



European  
Commission



# Dairy Outlook 2017-2030

*Preliminary results*

## Dairy forum Estonia

Rakvere, 07.11.2017

***Sophie H elaine***

*DG Agriculture and Rural Development  
European Commission*

Agriculture  
and Rural  
Development

# Outline

- Foreword
- Summary of 2017 forecasts
- 2030 Outlook
  - Demand
  - Supply

# Foreword

## 2017-2030 Outlook for the EU

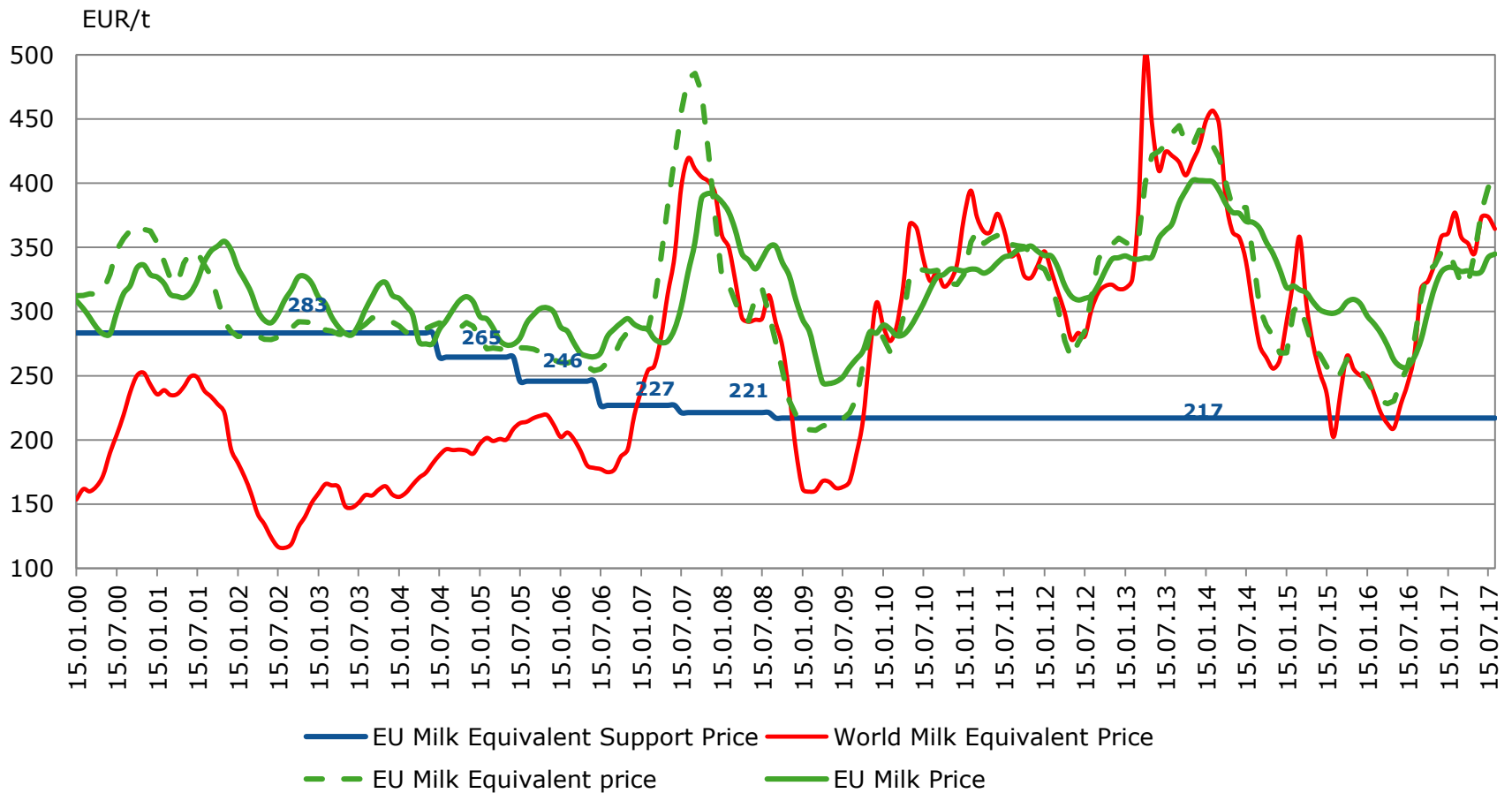
- Preliminary results – Final Outlook and report will be published the 18 December 2017
- Based on World Outlook of the OECD-FAO, published in July 2017
- Based on OECD-FAO model, where Supply = Demand and this equilibrium determines the price level.
- Updated with
  - new Macroeconomic assumptions
  - Short-term Outlook for the EU published in September
- Validated
  - Inside DG AGRI
  - With market experts in a Workshop held in October (feedback not integrated yet)

# Foreword

## It's an Outlook not a forecast

- Policy and trade agreements status quo
  - CAP reform of 2013 IN
  - FTA with Canada IN, FTA with Japan NOT IN
- NO BREXIT
- Russian import ban until end 2018
  - After trade resumes with Russia but at much lower levels than previously
- To do what?
  - To give broad indications of where we go
  - To do impact assessments

# EU price developments - Milk



Note: World references based on butter and SMP prices in Oceania

Source: DG Agriculture and Rural Development based on European Commission and AHDB

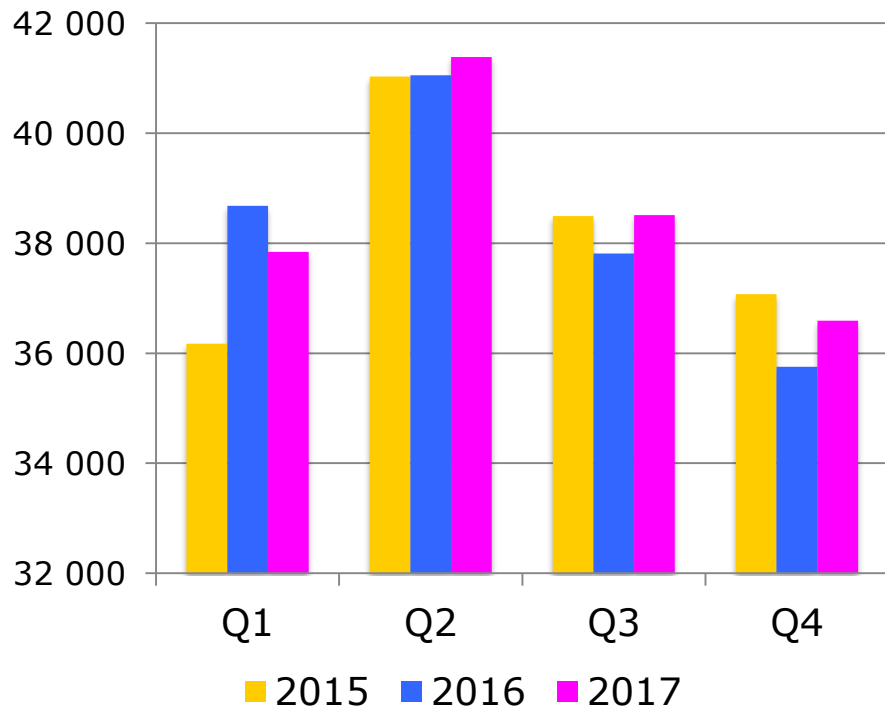
## Summary of 2017 forecasts

- Milk collection: close to + 1 million t (+0.7%)
- Mainly processed into cheese, where best returns
- Strong exports: close to + 2 million t of milk equivalent
- Continuous higher consumption of dairy products: +0.6 million t of milk equivalent
- Very low EU private stocks

**2018 +1.4% milk / 2017**

## 2017 EU milk collection +0.7% (2018 + 1.4%)

EU milk collection forecast by quarter  
(1000 t)



- Milk collection Jan-August 2017 = 2016
- Increase in the 2<sup>nd</sup> half driven by higher milk prices but expected to remain below 2015
- A contrasted situation in the EU:
  - Strong increase to be expected in IE, PL, IT, LU, SI, CY, BG, RO
  - Increase in ES, AT
  - Recovery in the UK, BE
  - Stable (-0.5% // +0.5%) in: DK, EE, LV, CZ, FI, HU, LT, SK
  - Decrease in: DE, FR, SE, NL, PT





European  
Commission



# Draft Outlook 2030

*Milk and dairy products*

**Publication in  
December 2017**

**Not to be circulated**



## Main drivers of dairy market development



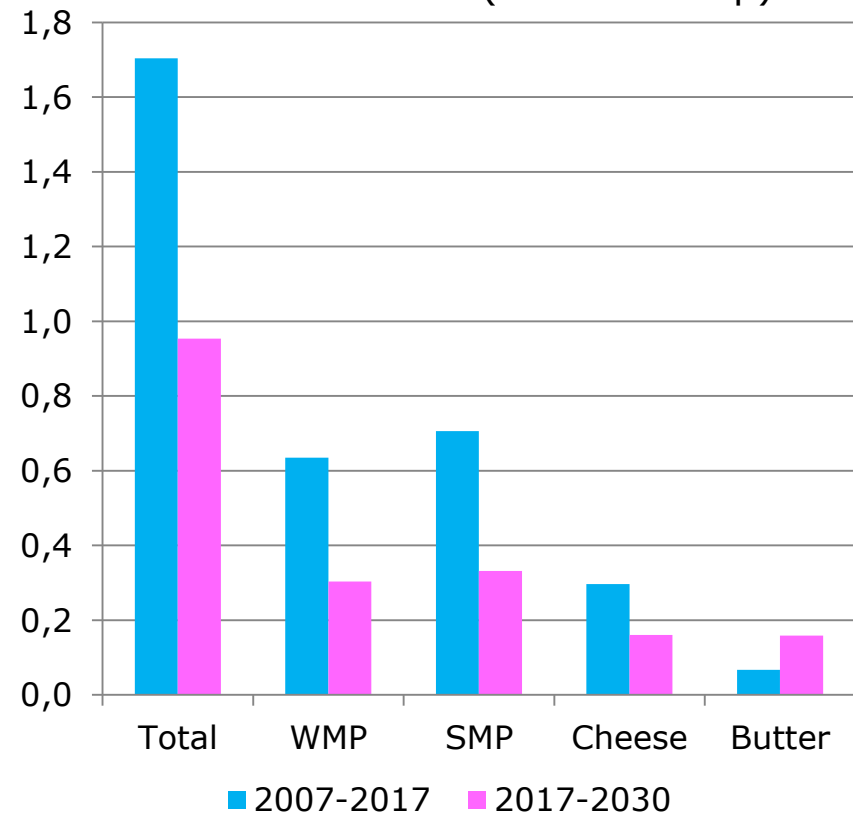
### Growing global and EU demand

- Strong local and global demand for cheese, butter, cream
- Switch towards higher value added products
- Demand for powders remains high
- Big challenge: decrease in liquid milk consumption in the EU
- Demand is supporting milk price increase

## 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
- India to increase most production (+6 Mt / year)
- China remains the first world importer, with imports up by close to 4%/year
- EU market share to expand

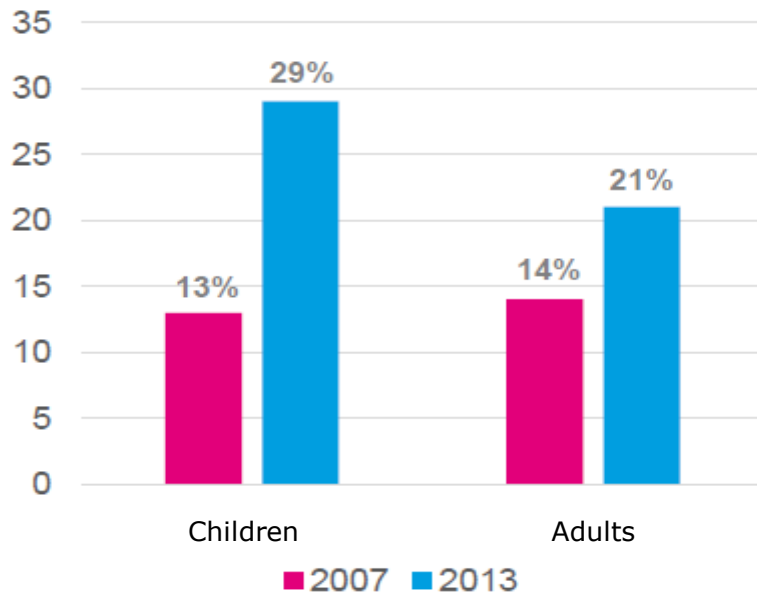
Global dairy trade  
annual increase (Mt of milk eq.)



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

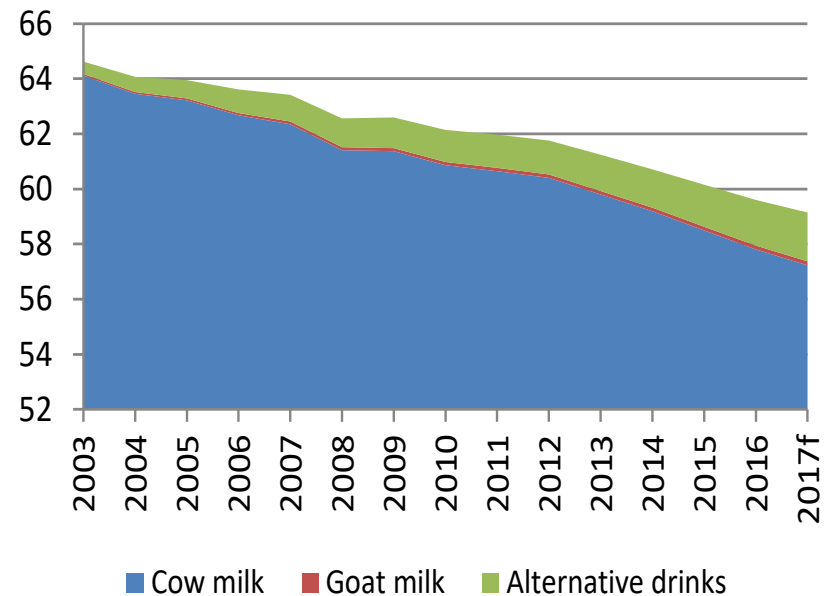
## Diverging consumption trends in the EU: down for liquid milk

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



Source: CREDOC, 2013 CCAF surveys

Cows' and goats' milk and alternative drinks:  
retail sales and catering use (1000 t)



Source: Euromonitor

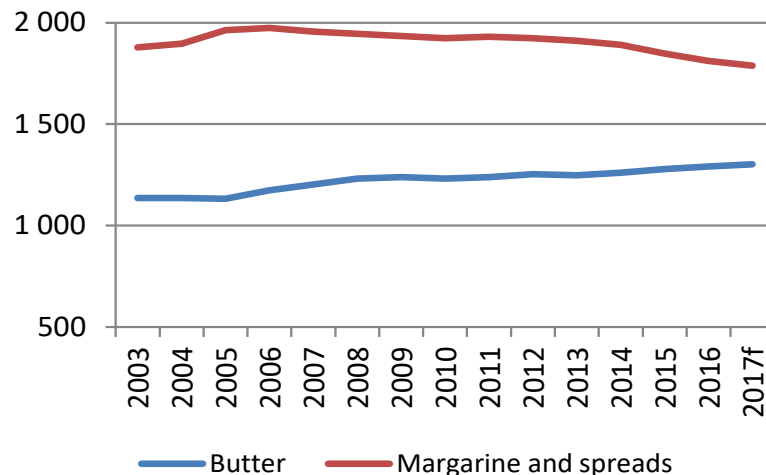


# Increasing use of cheese and butter in the EU

Total cheese use compared to retail sales and catering use by cheese type (1000 t)



Retail sales and catering use (1000 t)  
Butter, margarine and spreads



Note: b break in time series due to changes in German data definition  
 Source: DG Agriculture and Rural Development, based on Euromonitor and own calculations

Source: DG Agriculture and Rural Development, based on Euromonitor

## Main drivers of dairy market development



**Growing global and EU demand**



**Moderate EU supply increase**

- Back to dairy herd decline but at a slower pace
- Environmental constraints to play an increasing role?

# Thank you

## Short-term outlook

[http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook\\_en](http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook_en)

## Medium-term outlook

[http://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook\\_en](http://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en)

## EU agricultural outlook conference

[http://ec.europa.eu/agriculture/events/2016-outlook-conference\\_en](http://ec.europa.eu/agriculture/events/2016-outlook-conference_en)

## EU Milk Market Observatory

[https://ec.europa.eu/agriculture/market-observatory/milk\\_en](https://ec.europa.eu/agriculture/market-observatory/milk_en)