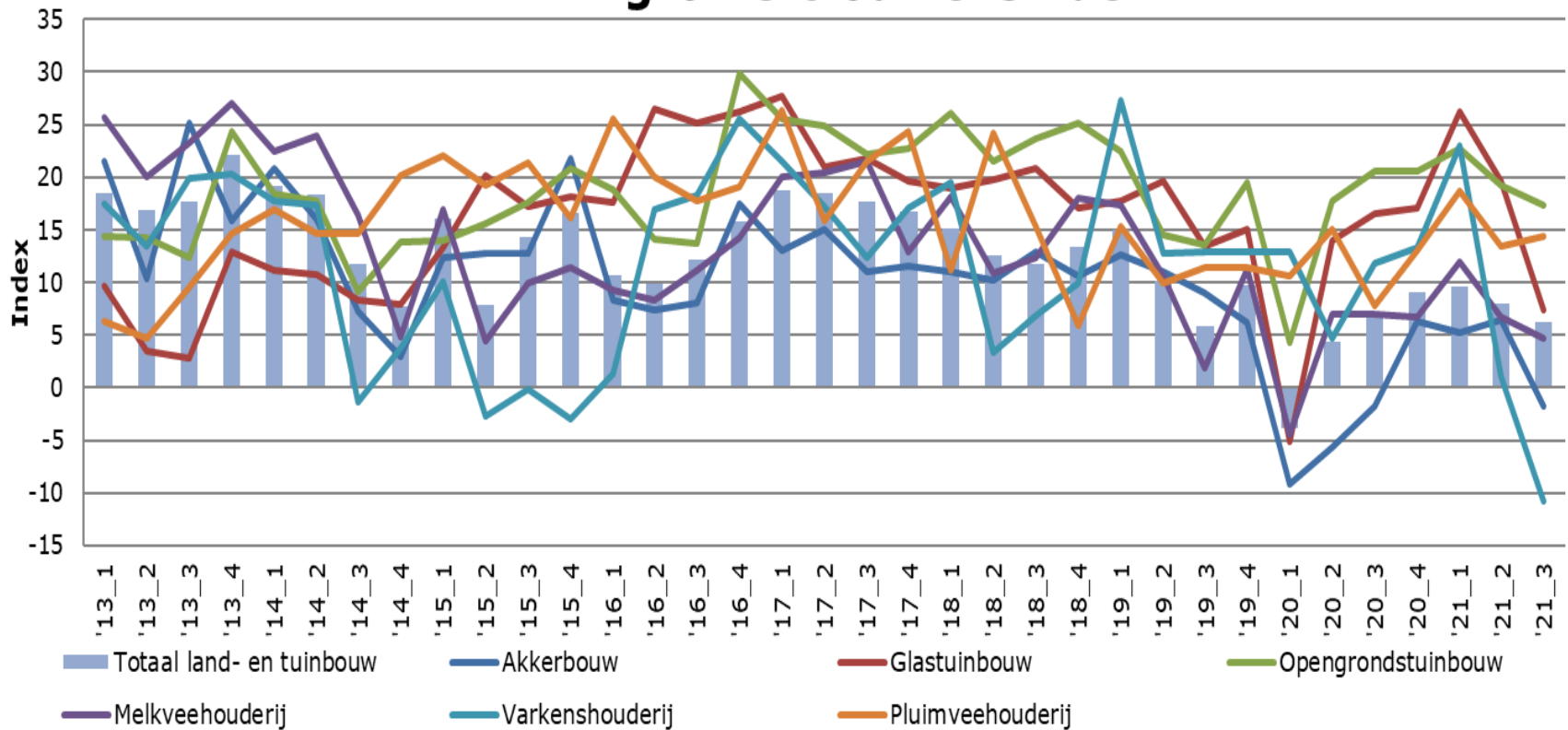
**EU Milk Market  
Observatory  
6 December 2021**

**[Klaas Johan OSINGA](#)**

**[kjosinga@lto.nl](mailto:kjosinga@lto.nl), [@KJOSinga](#)**

# 1. Farmers' confidence again under pressure

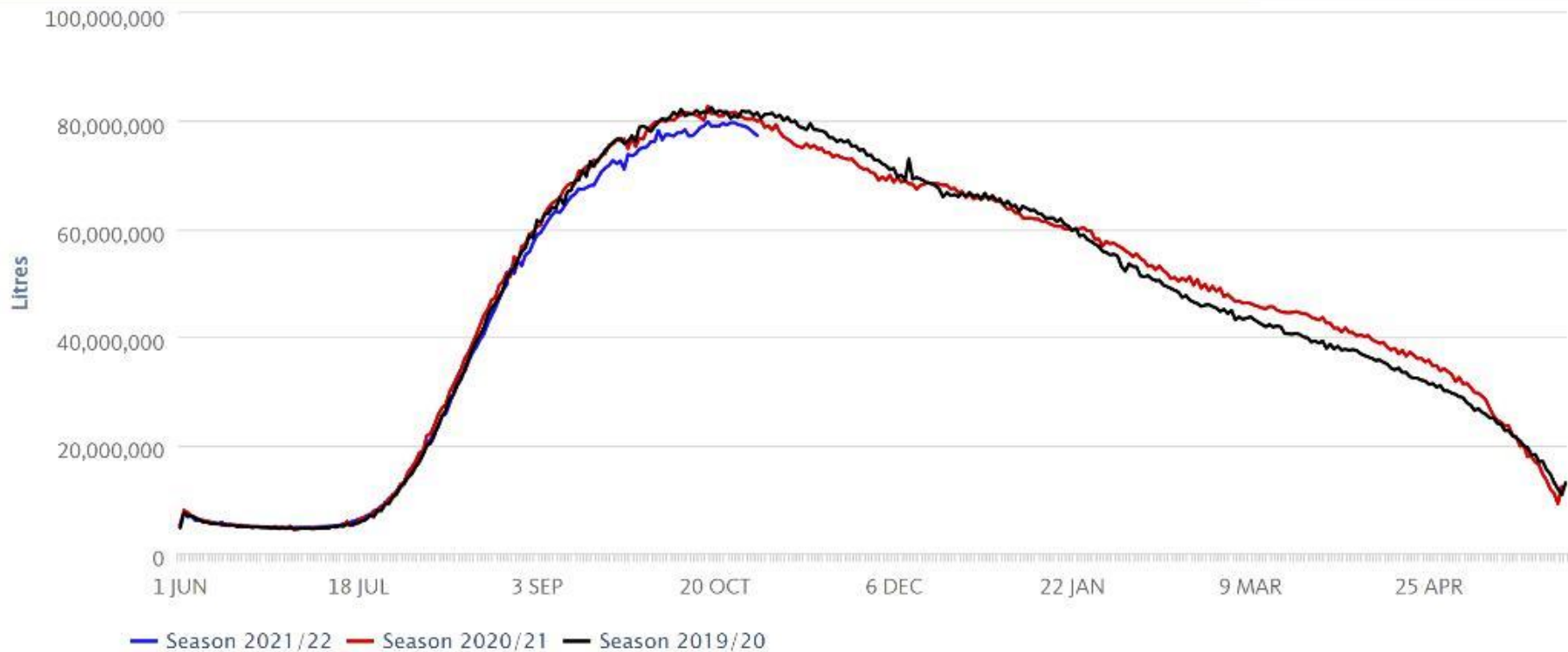
## Agro Vertrouwensindex



## 2. Milk production: New Zealand (Fonterra): 3.1% down y-o-y in October

Season Comparisons to 31st October 2021 ?

All



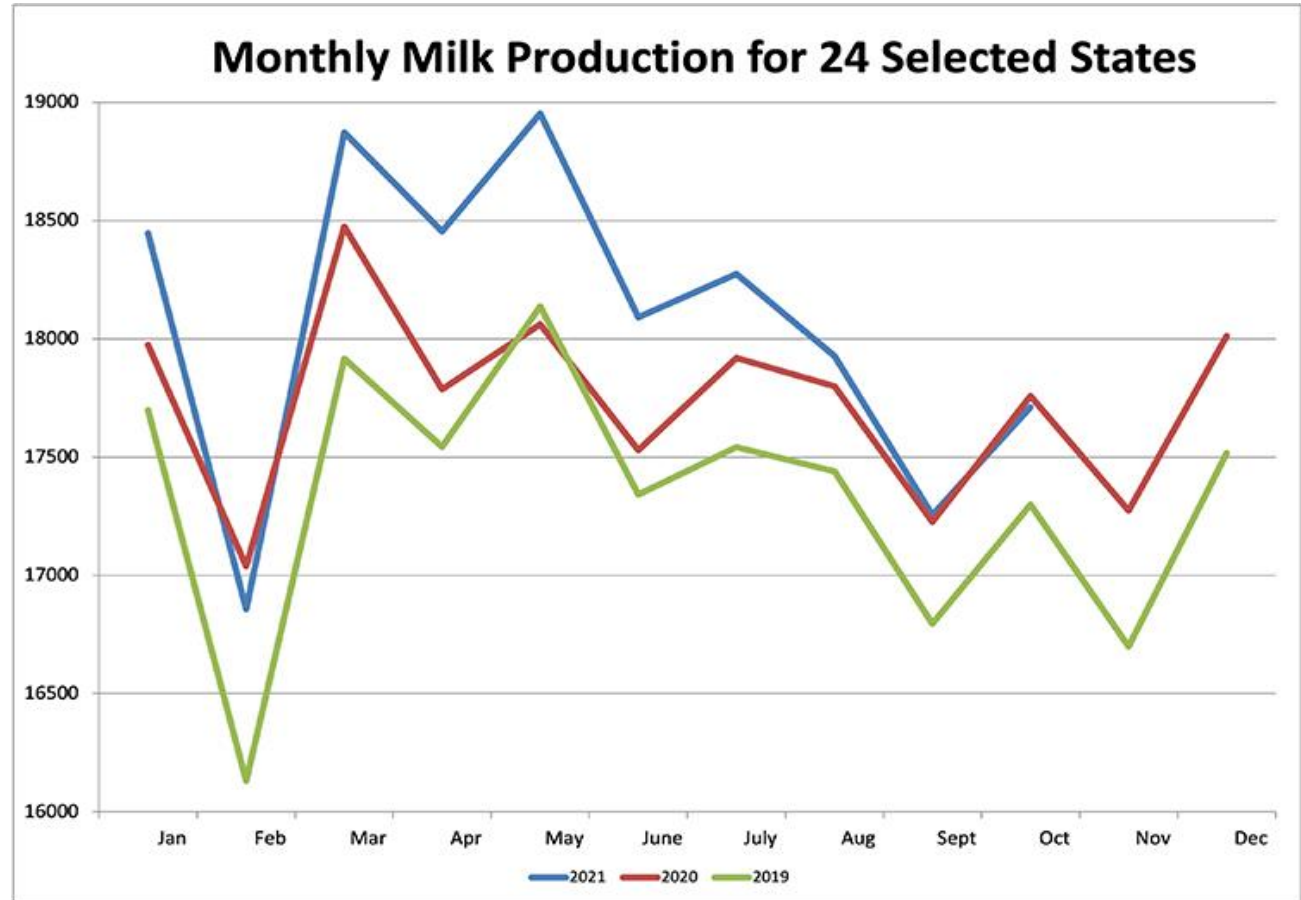
# USA milk production now level with 2020

USDA (y-o-y):

Sept +0.2%

Oct -0.3%

2021: +1,5%

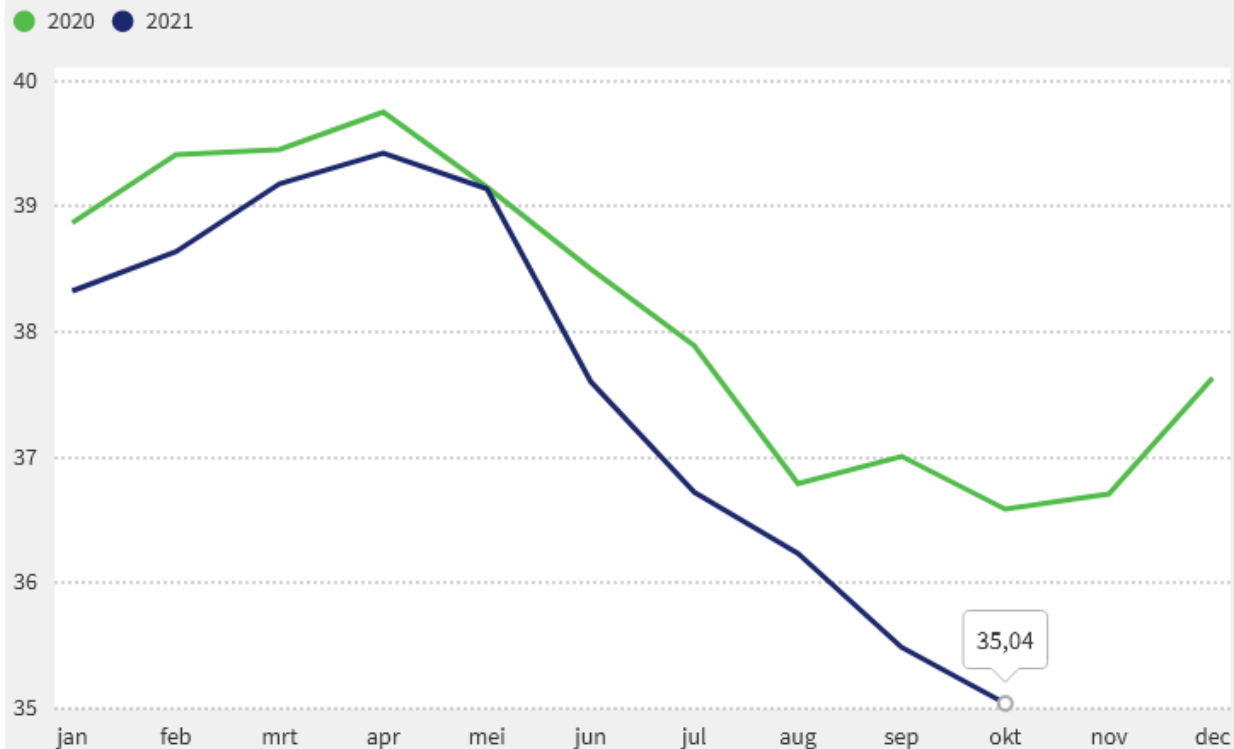




# Netherlands milk production

## Scherpe productiedaling in najaar

Gemiddelde melkaanvoer (per dag) in Nederland per maand x 1.000 ton



Door Foodagribusiness.nl Gemaakt met LocalFocus

Bron: RVO

Jan-Oct 2021:

- 2.3% (milk)
- 1.4% (fat)

Oct 2021:

- 4.2% (milk)
- 4.8% (fat)

NL milk  
production in  
2020: 14.2bn kg

# Milk production September (y-o-y)

- EU-27 -0.6%
- France: -2.4%
- Germany: -2.4% (and until week 48 -1.5% )

From our COPA-COGECA colleagues:

- Poland: +0.5%
- Sweden: -0.8%
- Slovenia: +2.0% (Oct)
- Austria: +1.5%
- Malta: -6.2%



# Milk production 2022: limited but some growth



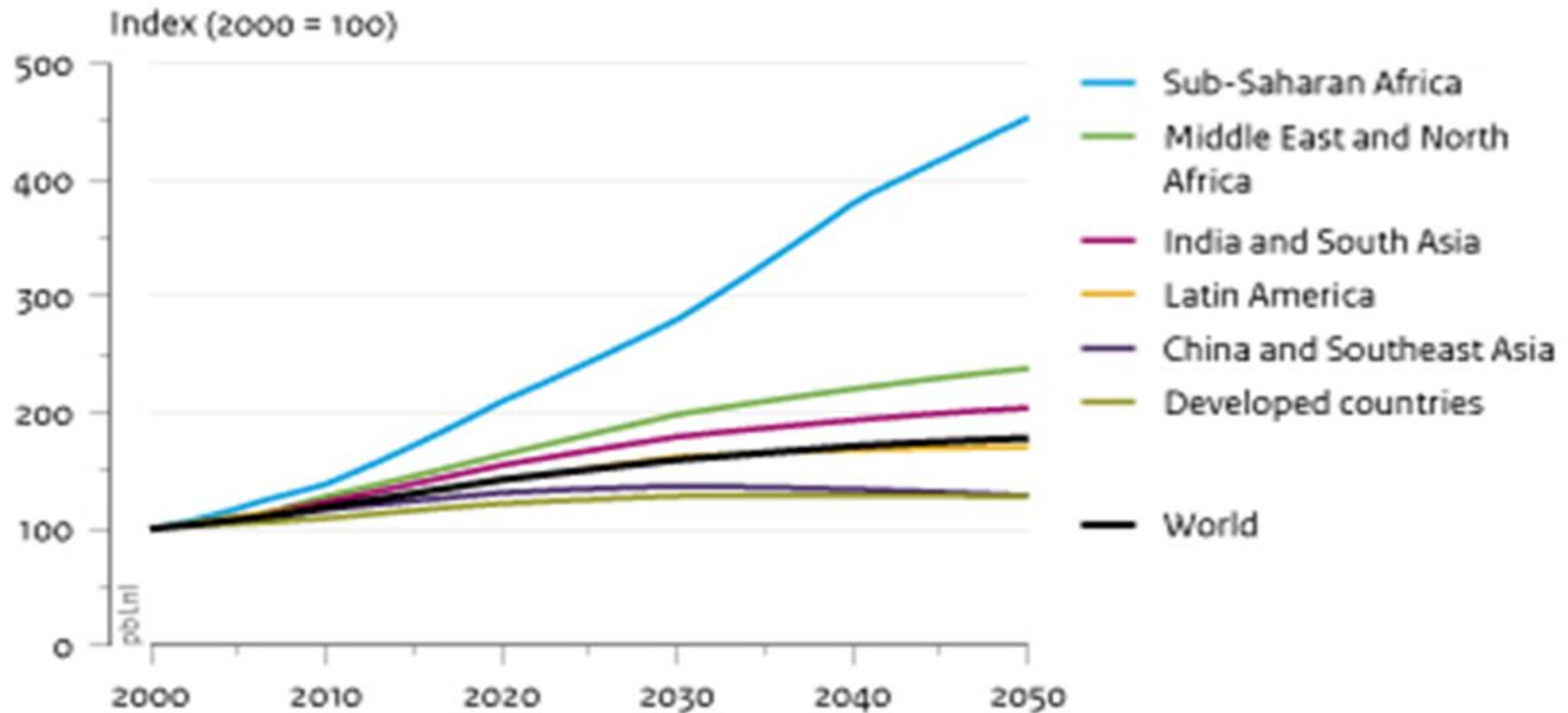
	2022 (bn kg milk)
EU	+ 1,5 (+1%)
USA	+ 1,5 (+1.5%)
Nw Zealand	+ 0,4 (+2%) (2021/22)
Australia	+/- 0.0
Argentina	+ 0.5 (+5%)
<b>Total</b>	<b>+ 3,9 bn kg</b>

### 3. Demand: Covid-19 impact...

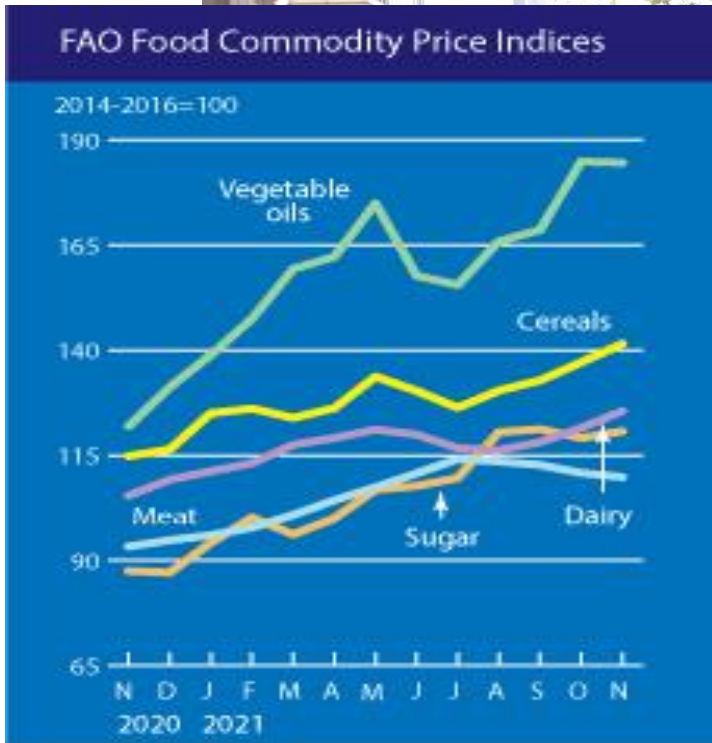
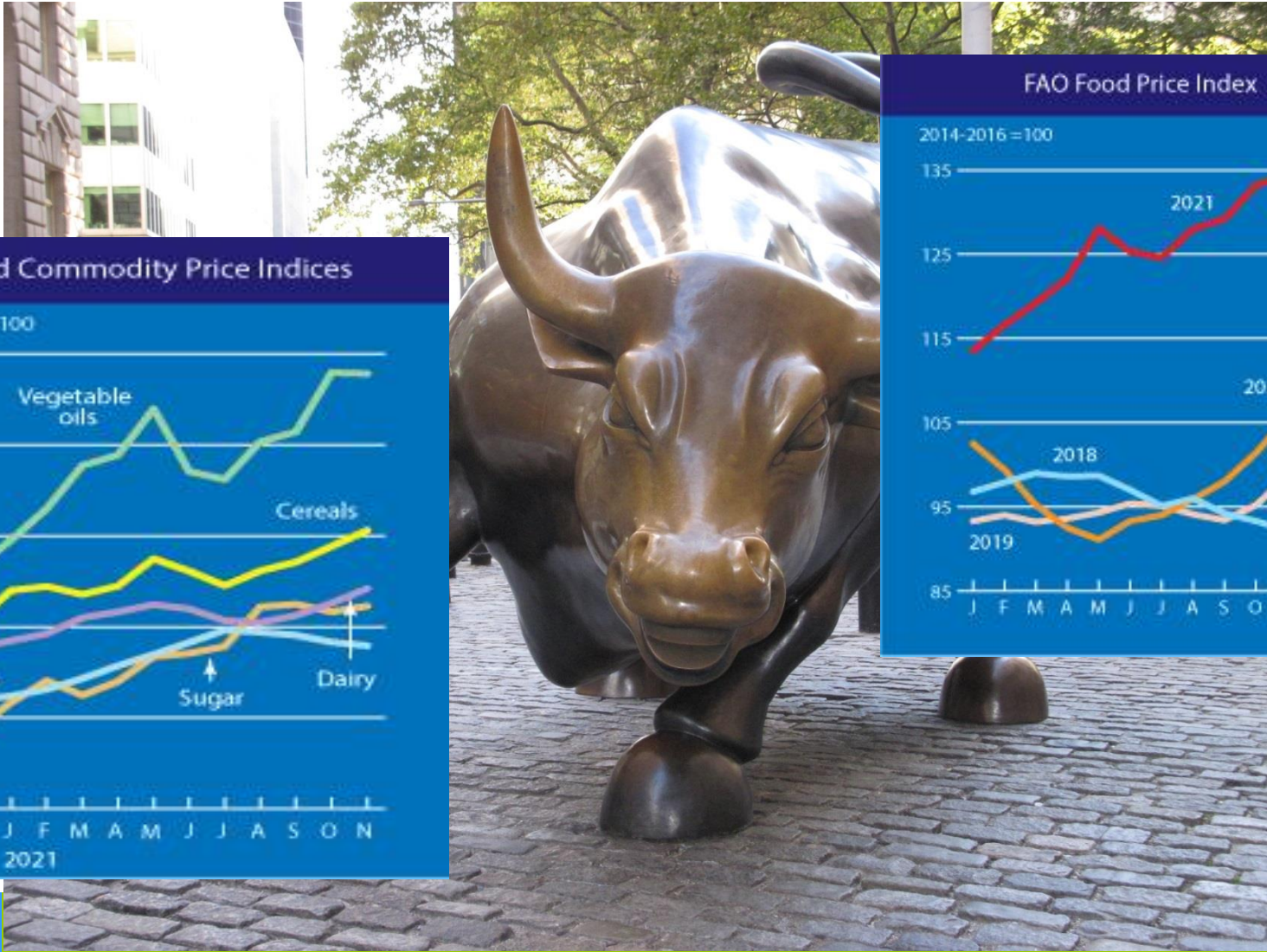
- More breakfast and home cooking, less dining out....
- More demand for butter, cream, cheese,...
- More attention for health, nutrition, sports drinks, proteins, skimmed, vitamins, 'zero sugar', tastes
- *'where does our food come from?. How secure is our food supply?'*
- *Omicron: new spanner in the works?*
- Organics: annual growth in NL 8% - but the share is 2.2%. To reach 25% in 2030: much more growth needed

# Demand long-term... still +1.8% per year on average?

## Food demand



# 4. Commodity prices at highest level since 2011

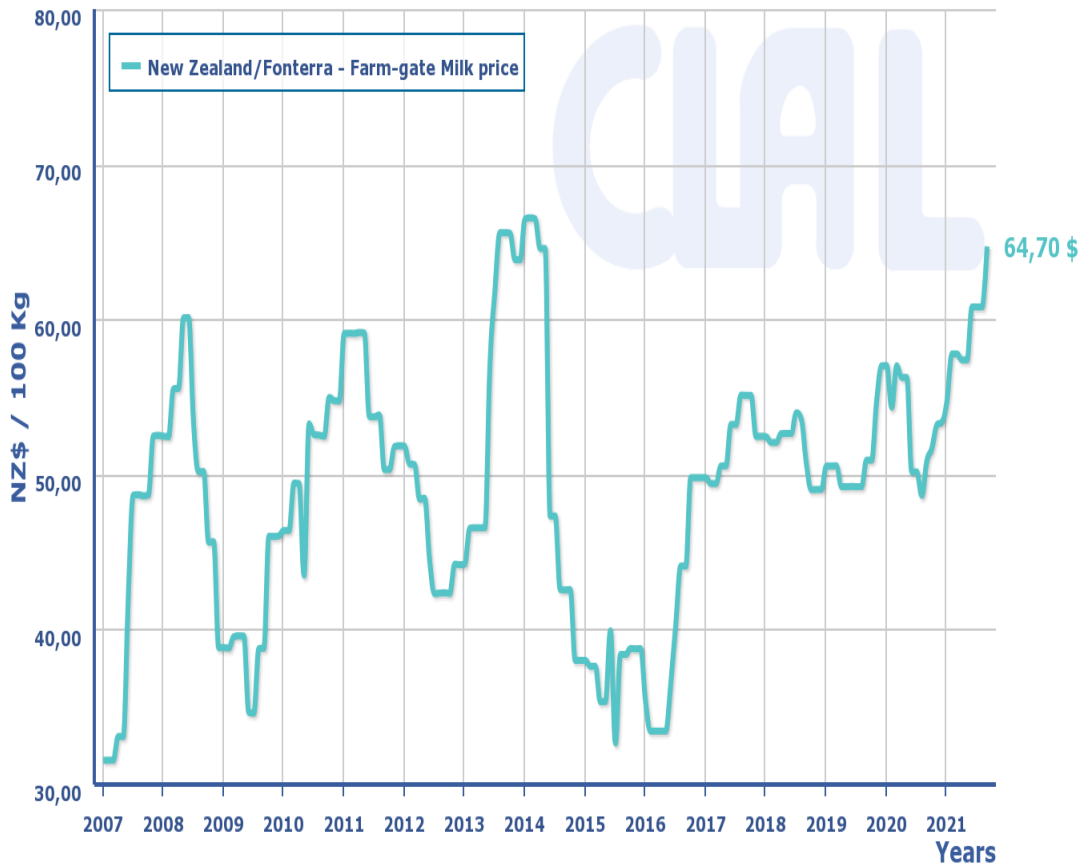


# Fonterra forecast 2021/22



## New Zealand/Fonterra - Historical overview of Farm-gate Milk price

Source: UK-Milk Development Council - LTO NEDERLAND



Fonterra forecast for this season's payout: \$8.40 - \$9.00 per kgMS. Midpoint is a record high of \$8.70. Previous record was \$8.40 in 2013.

Fonterra cut dividend forecast by 5 cents to between 25c and 35c a share showing pressure on margins

# Milk prices in some other MSs (COPA-COGECA survey)

Germany 38.70 (Nov)

Poland 35.30 (Oct)

Spain 34.2

Malta € 61.81 (Oct)

Austria € 36.99 GMO-free,  
hay milk 41.83, organic 47.71  
(Sept)

Slovenia € 33.9 (Oct)

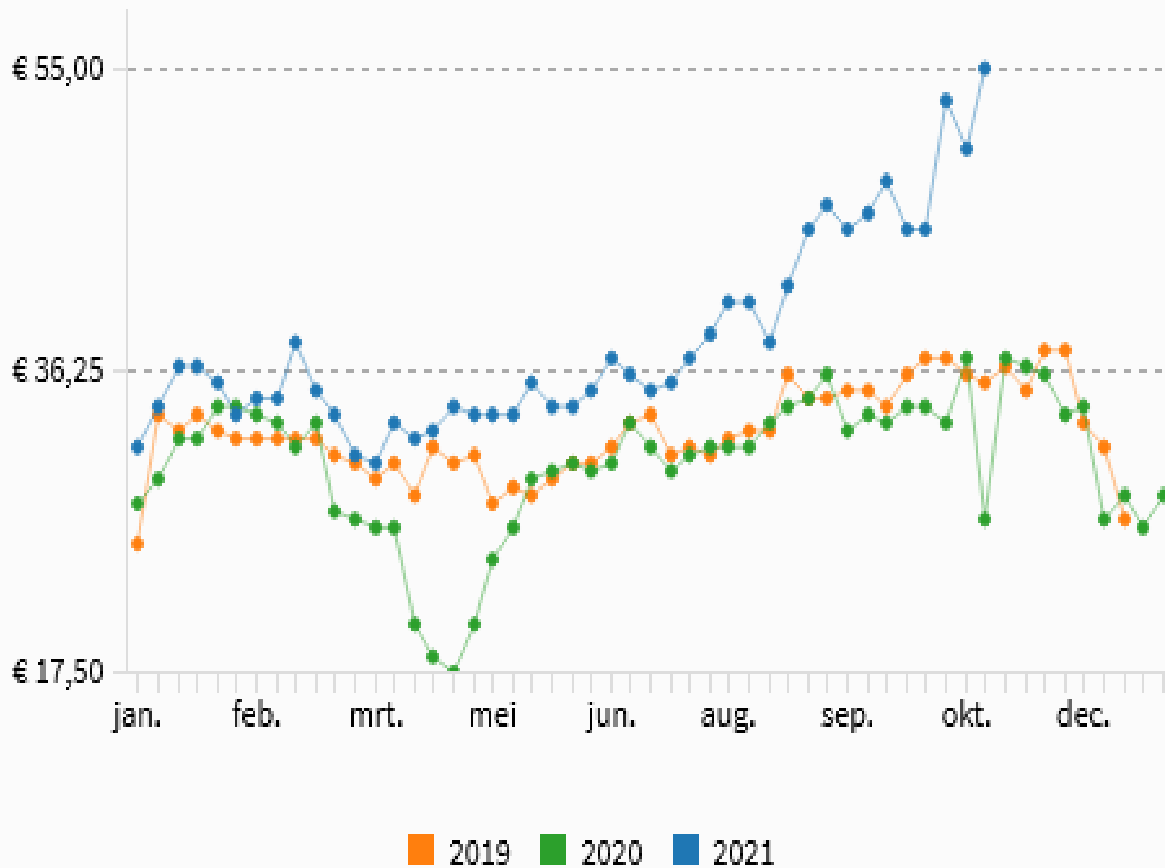
Sweden € 41.0 (Sept)

All correspondents report rising costs: fertiliser, energy, fuel and feed, often more than +10% compared to 2020.

E.g. 'brok A' (feed concentrates): € 27.75 – normally € 20-24/100 kg. Construction costs have gone up too.

Diesel prices have calmed somewhat last week

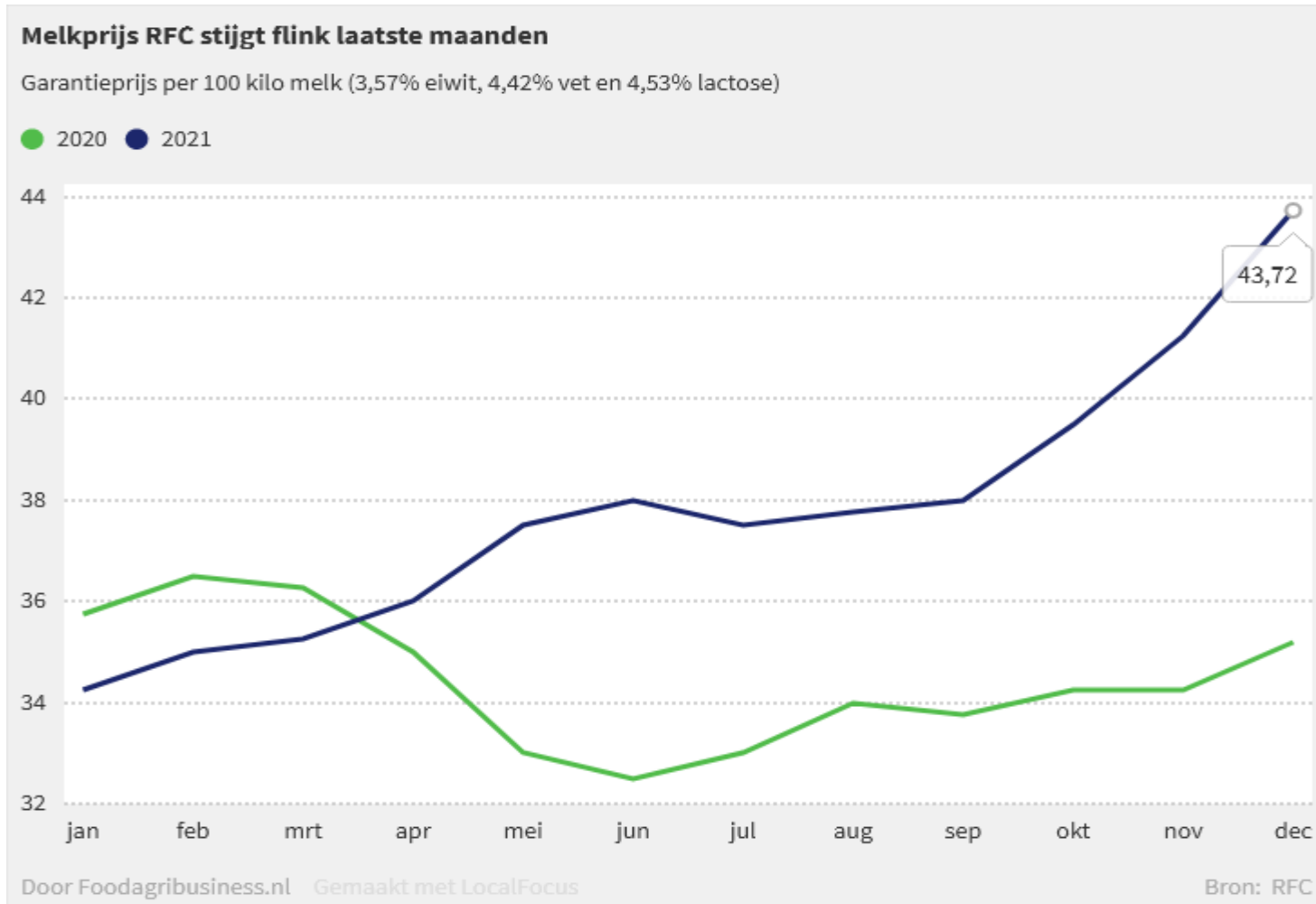
# Spotprice raw milk farmgate price



According to  
DCA:

50-51 cents  
(NL & Germany)

# FrieslandCampina price increases





# Dutch December milk prices

FrieslandCampina increased payout €2.47/100kg to €43.72 (with a max of €46.45)

DOC (DMK) +€2.14/100kg (min € 40.97, max €44.22)

A-Ware +€4.25/100kg (min €44.28 and max €50.53)

Arla €40.07 – max €42.42

Bel Leerdammer €41.62 - max €45.47

Cono €41.80 - max €46.30 (November)

# Dutch organic milk - December

- A-Ware € 57.34 per 100 kilo milk
- Arla € 54.17
- FrieslandCampina 51.58
- Vreugdenhil 55.89 (for October)



Production growth 2021: 11%

# Energy prices calming somewhat

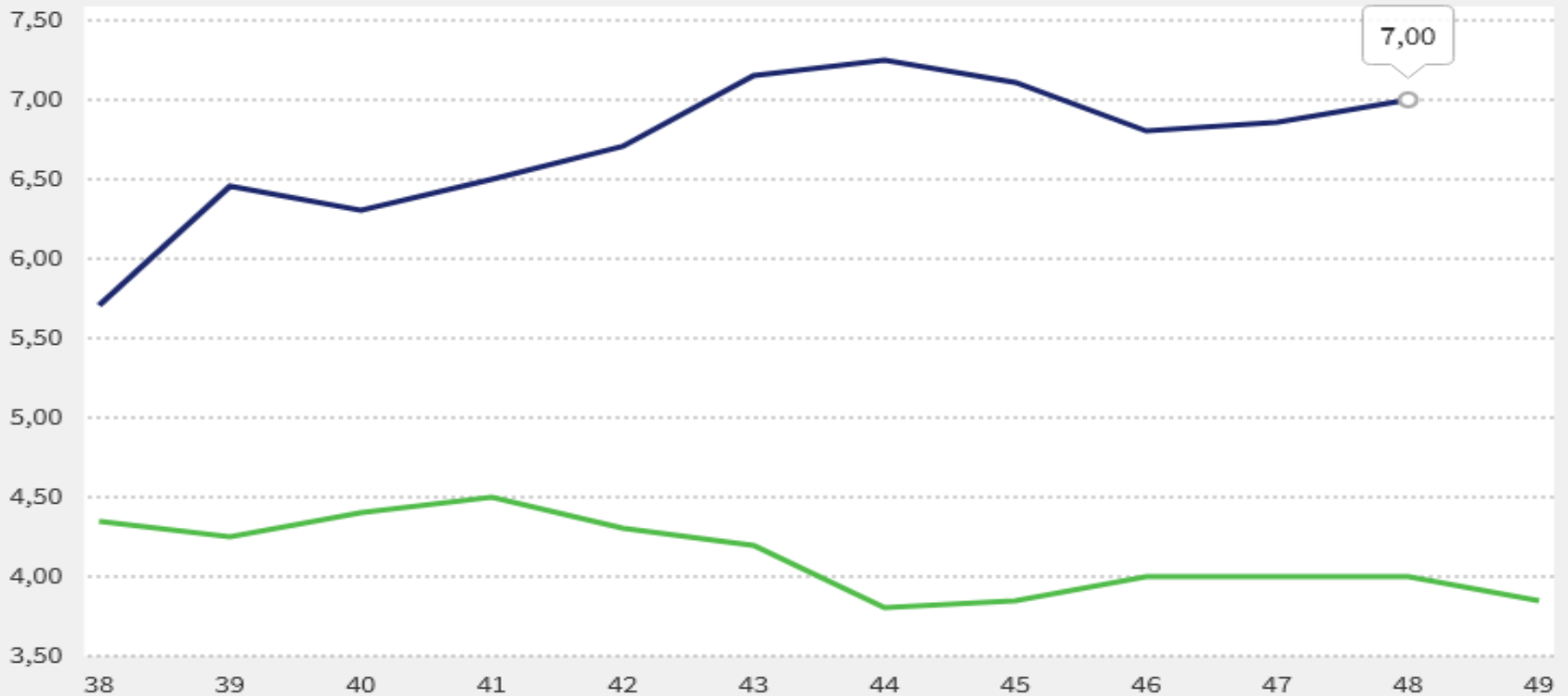


# Cream market is still firm

## Roomprijs na daling weer terug op € 7

Prijzontwikkeling room in € per kilo per week.

● 2020 ● 2021



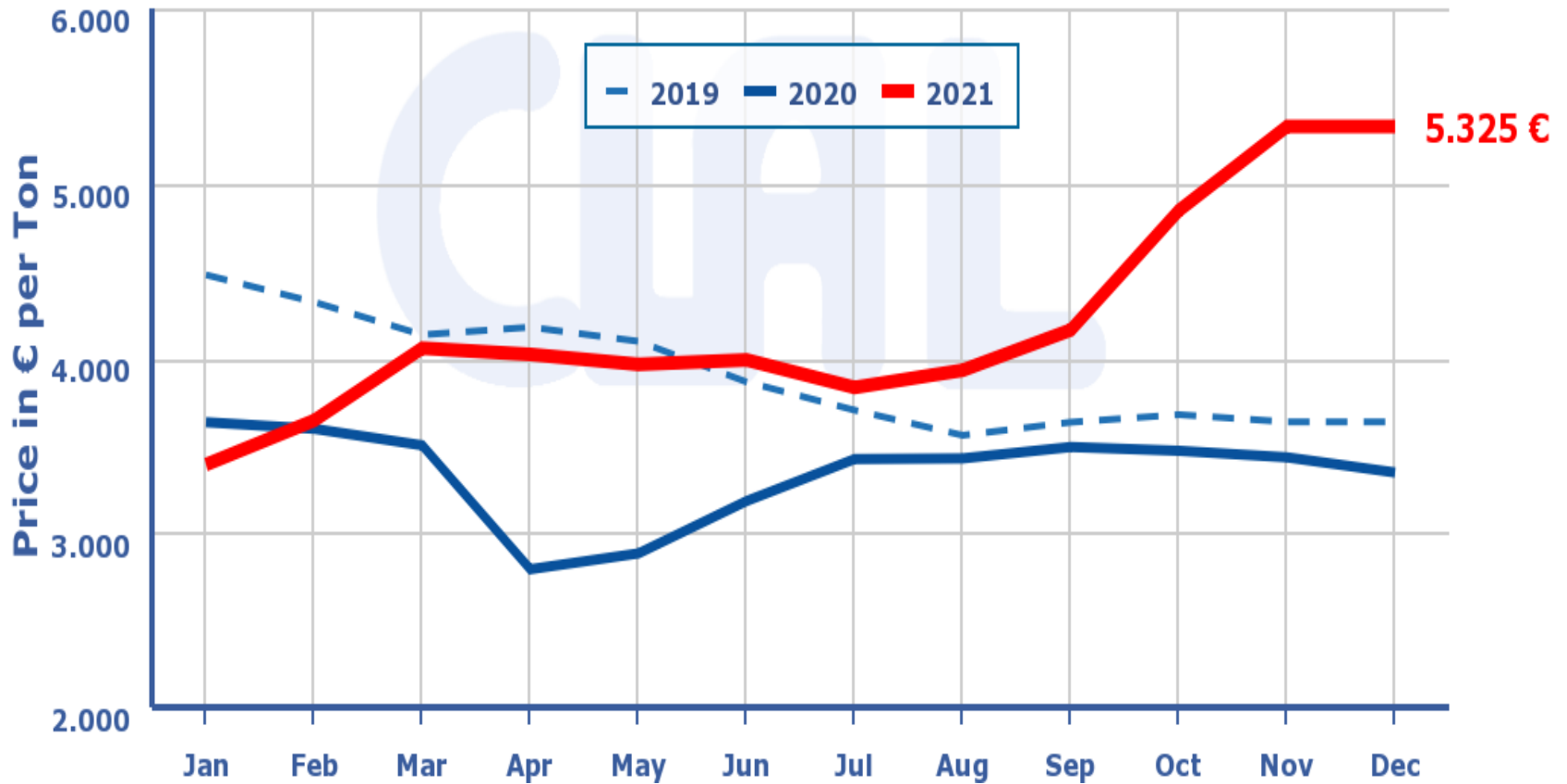
Door Foodagribusiness.nl Gemaakt met LocalFocus

Bron: Boerderij

# ... keeping the butter market tight

## Germany, Hannover - Price of Butter Deutsche Markenbutter, lose, 25-kg

Source: Butter-und Käse-Börse e.V. Kempten



# Dutch dairy quotations

ZuivelNL 30 November 2021:

Butter, 25 kg:	+ € 1 € 545
WMP, 26% fat:	+ € 2 € 402
SMP extra quality:	+ € 5 € 321
SMP feed quality:	+ € 5 € 322 ( feed > food ... )
Whey powder:	+ € 3 € 113

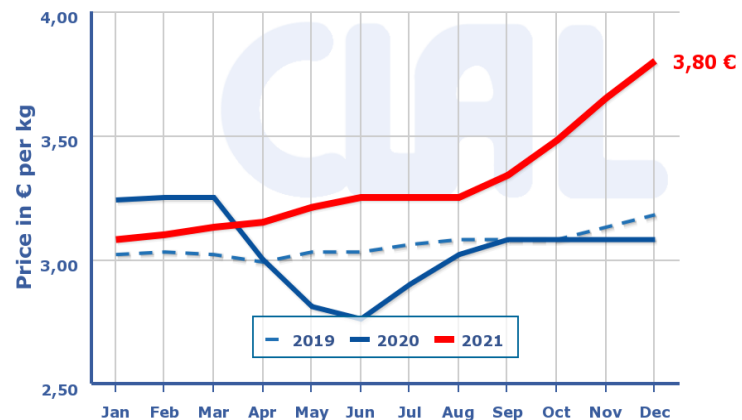
Cheese Edam/Gouda:

- Hannover € 3.65-4.00
- Netherlands 4.15-4.20

Cheese market is still firm

Germany, Kempten - Average prices of Gouda (45%-48% fat)

Source: Süddeutsche Butter - und Käsebörsen eV, Kempten

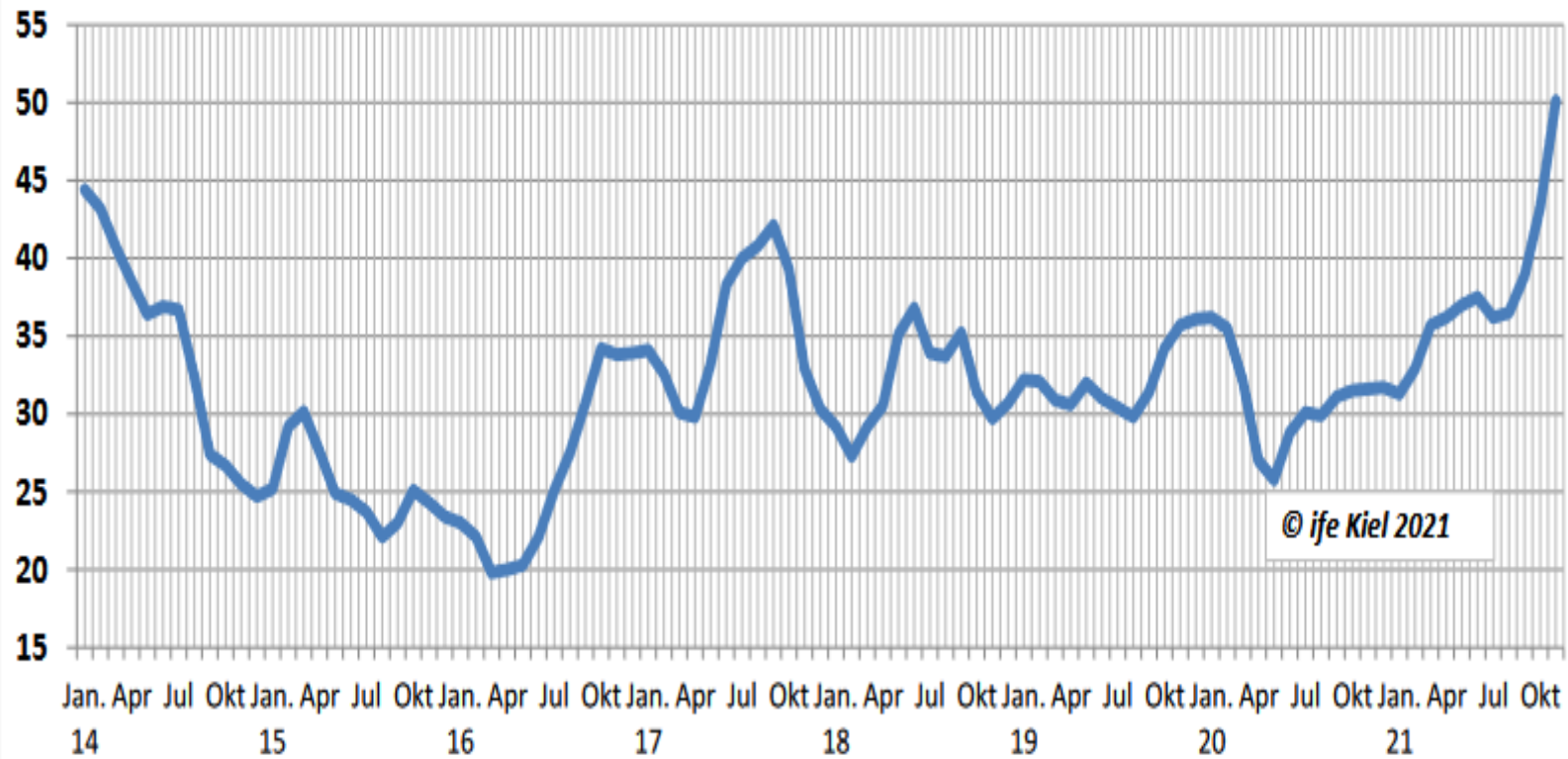


# CME Class III contracts May 2022



# ***I*fe-Rohstoffwert € 50.10 (4% fat, Nov 2021)**

Rohstoffwert Milch, Cent je kg Milch, 4% Fett, 3,4% Eiweiß , ohne MwSt. , ab Hof





## 5. High prices to stay well into 2022

Consistent strong demand for dairy at a time of constrained global supply – containers in the wrong place ...

Farmers and manufacturing both facing much higher costs: energy, fertilizer, feed, labour....

Inflation 5-6%! – it is not really so ‘transitory’ and it includes food - interest rises on the horizon?

But: Omicron variant – creating new uncertainty for global economic growth ...

China: Lunar New Year & Winter Olympics may impact on orders in February

**“The nation with ample food supplies has many problems  
The nation without enough food has only one”**





**Thank you  
for your  
attention**

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# **ANNEX 3**

## **EU dairy products monthly stock estimates at the end of September 2021**

***EDA***



**EU dairy products  
monthly stock estimates  
at the end of September 2021**

**Milk Market Observatory  
Economic Board**

**December 6th, 2021**

# Methodology

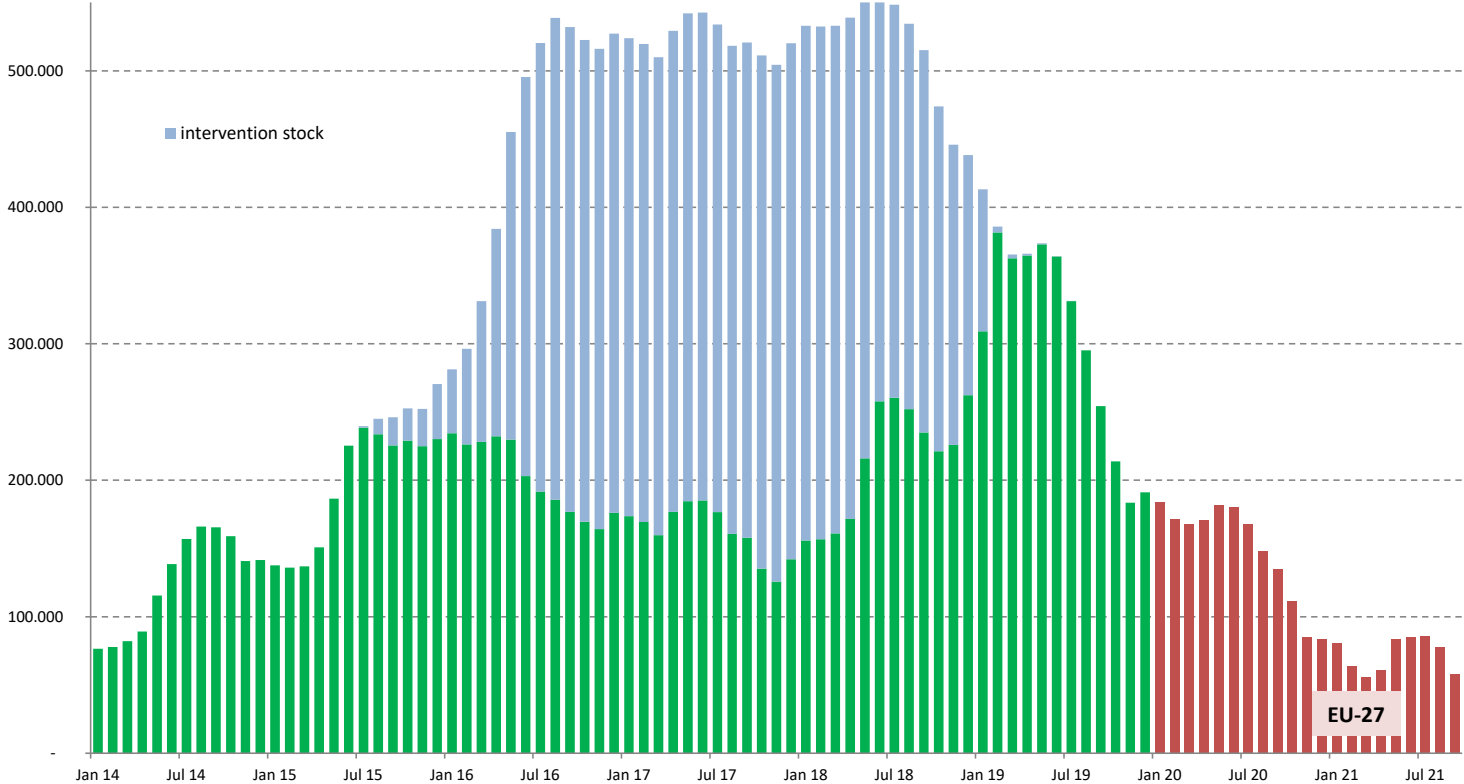
- For each dairy product and each month, the stock estimates are based on the equation:
  - $\text{Stock variation} = \text{EU production} + \text{EU import} - \text{EU internal consumption} - \text{EU exports}$
- ZMB balance sheets and forecasts have been used as references for :
  - End of year stock levels
  - Yearly consumption levels
- Monthly production statistics are based on ZMB Dairy World publications.
- Exports and imports figures are based on MMO website figures and Eurostat. From 2020 onwards, data refer to the EU-27 (coloured in red).
- The initial stocks entered in the model at the beginning of 2012 are :
  - SMP: 152 000 t
  - Butter: 80 000 t
  - Cheese: 200 000 t (arbitrary basis)
- The green/red parts in each graph mean that this stock level can be considered as normal for the month.
- Orange parts mean that this stock level can be considered as too high for the month; intervention stocks are coloured blue.
- These qualifications are based on the EDA analysts' personal views and past market observations.

SMP: The market situation is firmer than it has been for years. EU-production is decreasing due to weak milk deliveries. Internal consumption is healthy. Export demand is strong while production is decreasing outside of Europe, too. Stocks are very low for the time of the year at the end of September.

**European stock level estimates - SMP - July 2021**  
Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



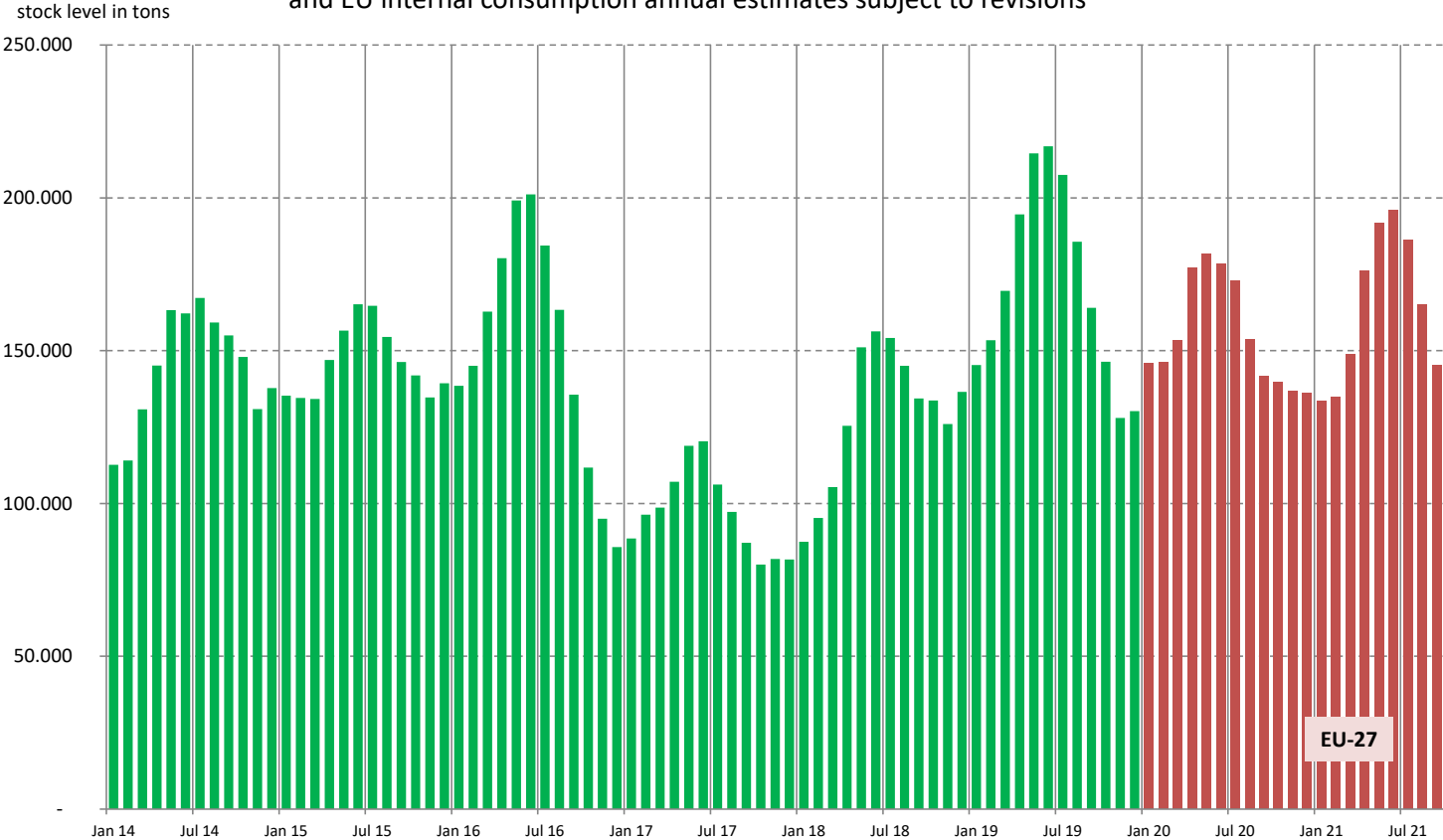
stock level  
in tons



Butter: The market is well balanced. Private stocks from spring-time had been very welcome in autumn due to a low availability of cream for production of fresh butter. The strong price development points to a further reduction in stocks in autumn.

### European stock level estimates - Butter - September 2021

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions





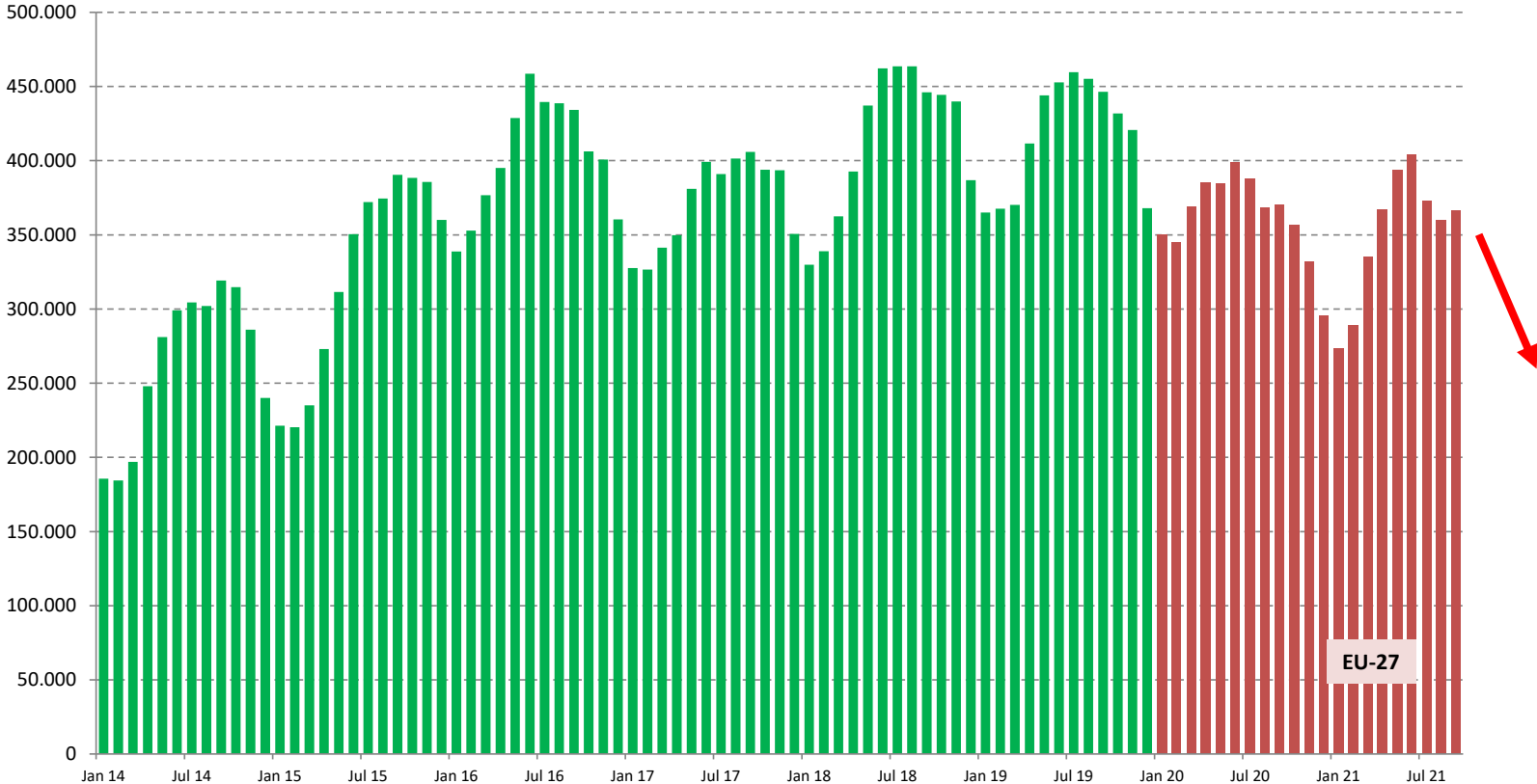
Cheese demand was strong in recent months, while milk availability for cheese production was short. Demand for yellow cheeses exceeded supply in recent months and stocks went down to low levels.

### European stock level estimates - Cheese September 2021

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



stock level in tons



EU-27

# Situation

The seasonal decline of milk deliveries in autumn was stronger than normal, esp. in Germany, France, Belgium and the Netherlands. Production of dairy products is decreased.

Internal demand for dairy products is healthy. With reduced milk production in important regions outside of EU demand from the world market is here to stay.

Stocks of all dairy products are decreasing to low levels.

# **ANNEX 4**

## **Global Dairy Trade Flows**

***Eucolait***



**eucolait**

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*European Dairy Trade  
Association*

# Global dairy trade flows

MMO EXPERT GROUP

06/12/2021

[www.eucolait.eu](http://www.eucolait.eu)

# Outline

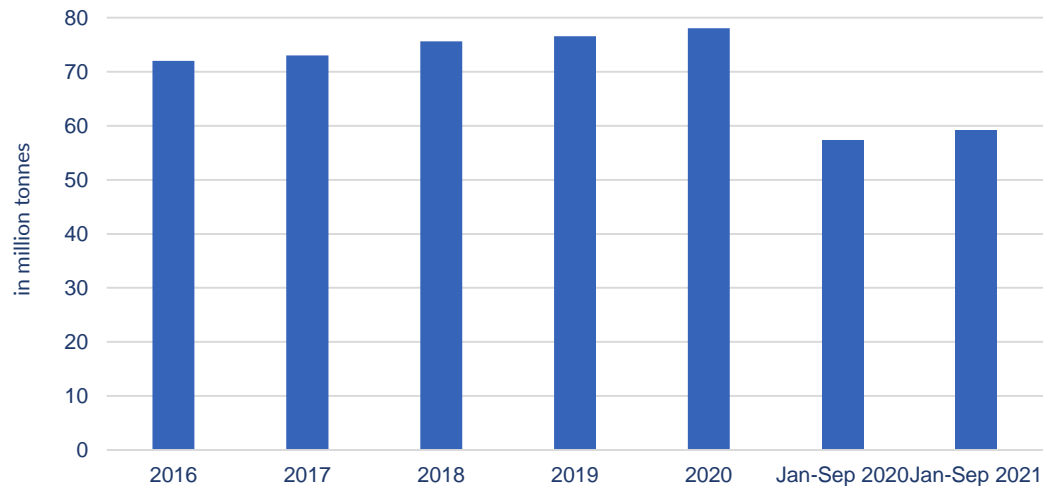
- Global exports & demand
- Developments in key import markets
- Conclusions

Source: Trade Data Monitor  
September data incomplete

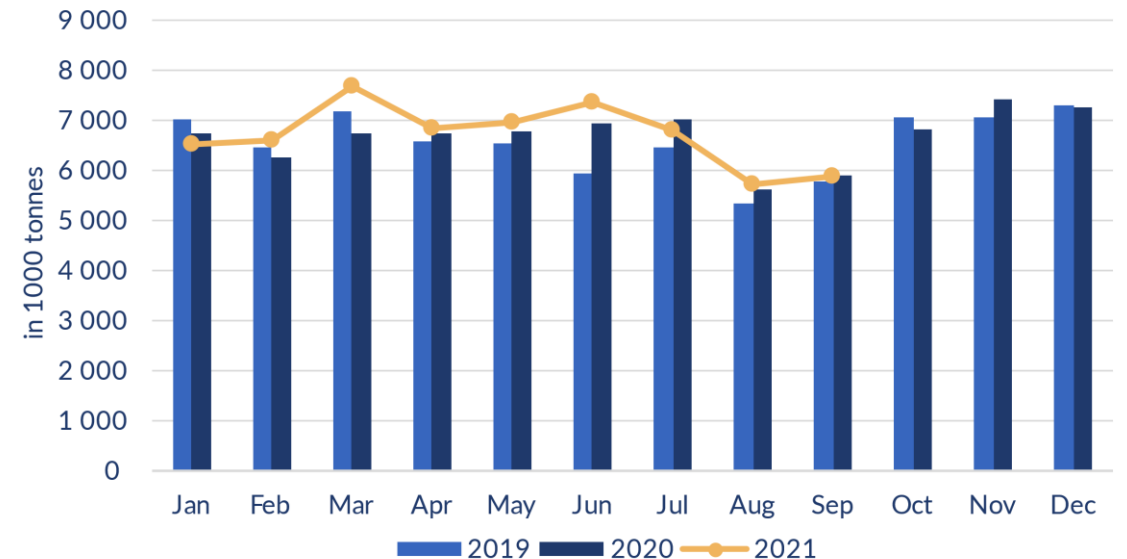
# Global dairy exports in ME

Global dairy exports:  
Growth rate YTD Sep 21/20: +3,3%

Global dairy exports in milk equivalent  
WMP, SMP, butter(oil), cheese, casein(ate)s, whey, lactose

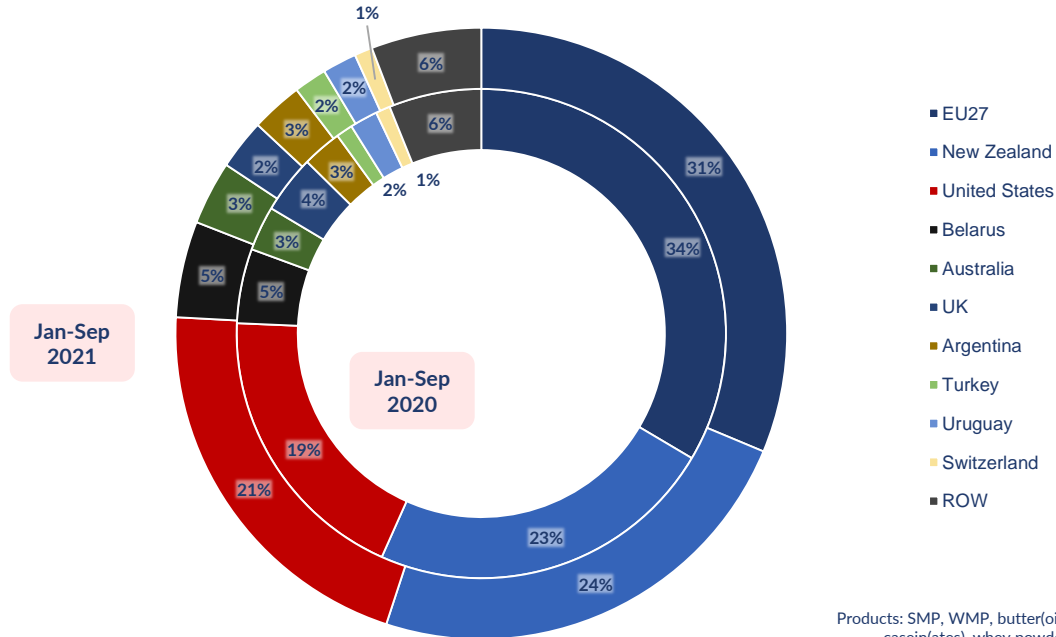


Monthly global dairy exports in milk equivalent  
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)



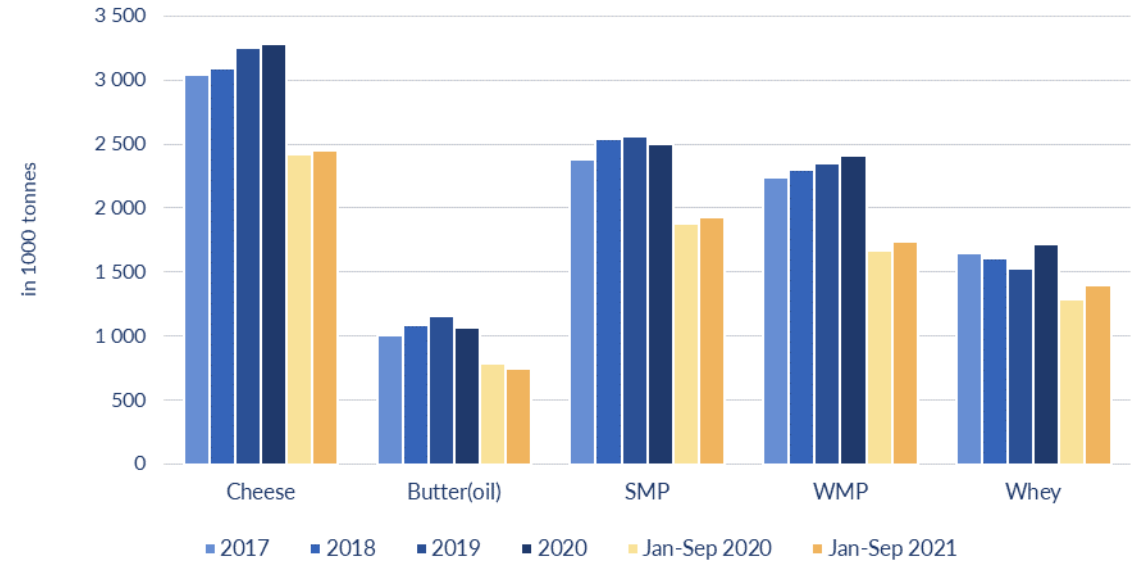
# Dairy exports of main market players in ME

Export shares in % of total export volumes  
(in milk equivalent)



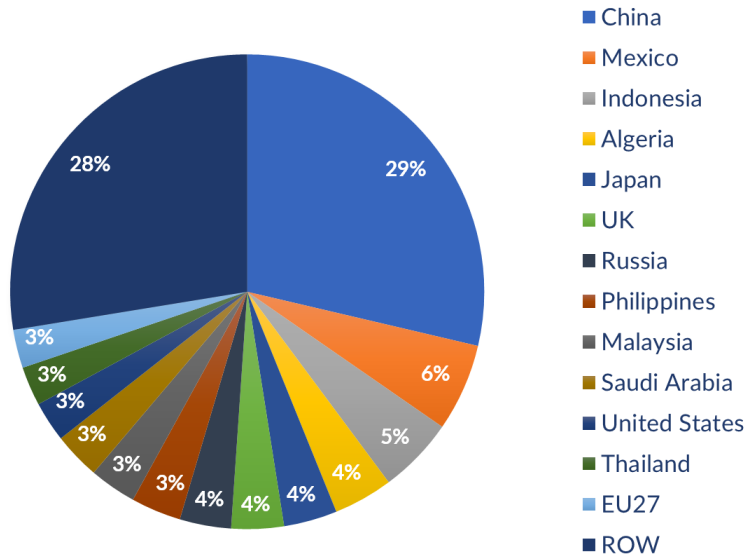
Products: SMP, WMP, butter(oil), cheese, casein(ates), whey powder, lactose

Global exports of main dairy commodities



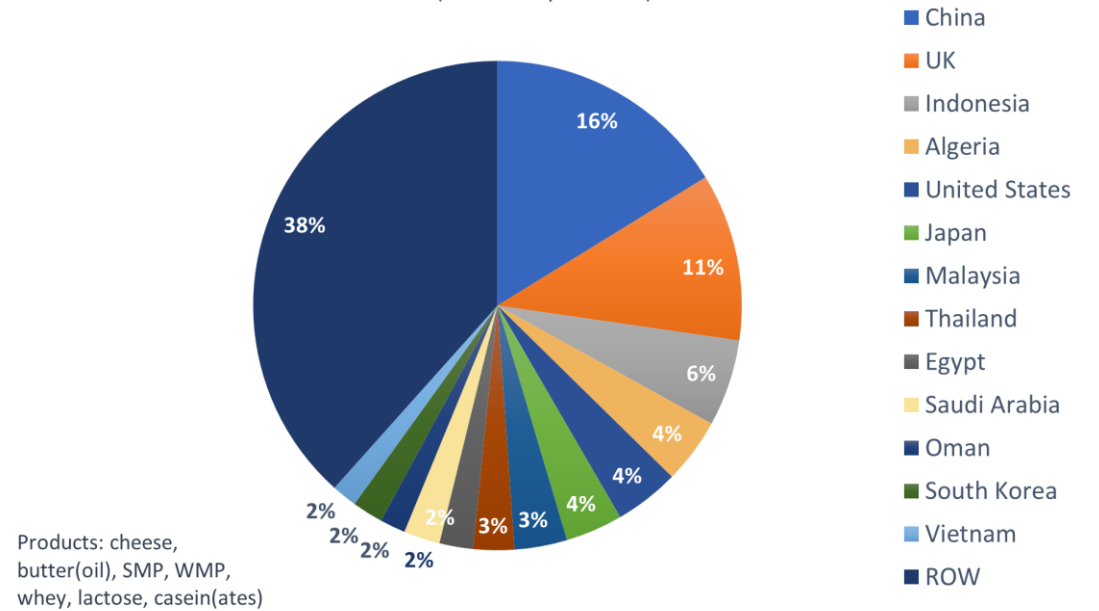
# Main import markets & EU export destinations

Main import markets in YTD Aug 2021  
(in milk equivalent)



Products: cheese, butter(oil), SMP, WMP, whey, lactose,

EU export destinations in YTD Aug 2021  
(in milk equivalent)



Products: cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

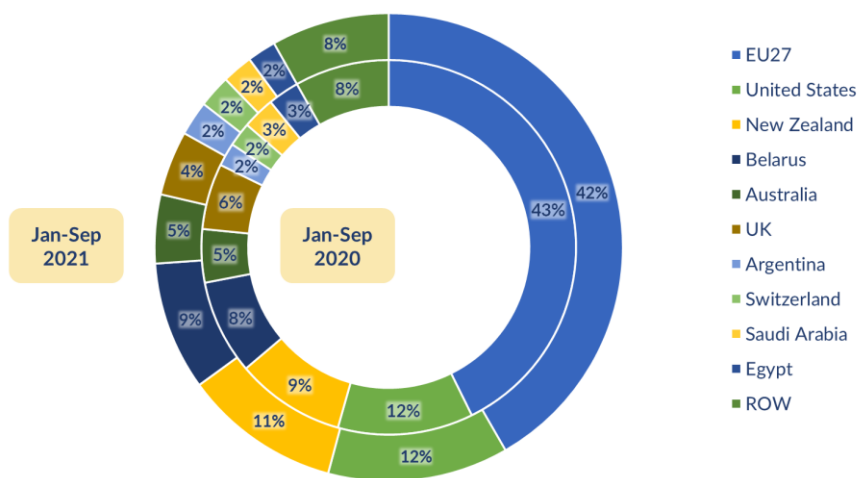


# Cheese trade

Global cheese exports:  
Growth rate YTD Sep 21/20: **+1,6%**

EU cheese exports:  
Growth rate YTD Aug 21/20 **+1%**

Global cheese export shares (in % of total exports)



MAIN CHEESE IMPORTERS JAN-AUG 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	2 085 467	100%	↑ +5%
UK	258 194	12%	↓ -20%
Russia	216 463	10%	↑ +11%
Japan	192 005	9%	→ -1%
China	128 822	6%	↑ +45%
Saudi Arabia	127 377	6%	↑ +4%
EU27	120 251	6%	↓ -11%
United States	119 008	6%	↑ +17%
South Korea	109 263	5%	↑ +7%
Mexico	86 949	4%	↑ +4%
Australia	65 947	3%	→ +0%
ROW	661 190	32%	↑ +14%

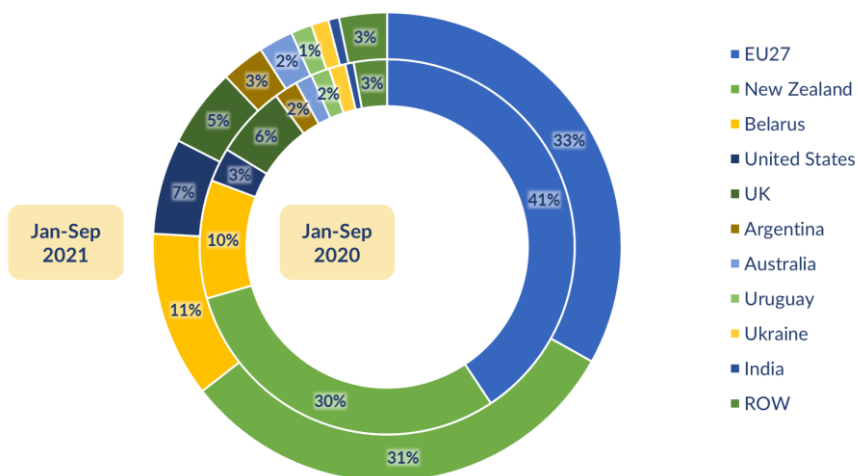
EU27 CHEESE EXPORTS JAN-AUG 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	919 046	100%	→ +1%
United Kingdom	277 934	30%	↓ -12%
United States	86 483	9%	↑ +17%
Japan	83 022	9%	↓ -4%
Switzerland	49 897	5%	↑ +6%
South Korea	33 988	4%	↓ -9%
Ukraine	32 347	4%	↑ +9%
Saudi Arabia	28 864	3%	↑ +5%
China	28 080	3%	↑ +72%
Australia	17 451	2%	↑ +4%
Canada	16 758	2%	↑ +18%
ROW	264 222	29%	↑ +6%

# Butter trade

Global butter exports:  
Growth rate YTD Sep 21/20: +0%

EU butter exports:  
Growth rate YTD Aug 21/20: -20%

Global butter export shares (in % of total exports)



MAIN BUTTER IMPORTERS JAN-AUG 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	435 445	100%	↓ -3%
Russia	77 167	18%	↑ +4%
China	75 436	17%	↑ +23%
United States	30 701	7%	↑ +6%
UK	27 161	6%	↓ -34%
Saudi Arabia	26 215	6%	↓ -14%
Australia	20 815	5%	↔ +1%
EU27	18 804	4%	↓ -8%
Canada	15 374	4%	↑ +38%
Taiwan	12 709	3%	↑ +9%
Egypt	12 228	3%	↓ -27%
ROW	118 835	27%	↓ -13%

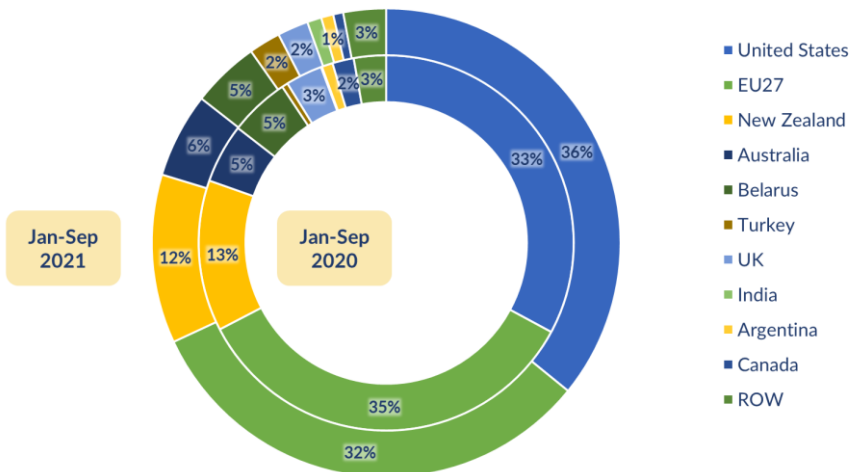
EU27 BUTTER EXPORTS JAN-AUG 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	150 133	100%	↓ -20%
United States	28 855	19%	↓ -3%
United Kingdom	24 463	16%	↓ -28%
China	12 674	8%	↑ +17%
South Korea	7 168	5%	↑ +59%
Saudi Arabia	6 413	4%	↓ -51%
Morocco	4 917	3%	↓ -44%
Singapore	4 002	3%	↓ -11%
Taiwan	3 913	3%	↑ +3%
Israel	3 411	2%	↓ -33%
Ukraine	3 170	2%	↓ -55%
ROW	51 147	34%	↓ -23%

# SMP trade

Global SMP exports:  
Growth rate YTD Sep 21/20: +3%

EU SMP exports:  
Growth rate YTD Aug 21/20: -4%

Global SMP export shares (in % of total exports)



MAIN SMP IMPORTERS JAN-AUG 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	1 343 588	100%	↓ -8%
China	311 577	23%	↑ +42%
Mexico	222 118	17%	↑ +12%
Indonesia	138 079	10%	↑ +2%
Algeria	99 429	7%	↓ -11%
Malaysia	83 557	6%	→ +1%
Egypt	61 252	5%	→ +0%
Thailand	44 746	3%	↑ +1%
Singapore	38 749	3%	↓ -10%
Russia	35 859	3%	↓ -10%
Nigeria	32 870	2%	↓ -2%
ROW	275 353	20%	↓ -47%

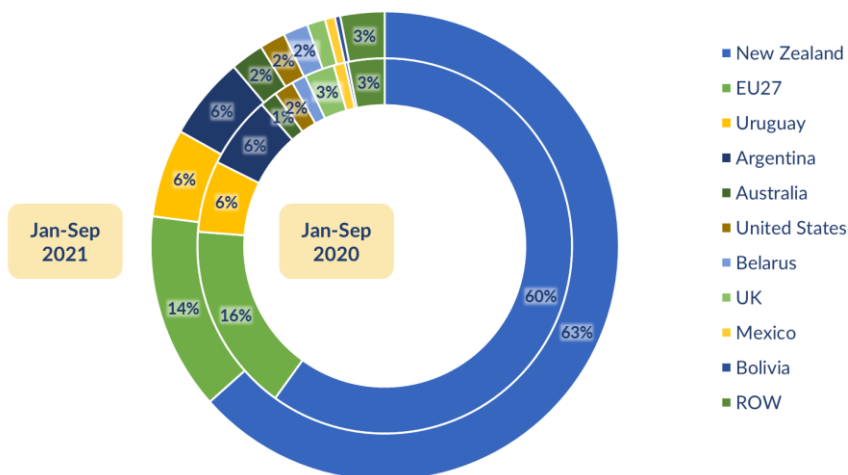
EU27 SMP EXPORTS JAN-AUG 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	560 466	100%	↓ -4%
China	100 261	18%	↑ +24%
Algeria	69 722	12%	↓ -27%
Indonesia	47 181	8%	↑ +62%
Philippines	33 006	6%	↑ +21%
Nigeria	31 292	6%	↑ +4%
Malaysia	26 314	5%	↓ -7%
Egypt	26 012	5%	↓ -18%
Yemen	21 762	4%	↑ +2%
Thailand	18 470	3%	↑ +39%
Saudi Arabia	16 902	3%	↓ -30%
ROW	169 544	30%	↓ -17%

# WMP trade

Global WMP exports:  
Growth rate YTD Sep 21/20: +4,4%

EU WMP exports:  
Growth rate YTD Aug 21/20: -12%

Global WMP export shares (in % of total exports)



MAIN WMP IMPORTERS JAN-AUG 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	1 512 904	100%	↑ +2%
China	683 591	45%	↑ +41%
Algeria	141 487	9%	↓ -22%
Saudi Arabia	76 240	5%	↓ -32%
Sri Lanka	55 567	4%	↓ -7%
Thailand	47 712	3%	↓ -6%
Nigeria	46 133	3%	↑ +17%
Indonesia	45 263	3%	↑ +43%
Oman	43 625	3%	↓ -8%
Singapore	41 146	3%	↑ +1%
Brazil	38 266	3%	↑ +2%
ROW	293 876	19%	↓ -27%

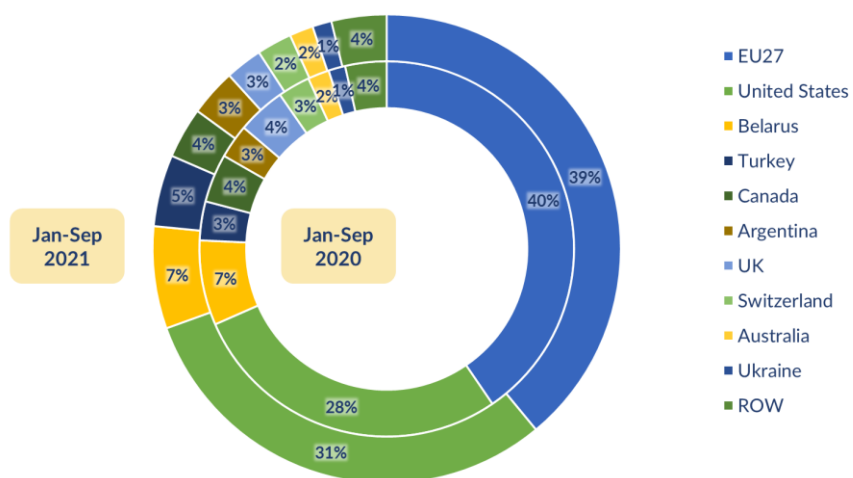
EU27 WMP EXPORTS JAN-AUG 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	209 759	100%	↓ -12%
Oman	32 657	16%	↓ -3%
Nigeria	17 420	8%	↑ +13%
China	15 578	7%	↑ +47%
United Kingdom	12 234	6%	↓ -39%
Algeria	11 781	6%	↓ -58%
United Arab Emirates	6 869	3%	↓ -1%
Senegal	6 669	3%	↑ +23%
Singapore	5 721	3%	→ +0%
Bangladesh	5 432	3%	↑ +58%
Kuwait	5 206	2%	↓ -47%
ROW	90 192	43%	↓ -10%

# Whey powder trade

Global whey powder exports:  
Growth rate YTD Sep 21/20: +9,2%

EU whey powder exports:  
Growth rate YTD Aug: +5%

Global whey export shares (in % of total exports)



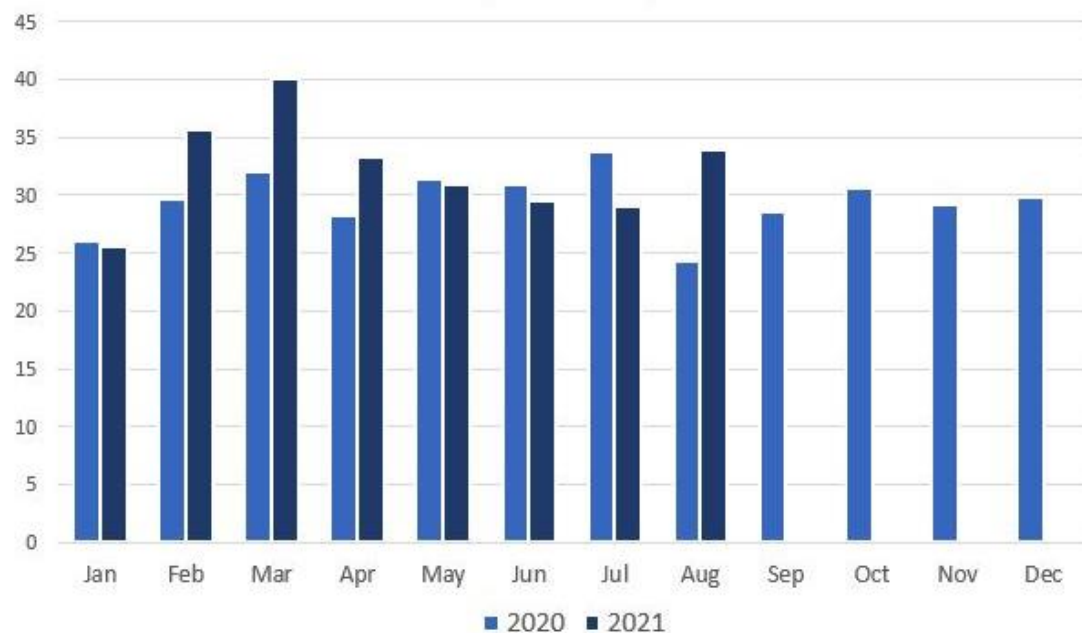
MAIN WHEY POWDER IMPORTERS JAN-AUG 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	1 088 977	100%	↑ +5%
China	523 548	48%	↑ +33%
Indonesia	84 998	8%	↑ +18%
Malaysia	60 867	6%	↑ +5%
Thailand	47 794	4%	↓ -4%
Mexico	33 901	3%	↑ +12%
Japan	32 098	3%	↔ -1%
UK	28 695	3%	↓ -13%
EU27	27 092	2%	↓ -20%
Russia	26 900	2%	↓ -28%
South Korea	24 006	2%	↑ +9%
ROW	199 078	18%	↓ -34%

EU27 WHEY POWDER EXPORTS JAN-AUG 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	489 446	100%	↑ +5%
China	180 497	37%	↑ +7%
Indonesia	61 544	13%	↑ +34%
Malaysia	43 872	9%	↑ +11%
Thailand	30 885	6%	↑ +11%
United Kingdom	23 952	5%	↓ -27%
Vietnam	16 458	3%	↔ +1%
Japan	12 755	3%	↑ +5%
South Korea	9 400	2%	↓ -8%
Singapore	8 909	2%	↑ +28%
Philippines	8 649	2%	↓ -5%
ROW	92 525	19%	↓ -4%

# Fat-filled powder trade

EU fat-filled powder exports:  
Growth rate Aug 21/20: +9%

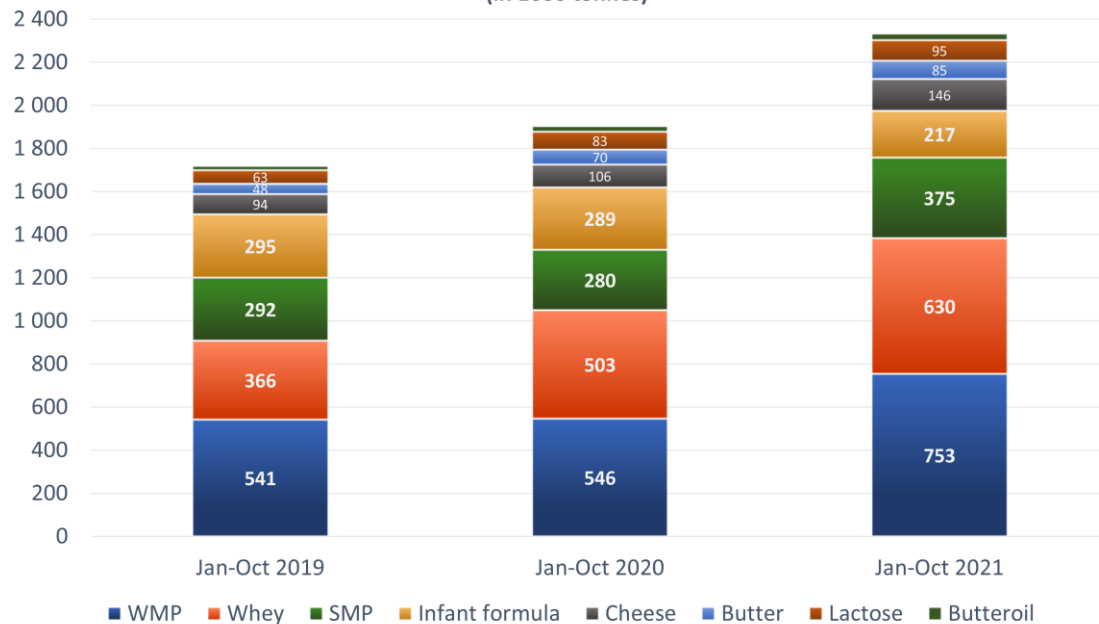
EU27 fat-filled powder exports  
(in 1000 tonnes)



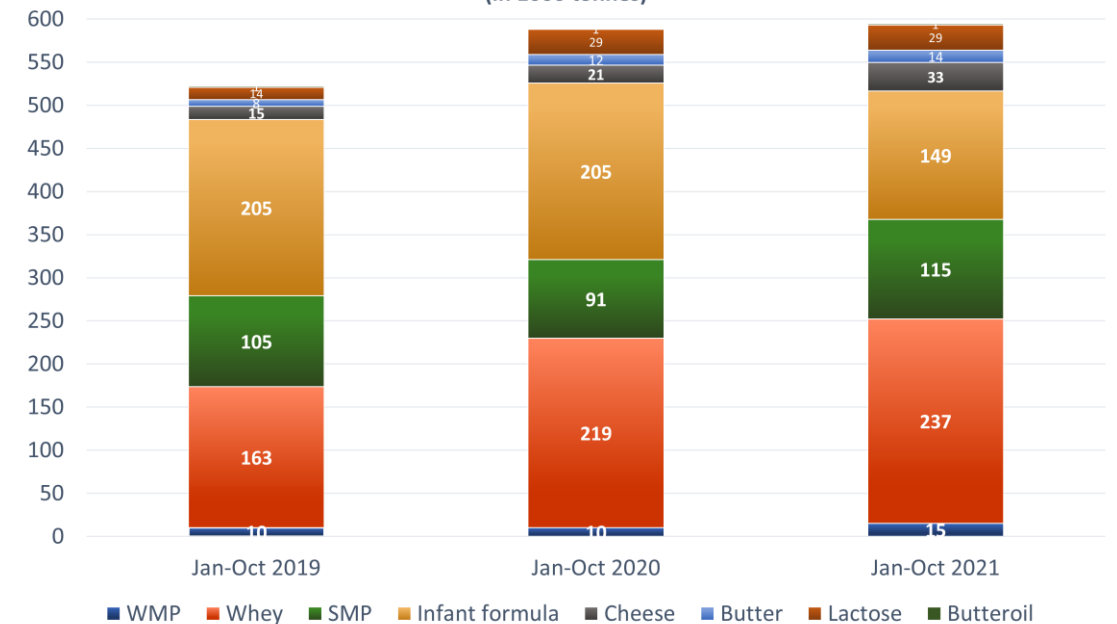
EU27 FFP EXPORTS JAN-AUG 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
<b>Total EU27 exports</b>	<b>257 374</b>	<b>100%</b>	<b>↑ +9%</b>
Nigeria	49 739	19%	↑ +15%
Senegal	41 071	16%	↑ +21%
Iraq	16 542	6%	↓ -19%
United Arab Emirates	16 484	6%	↓ -24%
Cote d'Ivoire	15 067	6%	↑ +93%
Bangladesh	14 125	5%	↑ +43%
Egypt	9 511	4%	↑ +44%
Guinea	6 625	3%	↑ +2%
Niger	5 824	2%	↑ +44%
Benin	5 545	2%	↑ +66%
ROW	76 841	30%	↓ -3%

# China imports

Cumulated China imports  
(in 1000 tonnes)

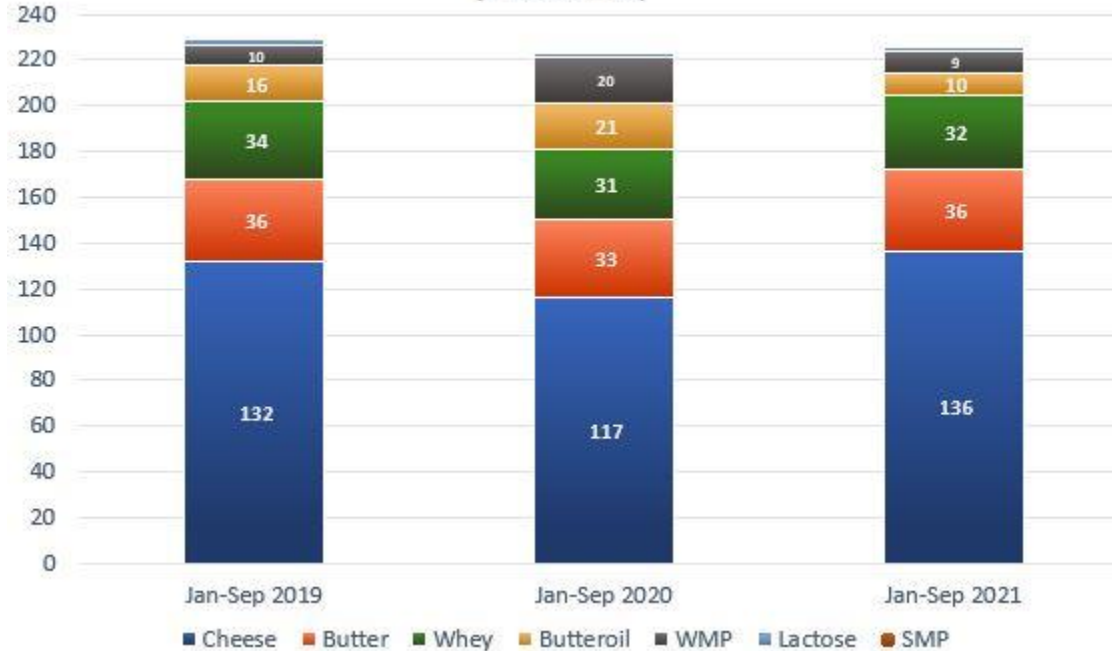


Cumulated China imports from the EU  
(in 1000 tonnes)

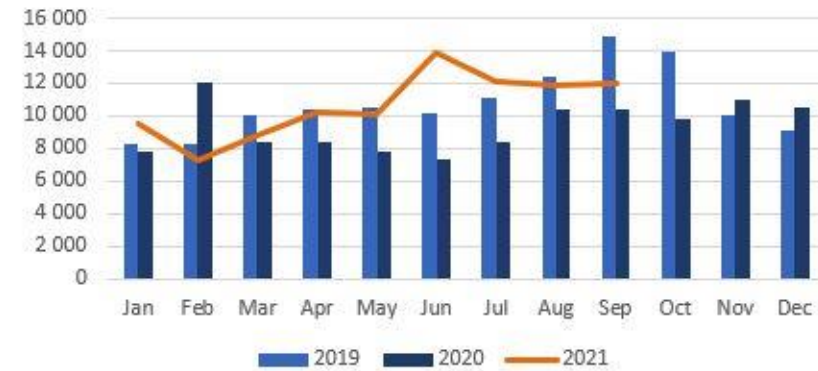


# US imports

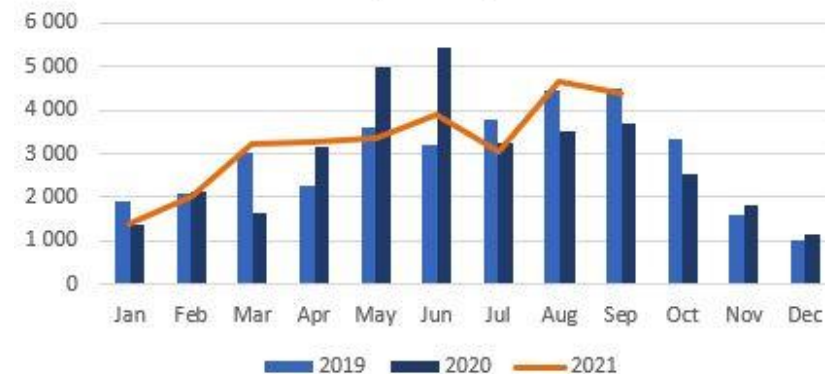
Cumulated US imports  
(in 1000 tonnes)



US cheese imports from the EU27  
(in tonnes)



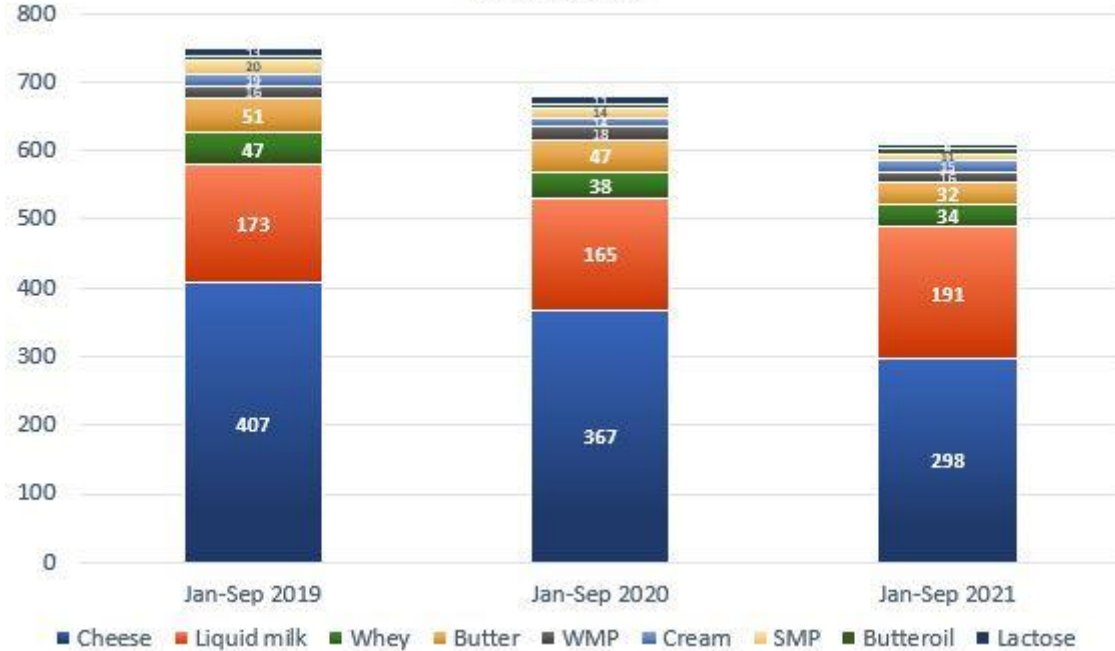
US butter imports from the EU27  
(in tonnes)



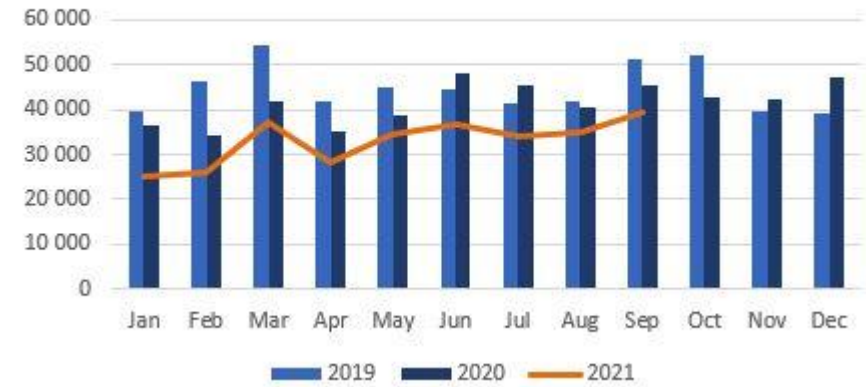


# UK trade

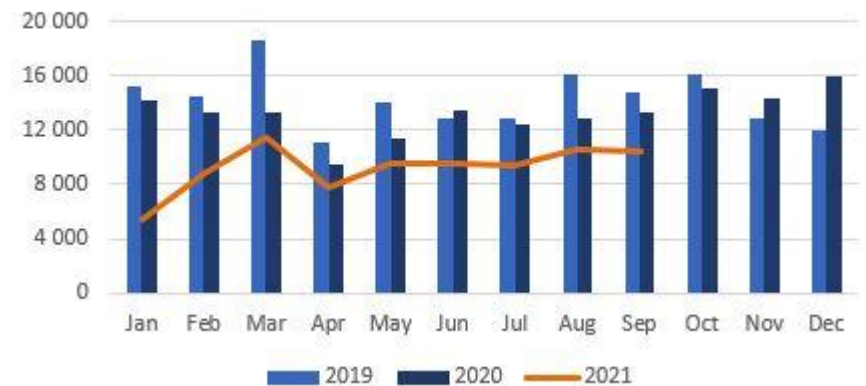
Cumulated UK imports  
(in 1000 tonnes)



UK cheese imports from the EU27  
(in tonnes)



UK cheese exports to the EU27  
(in tonnes)



# Conclusions (1/2)

- **Dairy markets are firm** on the back of **tight milk supplies** and continuously **solid demand** globally.
- **Logistical challenges and labour shortages** are further emphasising the feeling of scarcity.
- **Chinese imports have been spectacular** throughout the year, offsetting losses in some other regions.
- The **high price levels** are not readily accepted by buyers and are leading to **demand burn off** in price sensitive regions.
- **EU exports** are being impacted by the **post-Brexit trading arrangements** and **lower milk production**. Exports to destinations other than the UK are rather stable overall, with cheese and whey showing the best performances.

# Conclusions (2/2)

- **US exports have been the most dynamic** but may now also be challenged by declining milk flows.
- The **pandemic has become a permanent feature** which is already factored in by market actors, but Omicron and other new variants may change the picture.
- The **disruption of global supply chains due to capacity constraints** (lack of availability of containers and vessels, high freight rates, unreliable schedules and delayed exports) remains a major factor.
- **The currently firm situation is expected to carry over at least into Q1 2022.** Covid, the shipping crisis and China are probably the biggest sentiment variables on the horizon as far as demand is concerned. On the supply side, reactions to increasing milk prices seem delayed and limited because of the tremendous rise in input costs and generally uncertain perspectives.

# Thank You

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# **ANNEX 5**

## **Trends in sales of Milk & Dairy products – a retail perspective**

***EuroCommerce***



# TRENDS IN SALES OF MILK & DAIRY PRODUCTS – A RETAIL PERSPECTIVE

**Milk Market Observatory**  
**7 December 2021**

# General trends

Budget  
constraints

Functional  
food

Lockdowns  
and  
homeworkin  
g

Dairy and  
lactose free

Sustainabilit  
y

Active  
lifestyles

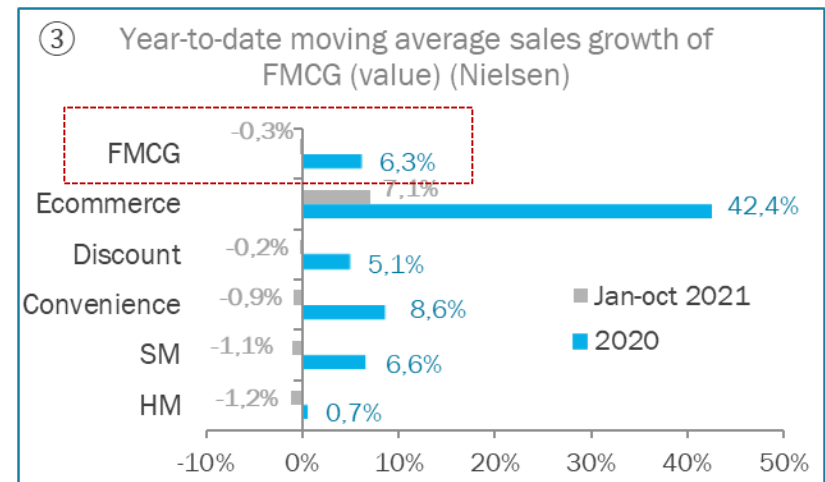
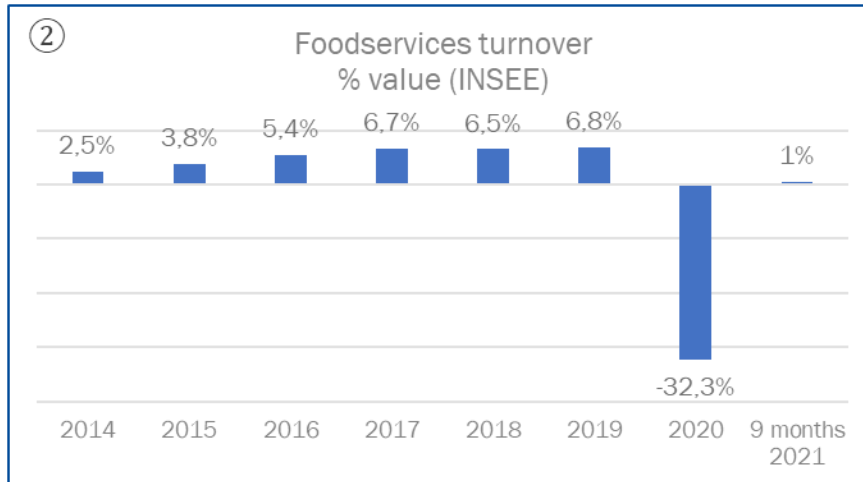
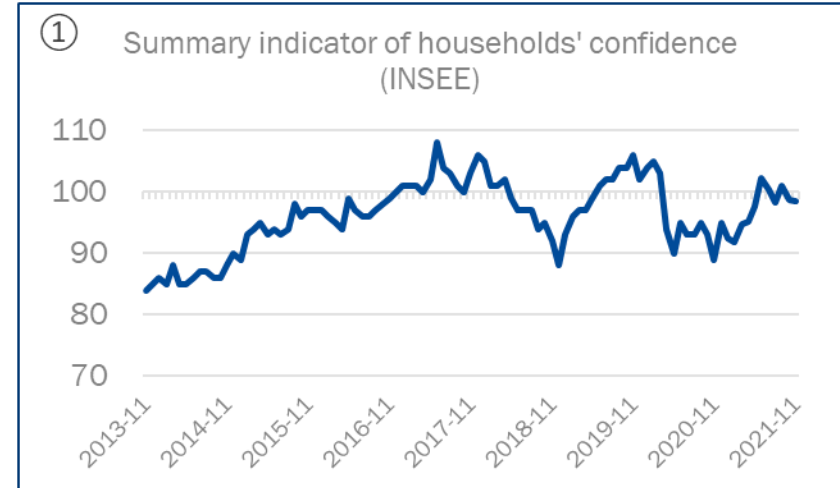
Inflation

Price  
increases

# France

## Economic context

- ① In august 2021, households' confidence in the economic situation remained stable. At 99, the synthetic index is now below its long-term average.
- ② The first 9 months of 2021 was marked by a slight increase in restaurant sales (+0,6% compared to the same period in 2020 and -28% compared to 2019).
- ③ FMCG sales slowed sharply in the first months of 2021 : they are now quite stable.





# France

## Home consumption - Period ending 31 October 2021

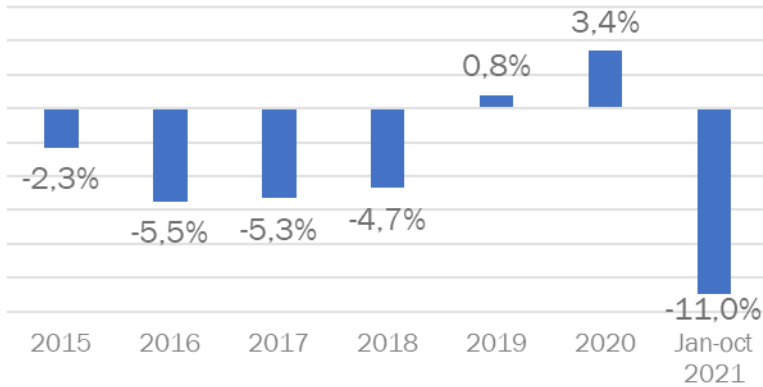
Product category	Volume (% change) 10 months period (Jan-oct 2020)	Volume (% change) Year on year (12 months : oct 2020-oct 2021)	Price (% change) 10 months period (Jan-oct 2021)	Price (% change) Year on year (12 months : oct 2020-oct 2021)
Total liquid milk	-7,2%	-5,9%	+2,7%	+1,0%
Of which UHT semi-skimmed milk	-11,0%	-9,4%	+2,6%	+0,6%
Yoghurt & fresh cheese	-3,4%	-2,3%	+1,1%	+2,4%
Butter	-5,2%	-3,5%	-1,6%	-0,8%
Cream	-3,5%	-1,4%	-0,8%	+0,1%
Cheese	-3,1%	-1,4%	+1,3%	+1,8%

Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

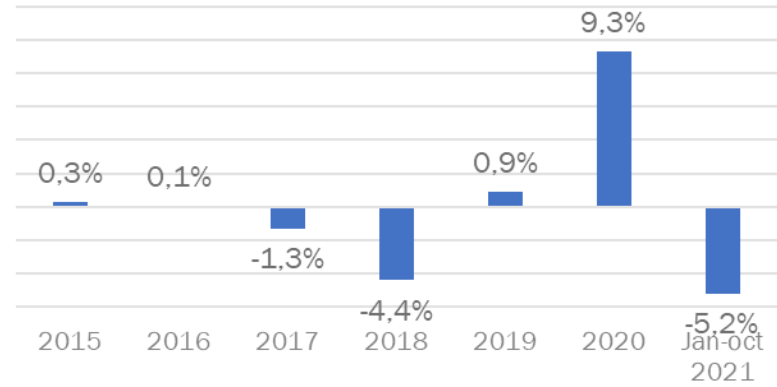
# France

## Home Consumption (vol.) - Period ending 31 October 2021

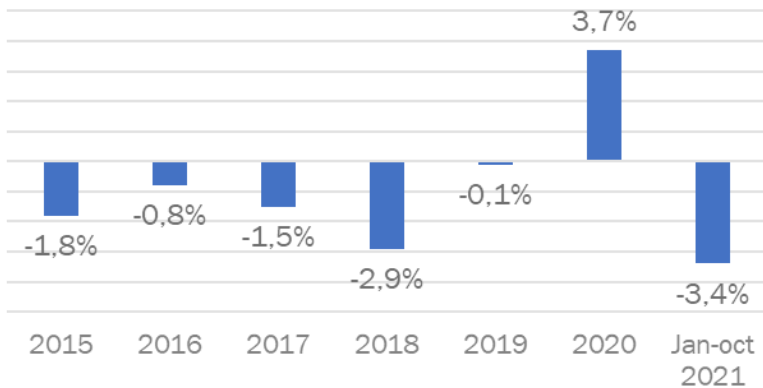
Milk UHT Semi skimmed (% vol)



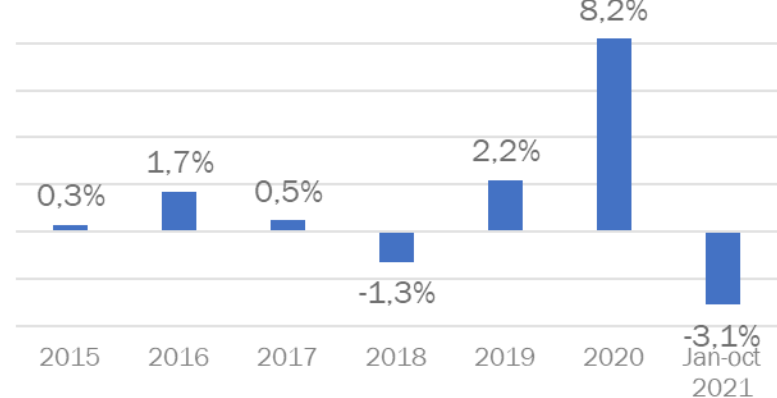
Butter (% vol)



Yoghurt & fresh cheese (% vol)



Cheese (% vol)



Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

# France

## Focus on hypermarkets and supermarkets

Sales of dairy products in hypermarkets and supermarkets fell by 2.8% in the first 10 months of 2021 compared to the same period in 2020, but were up by 4,4% compared to the first 10 months of 2019.

Jan-Oct 2021 / Jan-Oct 2020

CC_TOUS CIRCUITS	Evol.CA
<b>TOTAL PGC</b>	<b>-0,8%</b>
<b>DPH</b>	<b>-4,7%</b>
ENTRETIEN	-2,7%
HYGIENE	-5,7%
<b>EPICERIE</b>	<b>-1,8%</b>
EPICERIE SALEE	-3,2%
EPICERIE SUCREE	-0,5%
<b>FLS POIDS FIXE</b>	<b>-0,4%</b>
<b>CREMERIE</b>	<b>-2,8%</b>
FRAIS NON LAITIERS LS	2,7%
SURGELES GLACES	-2,6%
<b>LIQUIDES</b>	<b>3,2%</b>
BIERES ET CIDRES	6,1%
BRSA ET EAUX	-0,3%
SPIRITUEUX ET CHAMPAGNES	5,3%

Jan-Oct 2021 / Jan-Oct 2019

CC_TOUS CIRCUITS	Evol.CA VS A-2
<b>TOTAL PGC</b>	<b>6,5%</b>
<b>DPH</b>	<b>2,8%</b>
ENTRETIEN	6,1%
HYGIENE	1,1%
<b>EPICERIE</b>	<b>6,4%</b>
EPICERIE SALEE	7,1%
EPICERIE SUCREE	5,8%
<b>FLS POIDS FIXE</b>	<b>7,5%</b>
<b>CREMERIE</b>	<b>4,4%</b>
FRAIS NON LAITIERS LS	10,1%
SURGELES GLACES	9,2%
<b>LIQUIDES</b>	<b>7,3%</b>
BIERES ET CIDRES	17,1%
BRSA ET EAUX	0,8%
SPIRITUEUX ET CHAMPAGNES	9,0%

Source: IRI

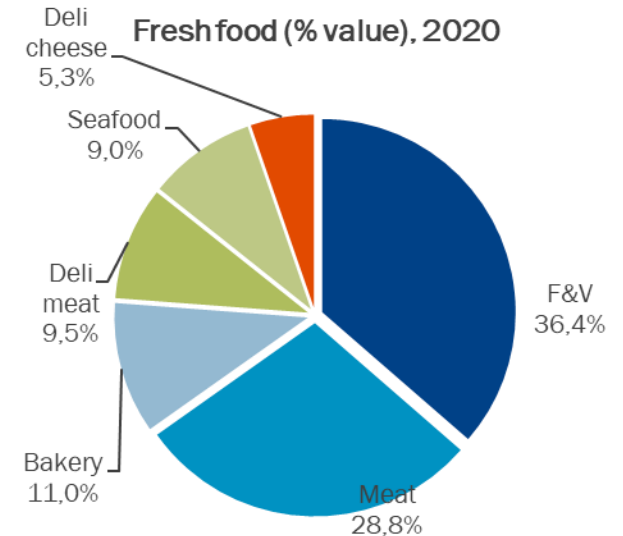
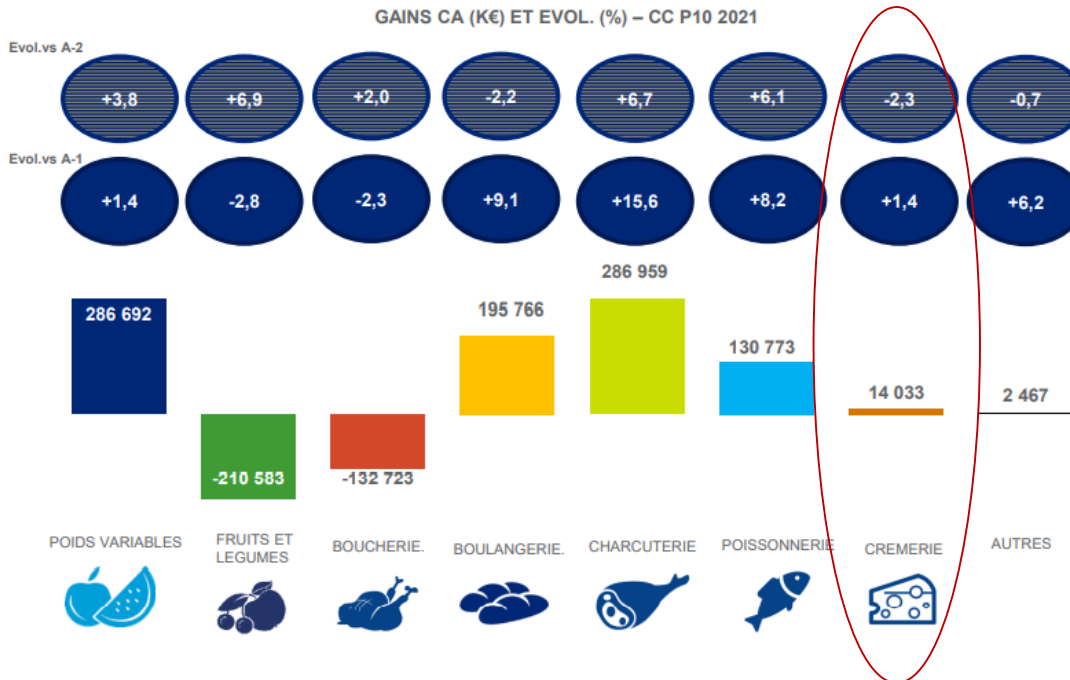
# France

## Focus on fresh food in hypermarkets and supermarkets

The sales of fresh food products (unpacked products) increased by 1,4% during the first 10 months of 2021 compared to the same period in 2020 (+3,8% // same period in 2019). The sales of **cheese** increased by 1,4% during the first 10 months of 2021 compared to the same period in 2020, but they decreased by -2,3% in comparison with the same period in 2019.

### Décomposition évolution poids variable – cumul courant -

CONCEPT HM + CONCEPT SM + E-Commerce GSA



# France

## Organic market (hyper, supermarkets, discount, ecommerce)

Trend Reversal. According to Nielsen data, organic sales have decreased by **-0.8%** over the last 12 months (vs +0.5% for the overall market). Organic represents 5.1% of FMCG sales, down slightly from 5.2% a year ago. In terms of distribution channels, organic sales in hypermarkets fell by 3% (-1.1% for all FMCG), in convenience, they fell by 3.2%. Note an increase of 7% in the e-commerce channel and 2.1% in the discount channel.



Pénétration

**97.8%**  
+0.5 point  
vs An-1



Sommes dépensées  
par acheteur (€)

**173.4€**  
-1.81 € vs  
An-1



### CAM P11

	Evolution PGC FLS	Evolution BIO	Poids du BIO (vs PGC FLS)	Contribution du BIO aux gains valeur	Contribution des fabricants et distributeurs aux gains du BIO
<b>HMSM+SDMP+ECOMMERCE+PROXI</b>	<b>0.5%</b>	<b>-0.8%</b>	<b>5.1%</b>	<b>-100.0%</b>	<b>-57.5 -42.5</b>
ENSEIGNES HM	-1.1%	-3.0%	4.5%	-12.5%	-68.8 -31.2
ENSEIGNES SM	-0.1%	-1.4%	5.6%	-55.8%	-54.0 -46.0
ENSEIGNES PROXI	0.0%	-3.2%	6.1%	-100.0%	-77.7 -22.3
TOTAL ECOMMERCE	11.2%	7.0%	8.4%	5.4%	39.0 61.0
ENSEIGNES SDMP	0.8%	2.1%	3.1%	8.0%	-100.0 100.0

■ MDD BIO ■ MN BIO

	Basket
2017	109,5 €
2018	130,6 €
2019	152,7 €
CAM P6 2021	175,7 €
CAM P11 2021	173,4 €

Source: Nielsen

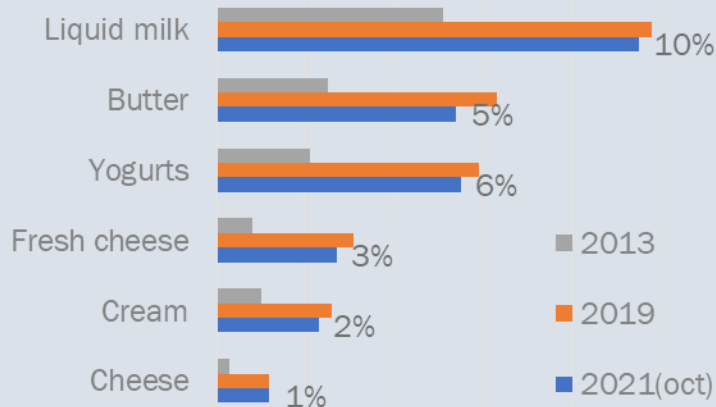
# France

## Sales of organic versus conventional milk & dairy products

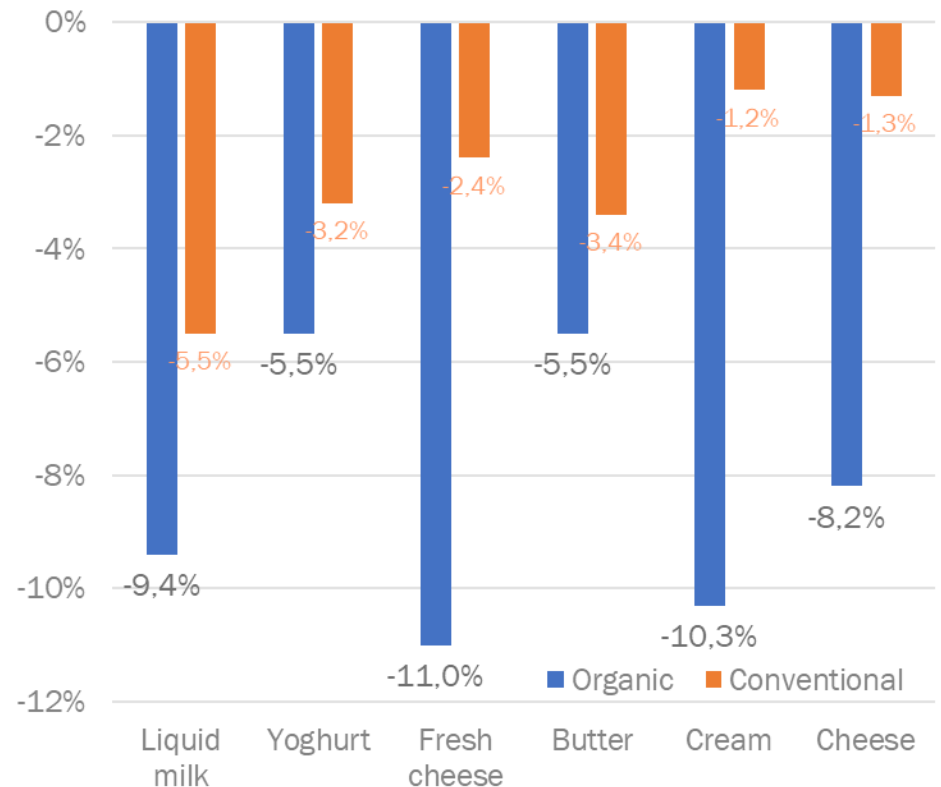
### Organic milk & dairy products

- ❖ Organic dairy products sales decreased during the first 10 months in 2021. Their decline was stronger than that of conventional products

### Organic market shares (% vol. 31/10/2021)



Consumption of organic vs conventional milk & dairy products  
%, vol, Jan-oct 2021



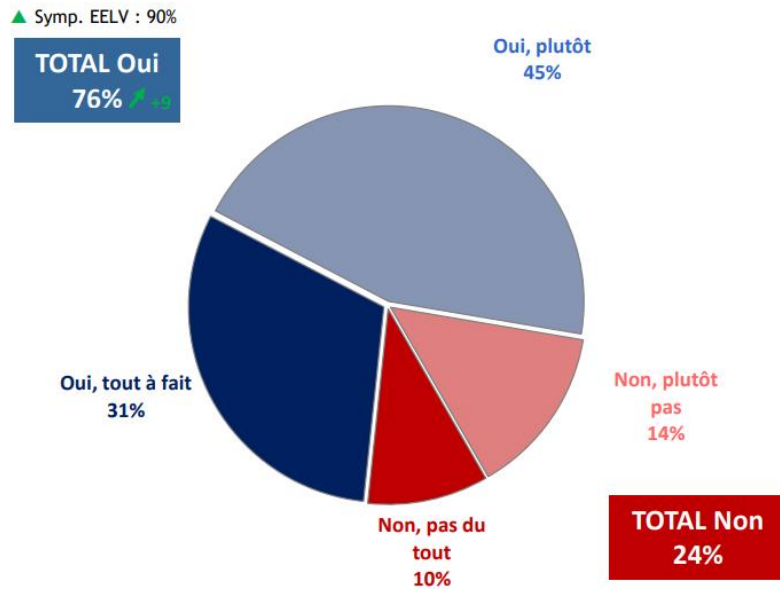
Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

# France

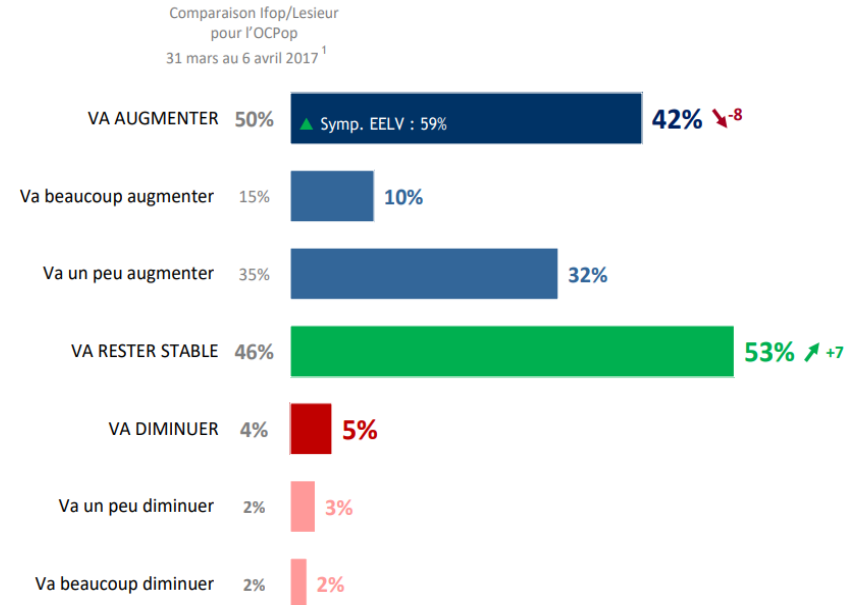
## Plan-based Options

The downward trend in the consumption of animal proteins seems to be part of the consumption patterns of the French.

Personally, are you ready to reduce your consumption of animal proteins by choosing to eat less meat and fish and by giving preference to meat and fish products of better environmental and taste quality (labelled products)?



In the coming years, do you think that your consumption of plant products (fruits and vegetables, grains...)...



Source: Ifop, december 2021

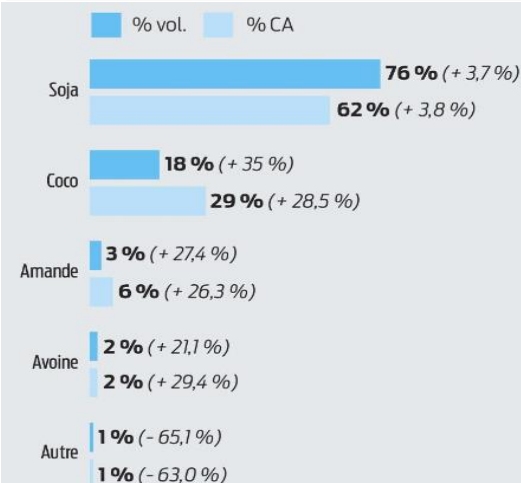
# France

## Plant-based options in 2021

Plant-based options (desserts, beverages) represented 301,5 M€ in 2020, i.e. nearly 7% of the global dairy market + plant-based options.

- after a slowdown in sales, it seems that demand growth is recovering,
- Sales of soy **desserts** increased by 3,8% during the first semester of 2021. The other segments (coconut, almond, oat) were very dynamic.
- Concerning the **plant-based beverages**, the trend is downward, like the milk market.

### Plant-based desserts (soy, almond, coconut) : S1 2021



Source : Panel distributeurs d'après fabricant. Données arrêtées à juin 2021 en hypers, supermarchés proxi et drive.

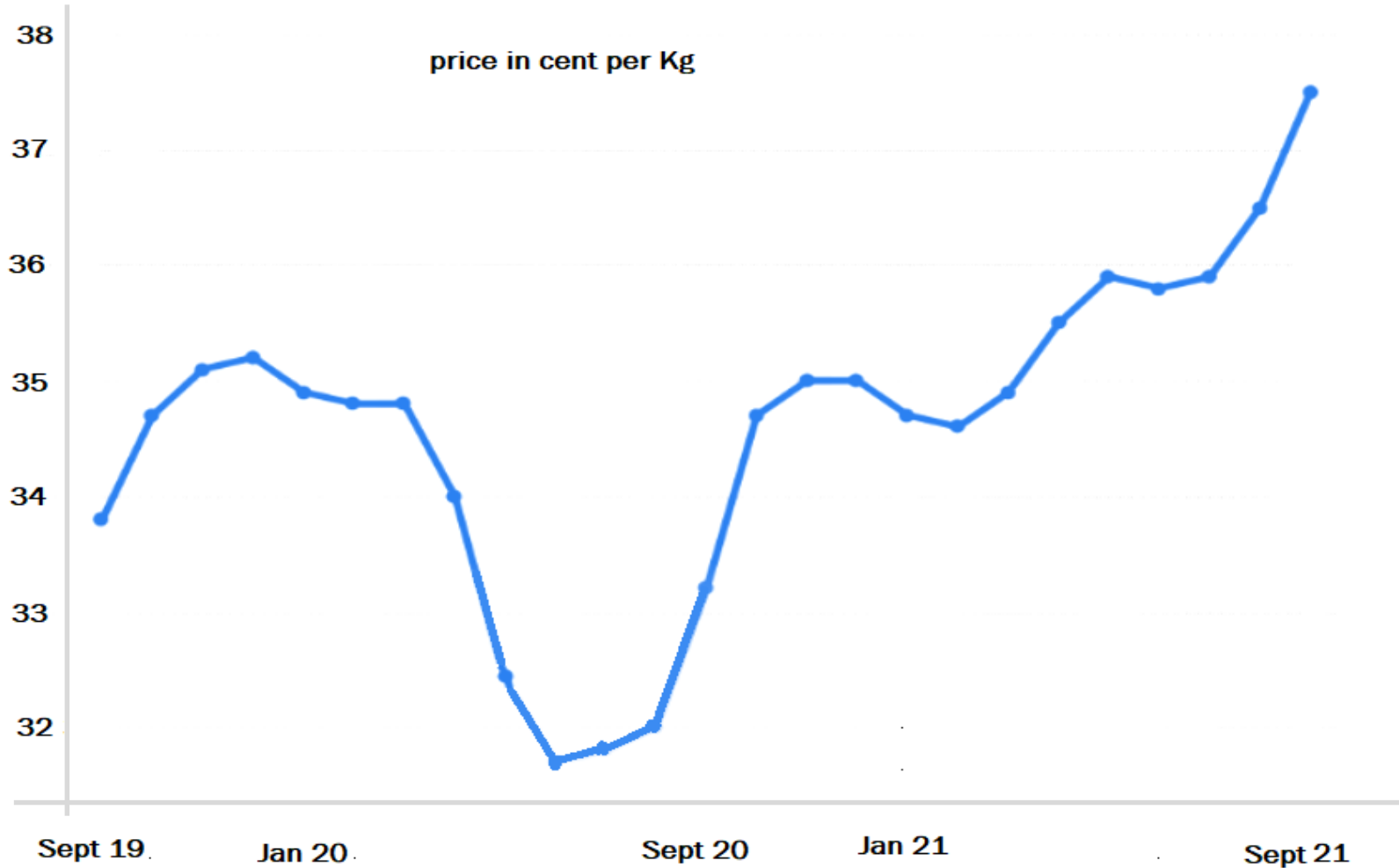
	Sales in value (000 €)							
	2020	Growth 2020	P8 du 02-08-2021 au 29-08-2021	P9 du 30-08-2021 au 03-10-2021	P10 du 04-10-2021 au 31-10-2021	P8 du 02-08-2021 au 29-08-2021	P9 du 30-08-2021 au 03-10-2021	P10 du 04-10-2021 au 31-10-2021
<b>TOTAL FMCG</b>	<b>116 449 640,2</b>	<b>6,9%</b>	<b>8 778 654,6</b>	<b>10 951 501,6</b>	<b>8 542 429,4</b>	<b>-1,9%</b>	<b>0,0%</b>	<b>-5,4%</b>
<b>TOTAL YOGHURTS</b>	<b>2 278 415,8</b>	<b>4,9%</b>	<b>167 094,1</b>	<b>227 639,5</b>	<b>176 281,9</b>	<b>-0,9%</b>	<b>1,7%</b>	<b>-2,4%</b>
Soy desserts	54 672,1	-1,5%	3 707,6	5 181,1	3 859,9	-8,7%	-6,7%	-11,6%
Other plant-based desserts	28 601,0	19,4%	2 400,2	3 332,2	2 533,7	18,8%	16,3%	12,1%
<b>UHT MILK</b>	<b>2 145 687,2</b>	<b>6,1%</b>	<b>141 325,4</b>	<b>192 744,1</b>	<b>156 312,3</b>	<b>-3,3%</b>	<b>-4,3%</b>	<b>-13,2%</b>
Plant-Based Beverages	218 234,3	11,7%	14 349,2	19 412,9	15 744,8	-4,0%	-6,3%	-9,3%

Source: IRI



# Germany: milk price since September 2019

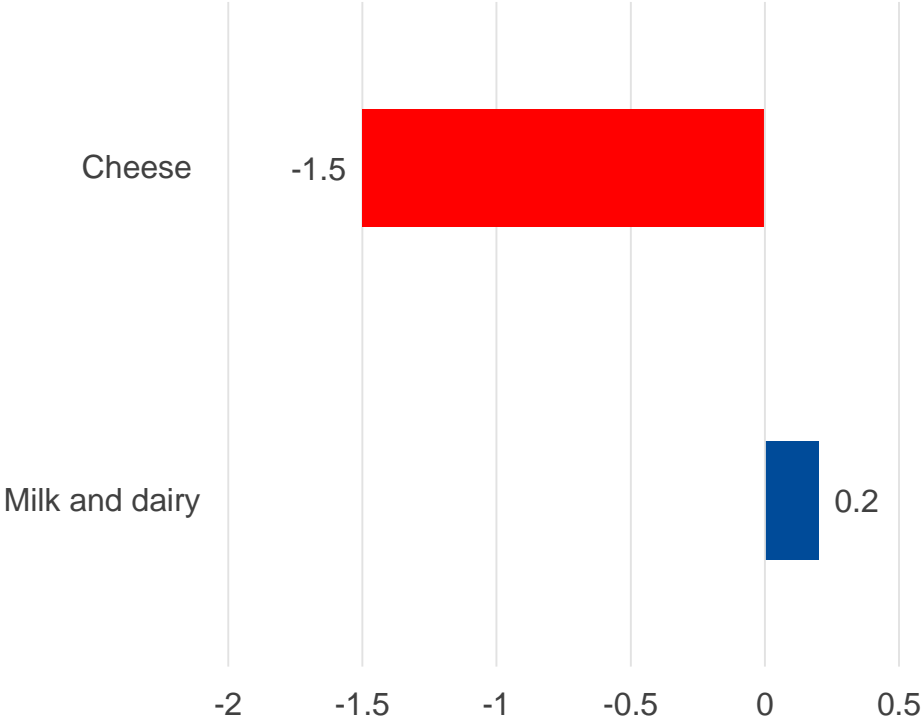
Milk – Milk Price (cent/1 kg)



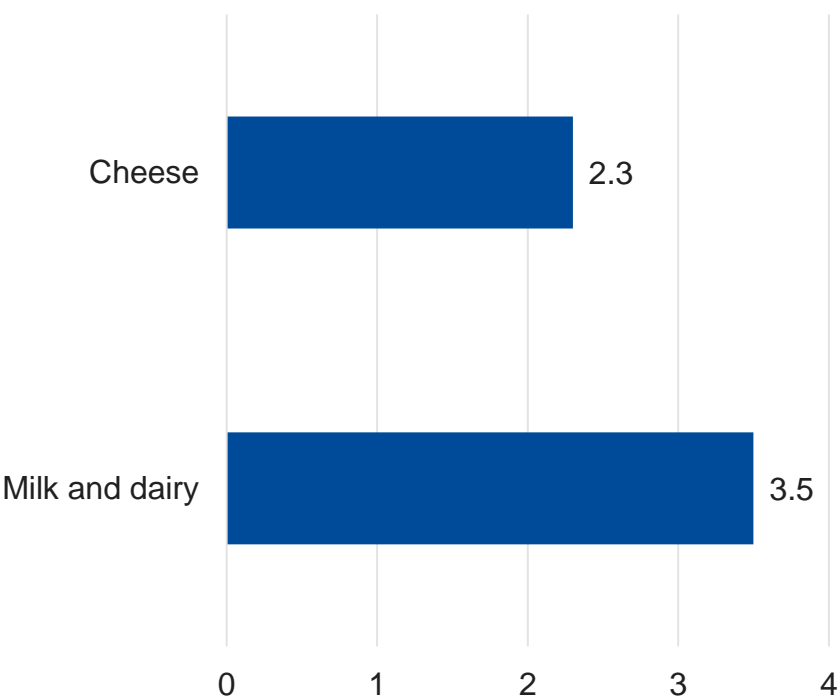
Source: AMI

# Germany: prices for milk and dairy

Since September 2021



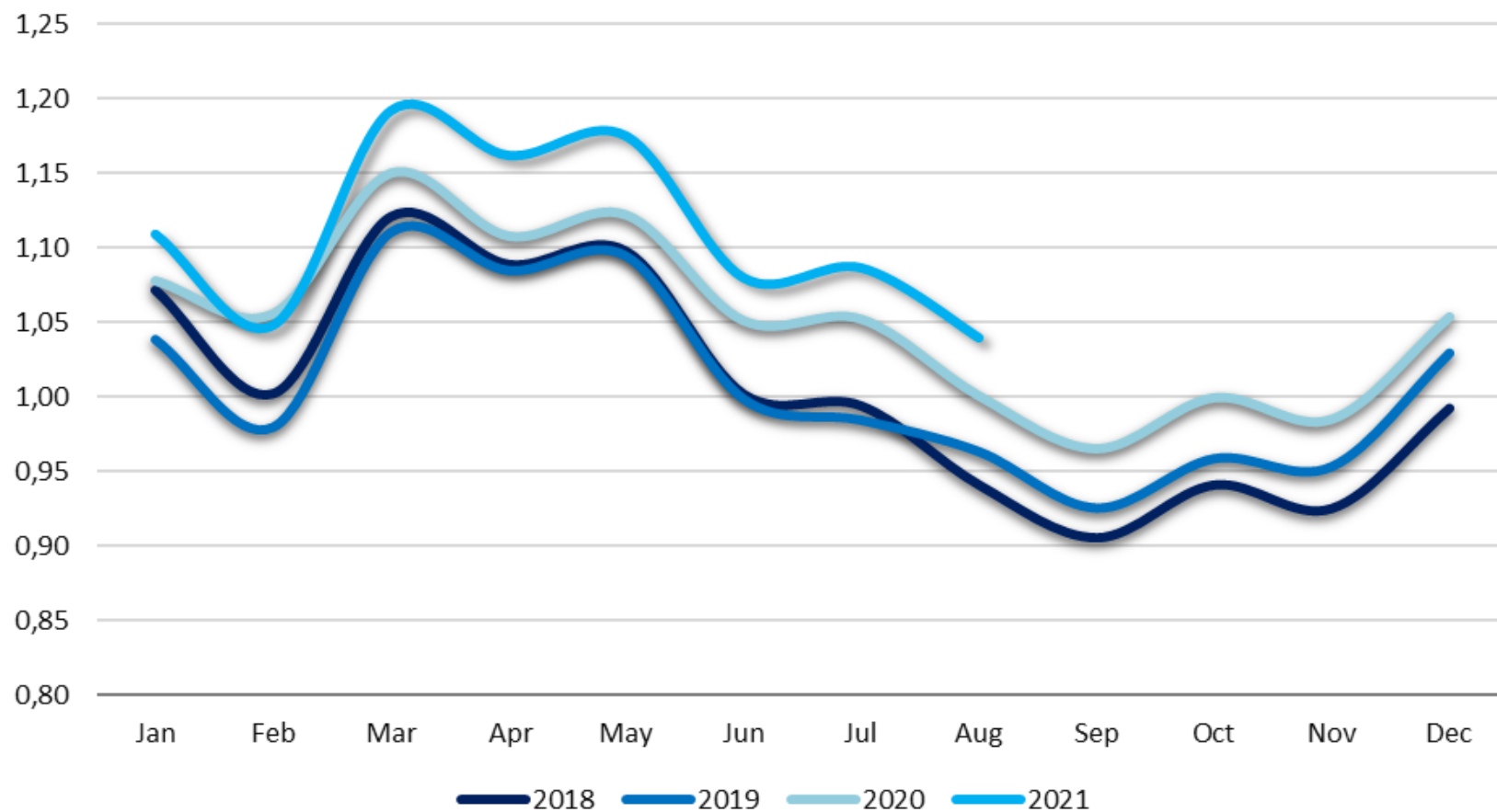
Since October 2020



Source: AMI

# Italy

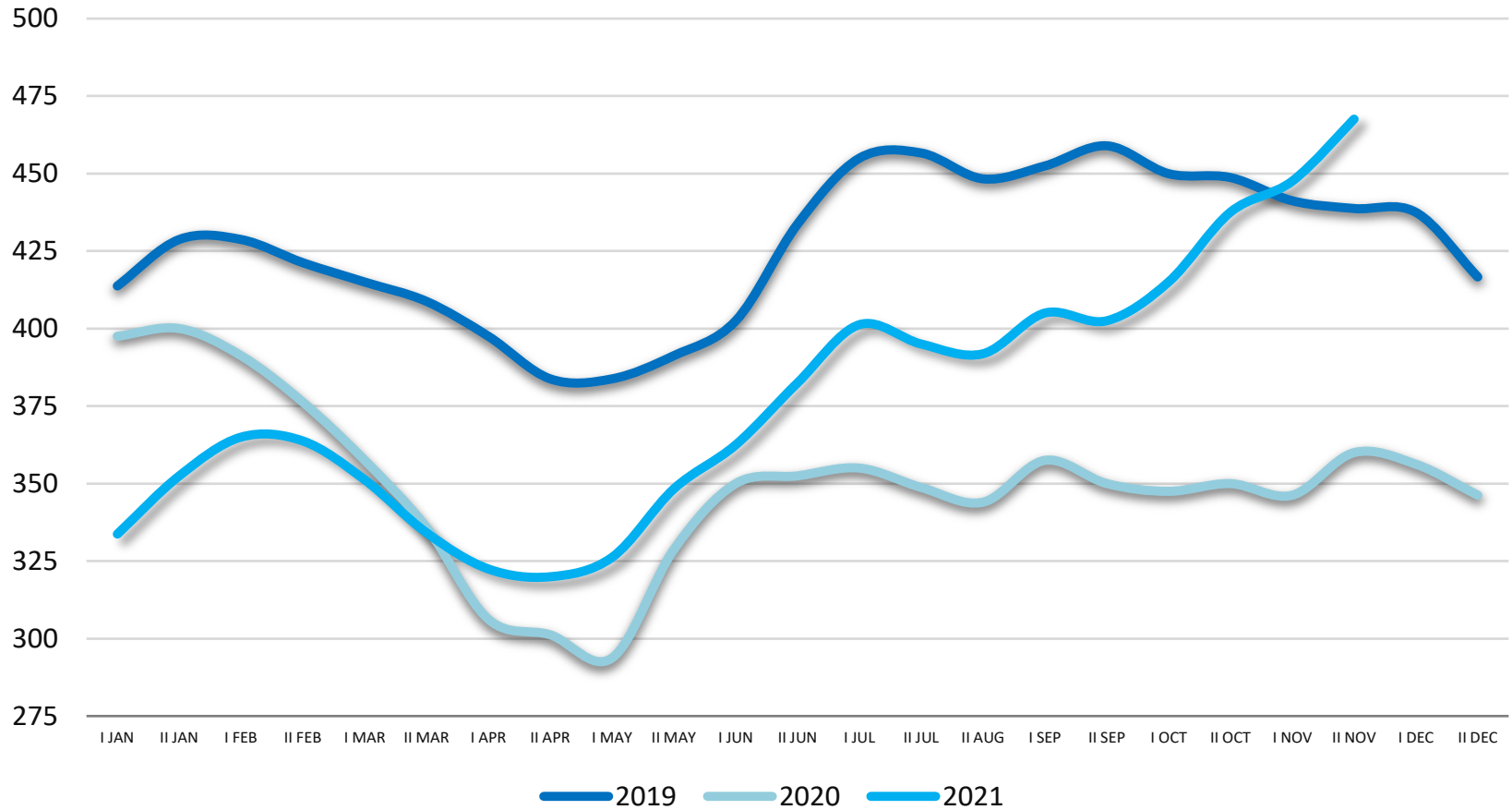
## Milk – Monthly deliveries of cow's milk (mln tons)



Source: Assolatte

# Italy

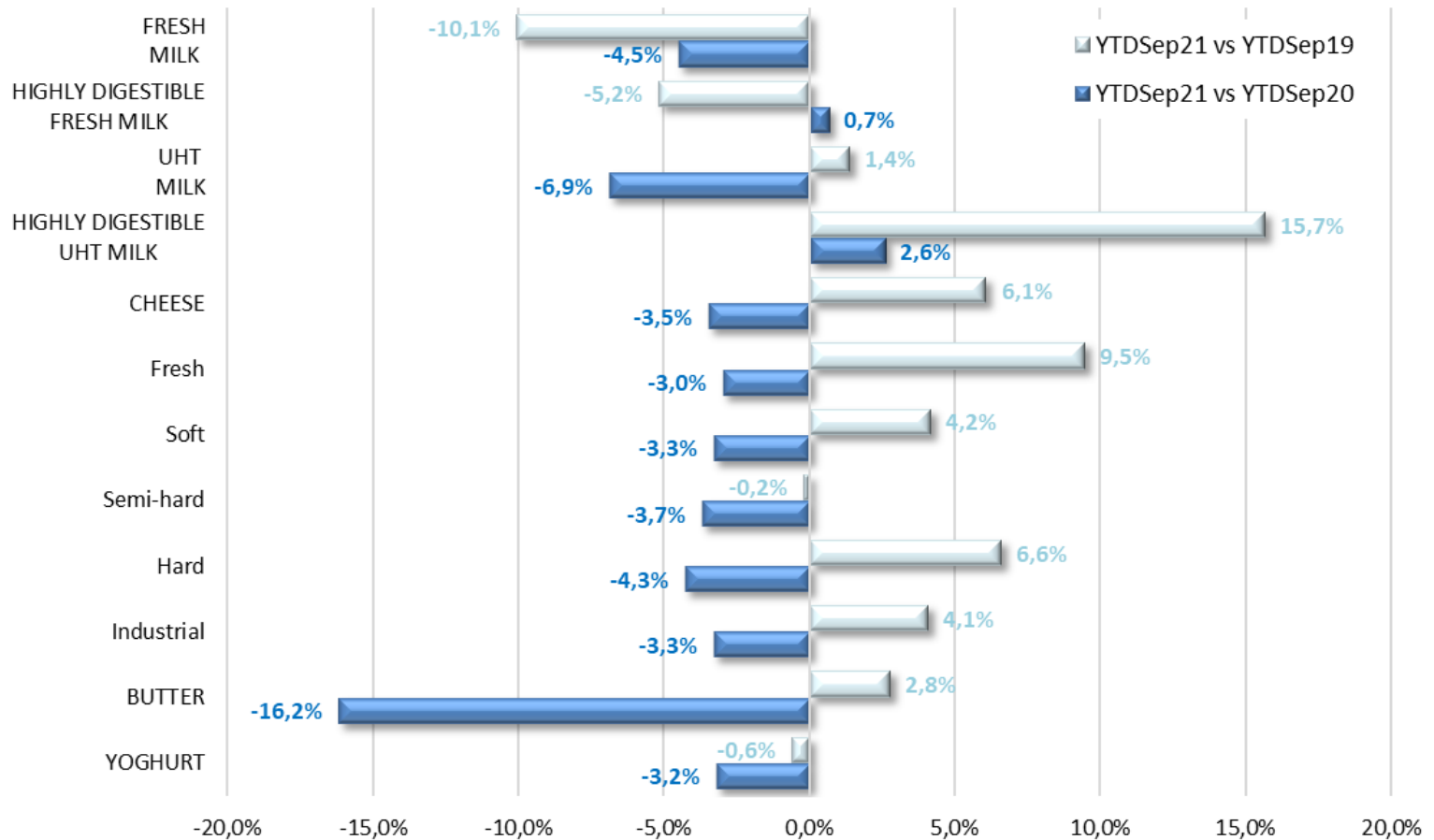
## Milk – Milk Spot Price (euro/1000 kg)



Source: Assolatte

# Italy – Modern retail

## Milk and dairy products – Value (percentual change)



Source: Ismea on Nielsen Consumer Panel data

# Italy – Modern retail

## Milk and dairy products

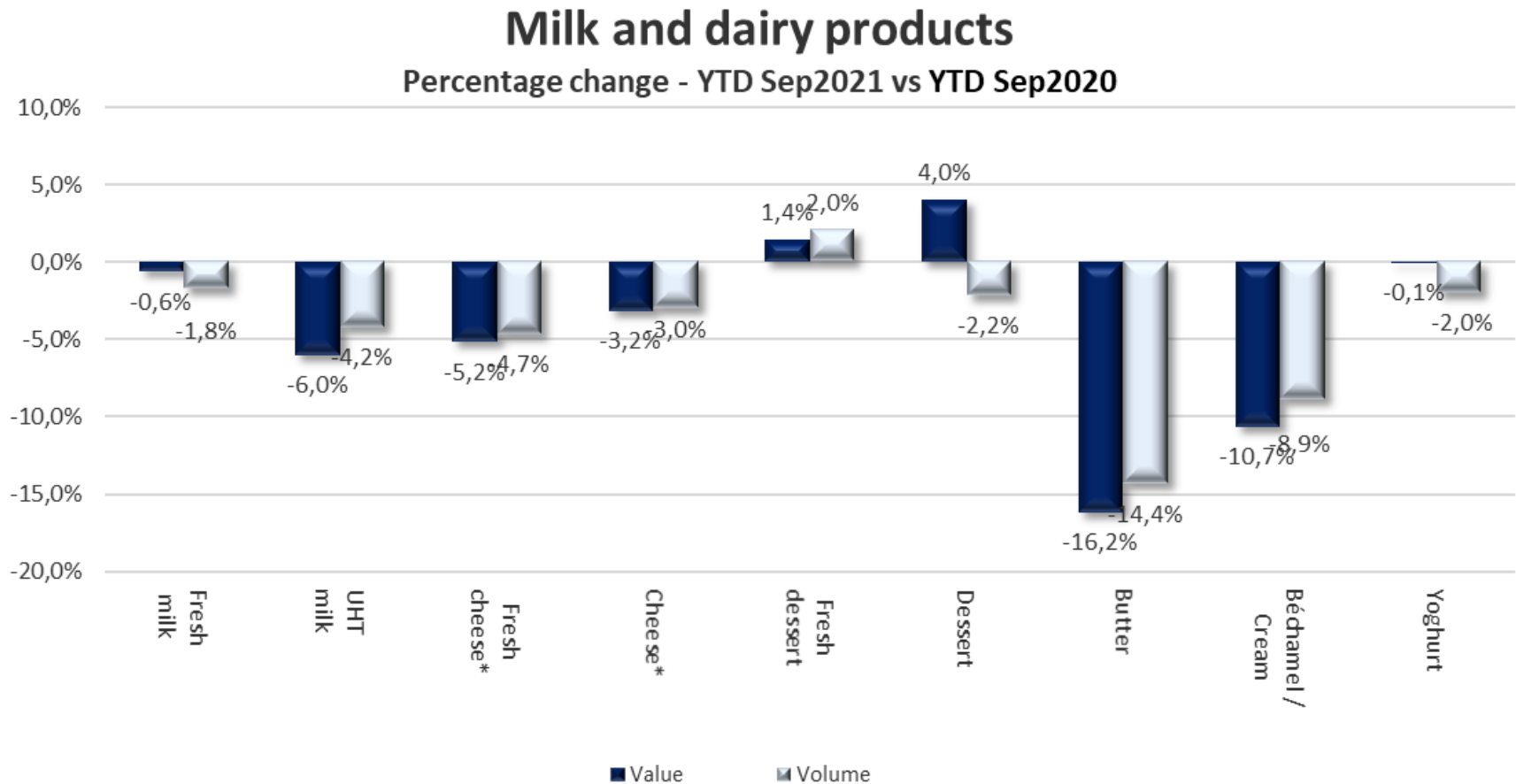
Product category	<u>VOLUME</u> (2020 vs. 2019) % change)	<u>VALUE</u> (2020 vs. 2019) % change)	<u>VOLUME</u> (YTD Sep21 vs YTD Sep20 % change)	<u>VALUE</u> (YTD Sep21 vs YTD Sep20 % change)	<u>VOLUME</u> (3Q 2021 vs 3Q 2020 % change)	<u>VALUE</u> (3Q 2021 vs 3Q 2020 % change)
Fresh milk	-4,8	-3,0	-1,8	-0,6	-2,4	-0,1
UHT milk	7,1	9,8	-4,2	-6,0	-2,3	-2,8
Fresh cheese*	13,1	14,2	-4,7	-5,2	-4,0	-3,2
Cheese*	8,7	9,7	-3,0	-3,2	-0,8	0,3
Fresh dessert	2,3	4,2	2,0	1,4	6,5	8,4
Dessert	-6,4	-2,2	-2,2	4,0	11,1	26,2
Butter	17,7	14,3	-14,4	-16,2	-6,9	-6,1
Béchamel / Cream	15,0	14,6	-8,9	-10,7	-5,7	-7,0
Yoghurt	2,5	3,8	-2,0	-0,1	-1,6	0,8

Source: Market Track Nielsen

\* Peso imposto

# Italy – Modern retail

## Milk and dairy products



Source: Market Track Nielsen

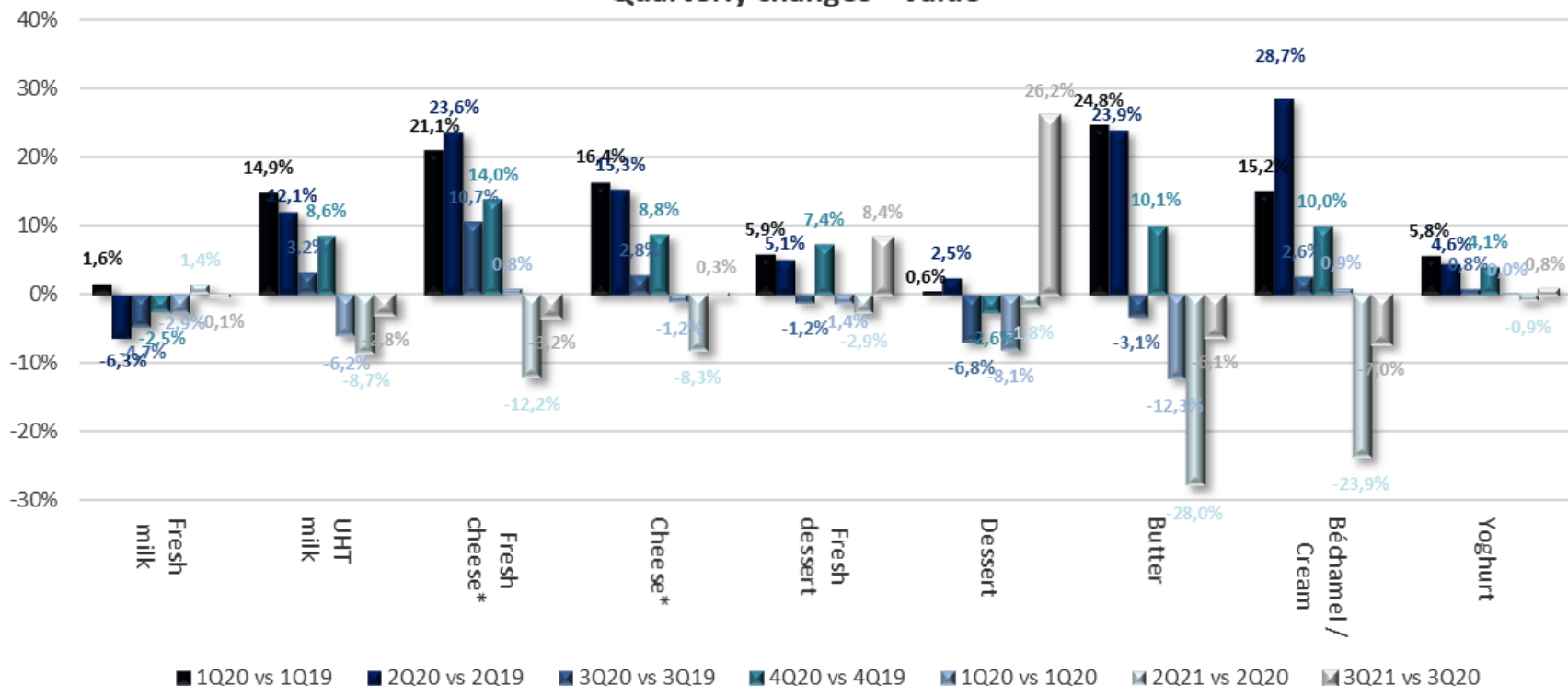
\* Peso imposto

# Italy – Modern retail

## Milk and dairy products – Quarterly changes (value)

### Milk and dairy products

#### Quarterly changes - Value



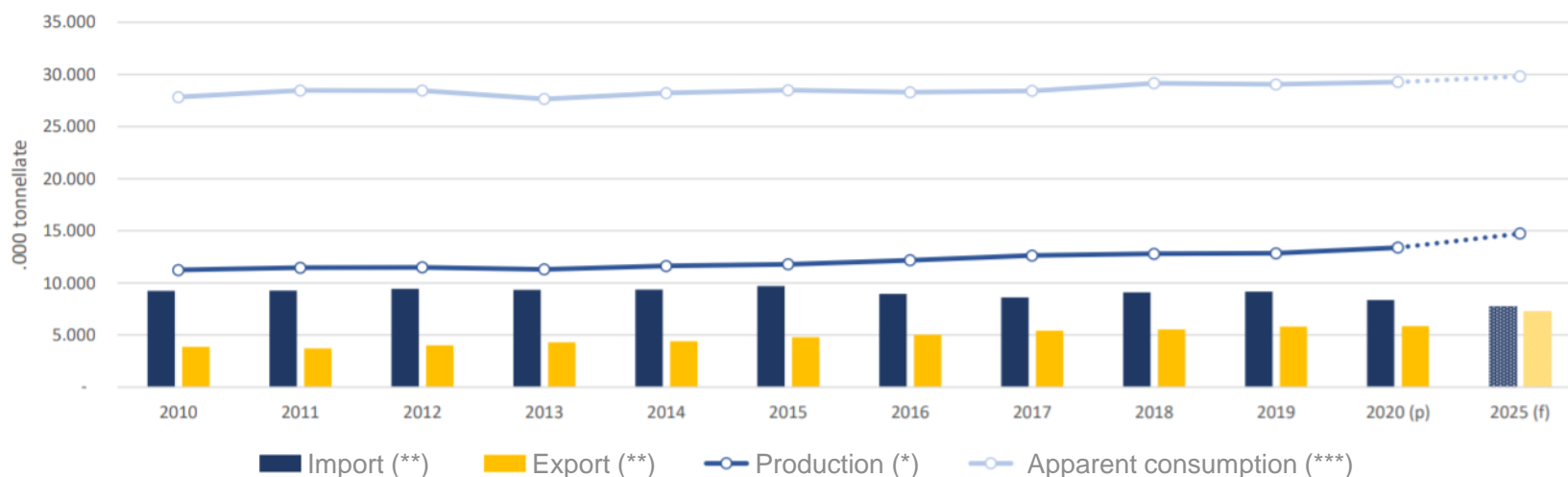
Source: Market Track Nielsen

\* Peso imposto



# Italy – Outlook 2020-25

## Milk and dairy products – Dynamics of the sector



Note: (p) Preliminary value  
 (\*\*) Expressed in milk equivalent

(f) Forecast  
 (\*\*\*) Production + import - export

(\*) Deliveries of milk of cows, sheep, goats and buffalo

Source: Ismea on Agea and Istat data

# Spain : evolution in value

Evolución en valor vs. YA y vs. 2YA- YTD



	YTD 21 vs. 20	YTD 21 vs. 19
<b>ALIMENTACIÓN</b>	-1,1%	7,9%
ALIMENTACION SECA	-0,1%	9,4%
CONSERVAS	-6,7%	3,3%
CONGELADOS	-2,9%	12,0%
DERIVADOS LACTEOS	-2,7%	2,5%
PRODUCTOS 4-5 GAMA	9,6%	7,4%
HUEVOS	-3,2%	6,4%



	YTD 21 vs. 20	YTD 21 vs. 19
<b>FRESCOS</b>	-2,6%	7,7%
CARNE	-3,7%	8,6%
CHARCUTERIA	-0,9%	4,9%
FRUTAS	-2,4%	11,5%
VERDURAS Y HORTALIZAS	-6,9%	6,2%
QUESOS	-0,8%	9,1%
PESCADO	-0,3%	6,8%
MARISCO	-1,1%	4,0%



	YTD 21 vs. 20	YTD 21 vs. 19
<b>BEBIDAS</b>	1,4%	8,7%
LECHES Y BATIDOS	-3,4%	1,5%
CERVEZAS	-0,1%	20,3%
BEBIDAS REFRESCANTES	6,7%	10,5%
VINOS	-3,7%	9,2%
BEBIDAS ESPIRITUOSAS	8,9%	14,2%
AGUAS	2,7%	1,8%
ZUMOS	3,4%	-7,8%
BEBIDAS VEGETALES	1,8%	14,9%
ESPUMOSOS	6,5%	6,1%

Source: IRI

# Spain: evolution in value

Evolución en valor vs. YA y vs. 2YA- TAM



## ALIMENTACIÓN

	TAM 21 vs. 20	TAM 21 vs. 19
<b>ALIMENTACIÓN</b>	0,3%	7,8%
ALIMENTACION SECA	1,2%	9,0%
CONSERVAS	-4,2%	3,9%
CONGELADOS	-0,4%	12,4%
DERIVADOS LACTEOS	-1,2%	3,1%
PRODUCTOS 4-5 GAMA	6,5%	7,0%
HUEVOS	-1,9%	4,8%



## FRESCOS

	TAM 21 vs. 20	TAM 21 vs. 19
<b>FRESCOS</b>	-0,7%	8,8%
CARNE	-1,2%	9,3%
CHARCUTERIA	0,1%	6,0%
FRUTAS	-1,3%	12,7%
VERDURAS Y HORTALIZAS	-4,4%	8,4%
QUESOS	0,9%	10,1%
PESCADO	1,8%	8,0%
MARISCO	2,1%	5,8%

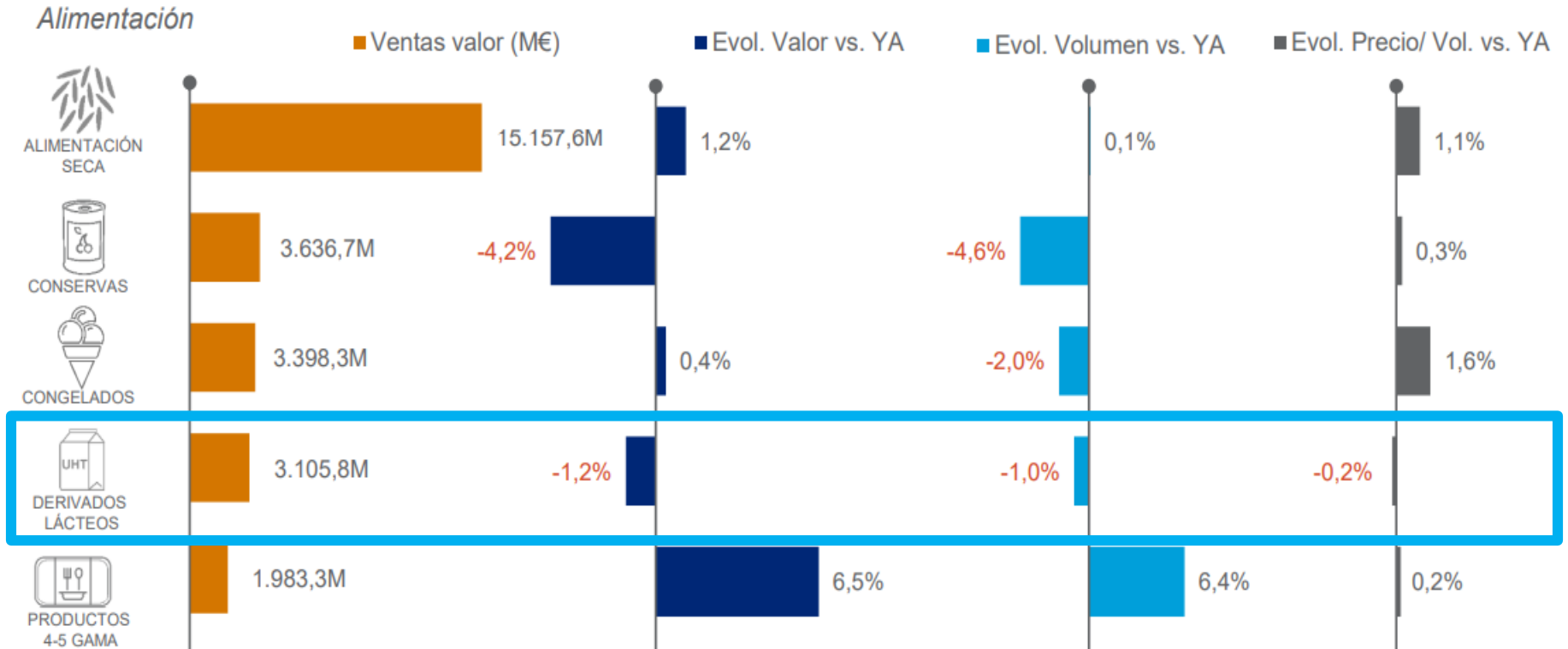


## BEBIDAS

	TAM 21 vs. 20	TAM 21 vs. 19
<b>BEBIDAS</b>	2,6%	8,8%
LECHES Y BATIDOS	-2,1%	1,8%
CERVEZAS	3,8%	22,0%
BEBIDAS REFRESCANTES	5,9%	9,6%
VINOS	0,4%	10,0%
BEBIDAS ESPIRITUOSAS	8,6%	13,1%
AGUAS	2,0%	1,8%
ZUMOS	0,2%	-8,6%
BEBIDAS VEGETALES	3,7%	15,3%
ESPUMOSOS	2,0%	2,4%

Source: IRI

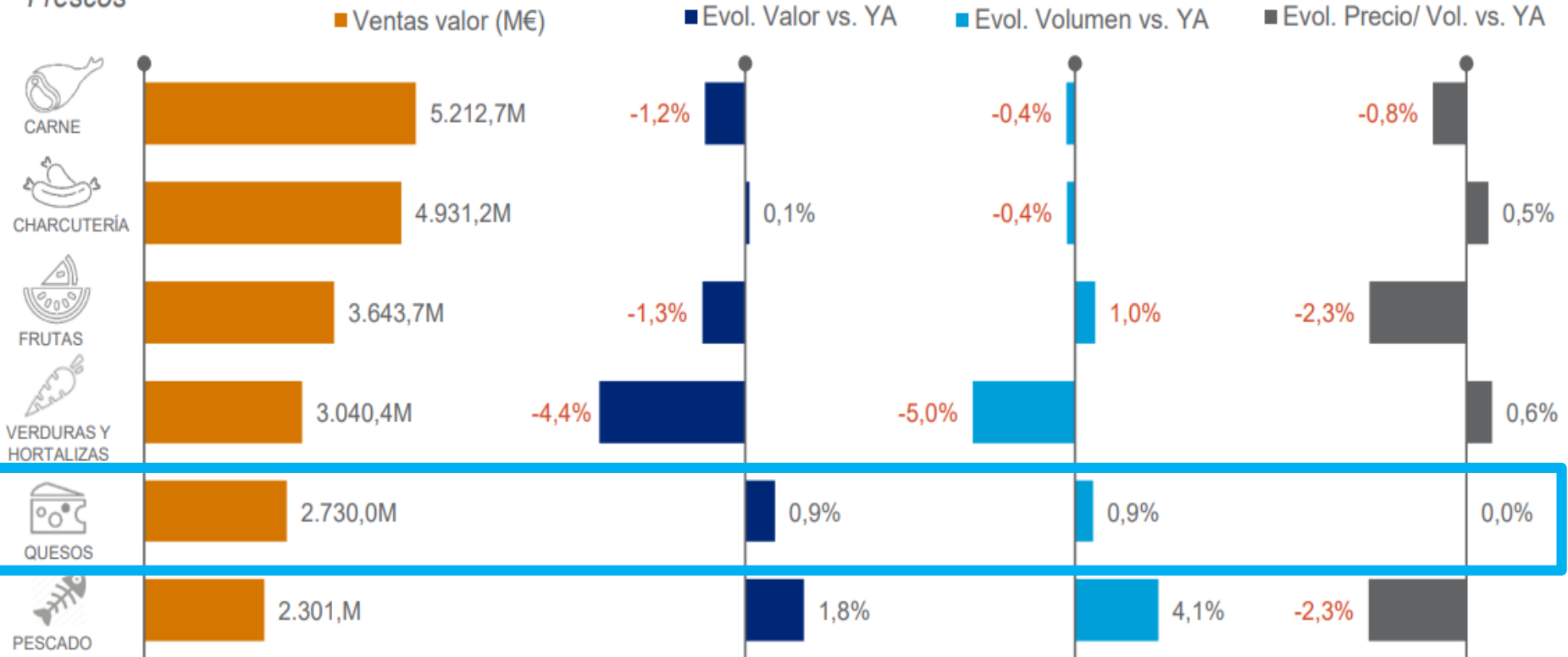
# Spain: evolution of sales value, volume, price



Source: IRI

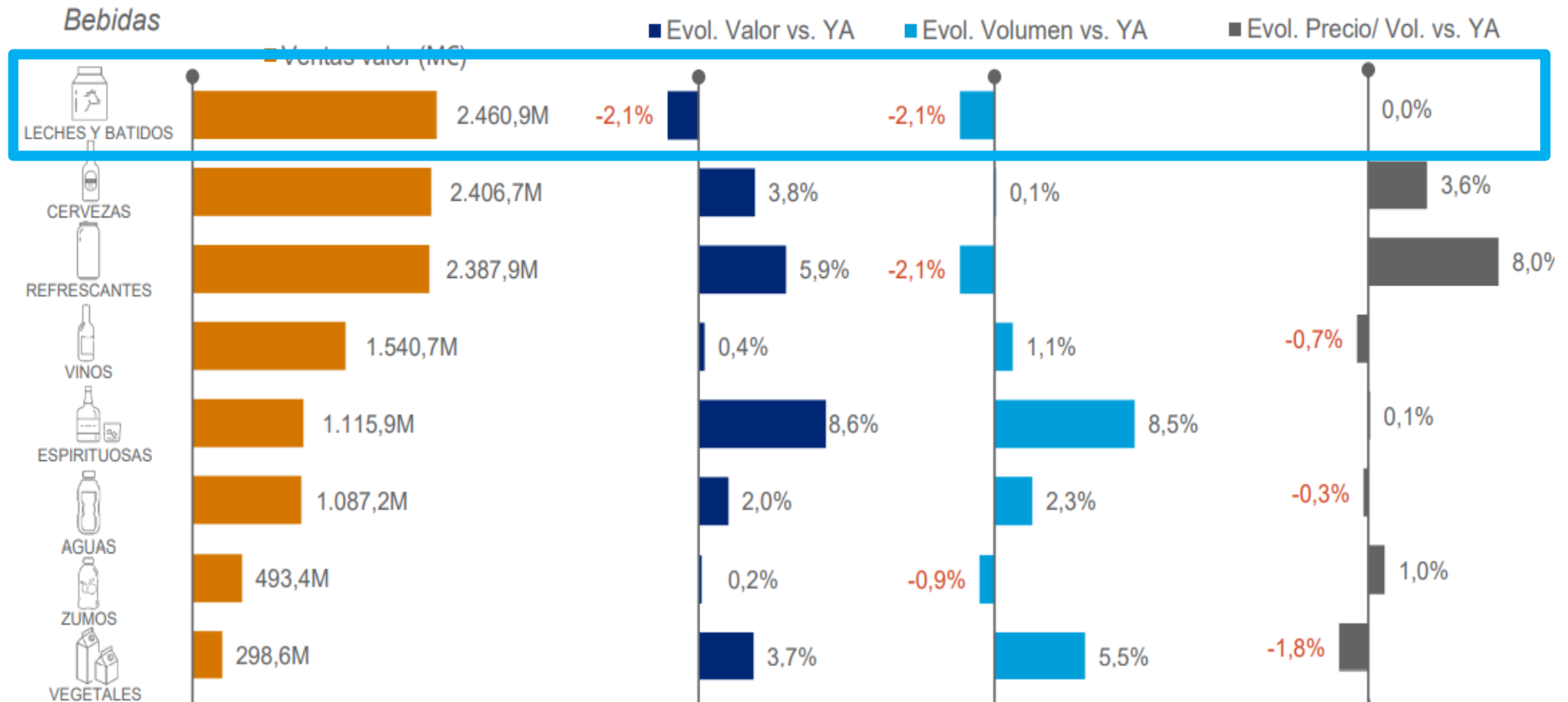
# Spain: evolution of sales value, volume, price

## Frescos



Source: IRI

# Spain: evolution of sales value, volume, price



Source: IRI

# Sweden – trends as of November 2021

Product	Value trend		Volume trend	
	Last 4 weeks	Last 52 weeks	Last 4 weeks	Last 52 weeks
Milk	-2,0	1,6	-5,6	-0,2
Hard cheese	1,6	1,5	1,1	-1,1
Cream	-4,9	1,2	-7,8	0,1
Yoghurt	0,1	-0,2	-2,2	-1,7
Cottage and curd cheese	0,3	9,7	-0,9	10,7
Cold dessert	8,7	6,5	4,3	5,4
Butter	-9,6	-1,4	-10,1	-0,6

Source: Nielsen

# **ANNEX 6**

## **EU dairy sector – Evolution of farm structures**

***European Commission***





# EU DAIRY SECTOR – EVOLUTION OF FARM STRUCTURES

Unit of Analysis and Outlook  
DG Agriculture and Rural Development

Milk Market Observatory  
6 December 2021



# General considerations

- EU dairy farms are characterized by a high diversity due to geographical conditions and also historic reasons
- General trends observed during the years:
  - Less dairy farms
  - Increasing average dairy farm size
  - Declining dairy herd compensated by efficiency gains
  - Increasing share of younger farmers (but less in absolute terms)
  - Farm labour still dominated by family members, but non-family labour gaining
- Trends to watch:
  - Alternative production systems gaining popularity
  - Further adoption of technology and reprofiling of farm labour
  - Generational renewal
    - Policy/climate/markets events – hard to predict with considerable impacts

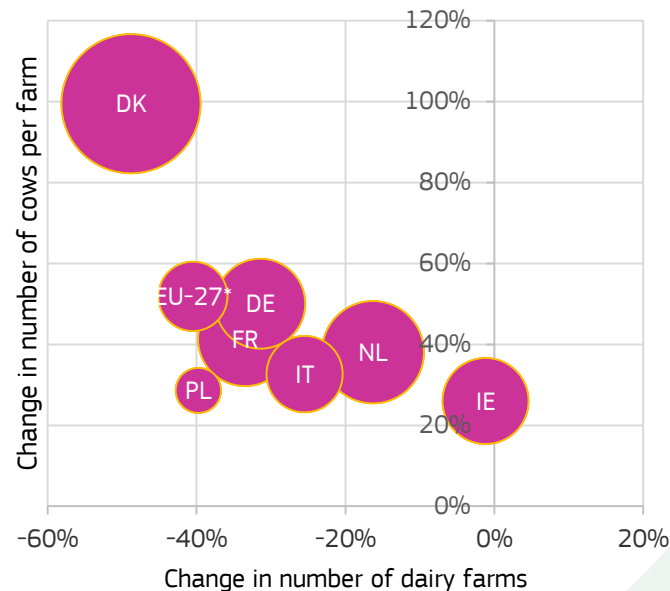


# Decreasing numbers of dairy farms and increasing average farm size

In 2005-2016:

- **Number of dairy farms dropped** by more than 250 000\* (-38%) -> around 64 farms per day
- DE (-31%), FR (-33%), DK (-49%), less in NL (-16%) and IE (-1%)
- **Average farm size grew** by 17 cows (32 cows -> 49 cows)
- But **large differences** among EU countries remain -> ranging from 10 cows in BG to 406 cows in CZ

Development EU dairy farm structures in 2005-2016

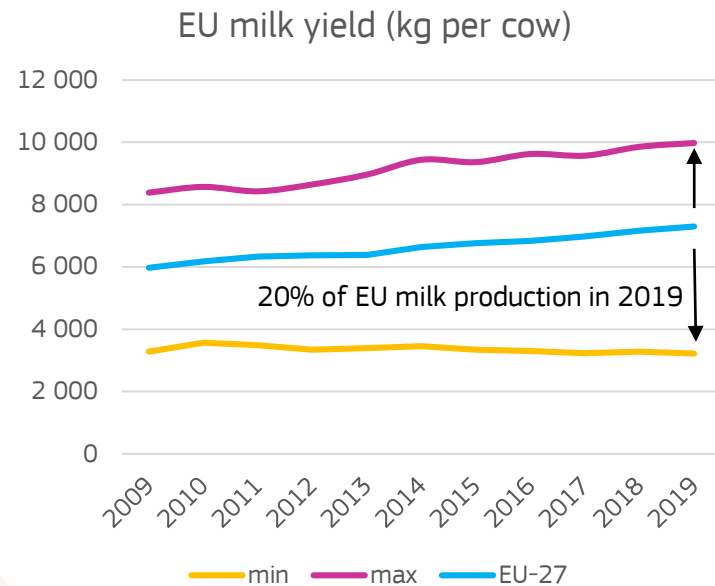


Note: Size of bubbles corresponds to proportional farm size (DK=192 cows)

Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications

# Declining dairy herd compensated by efficiency gains

- Since 2015 (end of milk quota), EU dairy cows' herd is continuously on decline
- **-0.9 million cows less in 2015-2019**, losses everywhere except IE, PL, BE, LU, MT, CY
- **Yields continue increasing:**
  - + 539 kg in 2015-2019 (+1324 kg in 2009-2019)
  - 2015-2019 – strong growth for DE (50% of 2009-2019), NL (80%), less in PL (25%), DK (39%), limited for FR (5%)



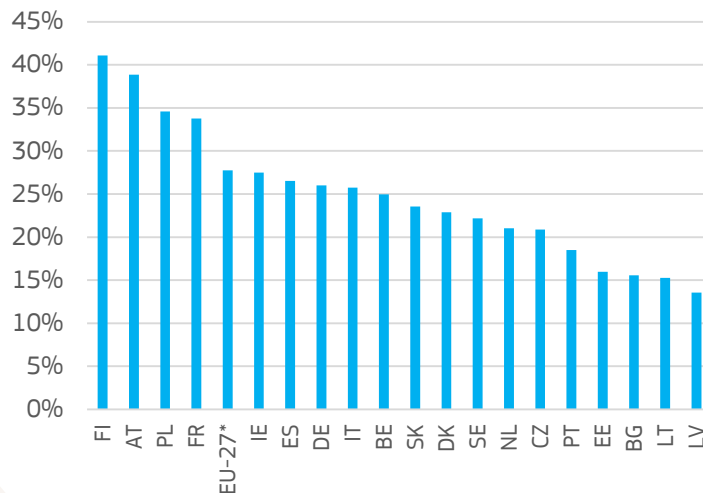
Source: DG Agriculture and Rural Development, based on Eurostat.

# Age profile of dairy farmers

In 2005-2016:

- Share of **young farmers increased**
  - 23% → 28%
- But their absolute number dropped (-40 000)
- Growing numbers of young dairy farmers in BE, IE, NL, PL, AT, SE

Share of young dairy farmers in 2016



Source: DG Agriculture and Rural Development, based on Eurostat.

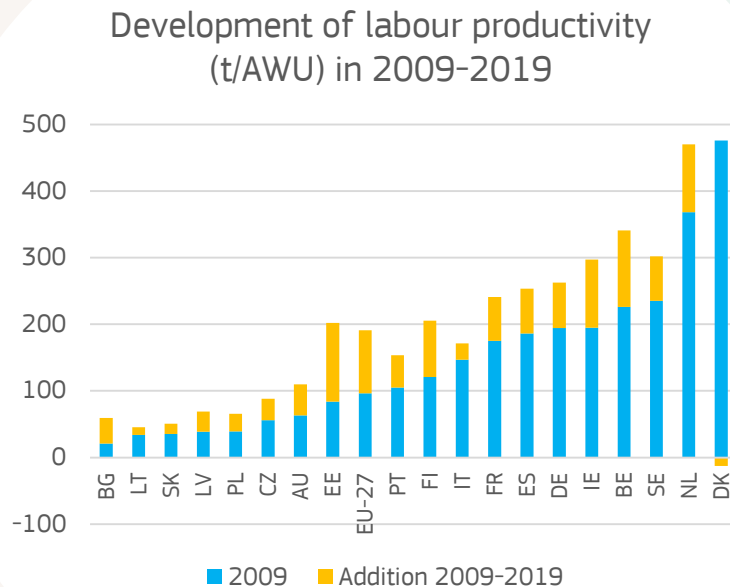
*For the purpose of data comparability in between 2005-2015, farmers younger than 45 years are considered to be young farmers.*

*Note: EU-27\* excludes RO and HR for comparison reasons (RO) and availability of data (HR).*

# Dairy farm labour

In 2005-2016:

- Increasing size of dairy farms, mechanization of processes and investment into modernized milk production led to the **reduction of farm labour** (expressed by AWU):
  - -28% in total
  - Family labour -38%, non-family labour +19%
- Family labour still represents 73% of AWU in EU dairy farms
- In 2009-2019, **labour productivity** (t of milk per AWU) **doubled**: 100 -> 200 t/AWU

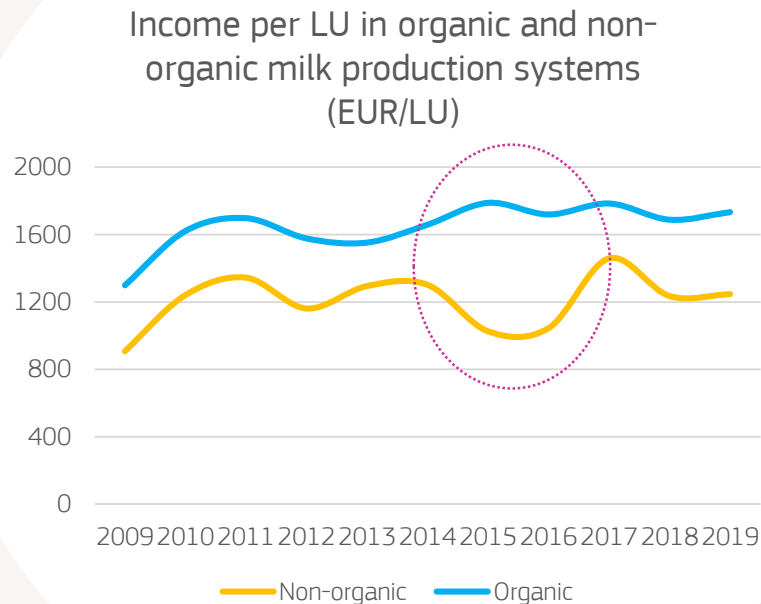


Source: DG Agriculture and Rural Development, based on FADN.

Note: EU-27\* excludes RO and HR for comparison reasons (RO) and availability of data (HR).

# Organic dairy farms

- **Organic dairy farming is gaining popularity:**
  - 8% of EU dairy farms, but 14% in DE, 19% in DK, 34% in AT
- 9% of young dairy farmers are managing organic dairy farms (37% in AT, 19% DK, 13% DE, 11% FR)
- Income of organic dairy farms less sensitive to market disruptions



Source: DG Agriculture and Rural Development, based on FADN.

# Extensive vs. intensive milk production systems

In 2019:

- **20% of EU milk** was produced in **extensive production system** (40% of EU dairy farms)
- Yields increasing at a similar rate in both systems (+14/15%)
- Comparable labour productivity growth
- More intensive use of labour in intensive farms

Selected performance indicators of extensive and intensive dairy farms

		2009	2019
<b>Milk production share</b>	intensive	79%	80%
	extensive	21%	20%
<b>Yield (kg per cow)</b>	intensive	6 615	7 549
	extensive	5 711	6 560
<b>Labour productivity (t/AWU)</b>	intensive	127	208
	extensive	51	86
<b>Farm size (AWU/farm)</b>	intensive	1.84	1.95
	extensive	1.83	1.75
<b>Farm size (LU/farm)</b>	intensive	35	54
	extensive	16	23
<b>Unit cost (EUR/ t of milk)</b>	intensive	390	420
	extensive	476	589

Source: DG Agriculture and Rural Development, based on FADN.



Note: Extensive dairy farms are characterized with livestock density per forage area below 1.4



# Feed cost structure – dependency on home-grown feed

In 2016-2018:

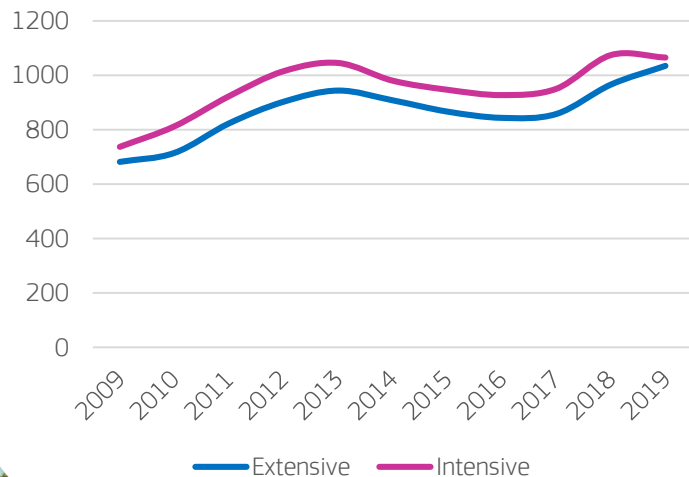
- **50%** of FADN represented farms had at least **60% share of purchased feed on total feed cost**
  - 61% in DK, 71% in DE, 69% in FR, 77% in IE, 93% in NL, 16% in PL
  - -> this represented **73% of EU milk production** (68% in DK, 79% in DE, 76% in FR, 80% in IE, 95% in NL, 36% in PL)

In 2016-2018:

- **36%** had at least **70% share of purchased feed on total feed cost**
  - 27% in DK, 57% in DE, 42% in FR, 43% in IE, 76% in NL, 7% in PL
  - -> this represented **53% of EU milk production** (30% in DK, 63% in DE, 48% in FR, 46% in IE, 79% in NL, 17% in PL)

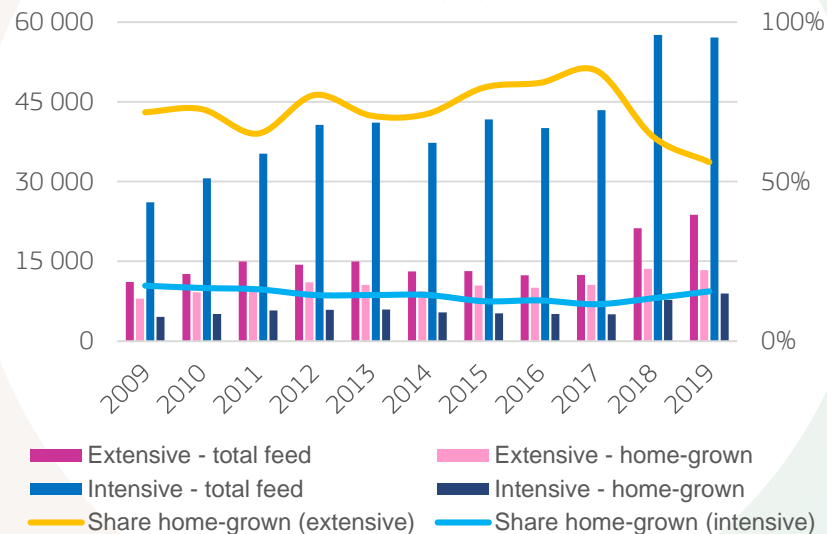
# Feed cost in detail - per dairy cow and farm

Feed cost **per LU** in extensive/intensive farms (EUR)



Source: DG Agriculture and Rural Development, based on FADN.

Feed cost **per farm** in extensive/intensive farms (EUR) and share of home-grown feed (%)



Source: DG Agriculture and Rural Development, based on FADN.

# REGISTER FOR 2021 EU Agricultural Outlook conference:

- 9-10 December
- <https://www.agri-outlook-conference.eu/>

