



The World Dairy Situation

by Dr Koos Coetzee

The 2013 *World Dairy Situation* report was launched at the World Dairy Summit in Yokohama, Japan. As always, it provides a general survey of the global dairy industry in the previous year. This year the team attempted to add some newer information to the report. The complete report is available from the International Dairy Federation. In this article, a general overview of the report is provided and updated where newer figures were available.

Milk production

Cows' milk production represents 83% of total milk production. It grew by 2,1% to 637 million tonnes in 2012, slower than the 2,7% growth experienced during 2011. The major milk producing countries are listed in Table 1.

Various factors such as the drought in New Zealand, a longer winter in Europe and the effect of the recession resulted in lower production in the first half of 2013, especially in major dairy exporting countries. Production growth during the first half of 2013 is shown in Table 2.

**Moontlik gemaak met die
vriendelike samewerking van**



Table 1: Cow milk production per country, 2012

Country	Milk production 2012 (mil tonnes)	Share in total cow milk production (%)	Annual growth 2011 – 2012 (%)
EU-27	152,0	23,9	0,0
United States	90,9	14,3	+2,1
India	60,1	9,4	+4,7
China	37,4	5,9	+2,4
Brazil	33,7	5,3	+2,0
Russia	31,9	5,0	+0,9
New Zealand	20,6	3,2	+8,5
Turkey	16,0	2,5	+15,8
Pakistan	13,9	2,2	+3,8
Argentina	11,7	1,8	+1,2

Source: IDF World Dairy Situation 2013

Dairy processing

Milk amounting to 405 million tonnes (63,5% of total production) is delivered to dairies for further processing. The EU processes the largest quantity of milk, followed by the United States, China, Brazil, New Zealand and Russia, with India not ranked. The amount of milk delivered increased by 1,8% from 2011 to 2012 and the total production of dairy products also increased in 2012. Liquid milk production increased by 3,6%, butter production by 3,3%, cheese by 2,2% and milk powder by 4,9%. The production of dairy ingredients such as whey and caseins increased during 2012.

Dairy industry

The depreciation of dairy product prices on markets resulted in a decrease in the turnover of most major dairy companies in 2012. The 20 top dairy companies are shown in Table 3. Various mergers and acquisitions took place during 2012 and in the first half of 2013.

Dairy consumption

World milk consumption increased by 2,2% in 2012 to 770 million tonnes. Strong demand has resulted in a decrease in world stock levels to the lowest level in three years. The growth in dairy consumption is driven by higher per capita consumption and population growth. Asia accounts for a major share of total dairy consumption followed by the EU and North America.

Table 2: Milk production growth in selected countries, 2013

Country	Period	Growth 2012 – 2013 (%)
Argentina	Jan – Mar	-9,6%
Australia	Jan – Jul	-6,5%
Belarus	Jan – Jul	-0,4%
New Zealand	Jan – Aug	1,3%
Ukraine	Jan – Aug	1,1%
USA	Jan – Jul	0,5%

Source: IDF World Dairy Situation 2013

All the countries shown are major exporting countries.

Figure 1: Global dairy consumption per region, 2012

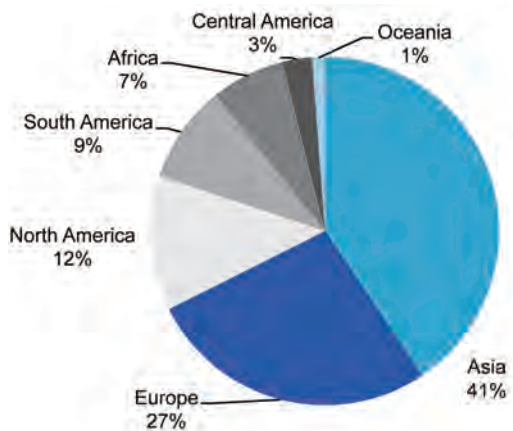


Table 3: Major international dairy companies, 2012

Rank	Company	Country	Turnover 2012 (Bn. US\$)
1	Lactalis	France	20,2
2	Nestlé	Switzerland	19,8
3	Fonterra	New Zealand	15,8
4	Danone	France	15,0
5	Friesland-Campina	Netherlands	13,2
6	DFA	USA	12,1
7	Dean Foods	USA	11,5
8	Arla Foods	Denmark	10,9
9	Meiji Dairies	Japan	7,5
10	Moringa Milk	Japan	7,2
11	Saputo	Canada	7,2
12	Yili	China	6,7
13	Muller	Germany	6,0
14	Lala	Mexico	6,0
15	Mengniu	China	5,7
16	DMK	Germany	5,7
17	Sodiaal	France	5,6
18	Bongrain	France	5,2
19	Land O'Lakes	USA	4,2
20	Glanbia	Ireland	3,9

International dairy trade

In 2012, 61,9 million tonnes in milk equivalent was traded between countries. This is 9% of total milk production. Trade growth has accelerated in recent years and will probably continue as the major consumer areas will not manage to produce enough milk for own use. Major dairy trading countries are shown in Figure 2. The share of the EU in total dairy trade continues to decrease while the share of New Zealand and Australia increases.

Conclusion

Global milk production is growing. The demand for dairy products is driven by population growth as well as the growth in per capita consumption. The major consumer countries will not be able to produce enough milk for own use in the next decade. The global market for dairy products will thus continue to grow.

Dr Koos Coetzee obtained his PhD degree in Agricultural Economics in 2000 at the University of the Free State.

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Figure 2: Major international dairy exporters, 2012

