

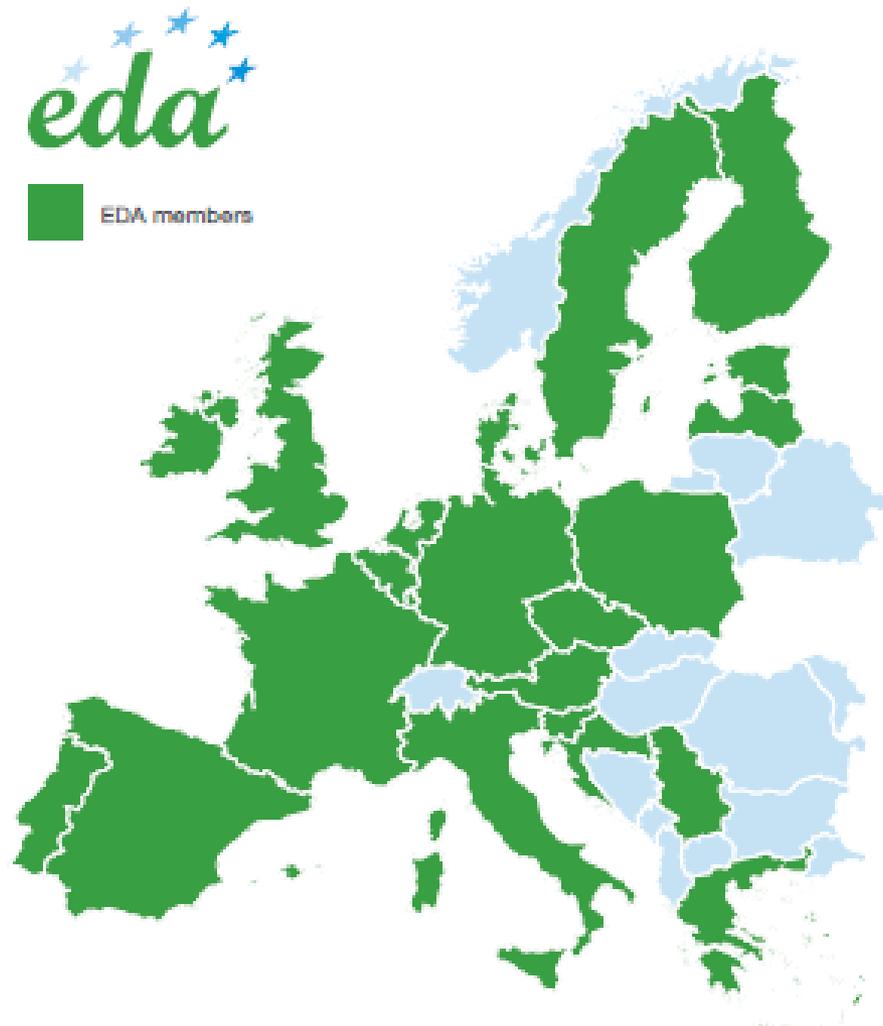
The Dairy Future in Europe

Bénédicte Masure, Deputy General EDA

14th November 2017, Velence, Hungary



connect to the world of dairy



Connect to the World of Dairy

- › Association of national dairy industry associations of 23 EU Member States
- › Cooperative and private milk processors represented



President: Michel Nalet, Lactalis (FR)

Vice Presidents: Ingo Müller, DMK (DE)

Jan Teplý, Madeta (CZ)

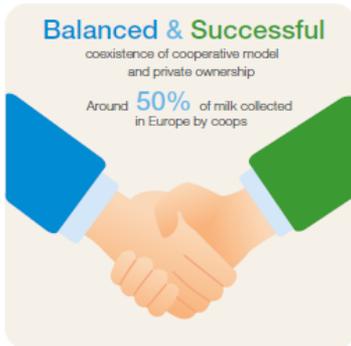
Attilio Zanetti, Zanetti (IT)

Claude Steinmetz, Luxlait (L)

Kasper Thormod Nielsen, Arla (DK)



The economic power of European dairy at a glance



Power of EU Dairy

- ➔ **300,000 people** in high-value industrial jobs on milk processing sites especially in **rural areas** across the European Union.
- ➔ **160 million tonnes of milk** produced by
- ➔ **700,000 dairy farmers**
- ➔ **12,000 milk processing and production sites** across Europe
- ➔ **45,000 jobs linked to exports**

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Our success is based on

- ➔ the European Single Market and the CAP
- ➔ the EU trade policies

Our success is based on **Europe**



The European Single Market

Yes but ...

➔ National schemes for mandatory origin labelling

- In 9 Member states

➔ Traffic light style nutrition labelling

- *“There is something wrong with a system, that rates a diet version of a soft drink ranks healthier than a semi-skimmed drinking milk.”*



Alexander Anton @dairyanton · Oct 30

nutrition labelling : There is something seriously wrong with a system where a diet coke ranks healthier than semi-skimmed milk !



3

43



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The European Common Agriculture Policy - Omnibus

- ➔ Omnibus= “lisbonisation” of the 4 CAP regulations into delegated and implementing acts.
- ➔ Trialogues between the 3 institutions have started beginning of July and are ongoing.
- ➔ New directions for the CAP:
 - Allowing POs to negotiate contracts on behalf of their members without quantitative limitations,
 - Allowing– along the sugar model – agreements on value allocation
 - Accepting the idea of the establishment of standard value sharing clauses and of concerted price formula (via competition law exemption)
 - Written contracts with volumes and prices
 - No ending date for the dairy package
- ➔ EDA concerned by this change of position - new mechanisms deserve an in-depth discussion + too early for a complete reform of the CAP.

The future of the CAP

- ➔ The Commission launched a public Consultation with aim to Modernising and Simplifying the CAP. The questionnaire was focusing on 3 areas:
 - Agriculture, Rural Areas and the CAP today
 - Objectives and Governance
 - Agriculture, Rural Areas and the CAP tomorrow
- ➔ In total, there were 322,912 online contributions, including 1,417 position papers. The Commission presented the outcome of the consultation during a Conference on 7th July 2017.
- ➔ The outcome of the consultation will feed into the Impact Assessment and the forthcoming Communication (end November 2017)
- ➔ Ideas already submitted by EP COMAGRI:
 - Discussion on bargaining organisations
 - Production reduction scheme to become a permanent measure of CAP (not only during crisis situations)

Short-term agenda of the Commission

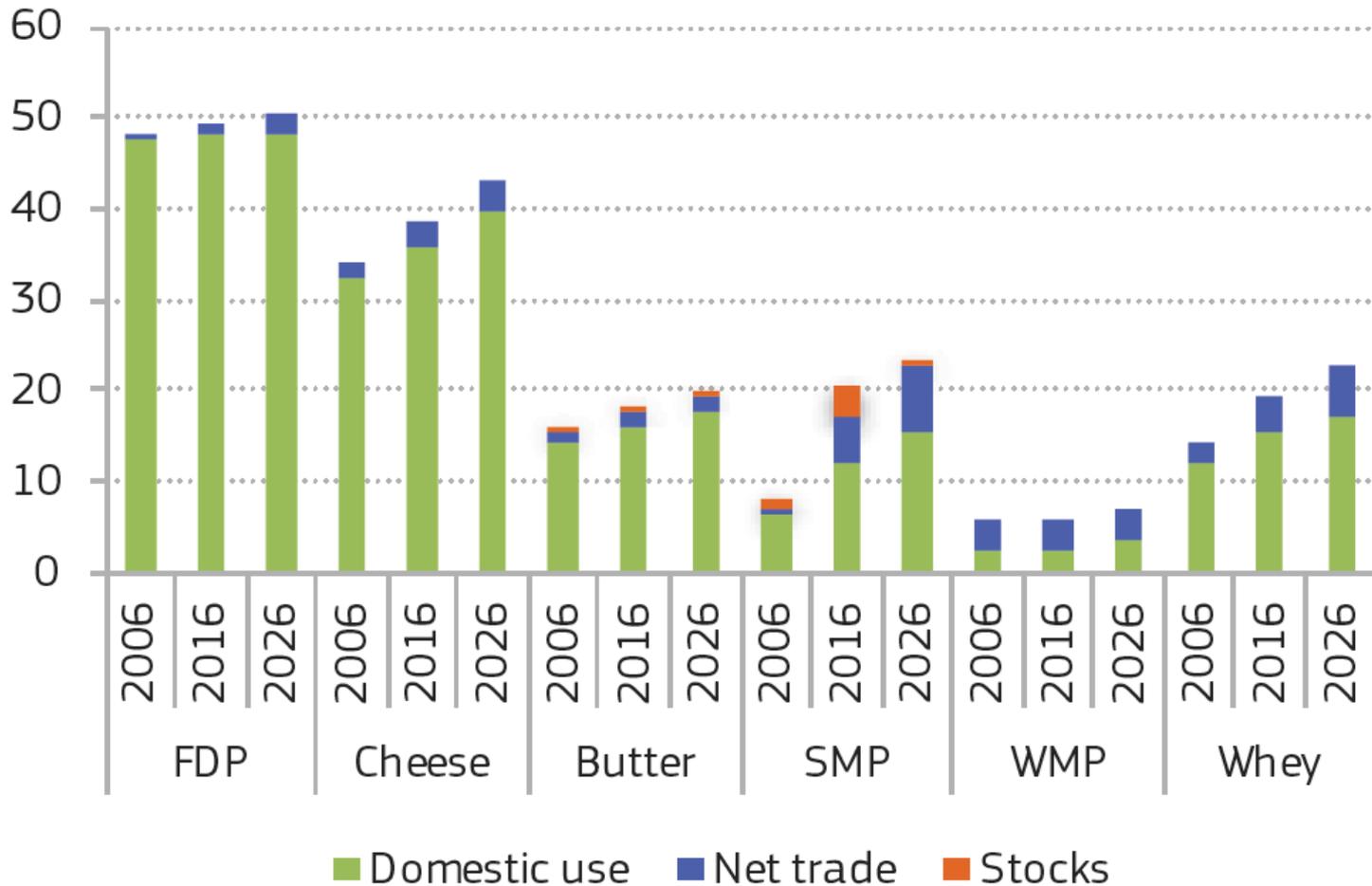
- ➔ revision of the Intervention scheme

Trade & EU trade policy

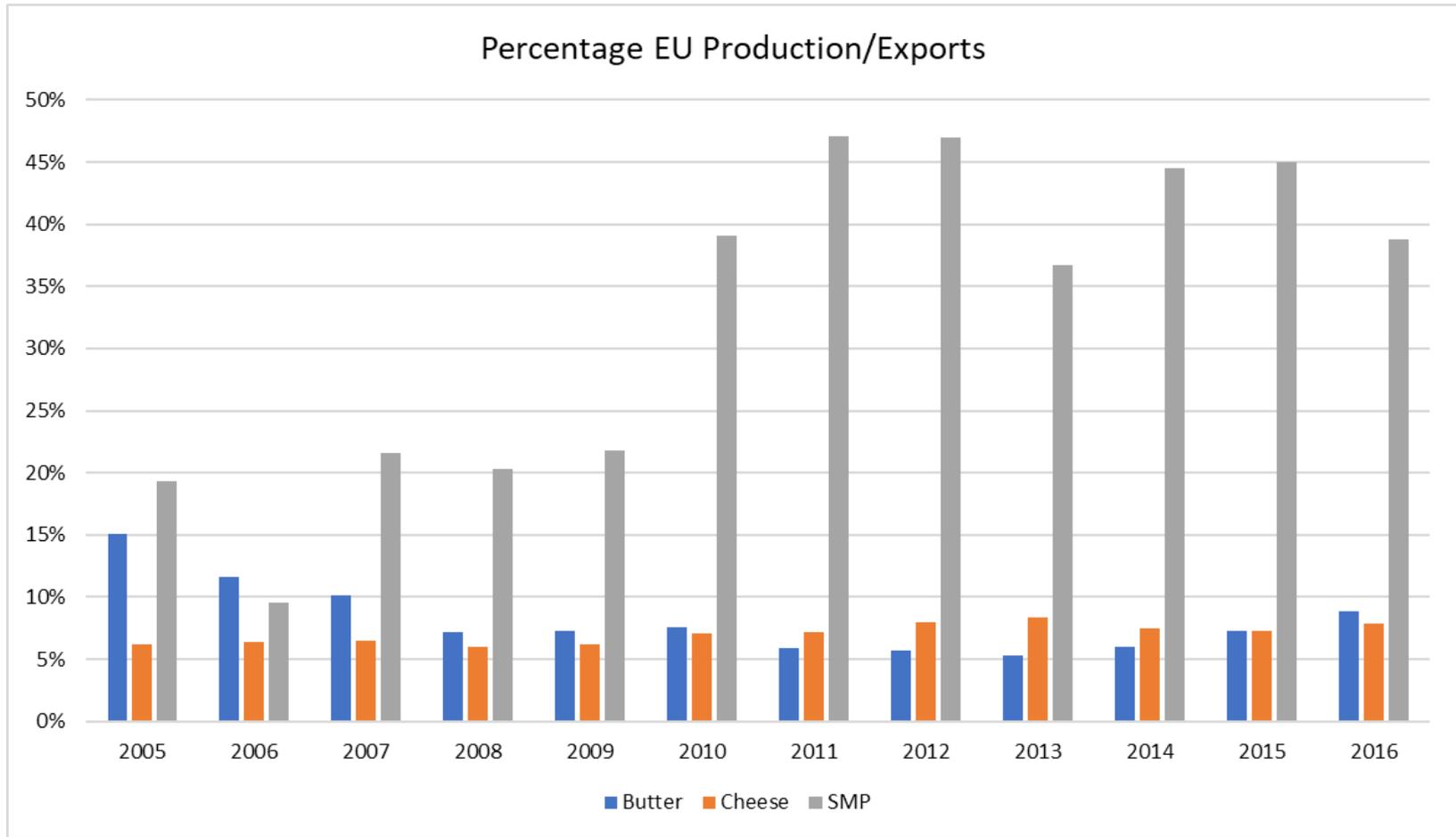
- ➔ Some statistics
- ➔ Trade negotiations
- ➔ Brexit



Use of milk in the EU (million t of milk equivalent)

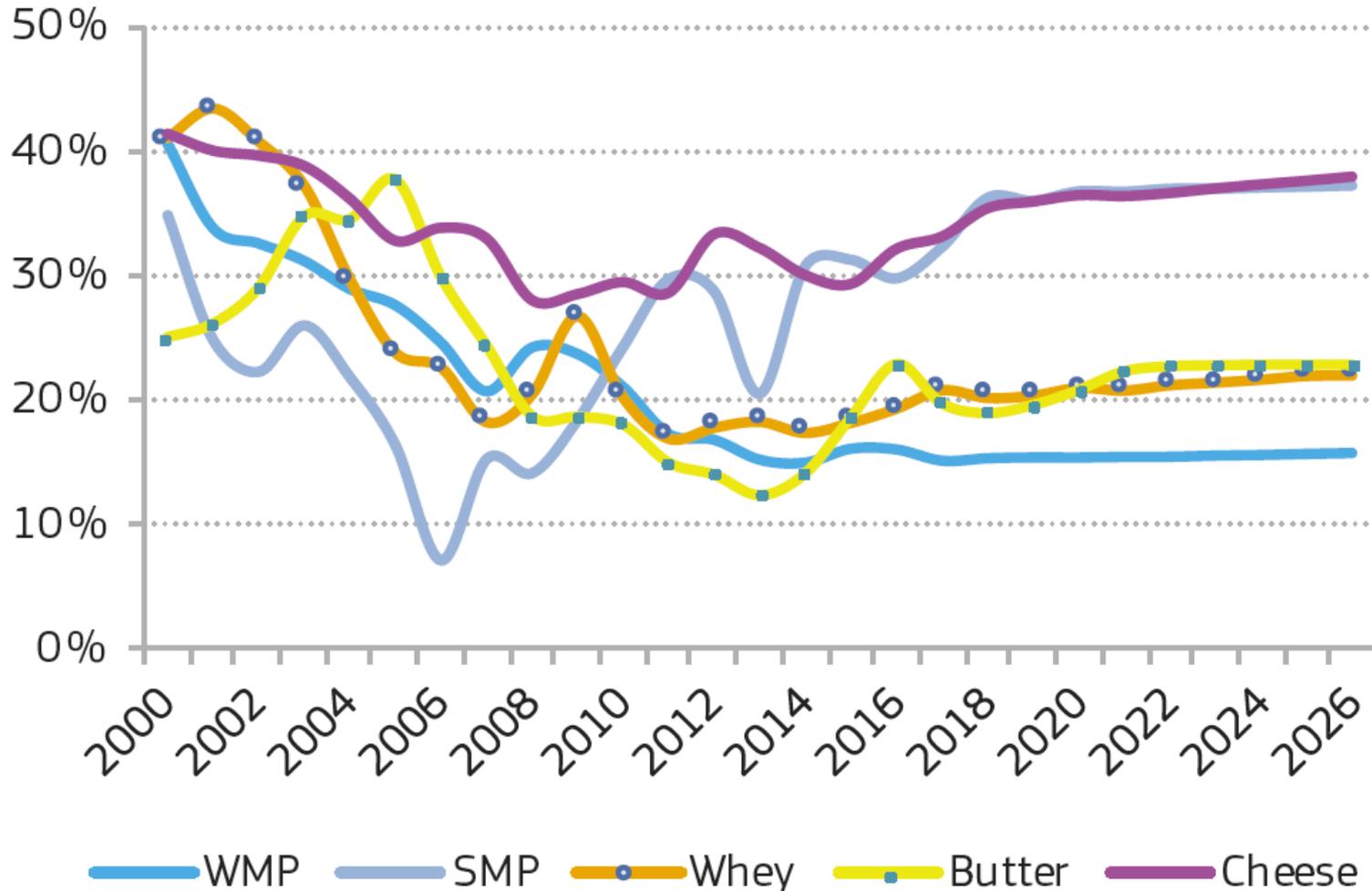


Source: DG Agriculture and Rural Development, based on OECD-FAO Agricultural Outlook 2016-2025



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Share of EU exports in world trade (%)



Source: DG Agriculture and Rural Development, based on OECD-FAO Agricultural Outlook 2016-2025

	BUTTER + BUTTEROIL	CHEESE	S.M.P.	W.M.P.
MAIN EXPORTING THIRD COUNTRIES				
<i>Jan-Aug 2017 compared to 2016</i>	BUTTER(OIL)	CHEESE	S.M.P.	W.M.P.
	Qty in ktons % 2017 /16			
New Zealand	280 ↓ - 11%	230 → - 0%	240 ↓ - 13%	826 → + 1%
EU-28	130 ↓ - 20%	560 ↗ + 7%	560 ↑ + 43%	281 → + 2%
United States	20 ↑ + 14%	232 ↑ + 23%	401 ↑ + 12%	16 ↓ - 18%
Belarus	54 ↗ + 4%	123 ↓ - 10%	76 ↗ + 3%	21 ↘ - 5%
Australia	10 ↓ - 51%	109 → + 1%	105 → + 1%	36 ↓ - 21%
Uruguay	6 ↓ - 17%	21 ↓ - 12%	8 ↓ - 27%	59 ↓ - 37%

Source: DG Agriculture and Rural Development

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		BUTTER + BUTTEROIL	CHEESE	S.M.P.	W.M.P.
MAIN IMPORTING THIRD COUNTRIES					
<i>Jan-Aug 2017 compared to 2016</i>		BUTTER(OIL)	CHEESE	S.M.P.	W.M.P.
		Qty in ktons	% 2017 /16	Qty in ktons	% 2017 /16
China		71 ↑ +19%	79 ↑ +23%	185 ↑ +29%	373 ↑ +11%
Algeria		7 ↓ -25%	15 ↓ -40%	113 ↑ +47%	192 ↑ +29%
Russia	up to Jul	69 ↑ +25%	124 ↘ -5%	75 → +2%	28 ↑ +19%
Mexico	up to Jul	29 ↘ -4%	74 → +1%	192 ↑ +24%	2 ↓ -81%
Japan		5 ↓ -32%	178 ↗ +3%	33 ↑ +53%	0 ↓ -19%
United States		28 ↓ -15%	117 ↓ -10%	0 ↓ -31%	15 ↑ +52%

Source: DG Agriculture and Rural Development

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EU Exports - Top 3 destinations in 2017

Period : January - August

BUTTER				
<i>in Tonnes</i>	2015	2016	2017	
Extra-EU	88 540	121 448	100 572	↓ - 17%
<i>USA</i>	10 361	12 197	18 848	↑ + 55%
<i>Saudi Arabia</i>	10 369	14 450	6 511	↓ - 55%
<i>Iran</i>	972	4 877	6 333	↑ + 30%

CHEESE				
<i>in Tonnes</i>	2015	2016	2017	
Extra-EU	460 086	523 634	559 527	↑ + 7%
<i>USA</i>	86 996	88 734	89 229	→ + 1%
<i>Japan</i>	43 842	48 716	64 787	↑ + 33%
<i>Switzerland</i>	36 582	38 108	40 722	↑ + 7%

S.M.P.				
<i>in Tonnes</i>	2015	2016	2017	
Extra-EU	477 900	390 915	560 088	↑ + 43%
<i>Algeria</i>	81 519	56 709	87 880	↑ + 55%
<i>China</i>	35 185	31 957	56 294	↑ + 76%
<i>Indonesia</i>	30 122	30 581	47 474	↑ + 55%

W.M.P.				
<i>in Tonnes</i>	2015	2016	2017	
Extra-EU	274 578	275 453	280 653	→ + 2%
<i>Algeria</i>	25 851	23 060	56 892	↑ + 147%
<i>Oman</i>	43 353	40 981	28 602	↓ - 30%
<i>China</i>	10 634	12 678	16 910	↑ + 33%

Source: DG Agriculture and Rural Development

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New era of a demand driven dairy markets

- ➔ **Demographic development**
- ➔ **Middle class increase**
- ➔ **Global average dairy consumption**

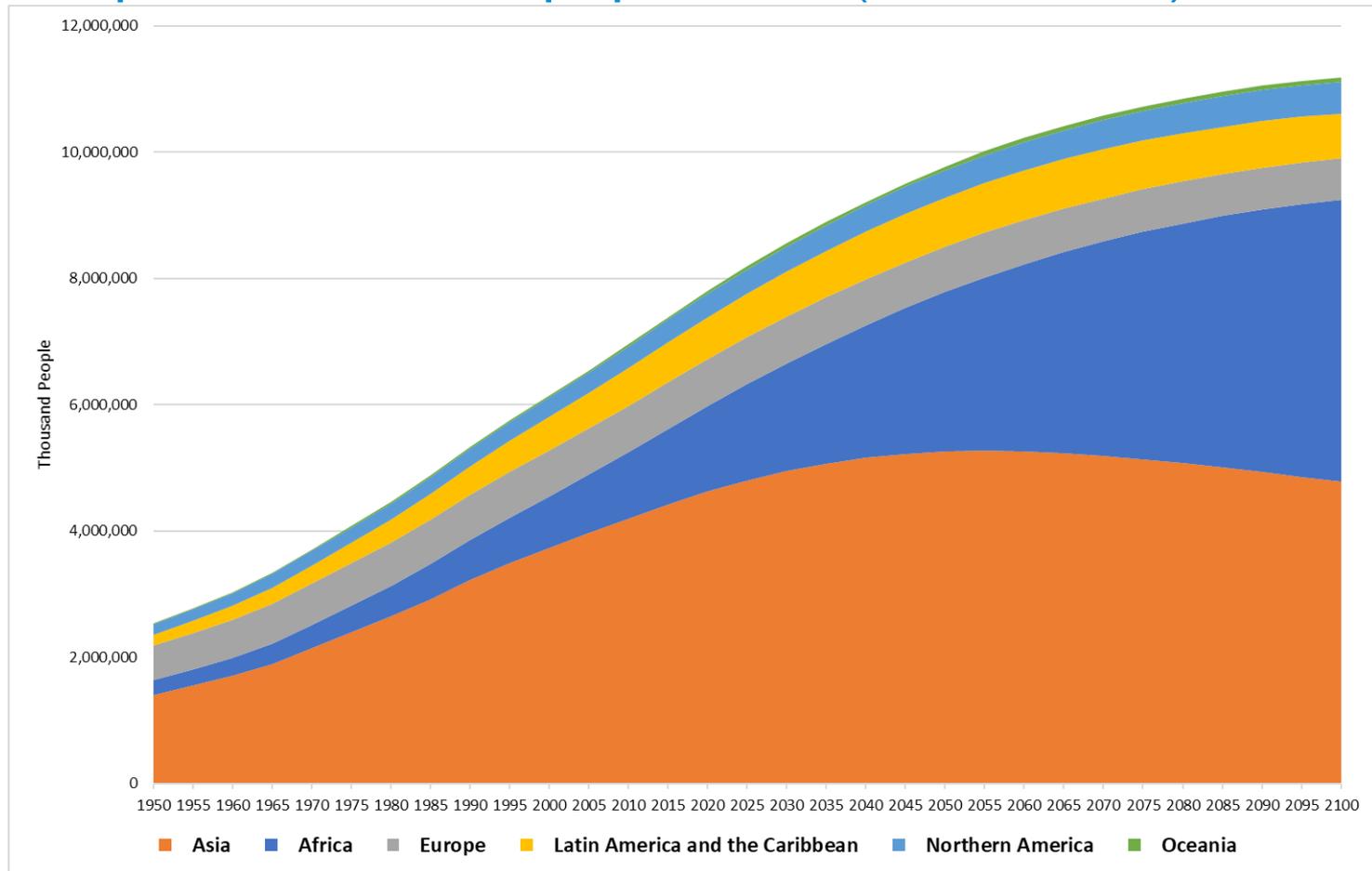


A SPREADING MIDDLE CLASS



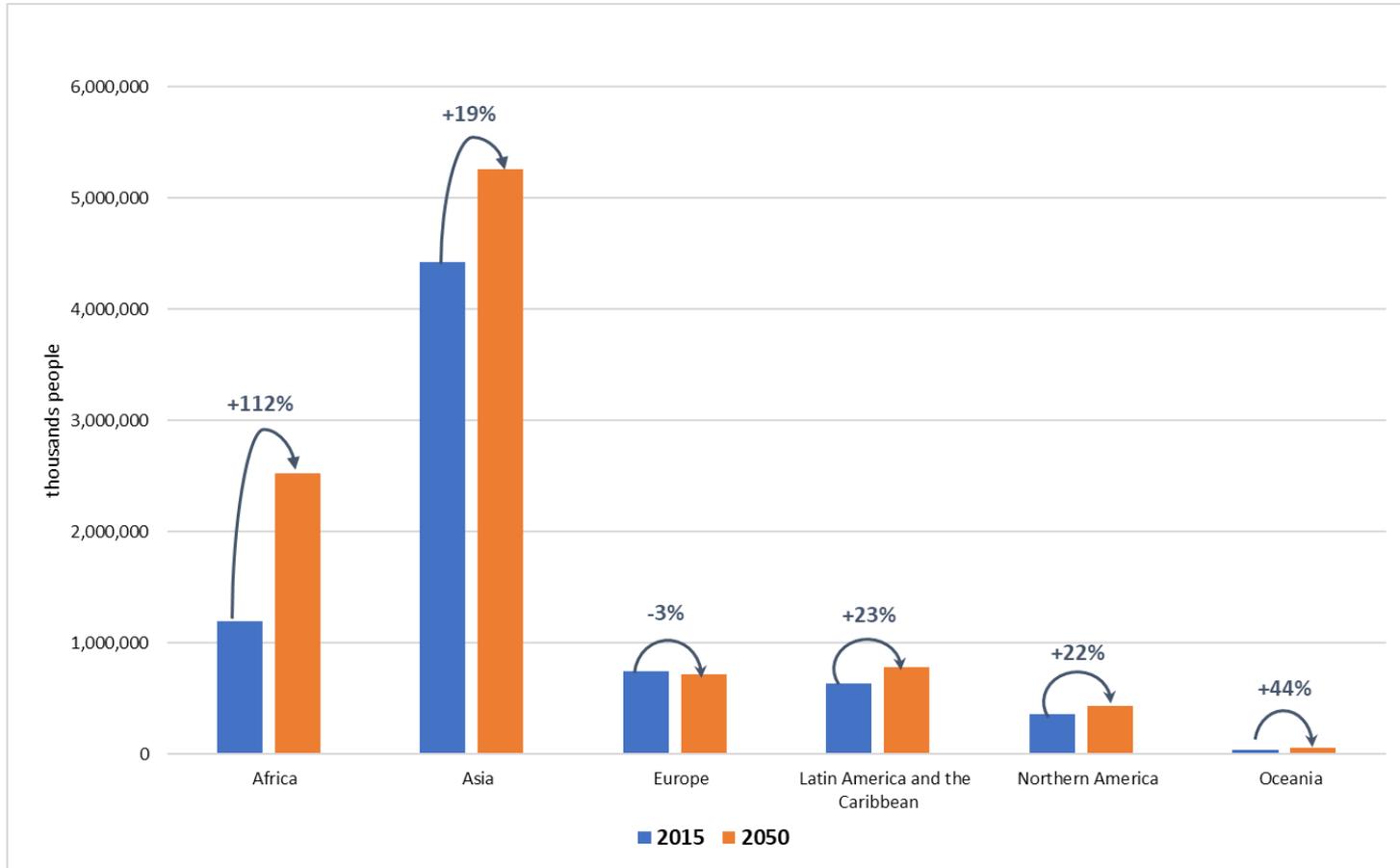
Source: Reuters. Davos 2012. The Swelling Middle.

Development of world population (1950-2100)



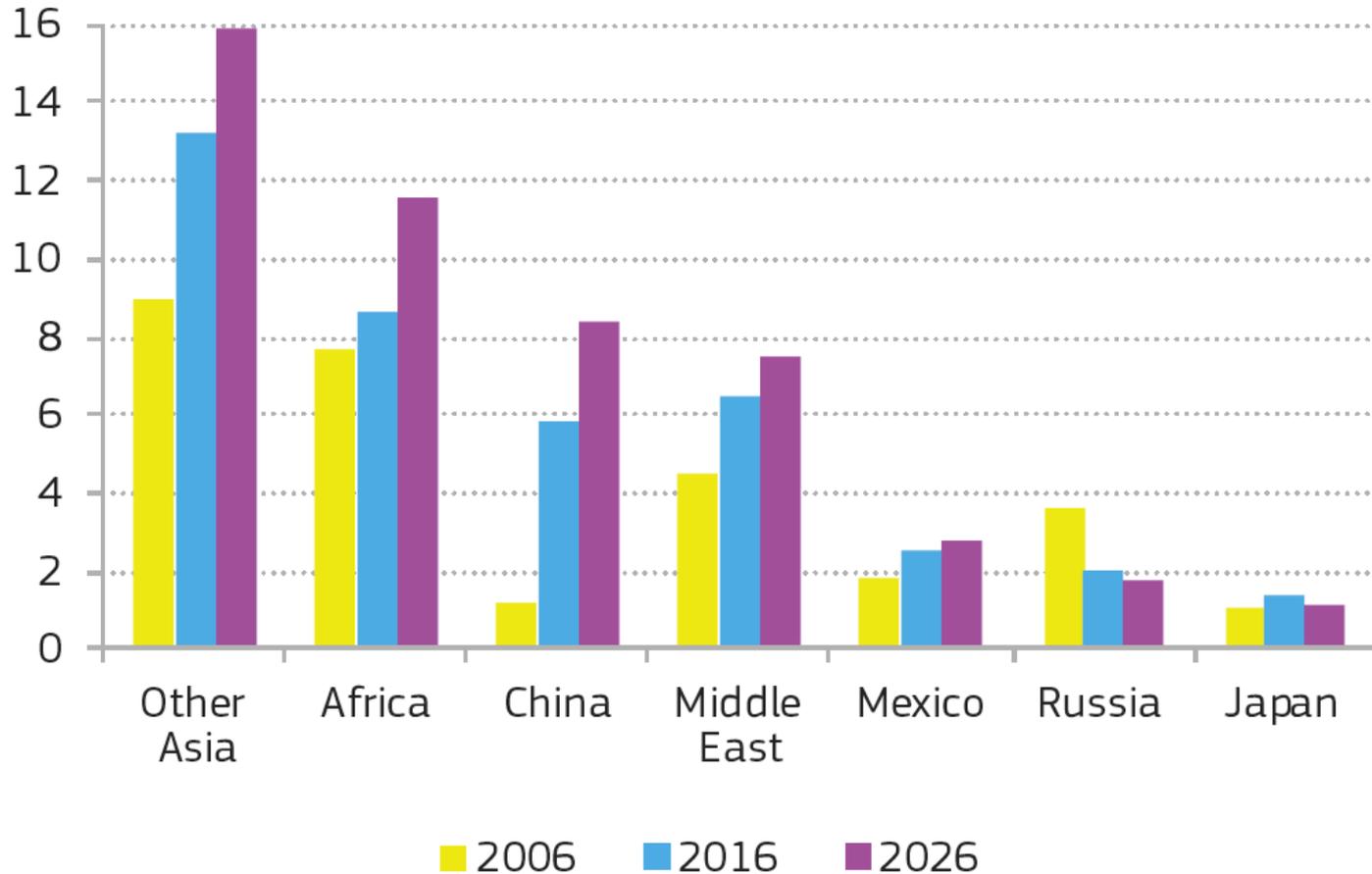
Source: United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision.

Development of world population (2015-2050)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision.

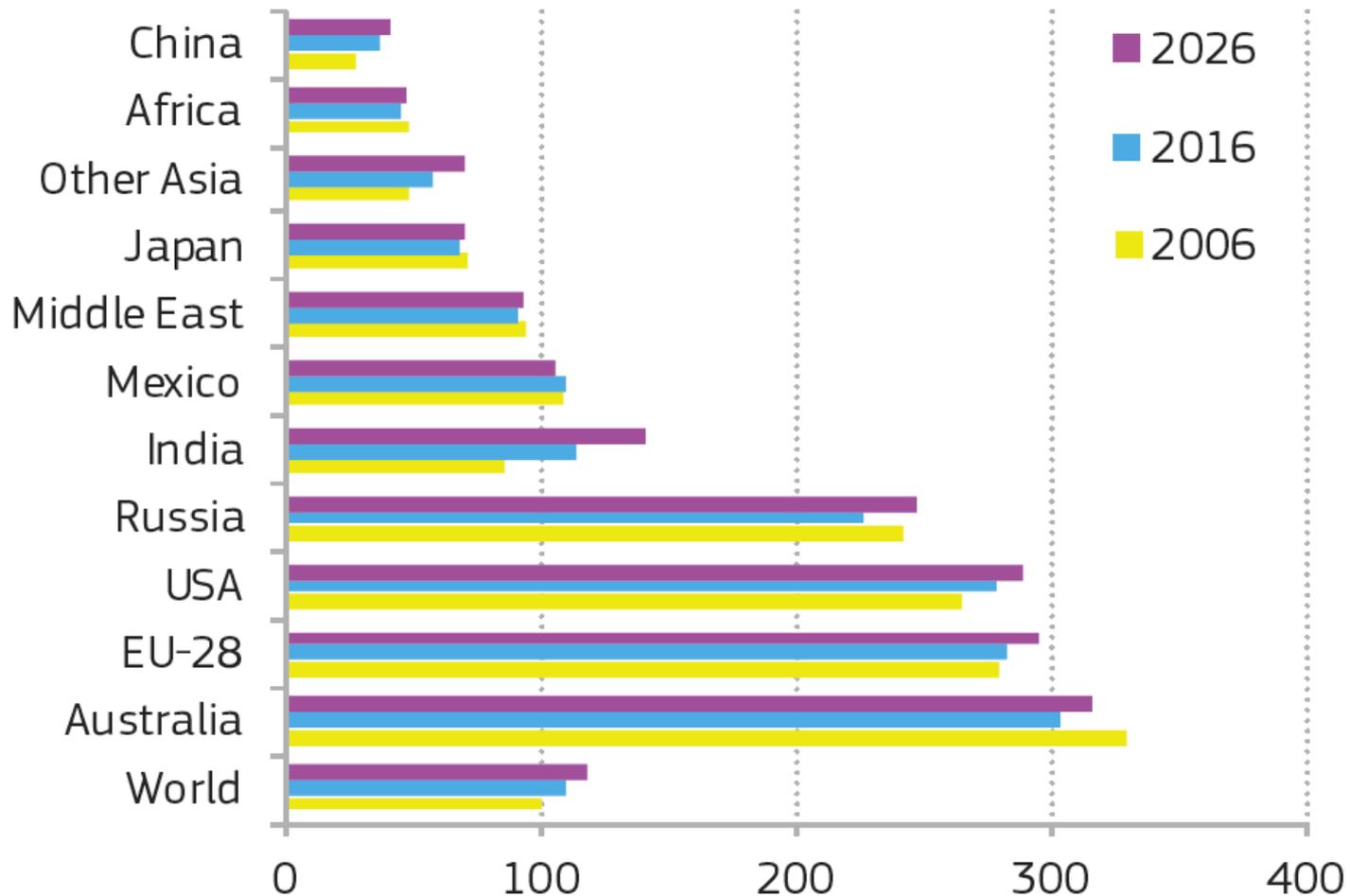
Development of world imports of WMP, SMP, cheese and butter (million t of milk equivalent)



Source: DG Agriculture and Rural Development, based on OECD-FAO Agricultural Outlook 2016-2025

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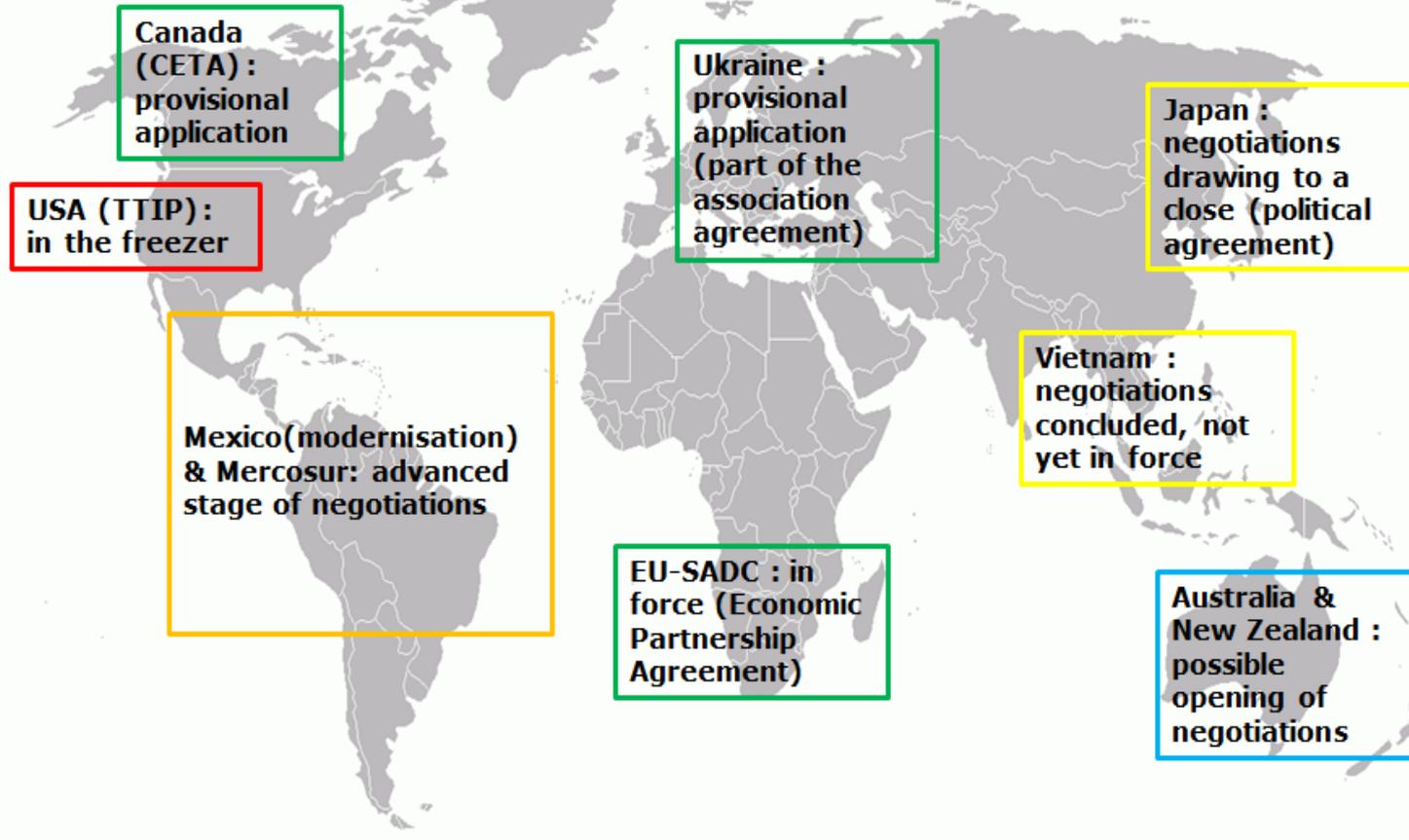
Per capita consumption of dairy products in the world (kg of milk equivalent)



Source: DG Agriculture and Rural Development, based on OECD-FAO Agricultural Outlook 2016-2025

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The EU trade policy



Source: DG Agriculture and Rural Development

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Brexit



© Dairy reporter



Butter, incl. butteroil (CN 0405)



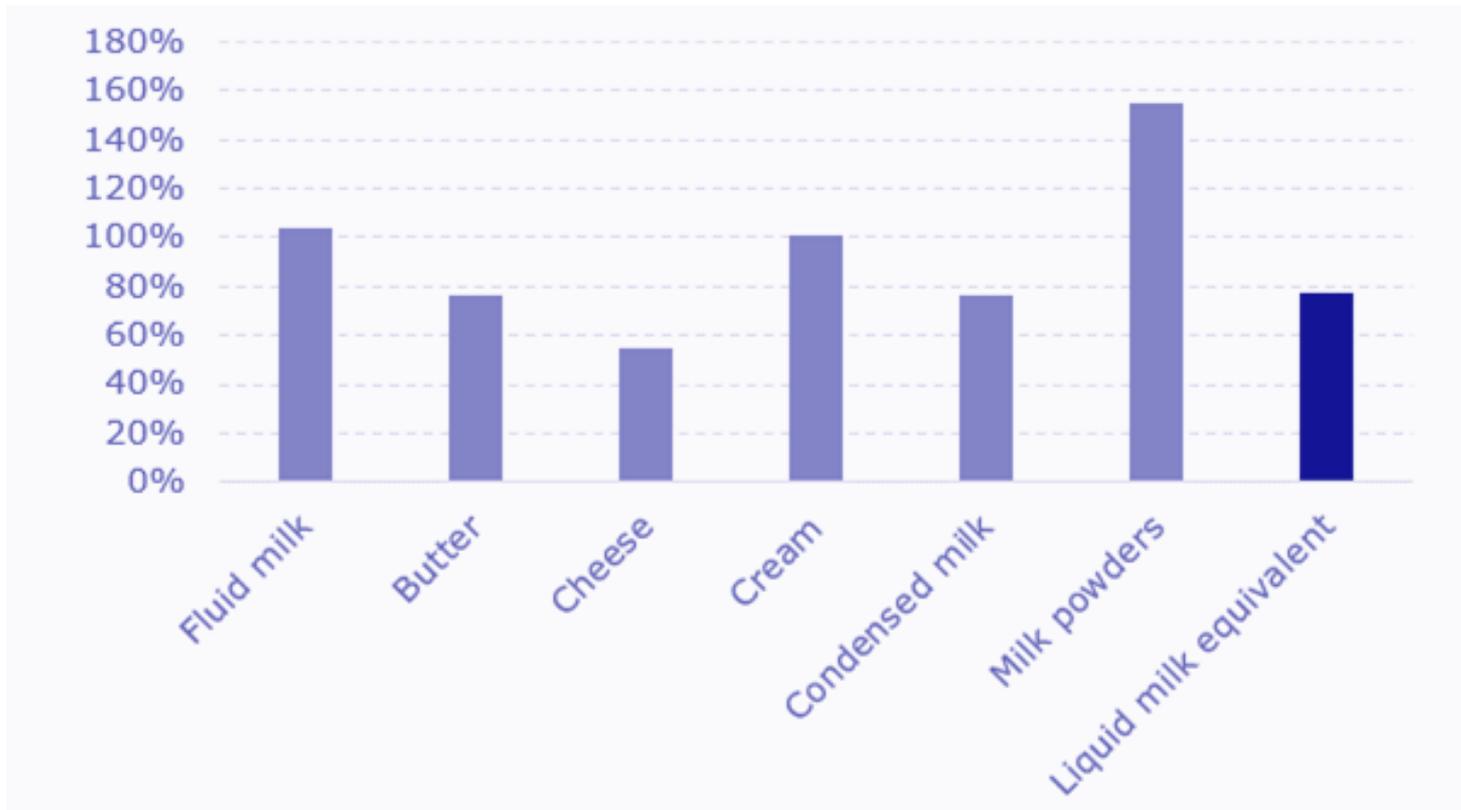
Cheese (CN 0406)



EU Dairy Exports to UK (2016)	EU Dairy Exports to Russia (2013)
151,645 tonnes	37,000 tonnes
466,091 tonnes	257,000 tonnes

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UK self-sufficiency in dairy products



Source: Rabobank 2016

Hungarian Dairy and the Single Market



Hungarian Production	Export to EU
8,200 tonnes	530 tonnes 6,5%
80,000 tonnes	14,500 tonnes 14,5%

Hungarian Dairy and the Single Market



Hungarian Production	Export to EU	Of which export to UK
8,200 tonnes	530 tonnes 6,5%	70 tonnes 13%
80,000 tonnes	14,500 tonnes 14,5%	330 tonnes 2,3%

UK dairy imports from other EU MS compared to UK dairy imports from third countries (in volume & value)



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U.K. Imports of dairy products in 2016

	Quantity in tonnes of product		Quantity in tonnes of milk equivalent (*)		Value in 1000 EUR		% from EU countries (in value)
	From EU countries	From Non-EU countries	From EU countries	From Non-EU countries	From EU countries	From Non-EU countries	
CHEESES	466 246	4 575	2 784 527	27 320	1 566 998	20 245	99%
BUTTER	58 329	203	668 351	2 320	205 167	587	100%
FRESH	231 502	373	231 502	373	242 575	2 361	99%
BUTTEROIL	13 215	1 492	182 623	20 617	43 188	4 275	91%
SMP	38 940	0	195 780	2	63 695	13	100%
WMP	23 437	0	169 267	1	51 738	1	100%
WHEYPOWDER	52 817	29	99 031	55	74 445	73	100%
CONDENSED	44 889	0	96 635	1	65 777	10	100%
CASEINES	4 912	11	62 081	139	29 353	181	99%
TOTAL			4 489 796	50 827	2 342 935	27 747	99%
			4 540 623		2 370 682		

(*) : based on fat and protein content



Internal document

Future EU – UK Dairy Framework

- ➔ island of Ireland
- ➔ zero tariffs
- ➔ TRQ split
- ➔ rules of origin
- ➔ Geographical Indications
- ➔ intervention stocks on 29 March 2019
- ➔ mutual (recognition of) food standards
- ➔ ...



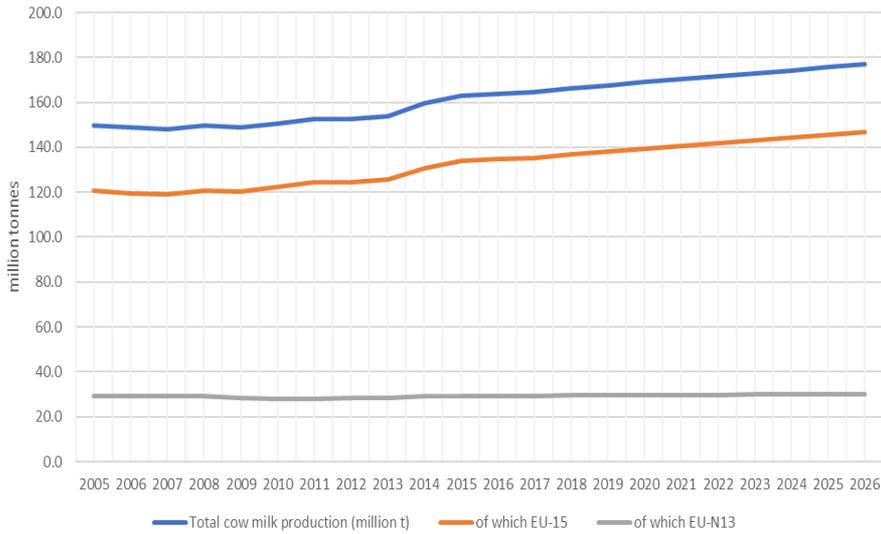
DRAFT

www.euromilk.org/eda

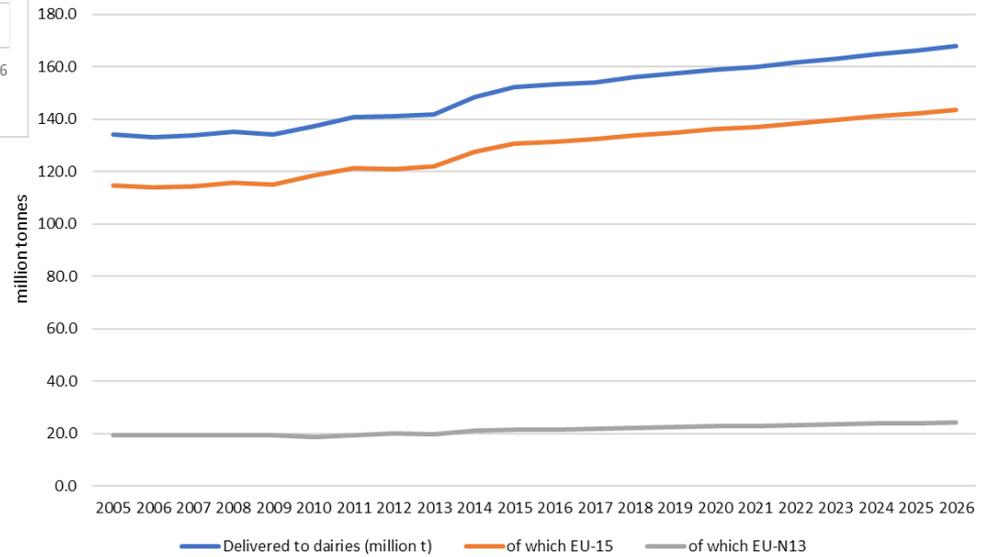
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How does the EU see the future EU dairy sector?

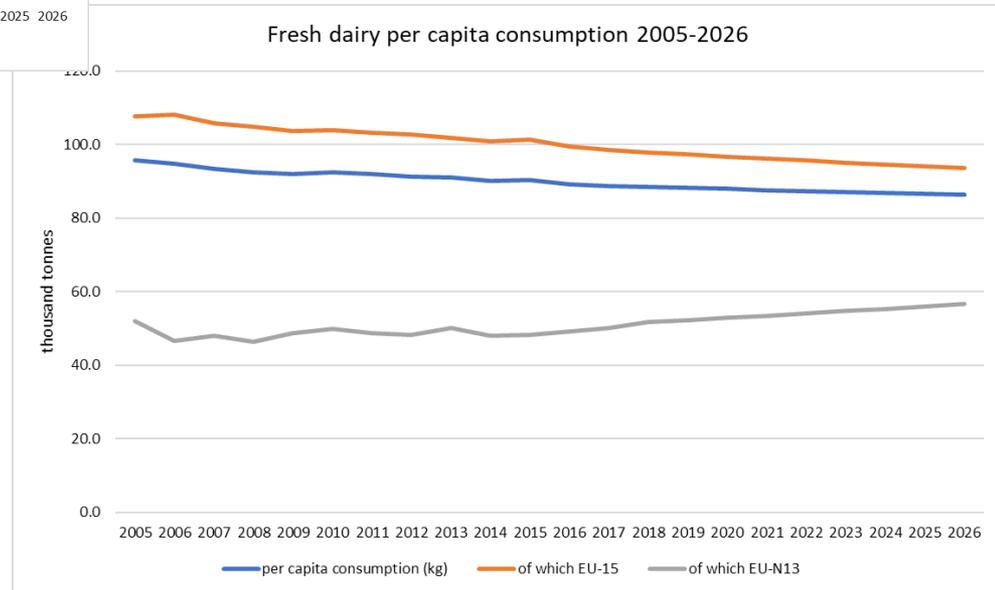
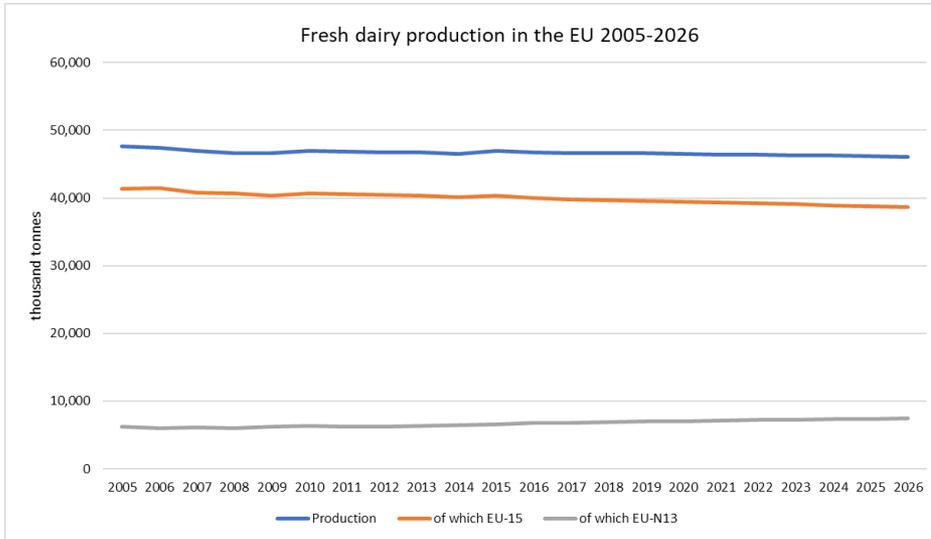
Total cow milk production in the EU 2005-2026



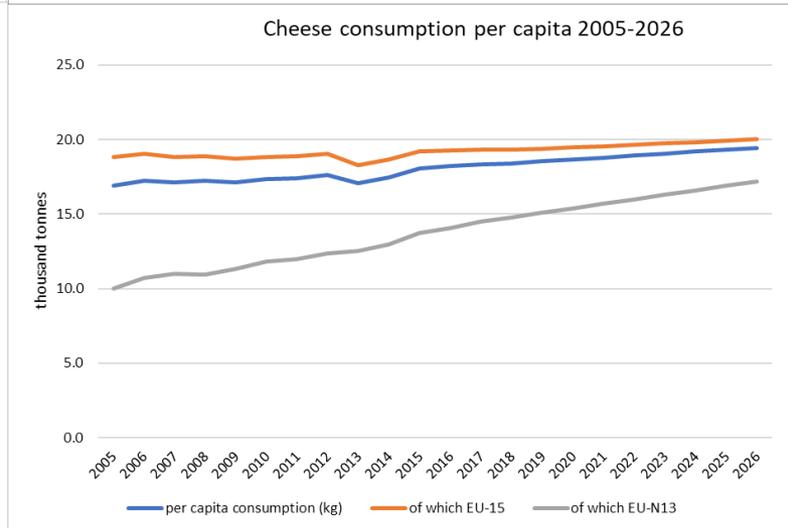
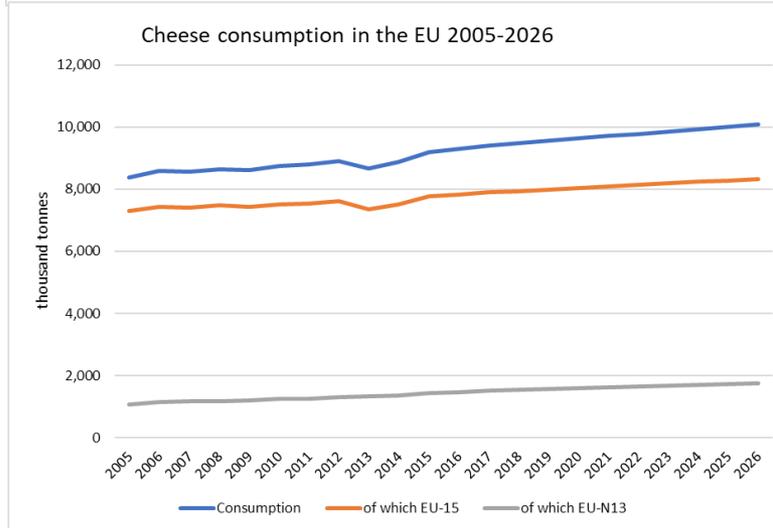
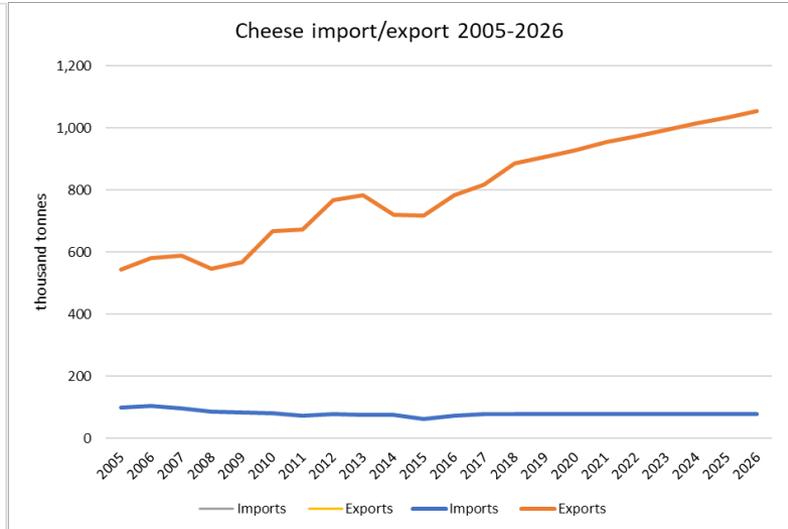
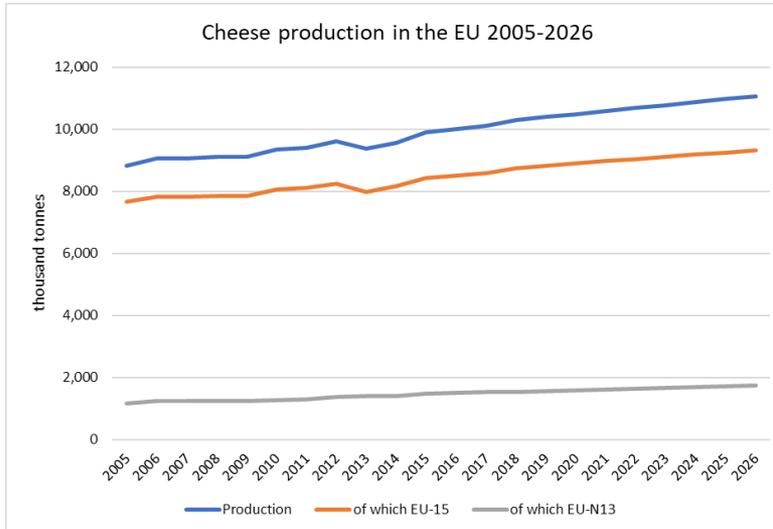
Delivered milk to dairies in the EU 2005-2026



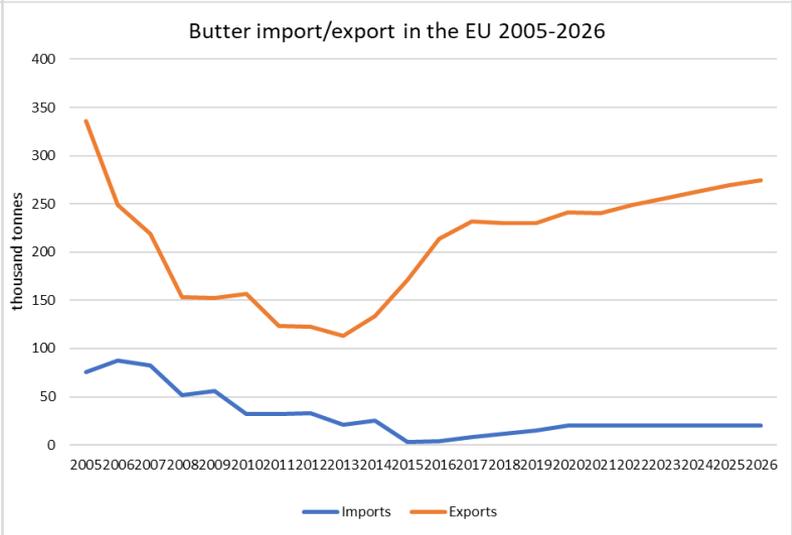
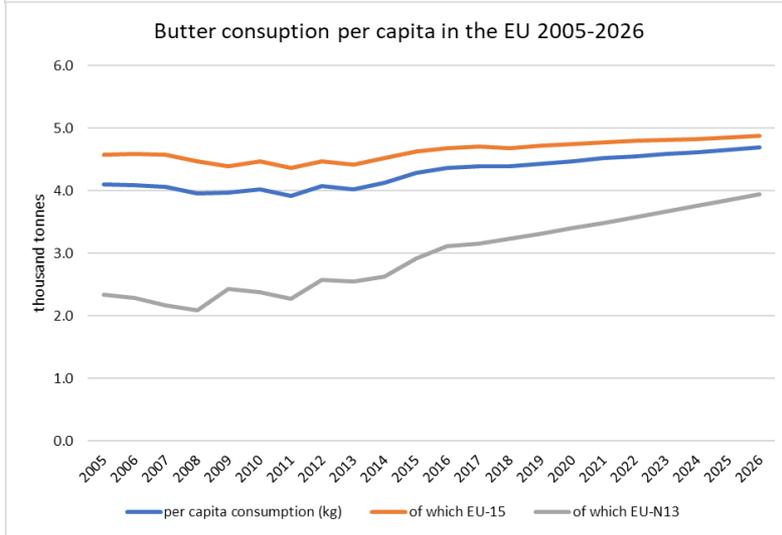
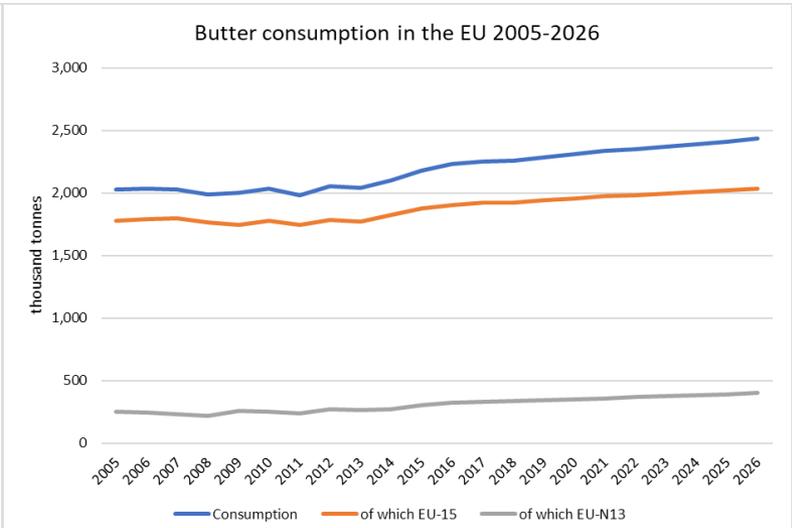
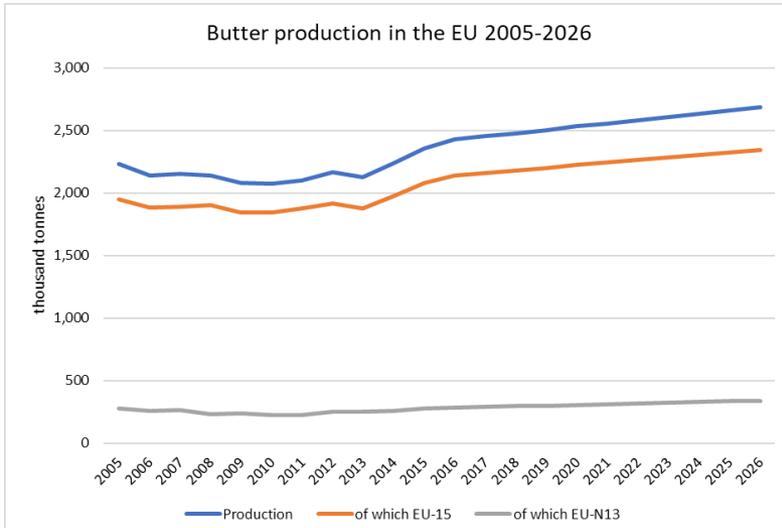
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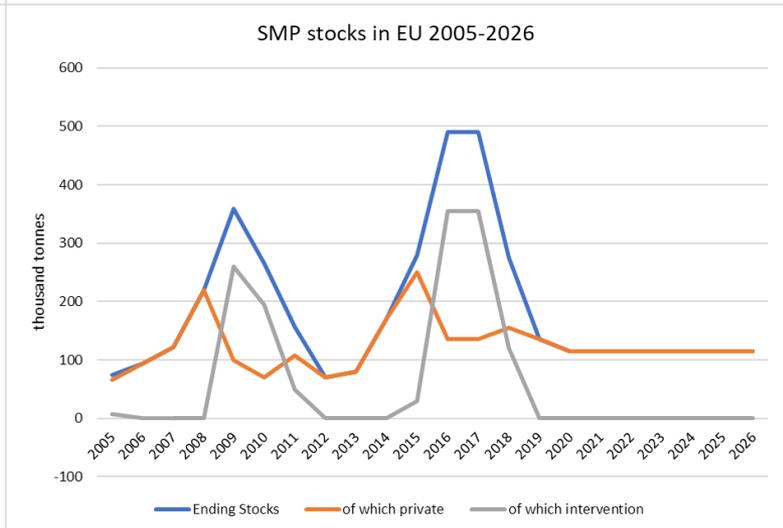
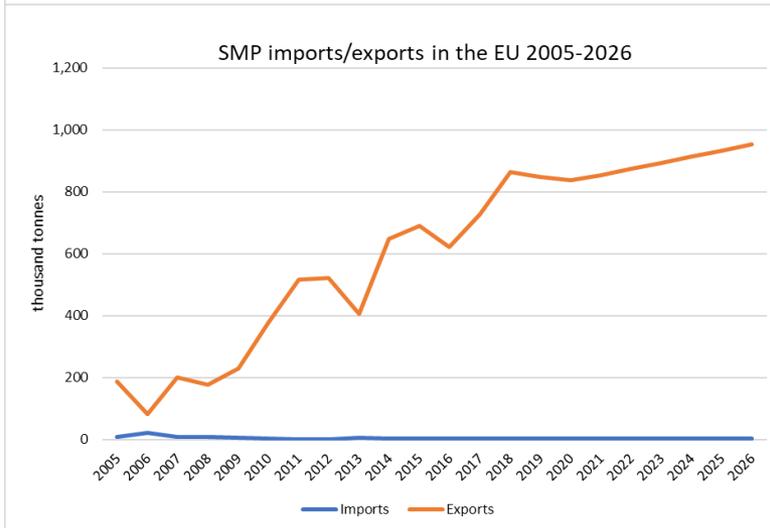
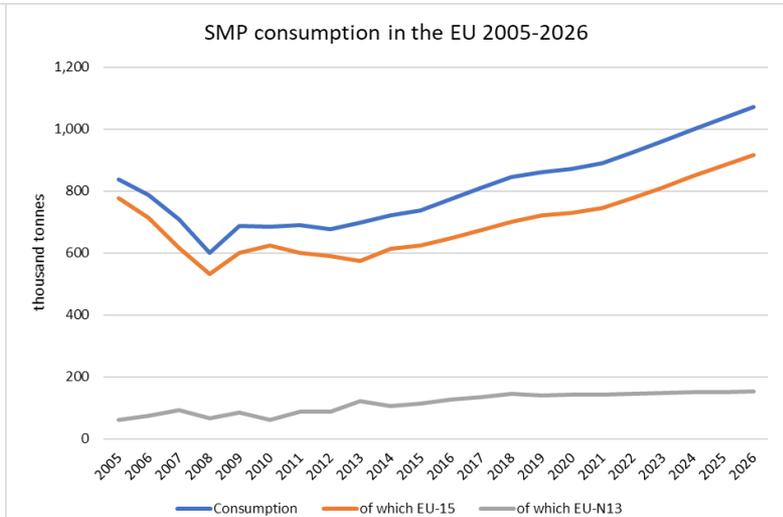
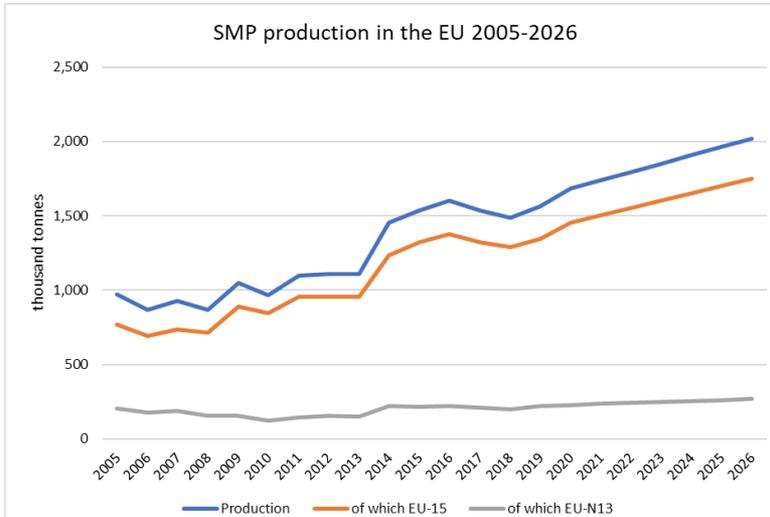


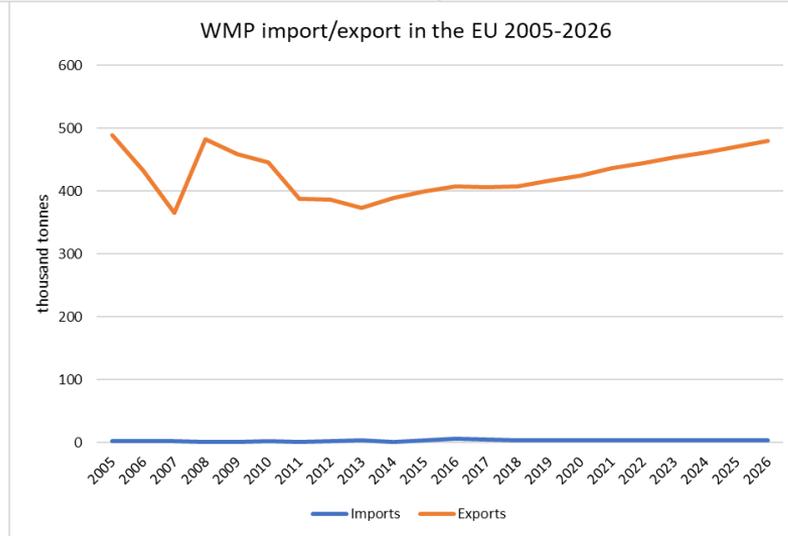
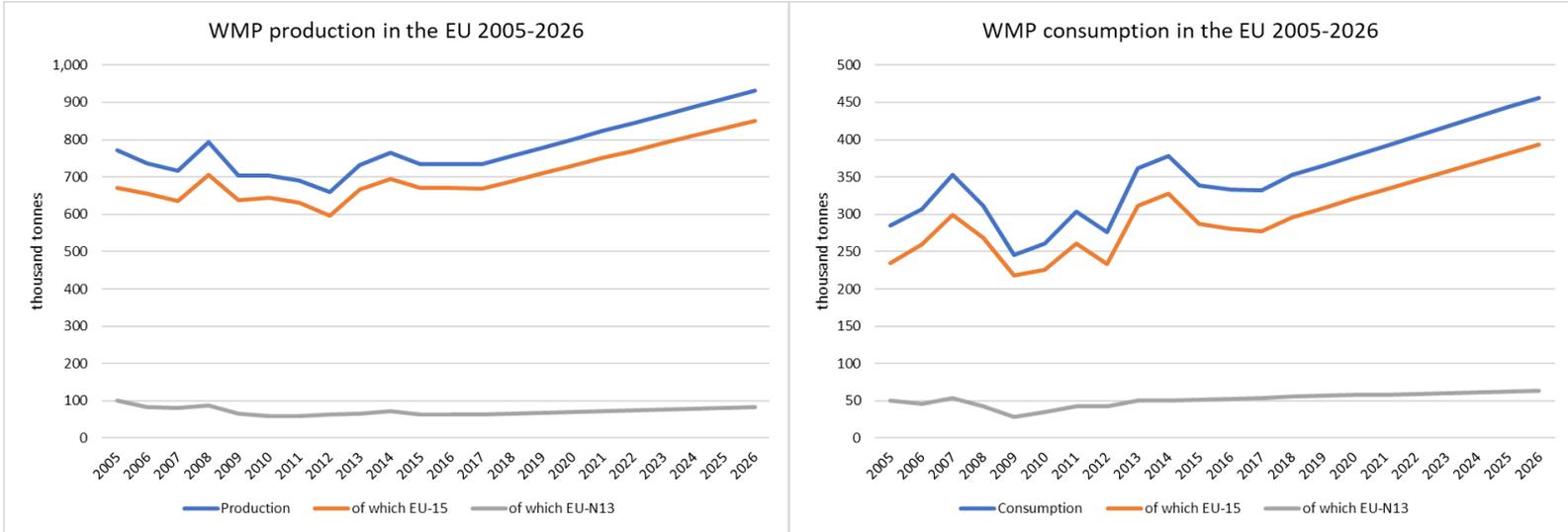
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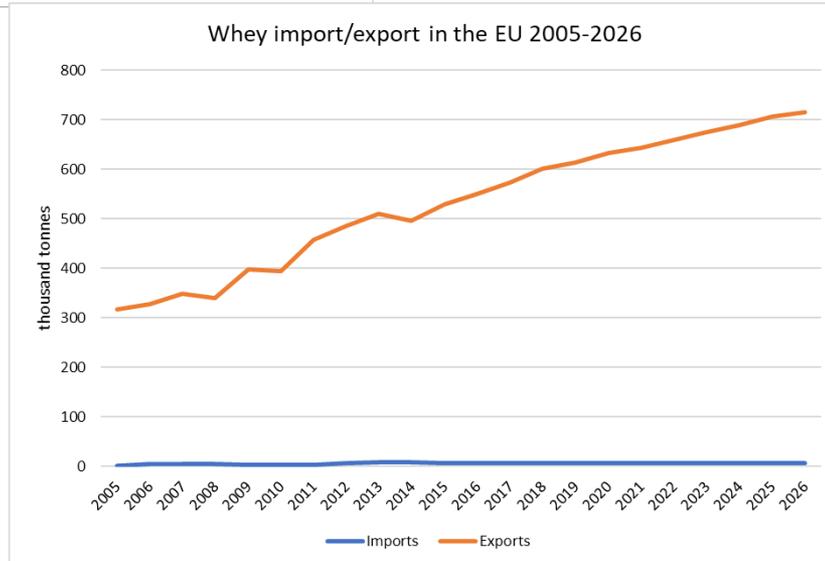
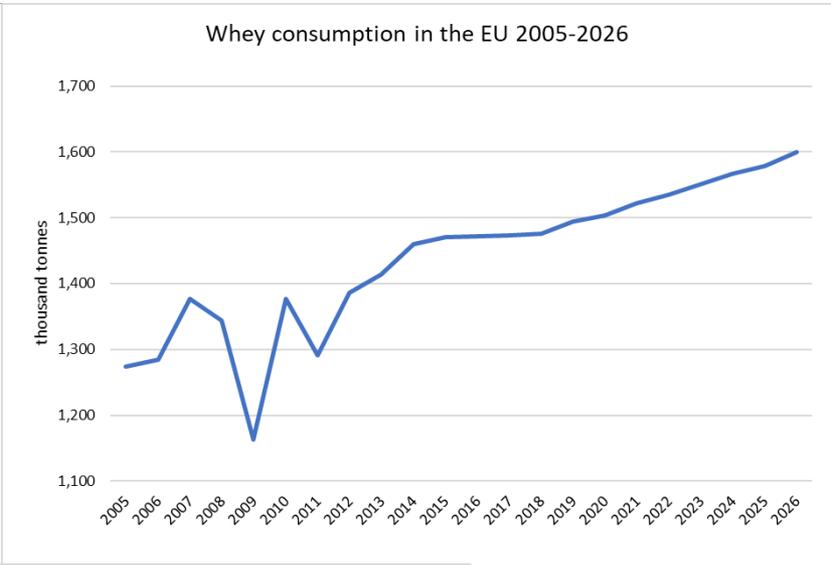
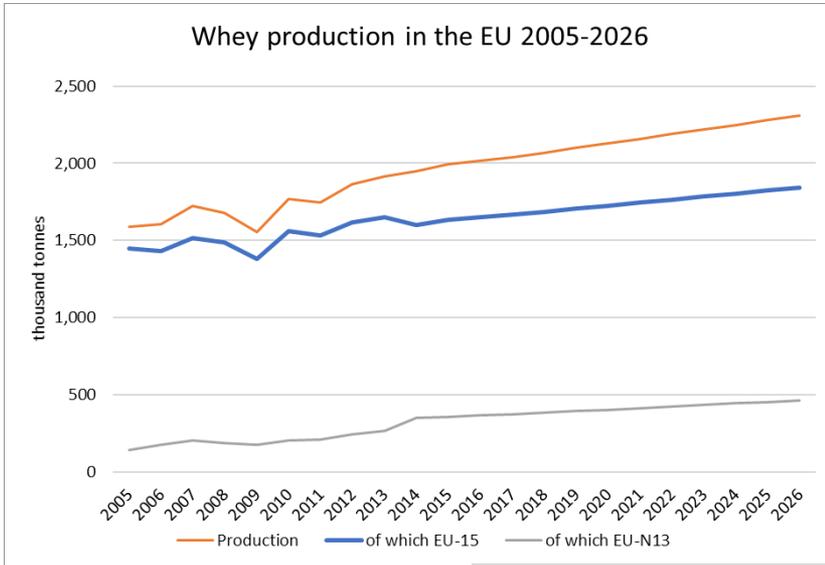
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Conclusion

➔ *“We have, all over Europe, the tradition of the past, the skills of today and the passion for the future of milk processing and of milk production”*

➔ (Michel Nalet, EDA President)



Thank you for your attention.

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