European Commission

Last update : 25.03.2021

MMO Economic Board

Meeting of 23 March 2021

The 37th meeting of the MMO Economic Board took place on 23/03/2021 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:

- EU cow's milk collection decreased in January 2021 by 0.9% (-104 000 t) compared to the same month of 2020. 11 Member States reported production growth above 1%, while 9 MS registered a production decline, including some major milk producing countries like DE, FR, NL and ES. The decrease of milk collection in the first month of 2021 translates into production decline for most dairy products: SMP (-5.6%), butter (-3.9%), fermented milk (-3.7%) and cheese (-1%) except for WMP (+5%) and drinking milk (+0.1%).
- The EU average farm gate milk price was reported at 34.95 c/kg in January 2021 which is 0.9% lower than a year ago but 2.9% above the last 5 years' average. MS' estimates for February 2021 point to a further slight decrease to 34.7 c/kg.
- EU average dairy prices, especially SMP, WMP, butter and wheypowder prices, have continuously increased since the beginning of the year. EU wheypowder prices have reached their highest level since July 2017. Butter prices have increased by +16% since the start of 2021. Cheese prices are fluctuating slightly above (emmental and cheddar) or below (edam and gouda) last year's levels. All dairy prices are above their 5 years' average.
- 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 have decreased further at the end of 2020 to a low level below 100 000 t. At the end of December 2020, butter stocks were at a normal level for that time of the year (150 000 t). Cheese stocks were at a lower level (325 000 t) compared to the same period in previous years thanks to increased domestic and world demand. The overall low stocks coupled with healthy demand are improving market sentiment.
- Global milk supply was strong las year and exceeded expectations. In 2020 in the main exporting countries/regions (EU-27, UK, USA, NZ, AUS, ARG, URG), milk production increased by 1.9%. Cumulative NZ milk collection growth has remained rather stable since November 2020 (+0.8%). US milk collection continued to expand in the first month of 2021, with cow numbers on the rise. Argentina milk flows kept growing in January 2021 (+7.7%) despite tighter profitability due to rising costs.
- Global trade slowed down in Q4 2020 but still increased by 2.5% in 2020 despite the Covid-19 pandemic, additional US tariffs and lower EU-UK trade. UK, China and Algeria were the top-3 EU export destinations in 2020 (in milk equivalent), followed by Japan and Indonesia. Total US and UK imports decreased in 2020 compared to 2019. On the contrary, China increased its weight in global dairy trade, having a 21% share in total world imports.
- In 2021, global demand is expected to remain strong, which together with a recovery in EU foodservice and still higher sales should support dairy prices. Based on a preliminary assessment, EU milk deliveries could be expected to grow by 1%, subject to spring weather and cost developments to be further monitored.
- Some 3.6% of EU raw milk is produced as organic, with the organic dairy herd representing 4.4% of the total EU dairy herd. The biggest share is destined to organic drinking milk, but organic butter increased the most in the period 2016-2019. Retail sales of organic milk products are dominated by drinking milk and yogurt. During the 10 year period (2009-2019), retail sales of organic yogurt and cheeses have doubled, but compared to conventional products their market share still remains relatively small (1.5%-6%).
- Due to Covid-19 related lockdown, home cooking and online sales increased. Households remain relatively pessimistic and tend to favour savings over consumption. Nevertheless, retail sales for most milk product categories increased last year with the exception of desserts and fresh milk. In some Member States, organic dairy product sales continued to increase in 2020 but at a slower pace than previous years.
- Market sentiment has improved in the light of rising dairy prices, the perspective of vaccination against Covid-19, the temporary suspension of additional US tariffs and the UK decision to further postpone the phasing-in of full import checks. On the contrary, the announcement of partial or full lockdown in some regions or Member States may slow down the expected recovery. In a rather balanced market despite the world pandemic, it is a challenge to anticipate the potential effect of a reopening of foodservices later on in the year.

ANNEX 1

Milk Market Situation

European Commission

Milk Market Situation

MMO meeting

Brussels, 23 March 2021

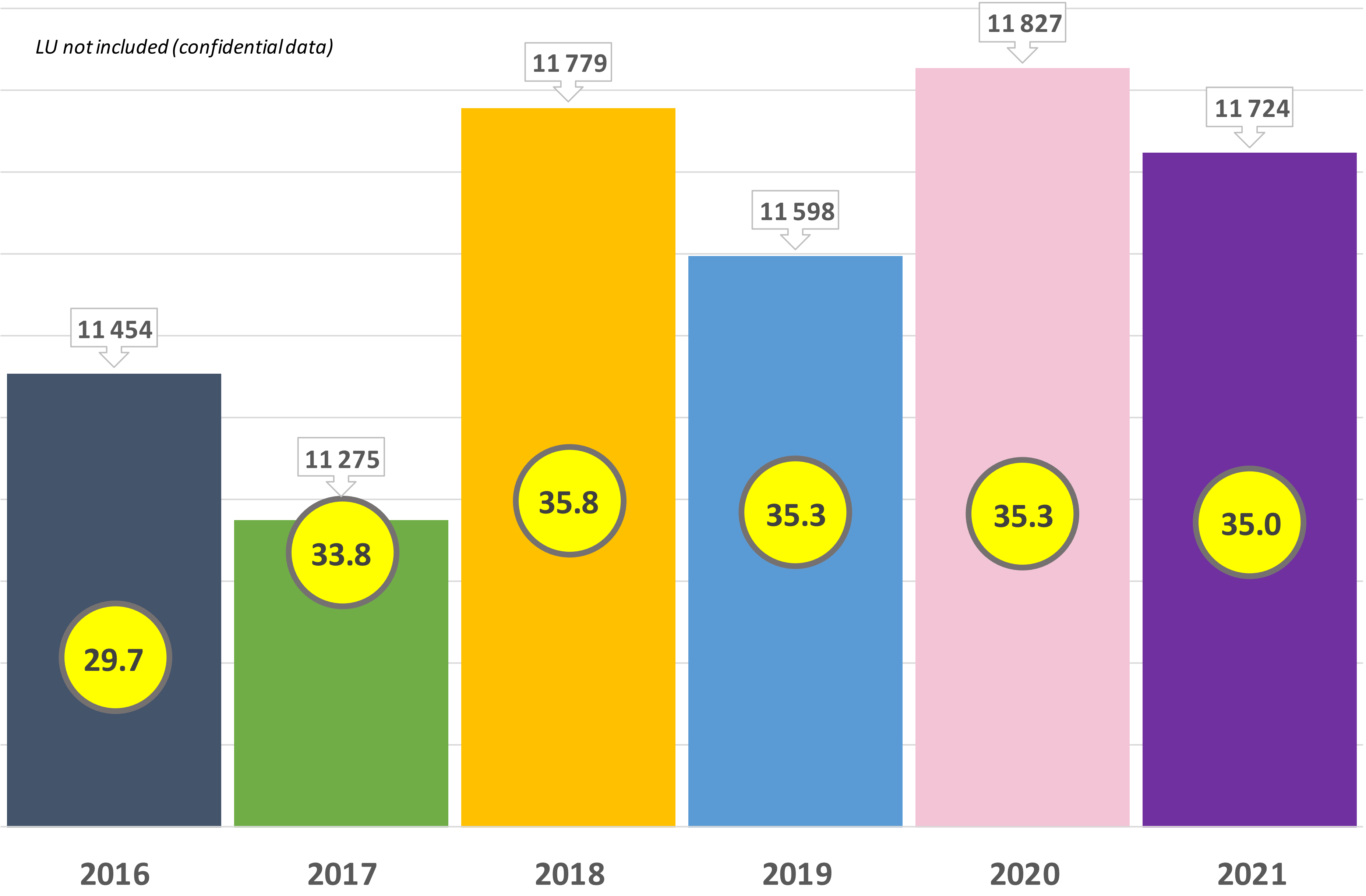
European Commission

Outline

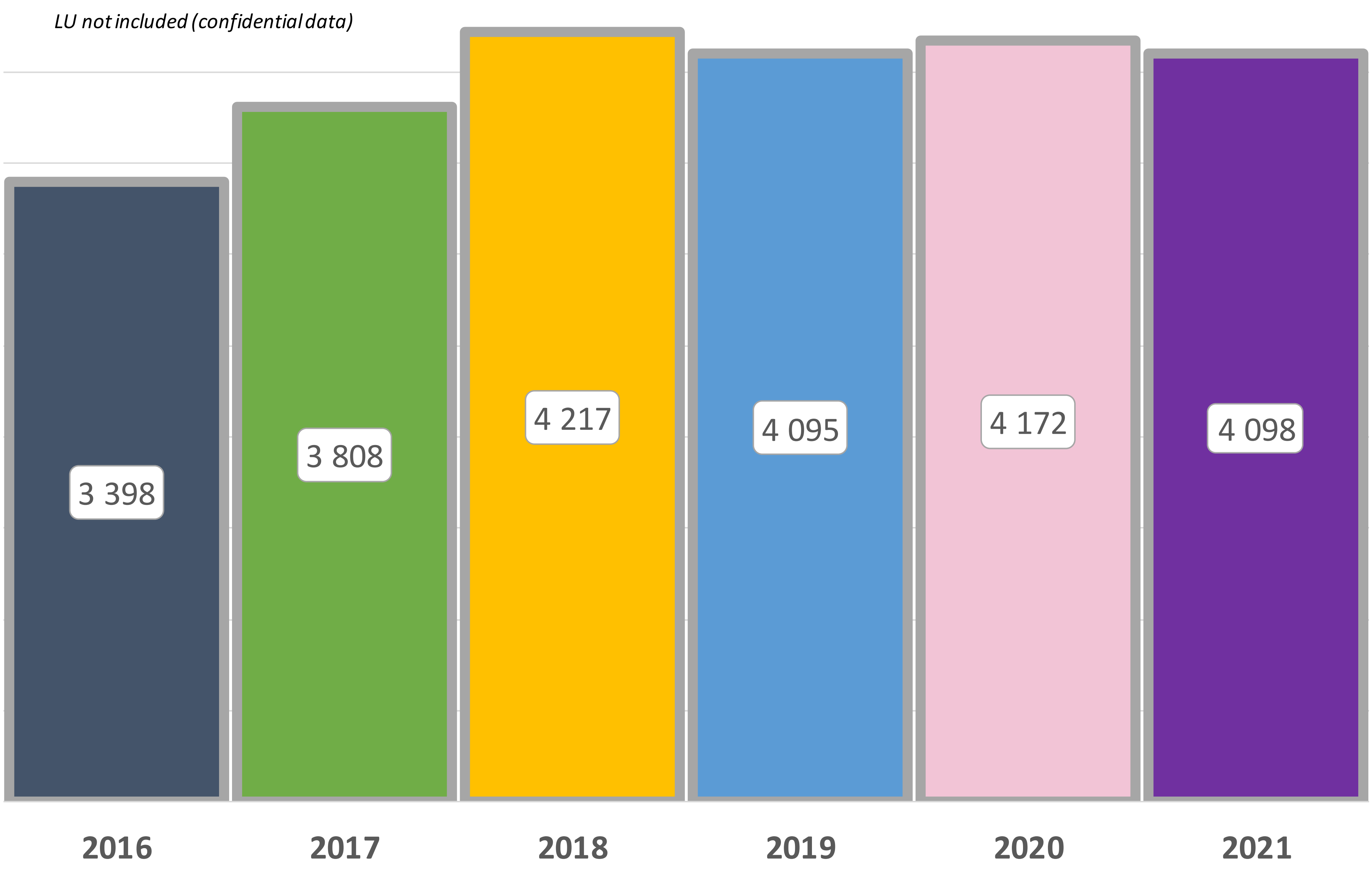
- EU milk and dairy products production
- EU milk prices
- EU gross margin index
- EU and world dairy quotations
- Indicators

European Commission

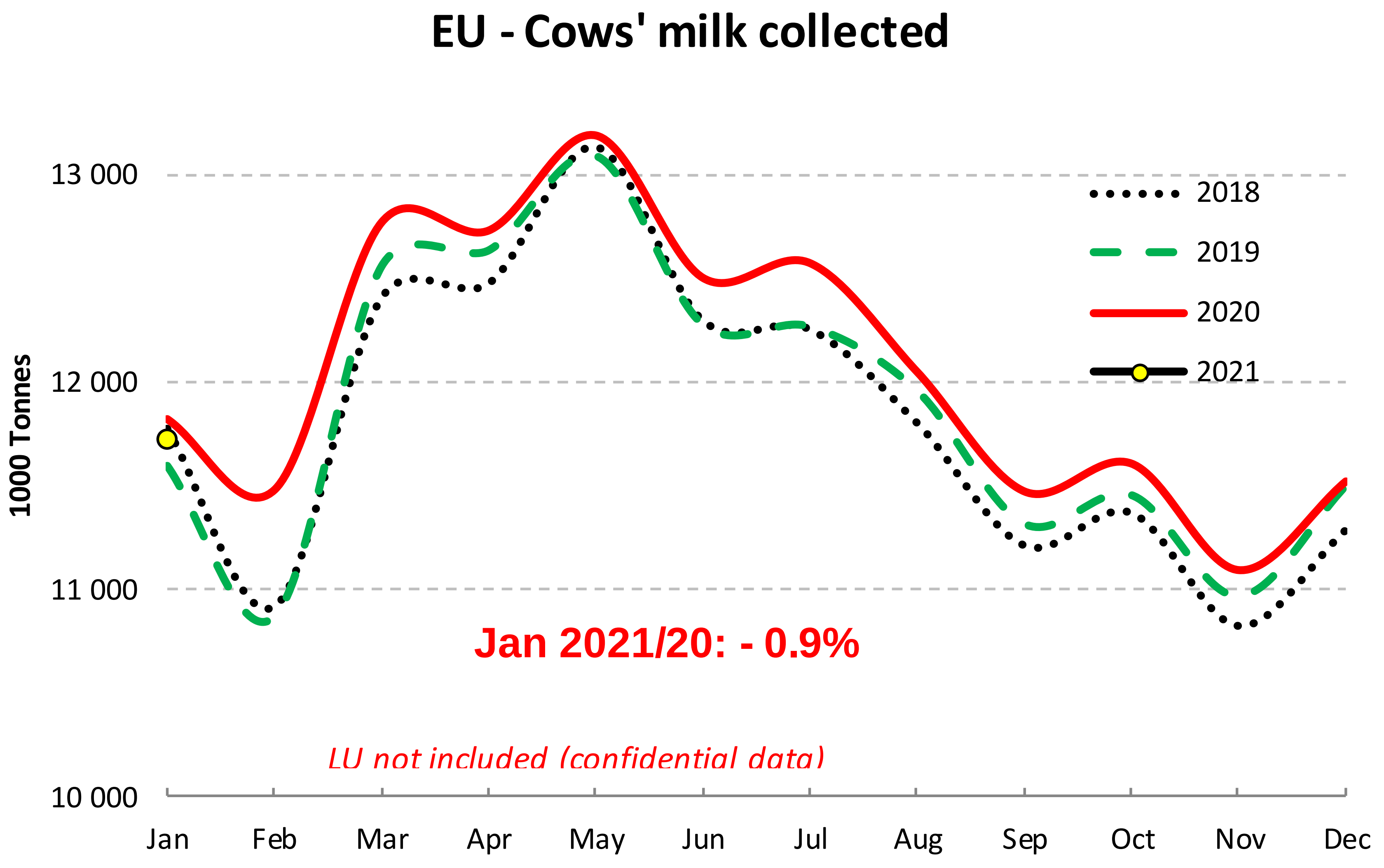
EU-27 milk deliveries and price
Jan 2016-21 (x1000 t, c/kg)



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



EU milk production



Source: Estat (Newcronos) - MS notifications

Jan 21 compared to Jan 20

	evolution in %		evolution in 1000 Tons	
Rank	MS	%	MS	Tons
1.	CY	+ 21.6%	IT	+ 32
2.	EL	+ 5.4%	HU	+ 7
3.	HU	+ 5.2%	SE	+ 6
4.	LV	+ 3.6%	PL	+ 5
5.	IT	+ 3.0%	CY	+ 5
6.	SE	+ 2.6%	EL	+ 3
7.	HR	+ 2.1%	PT	+ 2
8.	RO	+ 2.1%	LV	+ 2
9.	SI	+ 1.7%	RO	+ 2
10.	PT	+ 1.5%	IE	+ 1
11.	IE	+ 0.8%	SI	+ 1
12.	EE	+ 0.8%	HR	+ 1
13.	BG	+ 0.6%	EE	+ 1
14.	PL	+ 0.5%	BG	+ 0
15.	SK	+ 0.3%	SK	+ 0
16.	MT	+ 0.0%	MT	+ 0
17.	BE	+ 0.0%	BE	+ 0
18.	DK	- 0.2%	DK	- 1
19.	CZ	- 0.8%	CZ	- 2
20.	NL	- 1.4%	LT	- 2
21.	AT	- 1.7%	AT	- 5
22.	DE	- 1.7%	FI	- 5
23.	LT	- 2.1%	NL	- 17
24.	FI	- 2.5%	ES	- 20
25.	ES	- 3.1%	DE	- 48
26.	FR	- 3.4%	FR	- 73
	EU	- 0.9%	EU	- 104

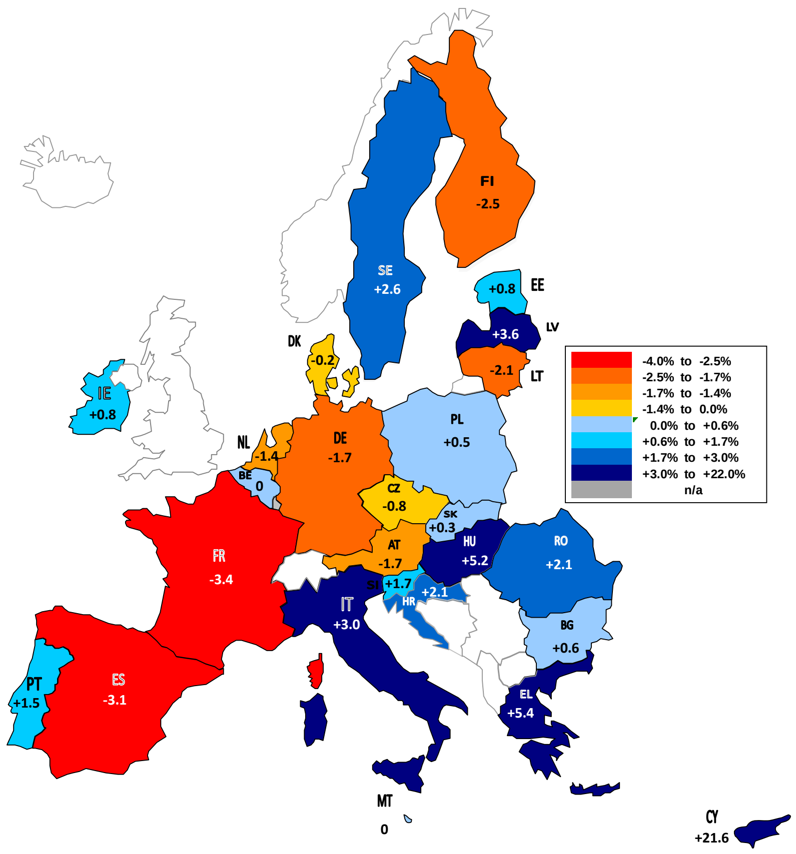
°: estimates *rem: LU not included (confidential data)*

European Commission

EU milk deliveries compared to last period (in %)

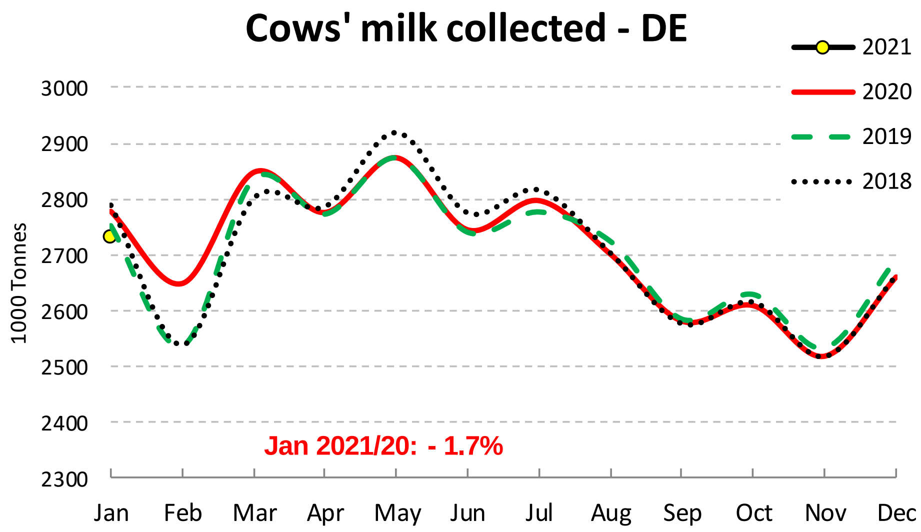
EU Milk Deliveries compared to last period (in %)

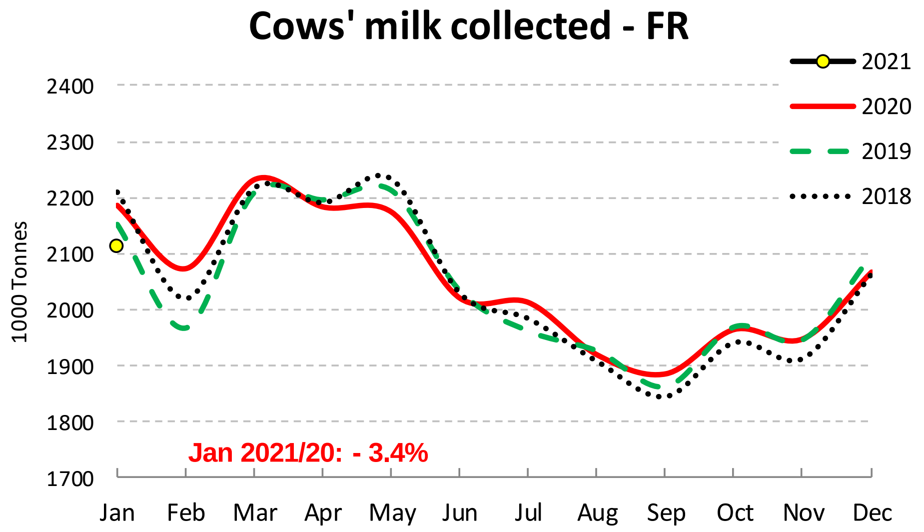
(Jan 2021 / Jan 2020)



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 o n 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.

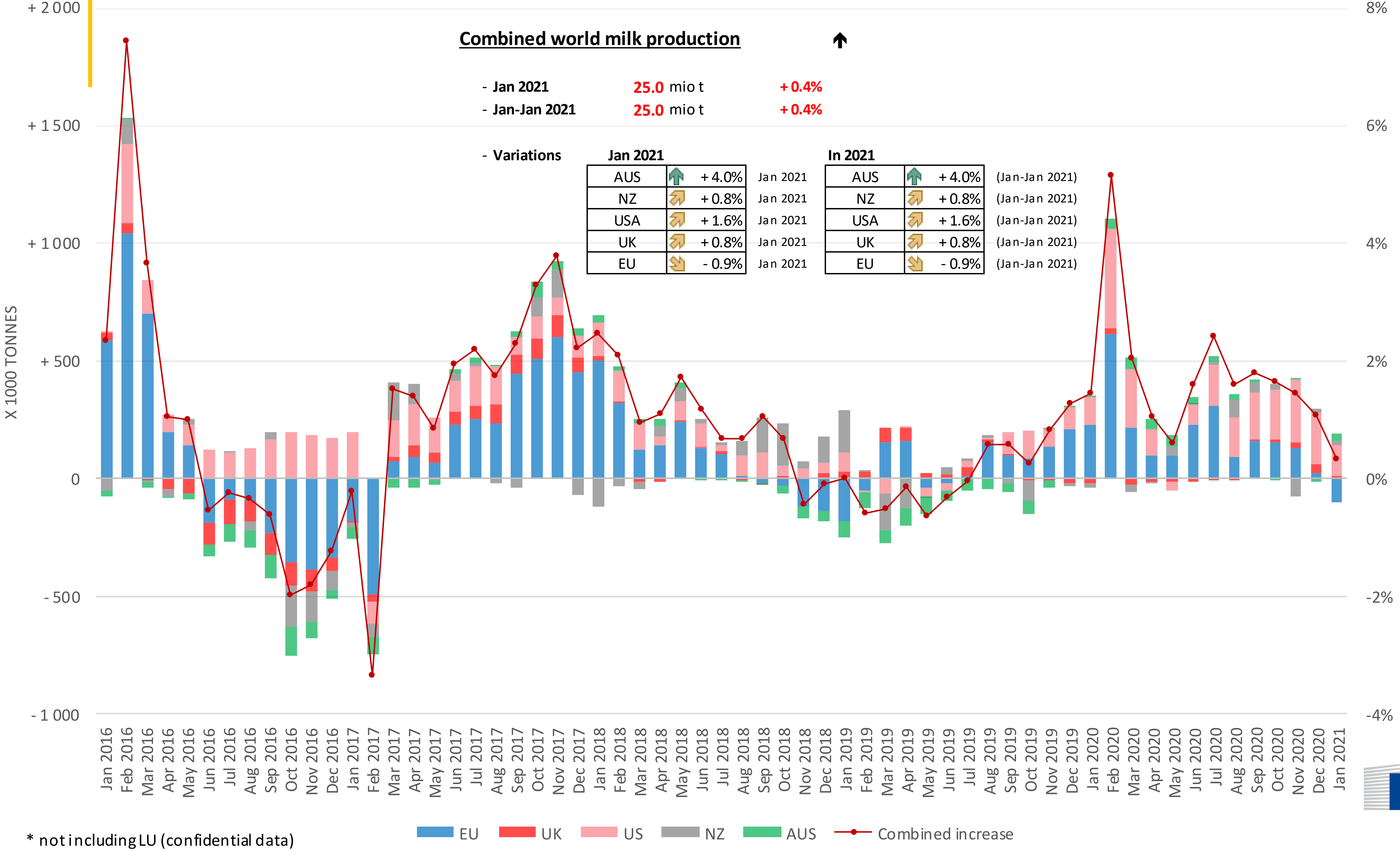




Source : Estat, Newcronos

European Commission

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



Combined world milk production ↑

- **Jan 2021** 25.0 mio t + 0.4%
- **Jan-Jan 2021** 25.0 mio t + 0.4%
- **Variations**

Jan 2021

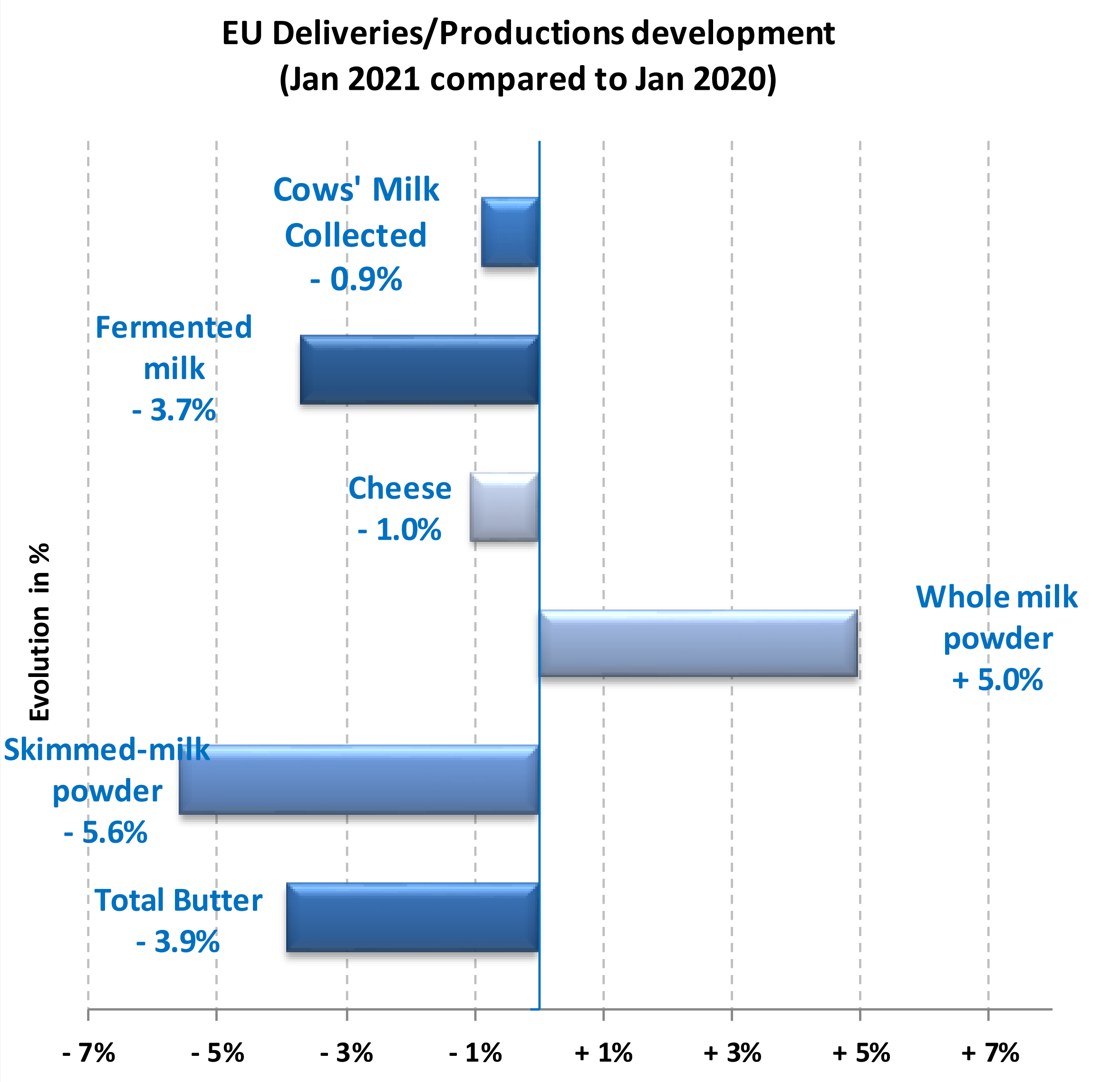
AUS	↑	+ 4.0%	Jan 2021
NZ	↗	+ 0.8%	Jan 2021
USA	↗	+ 1.6%	Jan 2021
UK	↗	+ 0.8%	Jan 2021
EU	↘	- 0.9%	Jan 2021

In 2021

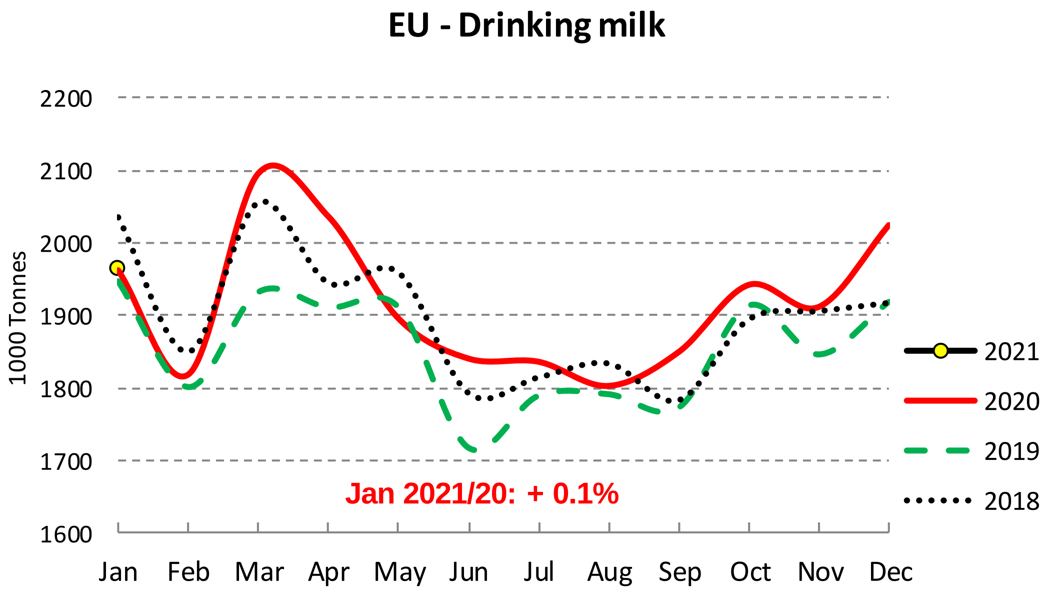
AUS	↑	+ 4.0%	(Jan-Jan 2021)
NZ	↗	+ 0.8%	(Jan-Jan 2021)
USA	↗	+ 1.6%	(Jan-Jan 2021)
UK	↗	+ 0.8%	(Jan-Jan 2021)
EU	↘	- 0.9%	(Jan-Jan 2021)

* not including LU (confidential data)

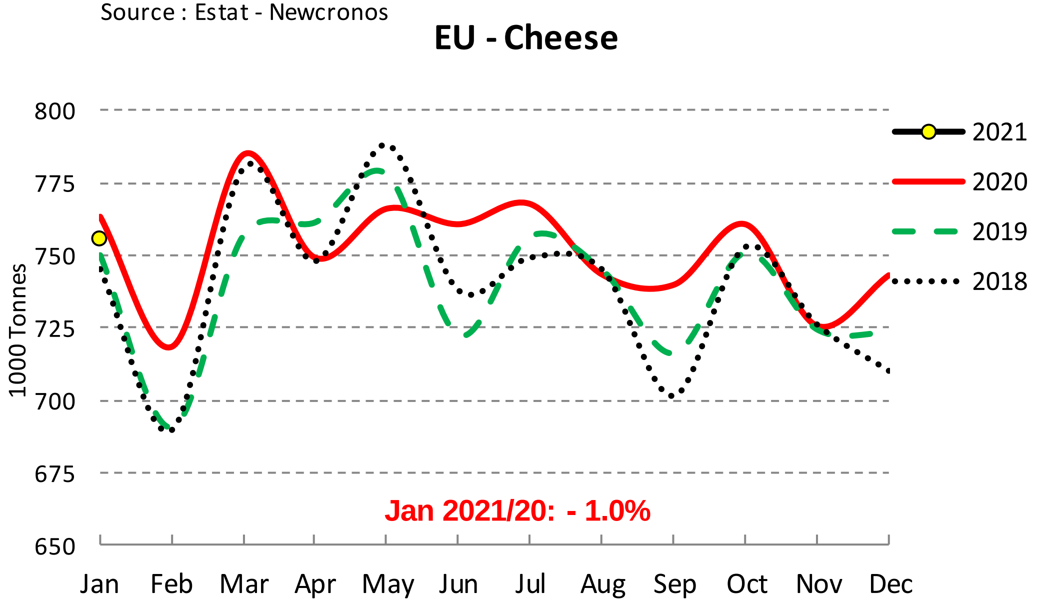
European Commission



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



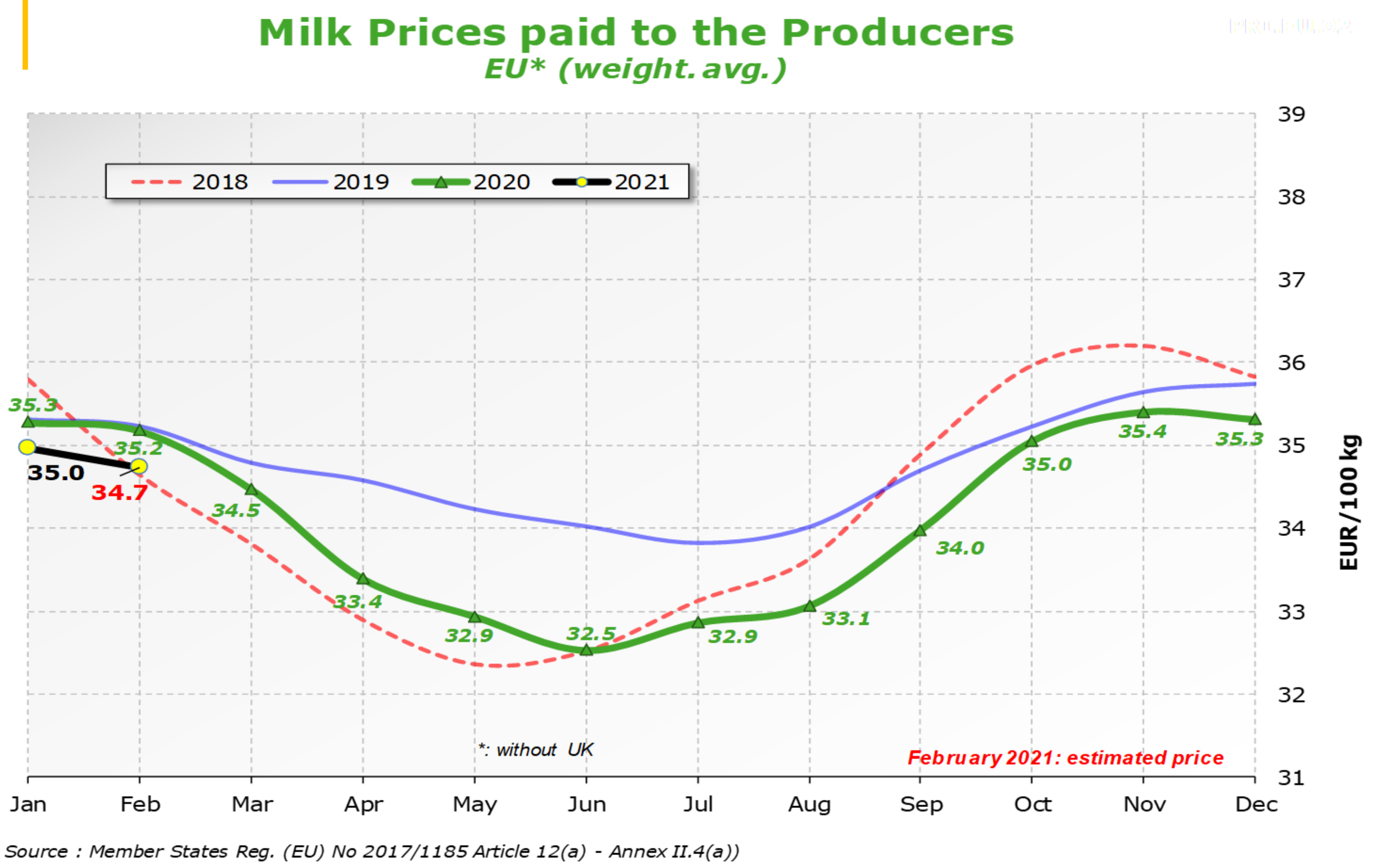
Source : Estat - Newcronos

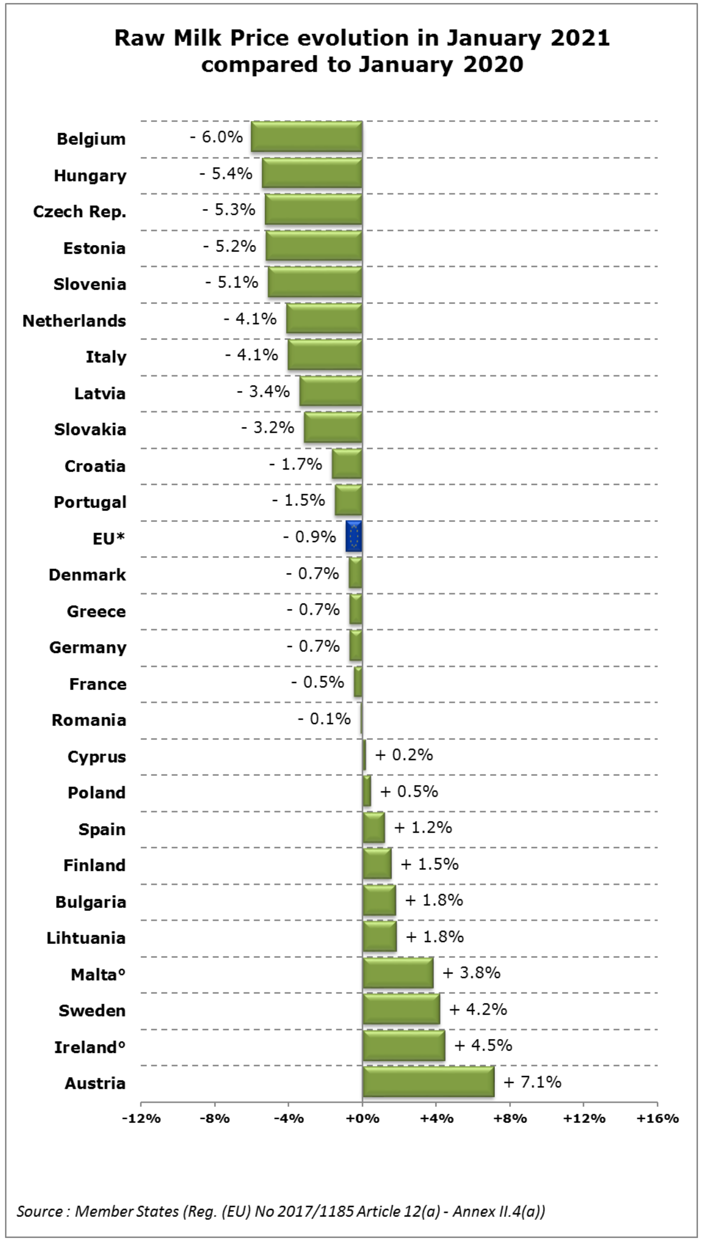


Source : Estat - Newcronos

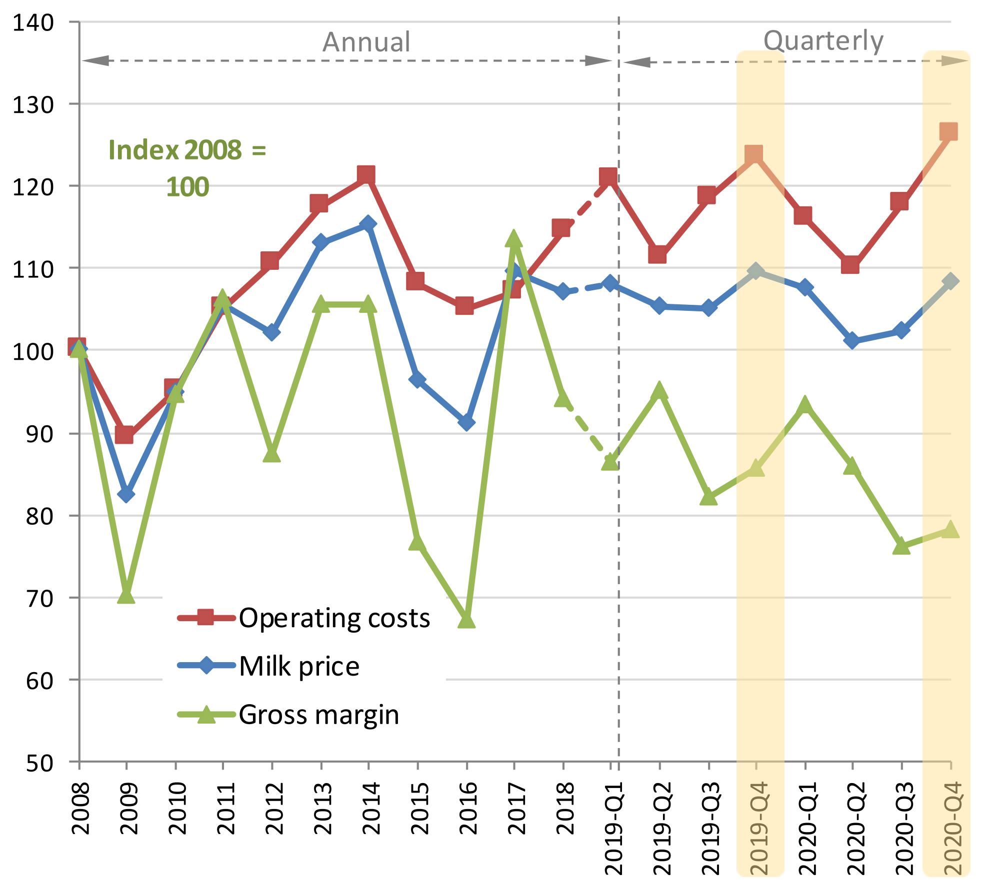
European Commission

EU milk prices paid to the producers

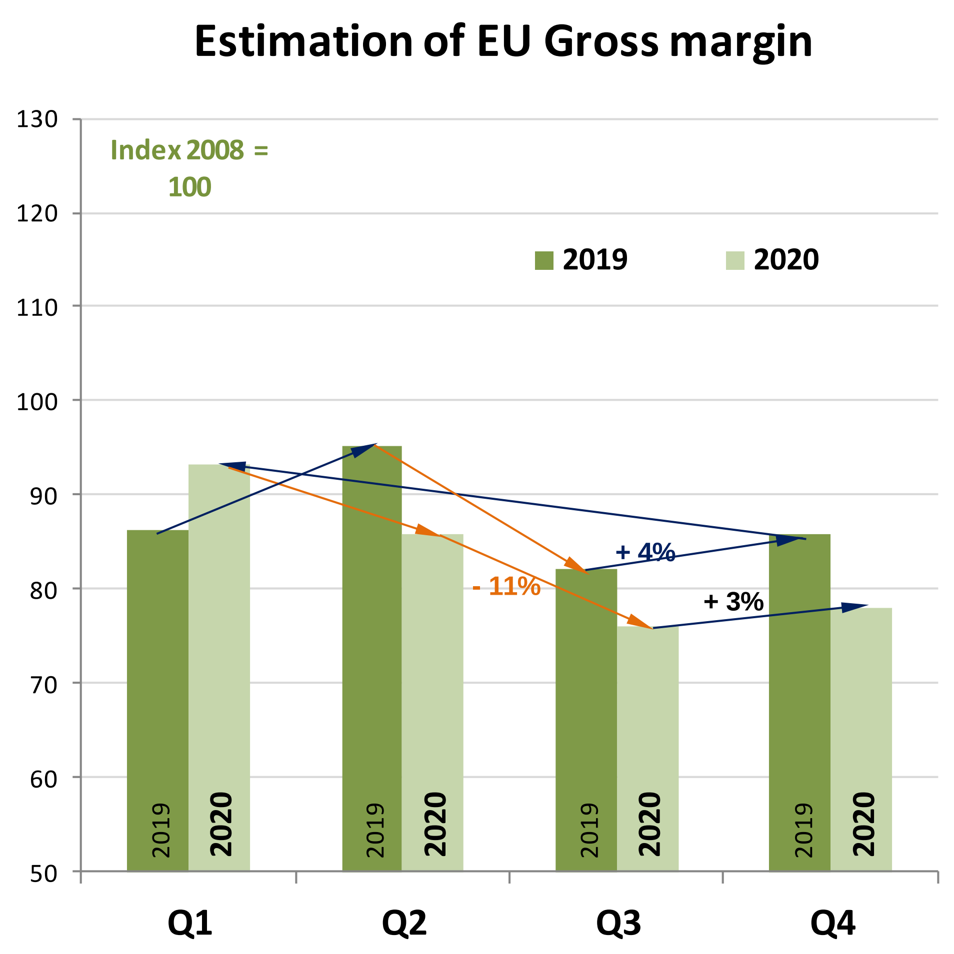




Margins



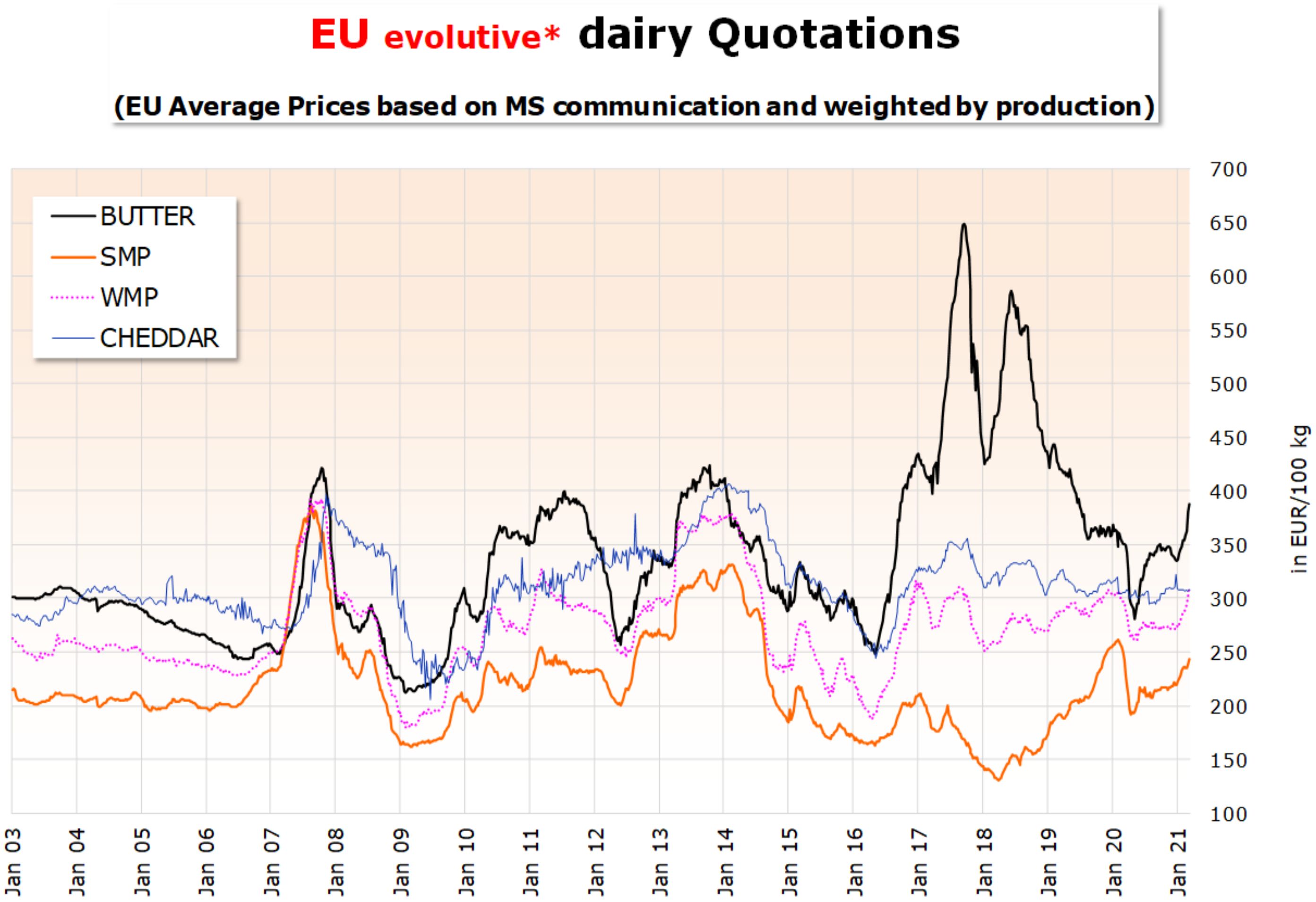
Source : FADN (base year 2018) + indexes (Eurostat, DG AGRI)



Source : FADN (base year 2018) + indexes (Eurostat, DG AGRI)

European Commission

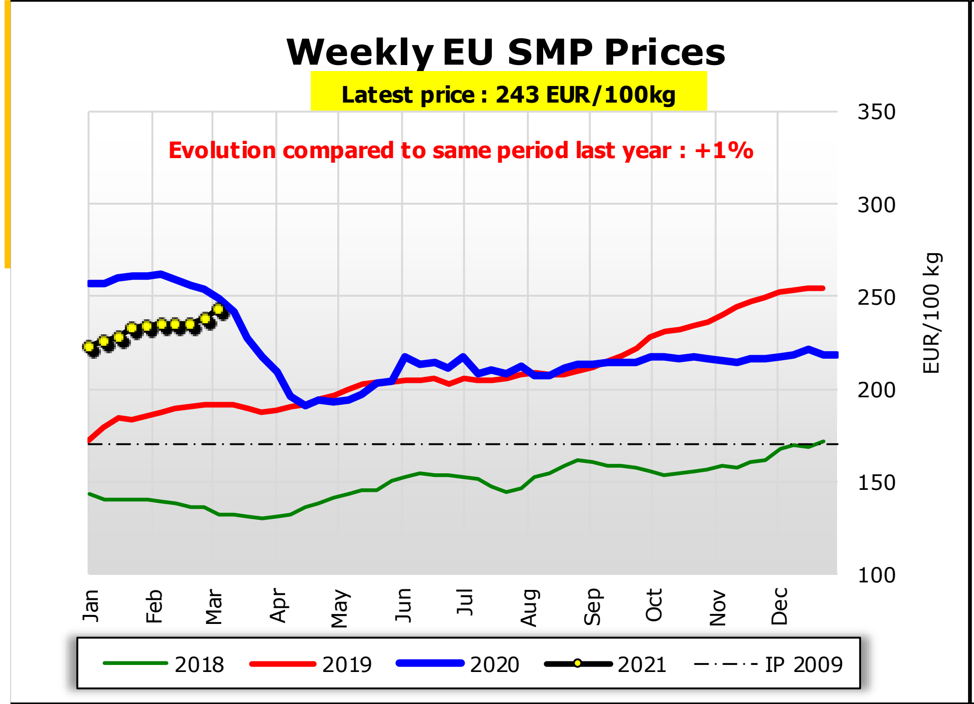
EU dairy quotations

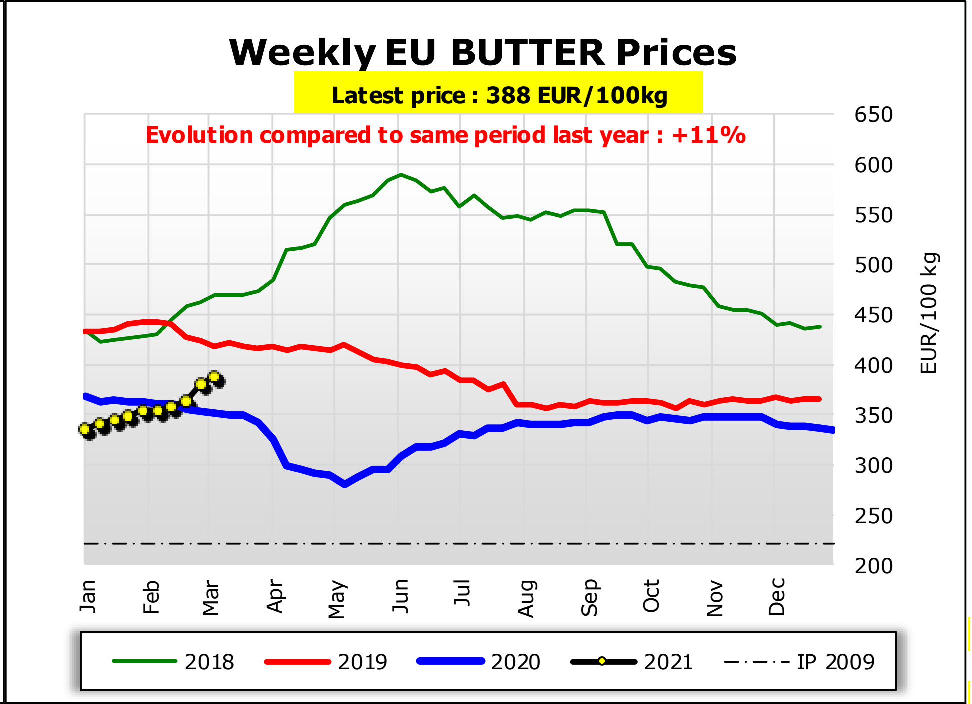


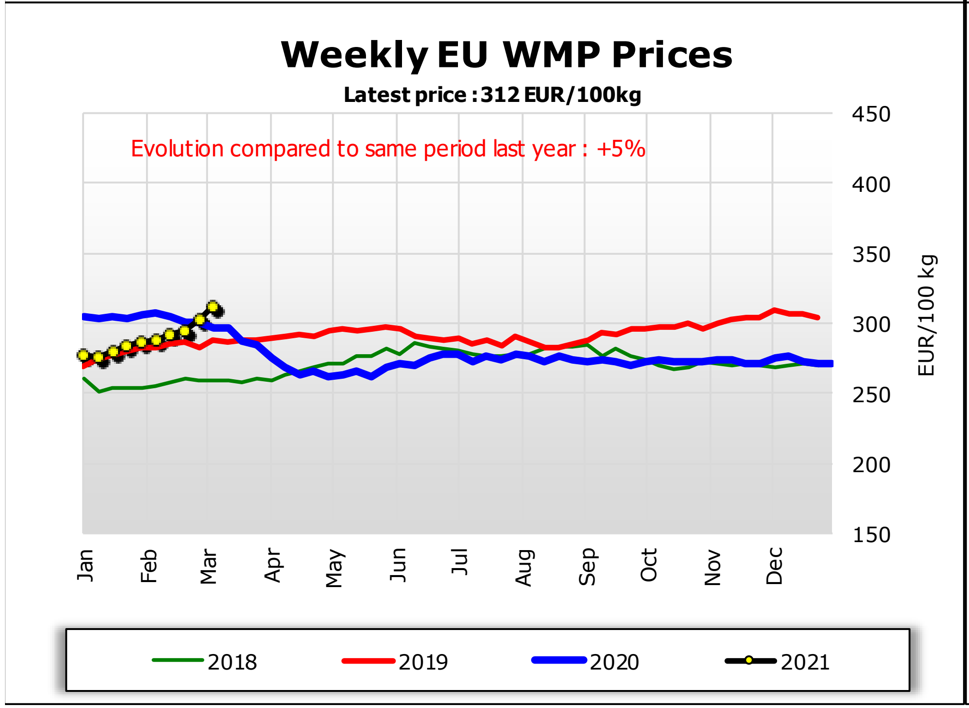
Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

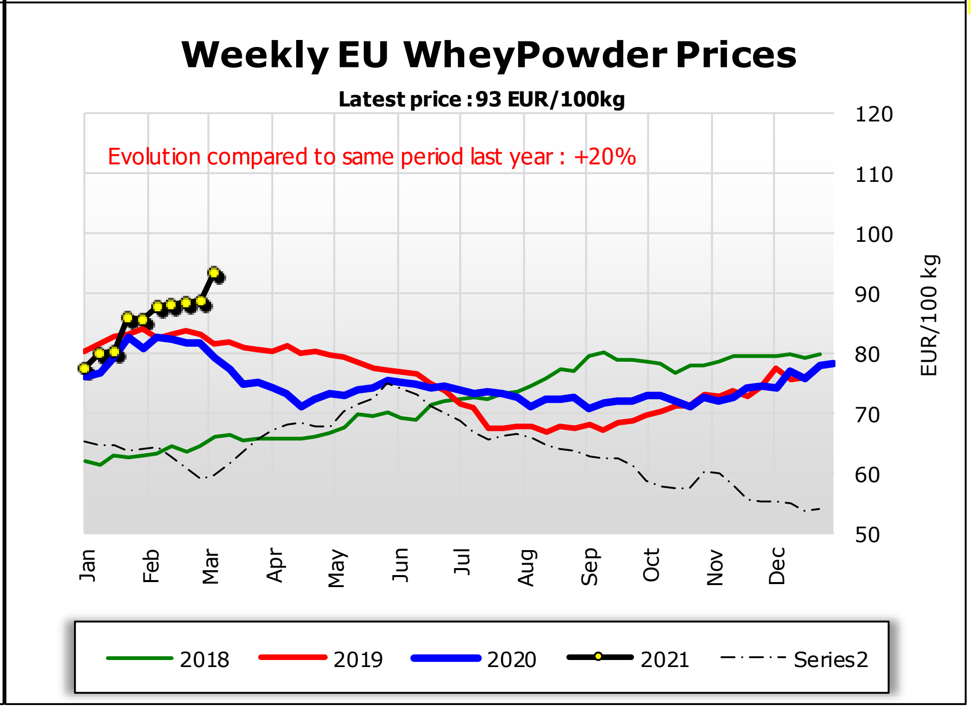
	BUTTER	SMP	WMP	CHEDDAR	EDAM	GOUDA	EMMENTAL	WHEY
Price €/100 kg	**388**	**243**	**312**	**308**	**314**	**315**	**485**	**93**
1 week	*+ 2.0%*	*+ 2.1%*	*+ 3.2%*	*- 0.1%*	*+ 0.6%*	*+ 0.2%*	*+ 0.5%*	*+ 5.1%*
4 weeks	*+ 9.3%*	*+ 3.2%*	*+ 8.6%*	*+ 0.2%*	*+ 0.9%*	*- 0.8%*	*+ 0.5%*	*+ 6.2%*
Year-1	*+ 10.7%*	*+ 0.6%*	*+ 5.4%*	*+ 0.7%*	*- 3.7%*	*- 3.8%*	*+ 0.6%*	*+ 20.5%*
5-years avg.	*+ 1.2%*	*+ 32.5%*	*+ 17.7%*	*+ 1.7%*	*+ 7.0%*	*+ 5.7%*	*+ 4.9%*	*+ 27.0%*

European Commission









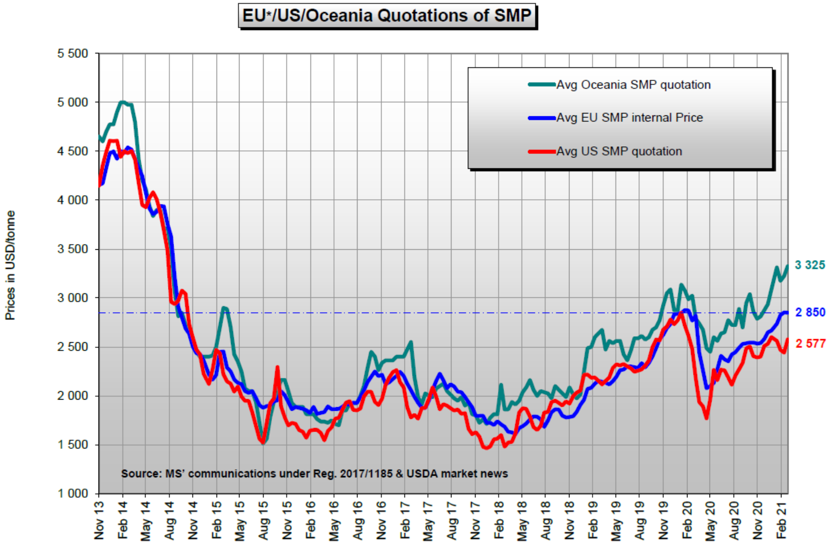
European Commission

Latest world dairy quotations

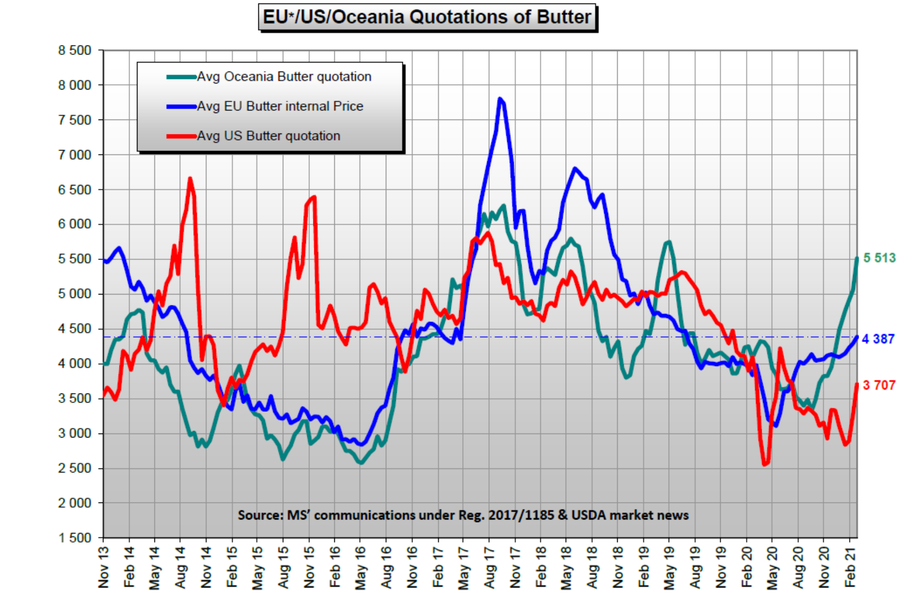
Latest World Quotations of Dairy Products

In US$/t	Latest Quotations 07/03/2021 EU*	Oceania	USA	Week - 2 21/02/2021 EU*	Oceania	USA	% change (previous quotation) EU*	Oceania	USA	Year - 1 01 March 2020 EU*	Oceania	USA	% change (1 year) EU*	Oceania	USA
Butter	4 387	5 513	3 707	4 293	5 063	3 276	+ 2.2%	+ 8.9%	+ 13.2%	3 835	4 088	4 096	+ 14%	+ 35%	- 9%
SMP	2 850	3 325	2 577	2 853	3 225	2 442	- 0.1%	+ 3.1%	+ 5.6%	2 768	3 025	2 480	+ 3%	+ 10%	+ 4%
WMP	3 566	4 025	3 693	3 477	3 600	3 660	+ 2.5%	+ 11.8%	+ 0.9%	3 240	2 975	4 023	+ 10%	+ 35%	- 8%
Cheddar	3 720	4 338	3 672	3 717	4 275	3 531	+ 0.1%	+ 1.5%	+ 4.0%	3 291	4 550	3 876	+ 13%	- 5%	- 5%

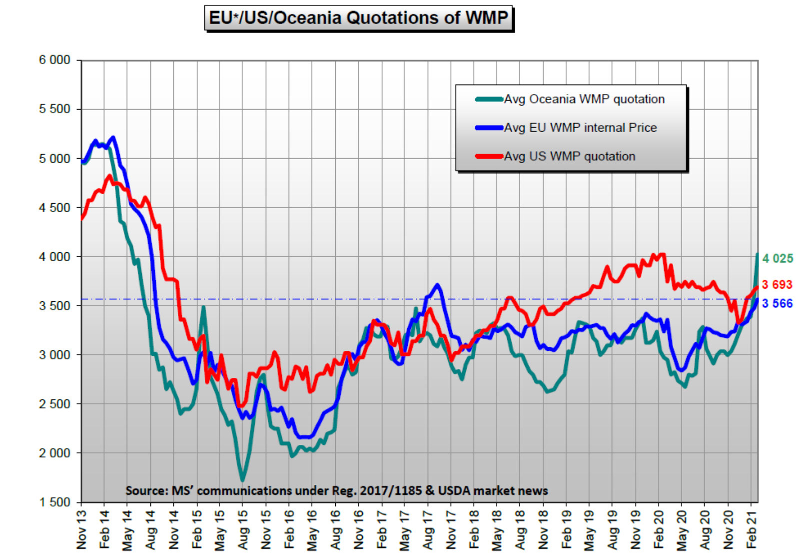
Source : Member States Notifications under Reg. 2017/1185, USDA



* EU evolutive



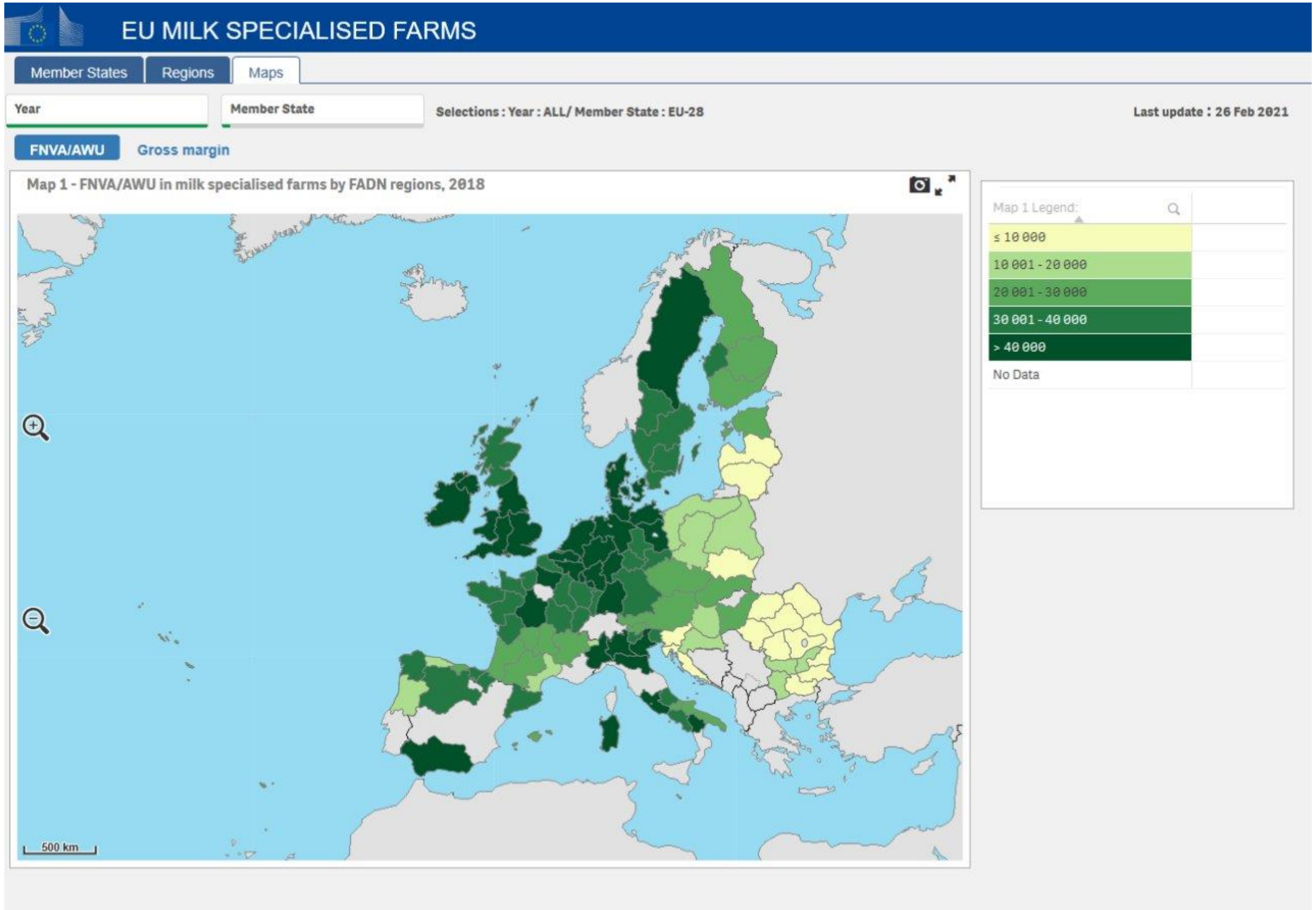
* EU evolutive



EU evolutive

European Commission

EU MILK SPECIALISED FARMS



New dairy farms dashboards on agri-food data portal

Information and trends on costs, margins and incomes of specialised dairy farms in the EU from 2008 to 2018 and estimate for 2019 (based on FADN & DG AGRI model for milk costs allocation).

https://agridata.ec.europa.eu/extensions/DairyReport/DairyReport.html

New EU dairy production App

https://agridata.ec.europa.eu/extensions/DataPortal/milk.html

Milk and Dairy Products

The EU produces approximately 150 million tonnes of raw milk each year, which makes it the world's second producer after India. Production yields per cow vary significantly depending on the farming method, but can go up to 10,000 kg annually. The EU is a major exporter of cheese and other high-value dairy products.

Dashboards & Reports

Raw Milk Prices
Monthly raw milk prices per Member State as well as weighted averages over the Union. Prices can be viewed over an extended period or in the form of a year-to-year comparison. The source of the most recent data are Member State notifications through the ISAMM system. The Data Explorer permits downloading raw monthly data in MS Excel format for offline processing.

Dairy Prices
Weekly prices of eight representative dairy products per Member State and weighted averages over the Union. Prices can be viewed over an extended period or in a year-to-year comparison. The source of the most recent data are Member State notifications through the ISAMM system. The Data Explorer permits downloading raw weekly data in MS Excel format for offline processing.

Dairy Production NEW
Monthly production figures expressed in tonnes, with a map and a bar chart showing distribution over Member States. A second sheet shows year-to-year variation. Data are sourced and aggregated from ESTAT's NewCRONOS system.

Dairy Trade
Monthly trade volumes and value since 2010 per Member State and per external partner country. Intra-EU trade (trade between Member States) is **not** included. Separate charts show seasonal trends, cumulative figures over the course of a year and main external partners per Member State.

Milk and Dairy Products Dashboard
A weekly 15-page PDF file with the latest information on prices, production and trade from a wide range of international sources.

European Commission

Keep in touch and thank you!

ec.europa.eu/agriculture

EUagri

@EuropeanMMO

@EUAgri

EU agri-food Data portal

ANNEX 2

EU short-term dairy outlook

European Commission

EU SHORT-TERM DAIRY OUTLOOK

Andrea Čapkovičová

Unit of Analysis and Outlook, DG AGRI

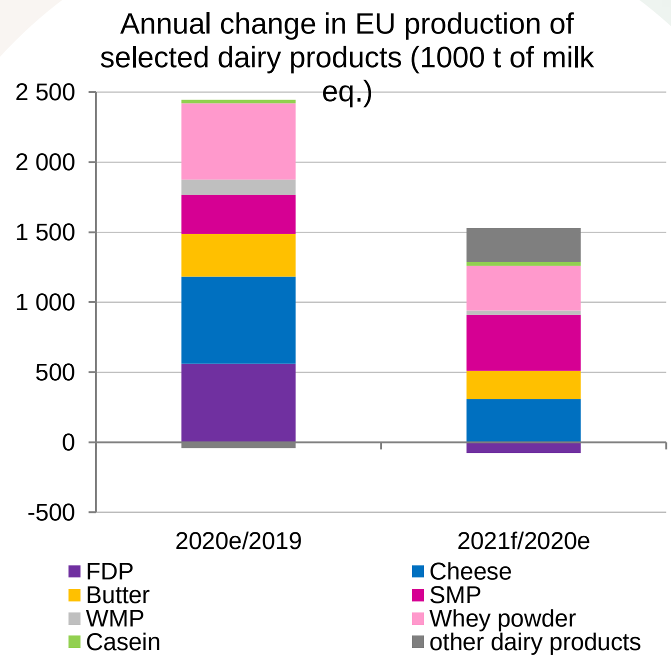
MMO

23 March 2021

European Commission

EU milk production and dairy products

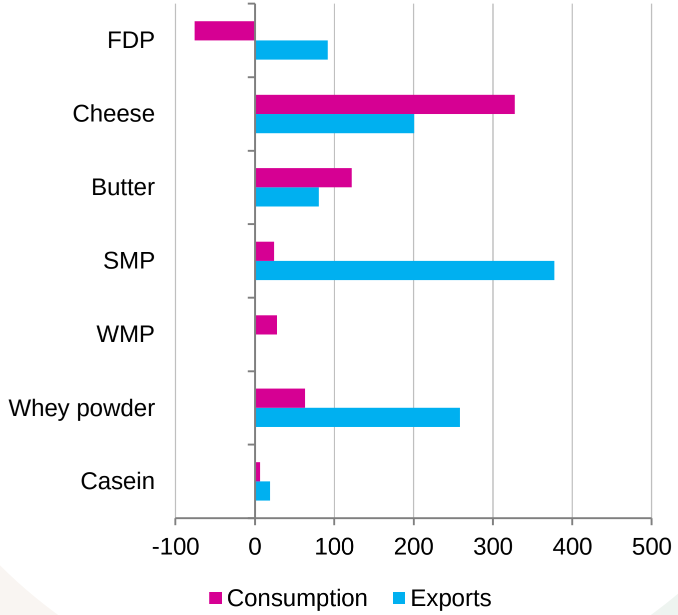
- **+1% EU milk deliveries in 2021:**
  - Estimated further growth in IE (4%), PL (2%), IT (2.5%), modest rate in DE and FR (both around 0.2%)
  - **Normal weather conditions** could support availability of **farm-grown feed** and quality of **grass** -> yield increasing (+2%)
  - **Dairy herd** to be reduced further (-0.9%)
  - **Global demand** is expected to support **dairy prices**



Source: DG Agriculture and Rural Development, based on Eurostat

Demand for EU products

- **EU consumption:**
  - **Foodservice recovery** in the second half of 2021 -> support **cheese** and **butter** consumption in particular
  - **Drinking milk expected to decline** but still above past trends
  - **More cream**, less yoghurt
- **EU exports to increase:**
  - **more SMP and whey**, stable WMP
  - **cheese** supported also by lifted US tariffs
  - **more FDP** thanks to Chinese demand
  - **butter** to remain competitive



Source: DG Agriculture and Rural Development, based Eurostat

STO to be published on 29 March

- Short-term outlook: https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/short-term_en
- Estimated MS balance sheets: https://datam.jrc.ec.europa.eu/datam/mashup/PROD_TRADE_USE/index.html

European Commission

ANNEX 3

Milk Market Situation

LTO Nederland

Milk market situation

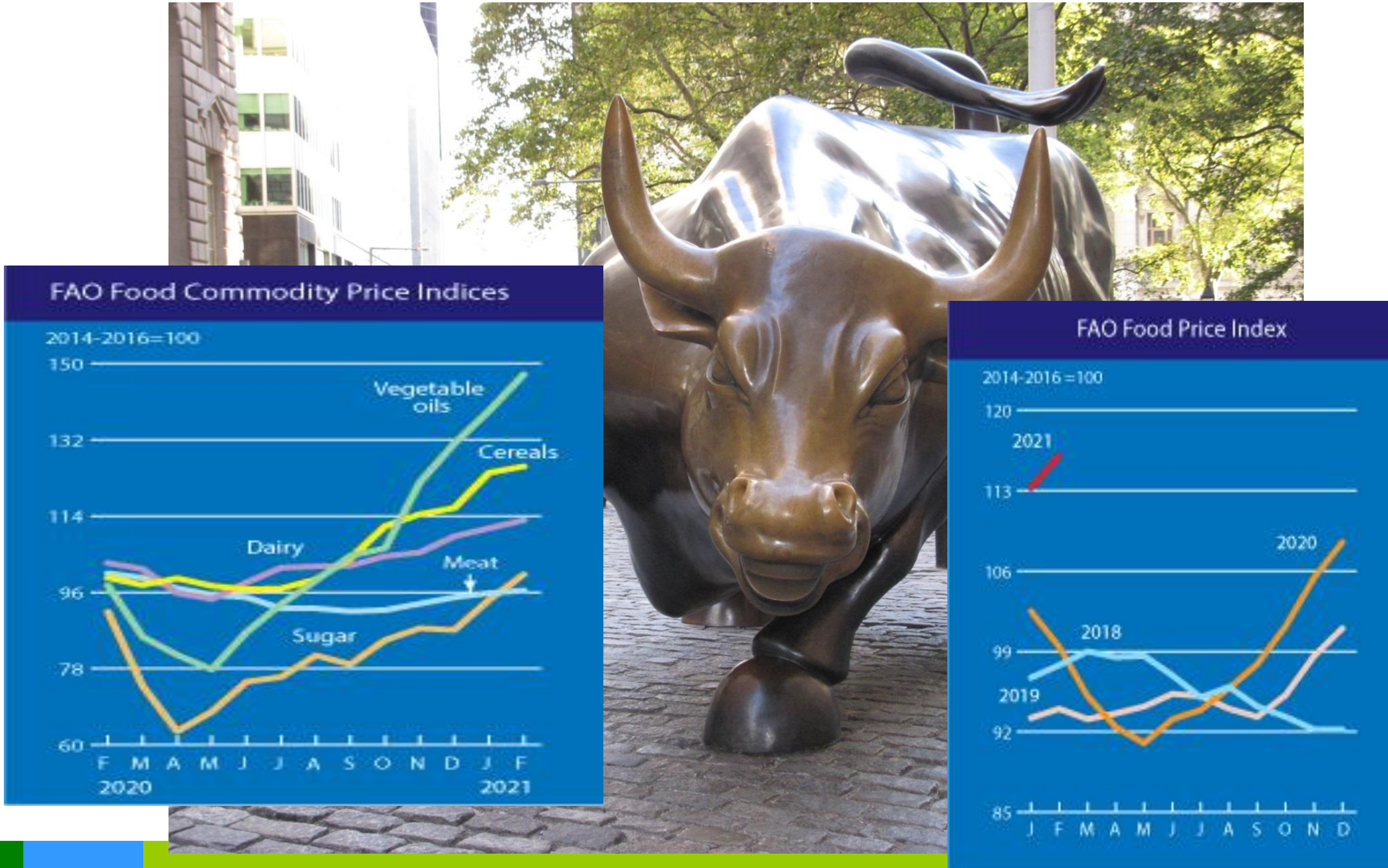
1. Milk prices
2. Production figures
3. Futures, indices
4. Conclusions
5. Farmers' sentiment

23 March 2021

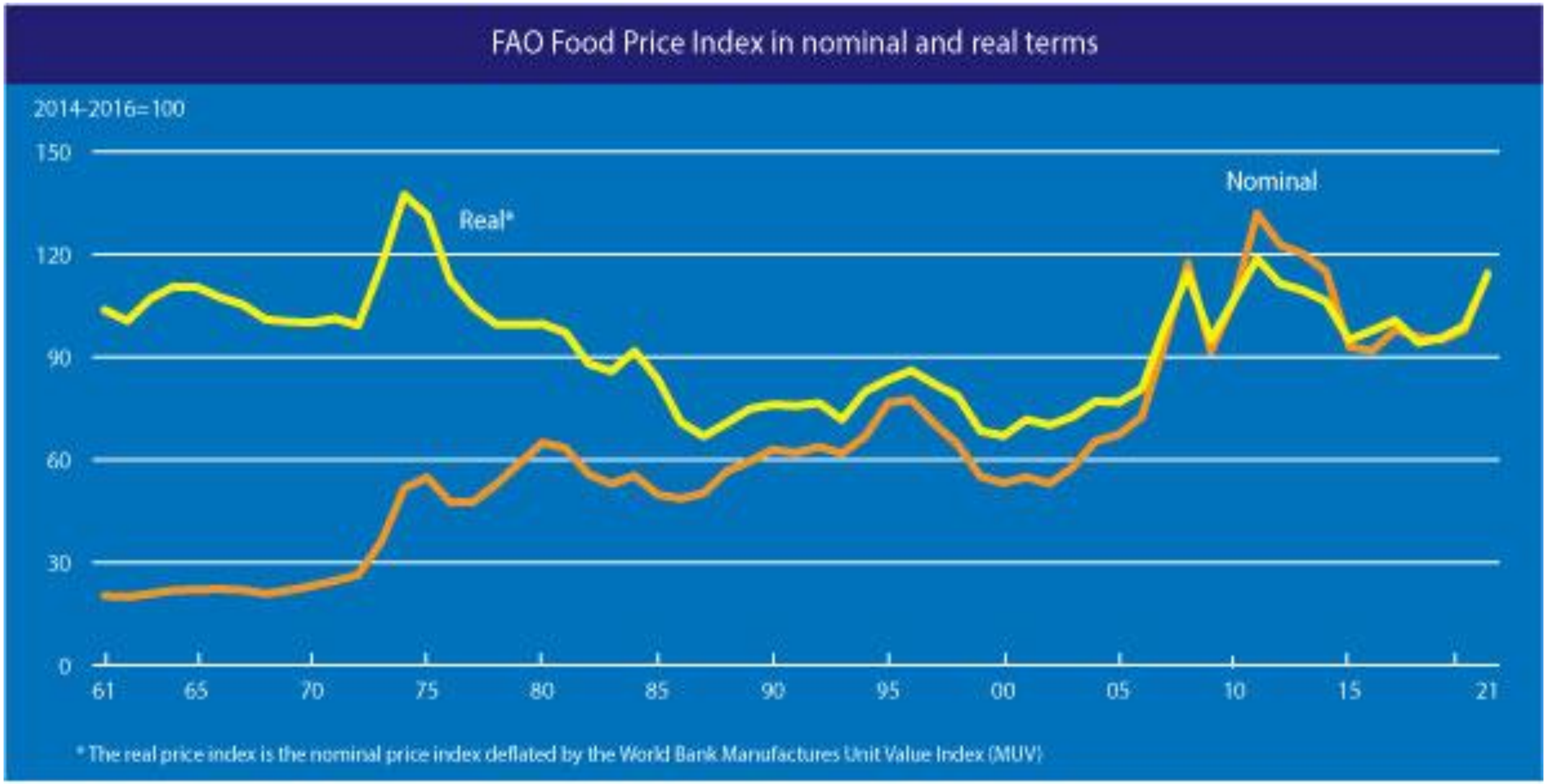
Klaas Johan Osinga

kjosinga@lto.nl, @KJOsinga

1. FAO Food Price Index

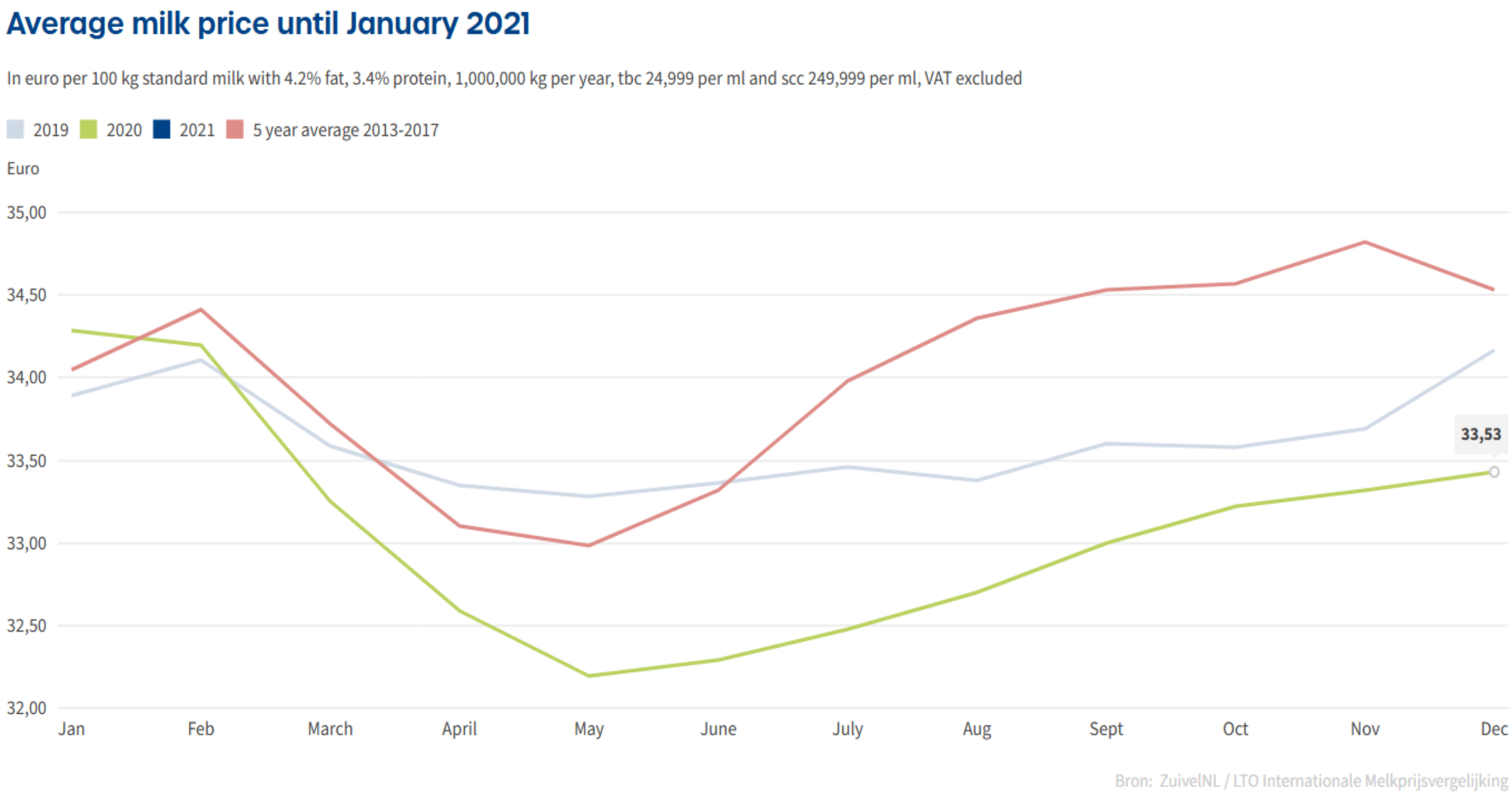


FAO Food Price Index at 10-year highs



http://milkprices.nl/

Milk price average gradually climbing since May 2020



January farm gate milk price
€ per 100 kg standard milk

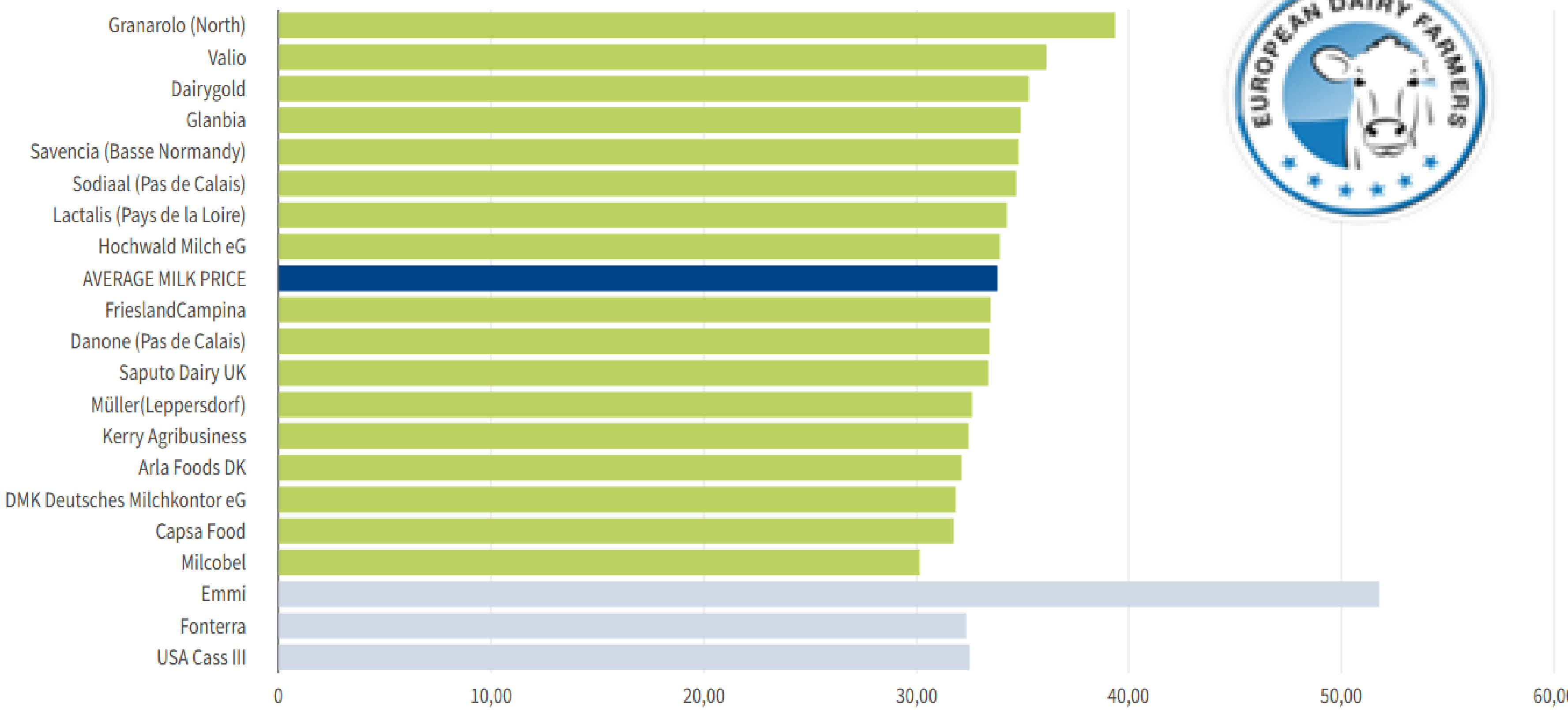
Dairy Company		January 2021	nr	January 2020	nr	Changes in February / March	Last profit payment
GRANAROLO (North)	ITA	39.32	1	39.33	1	Feb no change	
VALIO	FIN	36.08	2	35.88	2		1.07
DAIRYGOLD	IRL	35.28	3	34.72	8	EARLY CALVING BONUS 3.0	
GLANBIA	IRL	34.90	4	35.29	4	SEASONAL PAYM 2.8, Feb +1.1	0.15
SAVENCIA (BASSE NORMANDIE)	FRA	34.79	5	35.08	5	Feb -0.2 / Mar 0.0	
SODIAAL (PAYS DE CALAIS)	FRA	34.64	6	34.87	7		0.19
LACTALIS (PAYS DE LA LOIRE)	FRA	34.24	7	35.69	3		
HOCHWALD MILCH eG	DEU	33.90	8	33.63	12	Feb -1.0	0.79
FRIESLANDCAMPINA	NL	33.44	9	34.90	6	Feb +0.7 / Mar +0.2	0.00
DANONE (PAYS DE CALAIS)	FRA	33.41	10	33.96	9		
SAPUTO DAIRY UK (DAIRY CREST)	GB	33.33	11	33.95	10	Feb/Mar no change	
MULLER (LEPPERSDORF)	DEU	32.61	12	32.37	15	Feb +0.25	
KERRY AGRIBUSINESS	IRL	32.45	13	32.01	17		
ARLA FOODS DK	DK	32.11	14	32.46	14	Feb 0.0 / Mar + 0.5	2.09
DMK DEUTSCHES MILCHKONTOR Eg	DEU	31.83	15	33.04	13	Feb - 0.5 / Mar +0.5	
CAPSA FOOD	ESP	31.69	16	32.08	16		
MILCOBEL	BE	30.12	17	33.72	11	Feb +0.5 / Mar +2.2	
Average		33.77		34.29			
EMMI	CH	51.72		50.54			
FONTERRA	NZ	32.33		32.50		Forecast (5 March): + 0.45	0.22
USA Class III (USDA)	USA	32.50		38.39		Feb -0.52	

Deliveries 1 million kg / year, 4.2% fat

LTO milk price comparison

Milk price comparison January 2021

In euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded



Bron: ZuivelNL / LTO Internationale Melkprijsvergelijking

2. Milk production

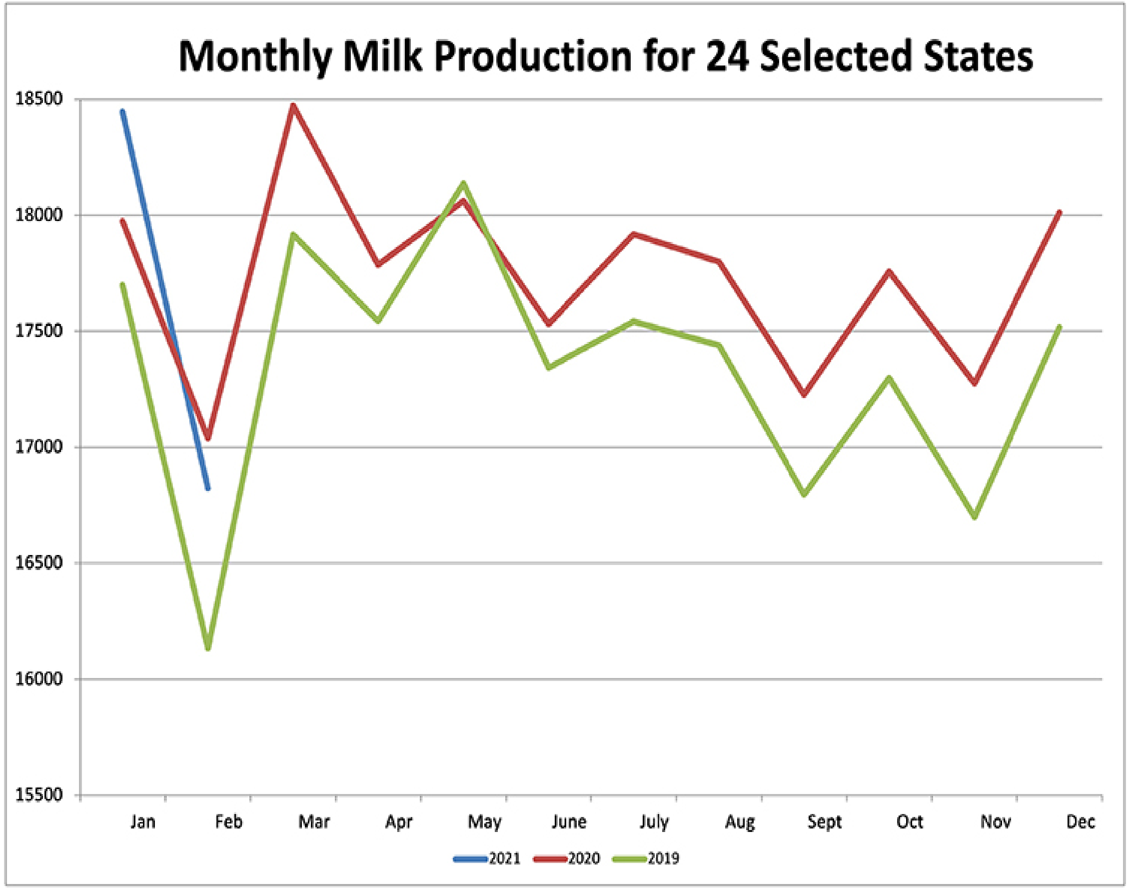
USA

USDA (y-o-y):

2020: +2.2%

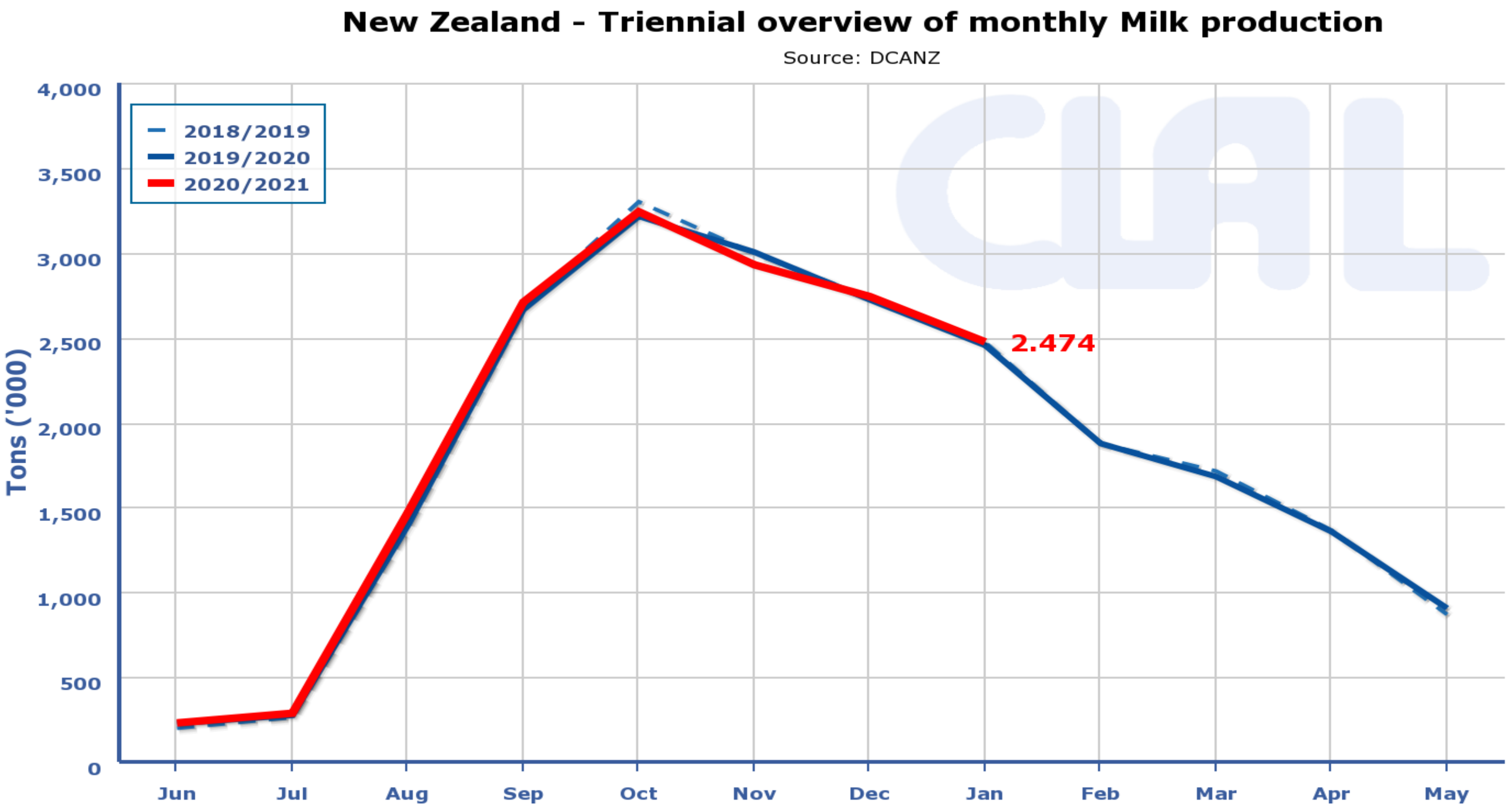
February:+2.0%

(leap year adjusted)



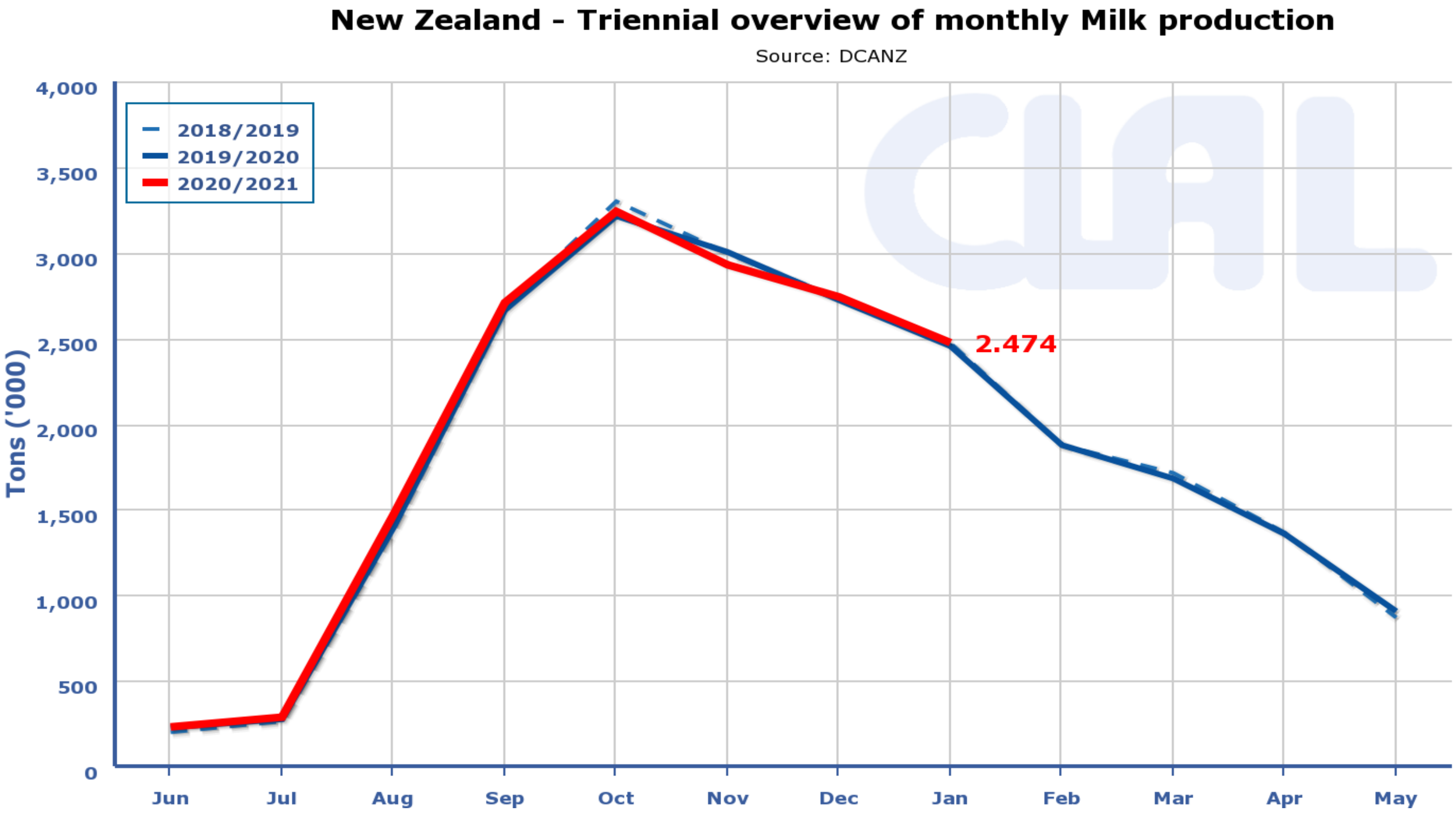
Milk production

New Zealand June-January: +0.8%



Milk production

Australia: July-January: +1.4%

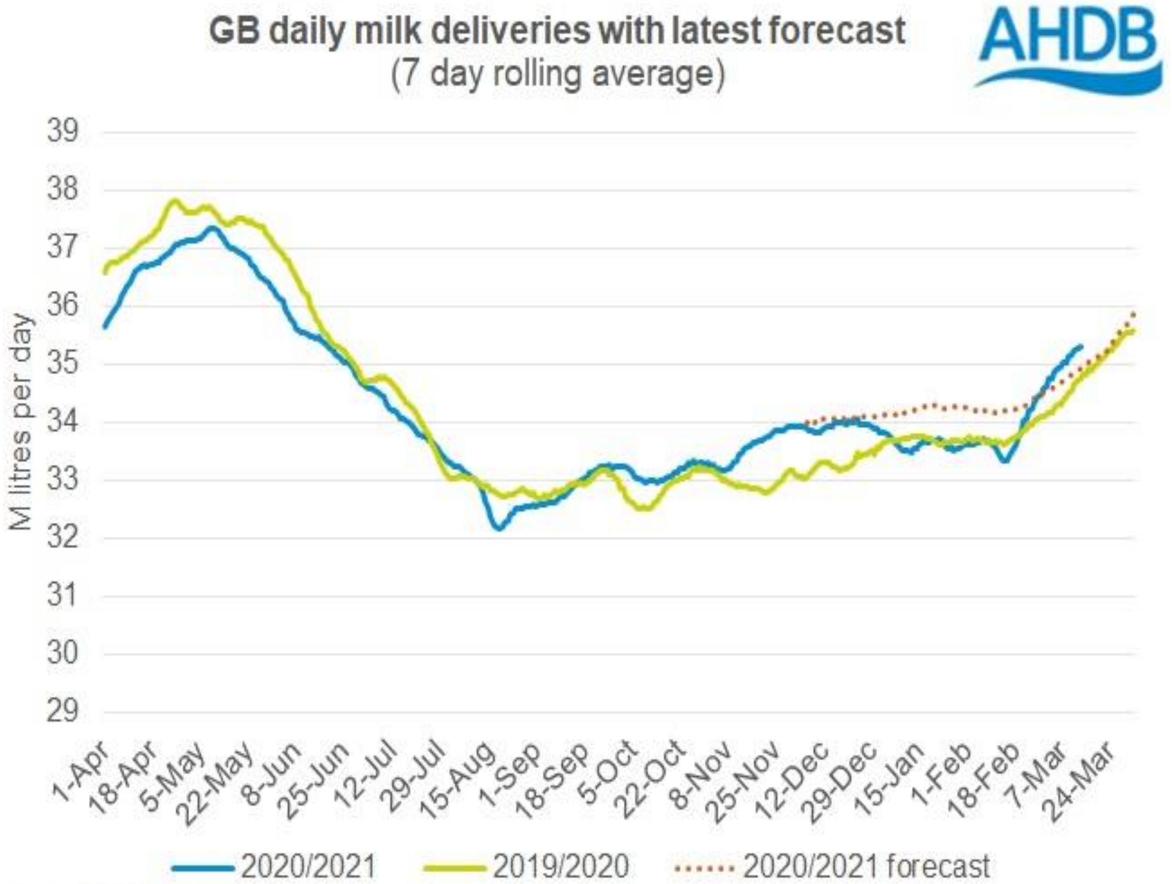


EU Milk production

Germany milk production (year-on-year)

Week	Germany
Week 10	-1.8%
Week 9	-1.7%
Week 8	-1.7%
Week 7	-2.6%
Week 6	-2.8%
Week 5	-2.0%
Week 4	-1.7%
Week 3	-1.9%

Great Britain milk production

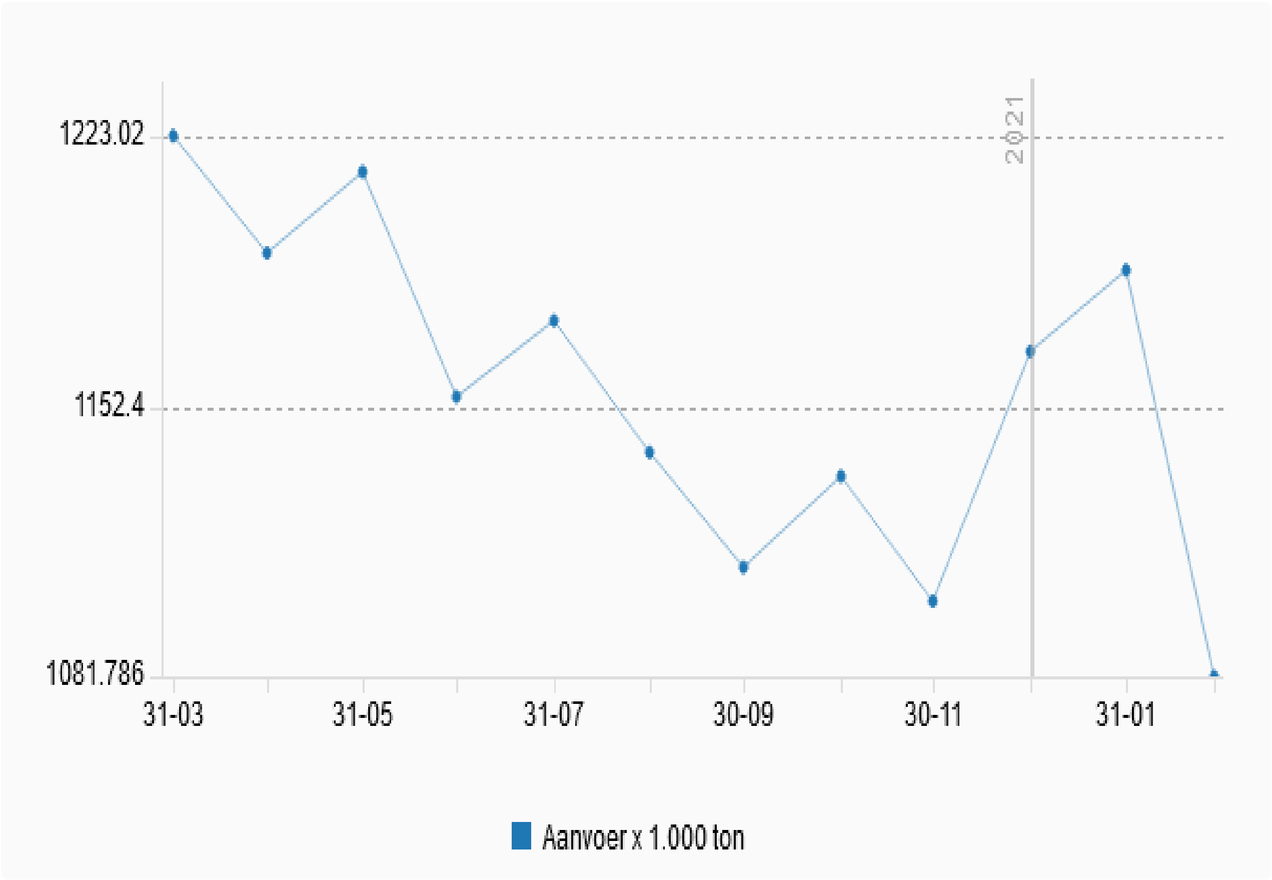


Source: AHDB

Year-on-year

Week 8: +1.1%
Week 9: +1.9%
Week 10: +1.6%

Netherlands milk production



Jan-Feb 2021:
-3.3% (milk)
-1.8% (fat)

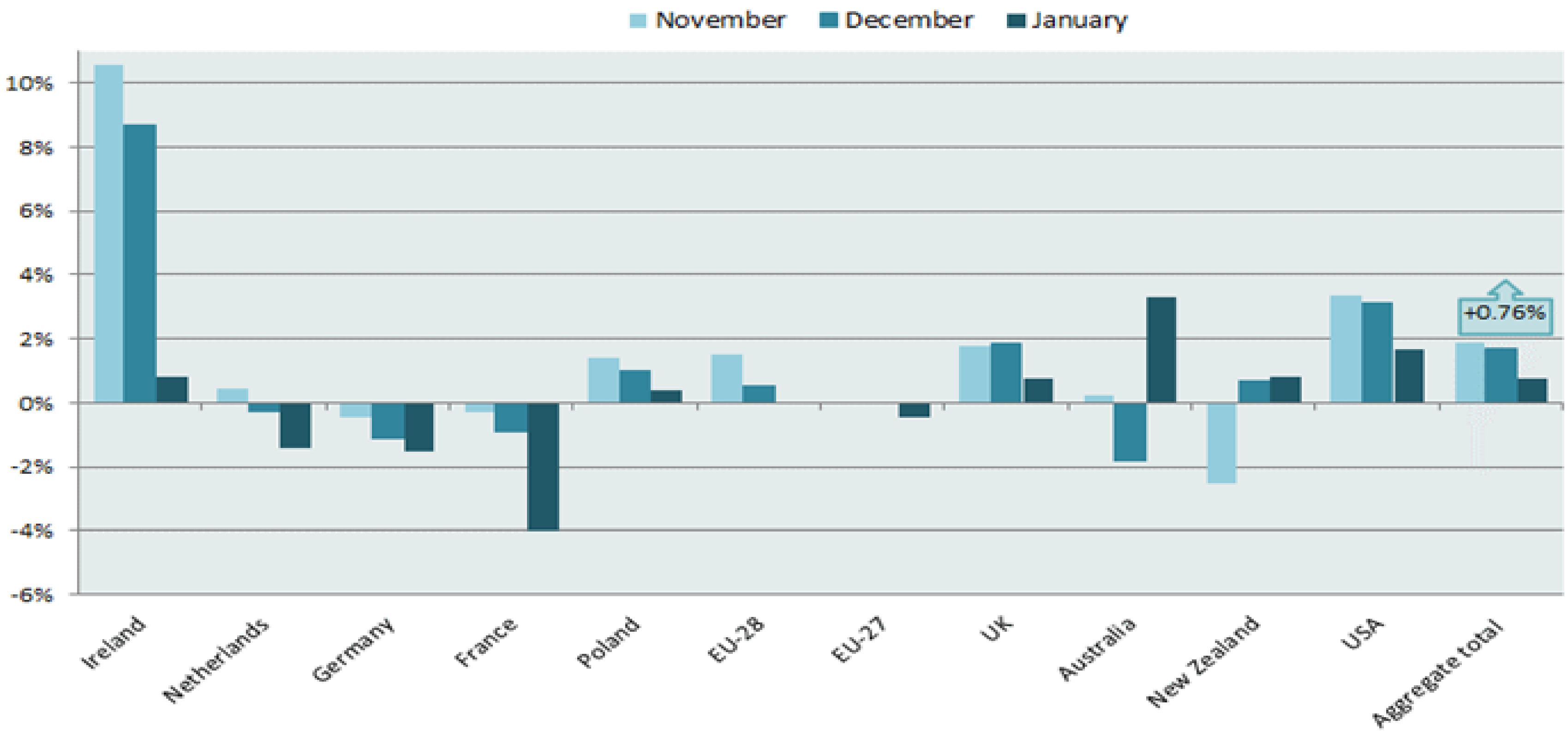
Feb 2020:
-5.3% (milk)
-3.4% (fat)

COPA COGECA members

Country	Summary of comments received
Austria	January: production -1.7% yoy, farm milk price €35.25 (GMO free). Uncertainty because of lockdown and covid vaccination delays
Belgium	January: production +1.8% yoy, farm milk price €32.50. Concerns about lockdown (food services) and Brexit administration
France	January: €34.81. February production -2.8% yoy. January costs: +3.4% compared to the average of the 12 preceding months.
Latvia	February: farm milk price € 29.53, production +3% yoy. Sharp increase of soy prices
Poland	December: farm milk price € 34.69. 2020 milk deliveries +1.5% yoy, production costs +5% in 2020. significantly less trade with GB (Brexit)
Slovakia	January farm milk price € 32.17. So far no Covid support for farmers
Slovenia	January farm milk price € 31.95, production +3.1% yoy. Feed, energy, fertiliser prices rising very fast.
Sweden	Farm milk price 375.89 Krona. January production +3% yoy. Costs up 2.7% including feed +6.0%.

yoy = year-on-year comparison

Milk production overview



Moderate milk production growth in exporting nations in 2021

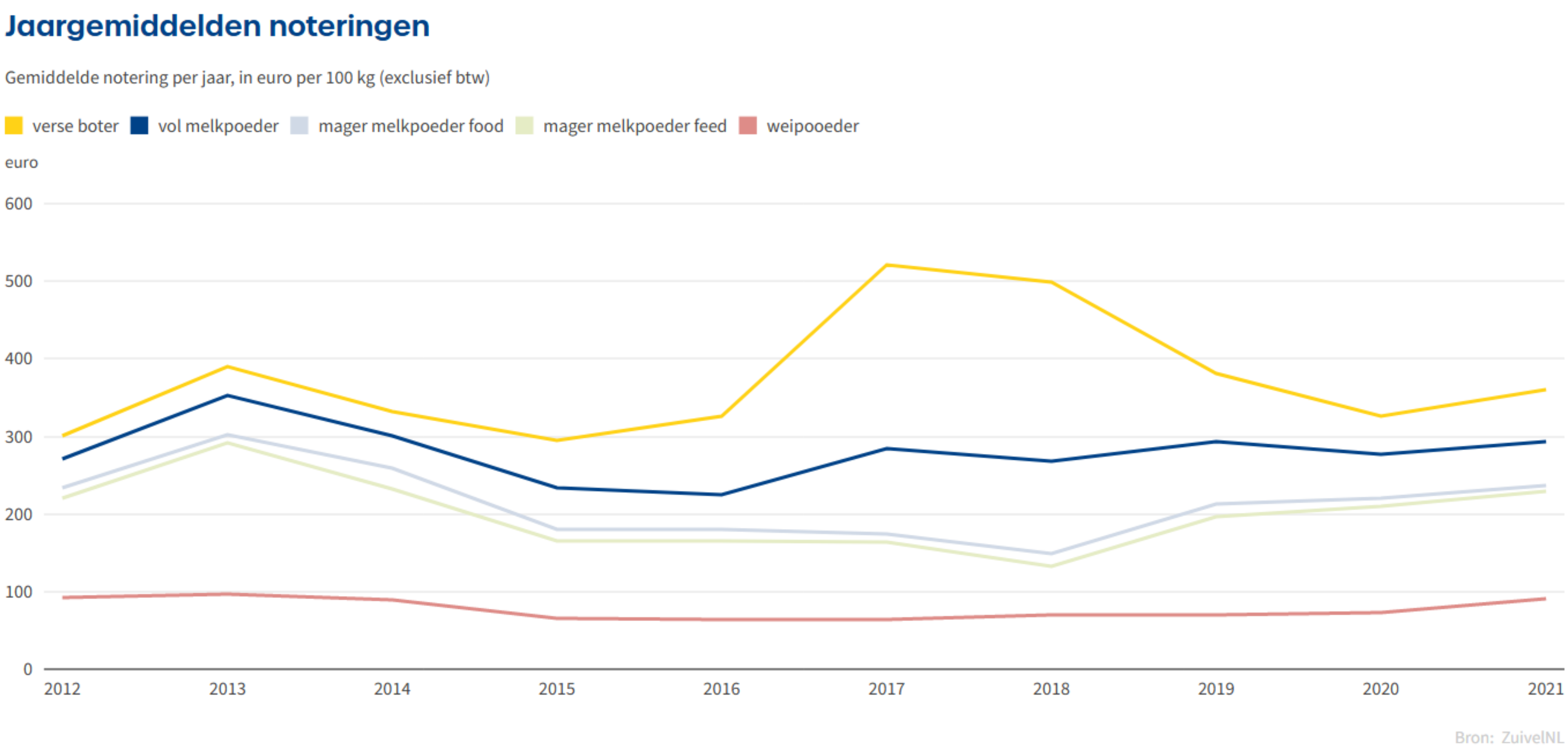
Milk production in 2021 compared to 2020		
	%	volume (bn kg)
1. EU	+1.0%	+1.6
2. USA	+2.0%	+2.0
3. New Zeeland	+1.0%	+0.2
4. Australia	+2.0%	+0.2
5. Argentina	+1.0%	+0.1
(6. China)	+7.5%	+2.2
(7. India)	+5%	+10
Total 1-5		+4.1

Sources: Rabobank, IFCN dairy reports, own estimates

3. Future & indices
CME: Class III Oct 2021 contracts

Dutch dairy quotations

ZuivelNL quotations March 17, 2021:



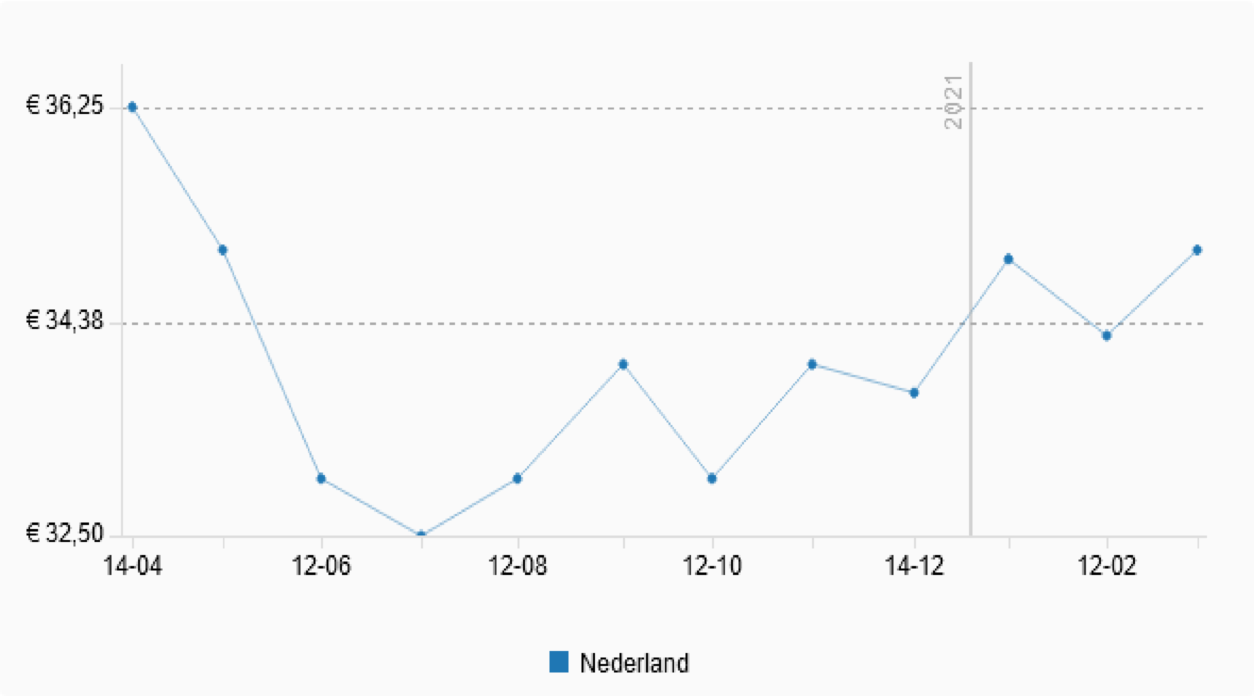
Kieler IFE Börsenmilchwert
March 19, 2021

April 21	36.9
May 21	37.0
June 21	37.0
July 21	37.6
Aug 21	37.7
Sept 21	37.9
Oct 21	37.9
Nov 21	38.0

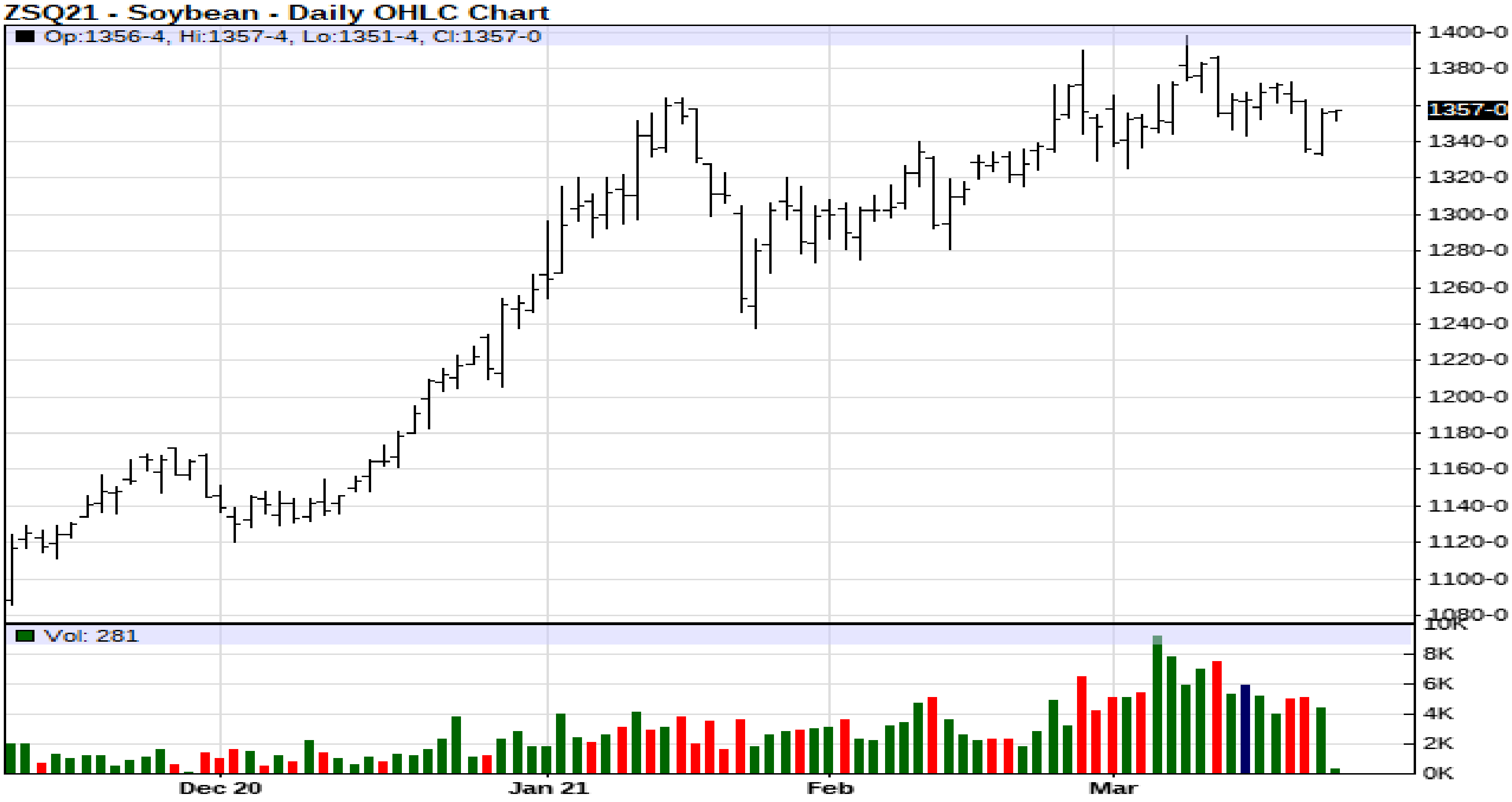
4% fat, 3.4% protein

Based on SMP and butter

Dutch spot milk quotations (DCA): 35.00

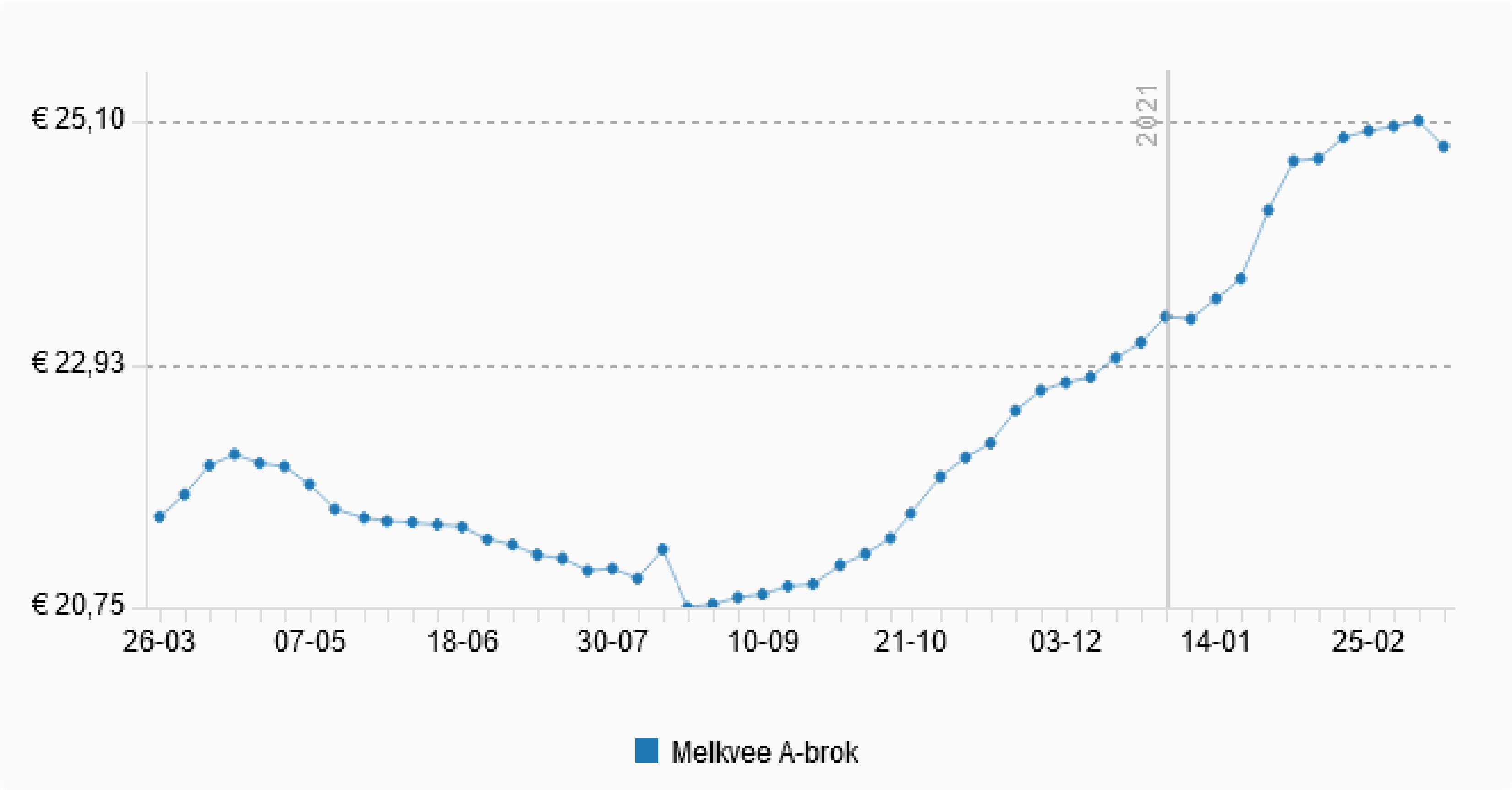


Soybean prices have gone up

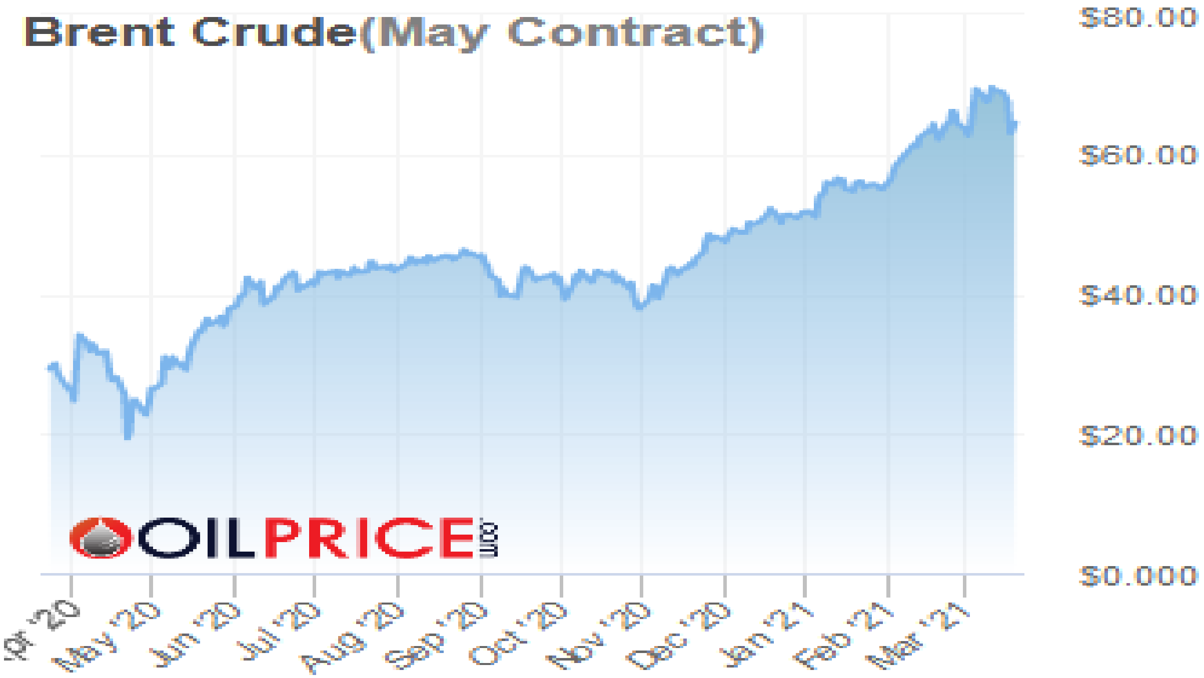


CBOT futures contract August 2021

Feed prices have too…
(EUR per 100 kg)



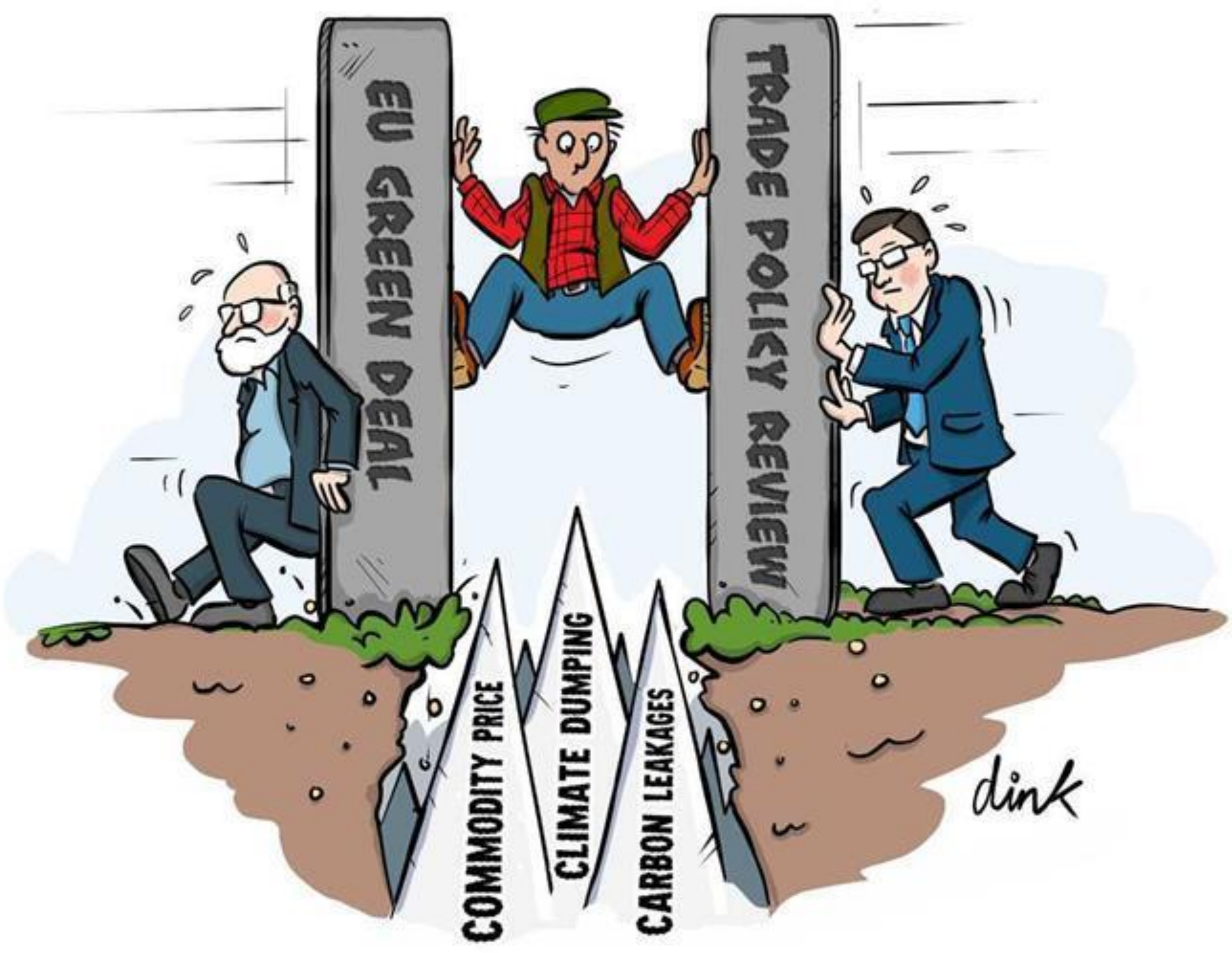
As have oil prices .....



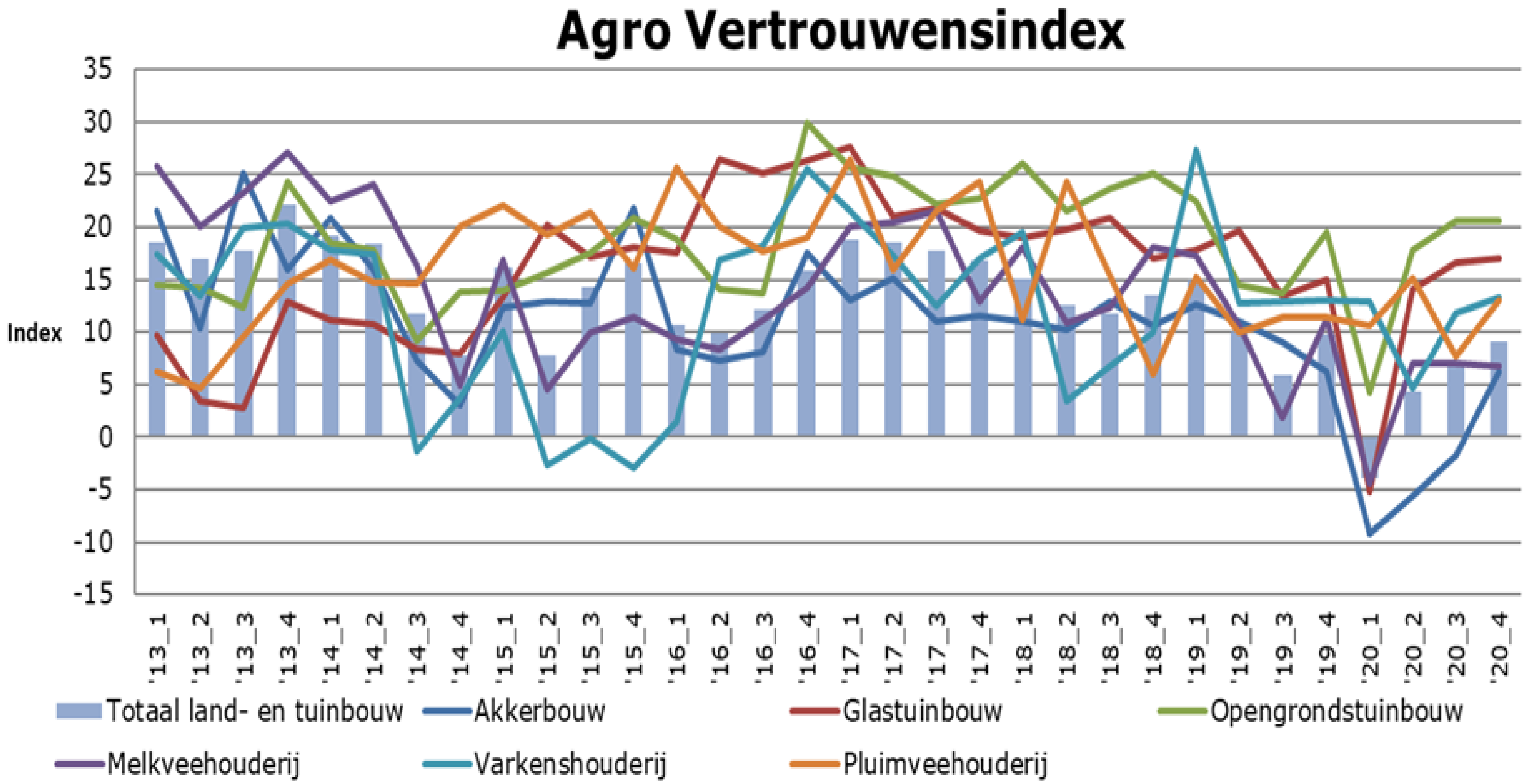
4. Conclusion: what to watch….

1. Uncertainty re Covid-19. (lack of) vaccination progress….
2. Commodity boom, oil prices ahead of economic recovery
3. Feed prices
4. US/EU stimulus packages
5. China demand…
6. Brexit frictions…
7. US dollar resilience
8. Sustainability drive (EU Green Deal)

Farm gate milk prices lagging behind en should now go up. Farmers' margins are under pressure hampering their ability to respond to market demand.


EU GREEN DEAL
TRADE POLICY REVIEW
COMMODITY PRICE
CLIMATE DUMPING
CARBON LEAKAGES
dink

5. Dutch farmers’ confidence



Dairy farmers = melkveehouderij

Data gathered 5-25 January 2021

Thank you for your attention!

@KJOsinga
kjosinga@lto.nl

ANNEX 4

EU dairy products monthly stock estimates at the end of December 2020

EDA

EU dairy products monthly stock estimates at the end of December 2020

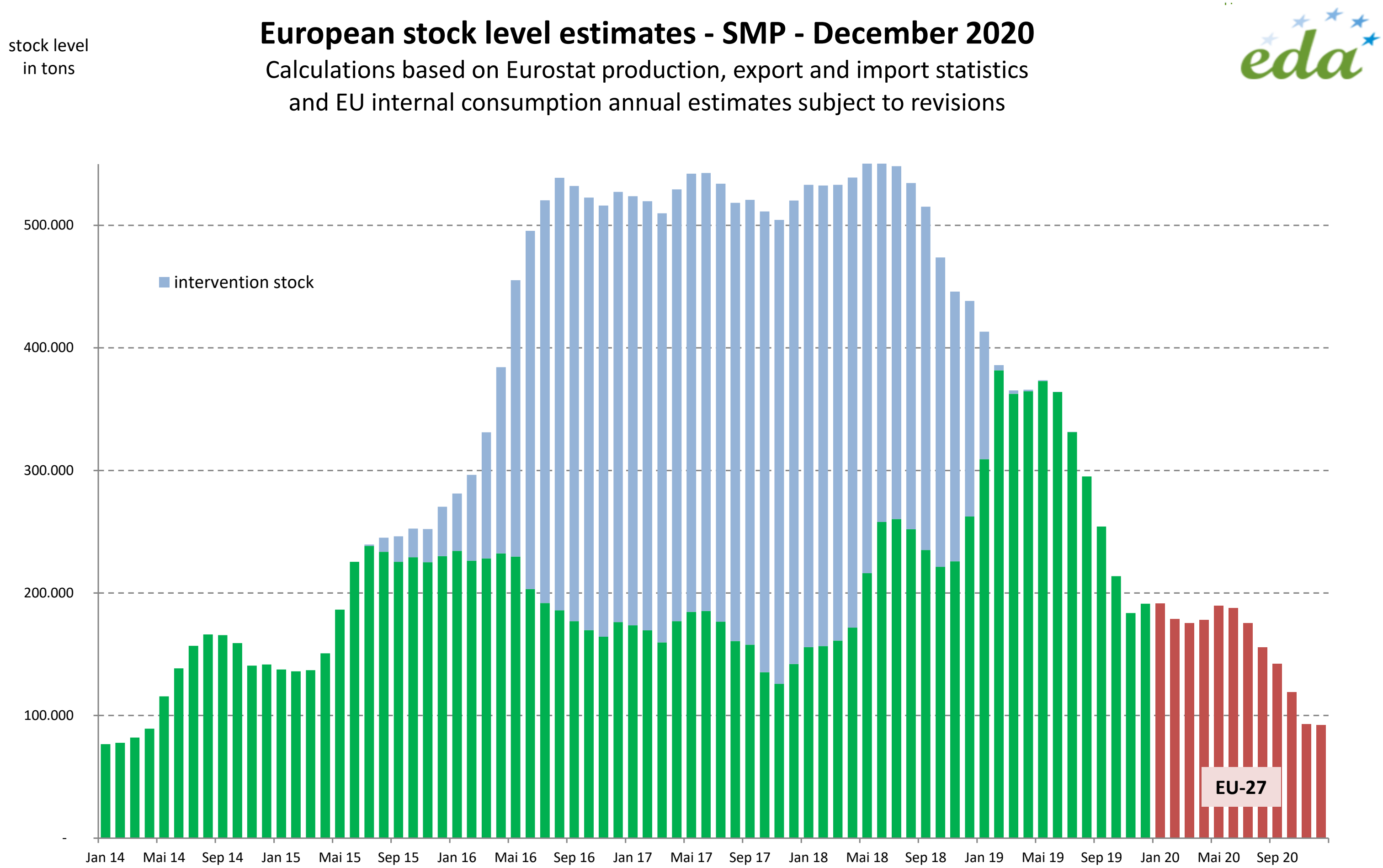
Milk Market Observatory
Economic Board

March 23rd, 2021

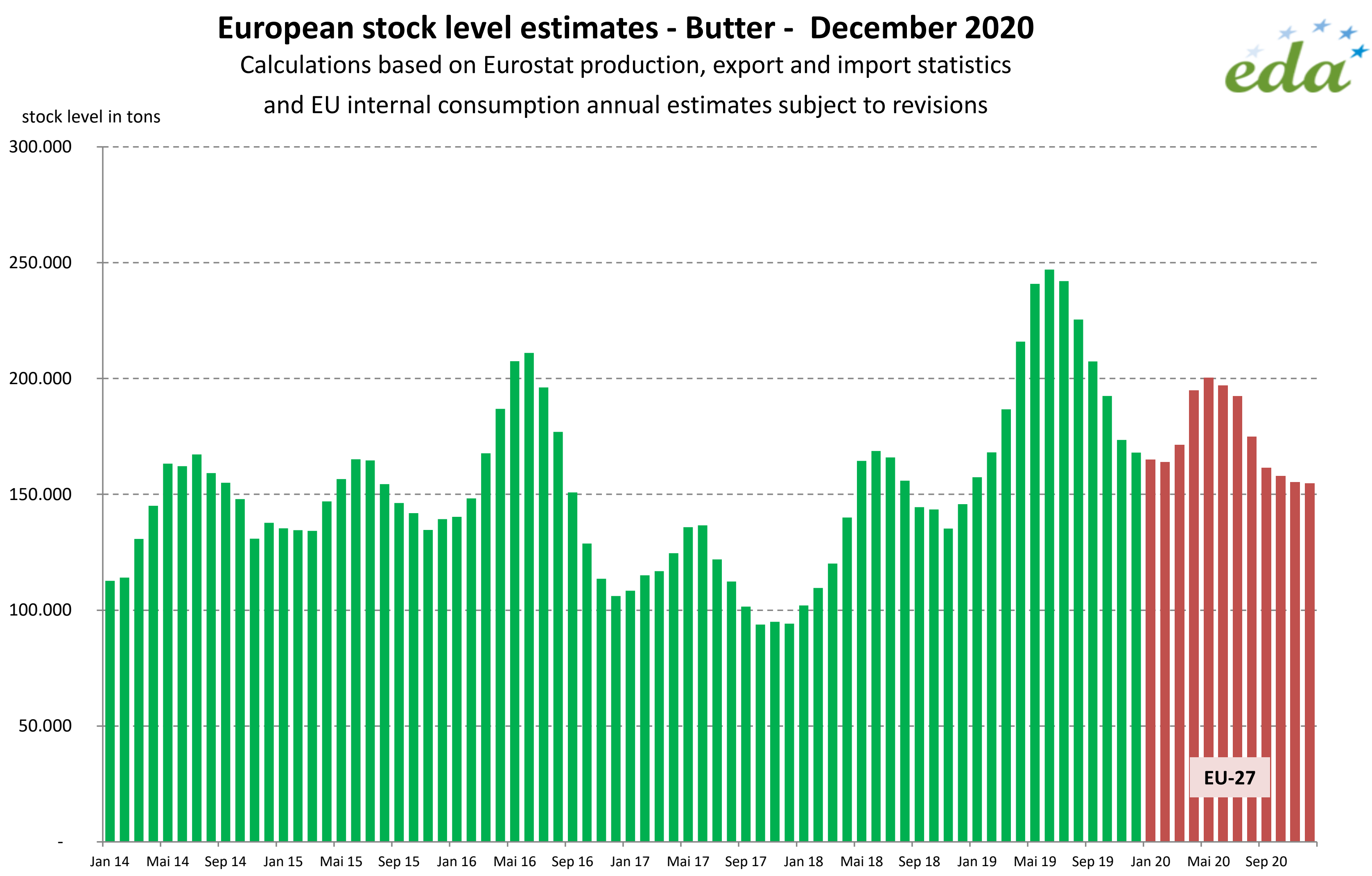
Methodology

- For each dairy product and each month, the stock estimates are based on the equation:
  - Stock variation = EU production + EU import – EU internal consumption – 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.
- 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 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.

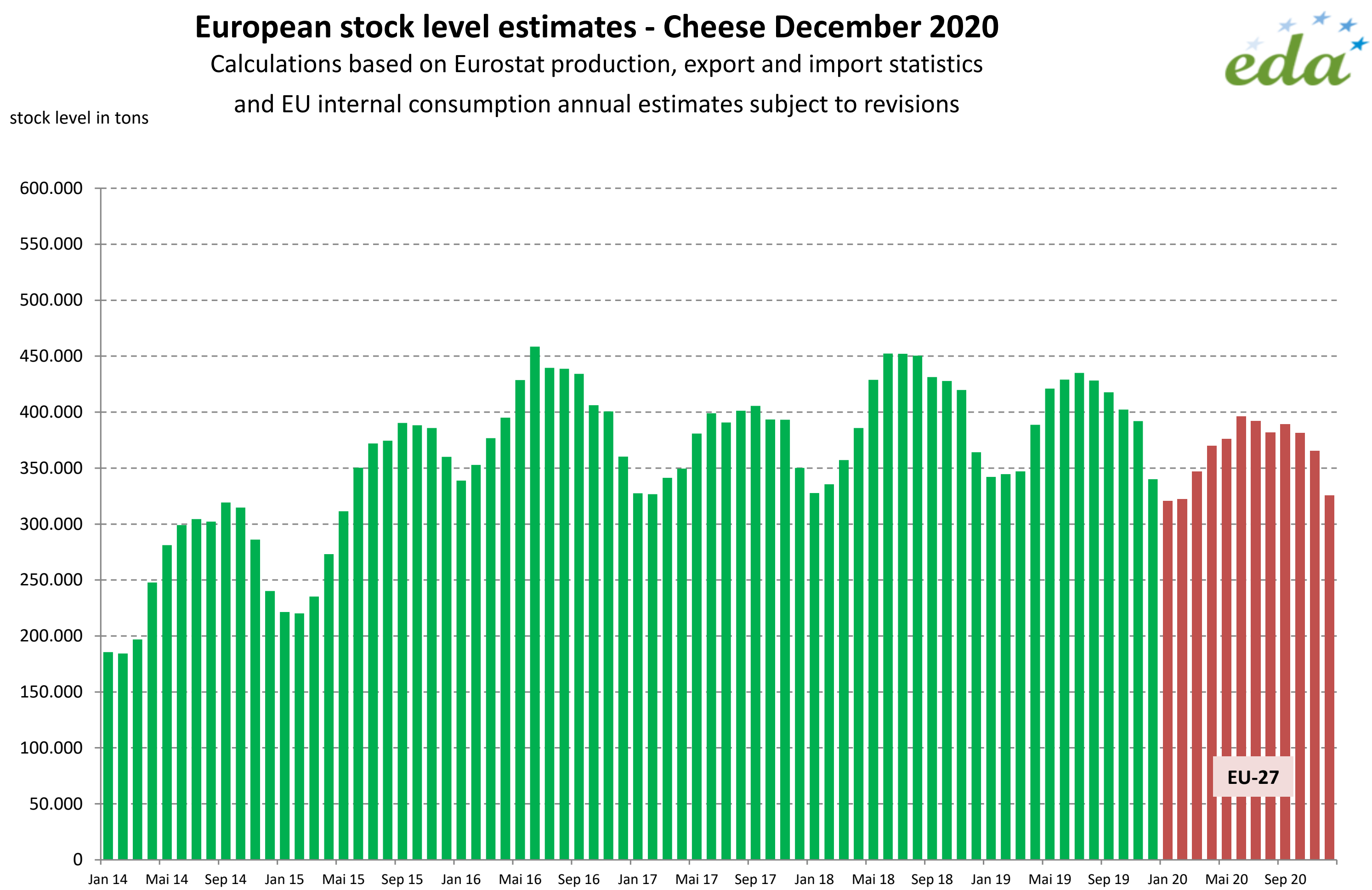
Stocks of SMP decreased further at the end of 2020. 2021 started with lowest stock since years. Production decreased in December 2020 below the level of 2019. High demand for exports and healthy internal demand contributed to the reduction of stocks. Actually the SMP-market is firm with increasing prices.



End of December 2020 , the European butter stocks had a normal level for the time of the year. High exports to 3rd countries during 2020 and high retails sales compensated the reduced needs of food industry and food service during the Corona-pandemic. In the second half of December higher than retail-sales of butter and fresh-products reduced supply of butter and cream. Butter-prices rose in the first 10 weeks of 2021.



End of December 2020, the European cheese stocks had been lower than in previous years. Demand increased further inside and outside of the EU during 2020. Exports to international markets excluding the UK reached a new record. With low stocks and healthy demand prices for different cheese-types firmed at the beginning of 2021.



Situation

- Demand absorbed the increased milk supply in 2020 completely.
- Total demand for dairy products was strong during the corona-pandemic and during multiple lockdowns. Reduced need from food-services was compensated by higher retail-demand.
- Prices of dairy products increased at the beginning of 2021 and are on the way to the pre-corona-level.

ANNEX 5

Perspectives from the Dairy Trade

Eucolait

Perspectives from the Dairy Trade

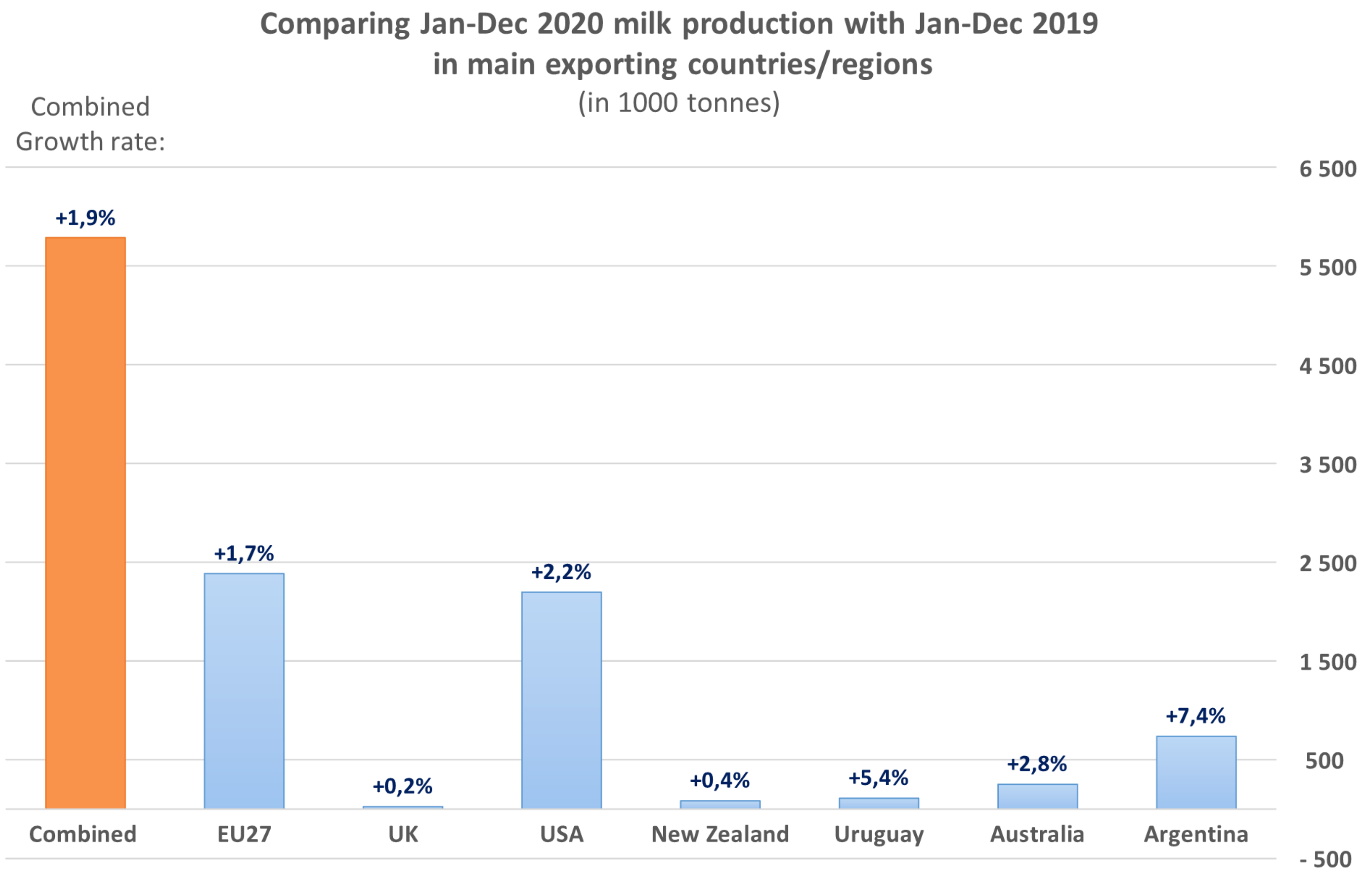
MMO Economic Board

23 March 2021

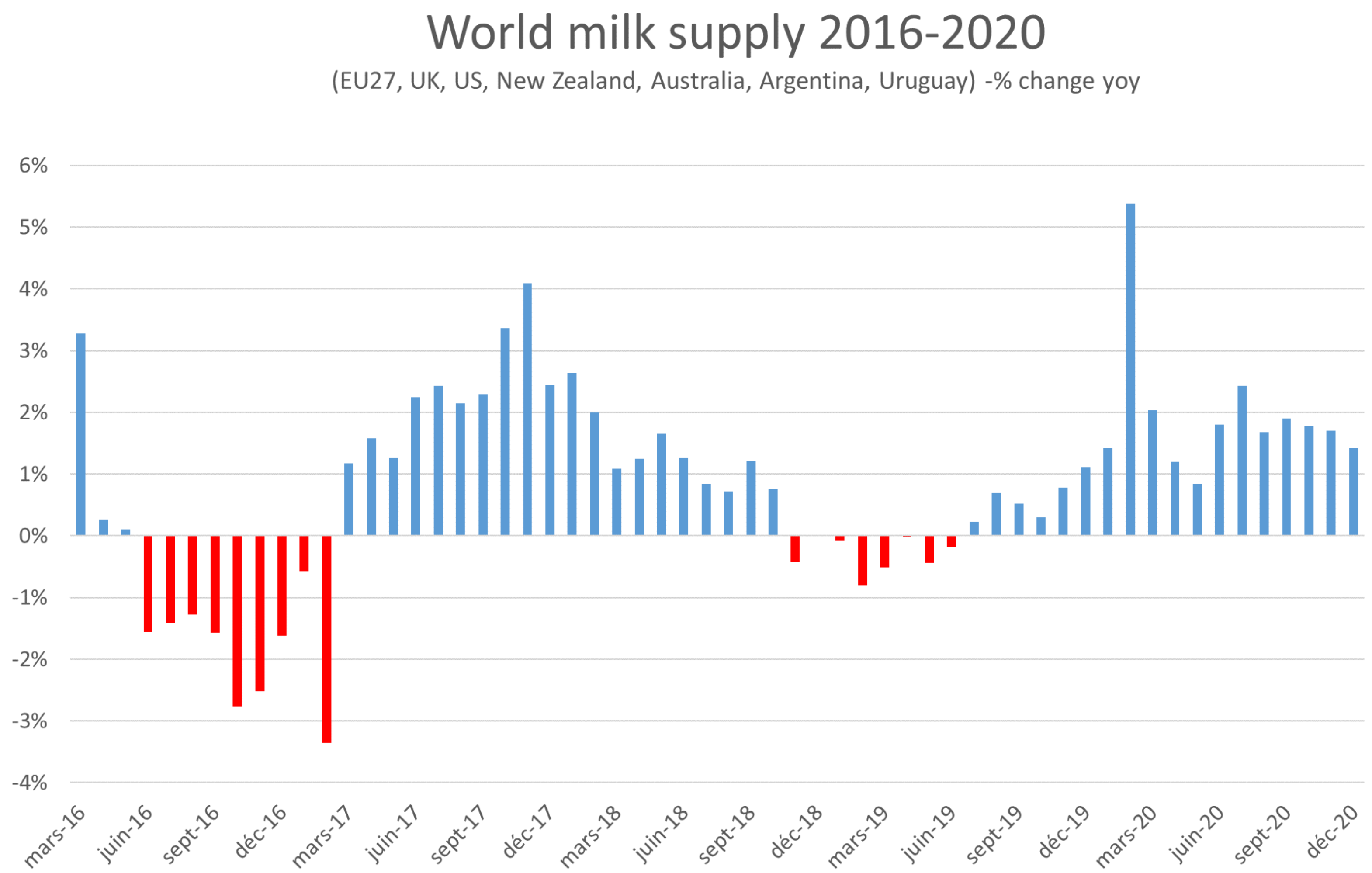
Outline

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

Milk production in key export regions



Milk production in key export regions



Production outlook

- **EU January milk flows** declined for the first time in 18 months (against strong January 2020), mainly due to lower production in France and Germany (-0,7%). A smaller dairy herd, stagnant milk prices and increased feed costs might subdue the production growth in 2021. Outlook: +0,8% in 2021.

- Following a strong 2020, **US milk collections** continued to expand in the first month of 2020 (+2,4% in Jan & +2% in Feb). Cow numbers are on the rise but lower yields per cow are expected to limit output growth in 2021. USDA Outlook: +1,8% for 2021.

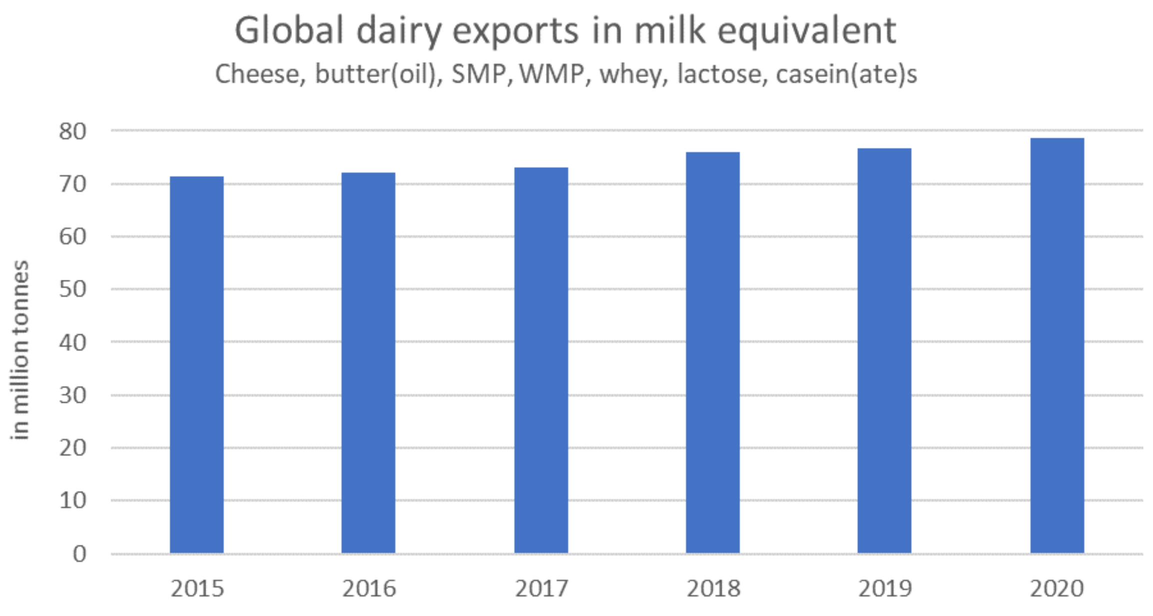
- **New Zealand milk production** increased again in January (+0,8%) and has remained stable in season to date terms since November (+0,8%), due to more favourable pasture growth than in 2020. Outlook for 2020/21 is -0,3%

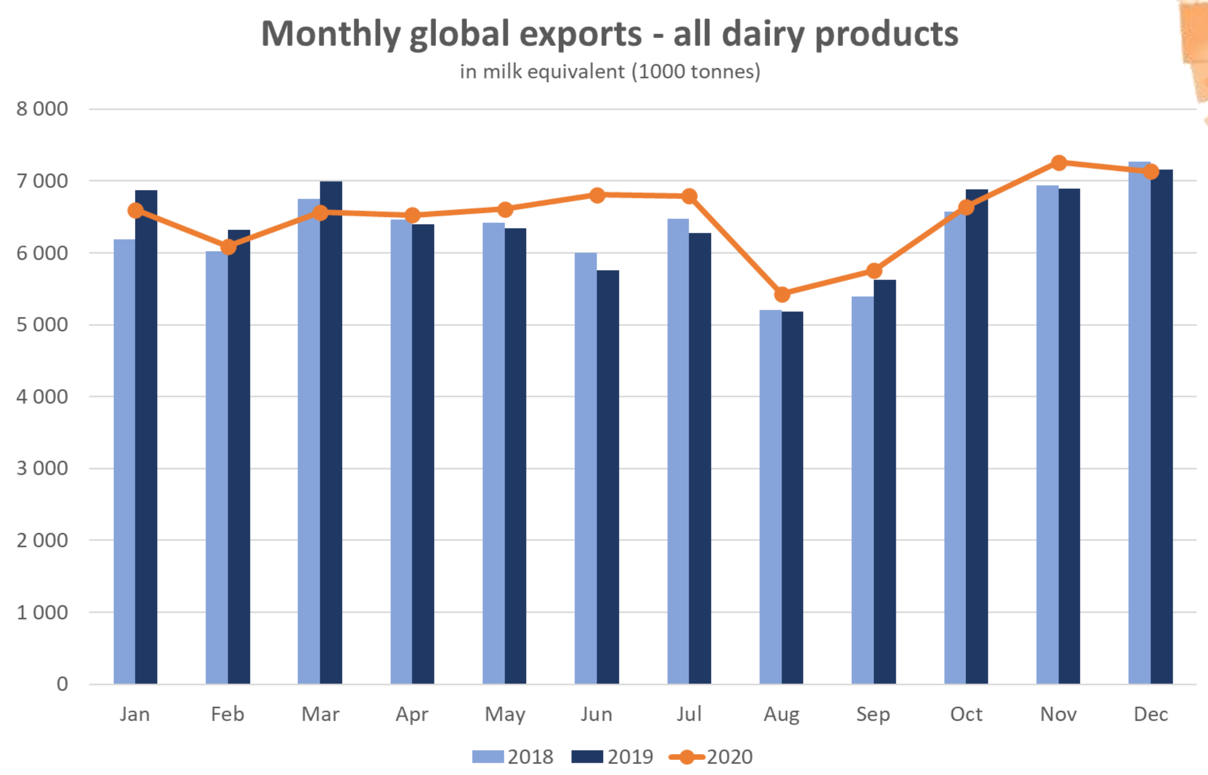
- After declining every month in Q4, **Australian milk output** rebounded in January (+3,3%), driven by favourable weather and improved operating conditions. However a smaller national herd and a continued decline in farm numbers will keep affecting the production growth. Outlook: between -1% to +1% for season 2020/21.

- **South America:** Argentina milk flows kept booming in January (+7,7%), despite continuously rising costs reducing farmer's profitability. Economic challenges at farm level should slow the production growth in 2021. Outlook for 2021: +2%. Uruguay milk output reached record volumes in 2020 and continued on the same track in January (+6,2%).

- **Global milk supply** outlook for 2021: slightly above +1%.

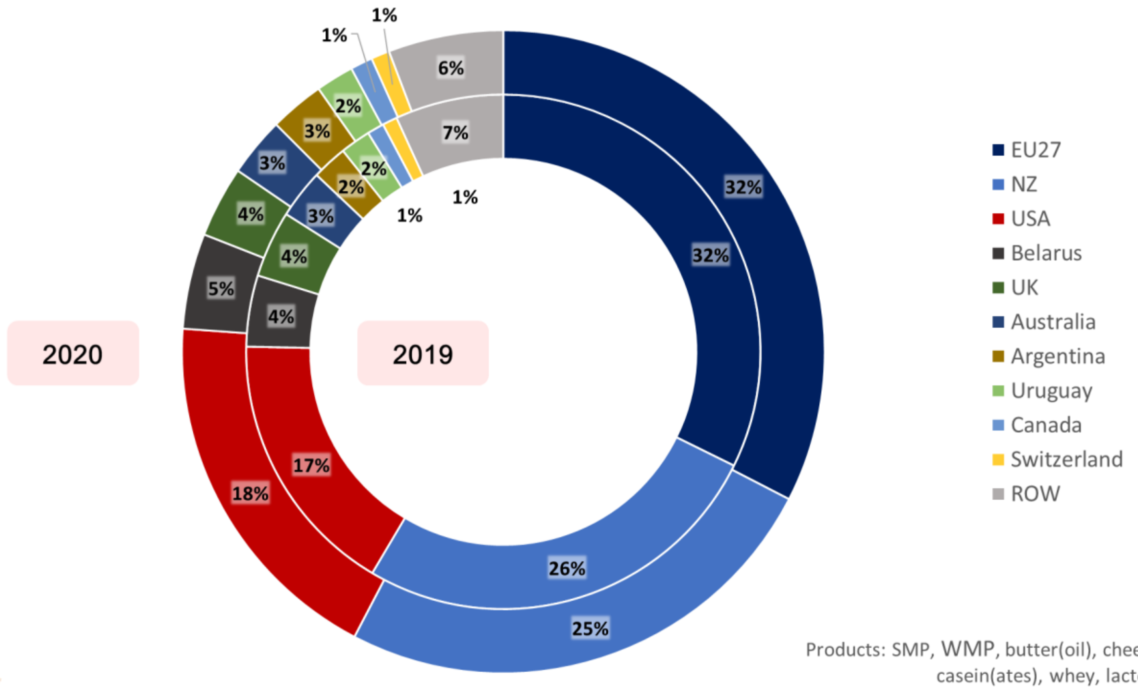
Global dairy exports in ME





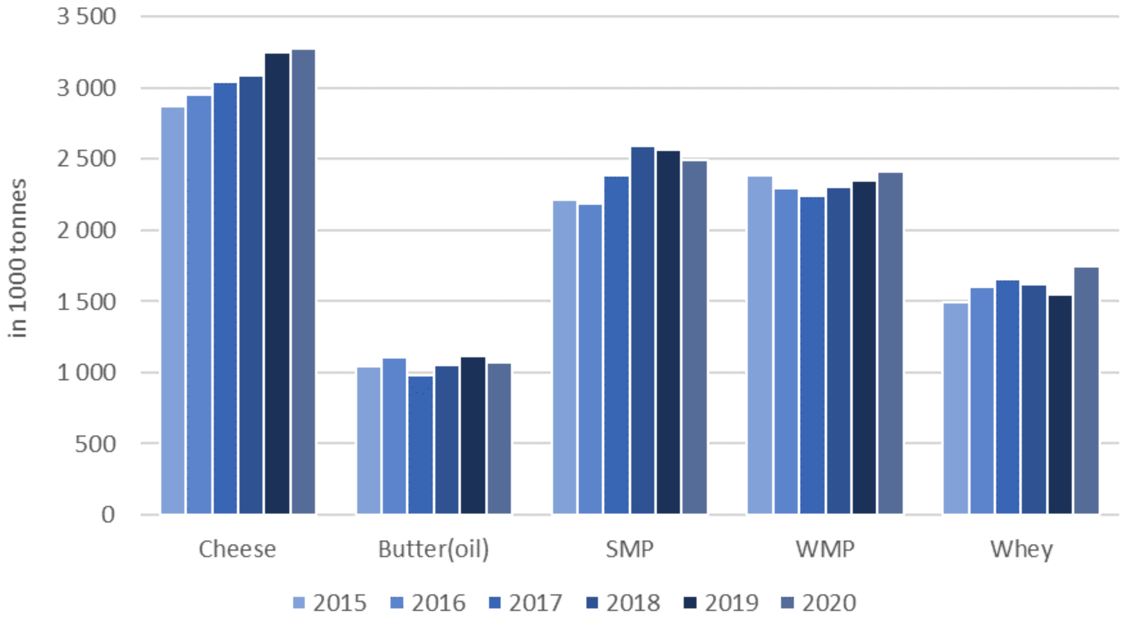
Dairy exports of main market players in ME

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

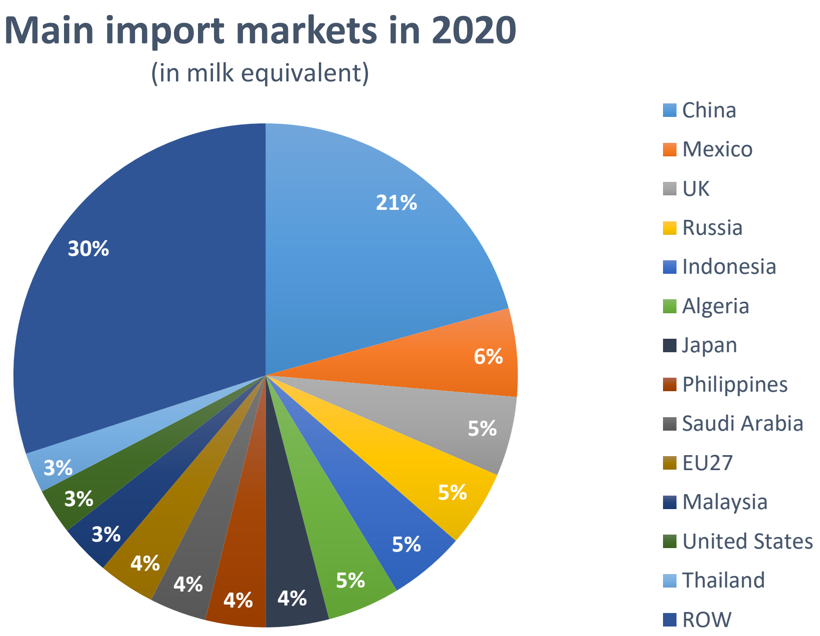


Products: SMP, WMP, butter(oil), cheese, casein(ates), whey, lactose

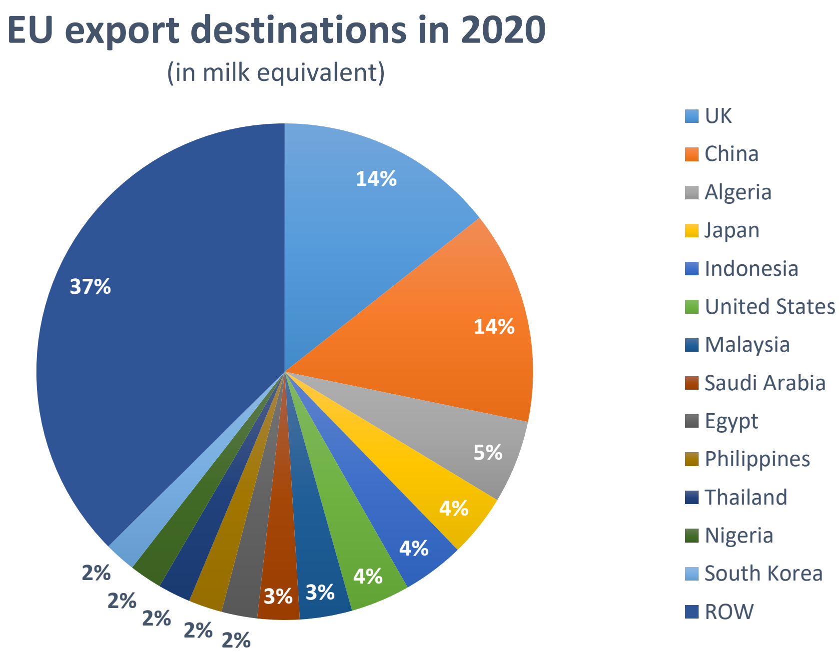
Global exports of main dairy commodities



Main import markets & EU export destinations



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



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

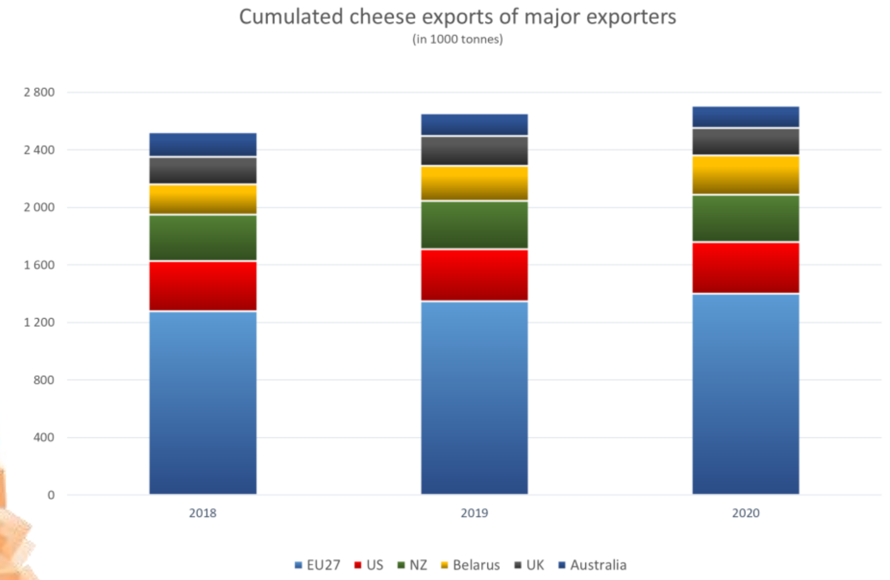
Cheese trade

Global cheese exports:

Growth rate 20/19: +0,8%

EU cheese exports:

Growth rate 20/19: +3,9%



MAIN CHEESE IMPORTERS 2020			
Importers	Volumes in tonnes	Market shares	Δ% 20/19
World	**3 044 750**	**100%**	**+3%**
UK	495 198	16%	-8%
Russia	311 006	10%	+14%
Japan	291 510	10%	-4%
EU27	223 053	7%	+5%
Saudi Arabia	181 145	6%	+3%
United States	165 459	5%	-8%
South Korea	148 002	5%	+13%
China	129 228	4%	+13%
Mexico	113 971	4%	-6%
Australia	97 938	3%	+1%
ROW	888 240	29%	+9%

EU27 CHEESE EXPORTS 2020			
	Volumes in tonnes	Share of EU exports	Δ% 20/19
Total EU27 exports	**1 400 546**	**100%**	**+4%**
UK	492 232	35%	-3%
Japan	128 086	9%	+13%
United States	117 706	8%	-10%
Switzerland	69 105	5%	+12%
South Korea	53 025	4%	+26%
Ukraine	46 697	3%	+97%
Saudi Arabia	42 476	3%	+22%
Australia	27 049	2%	+8%
Algeria	27 043	2%	+24%
China	26 801	2%	+44%
ROW	370 327	26%	+1%

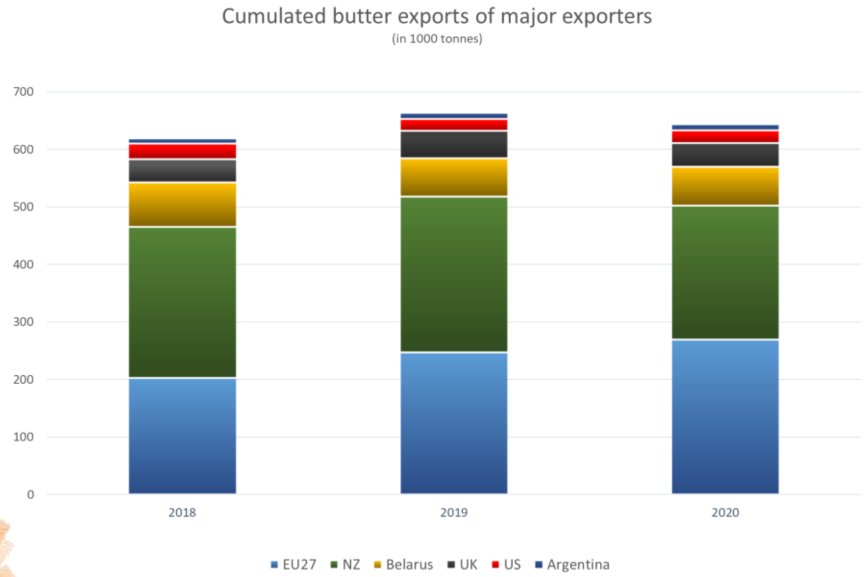
Butter trade

Global butter exports:

Growth rate 20/19: -8,8%

EU butter exports:

Growth rate 20/19: +8,9%



MAIN BUTTER IMPORTERS 2020			
Importers	Volumes in tonnes	Market shares	Δ% 20/19
World	**650 518**	**100%**	**-1%**
Russia	111 461	17%	+6%
China	85 580	13%	+39%
UK	68 108	10%	-0%
Saudi Arabia	41 238	6%	+44%
United States	41 140	6%	-6%
Australia	33 330	5%	+4%
EU27	30 449	5%	-39%
Egypt	23 968	4%	+24%
Canada	17 921	3%	-9%
Japan	17 851	3%	-26%
ROW	179 472	28%	-11%

EU27 BUTTER EXPORTS 2020			
	Volumes in tonnes	Share of EU exports	Δ% 20/19
Total EU27 exports	**269 331**	**100%**	**+9%**
UK	62 164	23%	-10%
United States	37 803	14%	+14%
Saudi Arabia	17 975	7%	+96%
China	14 879	6%	+44%
Morocco	10 323	4%	+62%
Egypt	8 006	3%	+40%
Israel	7 996	3%	+84%
Ukraine	7 862	3%	+254%
South Korea	7 013	3%	+44%
United Arab Emirates	6 633	2%	-46%
ROW	88 678	33%	-1%

SMP trade

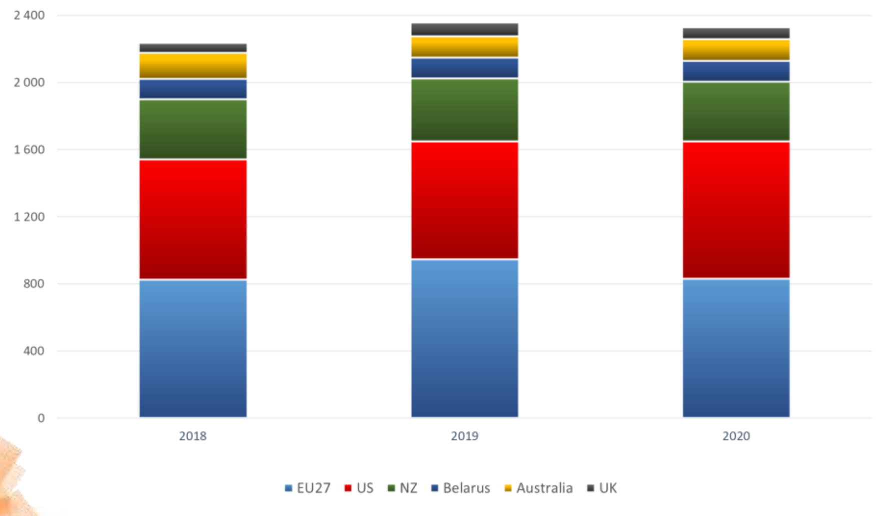
Global SMP exports:

Growth rate 20/19: -2,6%

EU SMP exports:

Growth rate 20/19: -12,1%

Cumulated SMP exports of major exporters
(in 1000 tonnes)



MAIN SMP IMPORTERS 2020			
Importers	Volumes in tonnes	Market shares	Δ% 20/19
World	**2 116 585**	**100%**	**-3%**
China	335 599	16%	-2%
Mexico	308 901	15%	-14%
Indonesia	197 349	9%	+5%
Philippines	179 495	8%	+1%
Algeria	144 180	7%	+20%
Malaysia	117 142	6%	-7%
Egypt	71 652	3%	-6%
Thailand	62 518	3%	-9%
Singapore	61 911	3%	+2%
Russia	60 220	3%	-32%
ROW	577 618	27%	+1%

EU27 SMP EXPORTS 2020			
	Volumes in tonnes	Share of EU exports	Δ% 20/19
Total EU27 exports	**830 271**	**100%**	**-12%**
China	121 462	15%	-1%
Algeria	118 551	14%	+26%
Indonesia	44 944	5%	-37%
Nigeria	43 651	5%	+2%
Egypt	43 561	5%	-22%
Philippines	41 435	5%	-37%
Malaysia	41 120	5%	-17%
Saudi Arabia	29 726	4%	-20%
Yemen	29 030	3%	+3%
UK	27 467	3%	+12%
ROW	289 325	35%	-18%

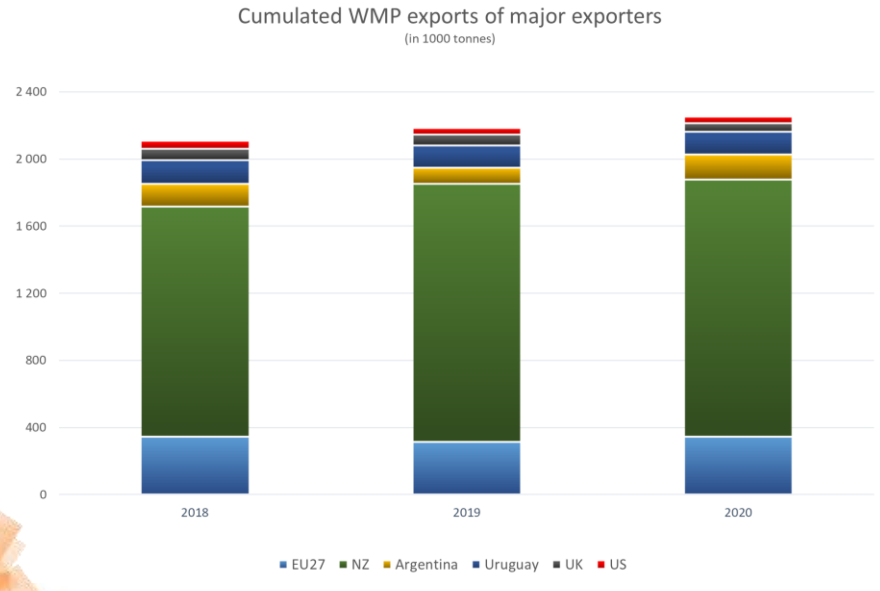
WMP trade

Global WMP exports:

Growth rate 20/19: +2,6%

EU WMP exports:

Growth rate 20/19: +9,5%



MAIN WMP IMPORTERS 2020			
Importers	Volumes in tonnes	Market shares	Δ% 20/19
World	**2 040 280**	**100%**	**-0%**
China	643 744	32%	-4%
Algeria	250 918	12%	+8%
Saudi Arabia	155 150	8%	+19%
Sri Lanka	88 558	4%	+4%
Brazil	80 617	4%	+31%
Oman	68 486	3%	+19%
Thailand	58 023	3%	-1%
Singapore	57 094	3%	-16%
Nigeria	55 959	3%	+12%
Hong Kong	52 904	3%	-45%
ROW	528 827	26%	-0%

EU27 WMP EXPORTS 2020			
	Volumes in tonnes	Share of EU exports	Δ% 20/19
Total EU27 exports	**344 876**	**100%**	**+10%**
Oman	47 698	14%	+18%
Algeria	38 158	11%	+102%
UK	30 345	9%	-10%
Nigeria	21 349	6%	+14%
China	15 946	5%	+3%
Kuwait	15 896	5%	-5%
Dominican Republic	9 717	3%	+14%
United Arab Emirates	9 549	3%	+40%
Saudi Arabia	7 950	2%	-4%
Senegal	7 744	2%	+27%
ROW	140 524	41%	-0%

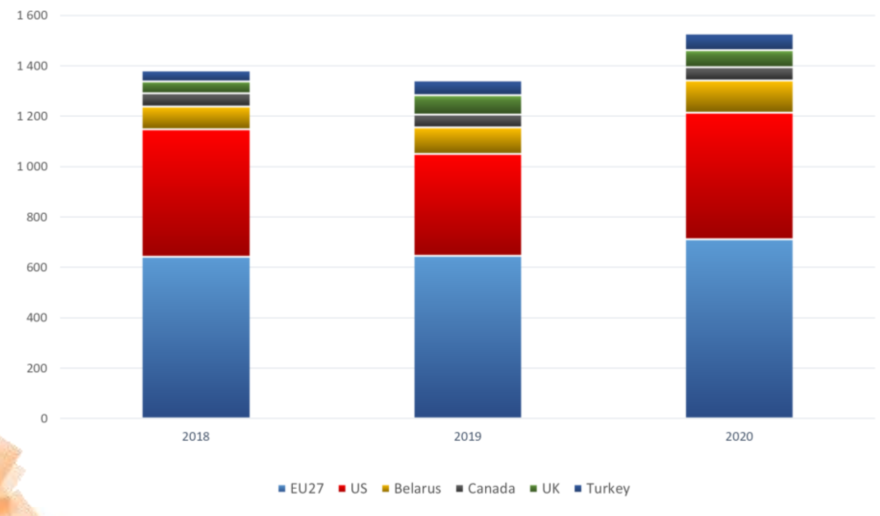
Whey powder trade

Global whey exports:

Growth rate 20/19: +12,7%

EU whey exports:

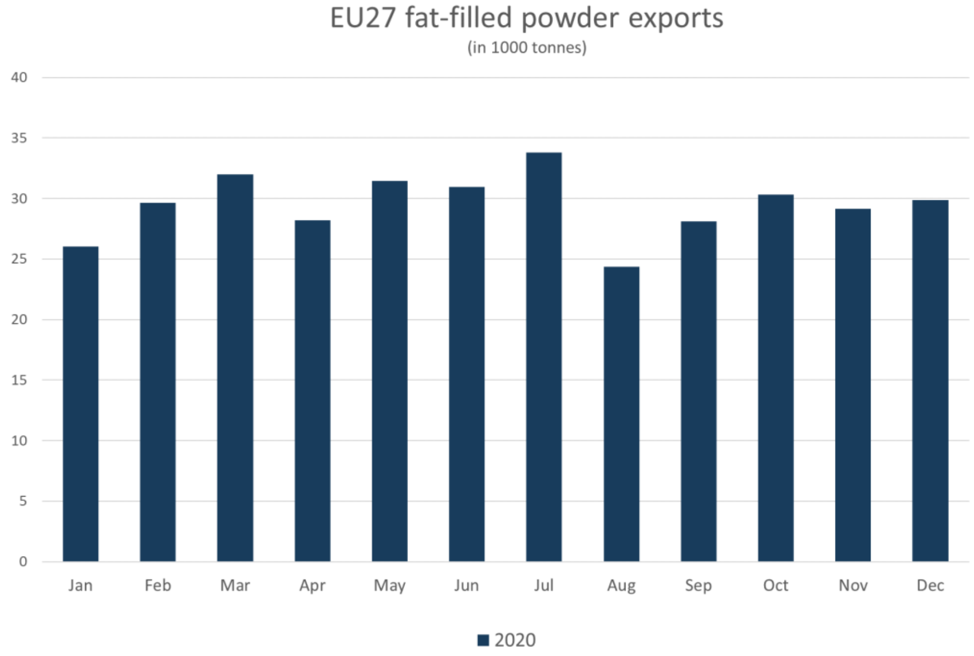
Growth rate 20/19: +8,2%



MAIN WHEY POWDER IMPORTERS 2020			
Importers	Volumes in tonnes	Market shares	Δ% 20/19
World	**1 535 886**	**100%**	**+3%**
China	622 370	41%	+38%
Indonesia	113 085	7%	-15%
Malaysia	85 261	6%	+1%
Thailand	67 225	4%	+2%
Philippines	55 943	4%	-21%
Russia	51 814	3%	-17%
UK	51 730	3%	-16%
Japan	50 154	3%	-3%
Mexico	44 334	3%	-38%
South Korea	33 241	2%	-13%
ROW	360 729	23%	-9%

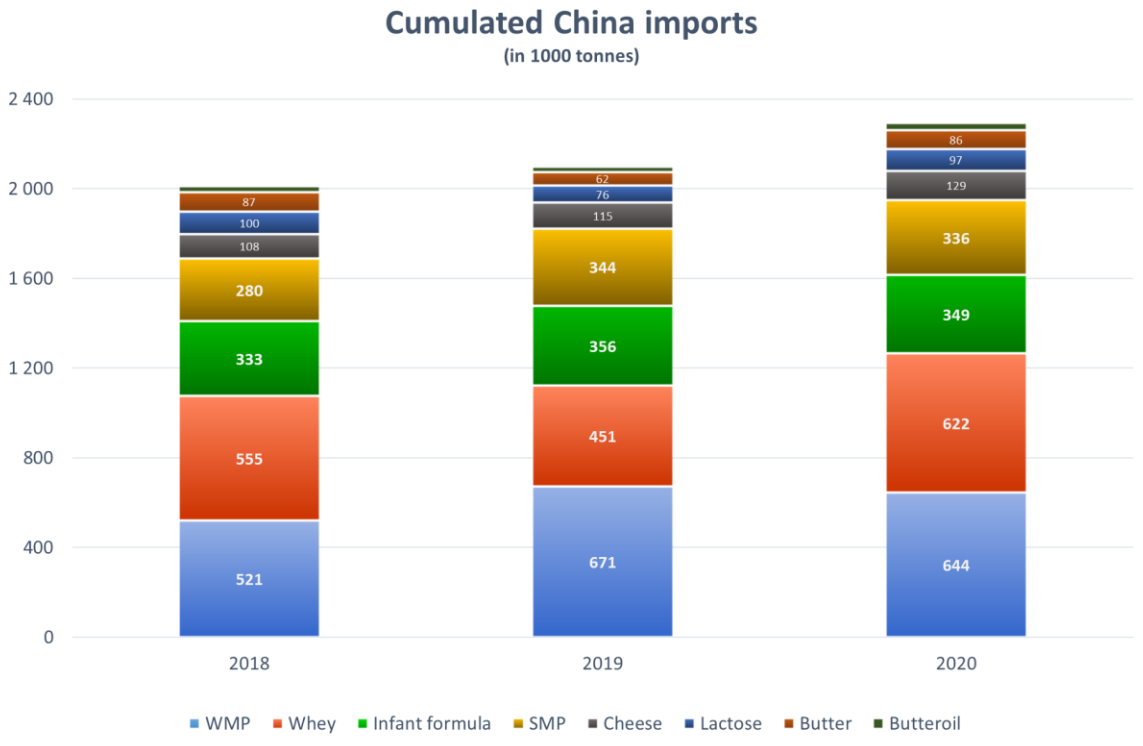
EU27 WHEY POWDER EXPORTS 2020			
	Volumes in tonnes	Share of EU exports	Δ% 20/19
Total EU27 exports	**690 771**	**100%**	**+8%**
China	248 727	36%	+32%
Indonesia	67 486	10%	-17%
Malaysia	62 487	9%	+3%
UK	55 824	8%	+4%
Thailand	38 017	6%	+1%
Vietnam	20 426	3%	+25%
Japan	19 852	3%	+26%
New Zealand	14 317	2%	+20%
South Korea	13 588	2%	+16%
Philippines	13 571	2%	+13%
ROW	136 477	20%	-9%

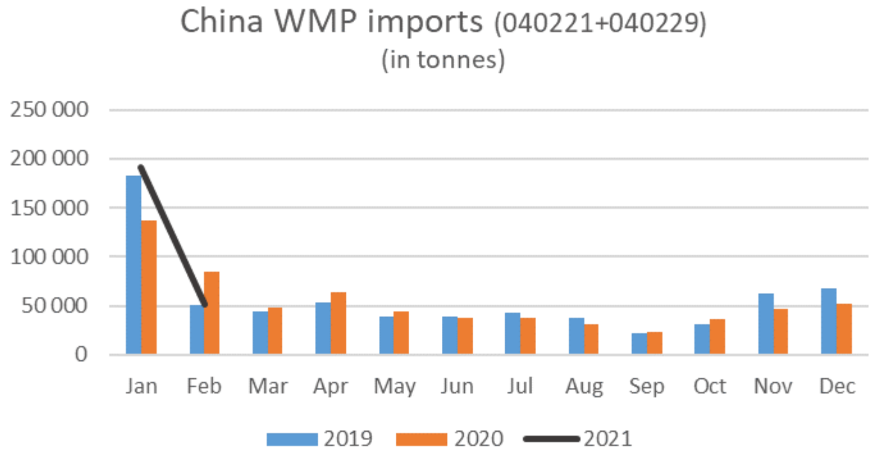
Fat-filled powder trade

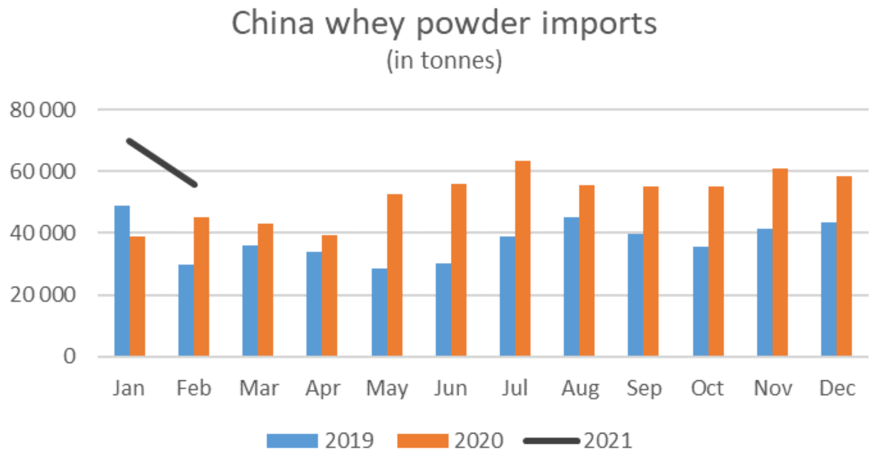


EU27 FAT-FILLED POWDER EXPORTS 2020		
	Volumes in tonnes	Share of EU exports
Total EU27 exports	**353 867**	**100%**
Nigeria	58 438	17%
Senegal	51 095	14%
United Arab Emirates	32 378	9%
Iraq	31 374	9%
Bangladesh	14 534	4%
Côte d'Ivoire	12 110	3%
Egypt	10 235	3%
Ghana	9 632	3%
Oman	9 598	3%
Guinea	8 962	3%
ROW	115 511	33%

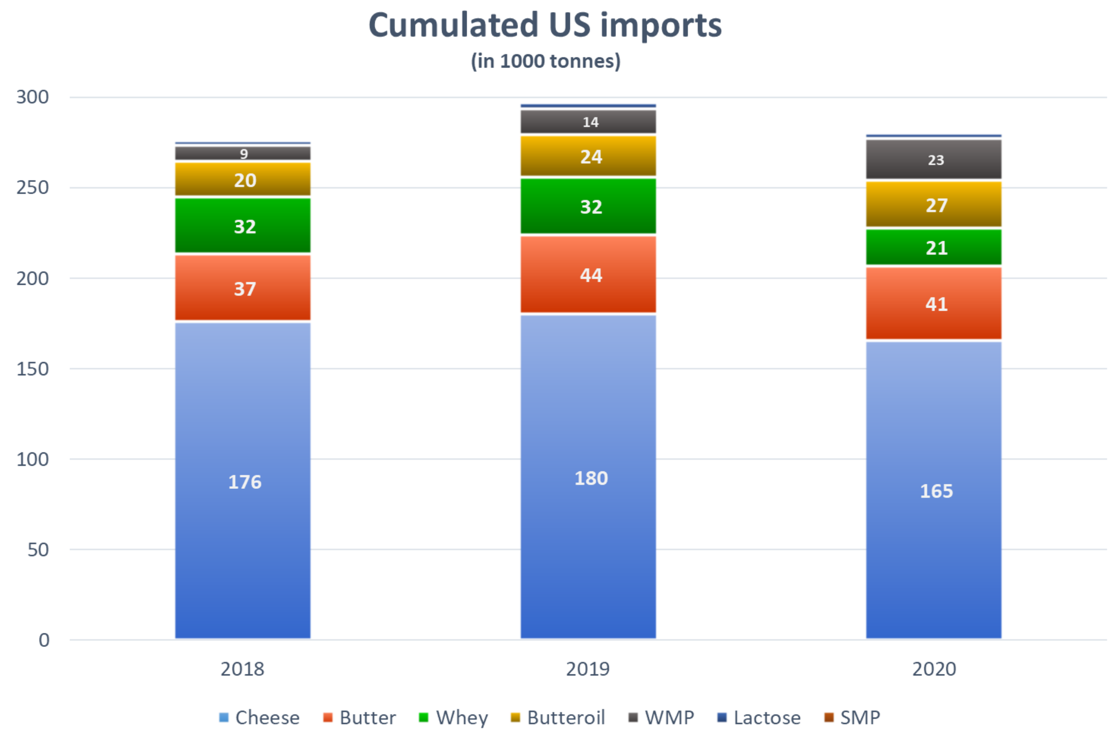
China imports



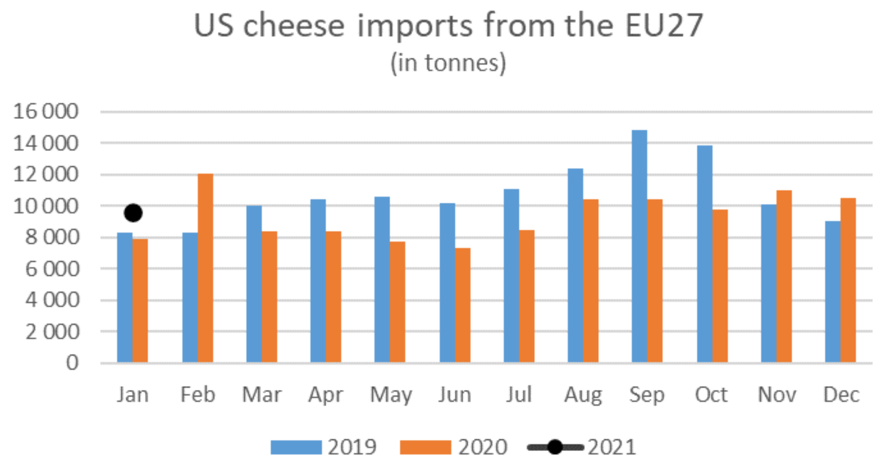




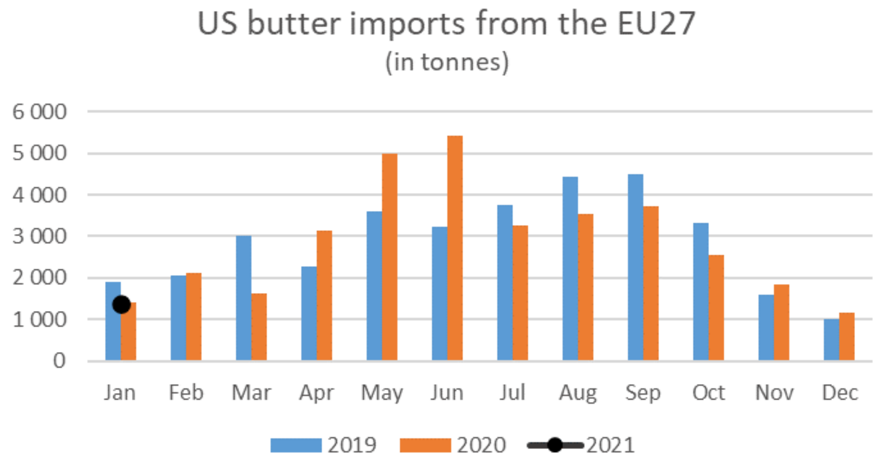
US imports



Cumulated US imports
(in 1000 tonnes)
300
250
200
150
100
50
0
2018
2019
2020
176
37
32
20
9
180
44
32
24
14
165
41
21
27
23
Cheese
Butter
Whey
Butteroil
WMP
Lactose
SMP



US cheese imports from the EU27
(in tonnes)
16 000
14 000
12 000
10 000
8 000
6 000
4 000
2 000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2019
2020
2021

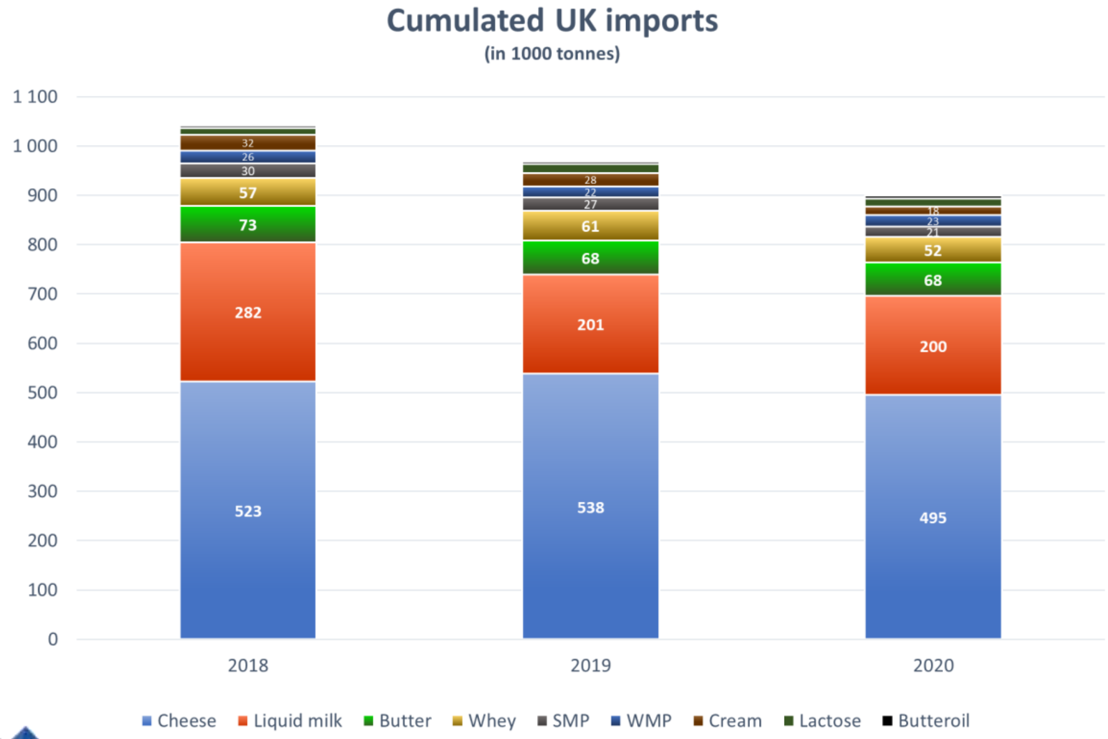


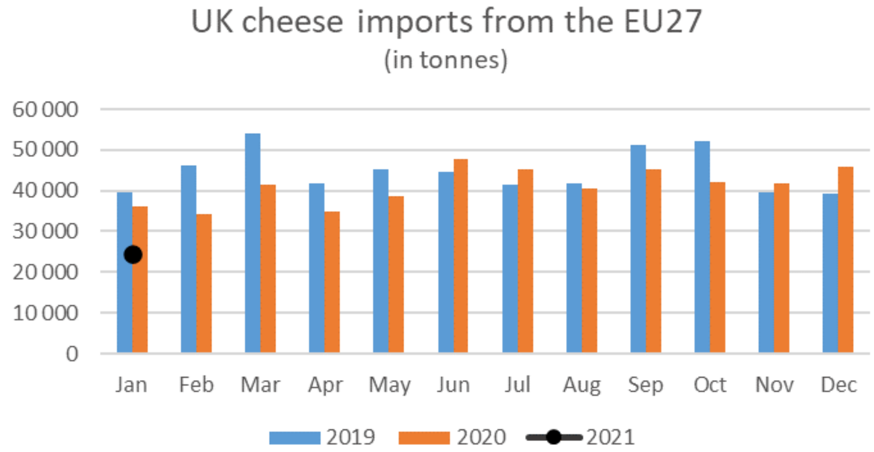
US butter imports from the EU27
(in tonnes)
6 000
5 000
4 000
3 000
2 000
1 000
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2019
2020
2021

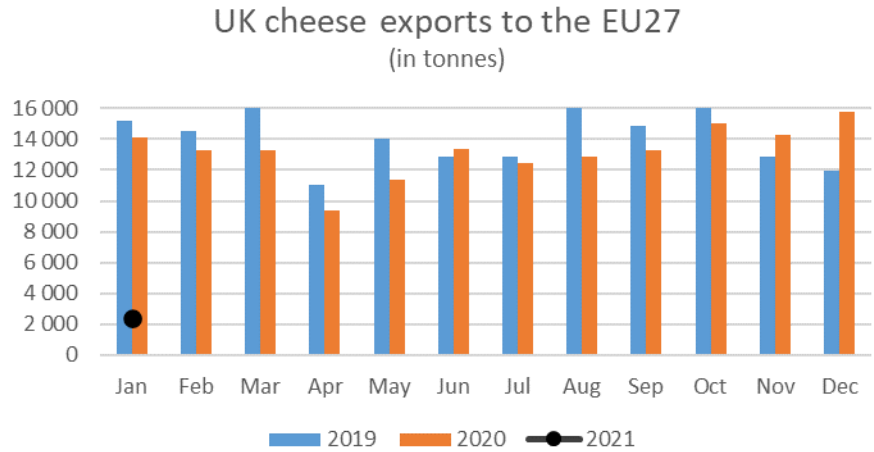
UK imports

UK imports: 99,4% from the EU

UK exports: 90,7% to the EU







Conclusions

- **Global milk production** will likely continue to rise, albeit at a slower pace than in 2020.
- **Strong retail demand and exports** have compensated weakened food service sales. **Global trade** slowed down in Q4 but increased by 2,5% in 2020 despite the covid crisis, US tariffs and lower EU-UK trade. Continuously strong Chinese demand was a key driver.
- **Demand** remains resilient and should be boosted further once the food service sector gradually reopens.
- **Trade with the US** should recover due the recent suspension of the US tariffs on EU dairy products. However, US competitiveness will continue to challenge EU exports.
- **EU-UK supply chains** are facing disruption but the UK decision to postpone import controls until 1 October limits the risks for EU exports in the short term.
- **Macro economic indicators have improved**: positive GDP growth outlook, ongoing vaccinations, continuous government stimuli, possible lifting of restrictions on travel and eating out.
- **Overall sentiment** is positive and current milk production growth seems sustainable in relation to demand.

- Thank you for your attention -

ANNEX 6

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

EuroCommerce

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

Milk Market Observatory

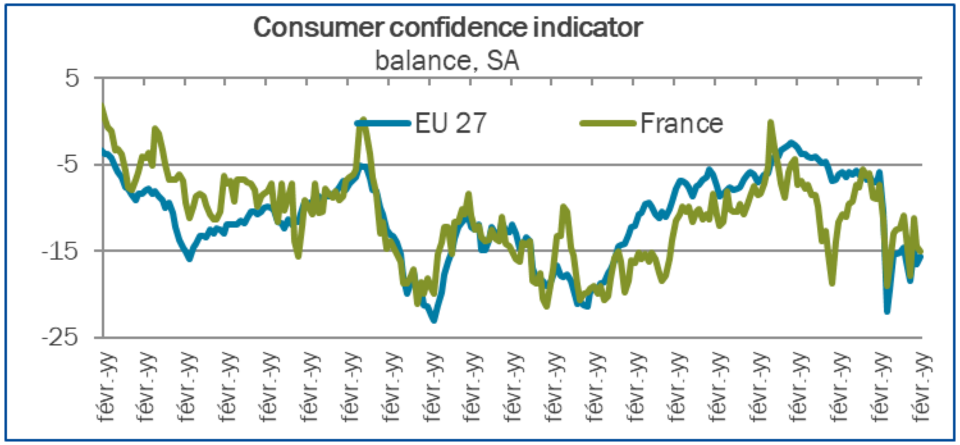
23 MARCH 2021

EuroCommerce for retail & wholesale

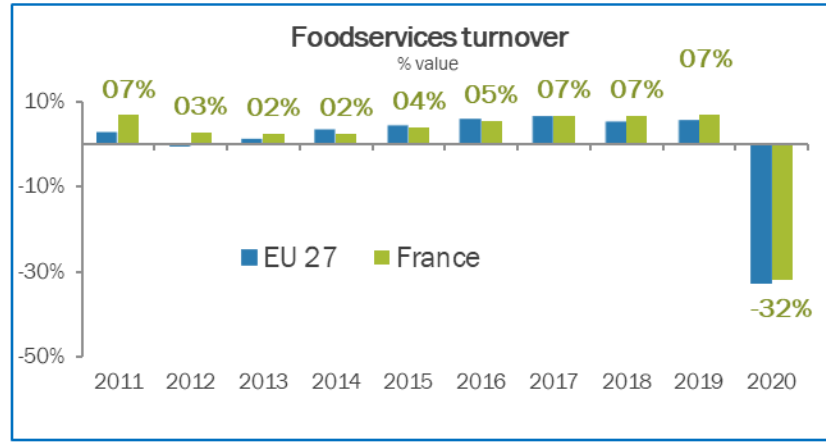
France & EU

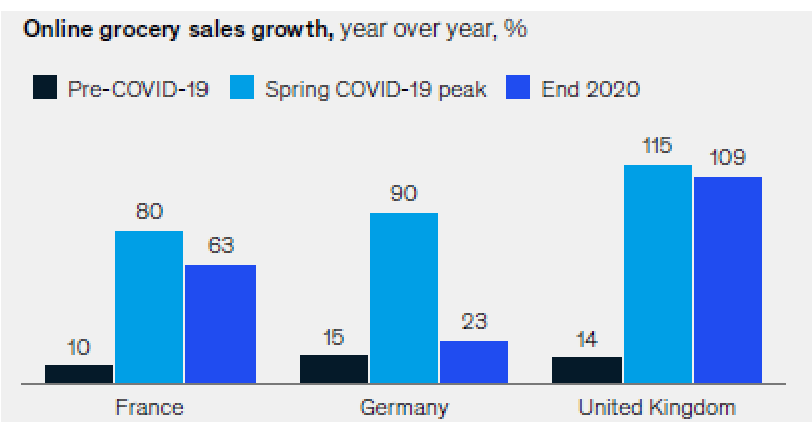
Economic context

① Households remain relatively pessimistic and tend to favour savings over consumption.
② For the global food market, the growth in hypermarket and supermarket sales will not be enough to offset the collapse of the Foodservices business.

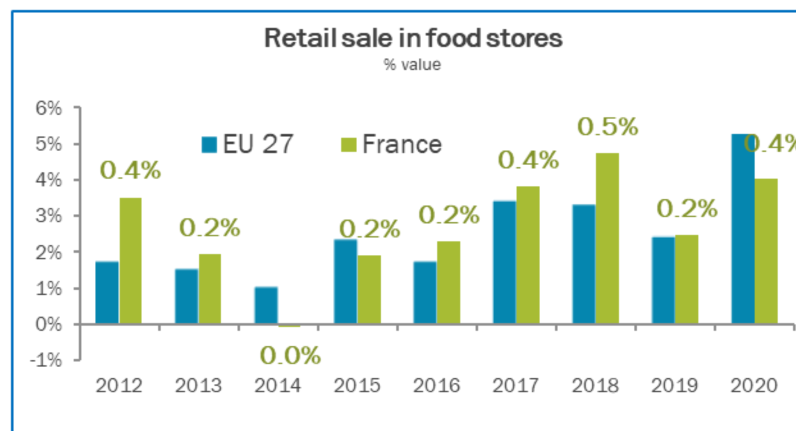


Source : Eurostat





Source : McKInsey



Source : Eurostat

EuroCommerce

France

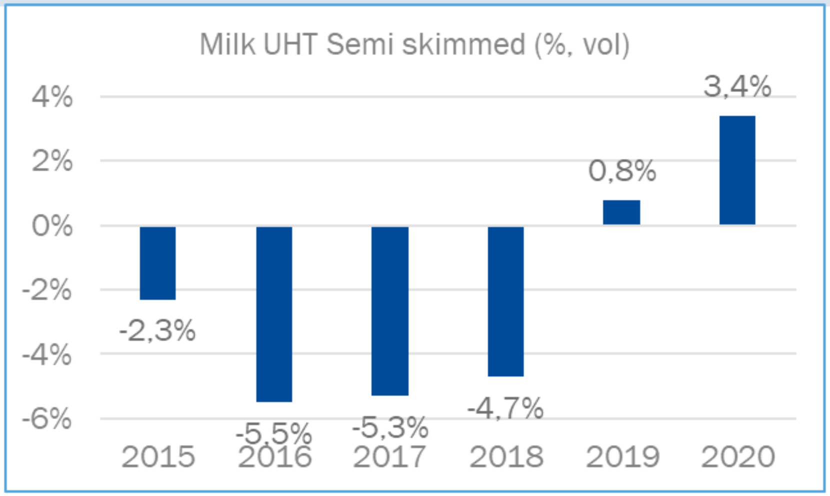
Home consumption - Period ending 31 January 2021

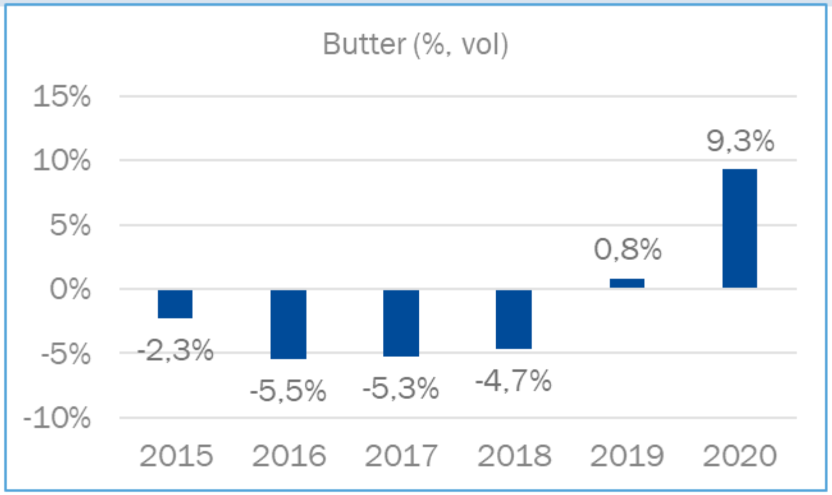
Product category	Volume (% change) 4 weeks period (P01'20/P01'21)	Volume (% change) Year on year (P01'19-P01'20 / P01'20 -P01'21)	Price (% change) 4 weeks period (P01'20/P01'21)	Price (% change) Year on year (P01'19-P01'20 / P01'20 -P01'21)
Total liquid milk	+0,2%	+4,8%	+1,5%	+1,2%
Of which UHT semi-skimmed milk	-2,2%	+3,1%	+1,5%	+0,9%
Yoghurt & fresh cheese	+2,4%	+3,9%	+1,3%	+0,9%
Butter	+13,9%	+8,5%	-1,0%	-0,4%
Cream	+15,5%	+14,9%	+0,2%	+1,2%
Cheese	+10,7%	+9,1%	+0,6%	+0,4%

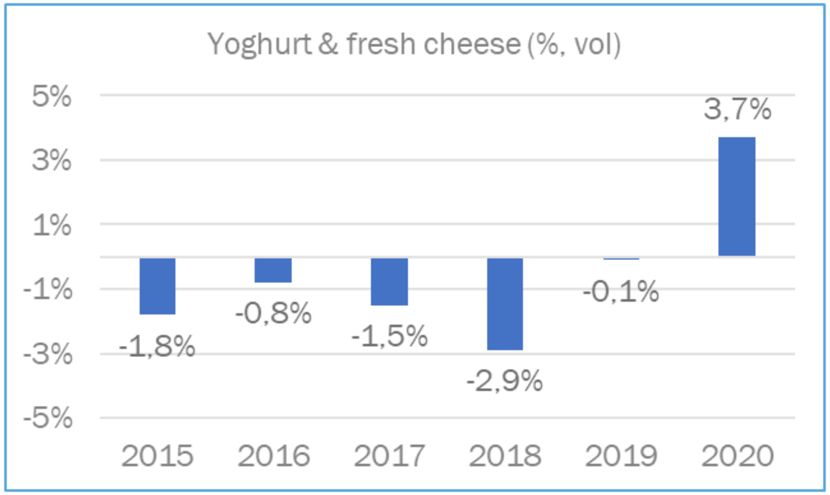
Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

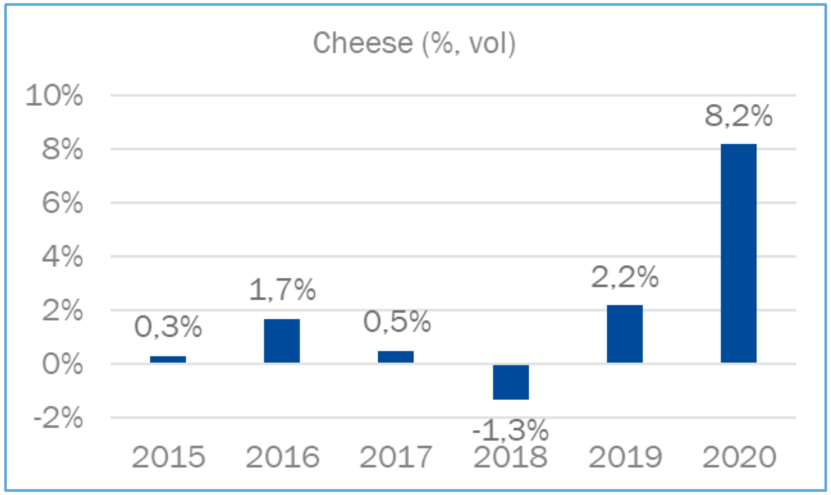
France

Home Consumption (vol.) - Period ending 31 December 2020







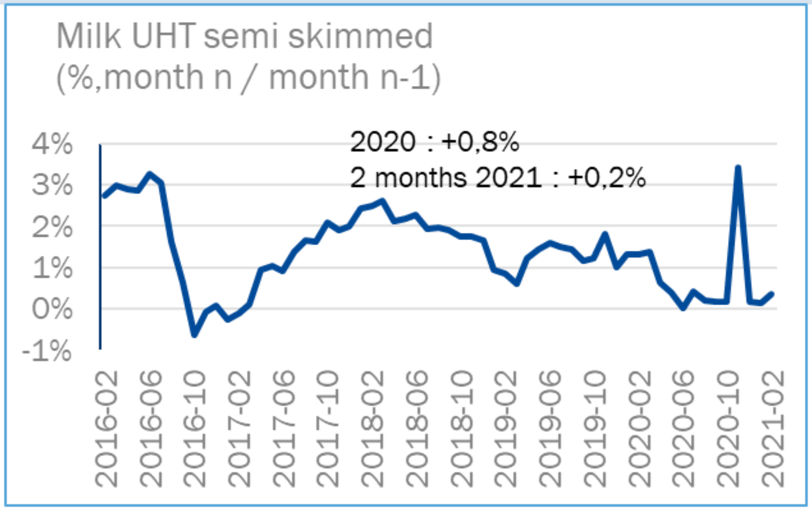


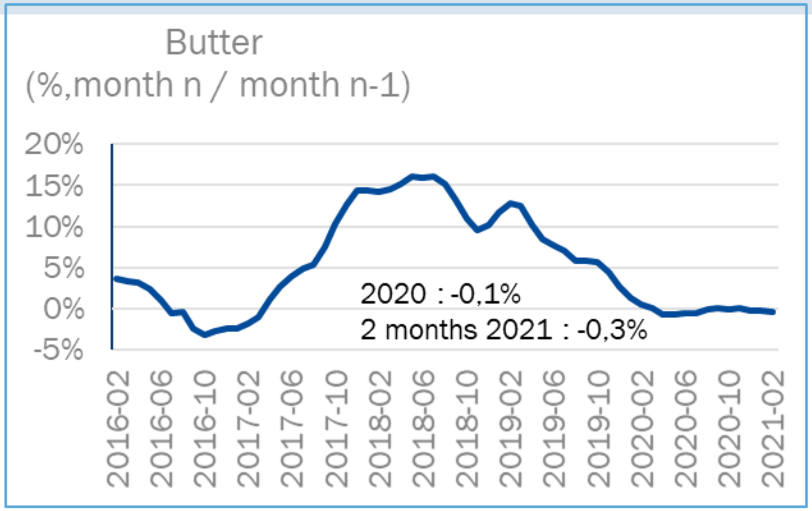
Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

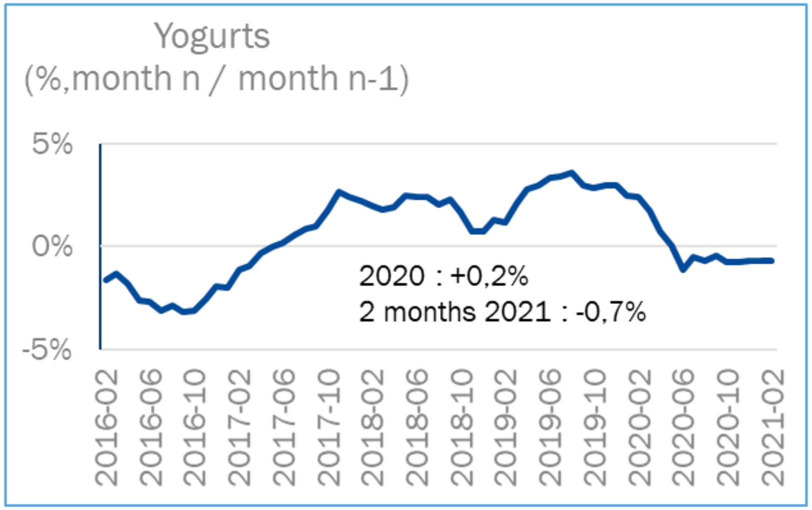
EuroCommerce

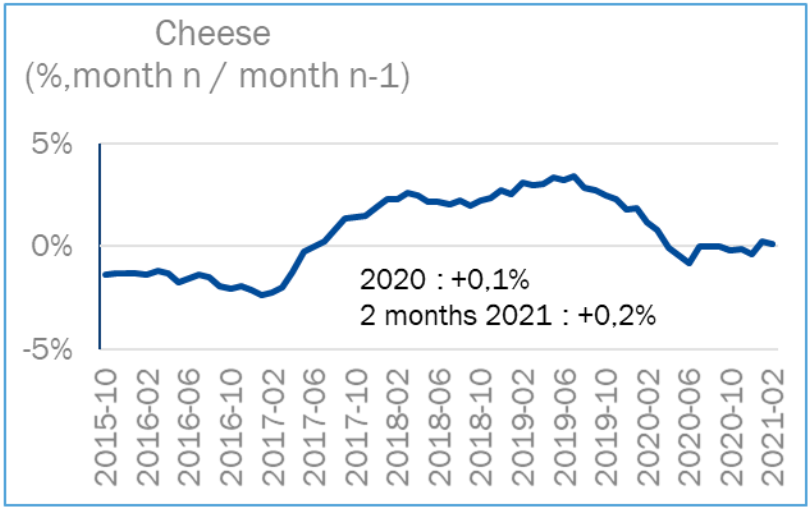
France

Consumption prices - Period ending 28 February 2021







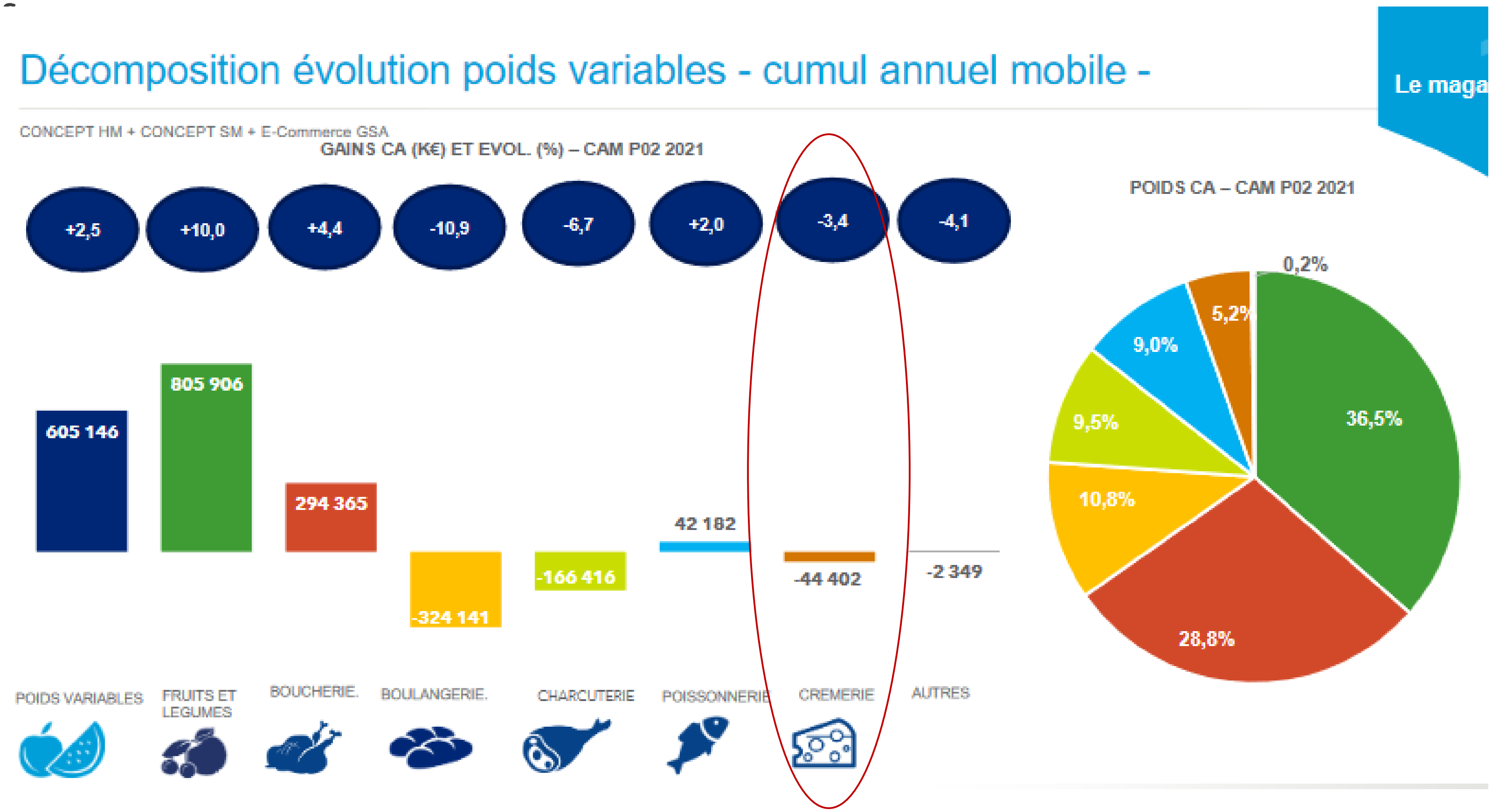


Source: INSEE

France

Focus on fresh food in hypermarkets and supermarkets

Dairy sales in cheese counters in HM and SM have been negatively impacted by the period of containment. The sales were impacted by the closure of the cheese counters in hypermarkets during the spring and by the shift in consumption towards non-PGI or PDO cheeses



Source: IRI (hypermarkets, supermarkets, e-commerce

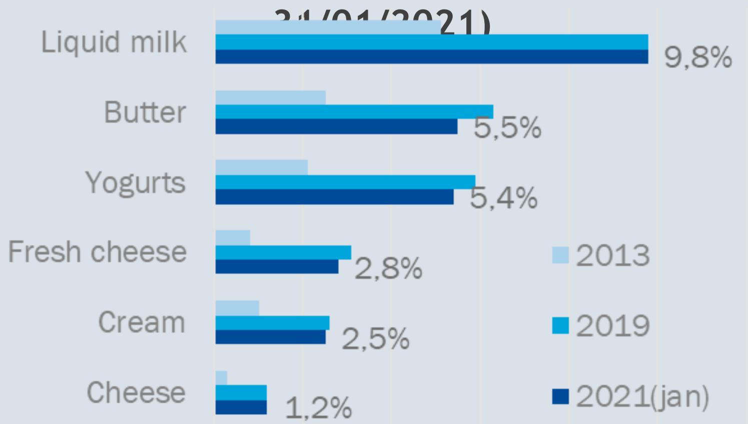
France

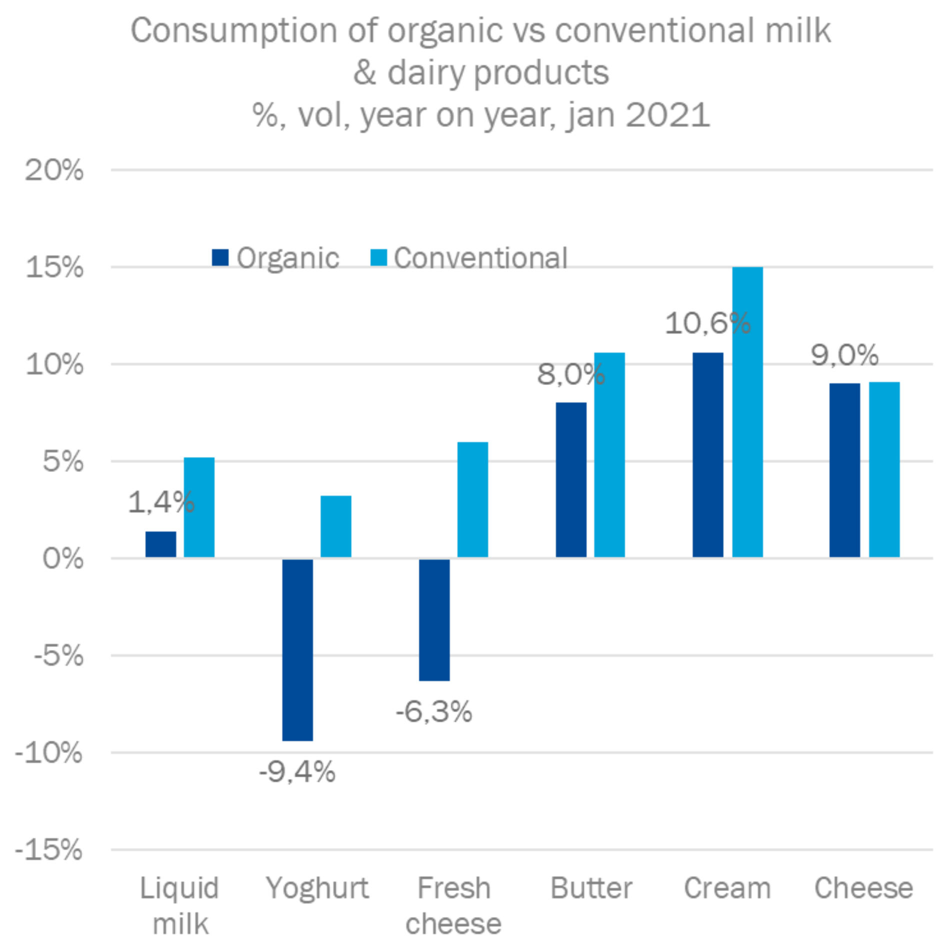
Sales of organic versus conventional milk & dairy products

Organic milk & dairy products

- ❖ Organic dairy products sales have continued to increase, but the growth rythm was slower in 2020.
- ❖ Moreover, the consumption of yogurts and fresh cheese decreased

Organic *market* shares (% vol. 31/01/2021)





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

France

Plant-based options in 2020

Plant-based options (desserts, beverages) represent 301,5 M€, i.e. nearly 7% of the dairy market.

	Sales in value (€) % Evol vs Y-1						
	2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	P01 2021 (4-31 january)	P02 2021 (01-28 feb)
TOTAL FMCG	**6,9%**	**8,4%**	**7,1%**	**5,4%**	**6,8%**	**9,4%**	**4,0%**
TOTAL YOGHURTS	**4,9%**	**7,0%**	**4,0%**	**2,3%**	**6,2%**	**8,3%**	**2,3%**
Soy desserts	-1,5%	-1,5%	-4,5%	-0,7%	0,9%	3,9%	-1,3%
Other plant-based desserts	19,4%	57,5%	13,5%	9,3%	8,3%	14,6%	9,7%
UHT MILK	**6,1%**	**13,8%**	**3,0%**	**1,7%**	**5,0%**	**8,7%**	**-1,5%**
Plant-Based Beverages	11,7%	9,8%	14,3%	8,6%	14,1%	17,4%	5,9%

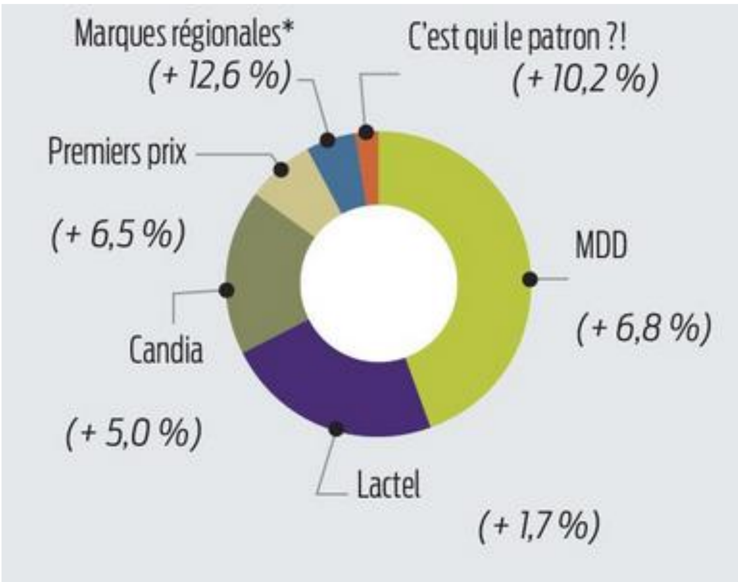
	Sales in value (000 €)						
	2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	P01 2021 (4-31 january)	P02 2021 (01-28 feb)
TOTAL FMCG	**116 449 640,2**	**28 741 051,7**	**29 442 712,9**	**28 672 881,4**	**29 592 994,1**	**9 023 591,1**	**8 673 474,2**
TOTAL YOGHURTS	**2 278 415,8**	**593 545,9**	**573 982,8**	**555 227,5**	**555 659,5**	**186 833,8**	**179 273,6**
Soy desserts	54 672,1	14 211,8	13 907,8	13 377,6	13 174,9	4 369,5	4 267,9
Other plant-based desserts	28 601,0	7 267,0	7 090,9	6 848,4	7 394,6	2 474,9	2 575,3
UHT MILK	**2 145 687,2**	**612 622,6**	**505 162,3**	**486 292,7**	**541 609,7**	**189 193,6**	**166 322,2**
Plant-Based Beverages	218 234,3	56 098,6	55 990,7	51 656,7	54 488,4	18 614,6	17 326,3

Source: IRI

France

Focus on the milk market

The growth dynamics of the milk market benefited almost all segments.
Regional brands and the “C'est qui le Patron” increased by more than 10%.



*Marques régionales et équitables hors CQLP.

Source : Panel distributeurs d'après fabricant.
Données en CA sur un an en hypers, supermarchés, proxi et drive, arrêtées au 8 novembre 2020.

	% vol.	Évol. 1 an
Demi-écrémé classique	64,4	+ 4,3 %
Biologique	12,8	+ 8,8 %
Vitaminé	6,6	+ 2,6 %
Facile à digérer	5,9	+ 8,8 %
Entier	4,7	+ 9,2 %
Aromatisé	2,3	+ 4,7 %
Écrémé	0,9	+ 9,1 %
Chèvre	0,6	+ 0,2 %
Brebis	0,1	+ 61,7 %
Autre	1,7	nc
Total		**+ 4,8 %**

Source : panel distributeurs d'après fabricant.
Données sur un an en hypers, supermarchés, proxi et drive, arrêtées au 8 novembre 2020.

Italy – Modern retail

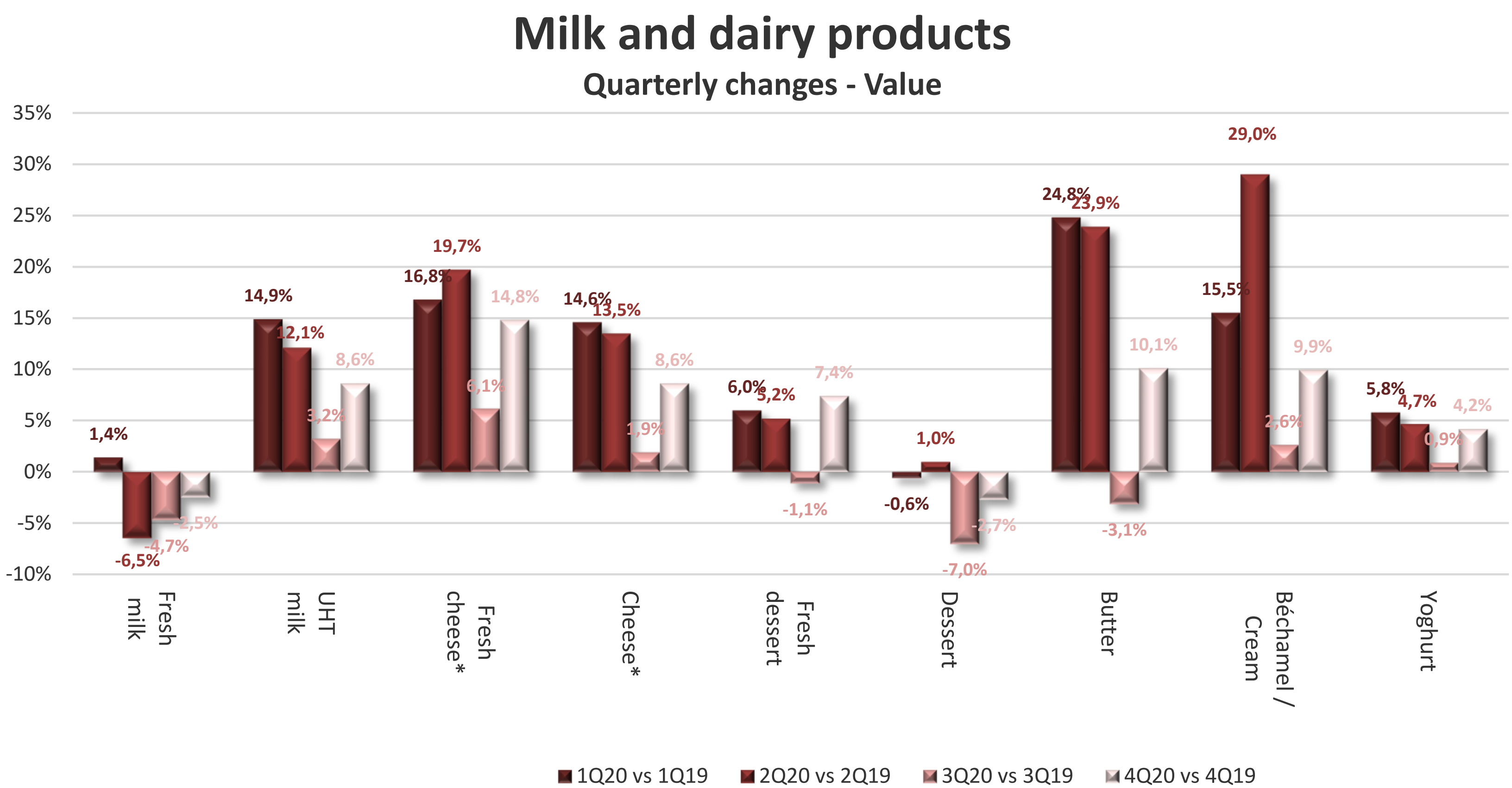
Milk and dairy products – 4Q 2020 and Year 2020

Product category	VOLUME (2020 vs. 2019) % change)	VALUE (2020 vs. 2019) % change)	VOLUME (4Q 2020 vs 4Q 2019 % change)	VALUE (4Q 2020 vs 4Q 2019 % change)
Fresh milk	-4,8	-3,0	-4,1	-2,5
UHT milk	7,1	9,8	7,6	8,6
Fresh cheese*	13,1	14,2	14,6	14,8
Cheese*	8,7	9,7	10,3	8,6
Fresh dessert	2,3	4,2	5,9	7,4
Dessert	-6,4	-2,2	-4,9	-2,7
Butter	17,7	14,3	12,4	10,1
Béchamel / Cream	15,0	14,6	11,3	9,9
Yoghurt	2,5	3,8	3,2	4,2

Source: Market Track Nielsen
* Peso imposto

Italy – Modern retail

Milk and dairy products – Quarterly changes (value)

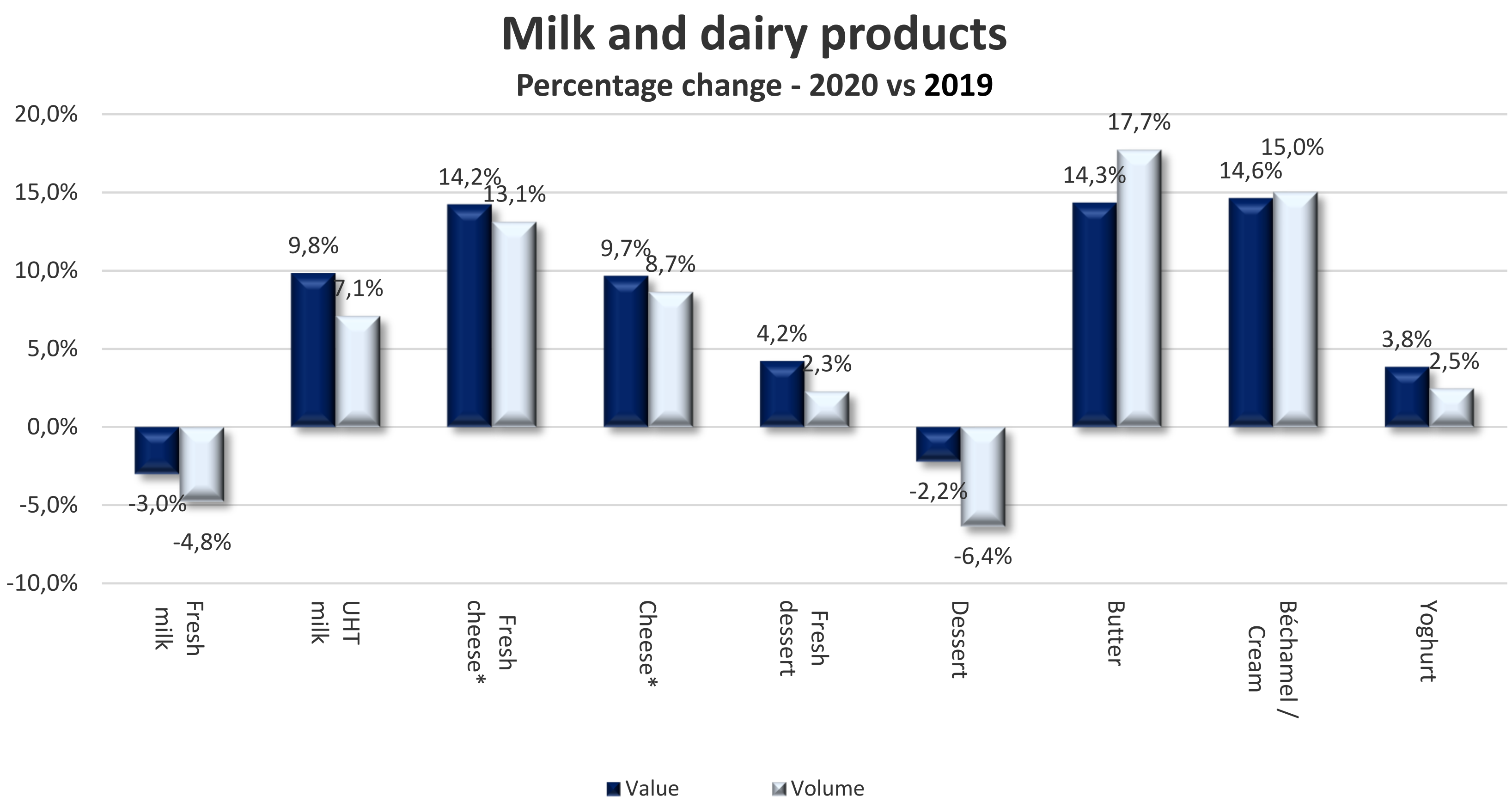


Source: Market Track Nielsen
* Peso imposto

EuroCommerce

Italy – Modern retail

Milk and dairy products – Year 2020 vs Year 2019

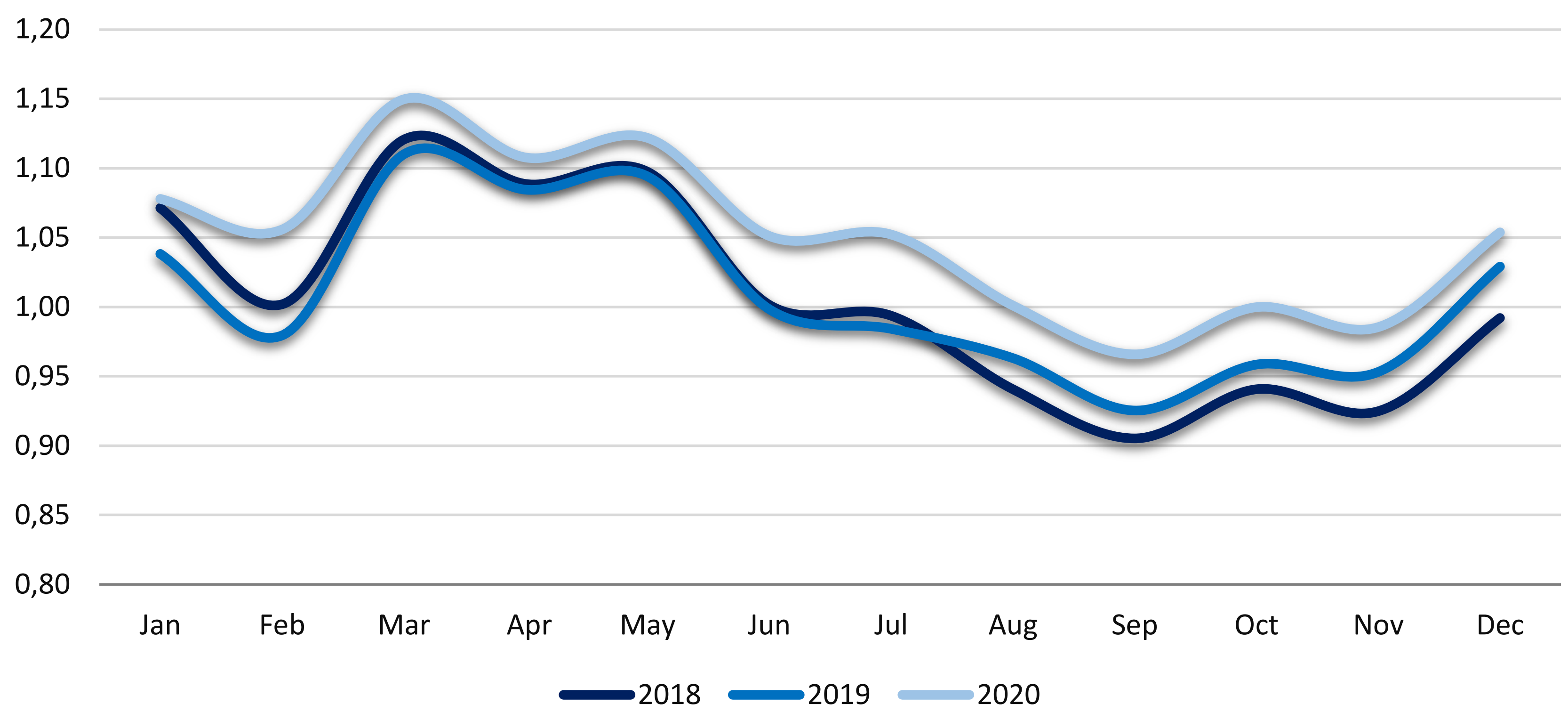


Source: Market Track Nielsen
* Peso imposto

EuroCommerce

Italy

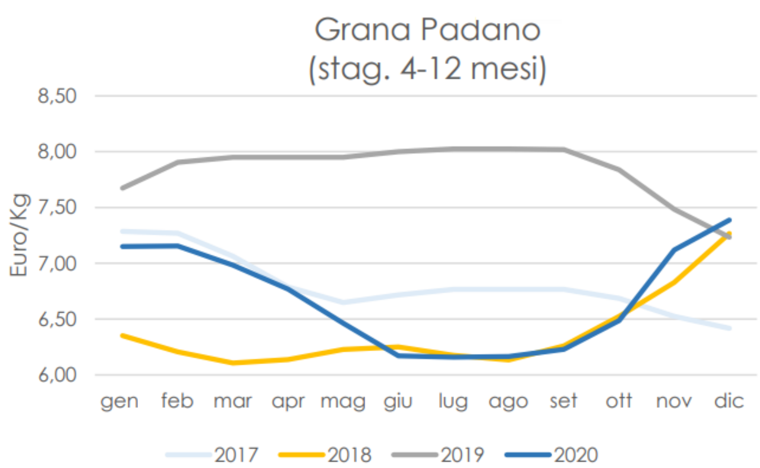
Milk and dairy products – Monthly deliveries of cow's milk (mln tons)

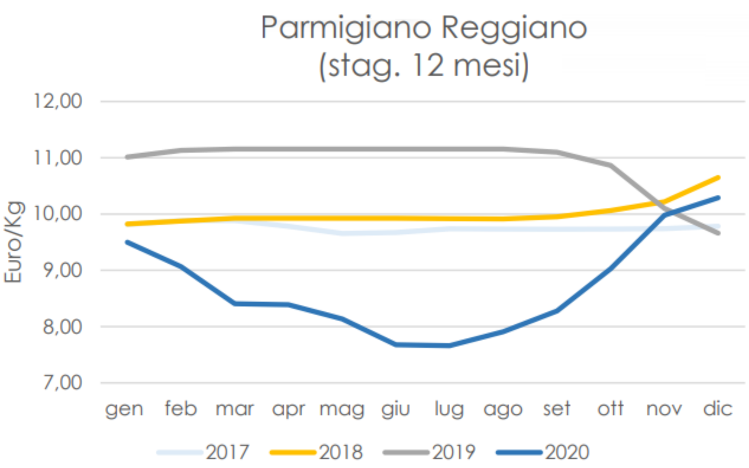


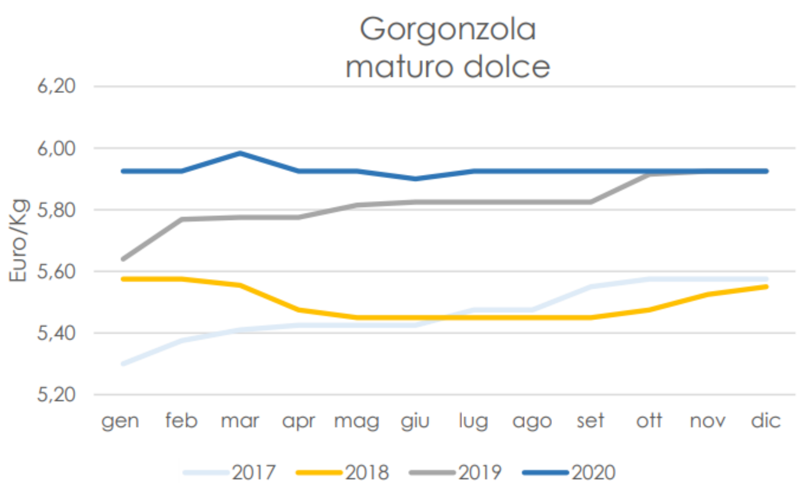
Source: Assolatte

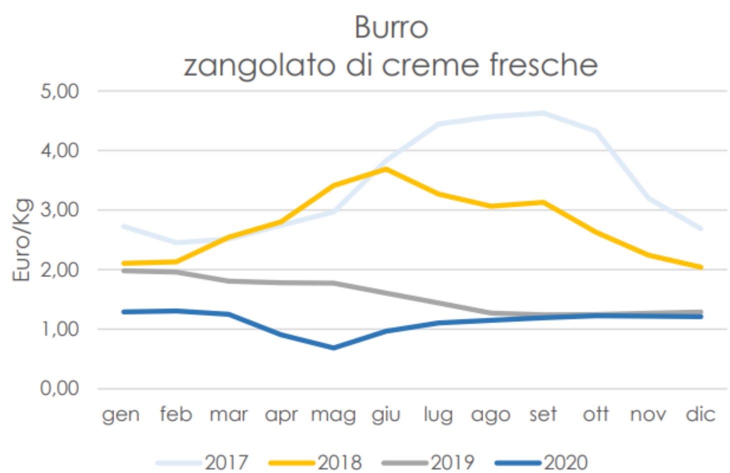
Italy

National prices of dairy products



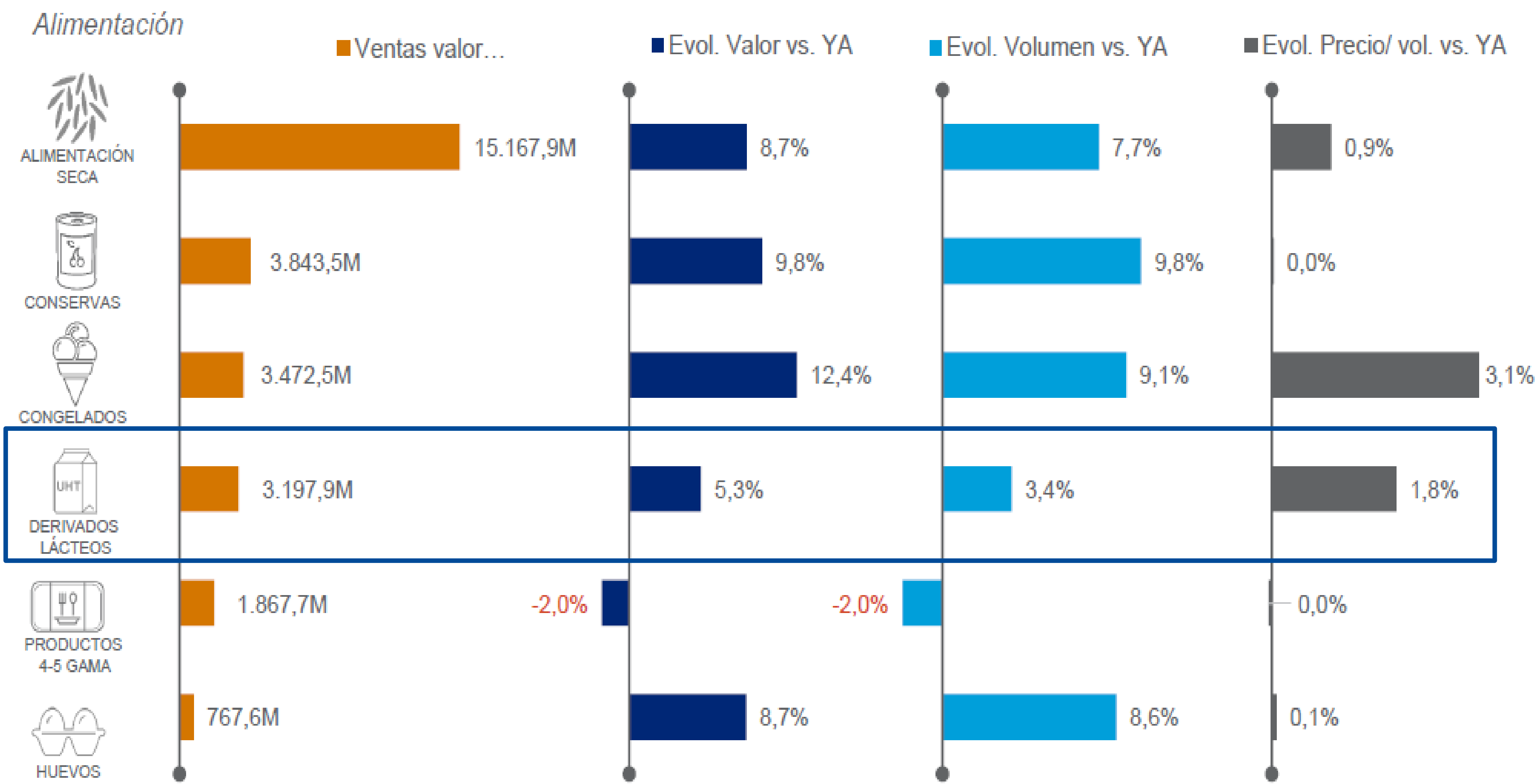






Source: Ismea – Nielsen Consumer Panel

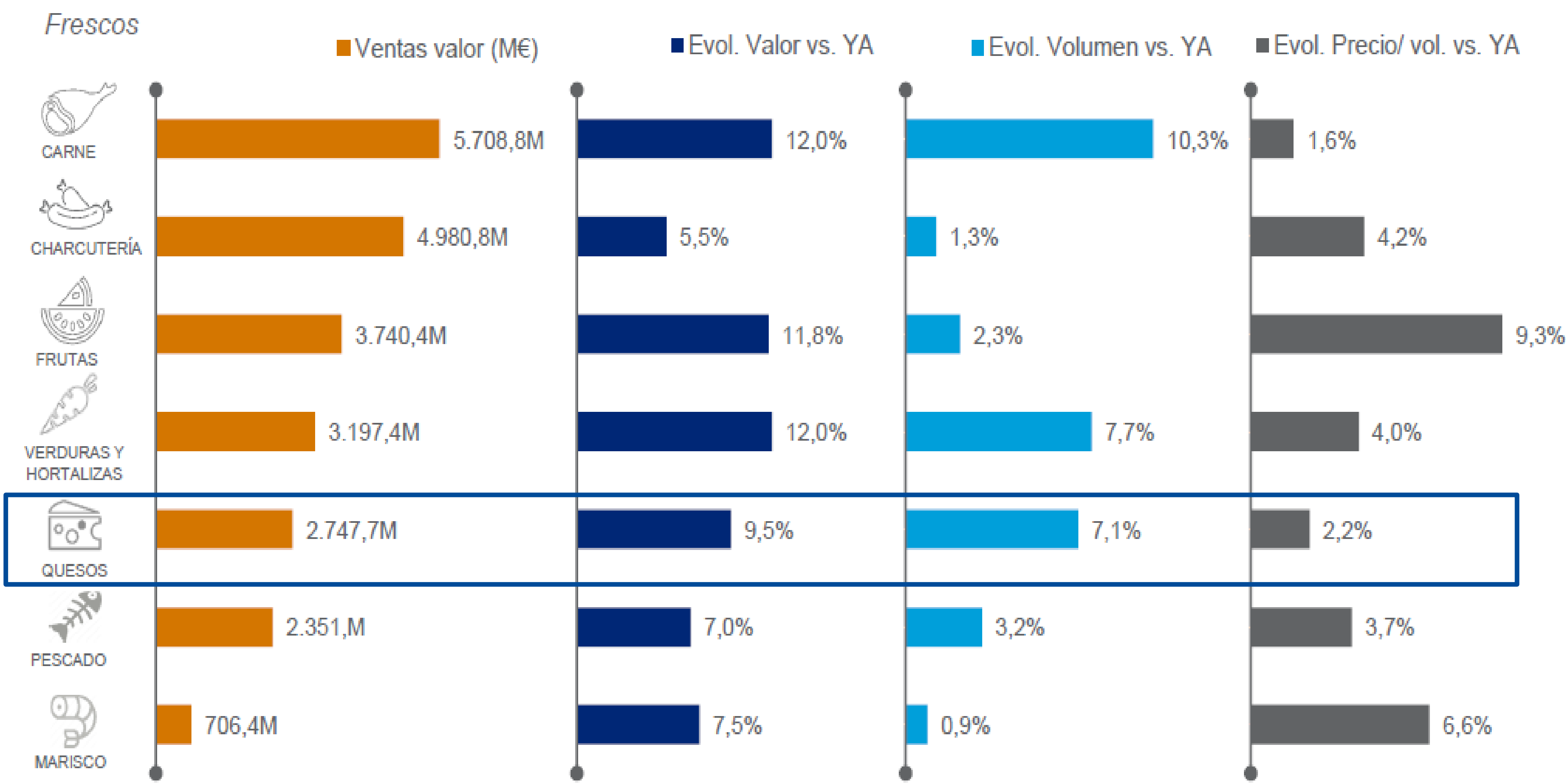
Spain – evolution of key product categories



Fuente: IRI Infoscan TAM Diciembre 2020
Geografía:Total España (Hiper + Super > 100m + Perfumería y Droguería Moderna)

 11

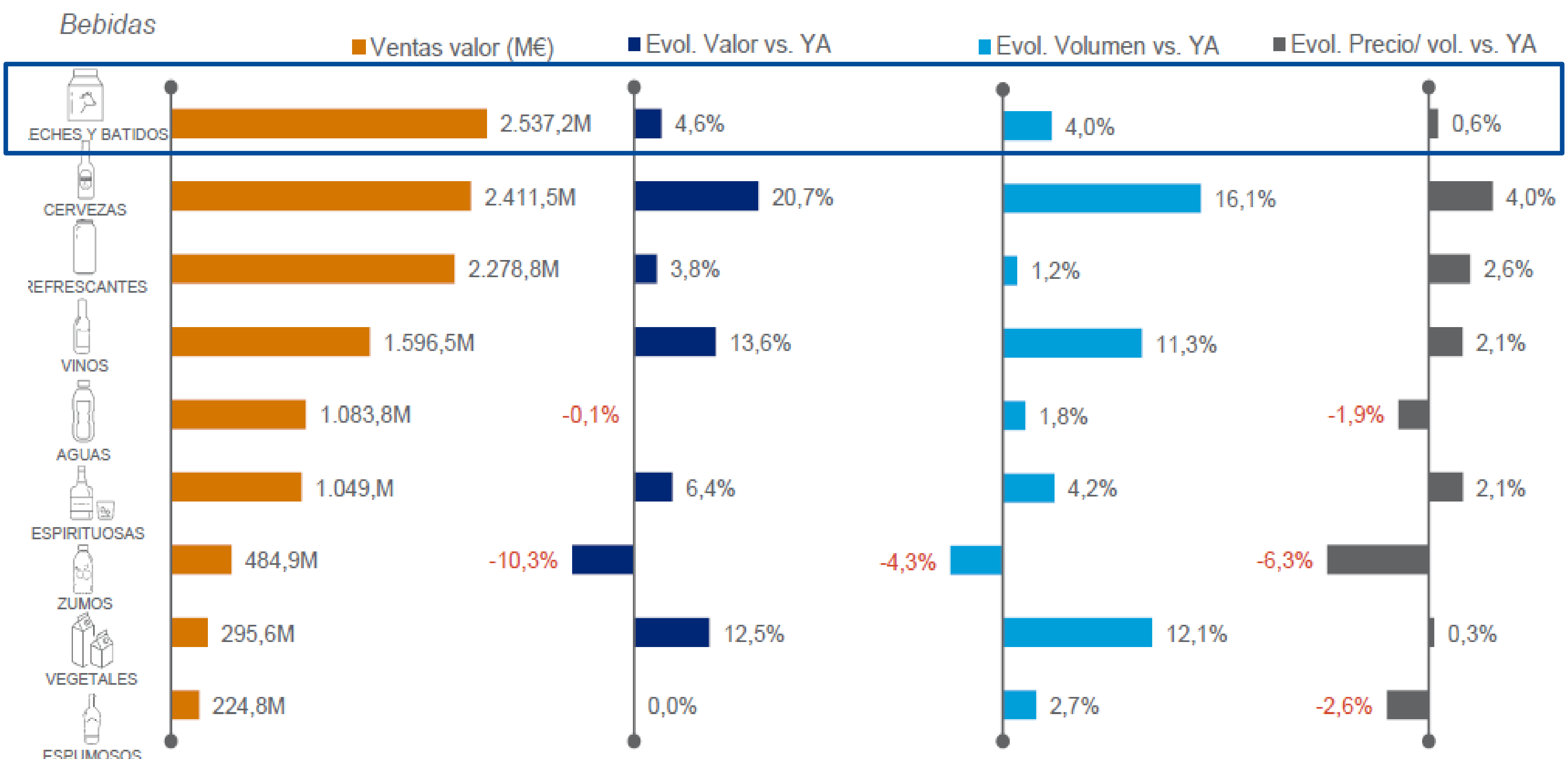
Spain – evolution of key product categories



Fuente: IRI Infoscan TAM Diciembre 2020
Geografía:Total España (Hiper + Super > 100m + Perfumería y Droguería Moderna)

 12

Spain – evolution of key product categories



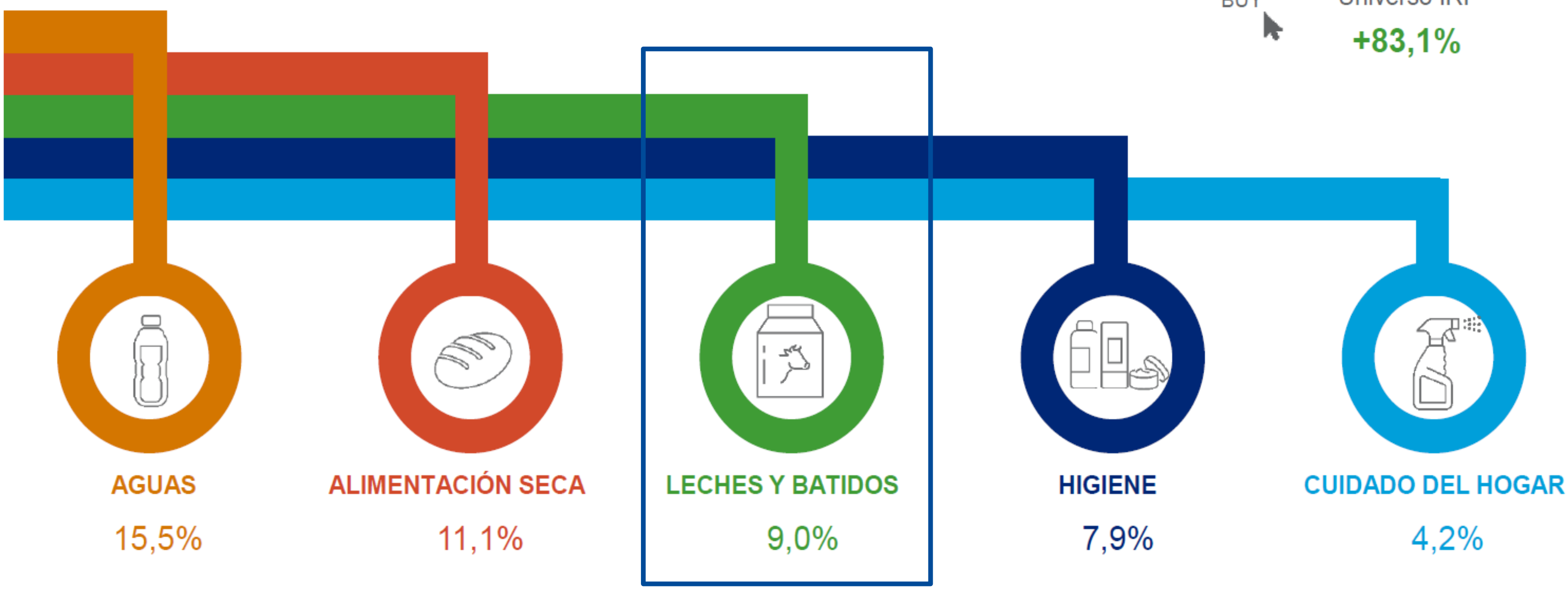
Fuente: IRI Infoscan TAM Diciembre 2020
Geografía: Total España (Hiper + Super > 100m + Perfumería y Droguería Moderna)

 13

Spain – volume of online sales in 2020

Análisis del canal online: contribución en volumen

Top 5 secciones con mayor contribución al crecimiento en volumen en el canal online



IRi Growth delivered.

Fuente: IRI Infoscan TAM Diciembre 2020
Geografía:Total Online (no extrapolado)

 27

EuroCommerce

Spain: online and instore sales in 2020

TIENDA FÍSICA

	PESO EN VENTAS VOLUMEN
AGUA SIN GAS	14,0%
LECHE LARGA CONSERVA	8,8%
FRUTA	6,1%
CERVEZAS	5,6%
VERDURA Y HORTALIZAS	5,5%
REFRESCOS DE COLA	3,7%
CARNE	3,0%
YOGURES FRESCOS SÓLIDOS	2,0%
HUEVOS (DOCENAS)	1,4%

LA CESTA DE LA COMPRA

Estas categorías suponen el

50%

para el TAM en volumen del

TOTAL FMCG

TIENDA ONLINE

	PESO EN VENTAS VOLUMEN
AGUA SIN GAS	18,8%
LECHE LARGA CONSERVA	12,3%
CERVEZAS	4,5%
VERDURAS Y HORTALIZAS	4,1%
REFRESCOS DE COLA	3,7%
FRUTA	3,4%
CARNE	1,6%
YOGURES FRESCOS SÓLIDOS	1,5%

Fuente: IRI Infoscan TAM Diciembre 2020
Geografía:Total España (Hiper + Super > 100m + Perfumería y Droguería Moderna) y Total Online (no extrapolado)

Sweden: dairy output in early 2021

NielsenIQ

SVENSK DAGLIG VARU HANDEL

DAIRY 4 WEEKLY REPORT

OUTPUT, DVH TOTALT, Period Ending: W 2021 08

Category: DAIRY

	Value trend		Value abs Chg YA		Volume trend		Volume abs Chg YA	
	Last 4 weeks	Last 52 weeks	Last 4 weeks	Last 52 weeks	Last 4 weeks	Last 52 weeks	Last 4 weeks	Last 52 weeks
MILK	↑ 7,3	↑ 6,2	↑ 41.041	↑ 445.439	↑ 7,2	↑ 5,8	↑ 3.387	↑ 34.748
HARD CHEESE	↑ 2,0	↑ 3,1	↑ 10.300	↑ 204.857	↓ -1,4	↑ 2,6	↓ -88	↑ 2.043
CREAM	↑ 7,2	↑ 8,5	↑ 27.227	↑ 405.357	↑ 8,3	↑ 8,8	↑ 709	↑ 9.677
YOGHURT	↓ -3,0		↓ -7.500	↓ -1.617	↓ -2,5	↑ 0,6	↓ -306	↑ 1.056
COTTAGE CHEESE, CURD CHEESE	↑ 14,3	↑ 9,0	↑ 14.195	↑ 109.033	↑ 16,4	↑ 8,2	↑ 409	↑ 2.476
COLD DESSERTS	↓ -2,5	↓ -1,1	↓ -1.376	↓ -7.838	↓ -6,1	↓ -1,3	↓ -63	↓ -178
BUTTER	↑ 9,7	↑ 7,9	↑ 237	↑ 2.881	↑ 12,9	↑ 10,4	↑ 2	↑ 21

EuroCommerce

ANNEX 7

Production and consumption of organic dairy products in the EU

European Commission


PRODUCTION AND CONSUMPTION OF ORGANIC DAIRY PRODUCTS IN THE EU

Andrea Čapkovičová

Unit of Analysis and Outlook, DG AGRI

MMO

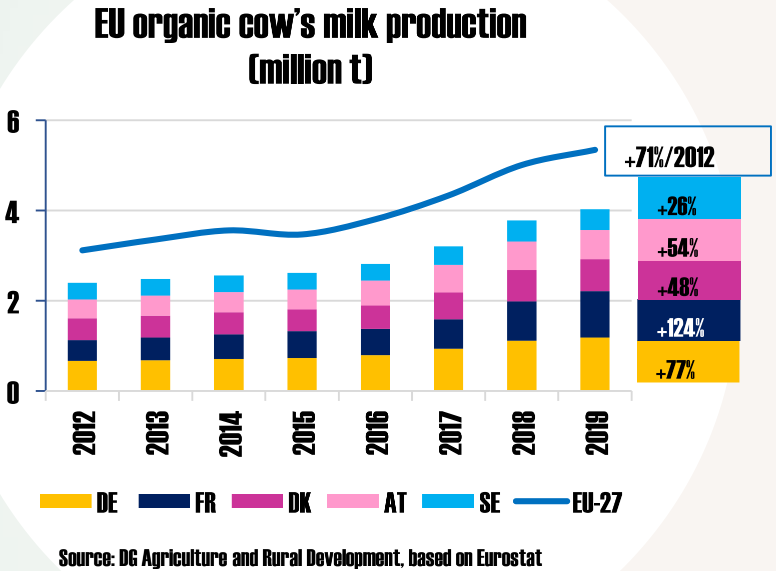
23 March 2021

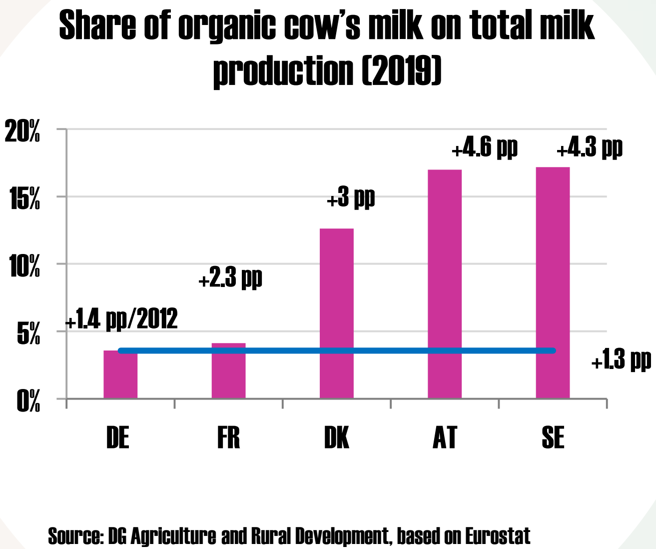
Outline

- **EU organic dairy production**
  - milk production
  - dairy herd
  - yield
  - dairy products
  - organic price premium
- **EU organic consumers**
  - reasons and motives why buying organic products
  - perception of organic food in a sustainable diet
- **EU organic dairy consumption**
  - share on total retail volume per dairy products
  - trends per dairy products

European Commission

Organic milk production





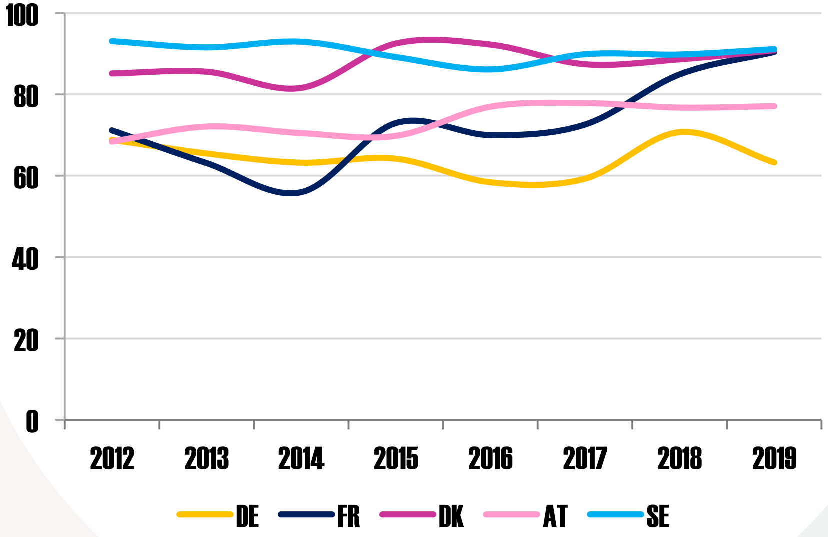
- In 2019, around **3.6% of EU milk was organic**
- **+2.2 million t** estimated growth in 2012-2019

European Commission

Organic dairy herd and yield

- In 2019, **4.4% of EU dairy cows** were organic
  - AT (22%), SE (19%), DK (14%), DE (6%), FR (5%)
- **DE represented 26%** of EU organic dairy herd
- **+close to 300 000 cows** in 2012-2019 (50% growth)
- **Organic yield close to 90%** of conventional in some EU countries

Share of organic yield on conventional cow's yield in selected EU countries (%)

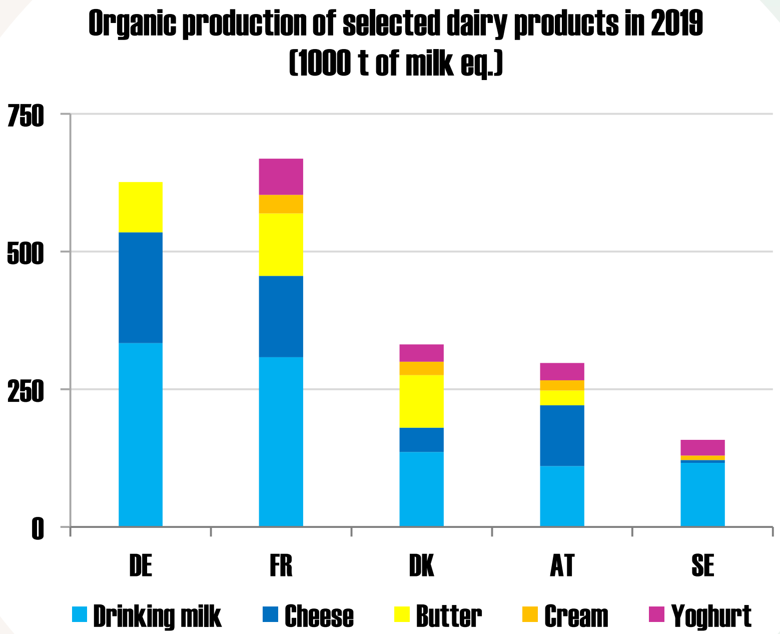


Source: DG Agriculture and Rural Development, based on Eurostat

Production of organic dairy products*

- The **largest** share taken by **drinking milk**
  - Followed by cheese and butter
- **Production increase** in 2016-2019:
  - +45% butter
  - +38% cheese
  - +29% yoghurt
  - +24% cream

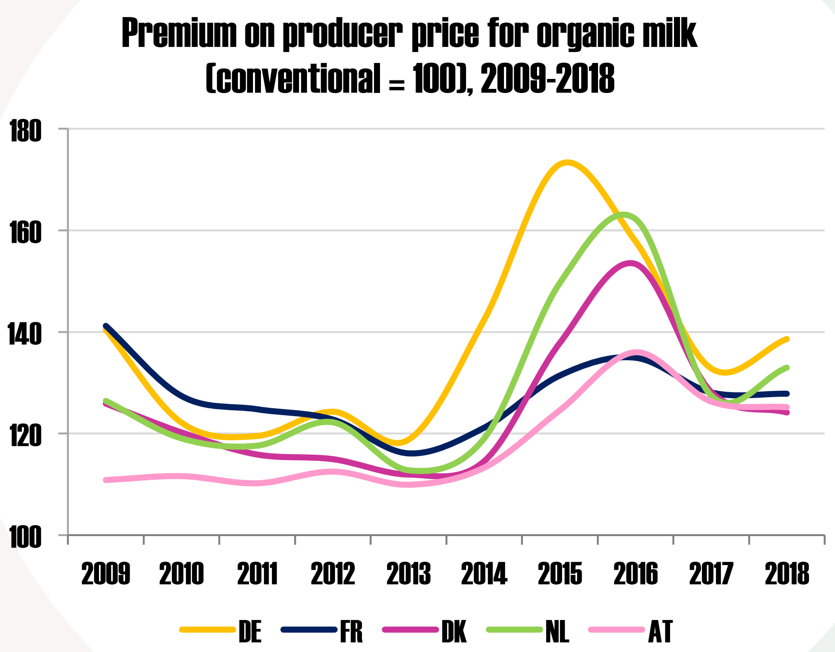
*only for DE+FR+DK+AT+SE



Source: DG Agriculture and Rural Development, based on Eurostat

Premium of organic milk

- Price premiums compensate for **additional cost and lower yields**
  - Also **supported by demand**
- Organic farming creates **more added value** and achieves **higher margins**
  - But share of value-added does not differ from conventional supply chains*



Source: DG Agriculture and Rural Development, based FADN

**Thünen Institute of Farm Economics (2016), Distribution of the added value of the organic chain, study for the European Commission*

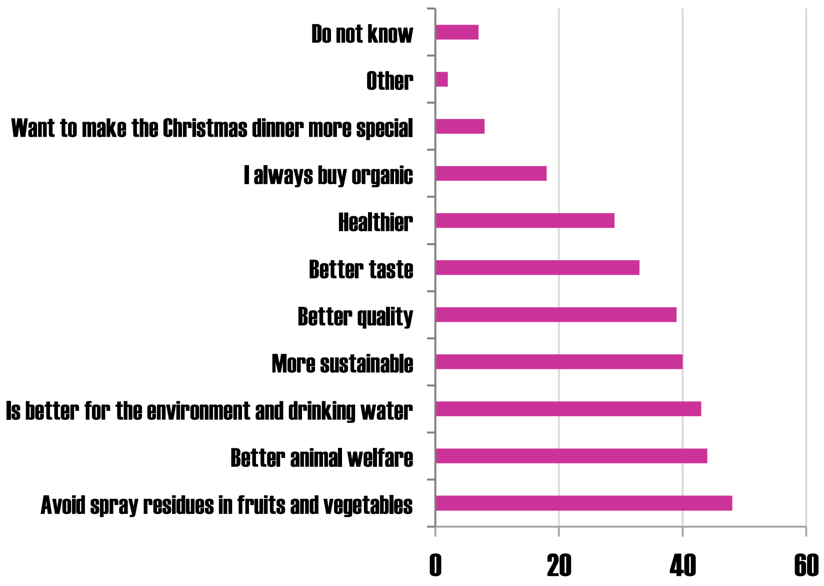
European Commission

EU organic consumer

Reasons and motives why buying organic food

- Health
- Quality/taste
- Animal welfare/animal treatment
- Environmental consciousness

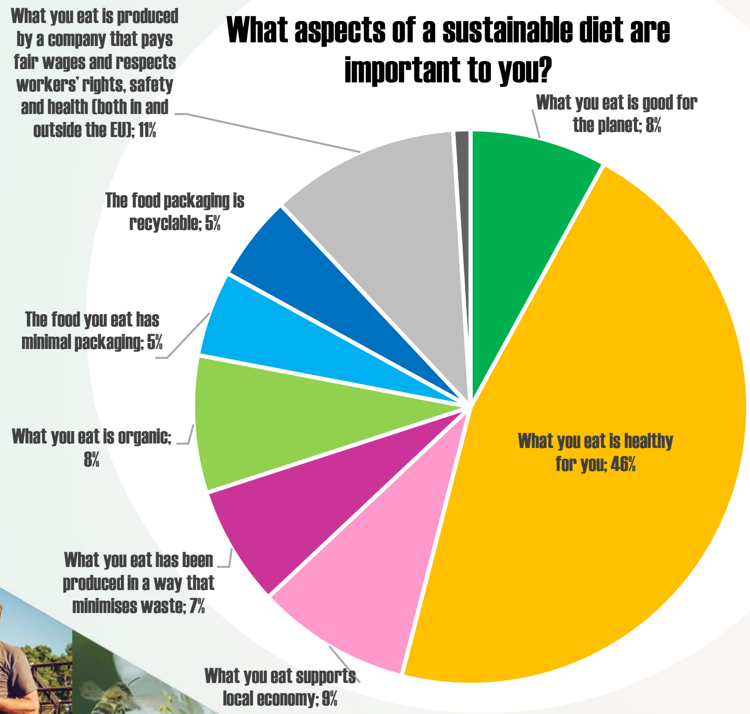
Main reasons for buying organic food in Denmark (%, 2020)

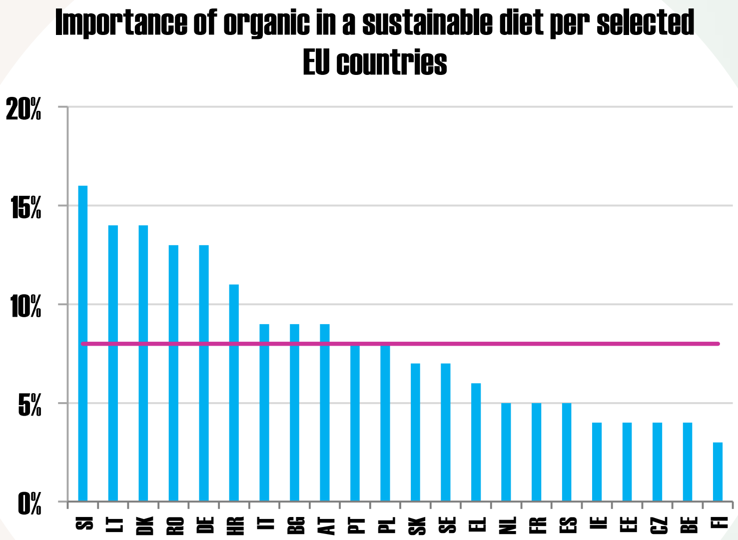


Source: Statista

European Commission

Perception of organic food in a sustainable diet



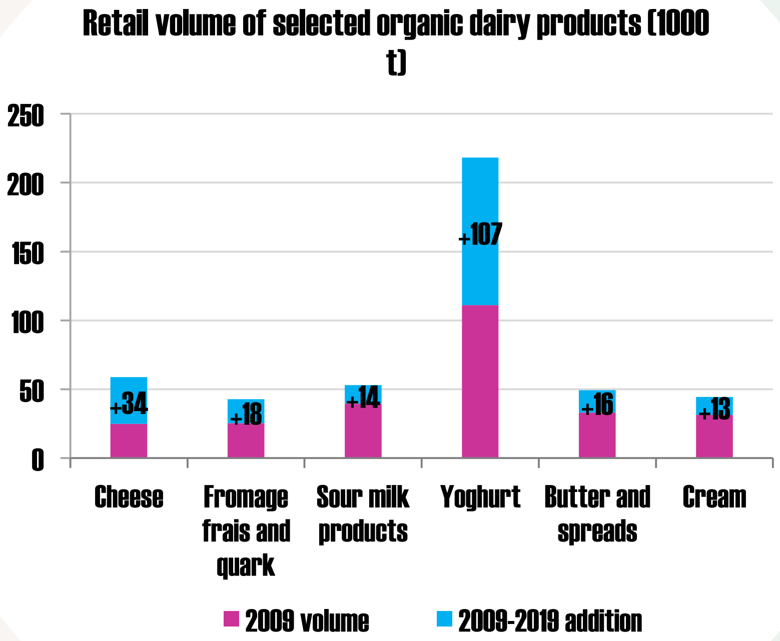


Source: DG Agriculture and Rural Development, based on Eurobarometer 505

European Commission

Organic dairy consumption

- **Increasing shares** of organic dairy products on total retail volumes of those products:
  - Milk >6% in 2019 (>3% in 2009)
  - Cheese 1.5% (<1%)
  - Butter and spreads <2.5% (1.5%)
  - Cream <3% (>2%)
  - Yoghurt 4% (<2%)
  - Fromage frais and quark 3.5% (>2%)
  - Sour milk products >6% (<5%)



Milk: 700 in 2009 -> 1200 in 2019

Flavoured milk drink: 4.4 in 2009 -> 5.9 in 2019

European Commission

Source: DG Agriculture and Rural Development, based on Euromonitor

Keep in touch and thank you!

andrea.capkovicova@ec.europa.eu

- Short-term outlook: https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/short-term_en
- Medium-term outlook: https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/medium-term
- Estimated MS balance sheets: https://datam.jrc.ec.europa.eu/datam/mashup/PROD_TRADE_USE/index.html
- Market briefs: https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/performance-agricultural-policy/studies-and-reports/market-analyses-and-briefs_en