EU dairy
short and medium outlook

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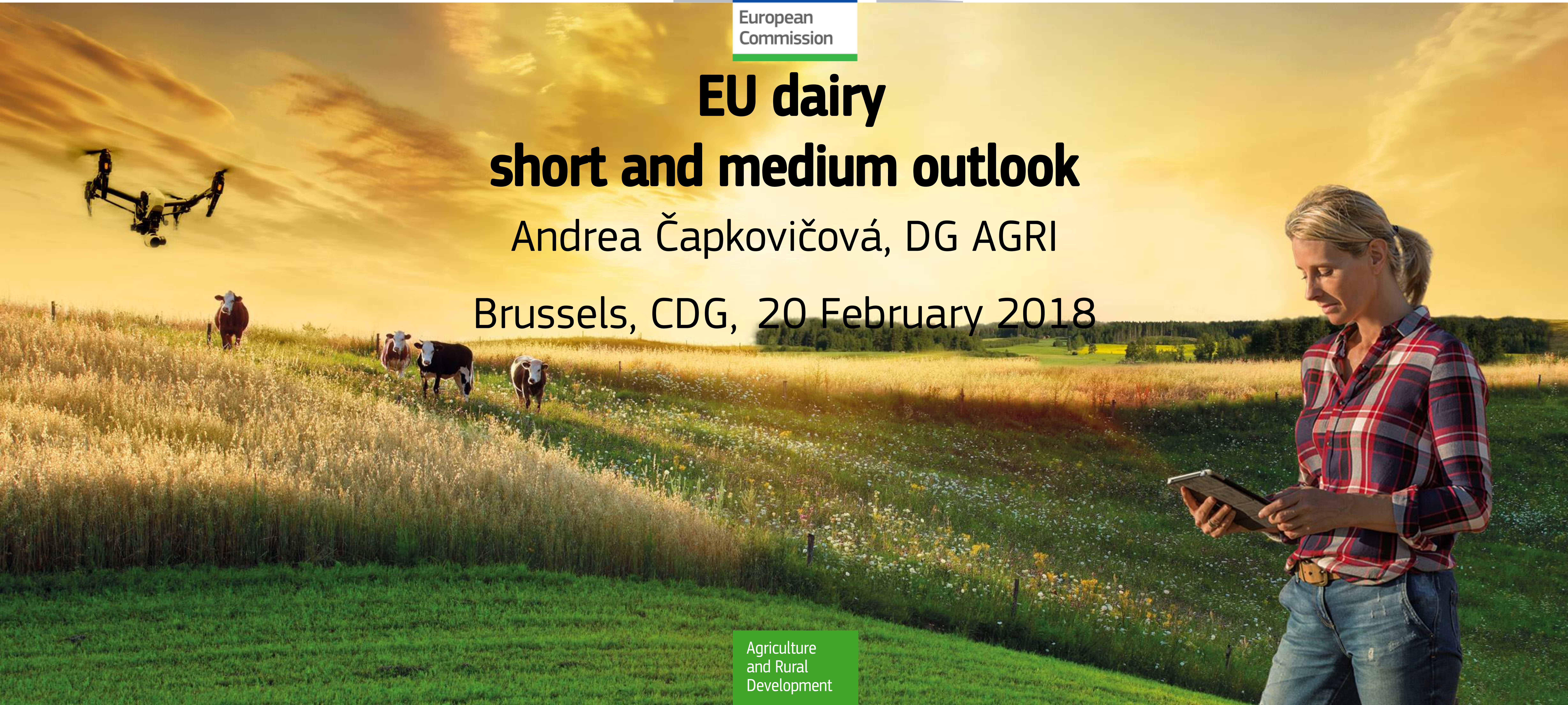
Brussels, CDG, 20 February 2018



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Outline

Short-term outlook

- Livestock numbers and milk collection
- Focus on Member States

Dairy Outlook 2030

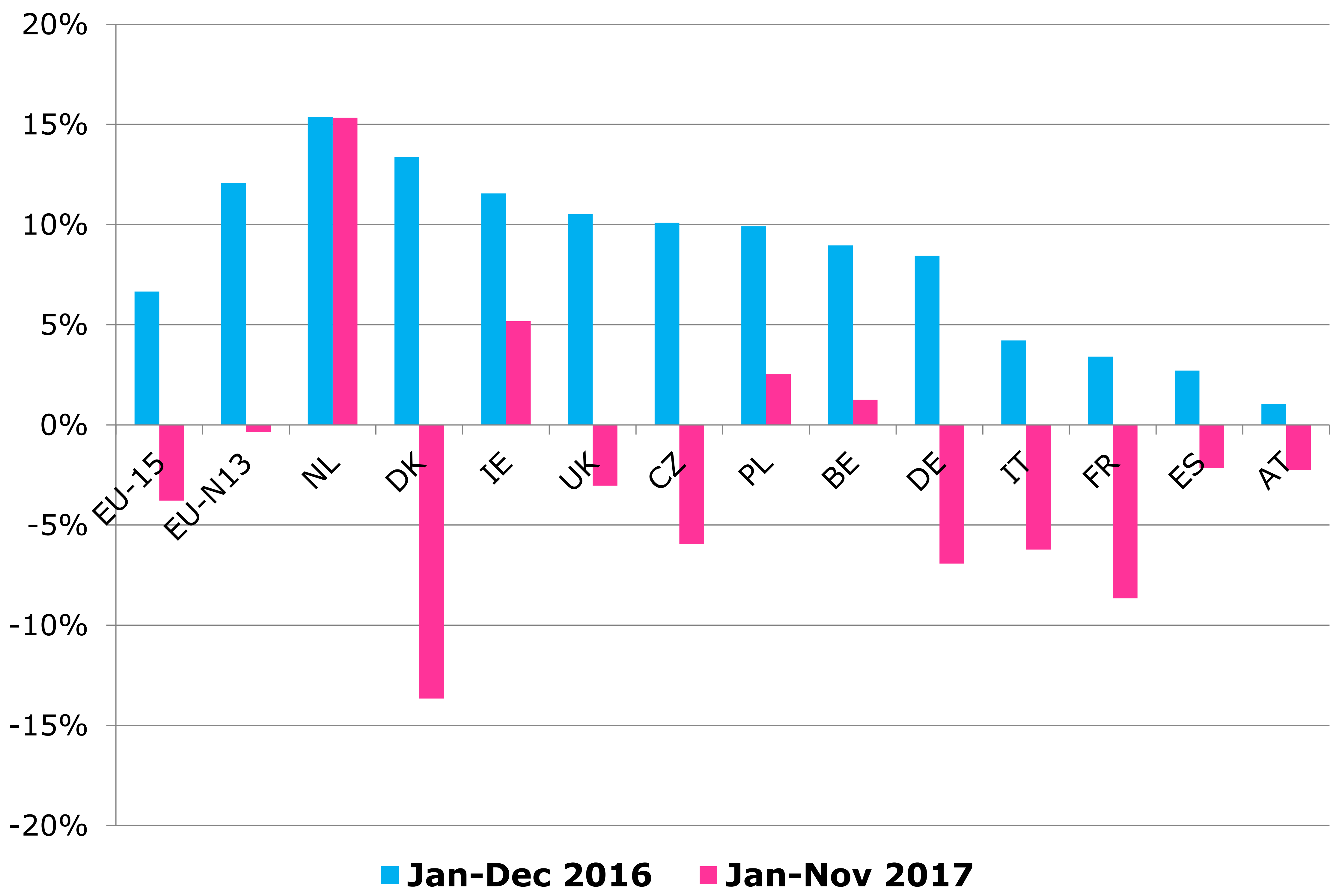
- Changing consumption trends
- Supply

2017 in a nutshell

Livestock numbers

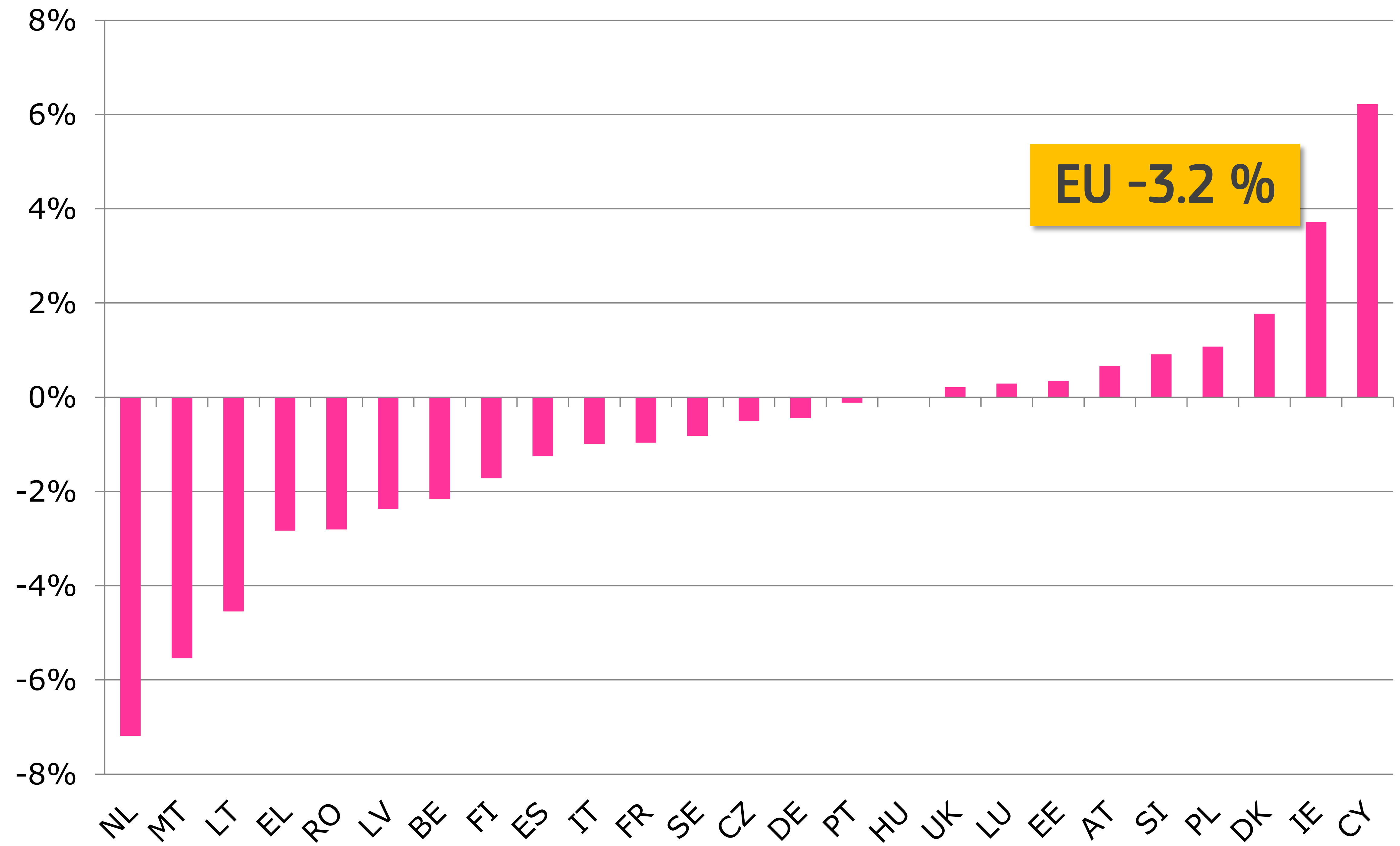
EU cow slaughterings

contrasted developments



Note: Beef and dairy cows

Change in dairy cows number (1000 heads) – December livestock survey



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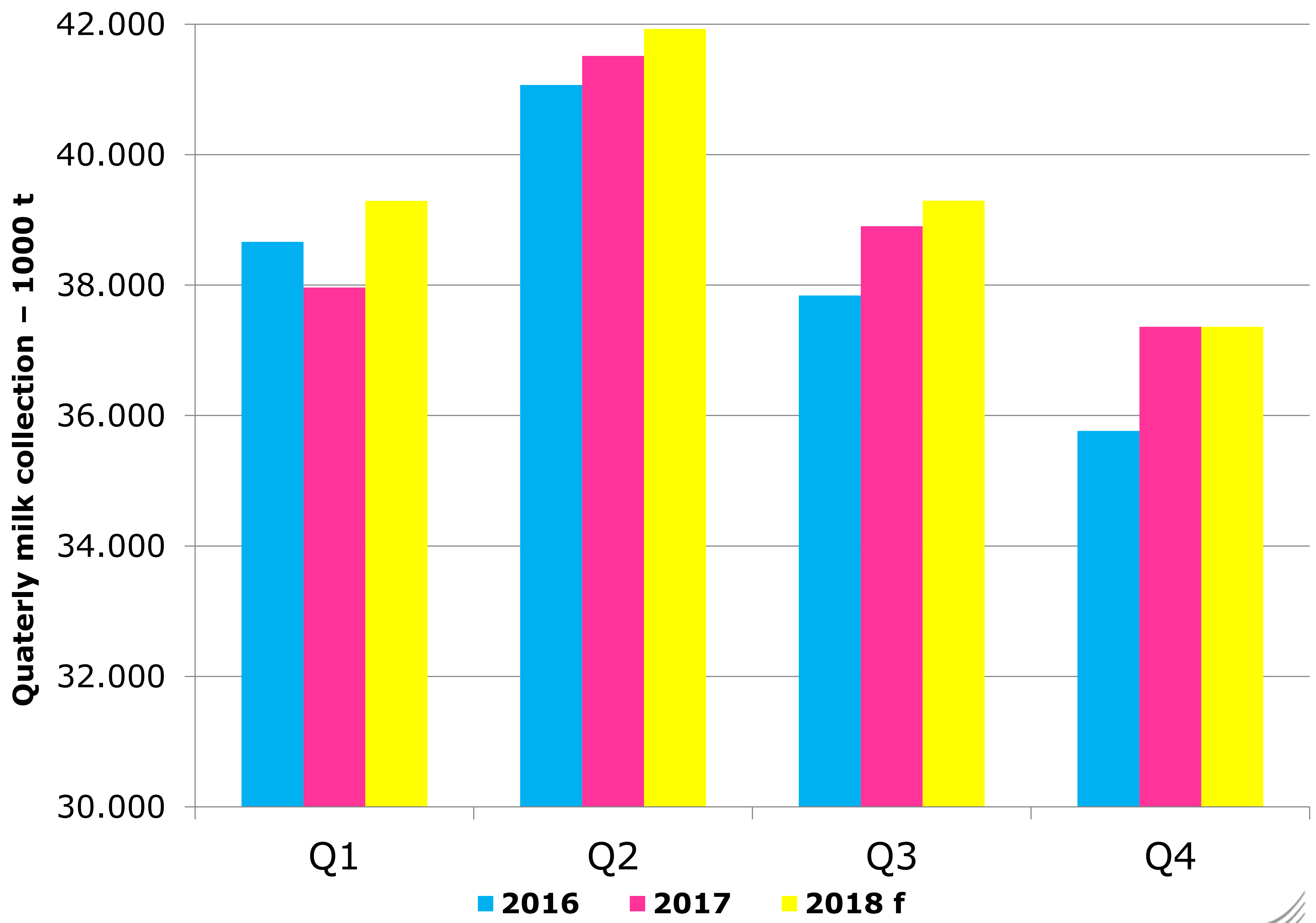
2018 draft forecasts

EU milk collection +1.4% / 2017

EU milk collection higher in the first half of 2018



… incentivised by:

- **milk price**
- use of **feeding concentrates**
- **good forage**

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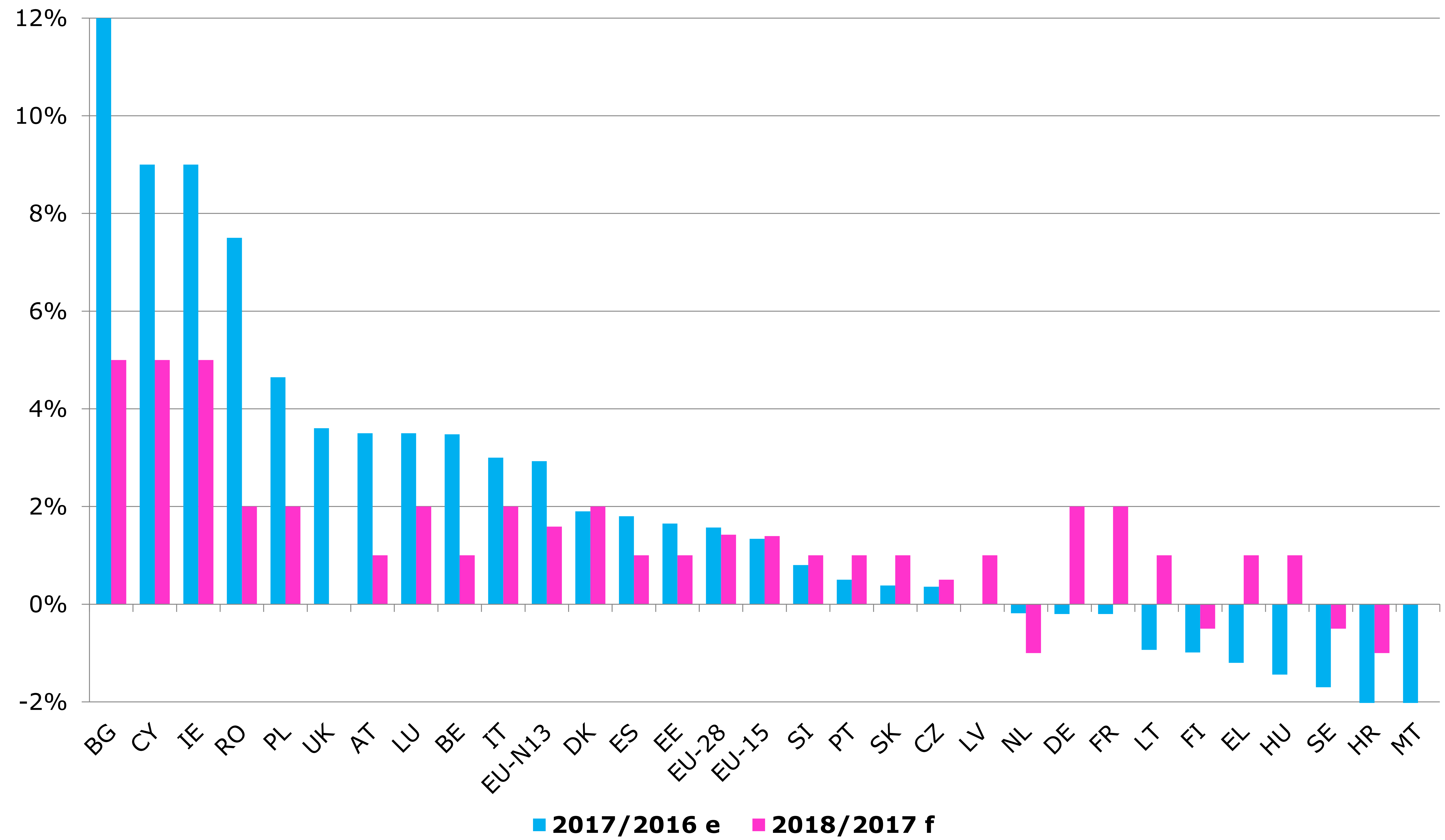
2018 draft forecasts by MS

Change in milk collection



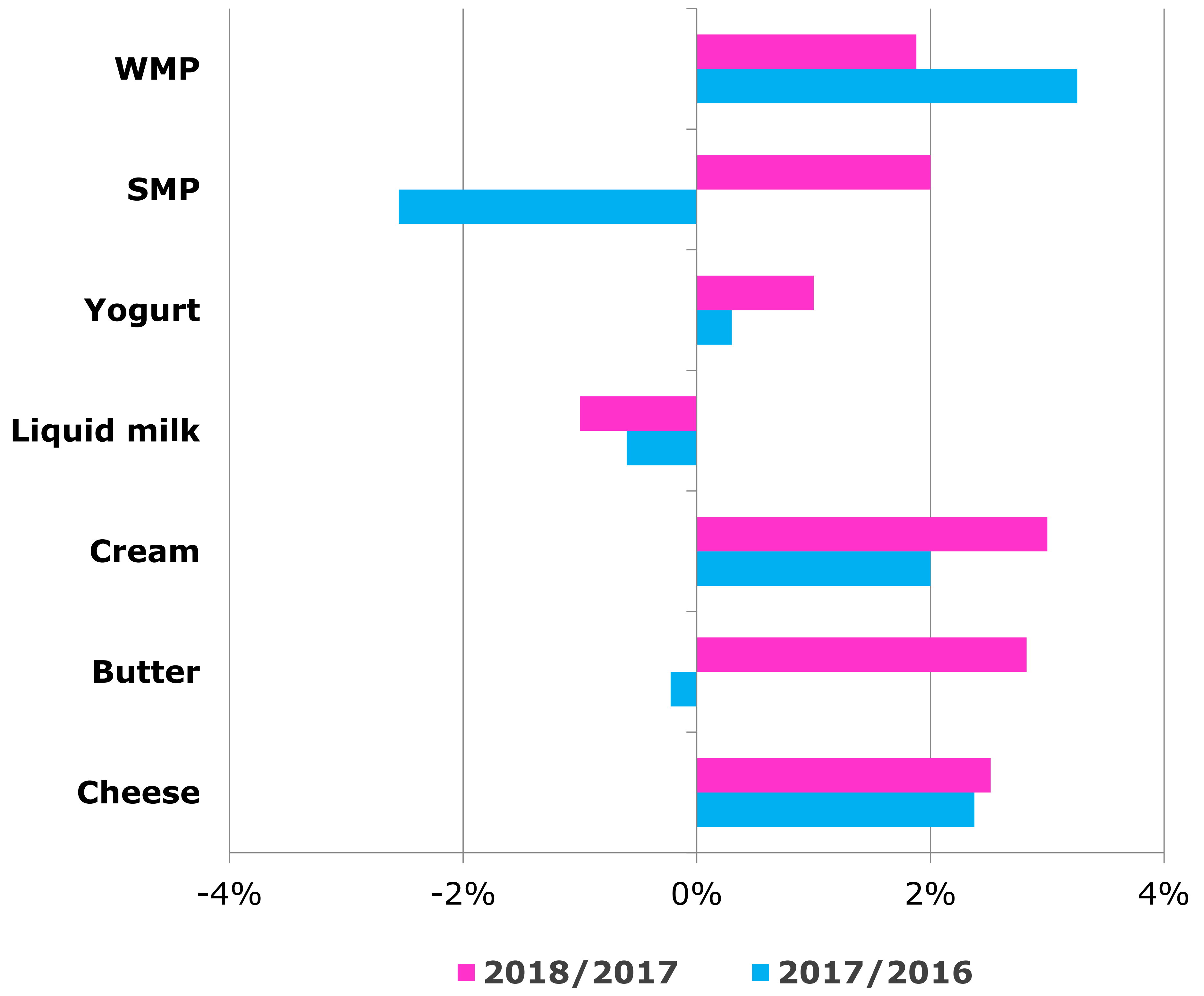
Trends:

- **Professionalisation** of the production in EU-N13
- **Recovery** in **FR** and **DE**
- Question mark: **NL**

2018 draft forecasts for dairy products

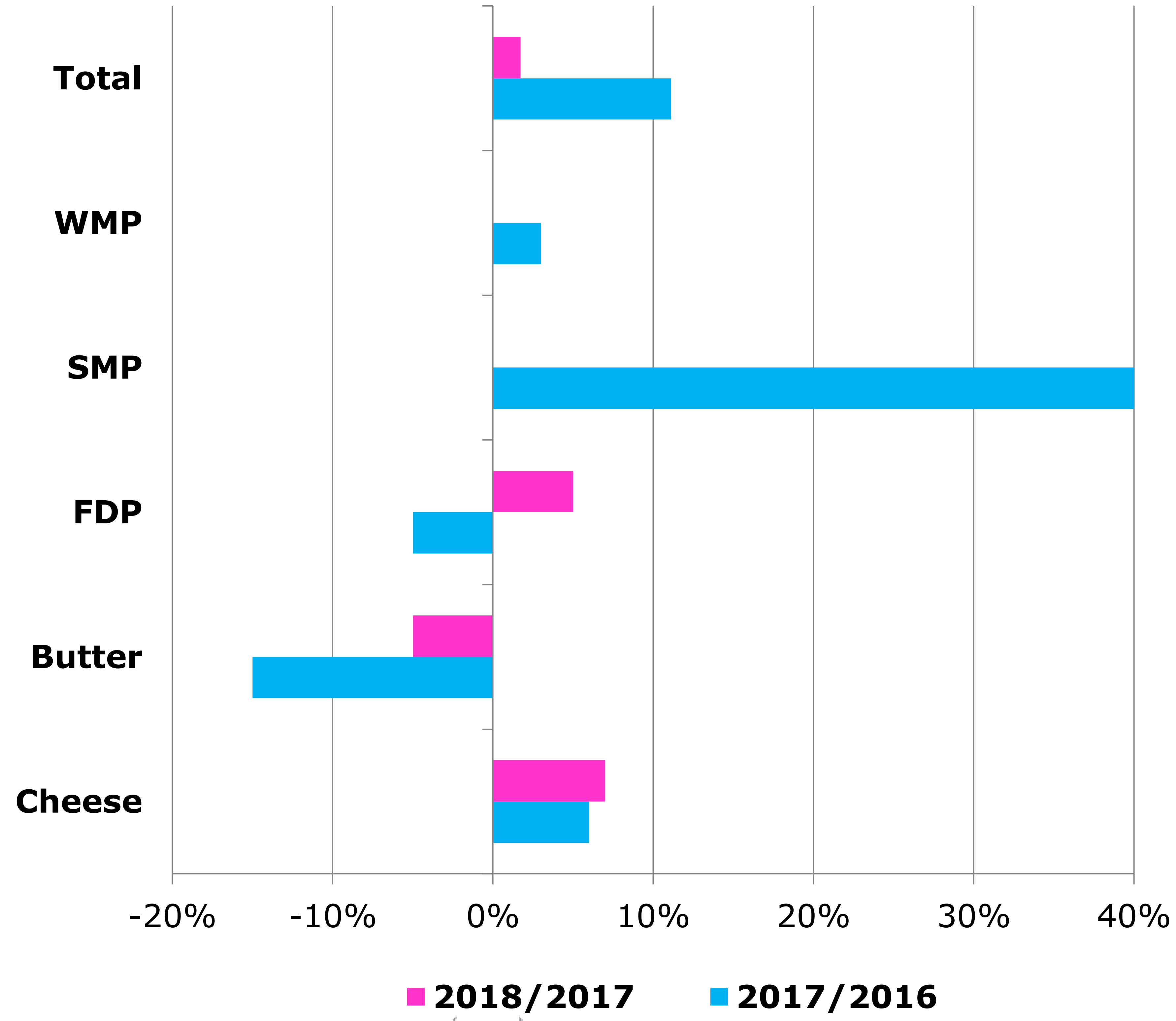
EU milk

Channelled mainly into cheese processing



Sustained EU exports in 2017

Performance maintained in 2018?



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Focus on SMP

2 scenarios for 2018

	2017	Scenario 1		Scenario 2	
		2018	18/17	2018	18/17
Prod.	1 521	1 551	2%	1 580	4%
Exports	805	805	0%	750	-7%
Use	794	819	3%	800	1%
Stocks	416	310	-25%	456	10%
Intervention	376	276	-27%	376	0%
Private	50	80	60%	80	60%
Change in stocks	-75	-70		30	
out of which Intervention	25	-100		0	

Outline

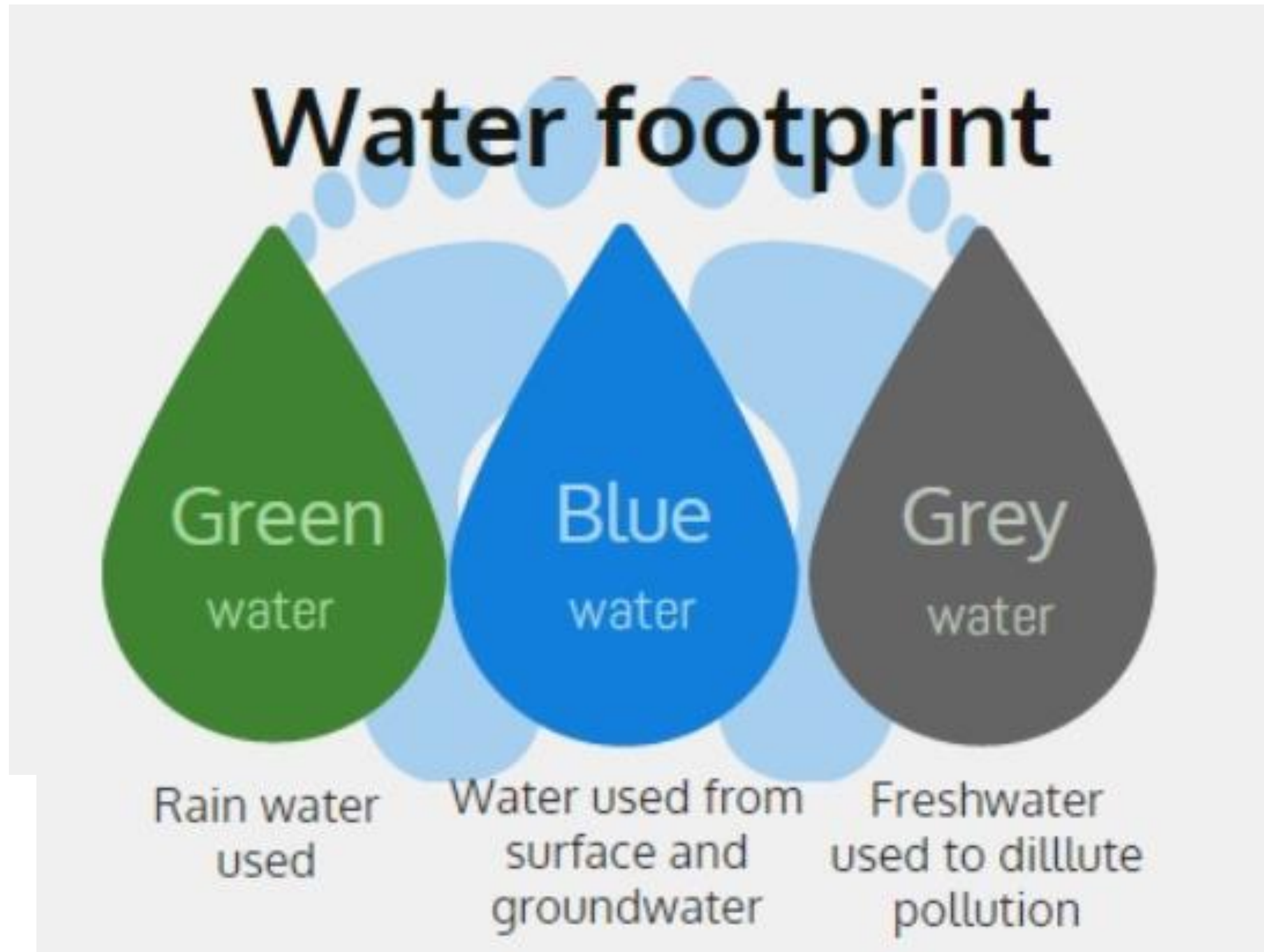
Dairy Outlook 2030

- Modelling exercise
- Projections and not forecast
- Still EU-28
- Agreement with Japan not in
- Russian ban until end of 2018
- Oil price at 90 USD/bbl by 2030

We hear

GREENHOUSE GAS EMISSIONS
GLOBALLY BY LIVESTOCK SPECIES

100% vegan



100% Guaranteed
GMO
FREE

We observe and we expect

An increase of dairy products consumption

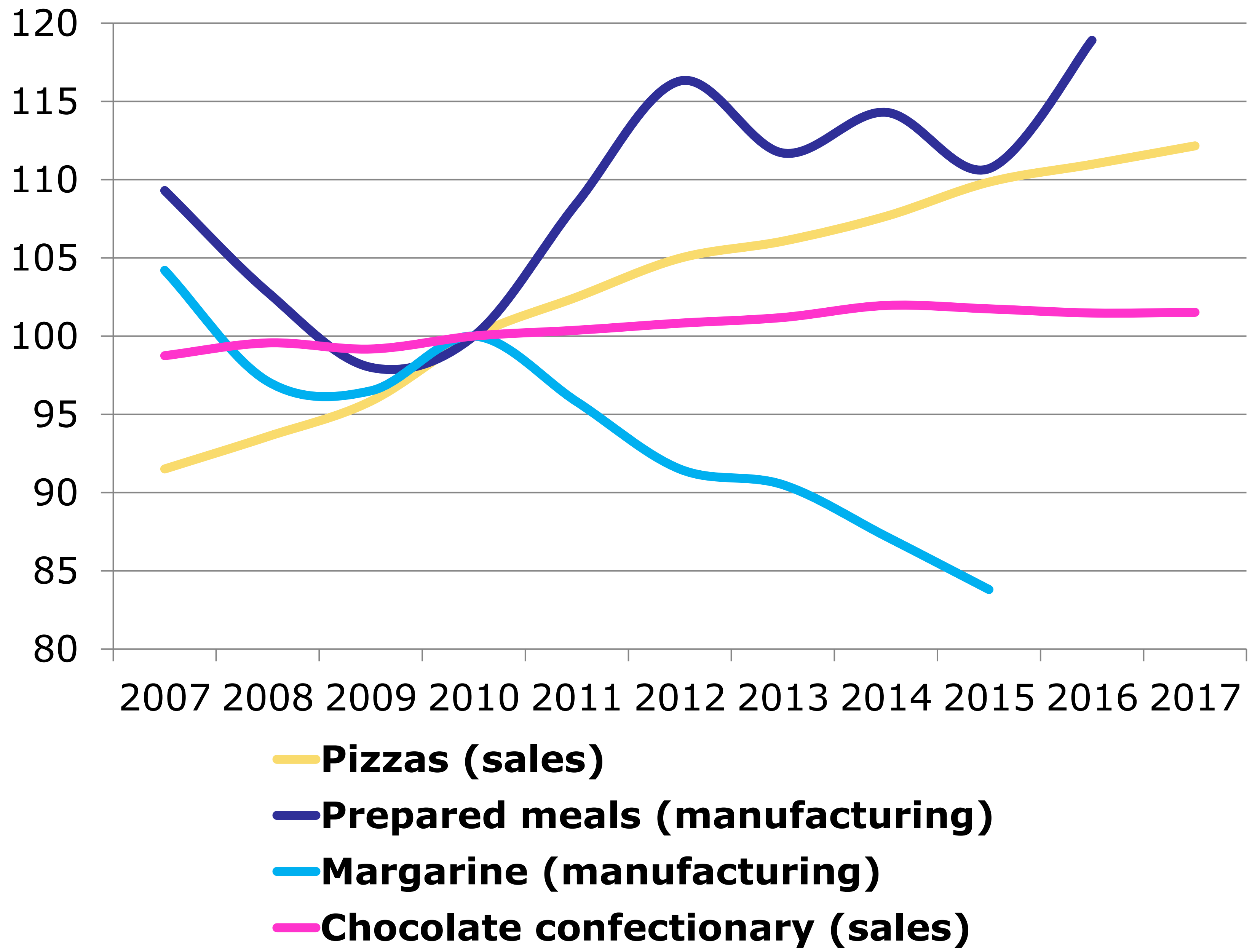
- Less drinking milk
- But more butter, cream, cheese…

More processed products

More products of higher value added

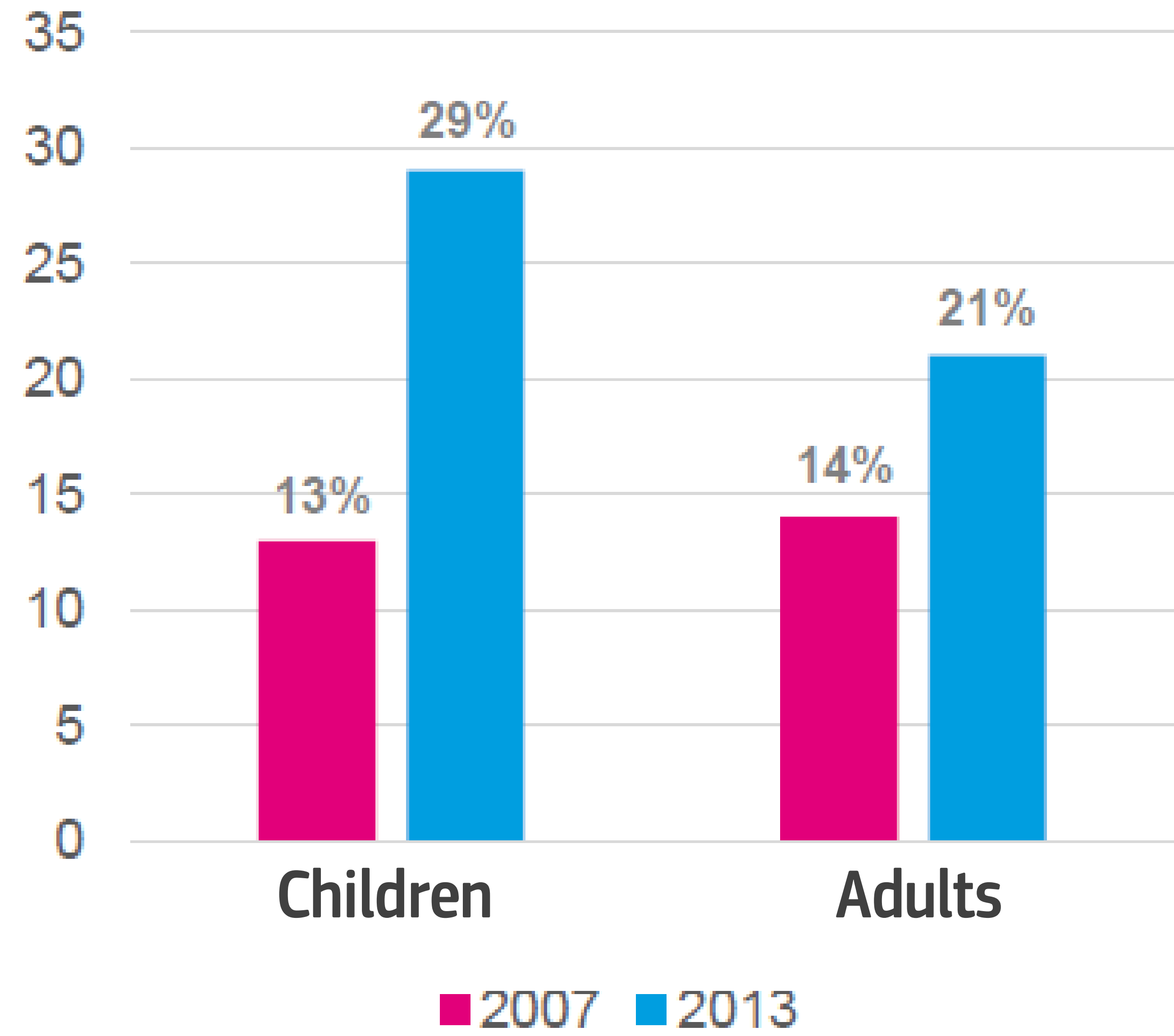
Changing consumption habits

Production of prepared meals and retail sales and use in catering of pizzas (2010=100)



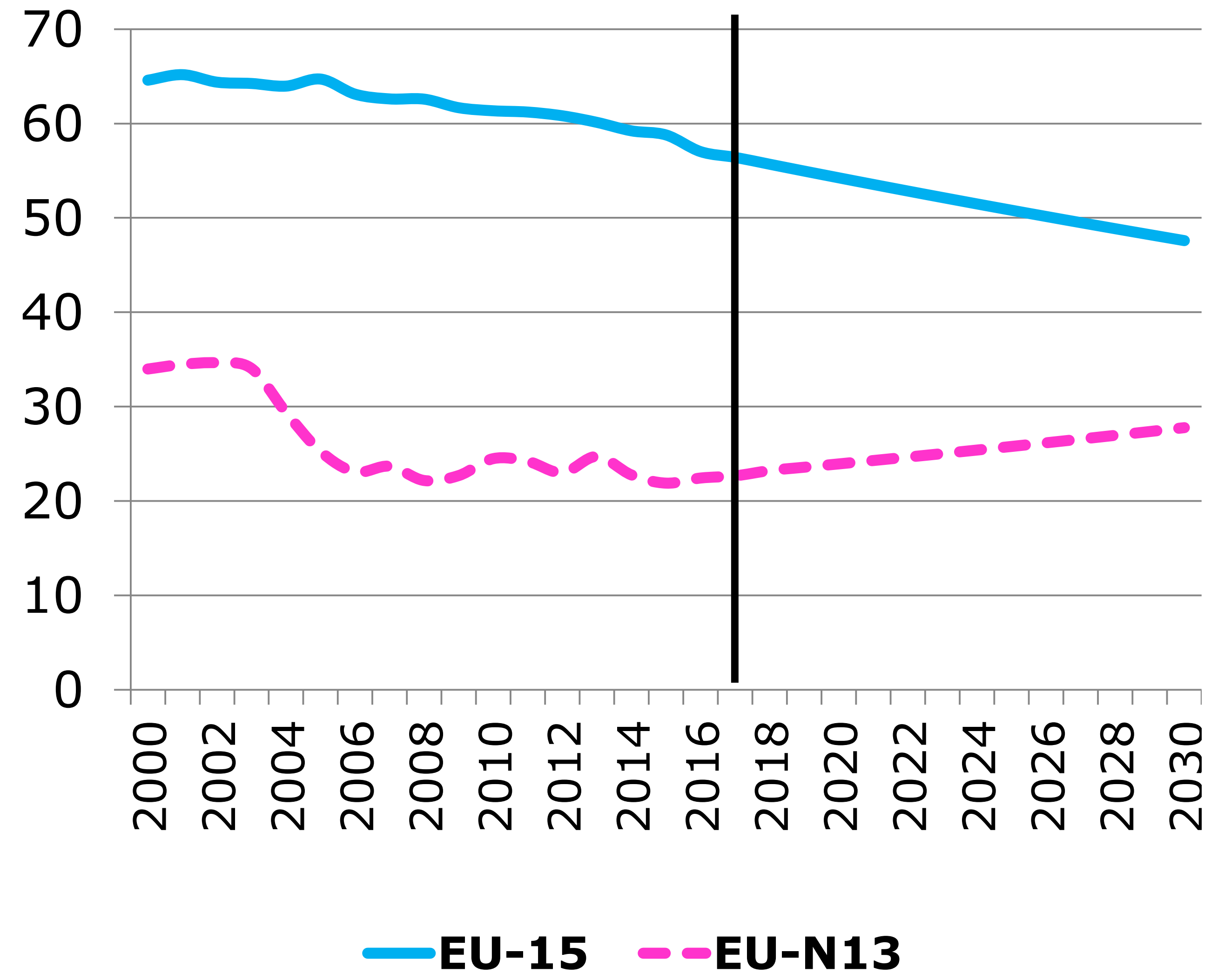
Source: DG Agriculture and Rural Development, based on Eurostat and Euromonitor

Share of individuals skipping at least 1 breakfast per week in France



Source: CREDOC, 2013 CCAF surveys

Outlook for liquid milk consumption (kg/capita)



Source: DG Agriculture and Rural Development

→ **EU liquid milk consumption** will continue **decreasing by 0.5 kg/capita** per year

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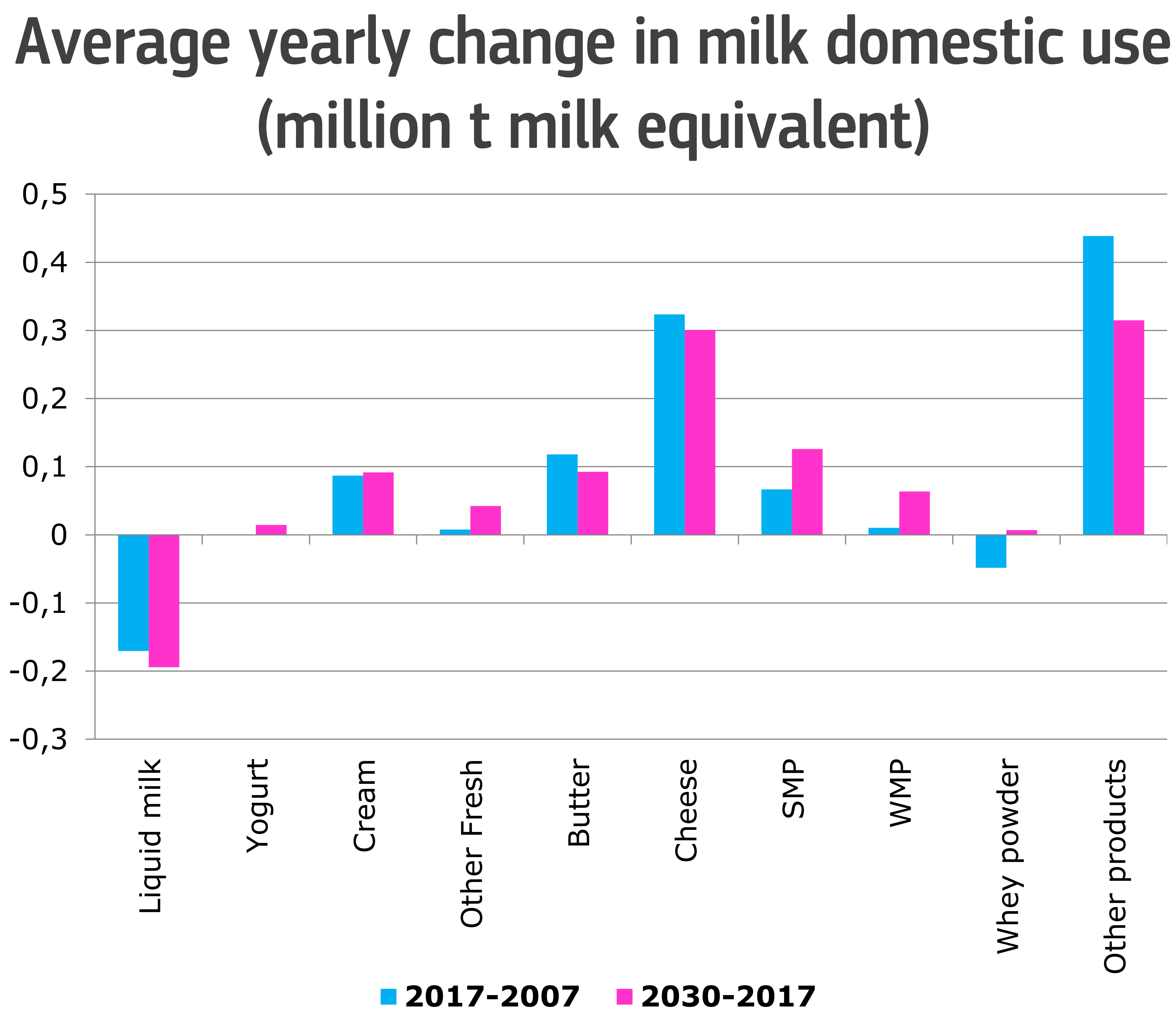
The EU domestic market

Main driver of EU production growth



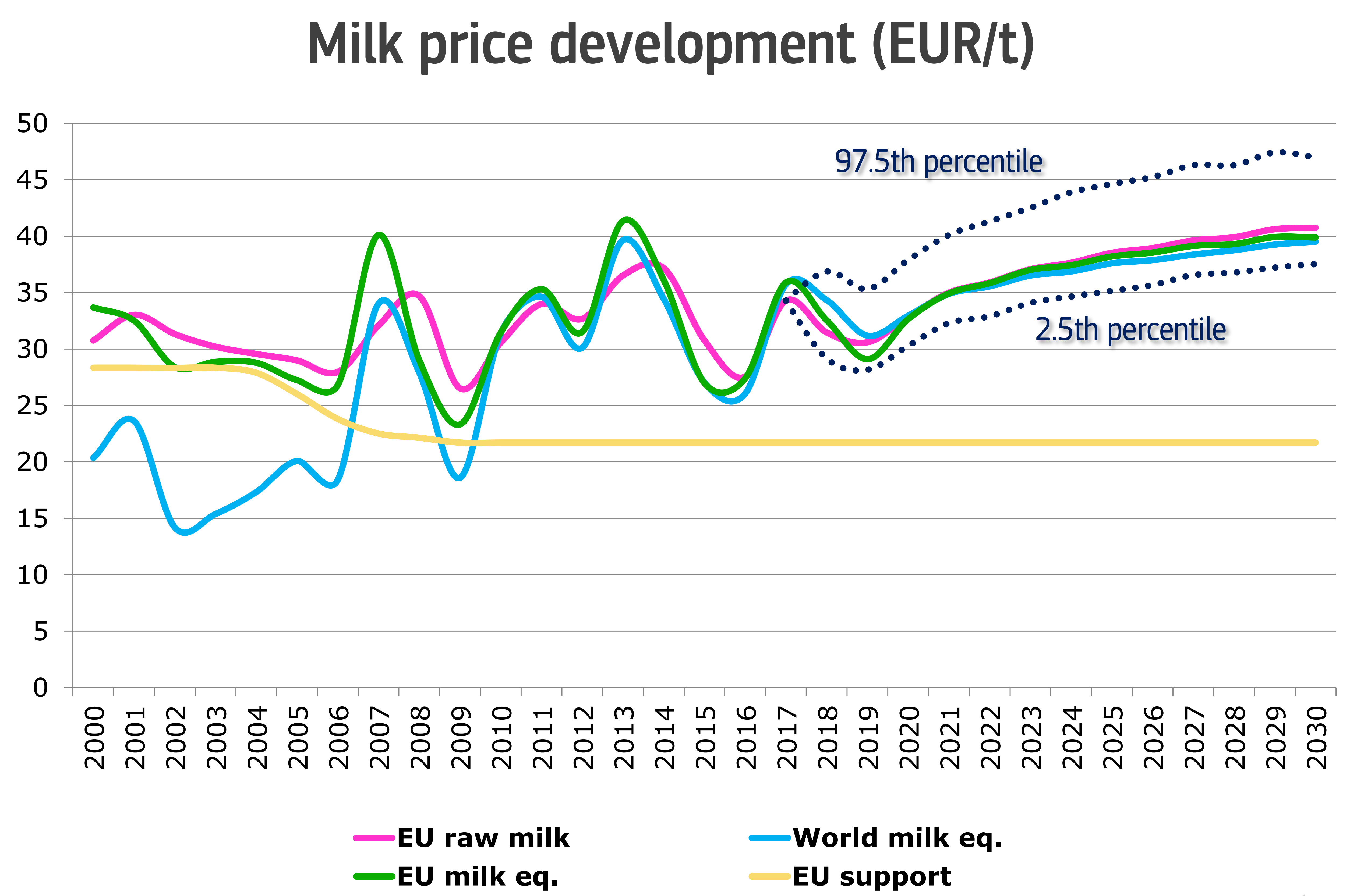
- Moderate **increase in milk production**:

→182 Mt in 2030, +18 Mt in 13 years

- **Domestic use** also to **process** products → export

Milk price increase

Driven by demand



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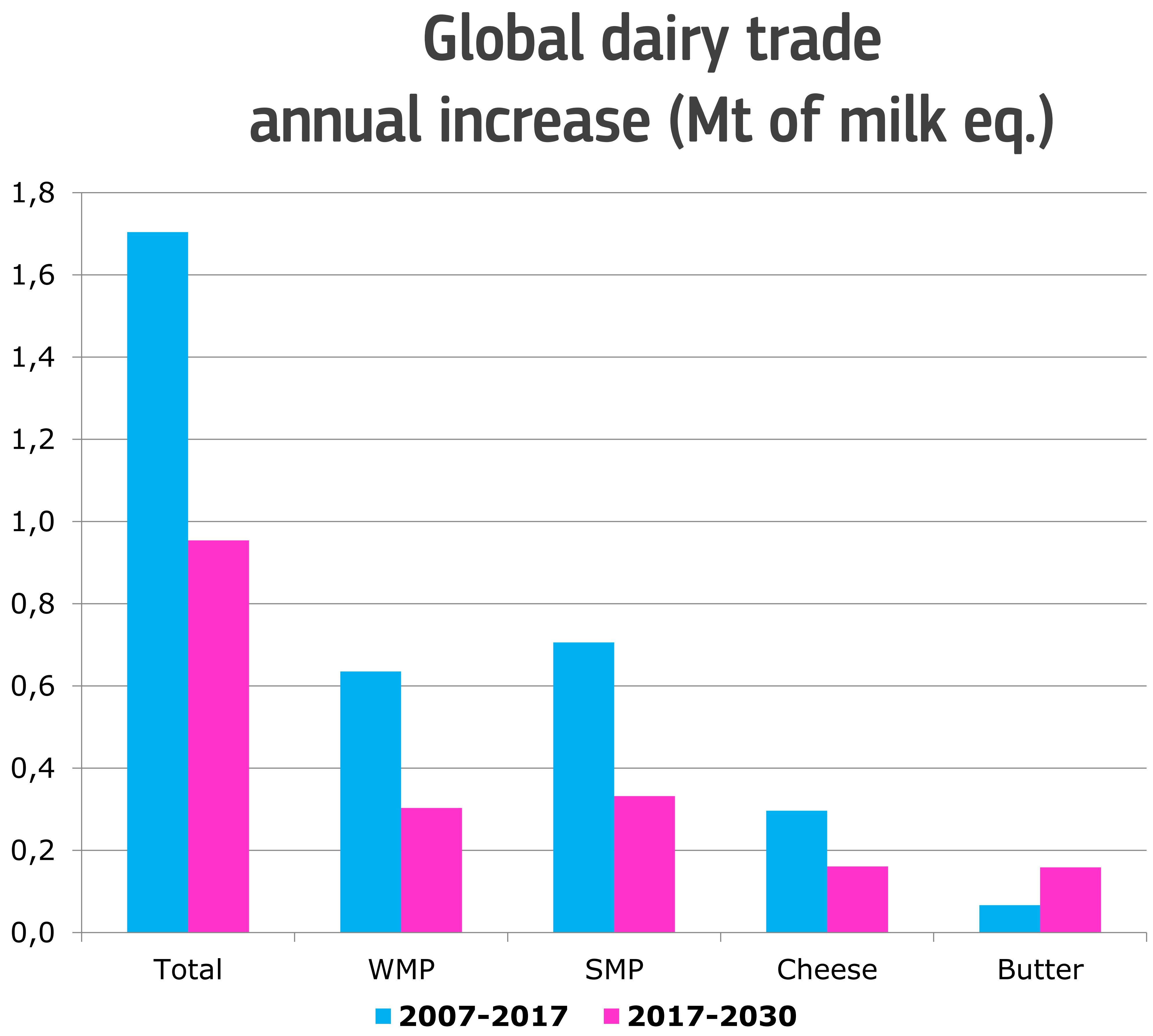
Continuous growth in world import demand

Though lower than in the past decade



- **+1.7% per year** in world **consumption and production,** i.e. +16 Mt/year
- **+1.7% per year** in world **imports of SMP, WMP, cheese and butter**, i.e. less than 1 Mt/year
- **China** remains the **first world importer**, with imports up by **3.7%/year**
- Main importers: **China, East Asia** and **Africa**
- Towards more:

→ **Value added** products

→ **Technical** products

Note: Based on trade of SMP, WMP, cheese and butter in milk equivalent (total solids).
Source: DG Agriculture and Rural Development (draft baseline)

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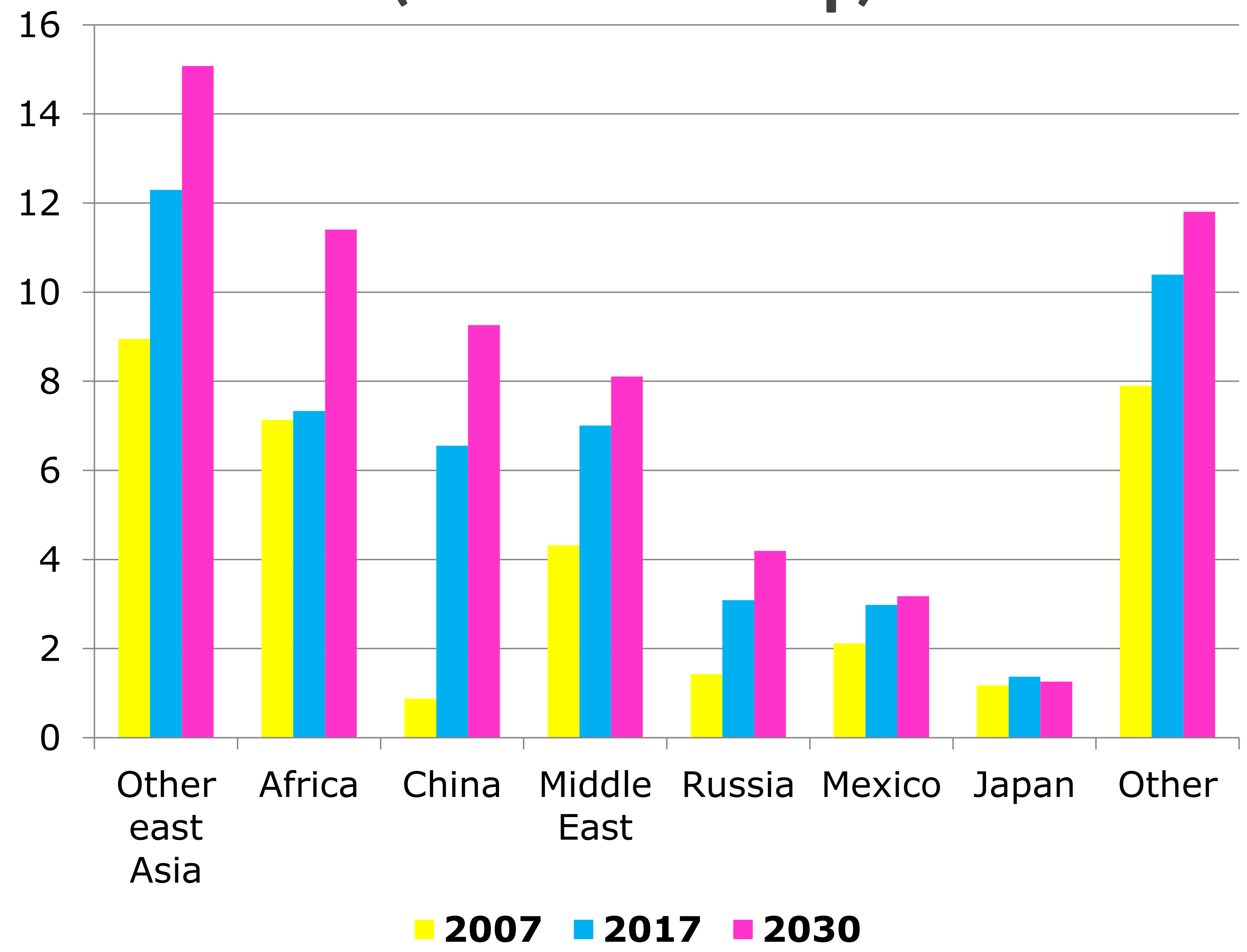
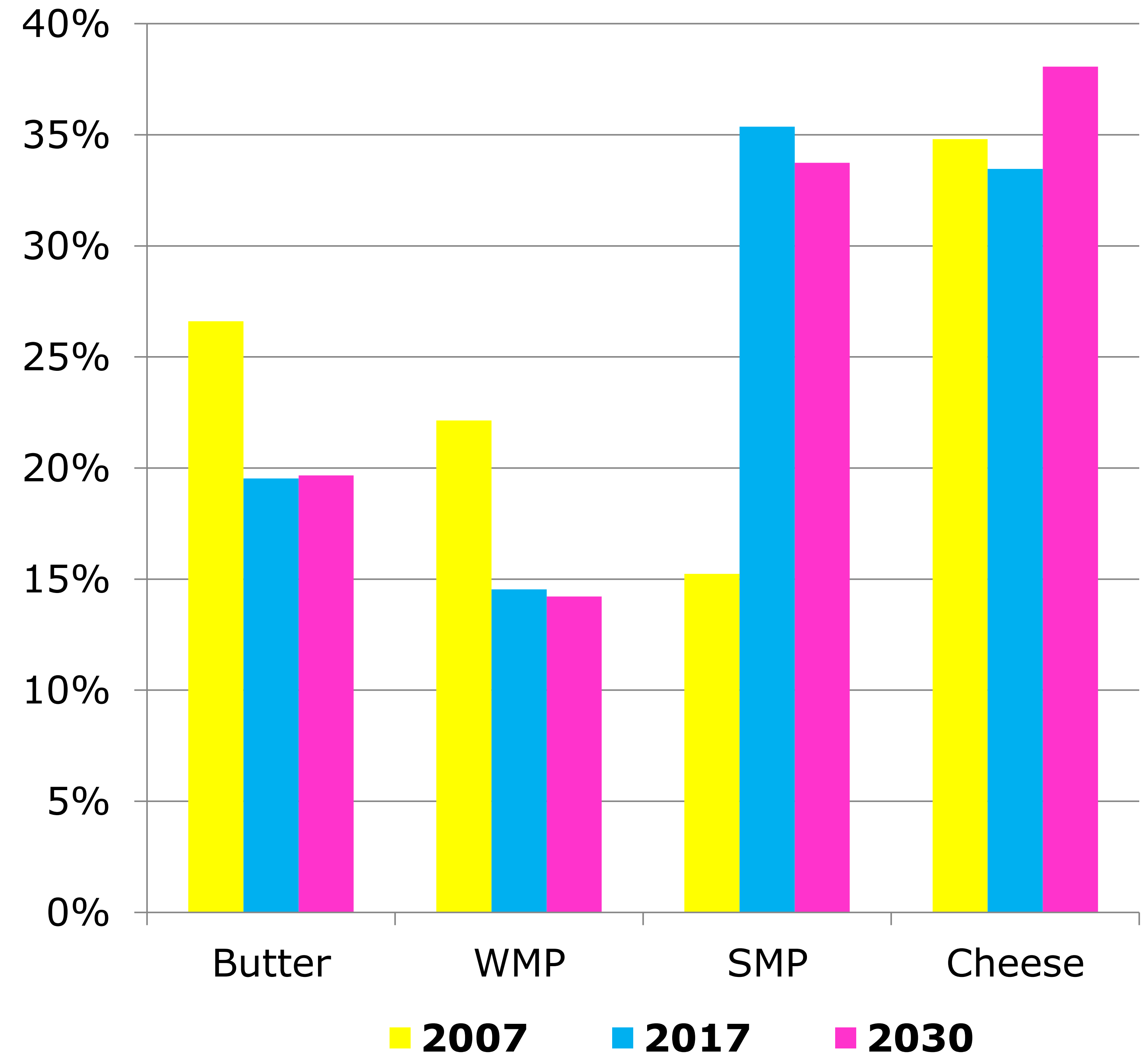
Global dairy market

Global imports of dairy products (Mt of milk eq.)



*Note: * Africa without South Africa*
Source: DG Agriculture and Rural Development (draft baseline)

Share of EU exports in global trade



- **EU exports** to **expand** by more than **400 000 t/year** (in milk equivalent)
- **More than 1/3** of world trade growth for **cheese, SMP, WMP and butter**

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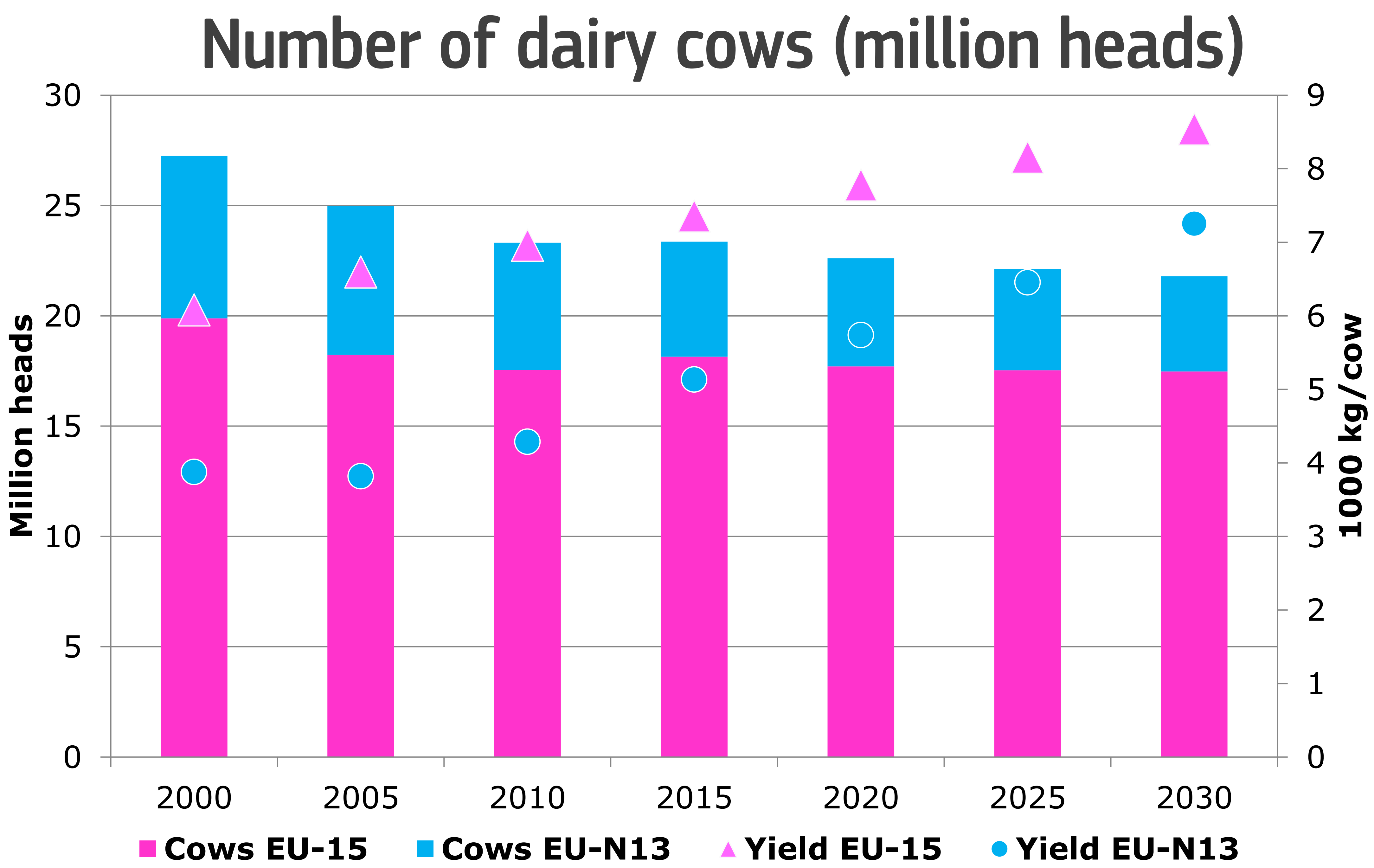
Towards changes in production systems

Driven by consumer expectations and to create value

The example of **milk production:**

→ Towards **10% of organic milk** (assumption)

→ **Yield gap** => lower decrease in cow numbers



Towards changes in production systems

Driven by sustainability requirements and COP 21

Main issues in **livestock production**

- Water and air quality (Ammonia)
- GHG emissions
- Lansdcape & pastures

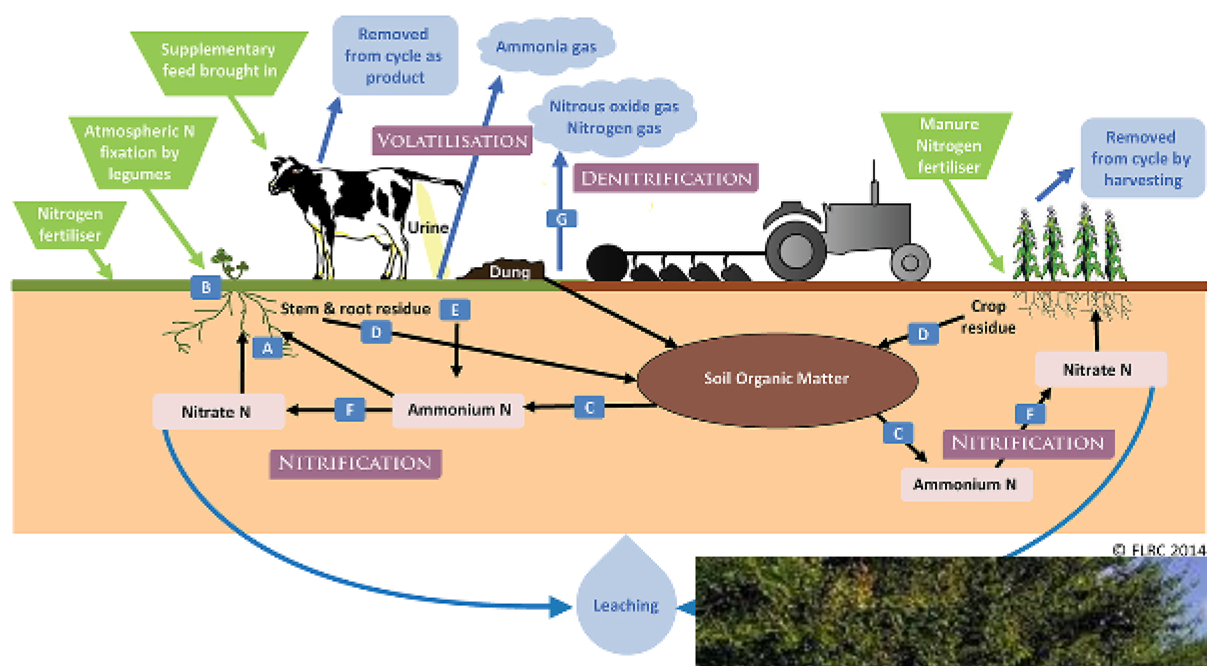
Potentially **limiting supply development**

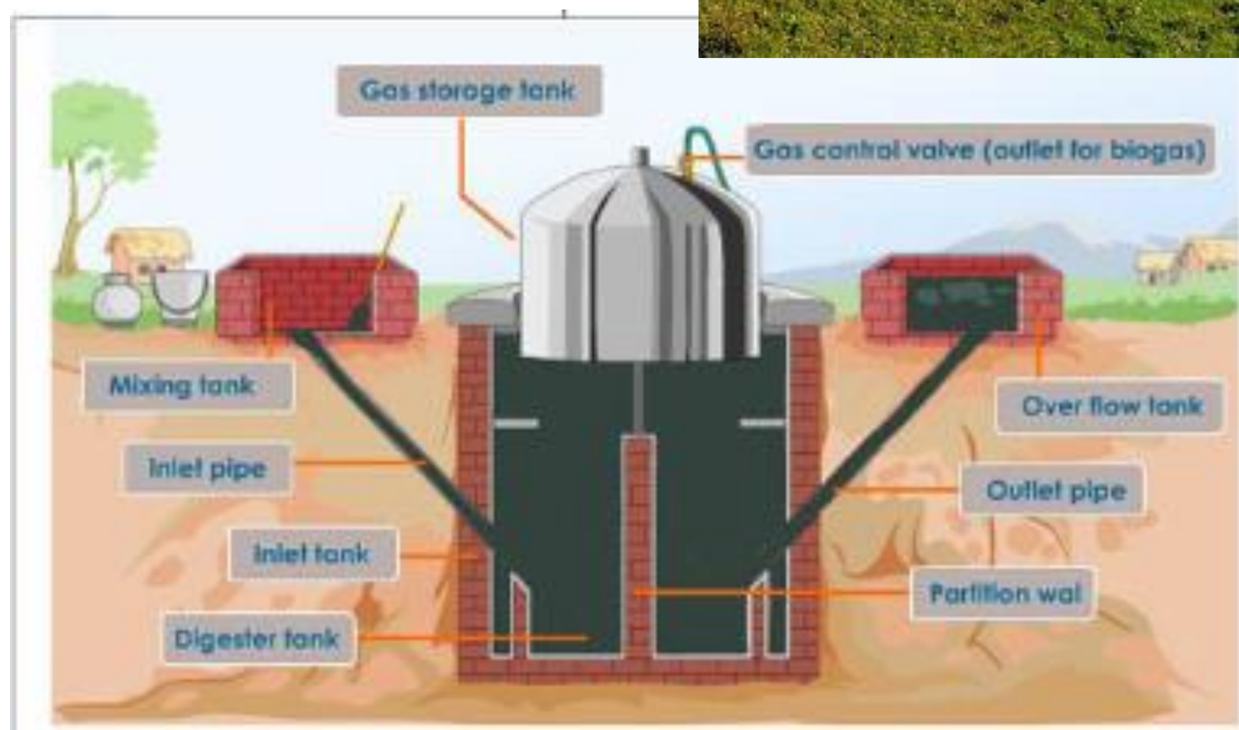
- and leading to reductions in animal numbers (e.g. NL in 2017)

Leading to **changes in production systems**

- production location and competition between productions
- nutrient management plan, biogas plants, better management of pastures, change in feed…

Figure 1. Inputs, outputs and transformations of nitrogen in farming systems





Thank you

Agricultural Outlook

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Market observatories

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CAP reform

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