



# Executive Summary of IDF Country Reports - October 2017

Members of the IDF Standing Committee on Dairy Policies and Economics (SCDPE) and the Standing Committee on Marketing (SCM) from 17 countries<sup>1</sup> submitted reports covering the six months leading up to October 2017.

This fact sheet highlights the main findings from the review of the country reports as prepared by Peter Dawson (UK) and presented to a joint meeting of the SCDPE and SCM held in Belfast on 28th October 2017.

## Milk Production

Production trends reported by EU countries for the very latest period were positive as milk producers responded to increased milk prices. Recent growth was even reported for the Netherlands where the effect of the phosphate reduction programme was being offset by herd reorganization.

Outside the EU milk production was positive in North America, New Zealand, South Africa and Israel. Negative trends were reported for Japan and Australia.

## Farm Gate Prices

The latest reported farm gate price trends were strongly positive globally, with Germany, the Netherlands and Ireland reporting increases in excess of 30%. The exceptions were negative trends in Finland and Australia, the latter due to the difficulties encountered by one major milk purchaser.

## Wholesale and Retail Milk Prices

After reaching an all-time high, butter prices had started to correct. Protein prices remained subdued largely due to the overhang of stocks in the EU.

## Consumption Trends

Consumption trends from the countries supplying data were generally negative for liquid milk and yogurt but largely positive for butter. A significant number of countries reported growing consumer interest in sustainability and animal welfare issues. South Africa and Canada reported growing consumer preference for natural fats. A large number of European countries reported growing anti-dairy activity, especially by the vegan lobby, along with growing competitive pressure from dairy substitutes.

## Trade

US exports were increasing as a result of rising milk production.

The trade policy landscape was complex with the UK negotiating to leave the EU, the USA seeking revisions to NAFTA and the EU and New Zealand pursuing a range of bilateral and multilateral initiatives.

After proposal by a Swiss farm association and adjustment by the government, a food security and sovereignty initiative was adopted by popular vote.

## Environment

Environmental activities and initiatives were reported on by 13 countries indicating the continuing importance of the issue to the sector. Reported developments included a new environmental stewardship platform being added to the US assurance scheme FARM and the launch in New Zealand of Dairy Action for Climate change which will provide a framework for the sector to address emissions.

In the Netherlands, of the phosphate reduction scheme only a small impact. Although milk production in the country is reaching the limit, more farm efficiency and investment make further modest growth not impossible.

## Nutrition

In Canada the government was developing a national healthy eating strategy. In Norway, the National Advisory Board would be releasing a report on sustainable nutrition guidelines. The dairy sector was making headway in some countries in the scientific debate on fat. In France, national nutritional recommendations are under review,

<sup>1</sup> Australia, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, South Africa, Switzerland, United Kingdom and USA

and a new “Nutri-score” nutrition labelling is being implemented, potentially putting dairy products at stake.

#### Animal Welfare

Intense media interest in animal welfare issues was reported by a number of European countries.

#### Generic Marketing

Information on generic marketing campaigns was received from 11 countries. By theme/message nutrition and health was the most commonly used by the sector followed in descending order by meal occasions (moments, evening meal, taking a break),

pleasure (taste, celebration), culture (local heritage, tradition, craft), sports (recovery), provenance, sustainability, food security and finally energy.

#### Summary

There was some uncertainty over whether the latest price adjustments were simply seasonal or whether they presaged a cyclical downturn. There was growing consumer demand for butterfat but consumer concerns increasingly embraced sustainability and animal welfare issues. The challenge from the vegan lobby and dairy substitutes was growing. Sector generic marketing activity still gave prominence to health and nutrition messaging.

IDF Country Reports



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