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THE WORLD DAIRY SITUATION 2016

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FOREWORD

We are delighted to present the 2016 World Dairy Situation Report. This highly valuable publication is produced annually by the International Dairy Federation (IDF) as part of its mission to represent and support the dairy industry globally. The report contains a wealth of information about the international dairy sector- including data tables, graphs, Country Reports and analyses for more than fifty dairy-producing countries from all five continents. Every aspect of the industry is covered: from milk production and processing, to trade, pricing and consumption.

The global dairy sector continues to face challenging times: milk prices have been on the decline in most parts of the world for the past two years and are currently rather low. While some degree of price recovery in the medium to long term is expected, a considerable level of uncertainty remains due to the increased production recently witnessed in the United States and the European Union, as well as the state of the global economy and geopolitical landscape.

While the long-term global demand for dairy products continues to increase- primarily as a result of population and dairy consumption growth- the worldwide increase in milk production is currently not matched by corresponding demand. Overall demand for solids-not-fat is not increasing at the same rate as butterfat, resulting in growing inventories of several dairy products- milk powder in particular.

We would like to thank all IDF National Committees, the IDF Standing Committee on Dairy Policies and Economics, other international organisations and partners, as well as members and experts who contributed their time and expertise to this report. We extend a special thank you to the teams at ZuivelNL and the Centre National Interprofessionnel de l'Economie Laitière (CNIEL), who helmed the production of this important publication.

We hope that you will find this comprehensive report helpful in furthering your understanding of current macro supply and demand trends affecting the dairy sector, as well as the wide range of policies and economic factors influencing them in a world increasingly focused on sustainable development and nutrition.

Gilles Froment
Chair- IDF Standing Committee on
Dairy Policies and Economics

Nico van Belzen
IDF Director General

MESSAGE FROM THE TEAM

For the 7th year in a row, the IDF's World Dairy Situation report is the product of a Franco-Dutch collaboration: the editing team is composed of dairy experts from the Paris-based Centre National Interprofessionnel de l'Economie Laitière (CNIEL) and the Dutch Dairy Inter-branch Organisation (ZuivelNL). This year, we have compiled and edited data of no less than 54 Country Reports, thanks to contributions received from IDF National Committees and other national dairy organisations, whom we sincerely thank. Such a comprehensive report would not have been possible without the collective effort of all those participating under the auspices of the IDF.

While trying to remain faithful to the spirit of previous editions, we nevertheless continually seek to improve the form and substance of the World Dairy Situation report. Readers are more than welcome to send their feedback and suggestions for improvement to info@fil-idf.org.

This year, we slightly modified the general layout to facilitate reading: the text is presented in two columns on the left-hand page, with corresponding illustrations to the right. Every year, we try to include new Country Reports to provide an ever broader picture of dairying around the world: this year's edition includes content from new contributors Cyprus and Luxembourg. All Country Reports now feature general information on the country's economy in order to provide a better sense of the relative weight of local agricultural markets. As usual, a full chapter is dedicated to the dairy sector of the IDF World Dairy Summit's host country. In 2016, it is the Dutch dairy industry that is described in detail. Unlike previous editions, this year's Trade chapter looks at the entire range of dairy products, and includes data on butter, butteroil and dairy spreads expressed in butter equivalents. Moreover, the Consumption chapter, which is usually based on our own calculations of apparent dairy consumption, is now supplemented by the findings of the 2016 IDF Global Marketing Trends survey. The survey, which includes data from 27 countries, was jointly carried out by IDF's Standing Committees on Marketing and Dairy Policies and Economics, in order to assess past and future trends in household dairy consumption, as well as its barriers and drivers.

We wish you a pleasant reading experience and hope that you will find all the data and information you are looking for in this report.

Veronique Pilet
Responsible Editor

ZuivelNL
KETENORGANISATIE VAN DE ZUIVELSECTOR

Cniel
Centre national interprofessionnel de l'économie laitière

SUMMARY

The International Dairy Federation presents its annual World Dairy Situation report- an in-depth analysis of the global dairy sector. The editing team aim to include the most accurate data and as many countries as possible.

Country Reports are primarily based on questionnaires completed by IDF National Committees and other national contributors, as well as on official data from various recognised sources. The report not only provides a thorough and detailed overview of the current dairy situation, but it also allows individual states to present information on their own dairy sectors.

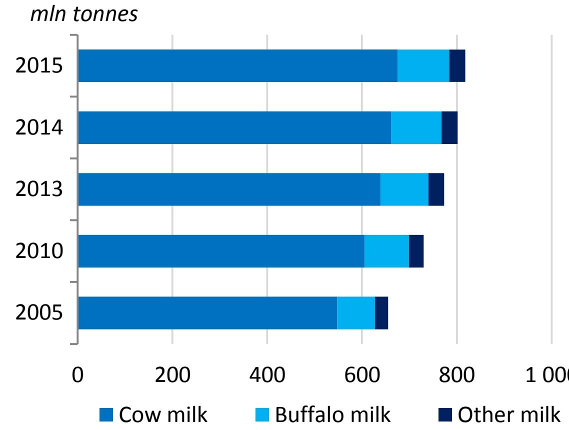
2015 was marked by an imbalance in dairy supply and demand. Total milk production was estimated at 818 million tonnes, a whole 2.0% more than 2014. Abundant milk deliveries led to increased dairy product output in all categories excepting whole milk powder. Global dairy trade followed suit, growing significantly: the equivalent of nearly 9% of global milk output is currently traded internationally. However, demand from importing countries could not absorb the additional output on the market, which resulted in a sustained drop in dairy prices throughout the year. Average 2015 farmgate milk prices plunged dramatically from their 2014 highs. Mergers and acquisitions continue to intensify and are becoming increasingly global. International projections show a population of nearly 10 billion in 2050, which means increased demand for food in the coming decades. In 2015, global per capita dairy consumption was estimated at 111.3 kg. According to the OECD and FAO, this number should increase 12.5% by 2025. Consumption in developing countries should increase further still. These trends are confirmed by national experts who completed the “Global Marketing Trends” survey on predicted household dairy consumption in the coming decade.

The report aims to give an overview of the latest dairy data from around the world- starting with production, processing and industry; to consumption, trade, and price forecasts. In-depth analyses of current trends, recent developments and expected changes are also provided.

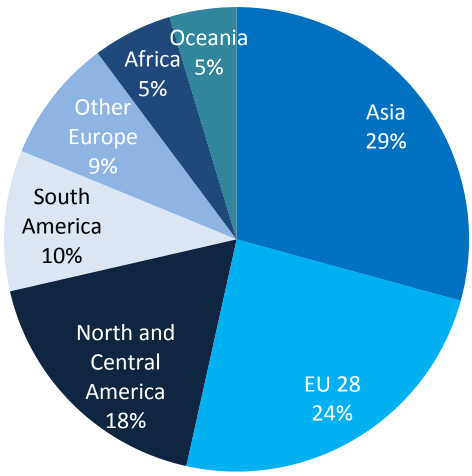
WORLD DAIRY SITUATION AT A GLANCE

MILK PRODUCTION

World: milk production by species

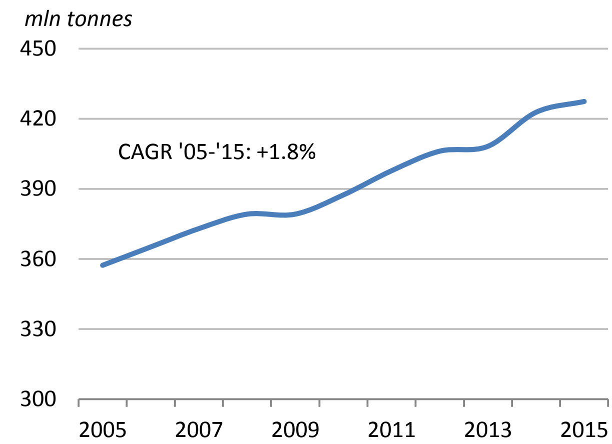


World: cow's milk production (share per region)

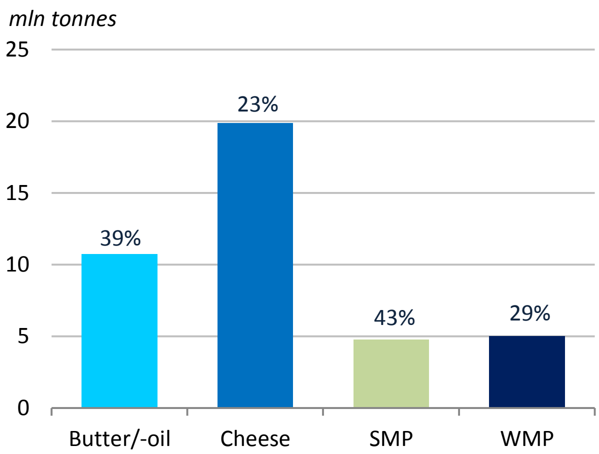


MILK PROCESSING

World: cow's milk deliveries[(A)]



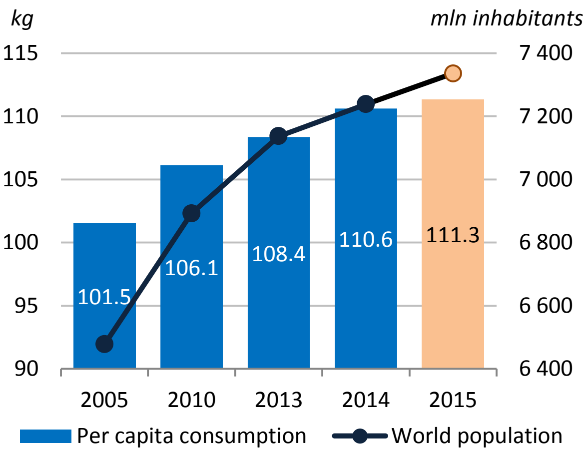
World: dairy product output, growth 2005/15[(A)]



(A) In surveyed countries.

CONSUMPTION

World: per capita consumption and population

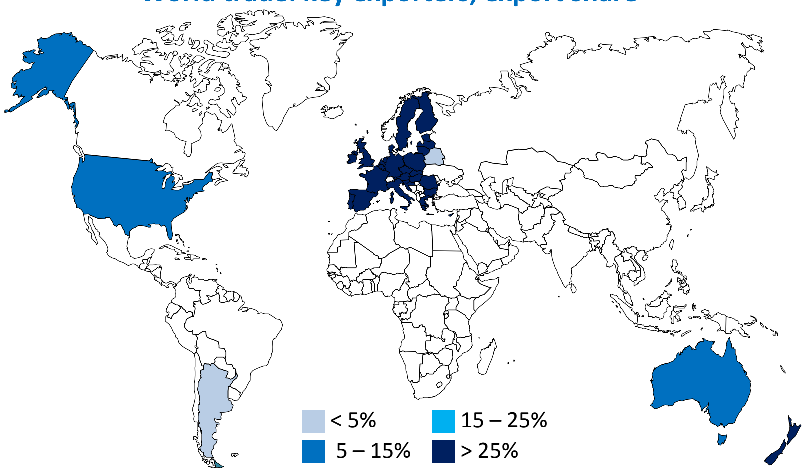


World: self-sufficiency rate (per region)

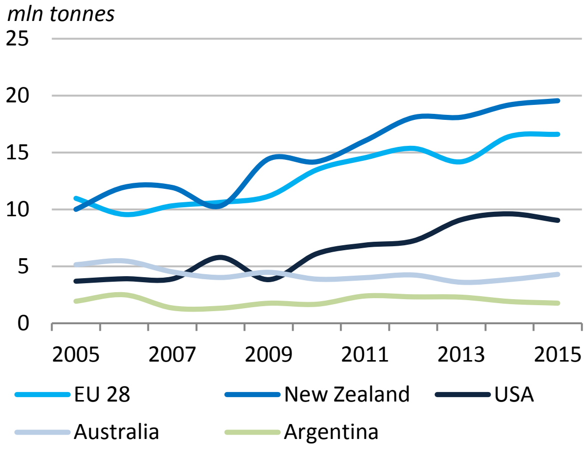
Region		2005	2015
Asia		92%	90%
Europe		106%	111%
	EU	*109%*	*112%*
	Non-EU	*101%*	*108%*
North America		102%	108%
South America		102%	101%
Africa		84%	83%
Central America		75%	78%
Oceania		245%	309%

WORLD DAIRY TRADE

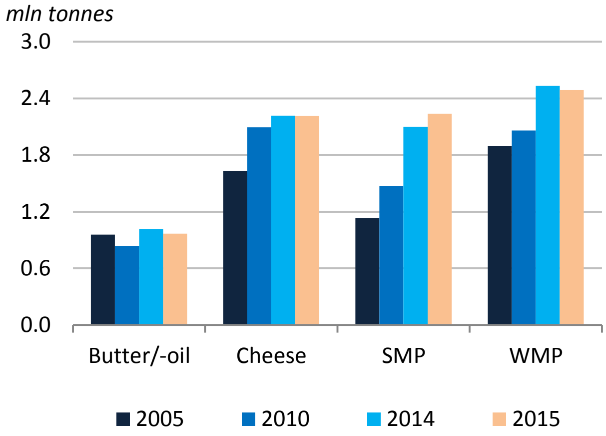
World trade: key exporters, export share(B)



World trade: top 5 exporters(B)



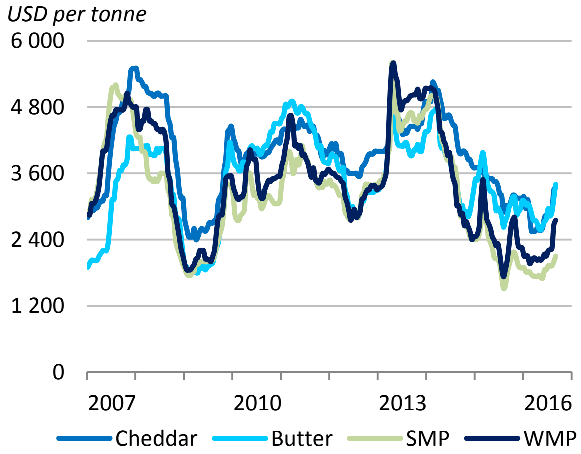
World trade: dairy products



(B) In milk equivalent.

PRICES

World: dairy product prices



World: producer milk prices

	2015 (USD/100kg)	2014/15
Argentina	31.38	-11.4%
Australia(C)	35.37	-10.2%
Brazil	29.67	-31.6%
China	63.67	-9.8%
EU 28	34.22	-30.9%
France	*33.30*	*-29.4%*
Germany	*32.50*	*-34.9%*
Netherlands	*37.72*	*-32.7%*
Poland	*29.33*	*-30.1%*
India(D)	41.19	-2.0%
New Zealand	26.43	-52.8%
Russia	33.88	-33.7%
USA	37.70	-28.7%

(C) Dairy years ending June of the following year.

(D) Mixed (cow and buffalo) milk; refers to cooperatives only.