

MMO Economic Board

Meeting of 29 September 2021

- o The 39th meeting of the MMO Economic Board took place on 29/09/2021 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), ECVI (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 decreased in July 2021 by 0.6% (-78 000 t) compared to the same month of 2020. 18 Member States reported production decline, including FR, NL, DE, PL and ES. Cumulated milk collection in the first seven months of 2021 decreased by 0.1% (with leap year: slight growth of +0.4%).
 - o 4.4% of total raw milk collected was organic (based on notifications from 21 EU MS). The highest share of organic milk was reported in AT, SE and DK and the lowest in PL, PT and EE. In 14 MS, the share of organic raw milk was below 4% of total raw milk collected.
 - o EU cheese production in the first seven months of 2021 increased by 2.2%. Positive developments recorded also for cream (+1.2%) and concentrated milk (+2.8%). Production of other dairy products registered a decline: WMP (-11.2%), SMP (-4.3%), butter (-1.3%), fermented milk (-2%) and drinking milk (-0.8%). Lower production is affecting availability for export.
 - o EU average farm gate milk prices are extraordinarily flat so far this year, in slight upward trend. The EU average was reported at 35.76 c/kg in July 2021 which is 8.8% higher than a year ago and 11.6% above the average for July in the last 5 years. These price levels, however, are not conducive to a substantial production expansion. MS' estimates for August 2021 point to a further slight increase to 35.97 c/kg (+0.6% compared to July). Only in two MS (EL, FI), raw milk prices were lower than a year ago.
 - o EU average dairy prices improved in the last four weeks and are all higher than a year ago. EU SMP prices have reached their highest levels since August 2014 and WMP prices since June 2014. Butter prices have increased by 23% since the start of 2021 and SMP prices by 21%. All dairy prices are above their 5 years' average but butter (-8.2%).
 - o Milk collection in Q3 2021 is projected to be stable, around 2020 levels, followed by a slight growth in Q4. As a result, the EU annual growth of milk deliveries in 2021 would be around 0.3%. In upcoming months, more milk may be channelled to butter and cream, while cheese production growth would slow down.
 - 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. 70 000 t) are very low for this period of the year due to healthy internal consumption, good exports and lower production. Butter stocks increased in spring due to lower retail demand and lower exports, and started to decline in July (now approx. 175 000 t). Cheese stocks at the beginning of the year were modest (325 000 t) but have exceeded the level of 450 000 t in June due to higher production and reduced exports to the UK. In July, stocks decreased thanks to seasonal strong demand. Stocks of all dairy products have been decreasing since the end of the summer driven by higher prices on the spot market.
- o Milk production is strongly increasing in the USA and NZ, +2% and +6.6% respectively in July 2021 and by +2.3% and +5.6% respectively in Jan-July. Lower milk collection in the UK and Australia in July, -1% and -3.5% respectively. Overall, milk collection in the main exporting countries/regions (AU, EU, USA, UK, NZ) expanded in the first 7 months of 2021 (+1.1%).
- o Global trade growth has been very strong in the first half of 2021 despite the disruption of maritime supply chains and lower EU-UK trade. China was the main driver of this growth but there are reports of the Chinese market being oversupplied.
- o EU-UK trade flows are dropping by more than 25% this year, mainly due to pre-brexite frontloading and to logistics constraints. The suspension of US additional tariffs helped increasing EU exports to the USA, especially for cheeses. Globally, there are still logistical constraints linked to higher freight costs or scarcity of containers.
- o Home consumption of dairy products is decreasing due to gradual return to "normal". Schools and restaurants are open and teleworking is becoming less important. Competition for organic milk is becoming stronger in France, with increasing market segmentation and successful local brands.
- o The Commission presented the results of the latest evaluation of EU promotion programmes, following the 2021 call for proposals. Out of nine proposals submitted to promote cheese, five have been approved for a total value of 7.62 million €. The three proposals promoting other dairy products were approved, for a total value of 6.86 million €.
 - o The overall situation seems rather stable at this very moment in time, due to a modest milk production and lower solids content. However, the reported drop in Chinese demand, Covid-related uncertainty and supply chain challenges call for vigilance.

ANNEX 1

Milk Market Situation

European Commission



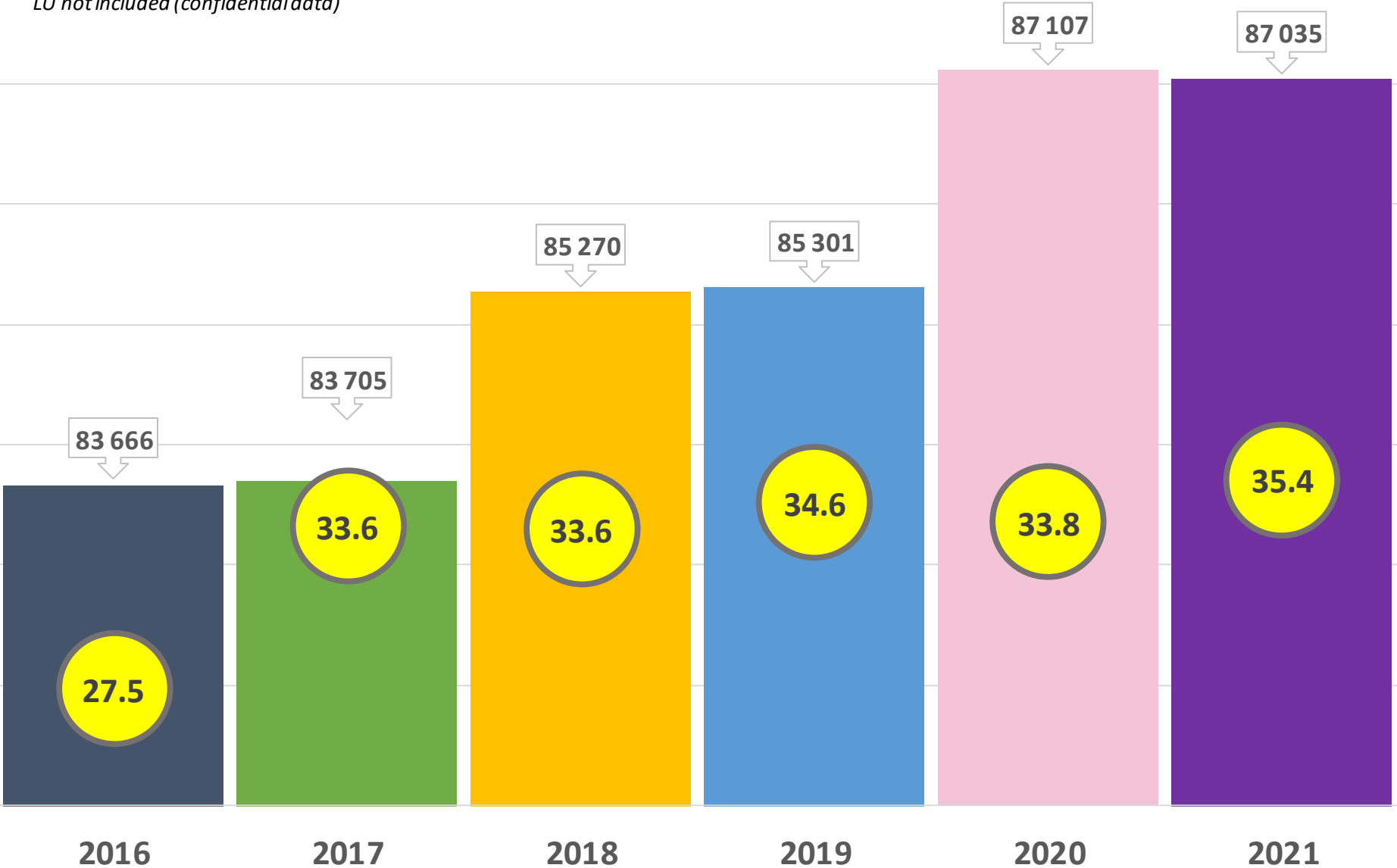
Milk Market Situation

MMO meeting

Brussels, 29 September 2021

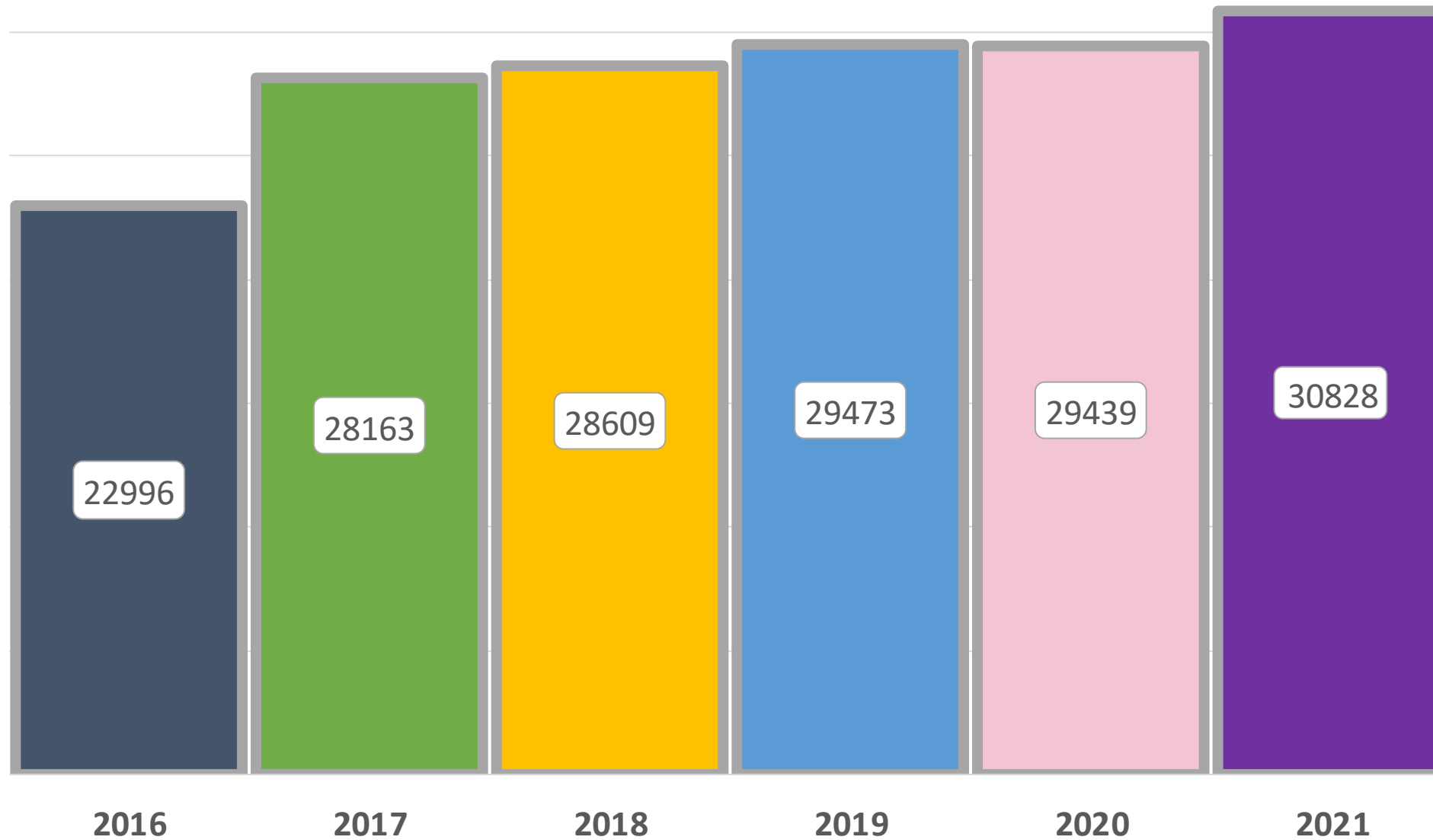
EU-27 milk deliveries and price
Jan-Jul 2016-21 (x1000 t, c/kg)

LU not included (confidential data)



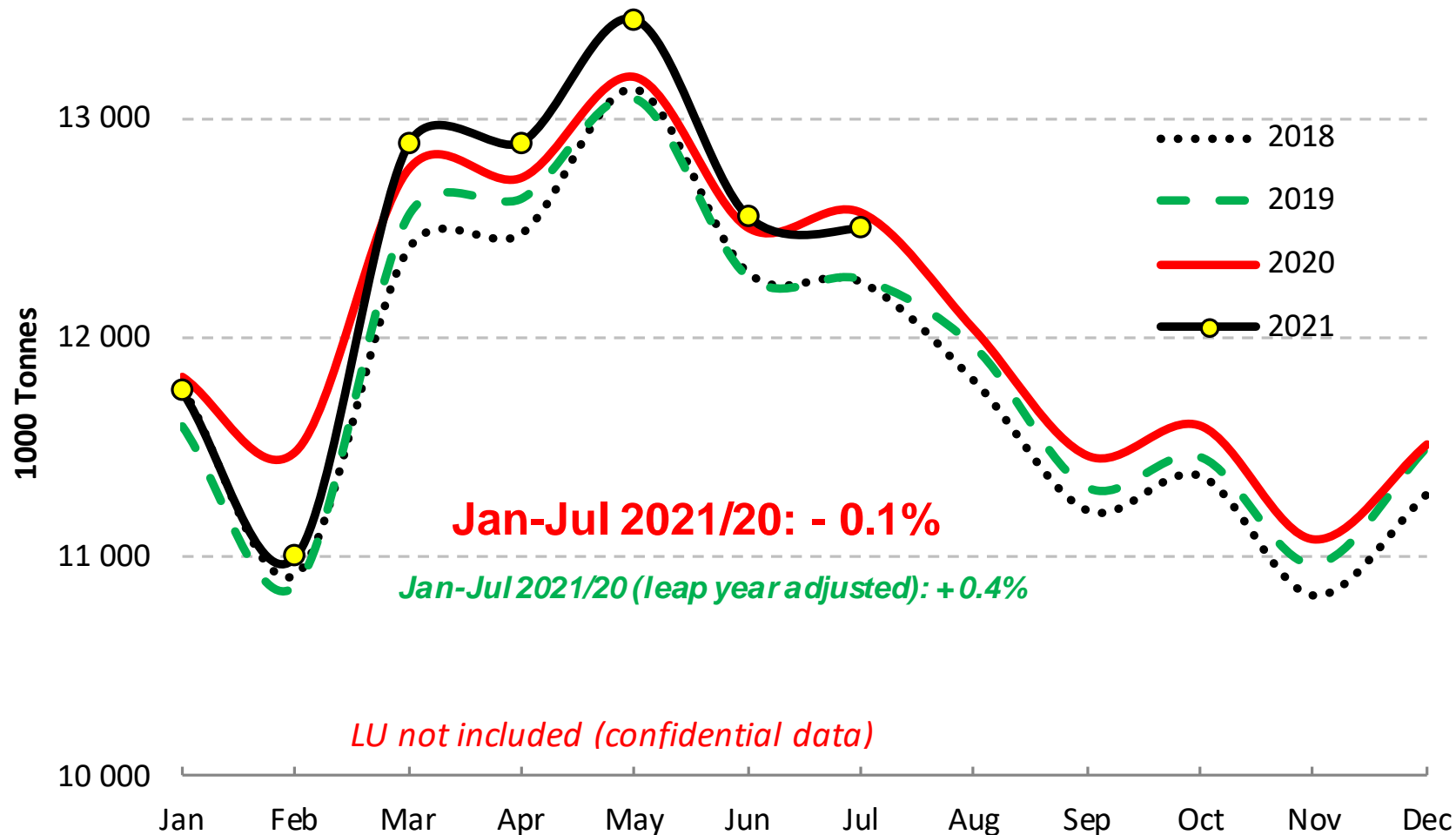
EU-27 value milk production Jan-Jul 2016-21 (x million €)

LU not included (confidential data)



EU milk production

EU - Cows' milk collected



Source: Estat (Newcronos) - MS notifications - CLAL(IT)

Jul 21 compared to Jul 20

Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	CY	+ 8.7%	IT	+ 37
2.	HU	+ 7.0%	IE	+ 34
3.	IT	+ 3.5%	HU	+ 9
4.	IE	+ 3.3%	CY	+ 2
5.	PT	+ 0.8%	AT	+ 2
6.	SI	+ 0.7%	PT	+ 1
7.	AT	+ 0.6%	DK	+ 1
8.	DK	+ 0.2%	SI	+ 0
9.	SE	- 0.6%	MT	- 0
10.	ES	- 0.7%	HR	- 1
11.	CZ	- 0.8%	EL	- 1
12.	PL	- 1.1%	EE	- 1
13.	DE	- 1.2%	LV	- 1
14.	EE	- 1.7%	SE	- 1
15.	LV	- 1.9%	BG	- 1
16.	FR	- 1.9%	RO	- 2
17.	EL	- 1.9%	CZ	- 2
18.	RO	- 1.9%	SK	- 2
19.	HR	- 2.3%	ES	- 5
20.	BG	- 2.4%	LT	- 6
21.	BE	- 2.6%	BE	- 10
22.	SK	- 3.0%	FI	- 10
23.	NL	- 3.1%	PL	- 11
24.	LT	- 4.6%	DE	- 34
25.	FI	- 5.1%	NL	- 36
26.	MT	- 8.7%	FR	- 38
EU		- 0.6%	EU	- 78

°: estimates

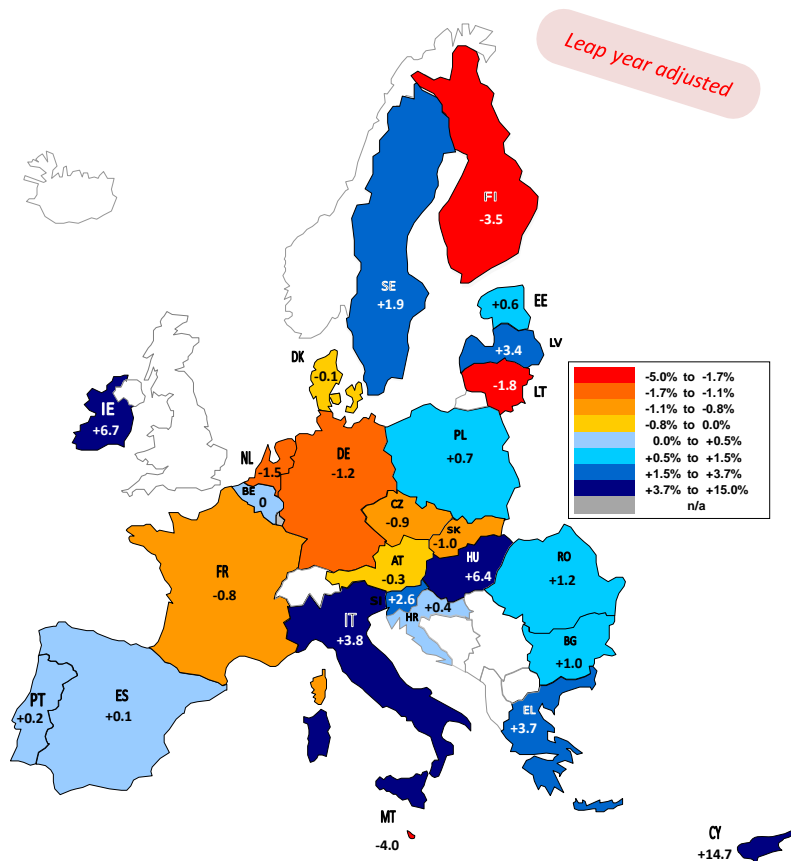
rem: LU not included (confidential data)



EU milk deliveries compared to last period (in %)

EU Milk Deliveries compared to last period (in %)

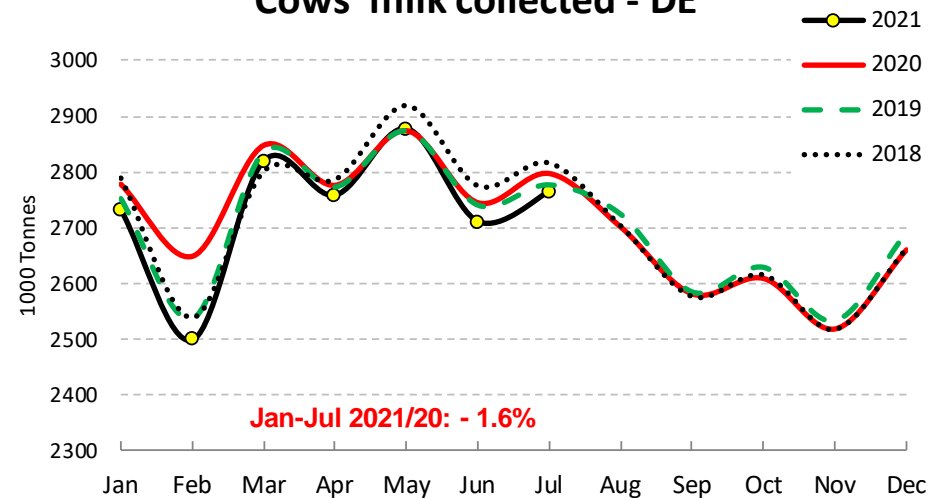
(Jan - Jul 2021 / Jan - Jul 2020)



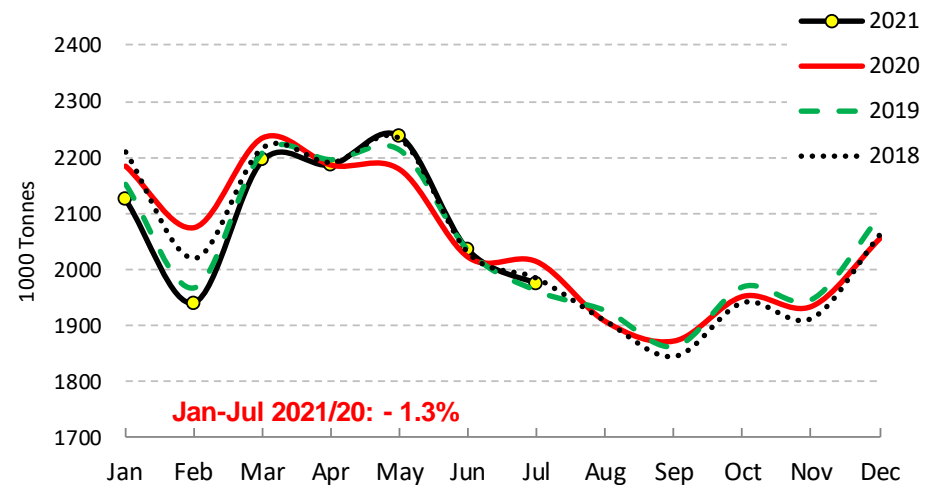
Source : MS' Communications to Eurostat, FEGA, AGEA, Reg.479/2010.1(a)1

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.

Cows' milk collected - DE

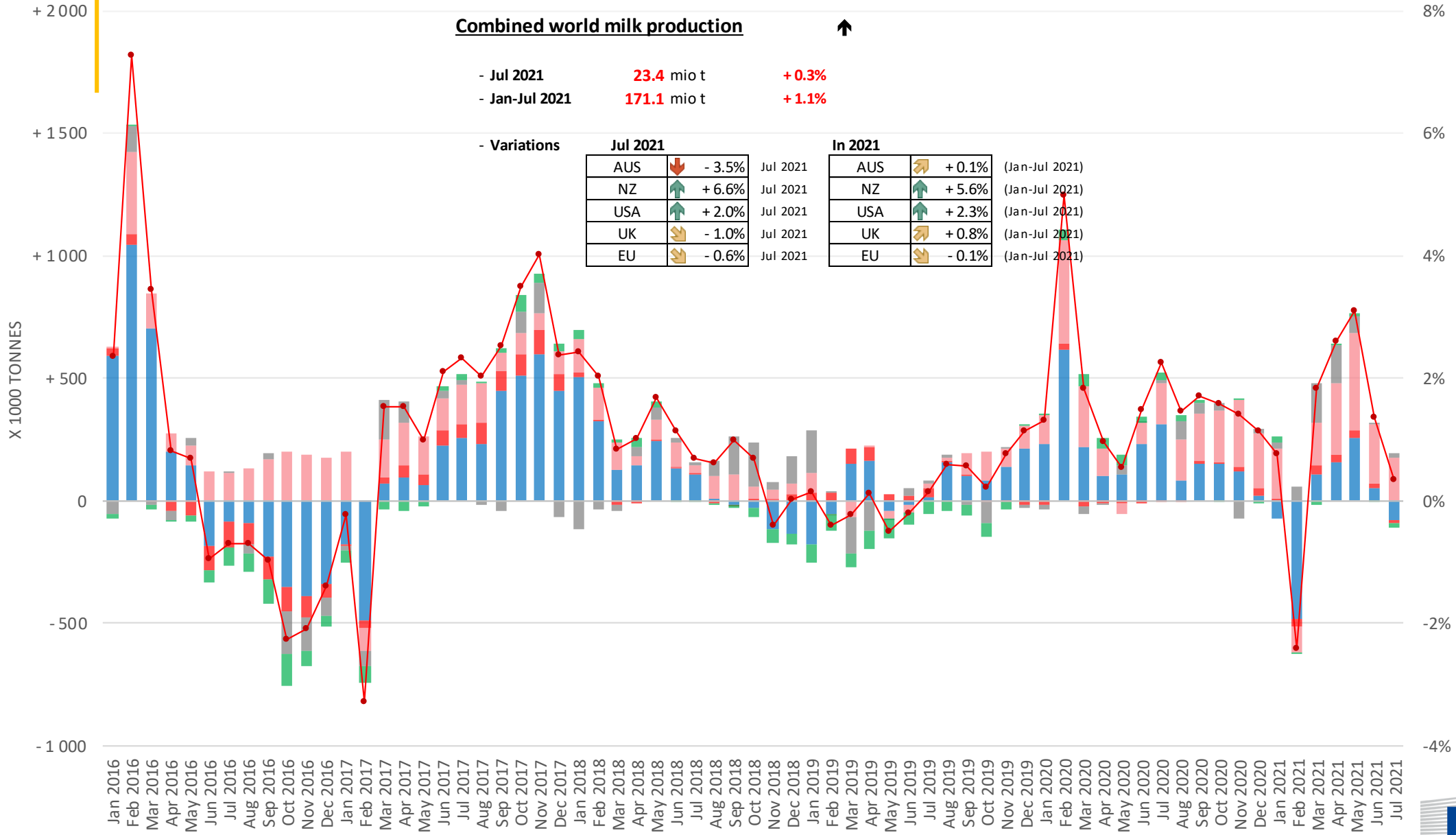


Cows' milk collected - FR



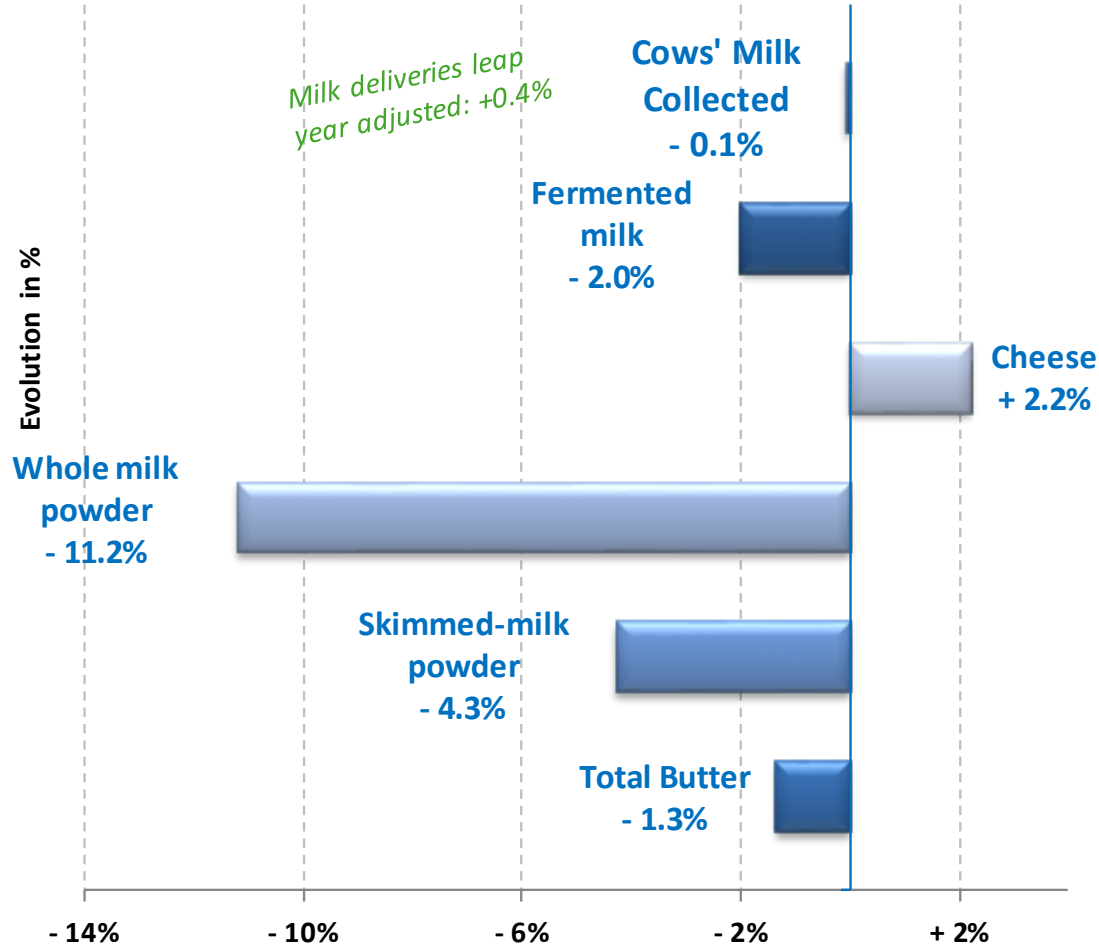
Source : Estat, Newcronos

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



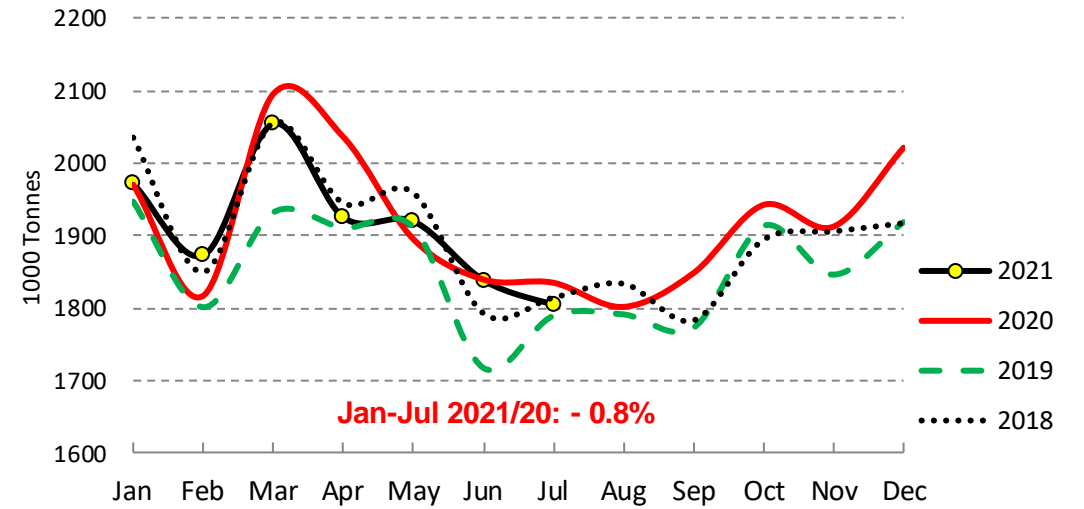
* not including LU (confidential data)

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



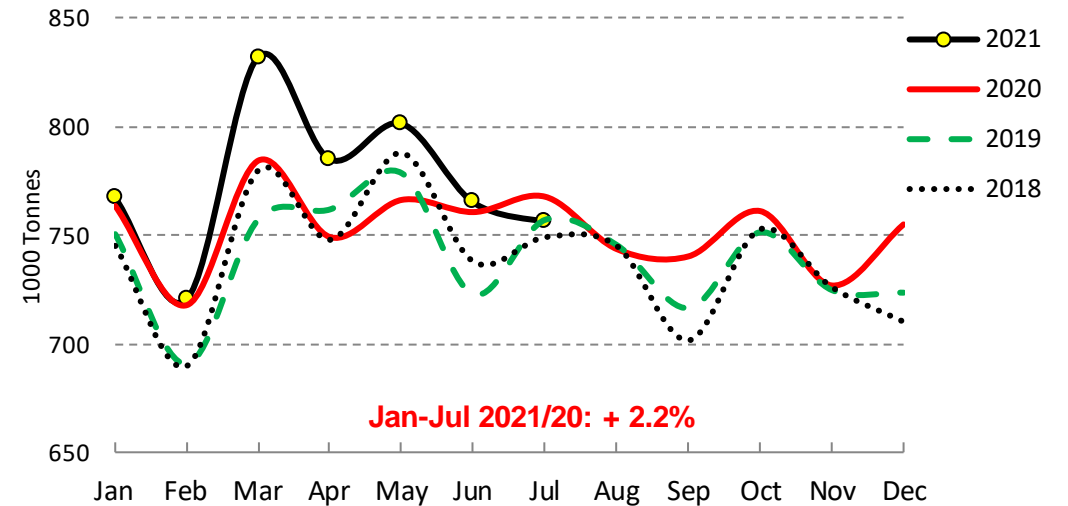
Source: MS' Communications to Eurostat, and, for milk: AGEA, FEGA, Reg. 2017/1185

EU - Drinking milk



Source: Estat - Newcronos

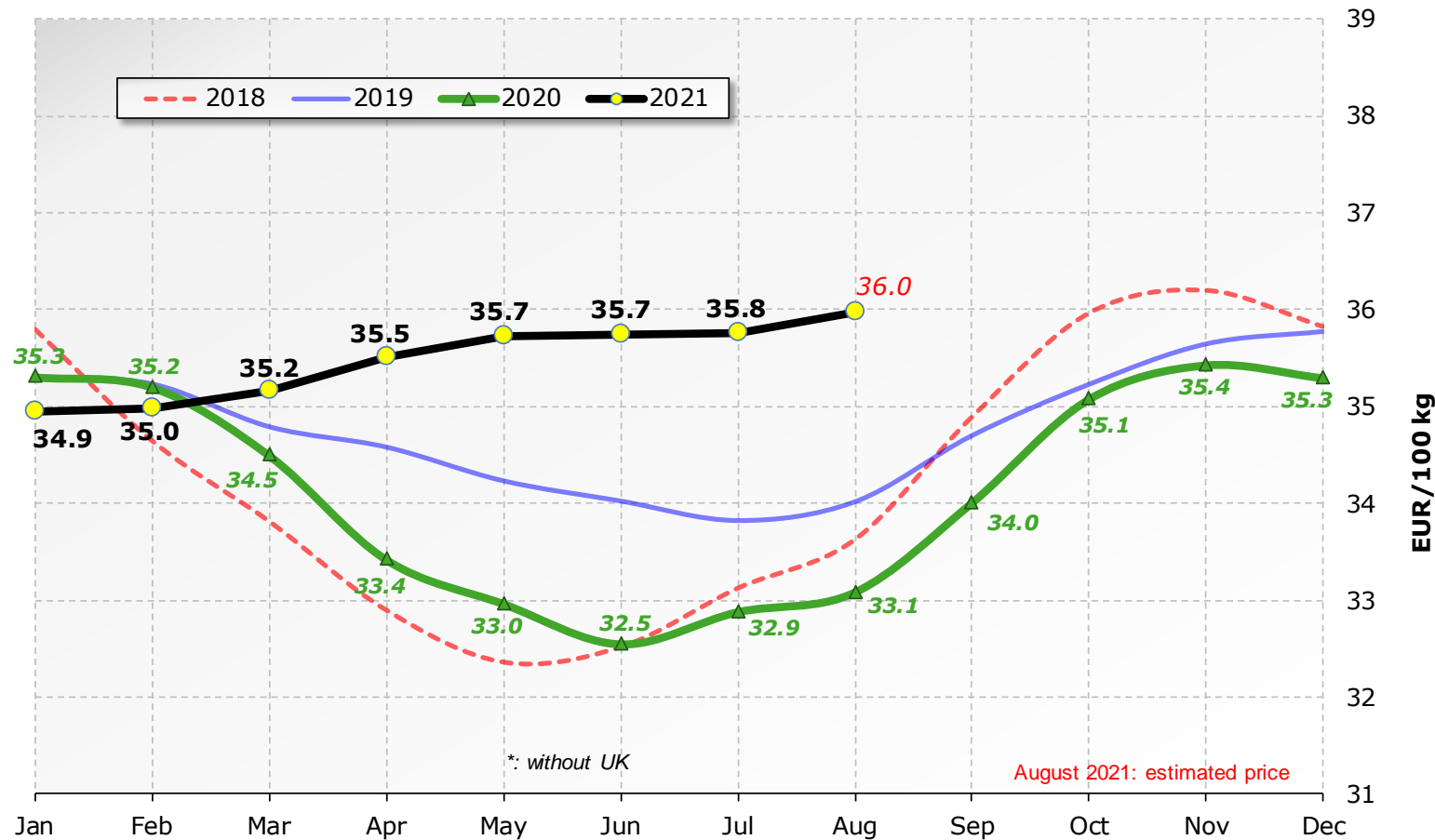
EU - Cheese



Source: Estat - Newcronos

EU milk prices paid to the producers

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

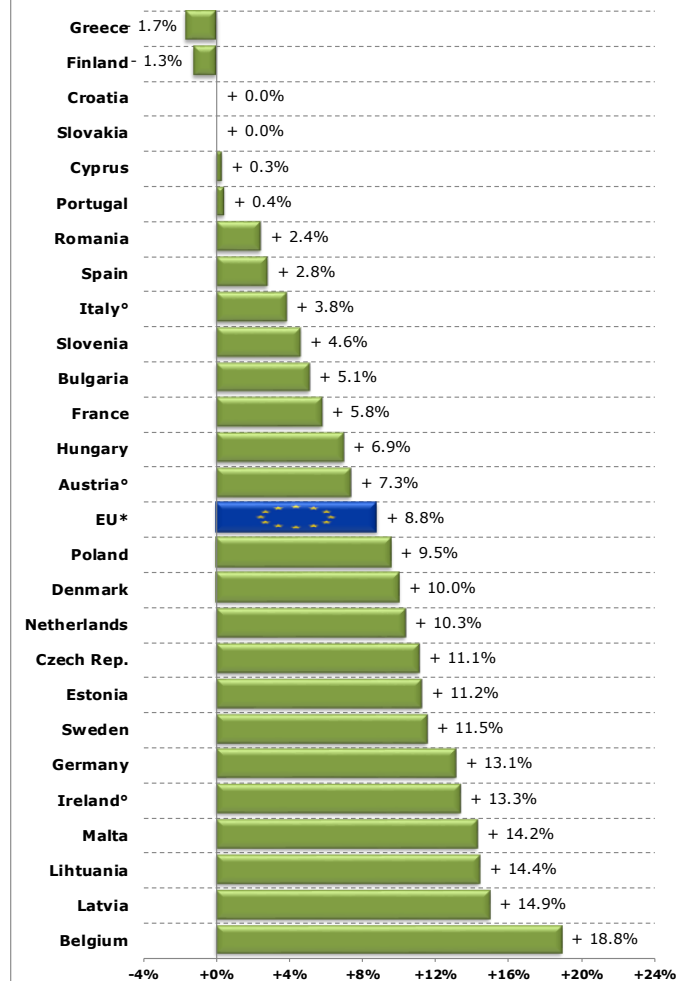


*: without UK

August 2021: estimated price

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

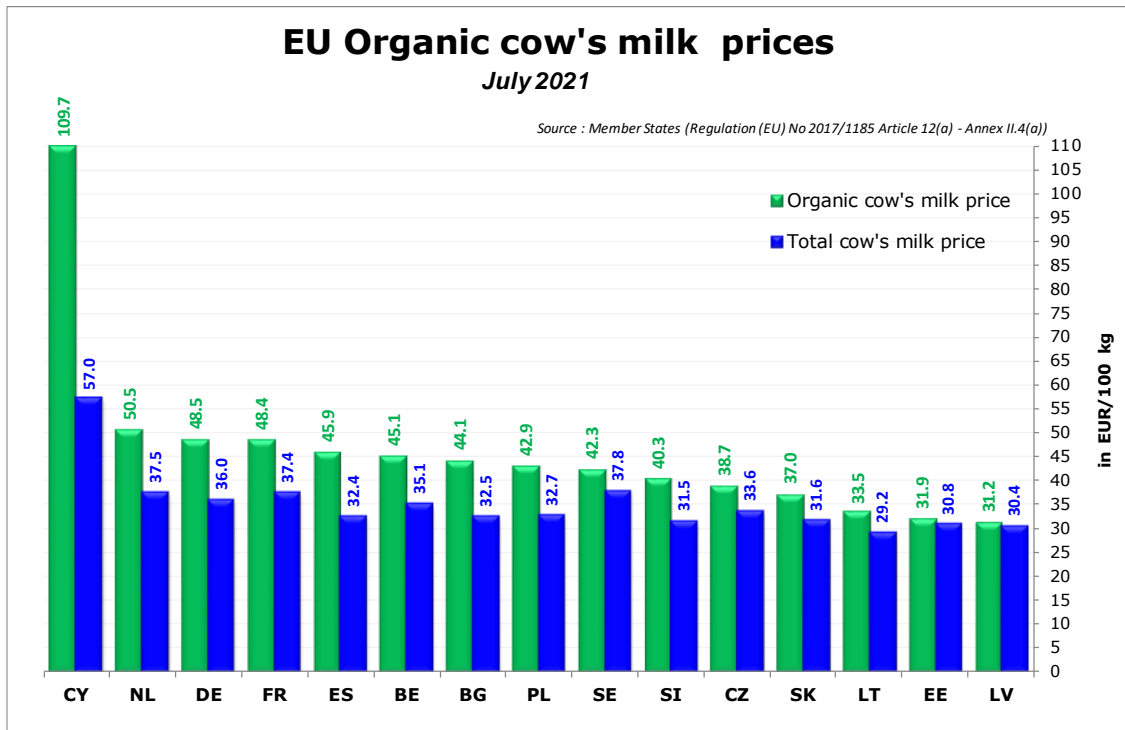
Raw Milk Price evolution in July 2021 compared to July 2020



° : estimated figures for Jul 2021

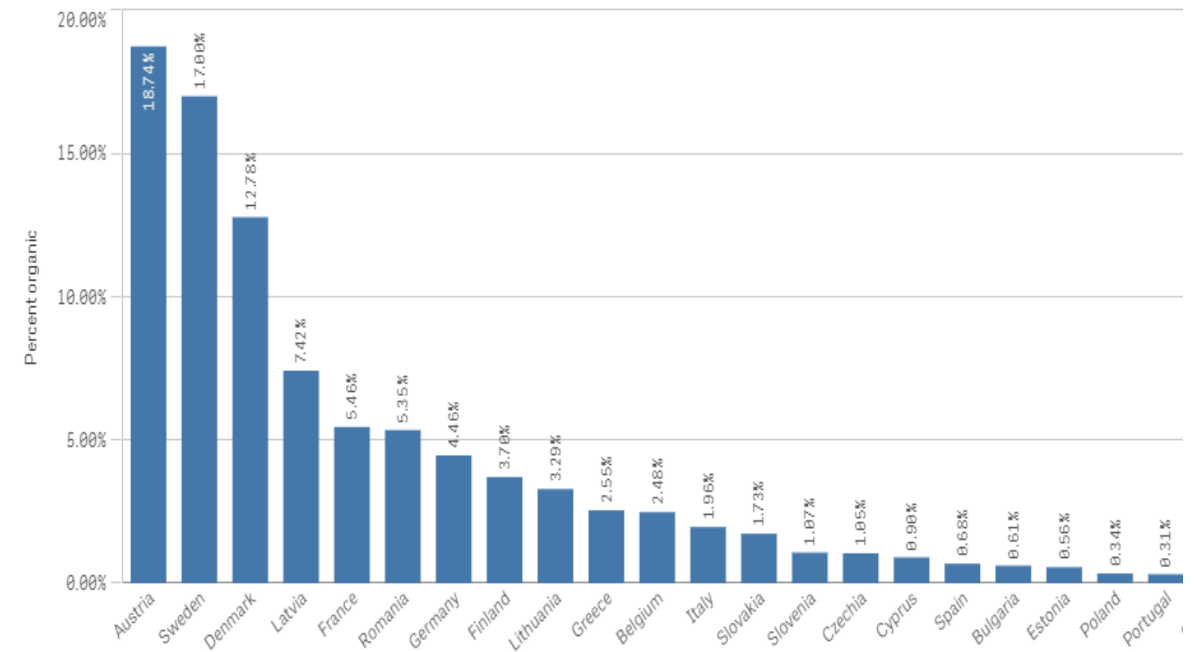
Source : Member States (Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

EU organic raw milk production & prices



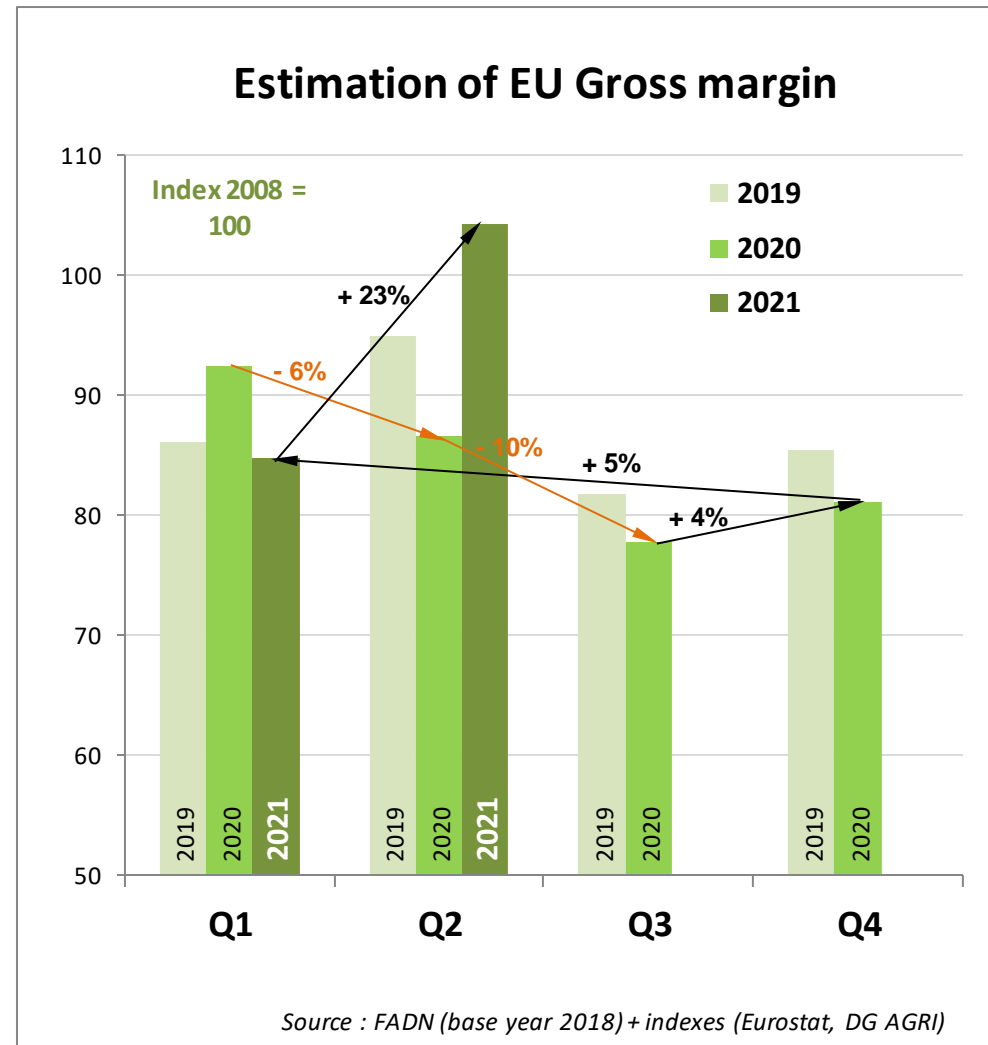
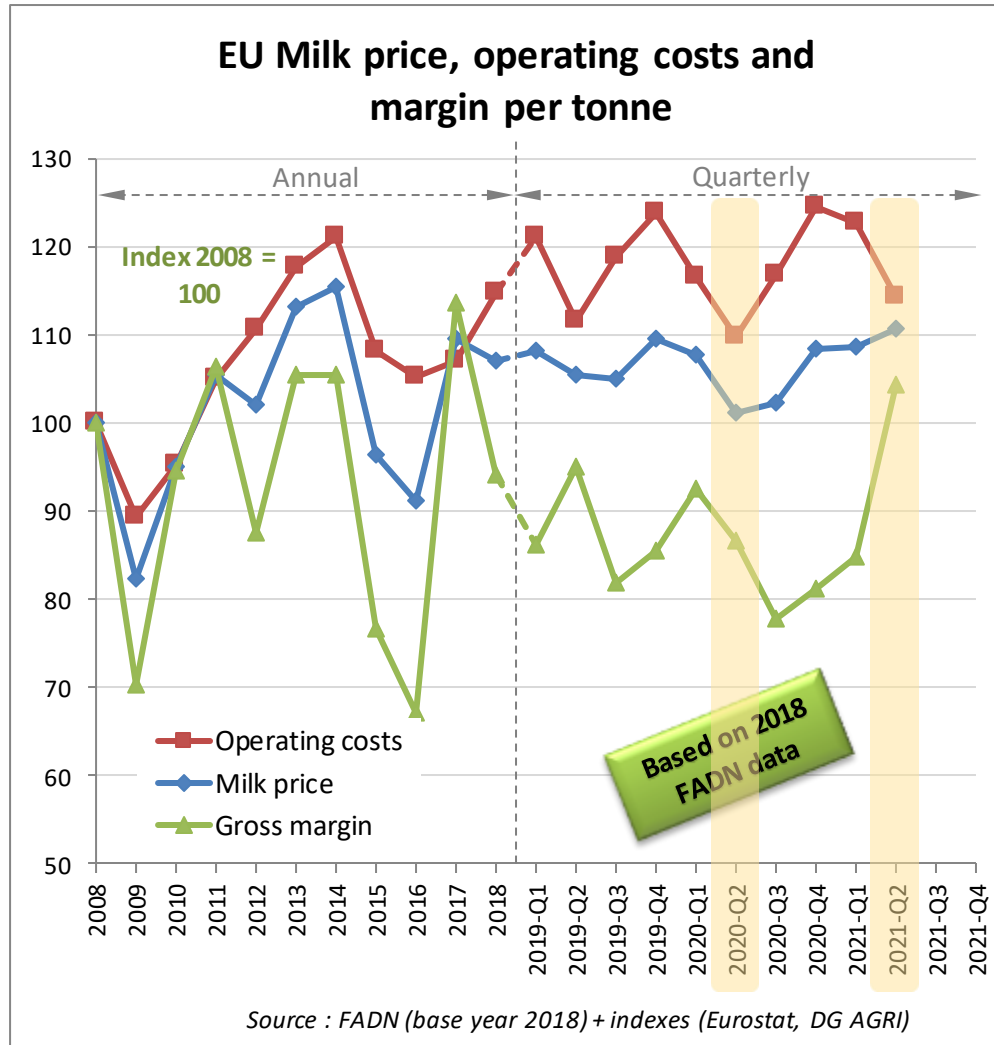
Organic raw cow's milk delivered to dairies as a percentage of total raw cow's milk

For years: 2021 > Months: 07 > All Member States and UK



July 2021:
4.4% of total raw milk collected was organic (based on notifications from 21 MS)

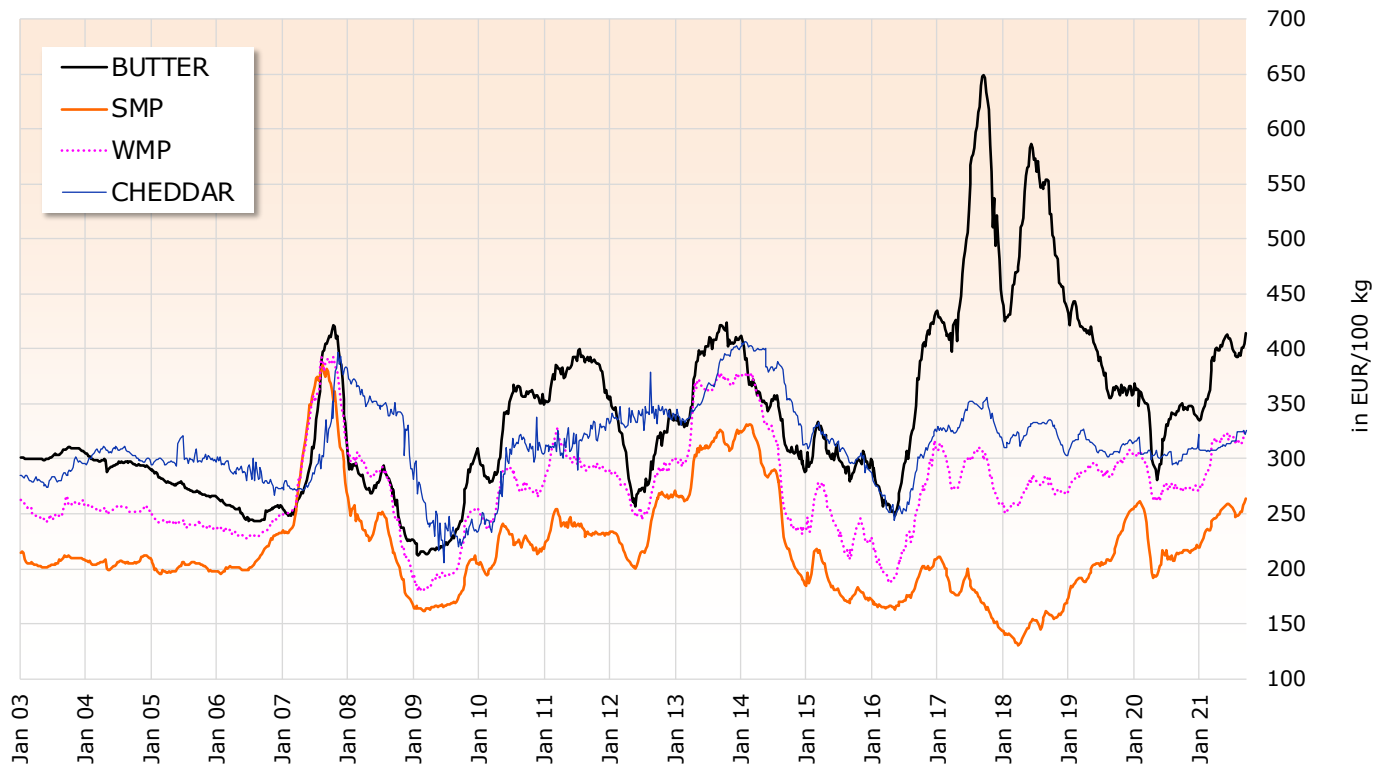
Margins



EU dairy quotations

EU evolutive* dairy Quotations

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



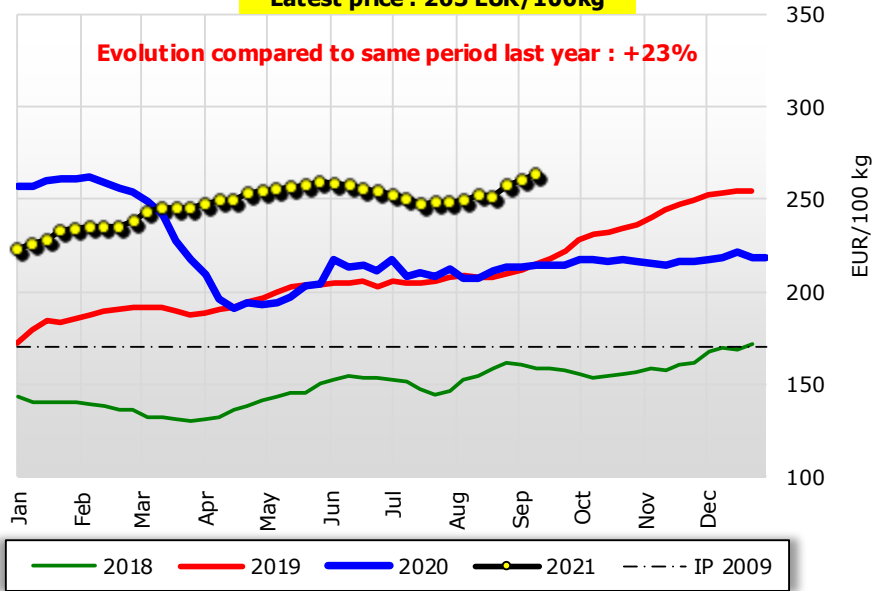
Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

	BUTTER	SMP	WMP	CHEDDAR	EDAM	GOUDA	EMMENTAL	WHEY
Price €/100 kg	415	263	326	326	337	335	495	97
1 week	+ 2.4%	+ 1.1%	+ 0.5%	+ 1.2%	+ 1.4%	- 0.6%	+ 2.2%	+ 0.3%
4 weeks	+ 5.2%	+ 4.4%	+ 3.8%	+ 0.3%	+ 1.8%	+ 0.3%	+ 1.8%	+ 2.3%
Year-1	+ 18.5%	+ 22.8%	+ 19.7%	+ 9.3%	+ 8.2%	+ 6.1%	+ 3.3%	+ 35.0%
5-years avg.	- 8.2%	+ 38.3%	+ 16.4%	+ 8.2%	+ 6.4%	+ 6.3%	+ 6.4%	+ 28.8%

Weekly EU SMP Prices

Latest price : 263 EUR/100kg

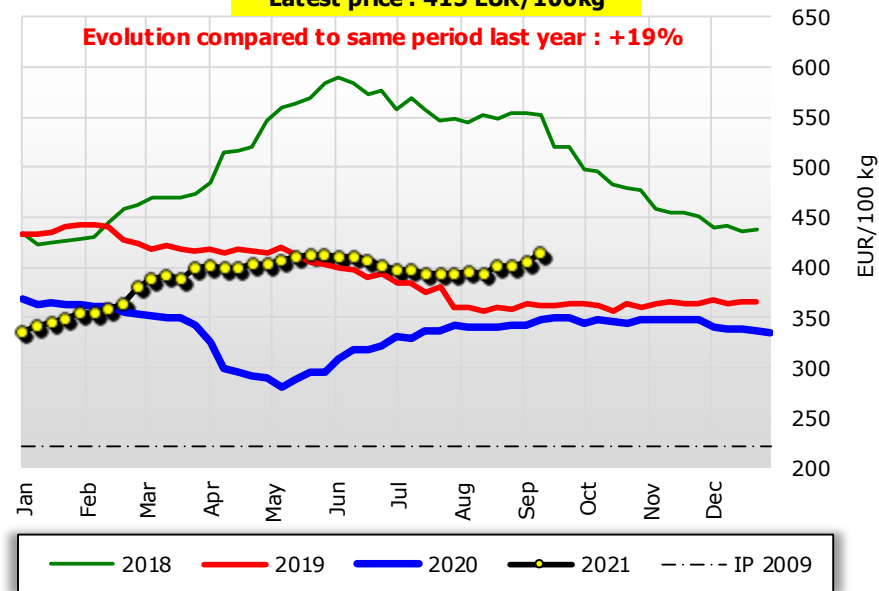
Evolution compared to same period last year : +23%



Weekly EU BUTTER Prices

Latest price : 415 EUR/100kg

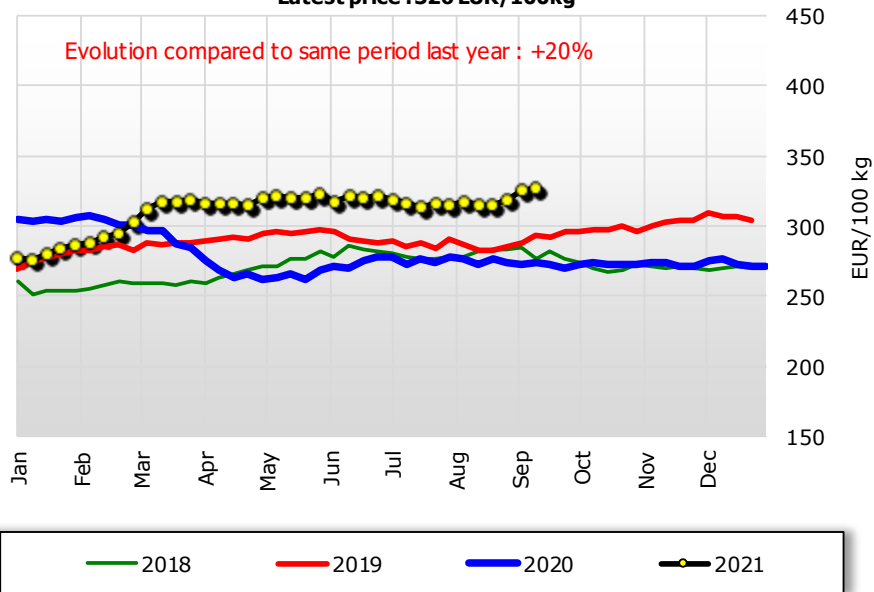
Evolution compared to same period last year : +19%



Weekly EU WMP Prices

Latest price : 326 EUR/100kg

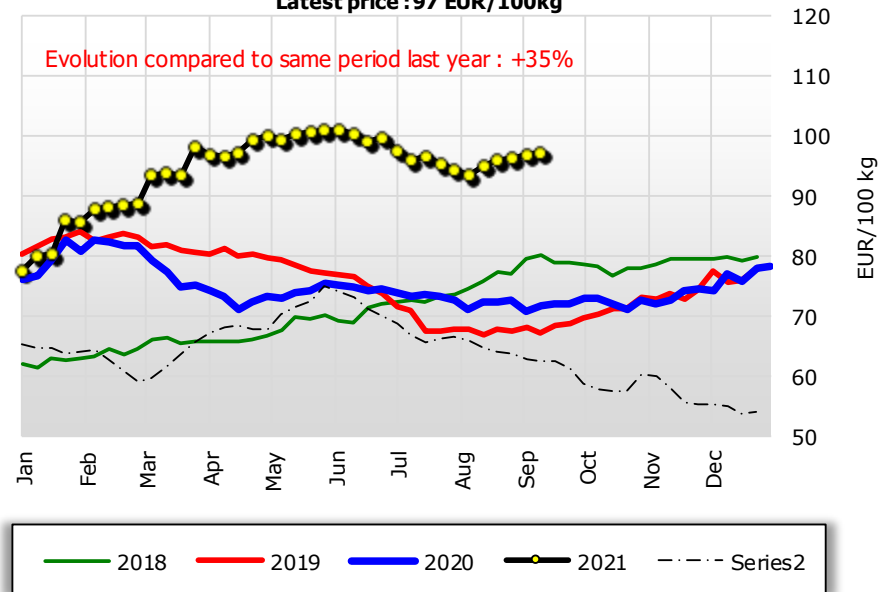
Evolution compared to same period last year : +20%



Weekly EU WheyPowder Prices

Latest price : 97 EUR/100kg

Evolution compared to same period last year : +35%



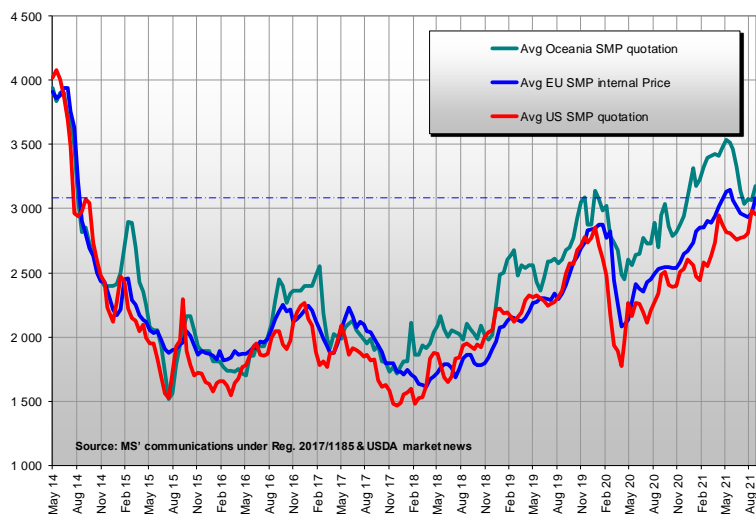
Latest world dairy quotations

Latest World Quotations of Dairy Products

In US\$/t	Latest Quotations			Week - 2						Year - 1					
	19/09/2021			05/09/2021			% change (previous quotation)			13 September 2020			% change (1 year)		
	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA
Butter	4 793	4 875	3 985	4 717	4 725	3 939	+1.6%	+3.2%	+1.2%	4 059	3 488	3 365	+18%	+40%	+18%
SMP	3 083	3 175	2 953	2 961	3 063	2 987	+4.1%	+3.7%	-1.1%	2 531	2 700	2 336	+22%	+18%	+26%
WMP	3 846	3 638	4 045	3 701	3 613	4 045	+3.9%	+0.7%	nc	3 230	2 913	3 748	+19%	+25%	+8%
Cheddar	3 814	4 325	3 967	3 813	4 163	3 886	+0.0%	+3.9%	+2.1%	3 492	3 525	5 196	+9%	+23%	-24%

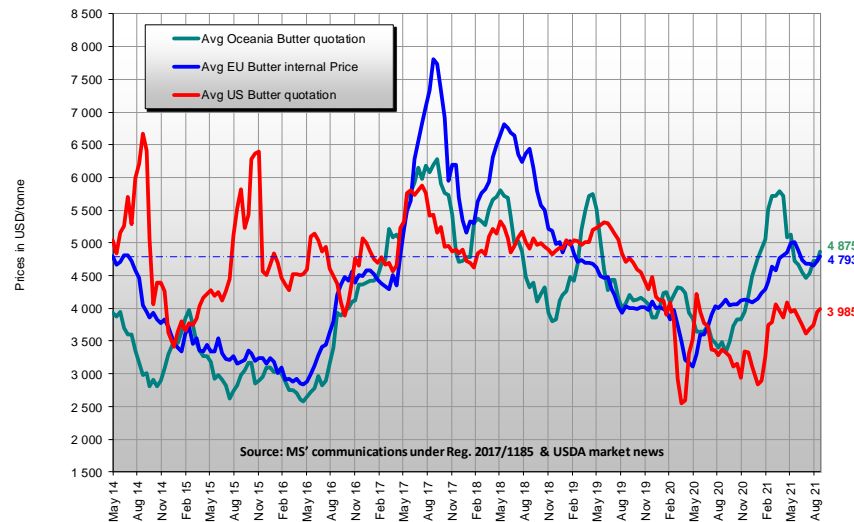
Source : Member States Notifications under Reg. 2017/1185, USDA

EU*/US/Oceania Quotations of SMP



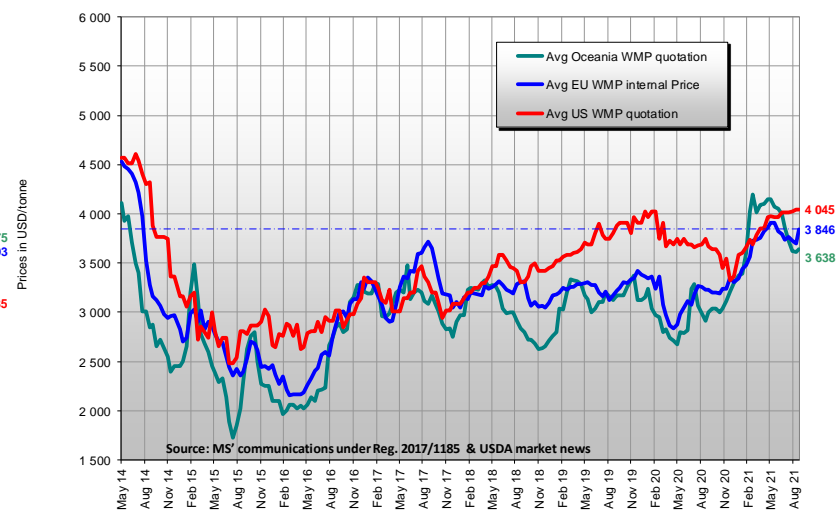
* EU evolutive

EU*/US/Oceania Quotations of Butter



* EU evolutive

EU*/US/Oceania Quotations of WMP



* EU evolutive

Keep in touch and thank you!



ec.europa.eu/agriculture



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



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



[EU agri-food Data portal](#)

ANNEX 2

EU dairy products monthly stock estimates at the end of July 2021

EDA



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

**Milk Market Observatory
Economic Board**

September 29th, 2021

Methodology

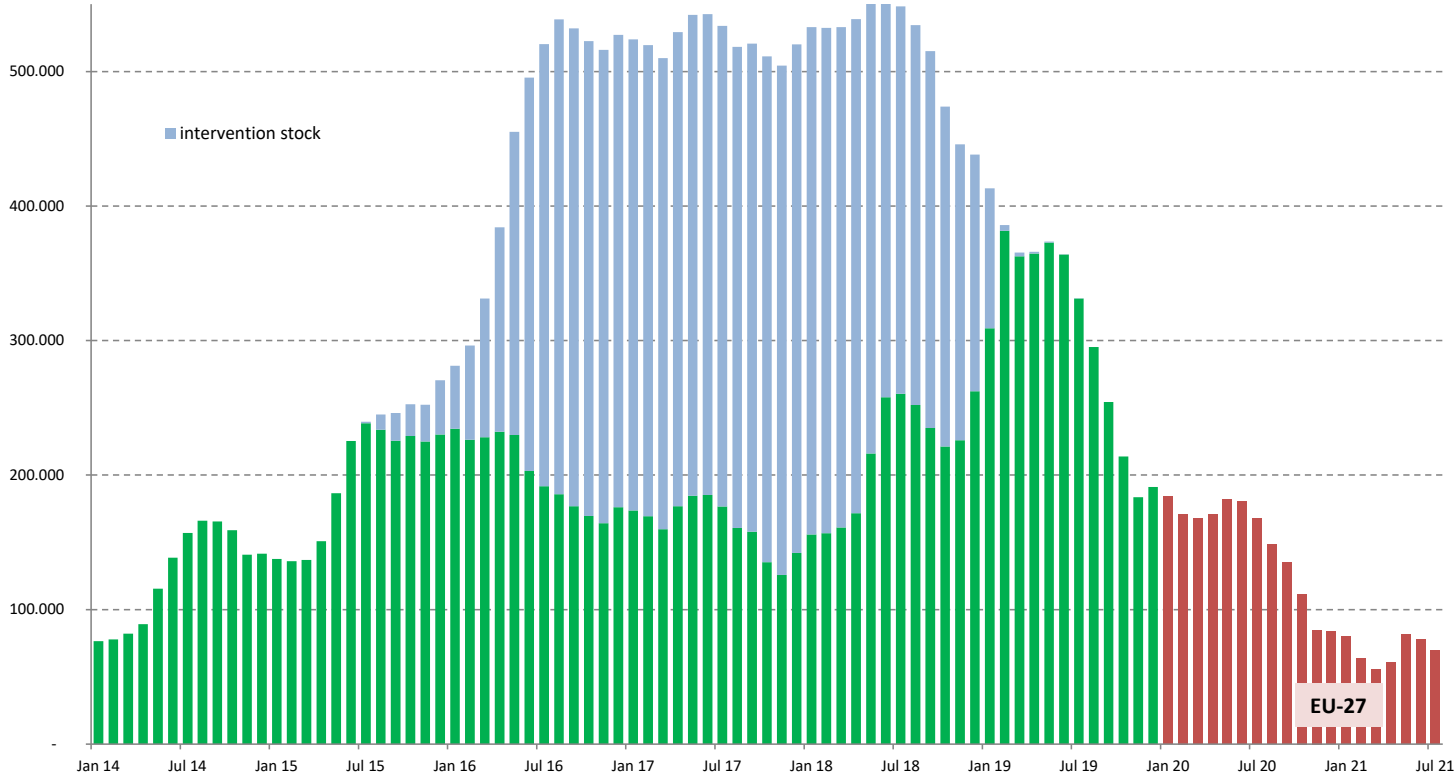
- For each dairy product and each month, the stock estimates are based on the equation:
 - $\text{Stock variation} = \text{EU production} + \text{EU import} - \text{EU internal consumption} - \text{EU exports}$
- ZMB balance sheets and forecasts have been used as references for :
 - End of year stock 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: 2021 started with lowest stock since years. EU-production decreased with higher speed in recent months due to weak milk deliveries. Internal consumption is healthy. Export remained high in relation to supply. Stocks are very low for the time of the year at the end of July.



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

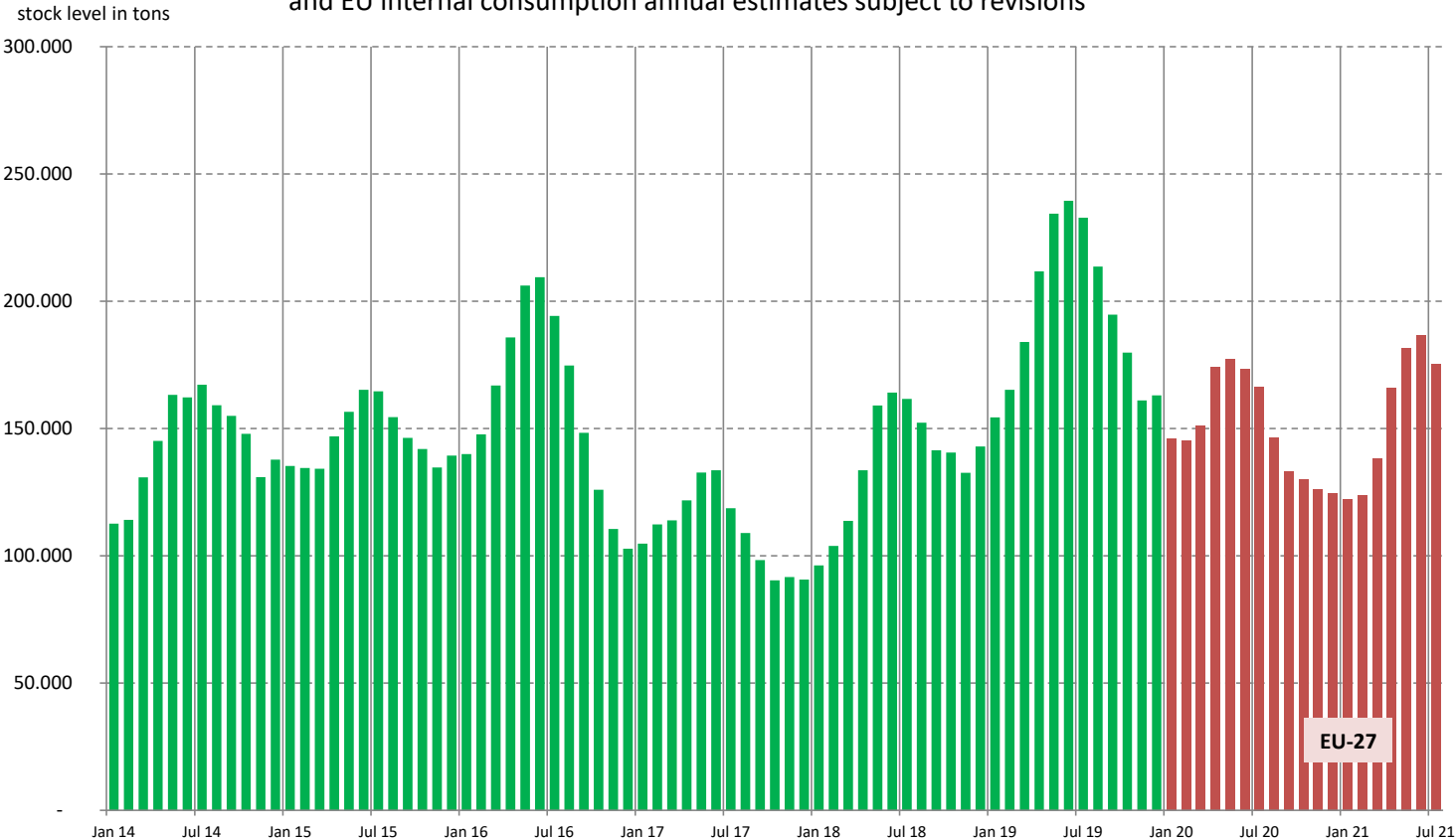
stock level
in tons



Butter: 2021 started with modest stocks, strong retail-demand and slow production. In spring-time stocks increased due to lower retail demand and lower export. Butter production decreased recently due to low availability of cream and high prices. Butter stocks started to decline while prices increased.

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



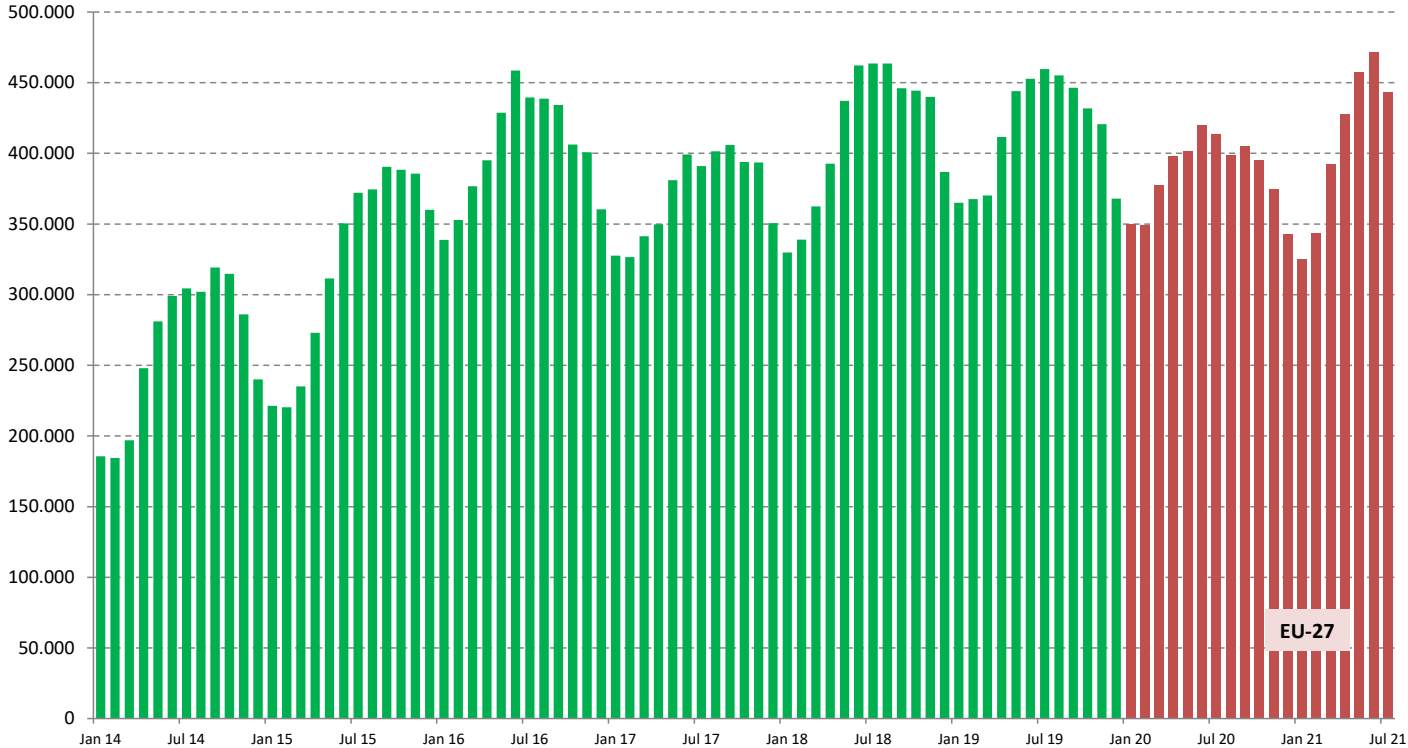
2021 started with a strong cheese demand, modest stocks and rising prices. Due to higher production and stagnating total-exports with losses in the UK stocks increased. In recent weeks production was reduced and demand picked up. Stocks are decreasing actually driven by seasonal strong demand.

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



Situation

The EU-milk market is characterised by modest milk deliveries, mainly in big countries like Germany, France and the Netherlands. Supply of dairy products is decreasing seasonally stronger than normal.

Internal demand for dairy products is less stimulated by the measures against Covid-19-pandemic than last year. Internal and international demand is healthy and absorbs supply completely.

Stocks of all dairy products are decreasing since the end of the holiday period. Prices of dairy products are increasing – driven by high prices on the spot-market.

ANNEX 3

Global Dairy Trade Flows

Eucolait



eucolait

*European Dairy Trade
Association*

Global dairy trade flows

MMO EXPERT GROUP

29/09/2021

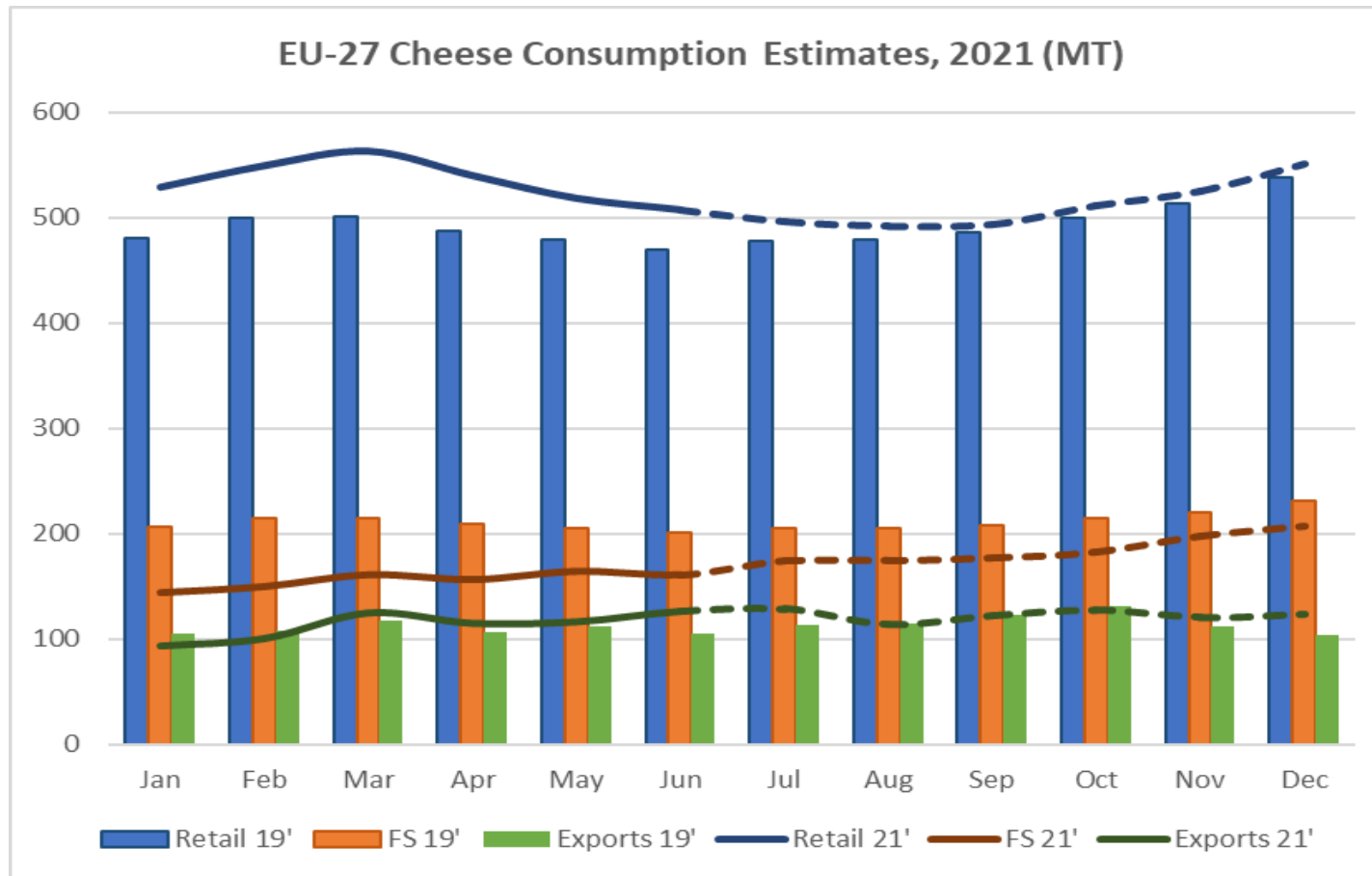
www.eucolait.eu

Outline

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

* include estimates for Saudi Arabia, Egypt & Philippines

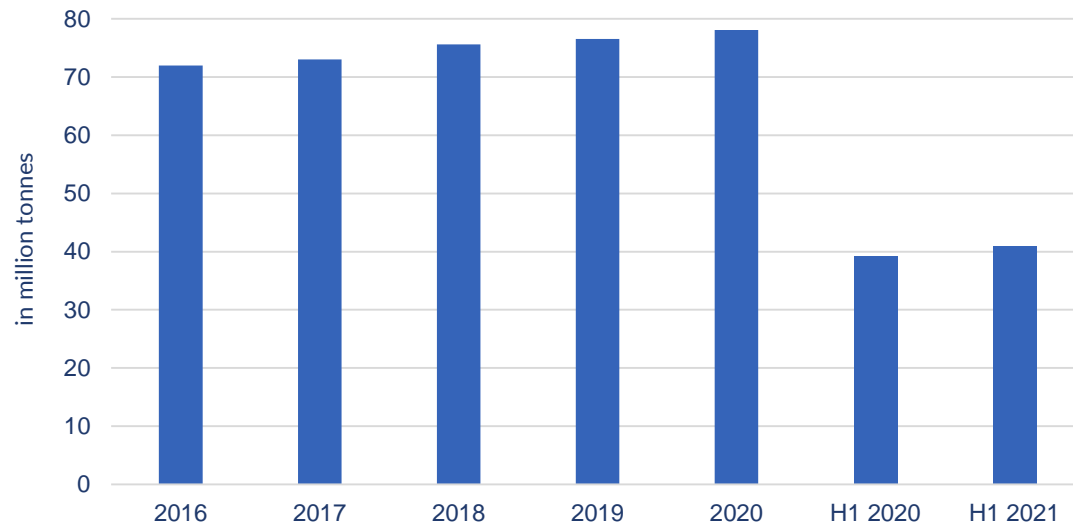
Domestic cheese consumption – Ornuva Estimates



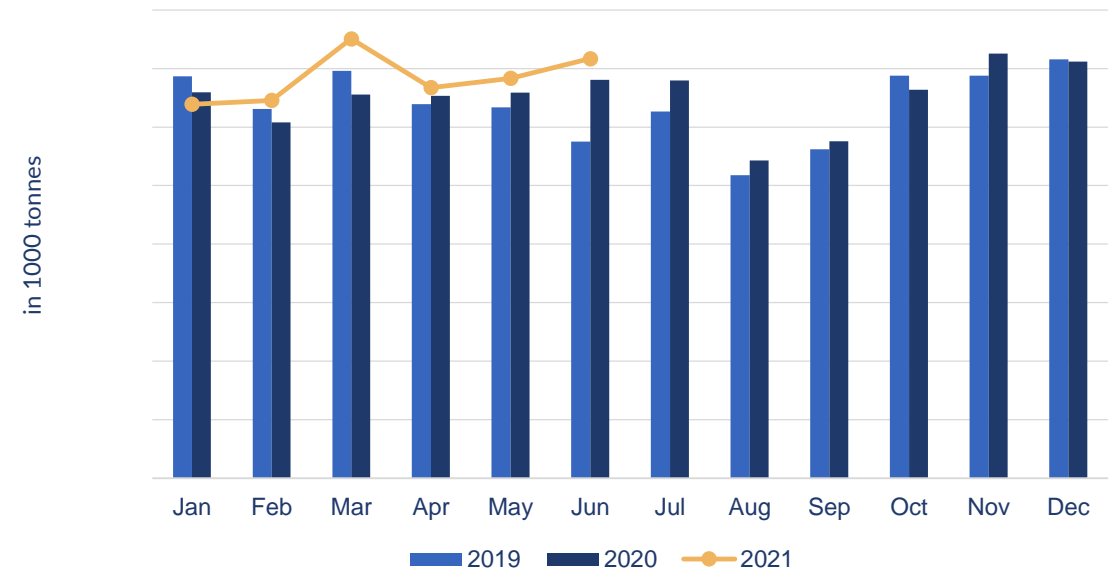
Global dairy exports in ME

Global dairy exports:
Growth rate H1 21/20: +5%

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

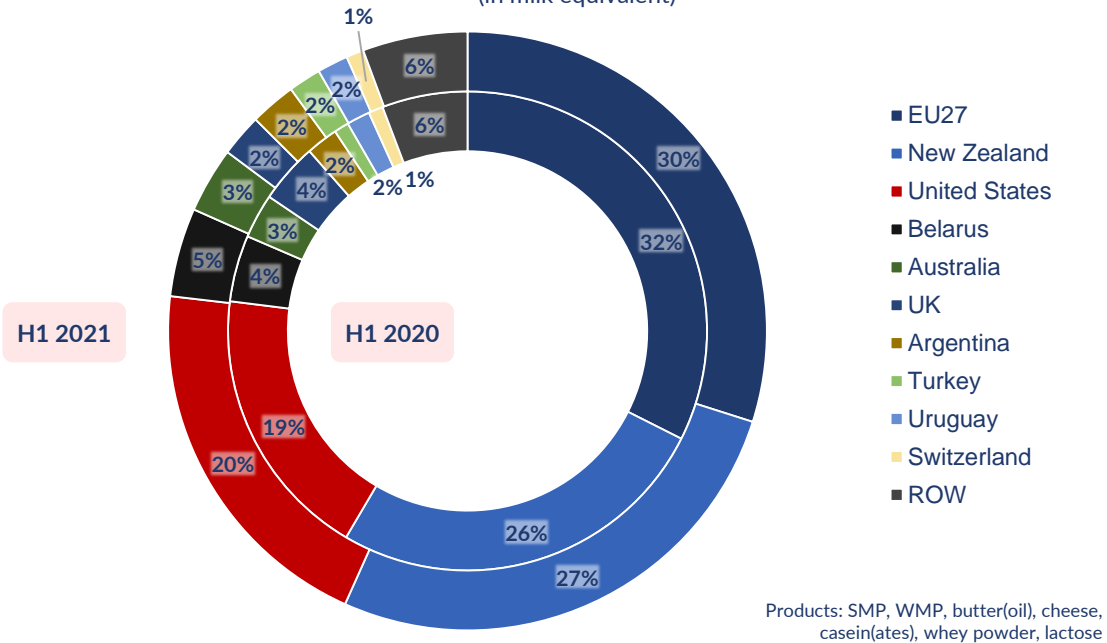


Monthly global dairy exports in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

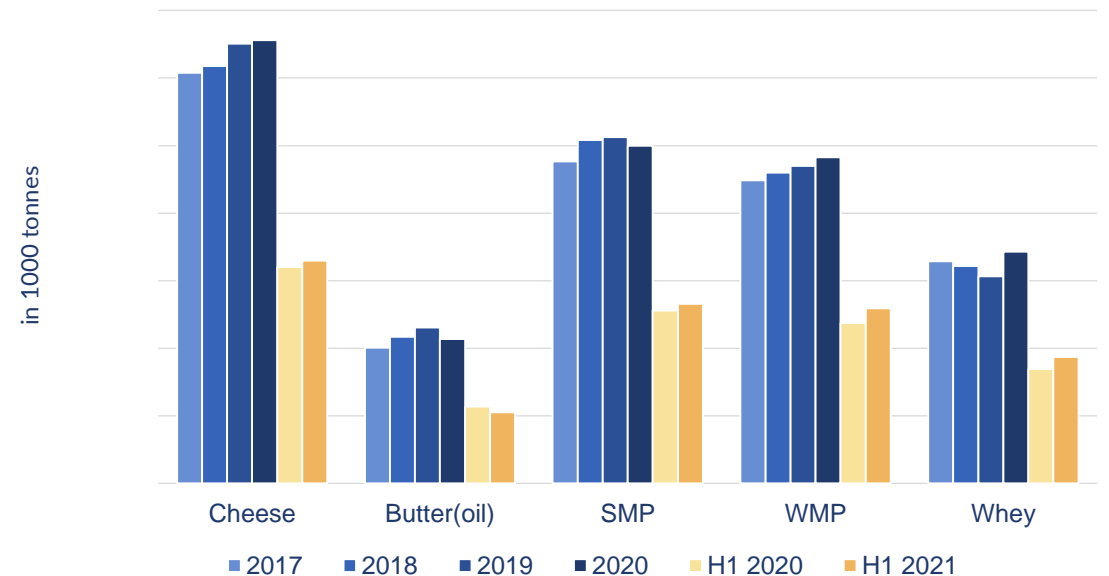


Dairy exports of main market players in ME

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

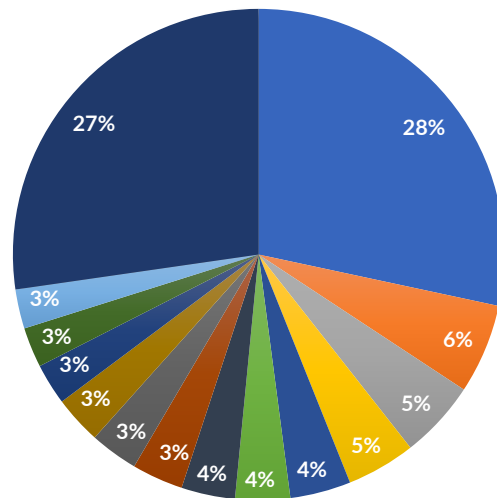


Global exports of main dairy commodities



Main import markets & EU export destinations

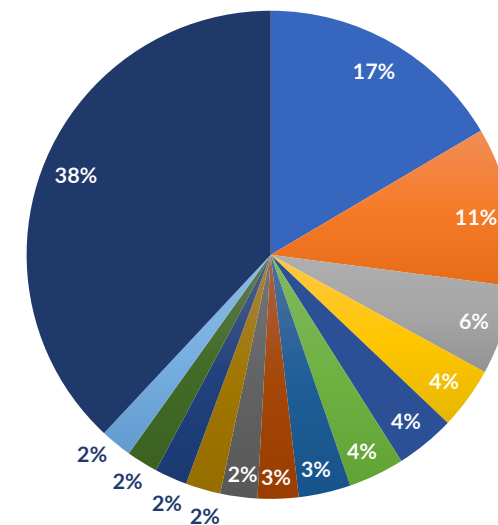
Main import markets in H1 2021
(in milk equivalent)



- China
- Mexico
- Indonesia
- Russia
- Algeria
- Japan
- UK
- Philippines*
- Malaysia
- Saudi Arabia*
- United States
- Thailand
- EU27
- ROW

* Estimate for Jun 21

EU export destinations in H1 2021
(in milk equivalent)



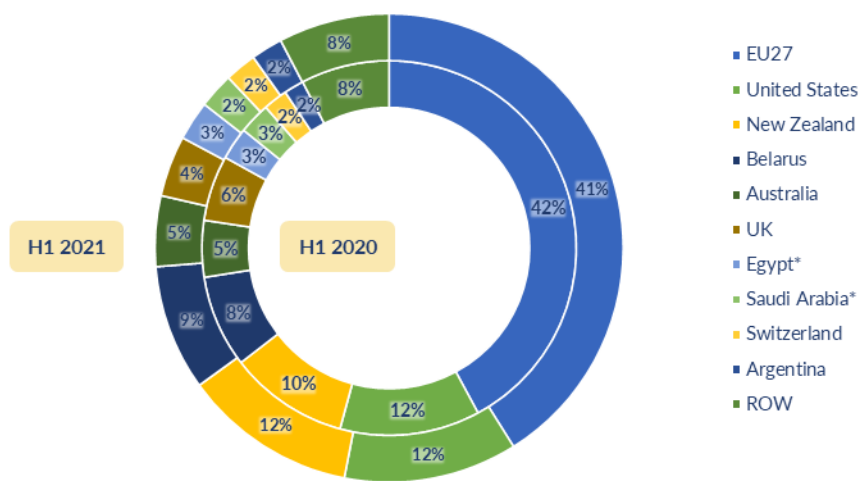
- China
- UK
- Indonesia
- United States
- Algeria
- Japan
- Malaysia
- Thailand
- Saudi Arabia
- Egypt
- Philippines
- Nigeria
- South Korea
- ROW

Cheese trade

Global cheese exports:
Growth rate H1 21/20: +3%

EU cheese exports:
Growth rate H1 21/20: +1%

Global cheese export shares (in % of total exports)



*Estimates for Jun 21

MAIN CHEESE IMPORTERS H1 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	1 525 497	100%	↑ +5%
UK	184 015	12%	↓ -22%
Russia	166 251	11%	↑ +16%
Japan	141 968	9%	→ -1%
Saudi Arabia*	99 358	7%	↑ +10%
China	97 463	6%	↑ +57%
EU27	88 516	6%	↓ -14%
United States	85 342	6%	↑ +16%
South Korea	81 267	5%	↑ +9%
Mexico	66 615	4%	↑ +2%
Australia	51 546	3%	↓ -3%
ROW	463 156	30%	↑ +11%

* Estimates for Jun 21

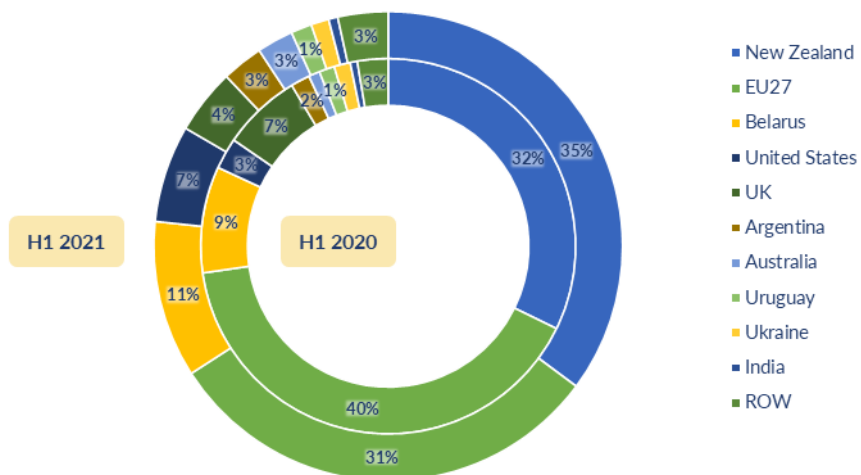
EU27 CHEESE EXPORTS H1 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	678 515	100%	→ +1%
UK	199 168	29%	↓ -12%
United States	61 849	9%	↑ +18%
Japan	59 585	9%	↓ -7%
Switzerland	38 096	6%	↑ +7%
South Korea	26 419	4%	↓ -9%
Ukraine	23 781	4%	↑ +12%
Saudi Arabia	22 320	3%	↑ +9%
China	21 708	3%	↑ +79%
Australia	13 493	2%	↑ +7%
Libya	12 833	2%	↑ +29%
ROW	199 263	29%	↑ +5%

Butter trade

Global butter exports:
Growth rate H1 21/20: -2%

EU butter exports:
Growth rate H1 21/20: -26%

Global butter export shares (in % of total exports)



MAIN BUTTER IMPORTERS H1 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	326 926	100%	↓ -4%
China	60 683	19%	↑ +21%
Russia	59 056	18%	↑ +4%
Saudi Arabia*	21 979	7%	↓ -3%
United States	21 671	7%	→ +1%
UK	18 374	6%	↓ -41%
EU27	15 482	5%	↓ -10%
Australia	14 755	5%	↓ -13%
Canada	11 490	4%	↑ +43%
Taiwan	9 775	3%	↑ +7%
Singapore	8 275	3%	↑ +13%
ROW	85 386	26%	↓ -15%

* Estimates for Jun 21

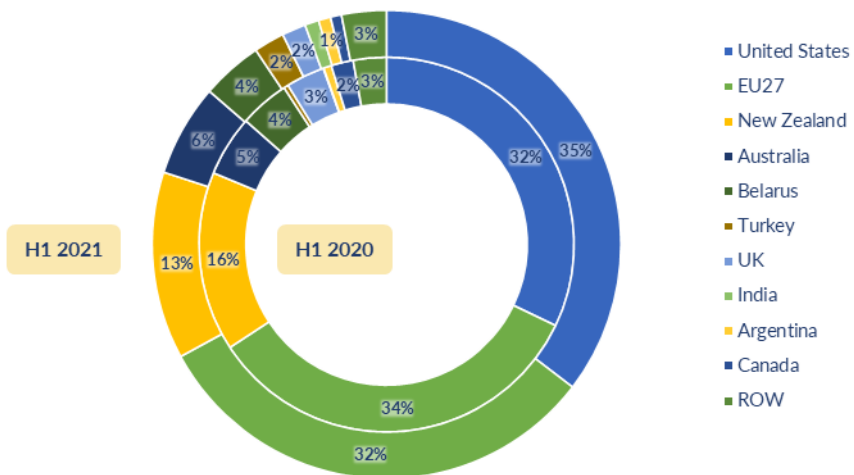
EU27 BUTTER EXPORTS H1 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	109 170	100%	↓ -26%
United States	20 020	18%	↓ -10%
UK	15 998	15%	↓ -38%
China	10 550	10%	↑ +38%
South Korea	4 928	5%	↑ +54%
Saudi Arabia	4 534	4%	↓ -60%
Taiwan	3 323	3%	↑ +14%
Singapore	3 060	3%	↓ -9%
Morocco	2 966	3%	↓ -58%
Israel	2 554	2%	↓ -34%
United Arab Emirates	2 385	2%	↓ -44%
ROW	38 852	36%	↓ -29%

SMP trade

Global SMP exports:
Growth rate H1 21/20: +4%

EU SMP exports:
Growth rate H1 21/20: -2%

Global SMP export shares (in % of total exports)



MAIN SMP IMPORTERS H1 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	1 059 171	100%	↑ +1%
China	231 624	22%	↑ +47%
Mexico	175 923	17%	↑ +23%
Indonesia	103 142	10%	↓ -5%
Philippines*	72 915	7%	↓ -7%
Algeria	70 888	7%	↓ -20%
Malaysia	59 308	6%	→ -0%
Thailand	33 006	3%	↓ -5%
Singapore	27 323	3%	↓ -9%
Russia	23 235	2%	↓ -18%
Nigeria	19 776	2%	↓ -17%
ROW	242 031	23%	↓ -17%

* Estimates for Jun 21

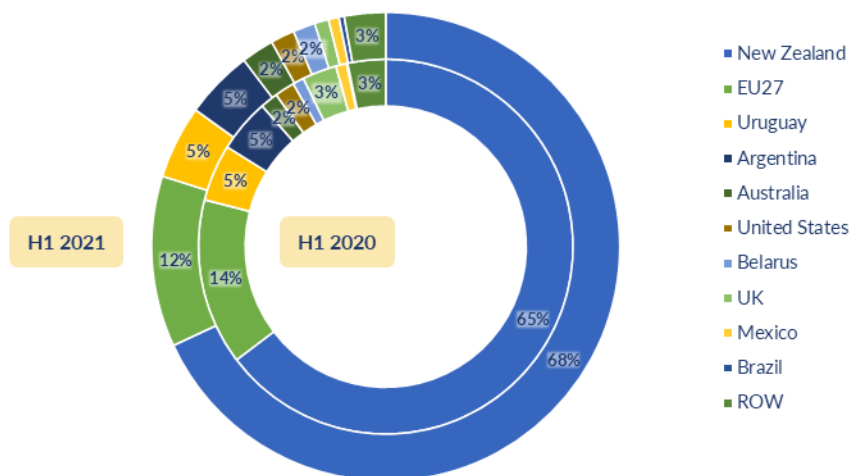
EU27 SMP EXPORTS H1 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	420 958	100%	↓ -2%
China	70 946	17%	↑ +27%
Algeria	48 039	11%	↓ -36%
Indonesia	38 571	9%	↑ +91%
Philippines	23 771	6%	↑ +60%
Egypt	20 987	5%	↓ -19%
Malaysia	20 244	5%	↓ -7%
Yemen	19 452	5%	↑ +16%
Nigeria	19 207	5%	↓ -10%
Vietnam	13 568	3%	↑ +7%
Thailand	13 558	3%	↑ +28%
ROW	132 615	32%	↓ -14%

WMP trade

Global WMP exports:
Growth rate H1 21/20: +9%

EU WMP exports:
Growth rate H1 21/20: -10%

Global WMP export shares (in % of total exports)



MAIN WMP IMPORTERS H1 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	1 169 550	100%	↑ +2%
China	535 576	46%	↑ +29%
Algeria	106 999	9%	↓ -20%
Saudi Arabia*	55 556	5%	↓ -34%
Sri Lanka	47 458	4%	↑ +1%
Oman	36 232	3%	↓ -4%
Thailand	36 006	3%	↓ -15%
Nigeria	34 786	3%	↓ -3%
Indonesia	34 158	3%	↑ +34%
Brazil	31 265	3%	↑ +52%
Singapore	29 334	3%	↓ -4%
ROW	222 180	19%	↓ -20%

* Estimates for Jun 21

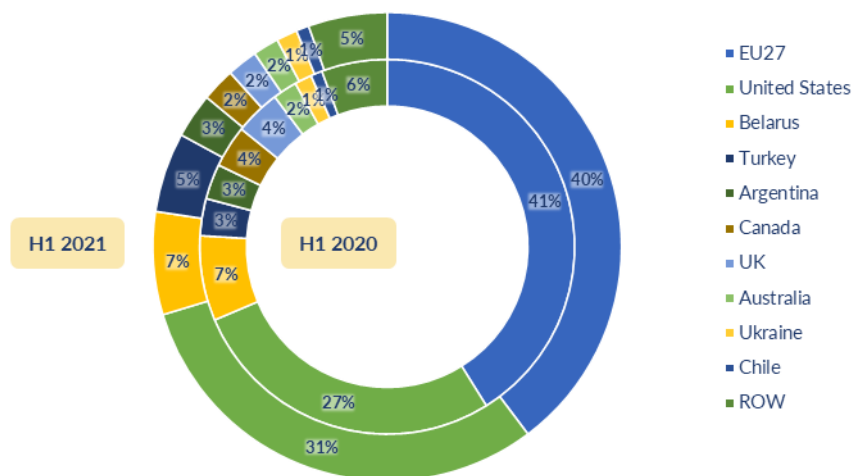
EU27 WMP EXPORTS H1 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	152 942	100%	↓ -10%
Oman	25 827	17%	↑ +3%
China	11 508	8%	↑ +67%
Nigeria	10 803	7%	↓ -19%
UK	8 515	6%	↓ -39%
Algeria	6 391	4%	↓ -53%
United Arab Emirates	5 143	3%	↓ -13%
Kuwait	5 036	3%	↓ -30%
Senegal	4 553	3%	↑ +10%
Bangladesh	3 842	3%	↑ +65%
Saudi Arabia	3 833	3%	↓ -17%
ROW	67 491	44%	↓ -8%

Whey powder trade

Global whey powder exports:
Growth rate H1 21/20: +11%

EU whey powder exports:
Growth rate H1 21/20: +7%

Global whey export shares (in % of total exports)



MAIN WHEY POWDER IMPORTERS H1 2021			
Importers	Volumes in tonnes	Market shares	Δ% 21/20
World	853 374	100%	↑ +12%
China	396 321	46%	↑ +45%
Indonesia	63 293	7%	↑ +12%
Malaysia	43 547	5%	↓ -9%
Thailand	32 049	4%	↓ -12%
Philippines*	31 437	4%	↑ +17%
Japan	24 910	3%	↓ -2%
Mexico	23 324	3%	↓ -6%
EU27	20 061	2%	↓ -20%
UK	19 988	2%	↓ -18%
Russia	19 426	2%	↓ -32%
ROW	179 019	21%	↓ -8%

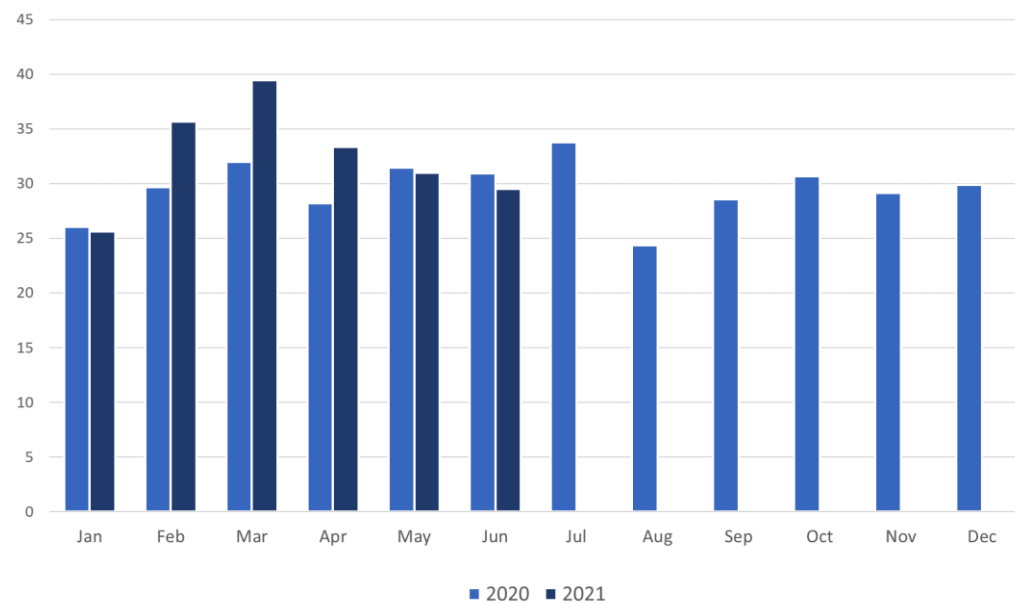
* Estimates for Jun 21

EU27 WHEY POWDER EXPORTS H1 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	370 937	100%	↑ +7%
China	140 969	38%	↑ +17%
Indonesia	45 458	12%	↑ +37%
Malaysia	31 310	8%	↑ +5%
Thailand	23 495	6%	↑ +6%
UK	16 819	5%	↓ -31%
Vietnam	12 906	3%	↓ -5%
Japan	9 462	3%	↑ +8%
South Korea	6 908	2%	↓ -8%
Singapore	6 483	2%	↑ +23%
India	5 994	2%	↑ +24%
ROW	71 133	19%	↓ -5%

Fat-filled powder trade

EU fat-filled powder exports:
Growth rate H1 21/20: +9%

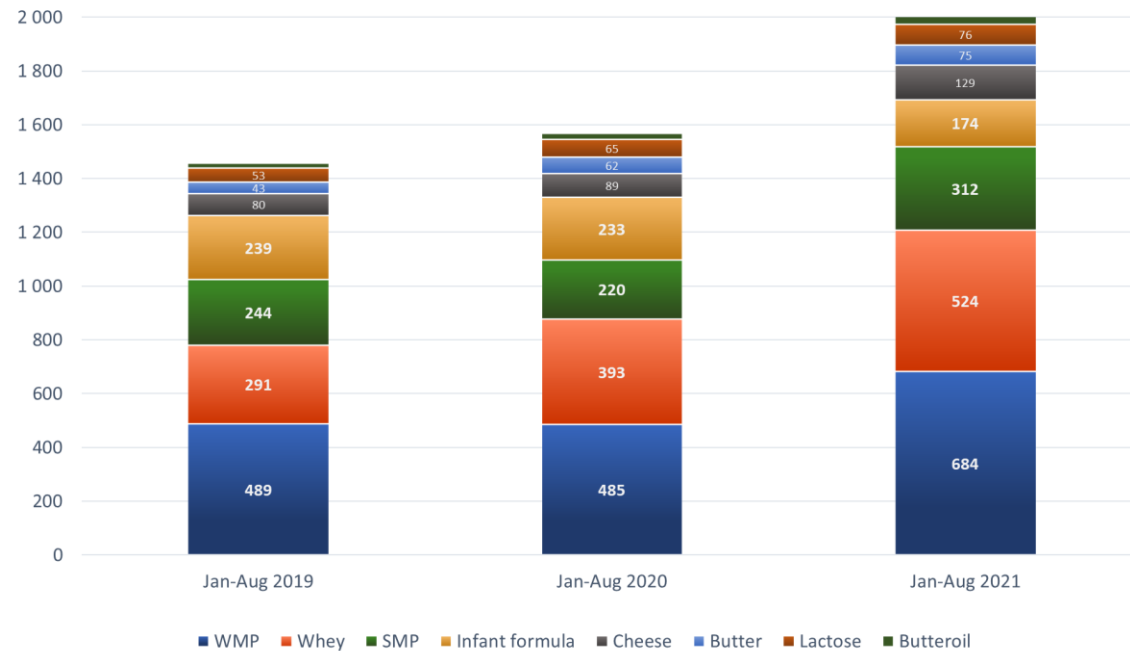
EU27 fat-filled powder exports
(in 1000 tonnes)



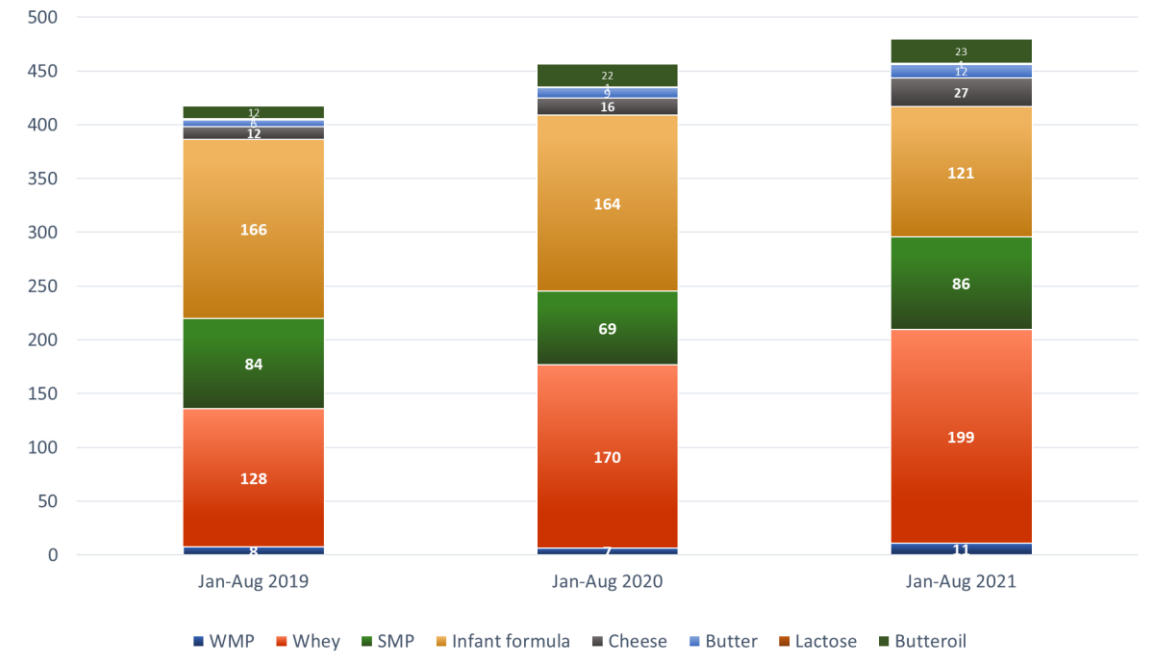
EU27 FFP EXPORTS H1 2021			
Main destinations	Volumes in tonnes	Share of EU exports	Δ% 21/20
Total EU27 exports	194 637	100%	↑ +9%
Nigeria	36 316	19%	↑ +8%
Senegal	29 991	15%	↑ +16%
Iraq	14 667	8%	↓ -6%
United Arab Emirates	14 597	7%	↓ -21%
Cote d'Ivoire	11 021	6%	↑ +97%
Bangladesh	10 130	5%	↑ +43%
Egypt	6 848	4%	↑ +53%
Guinea	5 733	3%	↑ +15%
Benin	4 460	2%	↑ +70%
Niger	4 391	2%	↑ +24%
ROW	56 483	29%	→ -0%

China imports

Cumulated China imports
(in 1000 tonnes)

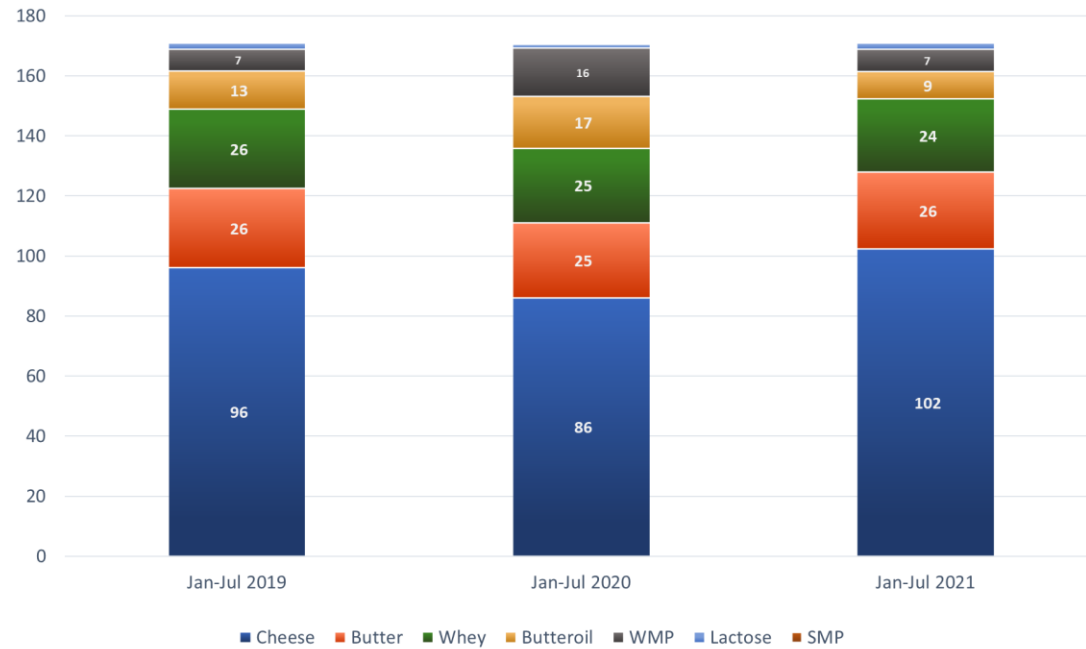


Cumulated China imports from the EU
(in 1000 tonnes)

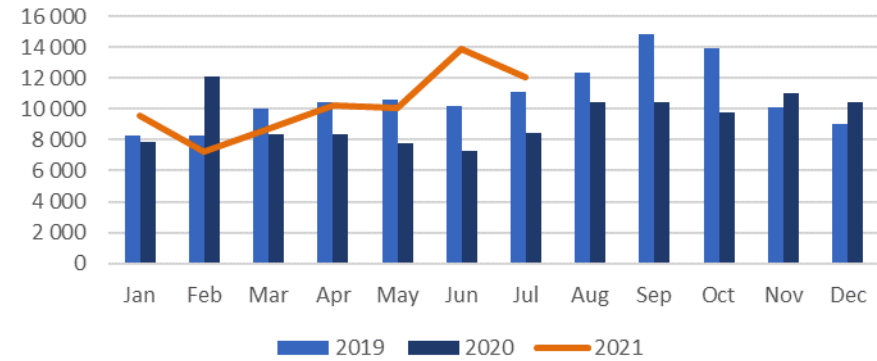


US imports

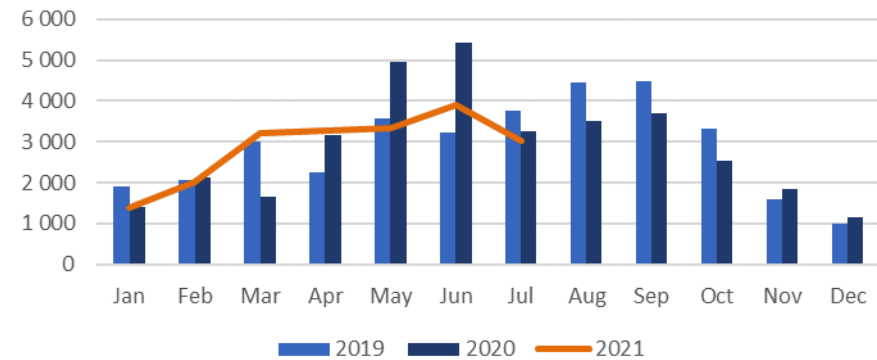
Cumulated US imports
(in 1000 tonnes)



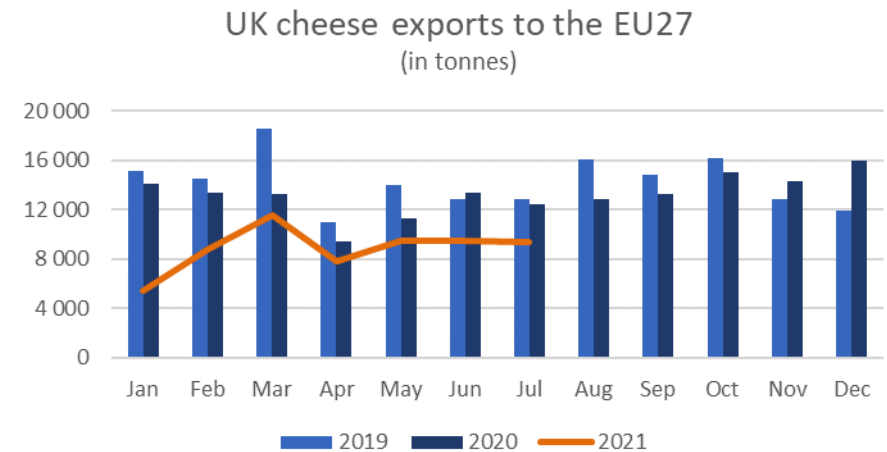
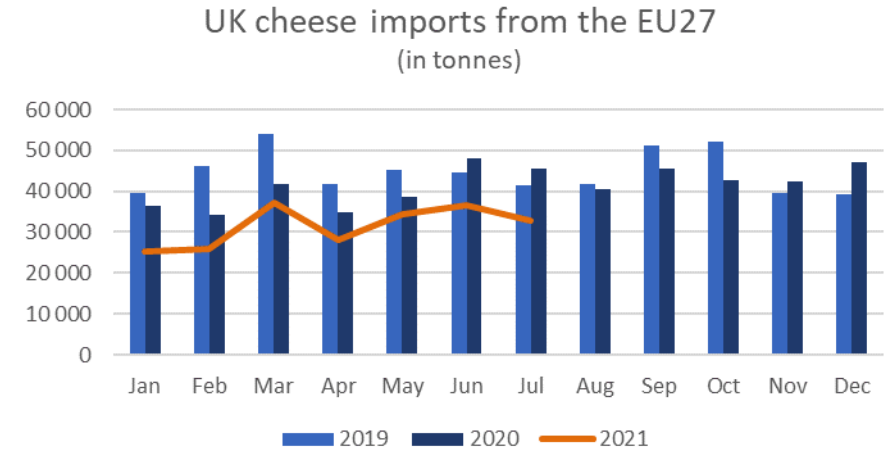
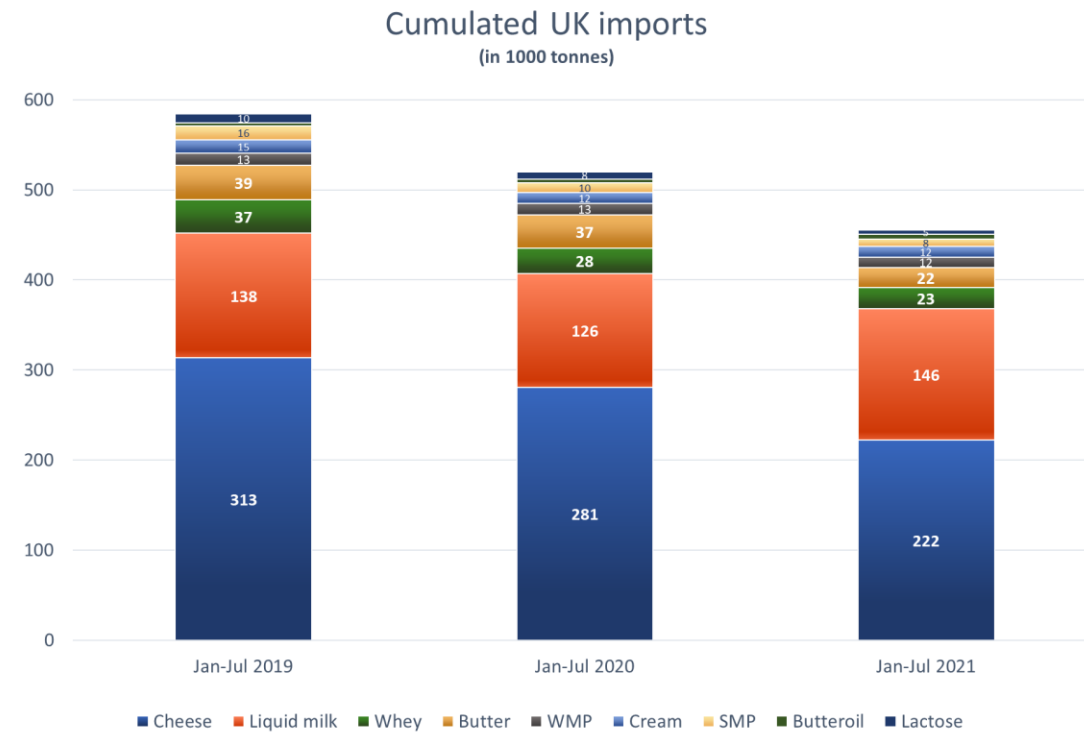
US cheese imports from the EU27
(in tonnes)



US butter imports from the EU27
(in tonnes)



UK trade



Conclusions (1/2)

- **Global trade growth** was very strong in H1 (+4.8%) despite the disruption of (maritime) supply chains and the drop in EU-UK trade.
- **China** was the main driver of this growth, while imports of many other key destinations contracted. This trend has continued in the first to two months of H2 but there are reports of the Chinese market being oversupplied.
- Despite the further increase in NZ-China trade, **US continues to be the main beneficiary** on the export side, while **EU's performance has been subdued**.
- The **growth in global milk supplies is easing**, especially in the EU. This has led to lower production of WMP, SMP and butter in Europe, **affecting availability for export**.
- **The new trading situation with the UK** has caused EU-UK trade flows to drop by more than 25% in comparison to pre-Brexit levels and this is not expected to change. The relationship is tense, and the only trade facilitating development has been the second postponement of UK import controls until July 2022.

Conclusions (2/2)

- As expected, the **suspension of US tariffs** on EU dairy products in the context of the aircraft dispute has boosted EU exports across the Atlantic, with cheese shipments now above pre-tariffs levels.
- **Food service activity** is close to pre-pandemic levels in the US but demand in other regions is taking longer to recover.
- The **logistical capacity constraints and shipping woes have gotten worse**. The lack of availability of containers and vessels, high freight rates, unreliable schedules and delayed exports are expected to remain a feature of global trade for some time.
- **Covid** remains a factor due to the spread of the Delta variant, but the mood is now more optimistic thanks to the high uptake of vaccinations in many countries.
- The overall short-term outlook seems quite stable, not least due to modest milk production and lower solids content. However, the reported drop in Chinese demand, covid-related uncertainty and supply chain challenges call for vigilance.

Thank You

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ANNEX 4

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

EuroCommerce



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

Milk Market Observatory
29 September 2021

France

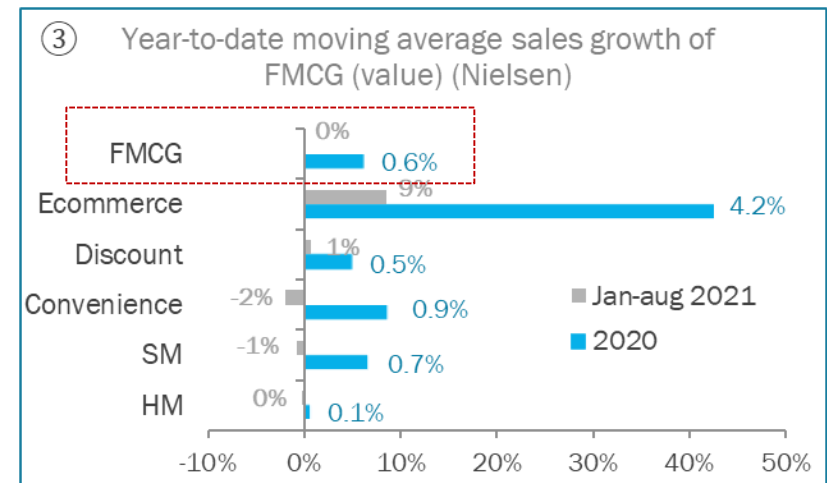
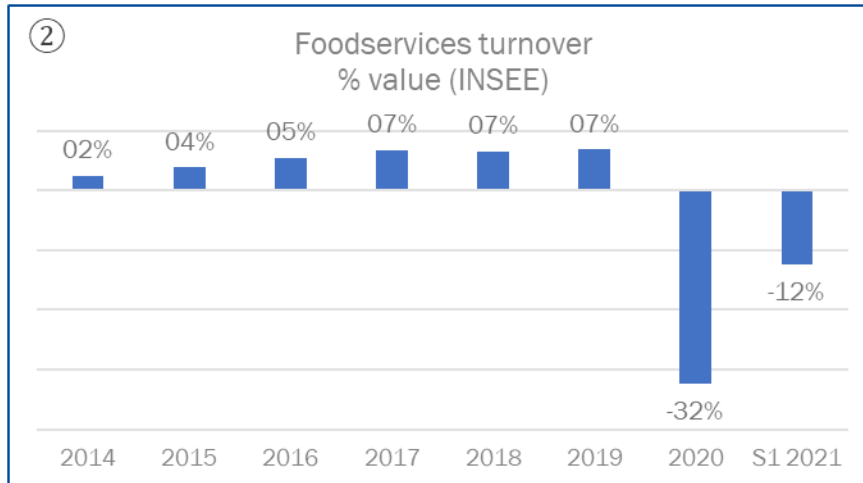
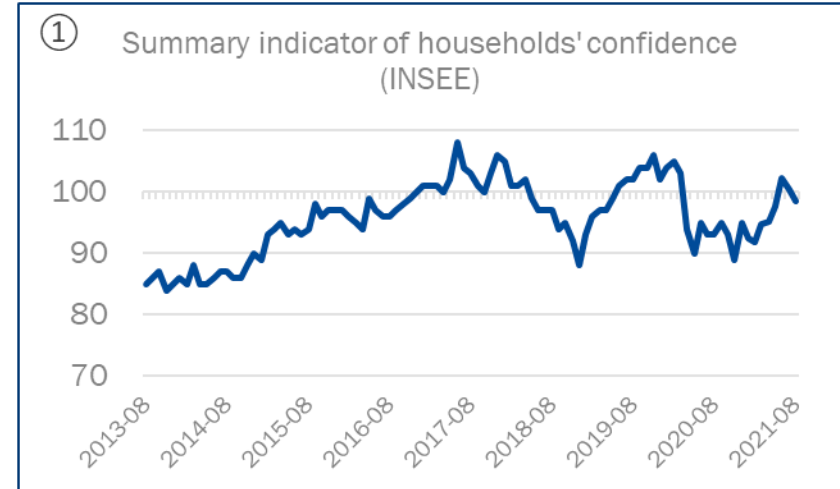
Economic context

- ① The economic climate in France is improving, like in other European countries. The index of confidence was again below its long term level (97, vs 100) in August, but it increased in September (to 102).
- ② The foodservices turnover : there was a big drop last year (a decrease by 32% in value), and the first semester also showed a drop by 12%. The level of activity will not be caught up until 2022.
- ③ Food retail : slowdown in the first semester of 2021, compared to the first semester of 2020. After an increase by more than 6% last year, the sales of FMCG increased just by 0,2% during the first 8 months of the year. We see a decrease for convenience stores (-2%). The sales in ecommerce remain very dynamic, +9%.

France

Economic context

- ① In August 2021, households' confidence in the economic situation has decreased. At 97, the synthetic index has lost 4 points compared to June and is now below its long-term average
- ② The first semester 2021 was marked by a new decline in restaurant sales (-12% compared to S1 2020 and -45% compared to 2019).
- ③ FMCG sales slowed sharply in the first 8 months of 2021 : they are now quite stable.



France

Home consumption - Period ending 31 August 2021

Home Consumption of dairy products during the first 8 months of 2021: no surprise : all the categories (except cheese) are concerned by a decrease. Especially liquid milk, with a drop by 3% (12 months), but also butter (more than 4%), cream, etc.

This trend is explained by a gradual return to normal : schools are open, teleworking is becoming less important. And the restaurants reopened in May . This downward trend is expected to continue during the next months.

But if we compare these data with data with 2019 data, the picture is not the same, since we observe an increase of the consumption. For example, in **HMSM**, according to IRI, the sales have decreased in value by -2,2% (in value) compared to the same period in 2020, but they increased by 5,5% compared to 2019.

Concerning the fresh food products (unpacked products) in HMSM, there has been an overall increase in sales during the first 8 months of the year 2021, compared to the same period of 2020 and 2019. Concerning the sales in **cheese counters** in Hyper and Super we see an increase by 2,5% compared to 2020, but this comparison is biased by the closure of counters last spring. And when we compare the data to the sales in 2019, the trend is downward.

France

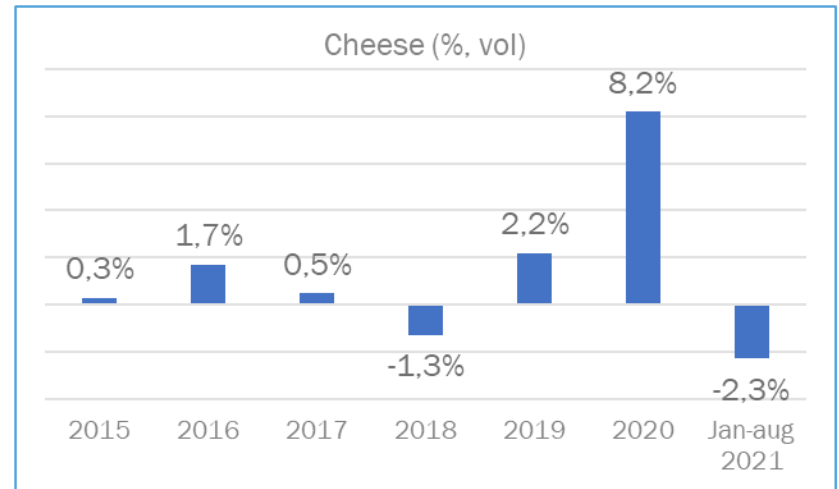
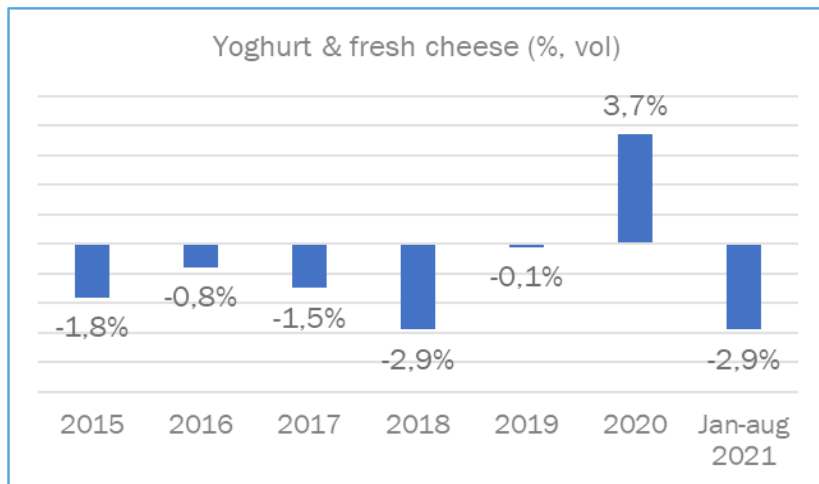
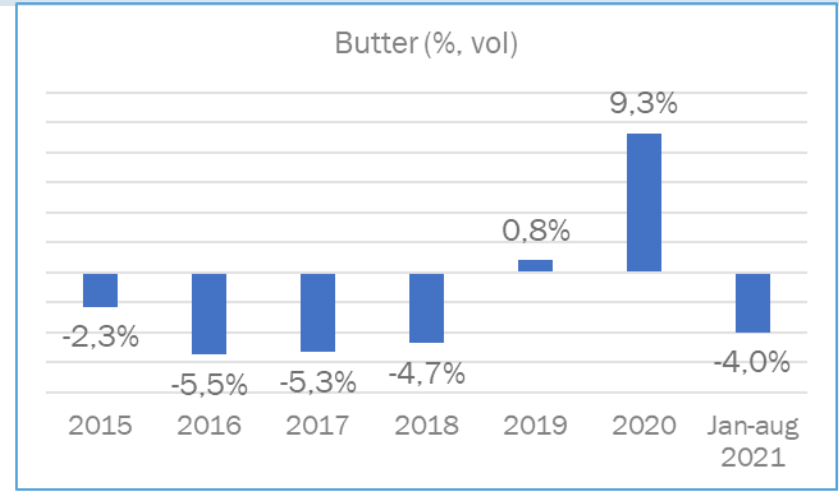
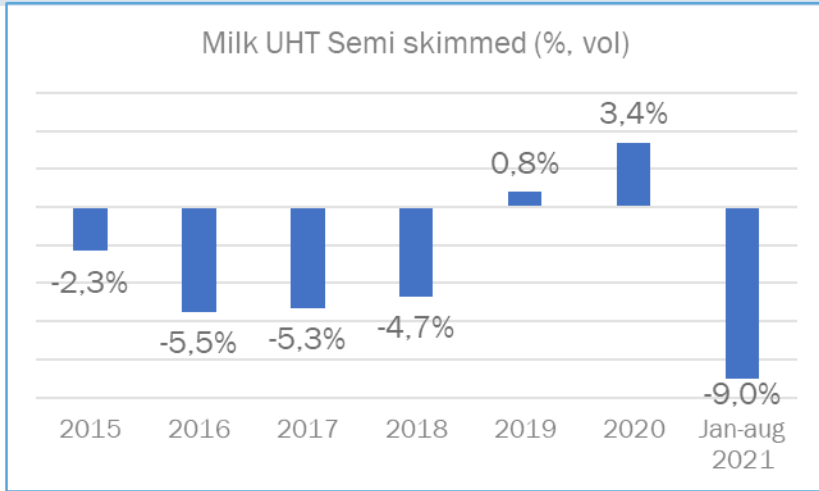
Home consumption - Period ending 31 August 2021

Product category	Volume (% change) 1 month period (P08'21-P08'21)	Volume (% change) Year on year (P08'19-P08'20 / P08'20 -P08'21)	Price (% change) 1 month period (P08'21-P08'21)	Price (% change) Year on year (P08'19-P08'20 / P08'20 -P08'21)
Total liquid milk	-4,3%	-3,1%	+2,7%	+0,7%
Of which UHT semi-skimmed milk	-9,6%	-5,3%	+2,6%	+0,4%
Yoghurt & fresh cheese	-0,6%	-0,8%	+1,1%	+2,2%
Butter	+4,0%	-0,2%	-1,6%	-1,0%
Cream	+4,3%	+1,1%	-0,8%	+0,1%
Cheese	-5,4%	+0,9%	+1,3%	+1,6%

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

France

Home Consumption (vol.) - Period ending 31 August 2021



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 2.2% in the first 8 months of 2021 compared to the same period in 2020, but were up by 5.5% compared to the first 8 months of 2019.

Jan-August 2021 / Jan-August 2020

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

Jan-August 2021 / Jan-August 2019

CC_TOUS CIRCUITS	Evol.CA VS A-2
TOTAL PGC	6,9%
DPH	2,7%
ENTRETIEN	6,2%
HYGIENE	0,9%
EPICERIE	7,0%
EPICERIE SALEE	7,8%
EPICERIE SUCREE	6,3%
FLS POIDS FIXE	8,2%
CREMERIE	5,5%
FRAIS NON LAITIERS LS	10,6%
SURGELES GLACES	9,1%
LIQUIDES	7,4%
BIERES ET CIDRES	18,2%
BRSA ET EAUX	-0,2%
SPIRITUEUX ET CHAMPAGNES	9,8%

Source: IRI

France

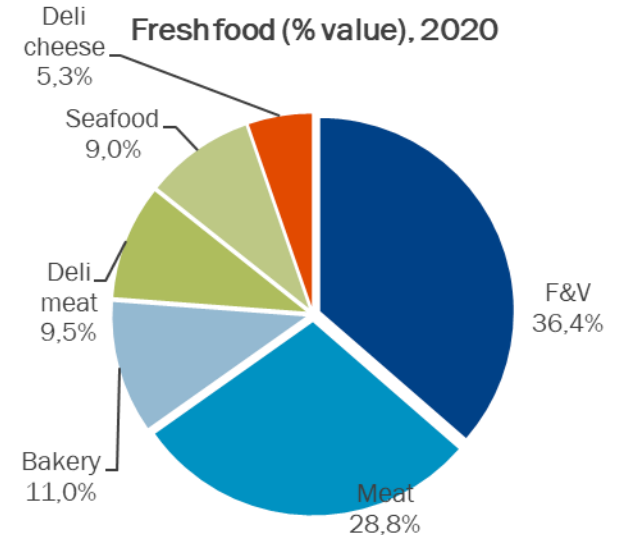
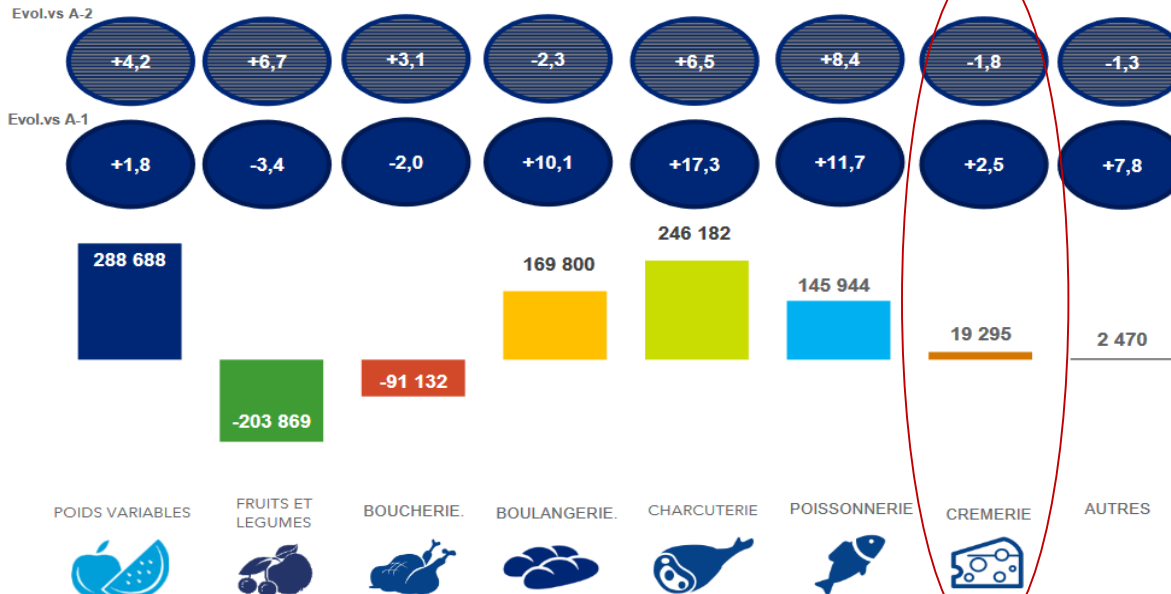
Focus on fresh food in hypermarkets and supermarkets

The sales of fresh food products (unpacked products) increased by 1,8% during the first 8 months of 2021 compared to the same period in 2020 (+4,2% // same period in 2019). The sales of **cheese** increased by 2,5% during the first 7 months of 2021 compared to the same period in 2020, but they decreased by 1,8% in comparison with the same period in 2019.

Décomposition évolution poids variable – cumul courant -

CONCEPT HM + CONCEPT SM + E-Commerce GSA

GAINS CA (K€) ET EVOL. (%) – CC P08 2021



France

Organic vs plant-based options, « natural » products

The sustainable food market (organic, fait-trade, natural products, etc.) is very dynamic and represents now 10% of the FMCGs sales in France. But the growth rate of **organic** products (+2,2% in value in 2021, 12 months, August 2020 - August 2021) is low compared to the sales of fair-trade products (+24%), ecological products (+23%), products without additives, etc.

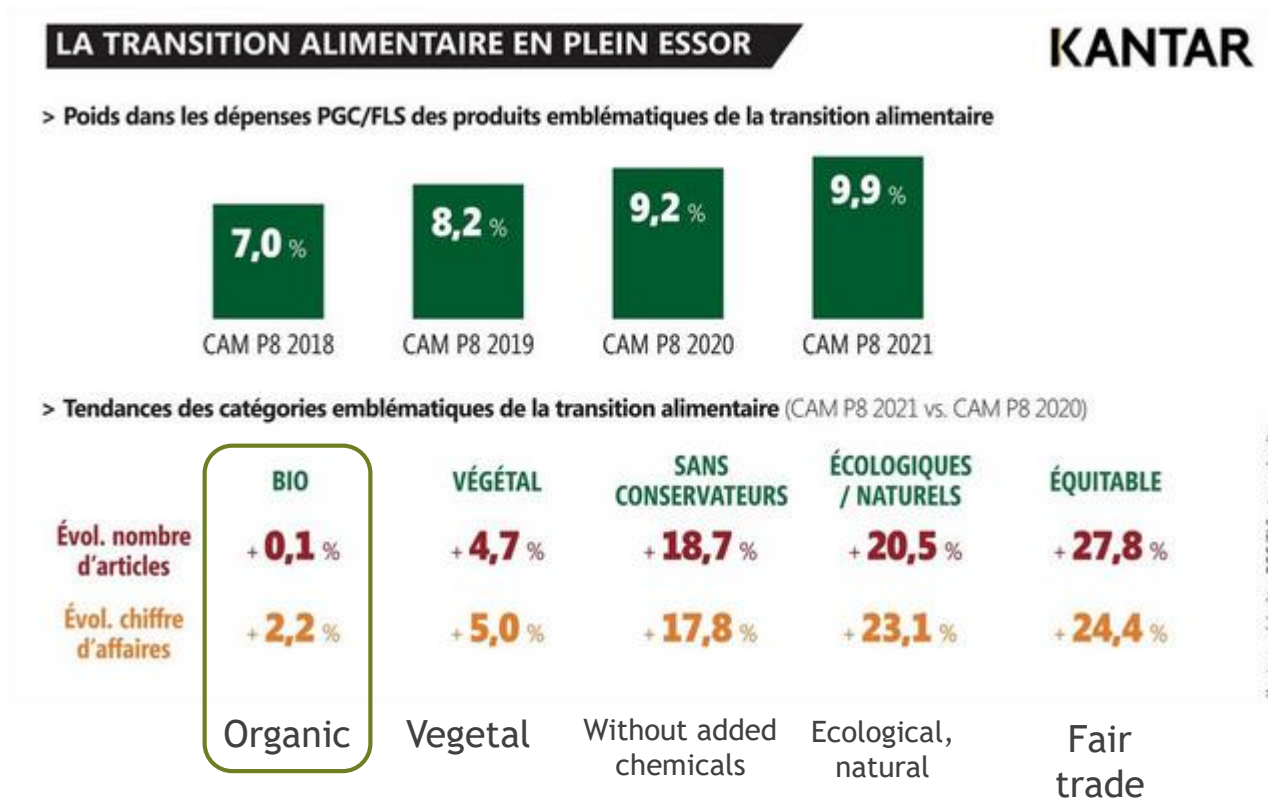
And when we look at the **organic milk market**, the consumption is declining compared to 2020. In recent years, organic has always been more dynamic than conventional, and this time, after a slowdown in 2020 (the milk consumption increased by 2,3% in volume vs 5% for the conventional milk), we are actually seeing a drop... more significant than in the conventional market. Competition for organic milk is becoming tough in France, with increasing market segmentation and successful local brands.

Some dairy groups in France have announced that they will stop supporting the conversion of farms to organic, they are waiting to see if this is a temporary or structural problem.

France

Organic vs plant-based options, « natural » products

While sales of sustainable food products (plant-based, preservative-free, ecological...) continue to grow in 2021, the organic segment is at a standstill in France.



Source: Kantar via Editions Dauvers

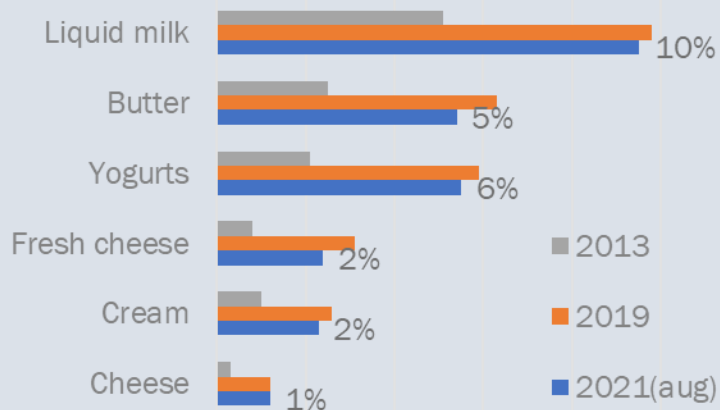
France

Sales of organic versus conventional milk & dairy products

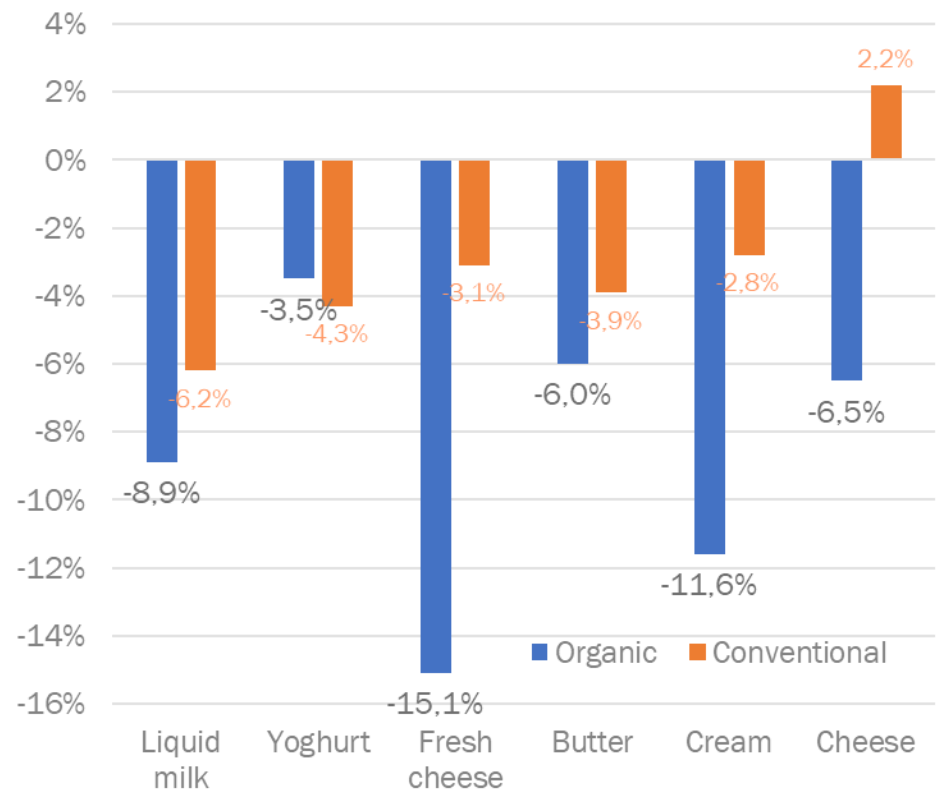
Organic milk & dairy products

- ❖ Organic dairy products sales decreased during the first 8 months in 2021. Their decline was stronger than that of conventional products

Organic market shares (% vol. 31/08/2021)



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



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

France

Plant-based options in 2021

The sales of **soy desserts** increased by 11% over the last 12 months to June. The market represents 128 M€, although soy remains the leading segment, it is clearly pulled up by the other segments (coconut, almond, oats).

The sales of **plant-based beverages** remained dynamic in 2020. They increased by almost 12% in 2020. We see a slight decline in the first months of 2021, It's almost the same for the milk market.

Although the market is still small, it is expected to grow in the coming years, given consumer expectations and the expansion of the supply.

Bloomberg published a Report on plant-based food in the world in August (« Plant-Based Foods Poised for Explosive Growth »). According to the report, the market for plant-based substitutes for dairy products will represent \$62 billion in 2030, compared with \$23 billion in 2020. The market will almost triple in 10 years.

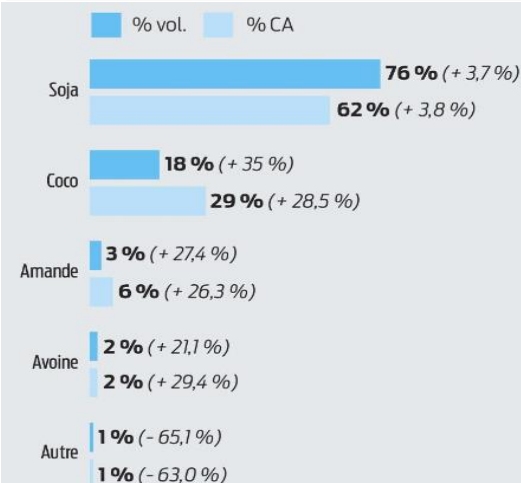
France

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	P6 31-05-2021 to 04-07-2021	P7 05-07-2021 to 01-08-2021	P8 02-08-2021 to 29-08-2021	P6 31-05-2021 to 04-07-2021	P7 05-07-2021 to 01-08-2021	P8 02-08-2021 to 29-08-2021
TOTAL FMCG	116 449 640,2	6,9%	11 092 595,8	8 685 745,9	8 769 106,2	-0,7%	-1,6%	-2,0%
TOTAL YOGHURTS	2 278 415,8	4,9%	217 574,5	163 766,7	166 788,8	3,5%	0,4%	-1,1%
Soy desserts	54 672,1	-1,5%	5 153,0	3 789,1	3 709,7	-0,6%	-1,4%	-8,6%
Other plant-based desserts	28 601,0	19,4%	3 260,7	2 411,9	2 390,1	20,3%	23,0%	18,3%
UHT MILK	2 145 687,2	6,1%	176 641,2	137 942,8	141 596,6	-4,9%	-1,3%	-3,1%
Plant-Based Beverages	218 234,3	11,7%	19 387,6	14 572,2	14 451,3	-1,4%	-1,4%	-3,3%

Source: IRI

France

Plant-based options in 2021



Specialized in rice protein formulations, the Modilac brand announces the launch of the first reference of its kind in supermarkets. They have been available for a long time in pharmacies and on specialized websites



Savencia will launch a cross-sectional range of products for the creamery department in October, with 13 references. Cheese alternatives, desserts, drinks and culinary aids will carry the « Vivre Vert » signature



The first snack in a gourd with plant-based beverage launched in June 2021. These are the brand's first steps in desserts made with vegetable juices.



A new version of Tartare without milk has been launched last spring: it is 100% vegetable, Almond replaces the classic milk in the original recipe.



ANNEX 5

Overview of promotion campaigns for dairy products in 2021, funded under EU promotion policy

European Commission



Presentation

Overview of promotion campaigns for dairy products in 2021, funded under EU promotion policy

MEETING OF THE ECONOMIC BOARD OF THE EUROPEAN MILK MARKET OBSERVATORY

29 September 2021

Structure of the presentation

- 1) Submission and evaluation statistics for simple programmes
 - one or more of organisation from the same Member State
- 2) Submission and evaluation statistics for multi programmes
 - at least two organisations from at least two Member States or one or more Union organisation

1) Simple programmes: Submission statistics

Number of proposals, requested grants, comparison with the available budget

Topic	Number of submitted proposals	Total of requested grants (EUR)	Available budget (EUR)	Ratio of requested / available
AGRIP-SIMPLE-2021-IM-EU QS	24	23.908.309,45	5.000.000	478%
AGRIP-SIMPLE-2021-IM-ORGANIC	14	29.552.160	6.000.000	493%
AGRIP-SIMPLE-2021-IM-SUSTAINABLE	15	17.008.493	6.000.000	284%
AGRIP-SIMPLE-2021-IM-PROPER-DIET	7	14.896.878	9.100.000	164%
AGRIP-SIMPLE-2021-IM-CHARACTERISTICS	11	13.066.644	6.000.000	216%
AGRIP-SIMPLE-2021-TC-ASIA	26	62.491.254	16.300.000	383%
AGRIP-SIMPLE-2021-TC-AMERICAS	8	14.668.346	8.300.000	177%
AGRIP-SIMPLE-2021-TC-OTHERS	33	52.595.878	12.300.000	428%
AGRIP-SIMPLE-2021-TC-ORGANIC	4	4.766.550	12.000.000	40%
Total	142	232.954.512,7	81.000.000	288%

1) Simple programmes: Submission statistics

Number of proposals by product/sector

Product	Number of proposals	Budget requested
Basket	63	90.403.797
Fruit (fresh or dried)	16	41.498.049
Olive oil	6	14.751.226
Cheese	7	8.800.611
Preparations of vegetables, fruit or nuts (incl. table olives)	7	8.624.050
Pork meat (fresh, chilled and frozen)	4	7.571.977
Cereals	3	6.859.104
Pet food	2	6.775.280
Meat preparations	5	5.797.014
Spirits, liqueurs and vermouth	2	4.514.384
Vegetables (fresh, chilled and dried) excluding sweetcorn	4	3.987.377
Wine, cider and vinegar	5	3.507.407
Dairy products (excl. Cheese)	2	2.621.992
Other eligible products	18	27.242.245
Total	142	232.954.513

1) Simple programmes: Evaluation statistics

Number of accepted proposals, requested grants and consumption of indicative budget

Topic	Number of accepted proposals	Requested grant (EUR)	Available budget (EUR)	Share of requested/available budget
AGRIP-SIMPLE-2021-IM-EU QS	7	8.158.026	5.000.000	163%
AGRIP-SIMPLE-2021-IM-ORGANIC	5	4.790.520	6.000.000	80%
AGRIP-SIMPLE-2021-IM-SUSTAINABLE	4	5.475.259	6.000.000	91%
AGRIP-SIMPLE-2021-IM-PROPER-DIET	3	8.723.766	9.100.000	96%
AGRIP-SIMPLE-2021-IM-CHARACTERISTICS	4	8.404.403	6.000.000	140%
AGRIP-SIMPLE-2021-TC-ASIA	8	15.263.046	16.300.000	94%
AGRIP-SIMPLE-2021-TC-AMERICAS	3	6.571.300	8.300.000	79%
AGRIP-SIMPLE-2021-TC-OTHERS	15	23.852.091	12.300.000	194%
AGRIP-SIMPLE-2021-TC-ORGANIC	3	4.613.886	12.000.000	39%
TOTAL	52	85.852.297	86.000.000	99,8%

1) Simple programmes: Evaluation statistics

Approved proposals by product sector

Product or sector	Number of proposals covering the product	Requested grant (EUR)
Basket of products	24	38.889.232
Fruit (fresh or dried)	6	11.511.321
Other eligible products	2	1.818.938
Dairy products (excl. Cheese)	2	2.621.992
Cheese	4	4.946.440
Preparations of vegetables, fruit or nuts (incl. table olives)	4	6.281.854
Sheep and goat meat (fresh, chilled and frozen)	1	337.014
Olive oil	1	3.200.000
Meat preparations	2	3.704.552
Eggs	1	1.721.985
Bovine meat (fresh, chilled and frozen)	2	3.965.483
Pork meat (fresh, chilled and frozen)	1	2.099.982
Cereals	2	4.753.504

2) Multi programmes: Submission statistics

Number of proposals, requested grants and comparison with the available budget

Topic	Number of submitted proposals	Total of requested grants (EUR)	Available budget (EUR)	Ratio requested / available ¹
AGRIP-MULTI-2021-IM	6	10.587.922	4.200.000	252%
AGRIP-MULTI-2021-IM-ORGANIC	7	21.790.428	17.000.000	128%
AGRIP-MULTI-2021-IM-SUSTAINABLE	18	43.700.726	12.000.000	364%
AGRIP-MULTI-2021-IM-PROPER-DIET	7	17.492.392	10.000.000	175%
AGRIP-MULTI-2021-TC-ALL	15	34.788.423	25.200.000	138%
AGRIP-MULTI-2021-TC-ORGANIC	3	10.934.646	14.000.000	78%
TOTAL	56	139.294.537	82.400.000	169%

2) Multi programmes: Submission statistics

Number of proposals by product/sector

Product	Number of proposals covering the product	Budget requested
Basket	30	81.031.973
Fruit (fresh or dried)	3	8.142.564
Vegetables (fresh, chilled and dried) excluding sweetcorn	1	1.918.948
Bread, pastry, cakes, confectionery, biscuits and other baker's wares	1	3.479.808
Cut flowers and plants, bulbs roots and live plants	2	5.039.996
Other eligible products	3	4.627.862
Dairy products (excl. Cheese)	1	4.242.333
Cheese	2	5.465.116
Honey and beekeeping products	1	810.245
Sheep and goat meat (fresh, chilled and frozen)	2	4.748.993
Poultry meat (fresh, chilled and frozen)	1	2.609.443
Bovine meat (fresh, chilled and frozen)	2	3.630.614
Cotton	1	1.764.555
Wine, cider and vinegar	6	11.782.087
Total budget requested		139.294.537

2) Multi programmes: Evaluation statistics

Number of accepted proposals, requested grants and consumption of indicative budget

Topic	Number of accepted proposals	Requested grant (EUR)	Available budget (EUR)	Share of requested grant/ available budget
AGRIP-MULTI-2021-IM	4	8.593.527	4.200.000	205%
AGRIP-MULTI-2021-IM-ORGANIC	4	15.502.755	17.000.000	91%
AGRIP-MULTI-2021-IM-SUSTAINABLE	9	20.965.587	12.000.000	175%
AGRIP-MULTI-2021-IM-PROPER-DIET	2	6.739.712	10.000.000	67%
AGRIP-MULTI-2021-TC-ALL	11	24.246.254	25.200.000	96%
AGRIP-MULTI-2021-TC-ORGANIC	3	10.934.646	14.000.000	78%
TOTAL	33	86.982.481	87.400.000	99,5%

2) Multi programmes: Evaluation statistics

Approved proposals by product sector

Product or sector	Number of proposals covering the product	Requested grant (EUR)
Basket of products	18	53.109.194
Bread, pastry, cakes, confectionery, biscuits and other baker's wares	1	3.479.808
Dairy products (excl. Cheese)	1	4.242.333
Cheese	1	2.673.552
Fruit (fresh or dried)	2	5.512.864
Honey and beekeeping products	1	810.245
Cotton	1	1.764.555
Poultry meat (fresh, chilled and frozen)	1	2.609.443
Sheep and goat meat (fresh, chilled and frozen)	1	2.212.244
Bovine meat (fresh, chilled and frozen)	2	3.630.614
Wine, cider and vinegar	4	6.937.629

Thank you