LACTO DATA

VOL 13 NO 1 • MAY 2010

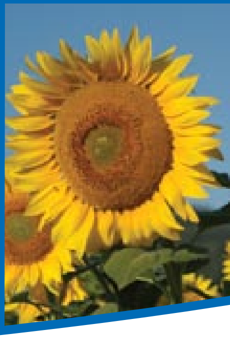
Statistics

A Milk SA publication compiled by the Milk Producers' Organisation

MELK SUID-AFRIKA/MILK SOUTH AFRICA

MELKPRODUSENTE-ORGANISASIE
MILK PRODUCERS' ORGANISATION

MELK SUID-AFRIKA/MILK SOUTH AFRICA



Melk Suid-Afrika boer vooruit ...

- Met heffingsinkomste wat op 'n gesonde vlak is
- Deur produktiewe interaksie in sy advieskomitees, direksie en algemene vergaderings
- Deur strategiese insette namens die bedryf by regeringsinstellings
- Met sy projekte wat daarop gerig is om die suiwelbedryf te ontwikkel ten behoewe van bedryfsrolspelers en die breër Suid-Afrikaanse samelewing.

Melk Suid-Afrika se visie ...

- Om 'n gesonde Suid-Afrikaanse suiwelgemeenskap te bevorder, het gestalte begin aanneem
- Word nagejaag met die morele en ander ondersteuning van positief-gesinde rolspelers in die primêre en sekondêre bedryfsektore.

Vir jou beteken Melk Suid-Afrika ...

- 'n Ingeligte bedryf deur die insameling en verspreiding van plaaslike data / inligting en deelname aan internasionale forums
- Investering in menslike kapitaal (bemagtiging) deur opleiding en mentorskap in die primêre en sekondêre sektore
- Monitering van suiwelprodukte en fasilitering van remediërende stappe
- Die herordening van navorsingsprioriteite en hulp tot deelname aan die melkaantekening- en veeverbeteringskema van MBISI
- Bevordering van die verbruik van suiwelprodukte deur opvoedkundige boodskappe aan Suid-Afrikaanse verbruikers oor te dra.

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MSA2010

Milk SA foreword

The purpose of this publication is to make information available regarding the structure and performance of the dairy industry, with a view to promote the optimal development of the industry to the benefit of the South African dairy industry and consumers.

Milk SA is proud to present this publication which was made possible through the contributions of especially the persons or entities sharing their information via the statutory regulations, the SA Milk Processors' Organisation (Sampro), the Milk Producers' Organisation (MPO) and the Milk SA Advisory Committee.

A special word of thanks to the MPO for the compilation of the information contained in *Lacto Data*.

Executive summary

International dairy product prices increased slowly during the first half of 2009 and at a faster rate during the rest of 2009, as the EU lowered export subsidies.

Since the end of 2009 prices again decreased slightly. Although prices increased by between 55% and 100% during 2009, prices are still below the 2007/2008 peak levels.

Local production decreased by 3,3% during 2009, mainly due to the severe drought in the coastal areas of the Eastern and Southern Cape.

Imports were slightly lower than during 2008, while exports also increased from 2008.

Milk producer and processor numbers once again decreased during 2009.

Lacto Data is also available on ***www.milksa.co.za*** and ***www.dairyconnect.co.za***

Contents

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This publication is funded by Milk SA

The primary industry

Industry structure

The number of milk producers has decreased from 3 899 in January 2007 to 3 332 in March 2010. The number of producers per province is shown in *Table 1*. Since 1997, the number of producers has decreased by 53%. The biggest decrease in producer numbers, occurred in the Northern Cape (67%), while the number of

TABLE 1: Number of milk producers per province, 1997-2009

Province	Number of producers per province				
	Dec '97	Jan '06	Jan '07	Jan '08	Mar '10
Western Cape	1 577	878	827	815	754
Eastern Cape	717	422	420	407	354
Northern Cape	133	39	37	34	45
KwaZulu-Natal	648	402	385	373	348
Free State	1 204	1 067	987	919	835
Northwest	1 502	649	596	549	507
Gauteng	356	275	245	228	212
Mpumalanga	866	407	357	302	248
Limpopo	74	45	45	38	29
TOTAL	**7 077**	**4 184**	**3 899**	**3 665**	**3 332**

Source: MPO statistics (1997) & MPO statutory information (2009)

TABLE 2: Milk production and cows per producer, specific years

Province	% Distribution of milk production		Number of cows per producer, 2009	
	Dec 1997	Sep 2009	Mean	Median
Western Cape	22,9	27,1	203	150
Eastern Cape	13,8	25	468	313
Northern Cape	1,2	0,4	141	100
KwaZulu-Natal	15,7	19,8	367	310
Free State	18	14	113	82
Northwest	12,6	5,3	96	77
Gauteng	4,4	3,4	99	62
Mpumalanga	11	4,5	116	88
Limpopo	0,4	0,3	175*	71
TOTAL	**100,0**	**100**	**209**	**145**

Source: MPO statistics

* Limpopo samples not representative

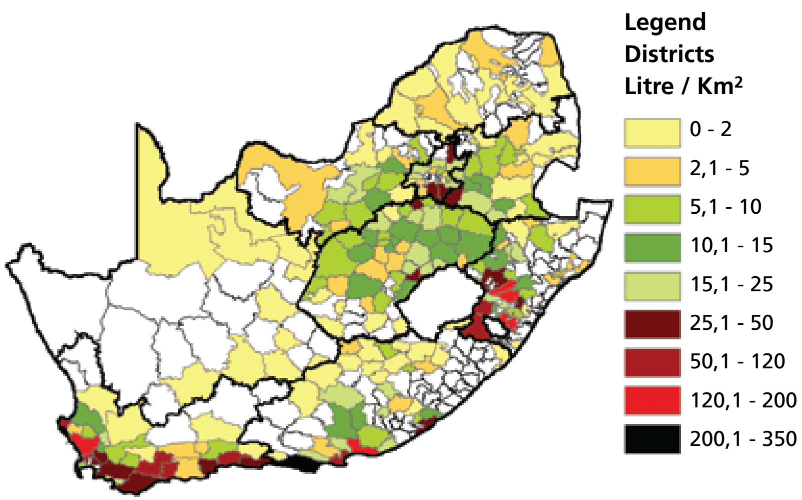
"The number of milk producers has decreased from 3 899 in January 2007 to 3 332 in March 2010. The number of producers per province is shown in *Table 1*. Since 1997, the number of producers has decreased by 53%"

producers in the Free State decreased by 30%. The trend towards higher total production in the pasture-based areas continued. The concentration of milk production per district is shown in *Figure 1*. Milk production per province, according to the latest MPO statutory information, is shown in *Table 2*.

The number of cows varies widely among different producers. The percentage distribution of herd size is shown in *Figure 2*. The average herd size per producer in the different provinces, is shown in *Table 2* and the concentration of cows per district in *Figure 3*.

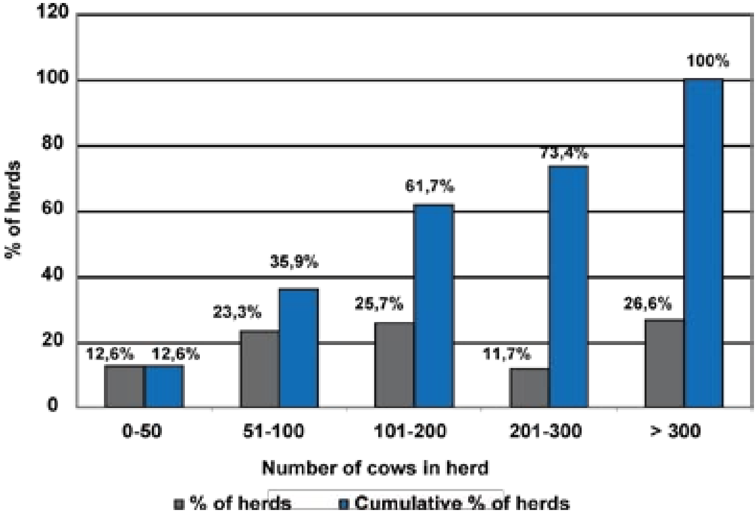
Average milk production per cow per day was 17,3 litres/day in 2009. A total of 89% of milk was sold in the formal market and 3% informally. The rest was used for own consumption and calves. The distribution of herds on a production basis, is shown in *Figure 4*.

FIGURE 1: Milk production density (litre/km²) per district, 2008



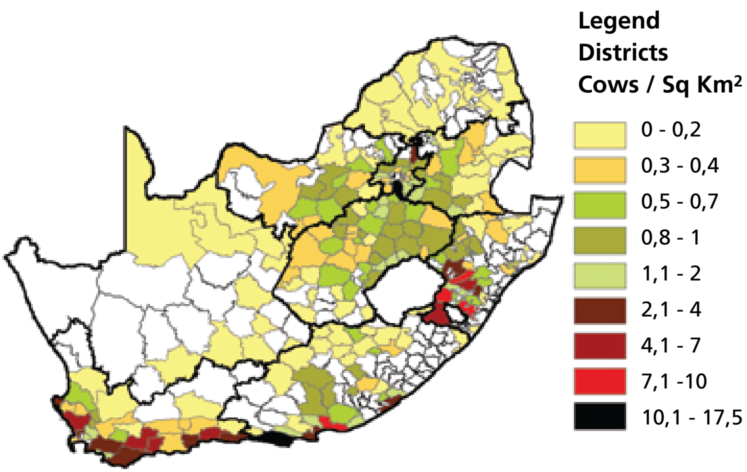
Source: MPO statutory information

FIGURE 2: Size distribution of dairy herds, 2009



Source: MPO statutory survey, 2009

FIGURE 3: Cow density per district (cows/km²), 2008



Source: MPO statutory information

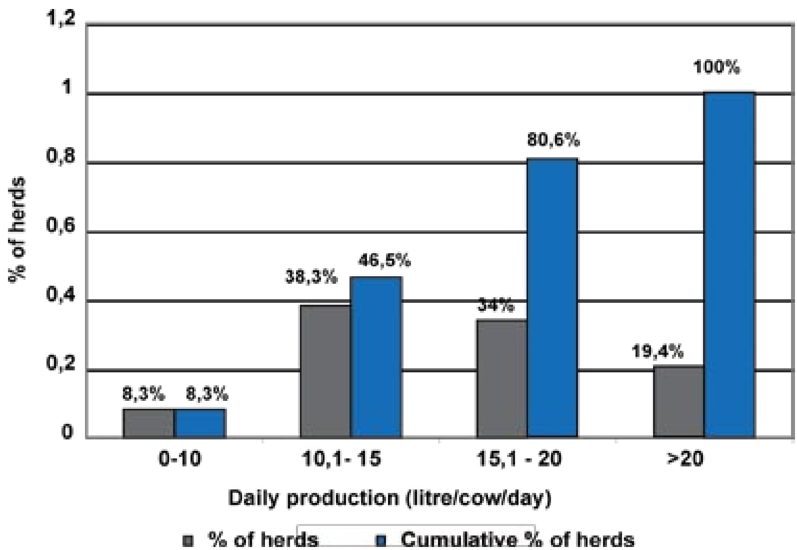
"Average milk production per cow per day was 17,3 litres/day in 2009. A total of 89% of milk was sold in the formal market and 3% informally. The rest was used for own consumption and calves. The distribution of herds on production basis is shown in *Figure 4*"

Milk production and consumption

Annual milk production shows a steady linear upward trend over time. Total milk to market for 2009 is estimated at 2,50 billion litres, down 3,3% on the previous year.

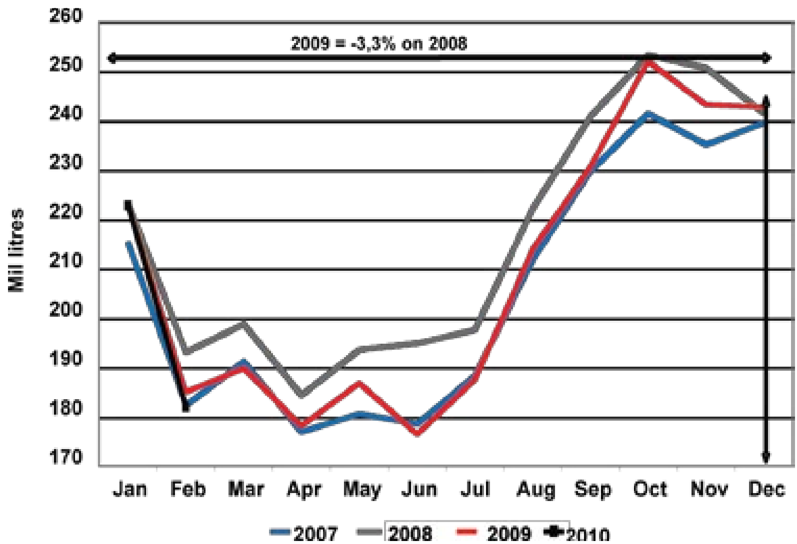
Milk production for 2005 to 2009, is shown in *Figure 5*.

FIGURE 4: Distribution of herds based on daily production per cow in herd, 2009



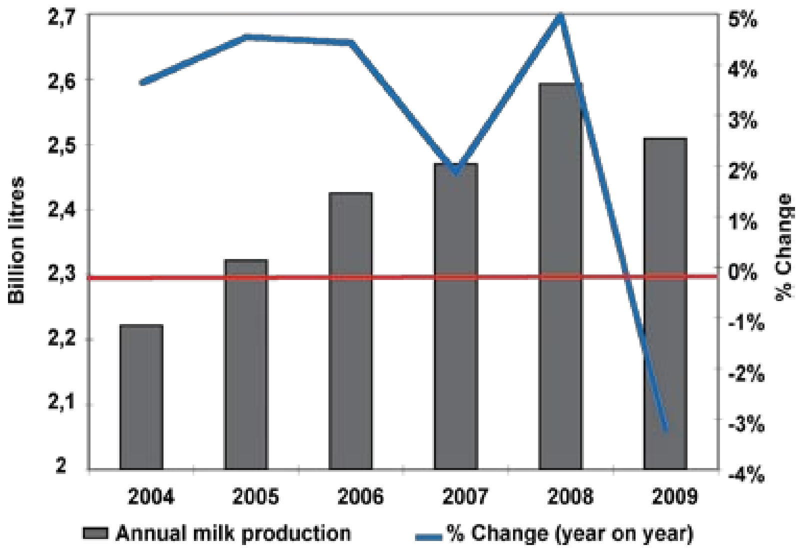
Source: MPO statutory survey, 2009

FIGURE 5: South African seasonal milk production



Source: Milk SA statistics

FIGURE 6: Annual milk production and percentage change, 2004-2009



Source: 2004-2006 MPO; 2007-2009 Milk SA

"The South African secondary industry consists of a few larger processors operating nationally, a large number of smaller processors who operate in specific areas, and a number of producers who sell their own produce directly to retailers and consumers – known as producer-distributors (PDs). The number of milk buyers has decreased by 53% since 2003"

The secondary industry

Industry structure

The South African secondary industry consists of a few larger processors operating nationally, a large number of smaller processors who operate in specific areas, and a number of producers who sell their own produce directly to retailers and consumers – known as producer-distributors (PDs). The number of PDs and milk buyers per province is shown in *Table 3*. The number of milk buyers has decreased by 53% since 2003.

Production and consumption

The South African dairy market is divided into 60% liquid and 40% concentrated products. Pasteurised liquid milk and UHT milk are the major liquid products, while hard cheese is the major concentrated product. The estimated composition of the markets for liquid and concentrated products, is shown in *Figures 7* and *8*.

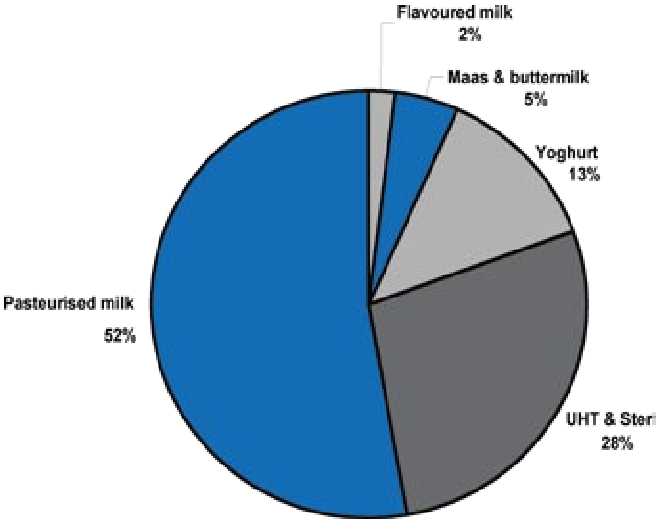
TABLE 3: Number of producer-distributors (PDs) and milk buyers per province, as registered by Milk SA

Province	Number of PDs (Mar '10)	Number of milk buyers (Mar '10)
Western Cape	18	26
Eastern Cape	21	9
Northern Cape	11	4
KwaZulu-Natal	15	15
Free State	25	11
Northwest	10	18
Gauteng	19	38
Mpumalanga	17	13
Limpopo	12	1
Total	**148**	**135**

Source: Milk SA

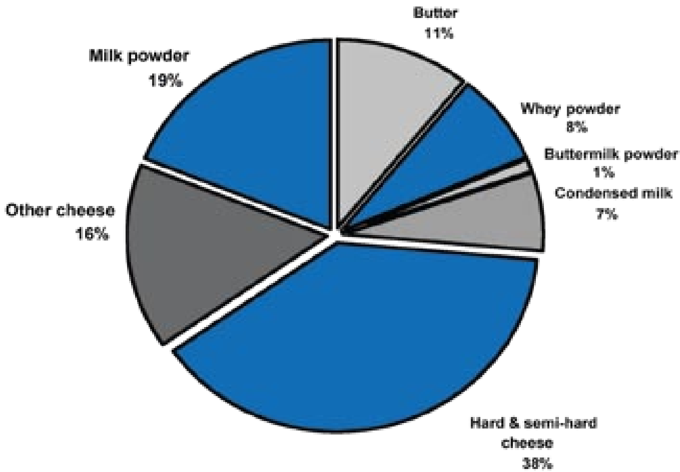
Note: During September 2009, Milk SA was in the process of having five milk buyers and 36 producer-distributors registered

FIGURE 7: Composition of the South African liquid products market, 2009*



Source: Industry estimate
* Milk equivalent basis

FIGURE 8: Composition of the South African concentrated products market, 2009**

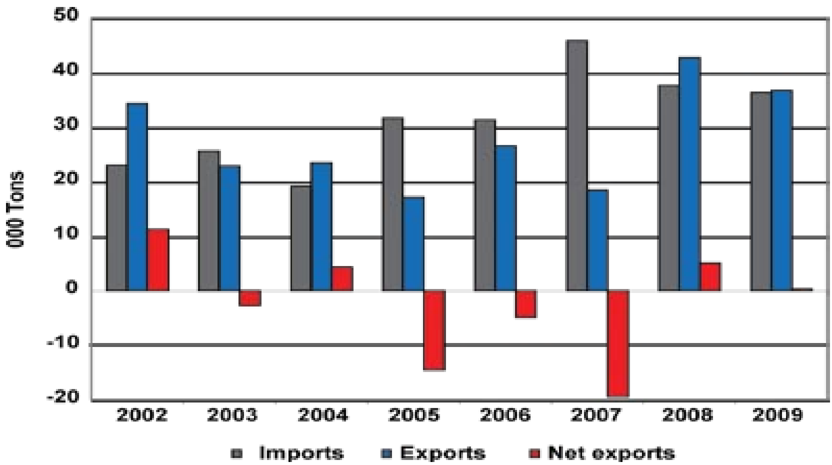


Source: Industry estimate
** Mass basis

Imports and exports

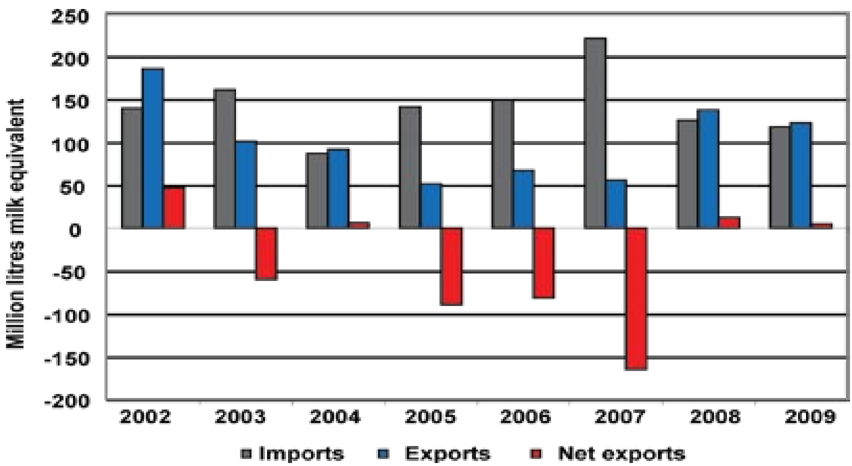
Total dairy product imports and exports are shown in *Figure 9.* During 2009, 36 389 tons of products were imported. On a milk equivalent basis, South Africa has been a net importer of dairy products from 2005 to 2007. The positive growth of exports since 2008, resulted in a decrease in net imports. Total exports during 2009 were 41 770 tons.

FIGURE 9: Dairy product imports and exports ('000 ton), 2002-2009



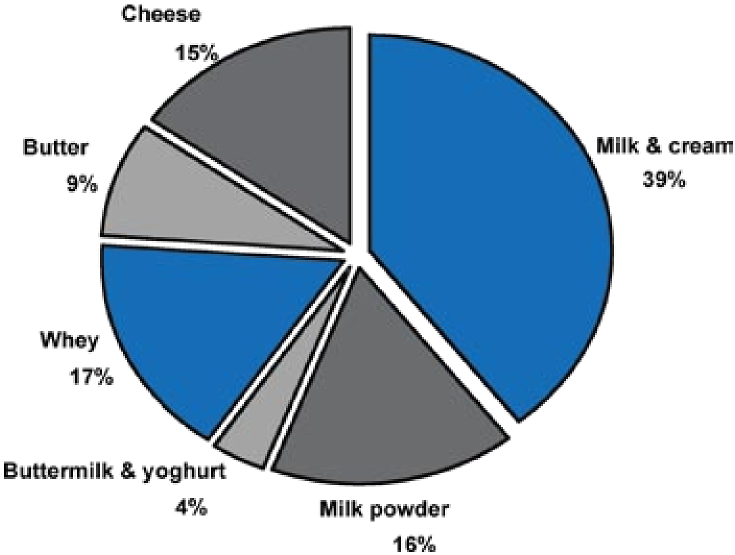
Source: SARS

FIGURE 10: Dairy product imports and exports, milk equivalent base, 2002-2009



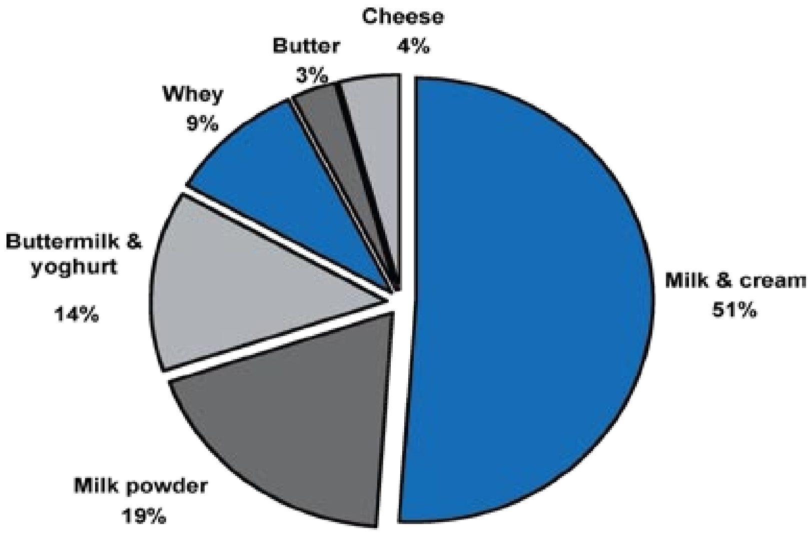
Source: MPO; Sampro

FIGURE 11: Percentage composition of imports (mass base), 2009



Source: SARS

FIGURE 12: Percentage composition of exports (mass base), 2009



Source: SARS

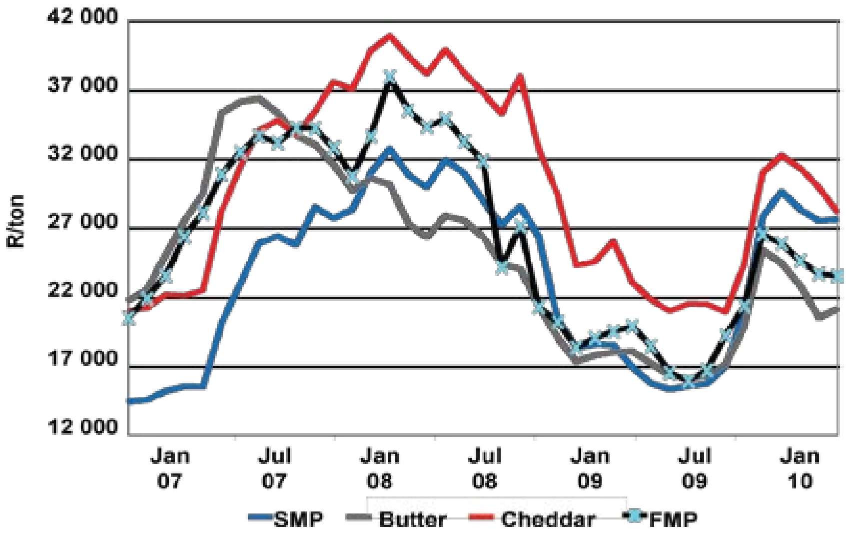
"Since their peak in 2007, world dairy product prices have decreased sharply. Both the FAO/OECD Agricultural Outlook and FAPRI predict that prices will decrease during 2009. BFAP predicts an increase in prices from 2010"

Dairy price trends

International product prices

Since their peak in 2007, world dairy product prices have decreased sharply. Prices recovered during 2009 but not to the 2007 peak levels. Prices decreased in January and February 2010.

FIGURE 13: International dairy product prices, rand/ton, Jan 2007-March 2010



Source: USDA; Reserve Bank

International producer prices

International producer prices increased substantially in the year to September 2008. New Zealand farmers received the highest prices ever.

Since June 2008, producer prices decreased significantly from their June peak levels. FAO/OECD and FAPRI projections also indicate a decrease in producer prices.

TABLE 4: International milk producer prices, Jan 2008, 2009 and 2010

Country	Jan 08	Jan 09	Jan 10
Belgium	3,99	3,23	2,89
Germany	3,96	3,50	2,80
Denmark	3,79	3,51	2,81
Finland	3,73	5,39	3,79
France	4,13	4,65	3,37
Great Britain	3,37	3,80	2,82
Ireland	3,87	3,17	2,47
Netherlands	3,81	3,46	2,91
New Zealand	2,75	2,05	2,44
USA	3,20	2,59	2,59
South Africa	2,95	2,80	3,00

Source: LTO Nederland
Based on 4 % fat-corrected milk
Exchange rates: Reserve Bank monthly middle rates

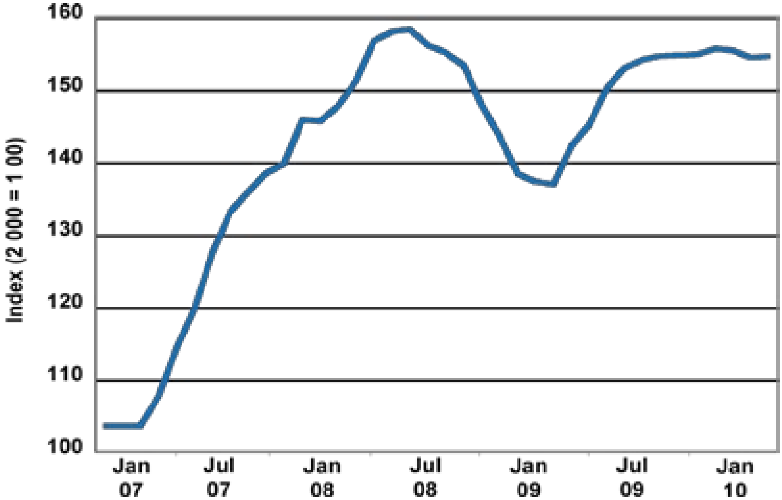
South African producer prices

South African producer prices increased sharply from 2006. Since May 2008, some milk processors have reduced prices. However, the majority of processors did not follow this trend until July 2008.

The trend towards lower producer prices then became more general. Producer prices increased during 2009.

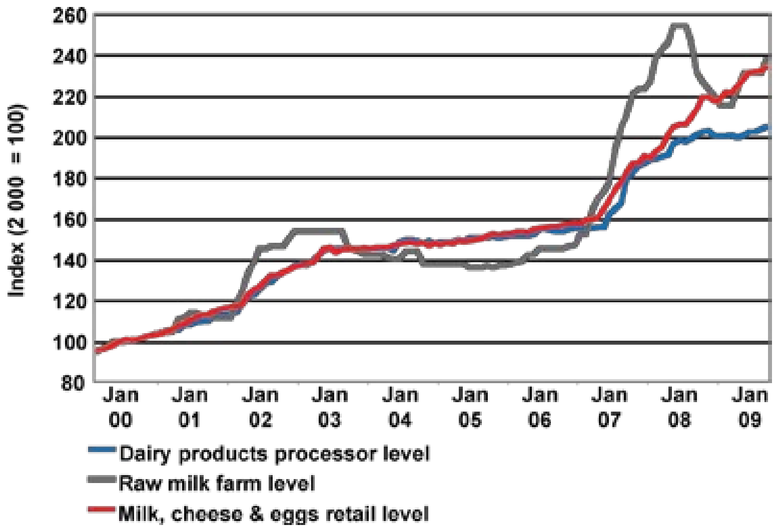
"The trend towards lower producer prices then became more general. Producer prices increased during 2009"

FIGURE 14: Milk producer price index, 2007-2010

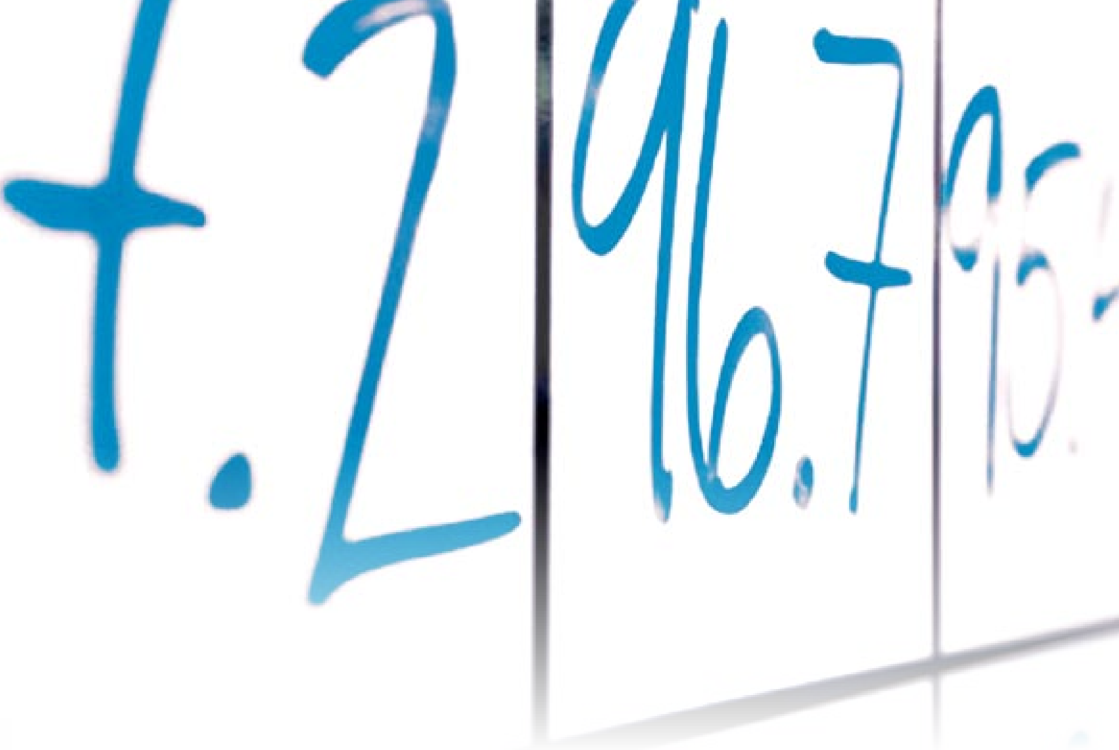


Source: Stats SA

FIGURE 15: Price index of raw milk on farm level, dairy products at processor level and milk and eggs at consumer level, 2000-2009



Source: DAFF and Stats SA data



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