



IDF Country Reports

IDF Factsheet – August 2012

Members of the IDF Standing Committee on Dairy Policies and Economic (SC DPE) from 16 countries submitted a country report in March 2012

Retail prices are up for all reporting countries ranging from +0.3% in Japan to 5.5% in Finland with most countries in the 2-4% range. Denmark reported a decreased in organic milk demand mainly due to the slower economy. Finland is experiencing a "fat boom" with increases in butter sales of 20% and 5% for cheese.



Germany saw increases in their yogurt and cheese market while fluid milk is on the decline. France and Italy reported that their retail prices have stabilized. In the UK household spending is expected to remain under pressure.

The US exported 13.3% of their milk solids in the last year as most of the growth in cheese and powder production has been absorbed by exports. France has seen the value of their dairy exports increasing by 15% in 2011. Australia noted that the dairy markets are remarkably stable given the global financial turmoil. Australian consumers are seeking value and food prices are under pressure. In Japan fluid milk sales continued to decline at the rate of 2.2% in 2011.

Milk production increased almost everywhere in 2011; New Zealand recorded the highest production increase with 9.8%, followed by Austria, France and Australia with increases of 5.7%, 4.5% and 3-4%, respectively. Most other countries reported increases of 2-3% except for Norway, Finland, Japan and Ireland reporting decreased of 1-2% in the last year. Several countries, however, reported that high feed prices mitigated the production growth.

Most countries recorded increases in milk production in 2011, from 2% to almost 10%.

Farm gate milk prices also progressed in most countries during 2011. The largest increase was observed in NZ with 23% followed by US, UK and Ireland in 12-13% range. Austria, Germany, Italy, Norway and Finland recorded farm prices increases in the 5-8% range. Canada, the Netherlands, Denmark, France and Japan saw price moving up by 1.5-4% while Australia reported prices reducing by 5%. In Germany, the farm gate price reached the record-high level 34.83 eurocent in 2011.



Several countries noted that the start of 2012 is tougher than 2011 as feed prices remain high, prices are reducing. Production quotas are expected to be exceeded in many European countries. Italy further noted a pressure on retail prices as evidenced by the growth in private label dairy product sales. The Dutch government is planning to reduce public expenditures.



In Oceania, the demand for milk products is pressured by sluggish demand from importers such as China and will mainly depend on how the world economy recovers in 2012. Milk production is expected to increase by 3-5% in the next year. In the US, prices are expected to track world market prices.

Canada reported that production recently started to come in line with the domestic market requirements and it is expected that butter inventories will be rebuilt in coming months. In Norway, the government is looking at increasing agricultural production with a 20% target for milk. Quotas increased by 4% and milk prices are at 60 eurocents per litre.

The pace is increasing in industry restructuring as evidenced by a joint venture between Agrial and Senoble in France, Lactalis confirmed the acquisition of 88.3% of the Parmalat Group, German Mueller acquired the UK fluid milk processor Robert Wiseman Dairies and Arla acquired the German coop Algauland-Kasereien.

New Zealand is setting qualitative and quantitative limits for all waterways and the agriculture sector will enter into an Emission Trading Scheme phased in over a 3-year period from 2015. NZ also reported negotiating several free-trade agreements. In the US, the Farm Bill is up for renewal in 2012 but given that it is an election year, it is unsure whether the new Farm Bill will be concluded this year or only in 2013.

On the nutrition front, Denmark implemented their saturated fat tax with increases the prices for higher fat products such as butter and is now considering a sugar tax.

No countries reported on weather, WTO, CAP reform, animal welfare, food safety issues or animal diseases.



International Dairy Federation
www.fil-idf.org

References

IDF Members' Country Reports - Standing Committee on Dairy Policies & Economics - Seoul, South Korea, March 2012