



Executive Summary of IDF Country Update - October 2019

Members of the IDF Standing Committee on Dairy Policies and Economics (SC DPE) from 17 countries¹ submitted country updates covering the six months leading up to September 2019.

This factsheet highlights the main findings from the review of the country update as prepared by Peter Dawson (UK) and presented to the Committee at the SC DPE meeting held in Istanbul 21st September 2019.

Milk Production

Milk production increased in most countries. Milk production trends in continental Europe were weak due to dry weather but buoyant in Ireland and the UK. In the USA production was slightly lower than last year but up in terms of milk solids. While milk production increased normally in New Zealand, it was contracting in Australia due to dry conditions leading to high feed prices resulting in the culling of cows.

Farm Gate Prices

Milk price trends were generally stable or increasing with the only exceptions being Italy, where prices were diverging from the EU, Australia, where the shortage of milk was resulting in competition for supplies, and the USA, where prices were up 12%. The other notable exceptions were Ireland and New Zealand where milk prices reduced by 5.6% and 3.9% respectively.

Wholesale and Retail Milk Prices

The divergence in butterfat and protein valuations began to be rebalanced with declining butter prices and a recovery in SMP, particularly following the clearance of EU public stocks. Cheese prices were mostly stable.

Consumption Trends

Consumption trend data provided by 10 countries showed growth in cheese consumption across all countries. The majority of countries also reported declining liquid milk consumption. The pattern for other products was mixed.

Trade Policy

Trade policy uncertainties posed the greatest risk to dairy markets in the short term with continued uncertainty over Brexit, expected US retaliatory tariffs following the Boeing Airbus dispute, and continued tension in US/Chinese relations. The CUSMA Agreement between Canada, Mexico and the United States is expected to be ratified by the US and Canada in the coming months.

Environment

A number of Governments had committed to 'Net Zero' for greenhouse gas emissions and adopted legislative frameworks that including the setting of emission reductions targets for the agricultural sector (Ireland, the Netherlands and New Zealand). This was supplemented by company or industry led initiatives. In Ireland work was underway to

¹ Australia, Brazil, Denmark, Canada, France, Germany, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, South Africa, Switzerland, United Kingdom and USA

determine a 'Marginal Abatement Cost Curve' which would determine the level of commitments to be made by agriculture.

Vegans and Alternative

The vegan movement and plant-based beverages are increasing their footprint in many countries. Marketing activity for plant based dairy alternatives was increasing with more anti dairy messaging appearing in the media.

Following petitioning by the dairy industry the USA Food and Drug Administration was seeking comments on the use of dairy terms by imitation products.

Nutrition

Nutritional advice by reputable institutions showed a divergence in views. Canada's Food Guide recommended choosing protein foods from plants more often and the advice in France was to reduce

from 3 to 2 the daily consumption of dairy products. However, the Australian Heart Foundation removed its reduced fat dairy recommendation.

Considerable activity by Governments on food labelling initiatives was reported by several countries.

Animal Welfare

Industry and Government led activity on setting and inspecting standards was reported in a number of countries along with various marketing initiatives by industry to highlight various aspects of milk production systems.

Summary

Overall market trends were generally stable due to modest supply growth and stable demand. Trade policy risks were significant in the short term. Longer term environmental constraints were becoming significant. The challenge from veganism and plant substitutes was continuing to grow.



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