



# Main drivers of the Outlook for the EU dairy sector

Sophie H elaine, DG AGRI, EC

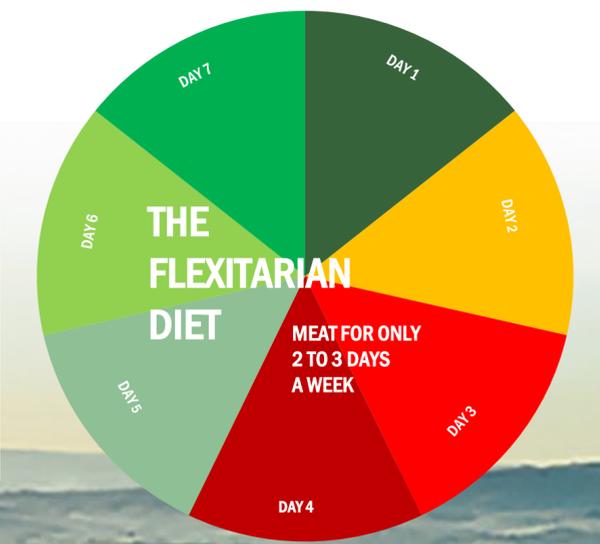
2019 Agricultural  
Outlook Forum

Washington, 22 Feb. 2019



# Meat and dairy consumption pushed down

By societal demands



European Commission

Agriculture and Rural Development

# Meat and dairy consumption

pushed down

by the development of alternative products...

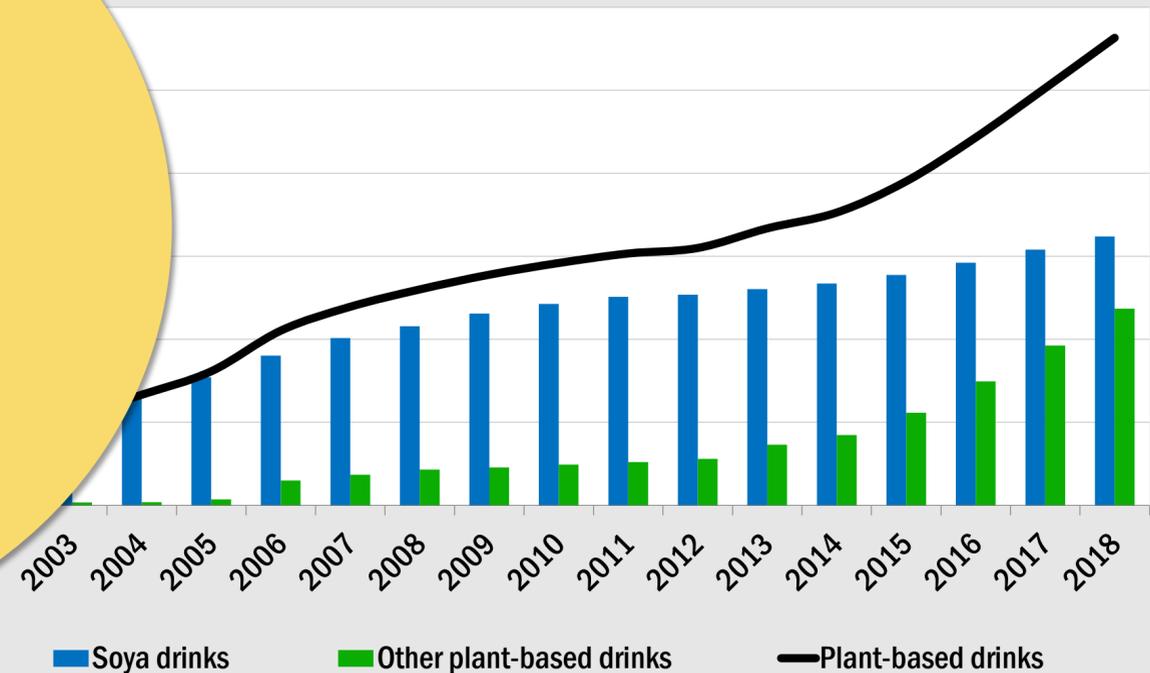


Nevertheless shares of alternative products remain small

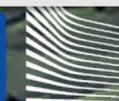
- 4% of cow's milk sales

Source: Euromonitor

### Retail and foodservice volume of plant-based drinks (million litres)



Source: DG Agriculture and Rural Development, based on Euromonitor



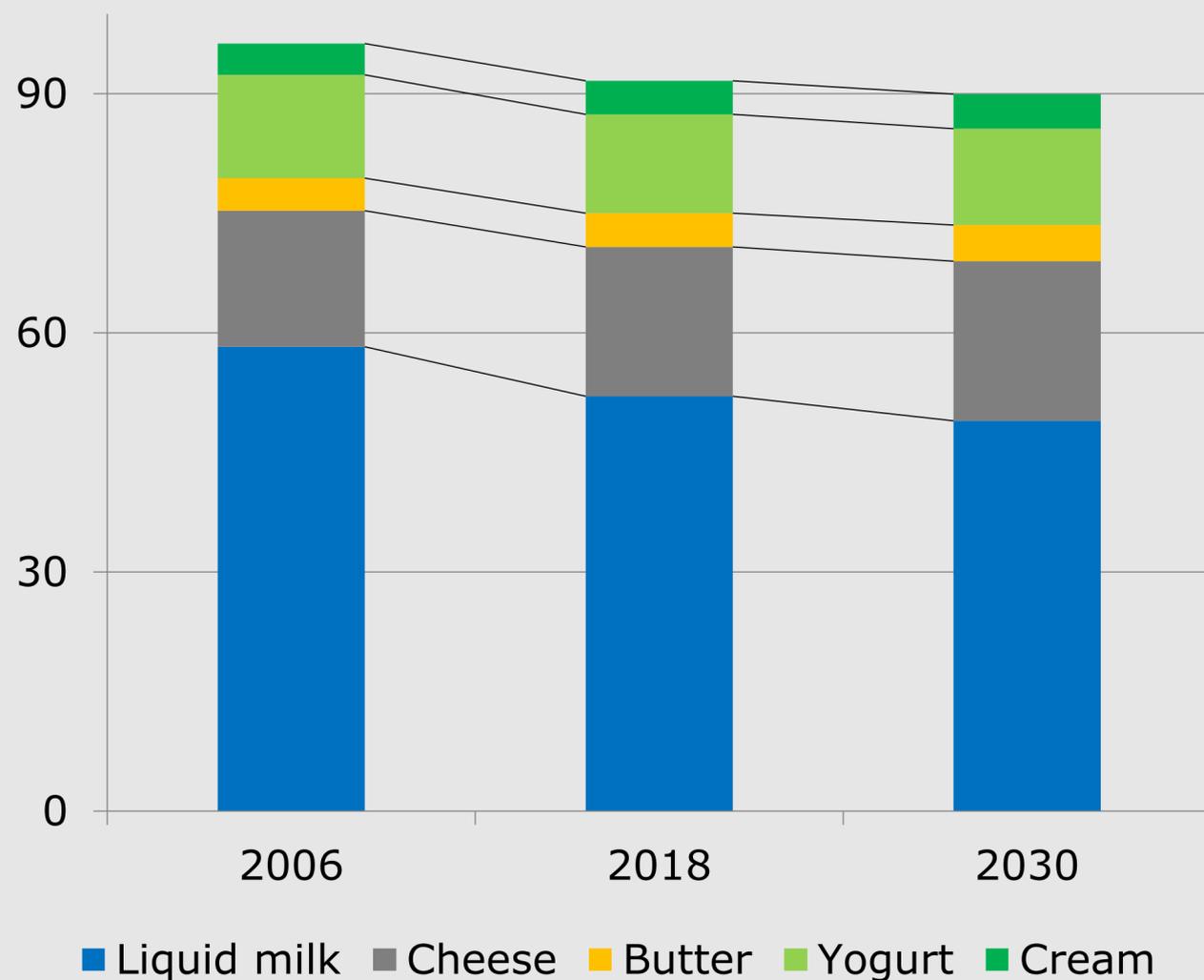
European Commission

Agriculture and Rural Development

# But actual impact on total consumption still

Higher EU domestic use of dairy products, except for drinking milk

Consumption of selected dairy products (kg/capita)

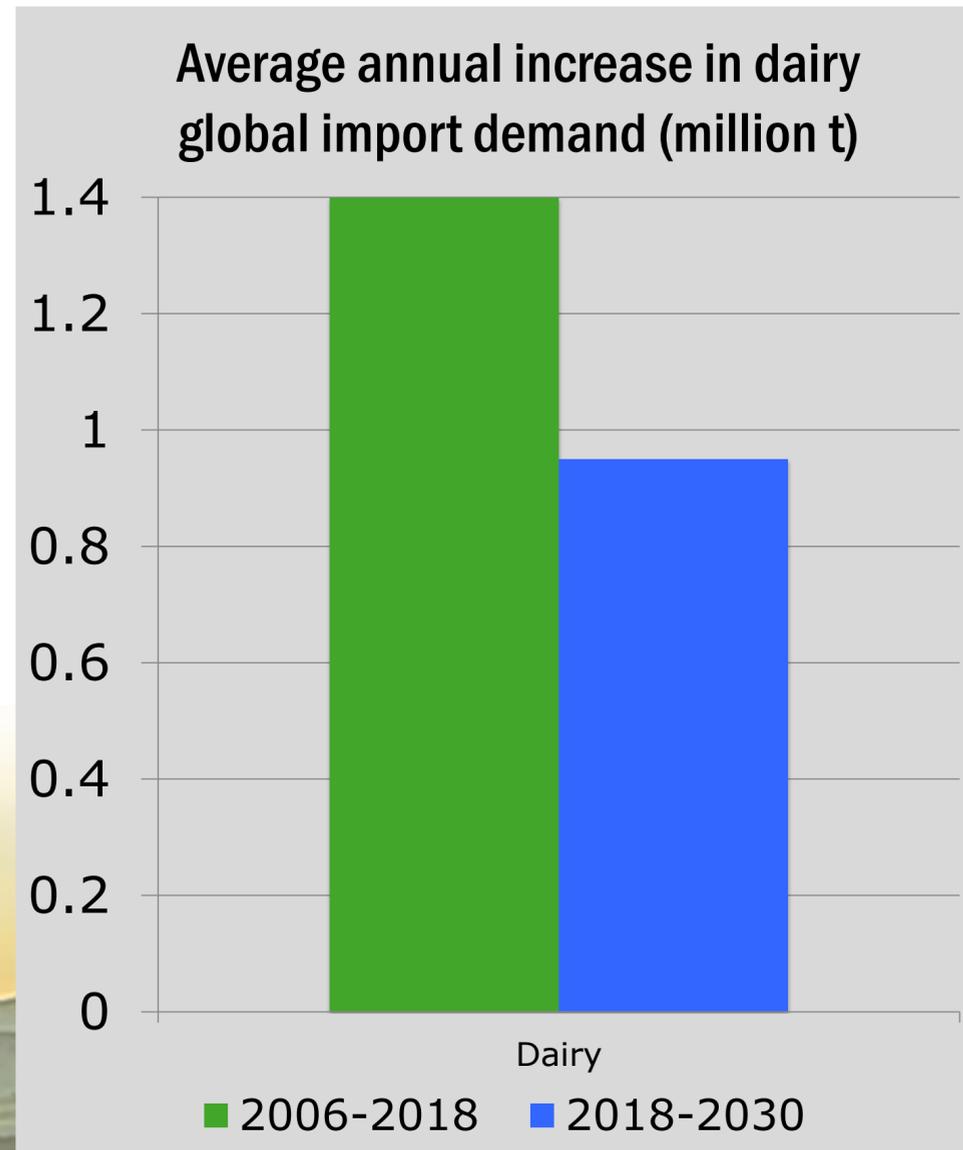


- Smoothened decline in liquid milk consumption
- Use of cheese keeps growing
- Fat filled powders on the rise
- Increasing cracking of milk into technical ingredients
- + 0.9 million t of milk domestically used yearly



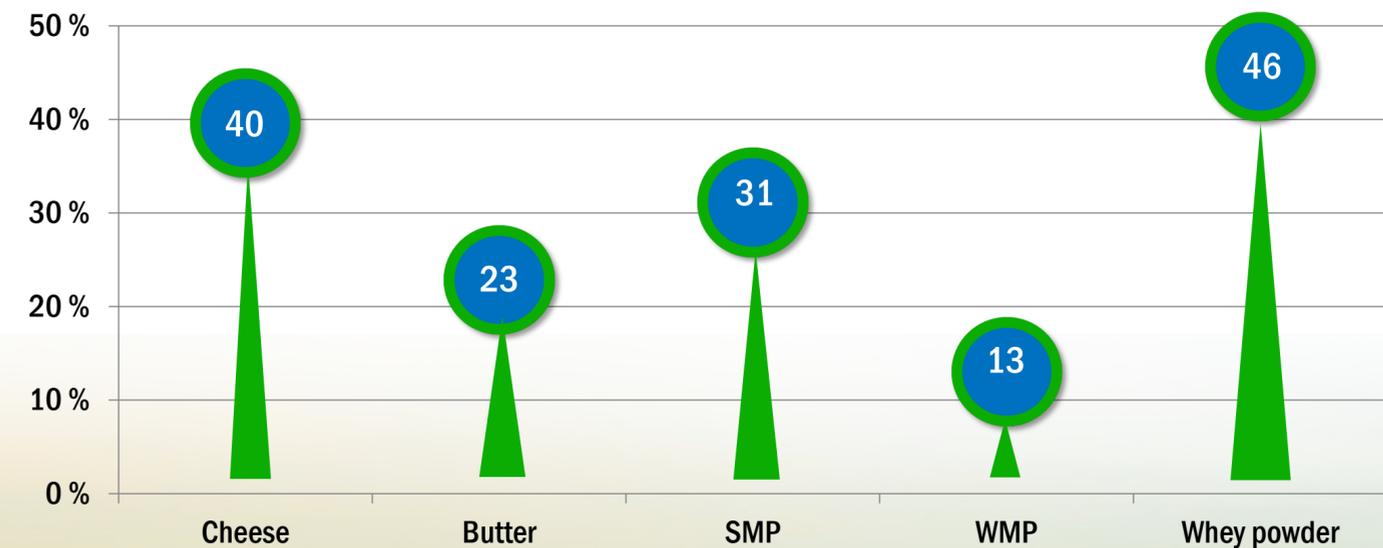
# Global trade expansion but lower

## EU leading position on world dairy products market



milk powders and cheese

## Share of EU on world exports in 2030 (%)



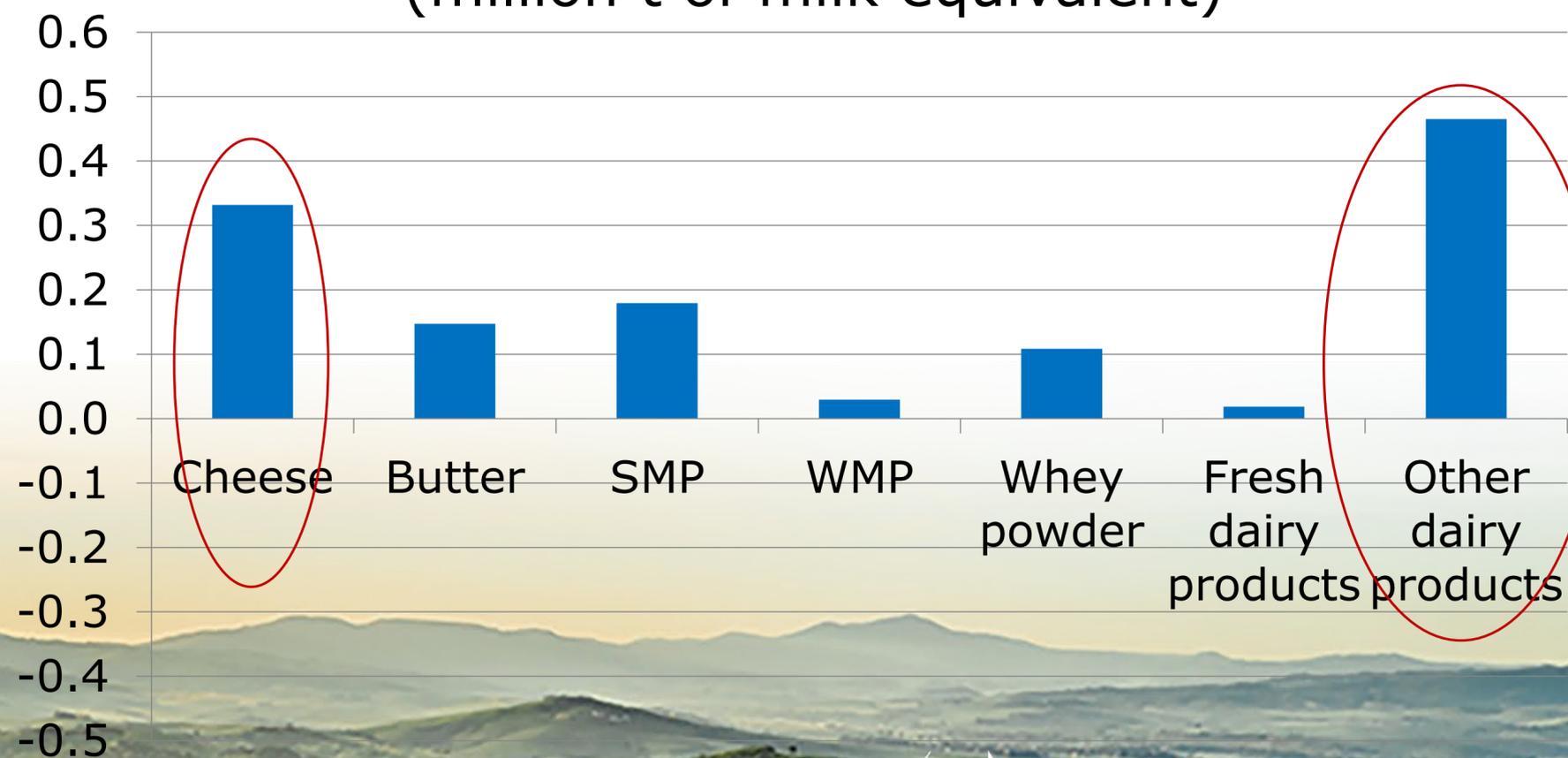
Value added products  
Technical ingredients  
Adoption of Western cuisine  
Development

# Lower production growth expected

Mainly cheese and other dairy products

Dairy annual production growth  
2018-2030  
(million t of milk equivalent)

→ modest increase in milk  
production  
**+ 16 Mt to 182 million t**  
in 12 years

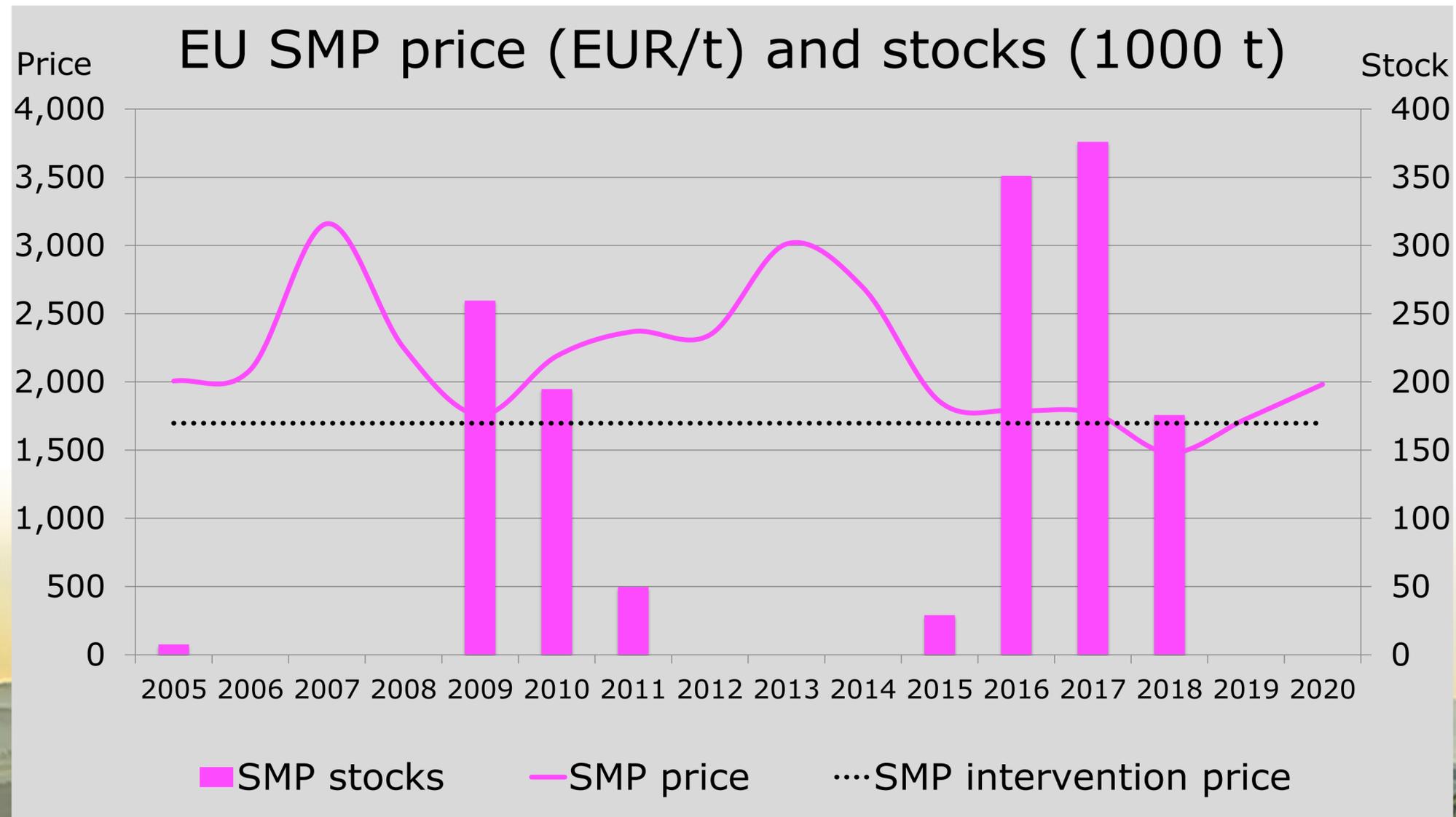


European  
Commission

Agriculture and  
Rural Development

# Big unknown: dairy fat and protein price

relationship  
EU SMP stocks empty in 2019



- Building SMP stocks in 2016
- Sales in 2018 and January 2019
- No buying-in in 2018 although SMP prices < Intervention price

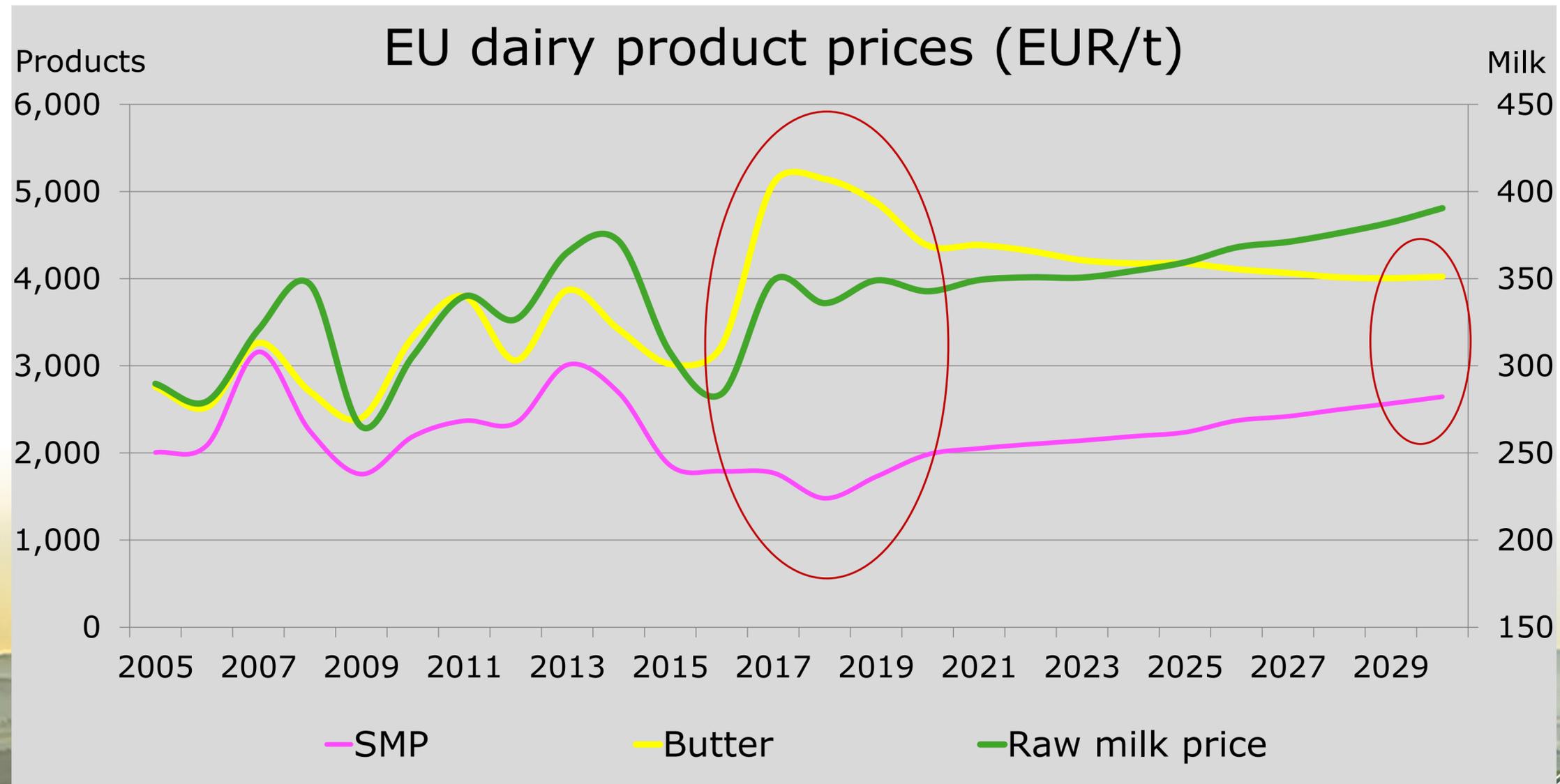


European  
Commission

Agriculture and  
Rural Development

# Big unknown: dairy fat and protein price relationship

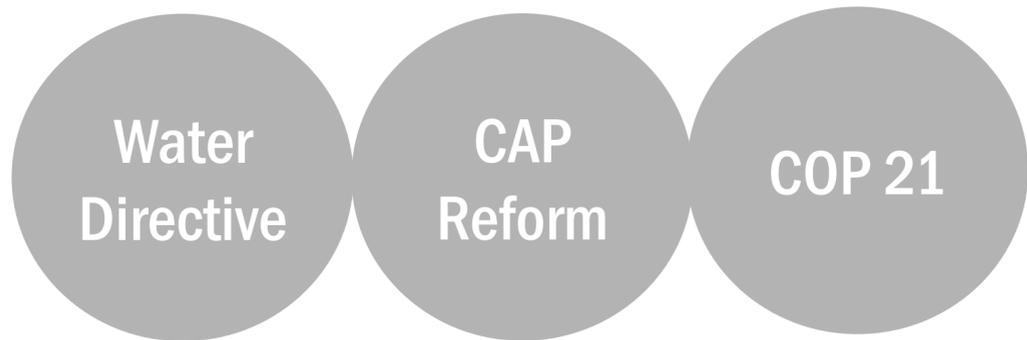
Higher milk price to drive production increase



- Back to closer butter and SMP prices
- Higher milk price to drive production increase
- More value added products => higher milk price

# Other challenges for the

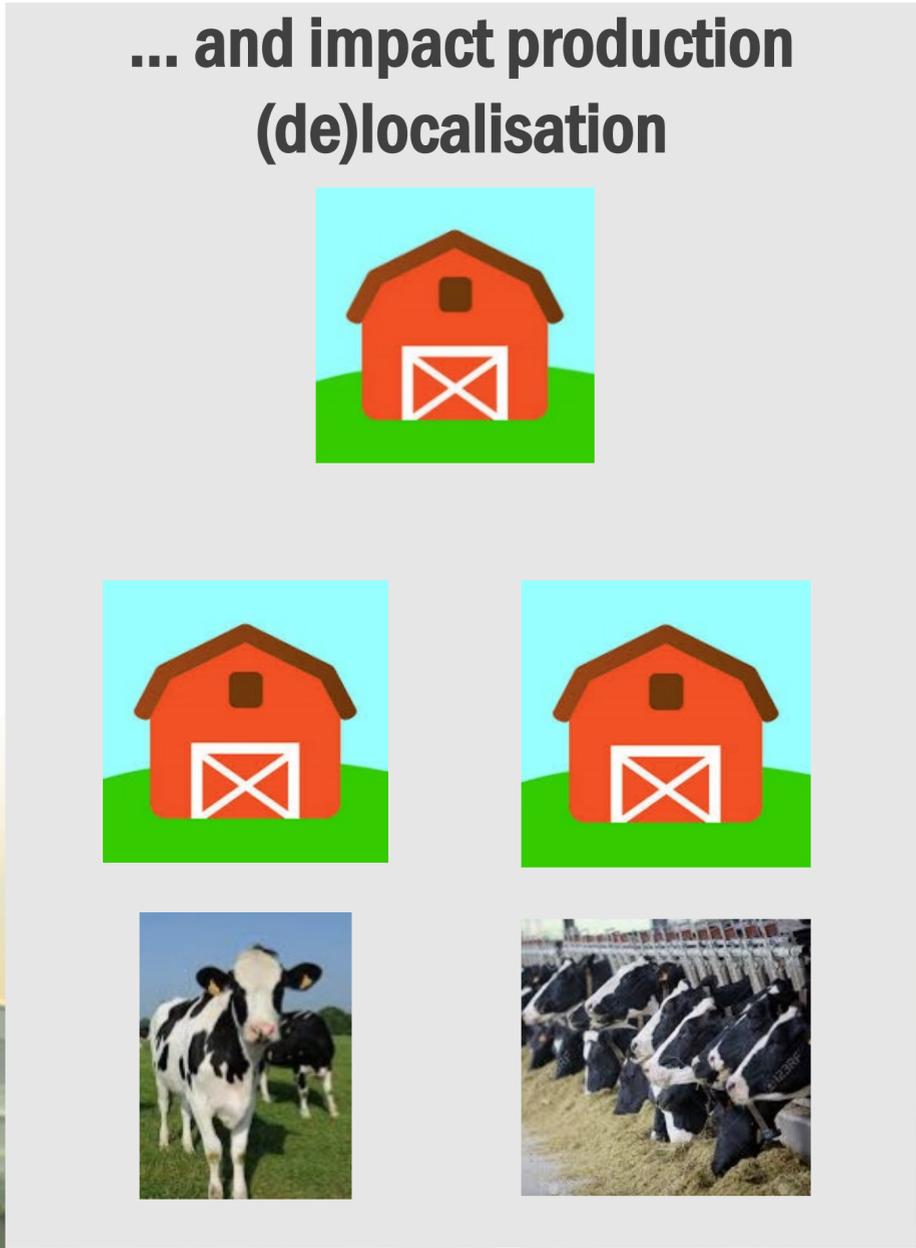
Sustainability requirements stimulate actions



To mitigate GHG emissions

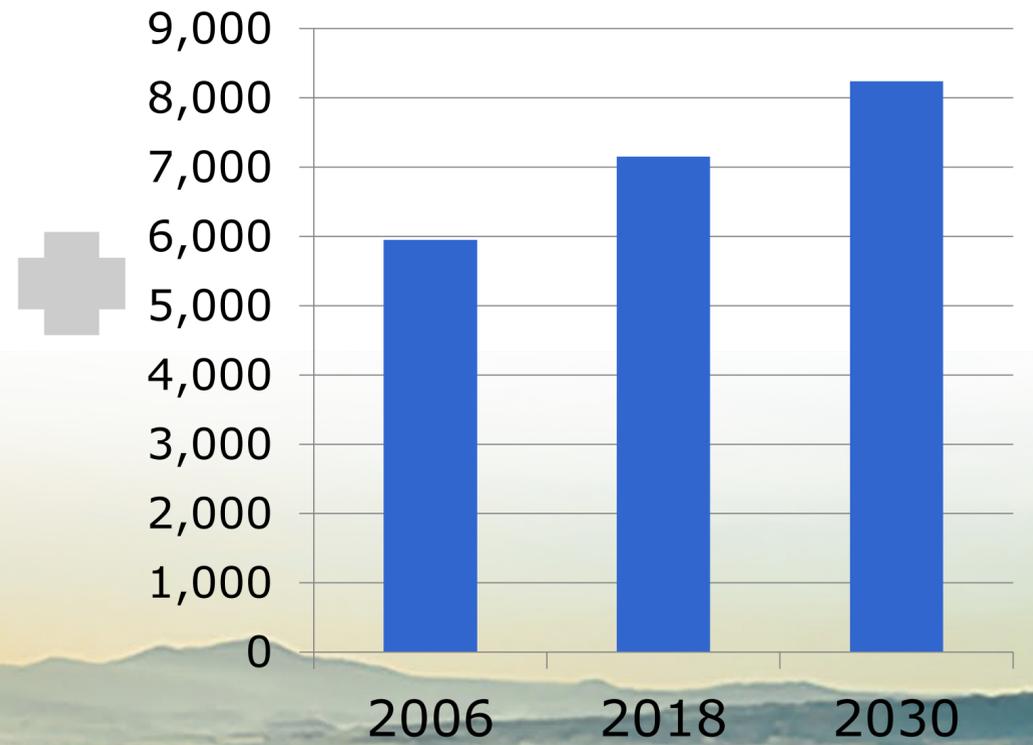
To reduce ammonia emissions

To reduce nitrogen leakage, phosphates



and stimulate efficiency increase

Cow's milk yield (kg/cow)



# Challenges can become opportunities

Focusing on differentiated products and value creation

## Organic production

- 10% of dairy production in 2030
- more complex in meat sector



## GM-free products



## Locally-produced



## Pasture-based products



Lait de territoires où les vaches pâturent en moyenne 150 jours par an



# Thank you

Sophie H elaine

[Sophie.helaine@ec.europa.eu](mailto:Sophie.helaine@ec.europa.eu)

To know more on OUTLOOK:

Short-term outlook: [https://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook\\_en](https://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook_en)

Medium-term outlook: [https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook\\_en](https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en)

EU agricultural outlook conference: [https://ec.europa.eu/info/events/2018-eu-agricultural-outlook-conference-2018-dec-06\\_en](https://ec.europa.eu/info/events/2018-eu-agricultural-outlook-conference-2018-dec-06_en)

On CAP:

CAP reform: [https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap\\_en](https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en)

CAP indicators: [https://agridata.ec.europa.eu/extensions/DataPortal/cmef\\_indicators.html](https://agridata.ec.europa.eu/extensions/DataPortal/cmef_indicators.html)

Facts and figures: [https://ec.europa.eu/agriculture/statistics/facts-and-figures\\_en](https://ec.europa.eu/agriculture/statistics/facts-and-figures_en)