LACTO DATA

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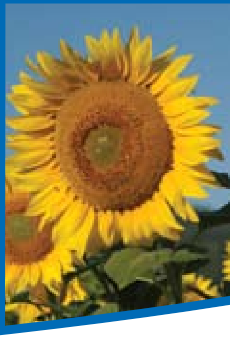
Statistics

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.

www.milksa.co.za | 012 460 7312 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

Internationally, the first half of 2010 was a period of huge volatility in product prices. Product prices were substantially higher in August 2010 than during August 2009 but still below the 2007/08 peak. South African producer prices followed the trend in international product prices.

Local production during the first seven months of 2010 increased by 4% compared to January to July 2009. Imports during the first half of 2010 is substantially higher than during the same period in 2009. Exports during the first half of 2010 is lower than during the same period in 2009.

The decreasing trend in milk producer and processor numbers has continued during the first half of 2010.

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

Contents

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The primary industry

Industry structure

The number of milk producers has decreased from 3 899 in January 2007 to 2 713 in September 2010. The number of producers per province is shown in *Table 1*. Since 1997, the number of producers has decreased by 61%. The biggest decrease in producer numbers, occurred in the Northern Cape (-79%), 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	Sep '10
Western Cape	1 577	878	827	815	685
Eastern Cape	717	422	420	407	317
Northern Cape	133	39	37	34	28
KwaZulu-Natal	648	402	385	373	332
Free State	1 204	1 067	987	919	599
Northwest	1 502	649	596	549	391
Gauteng	356	275	245	228	136
Mpumalanga	866	407	357	302	202
Limpopo	74	45	45	38	23
TOTAL	**7 077**	**4 184**	**3 899**	**3 665**	**2 713**

Source: MPO statistics

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	26,2	203	150
Eastern Cape	13,8	25,9	468	313
Northern Cape	1,2	0,3	141	100
KwaZulu-Natal	15,7	23,6	367	310
Free State	18	14	113	82
Northwest	12,6	4,5	96	77
Gauteng	4,4	1,7	99	62
Mpumalanga	11	3,2	116	88
Limpopo	0,4	0,6	175*	71
TOTAL	**100**	**100**	**209**	**145**

Source: MPO statistics

*** Limpopo samples not representative**

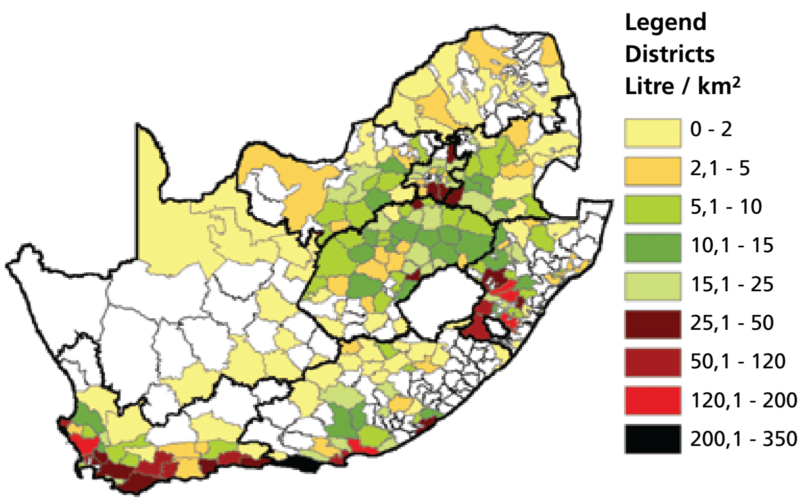
"The number of milk producers has decreased from 3 899 in January 2007 to 2 713 in September 2010. The number of producers per province is shown in *Table 1*. Since 1997, the number of producers has decreased by 61%"

producers in the Free State decreased by 50%. 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*.

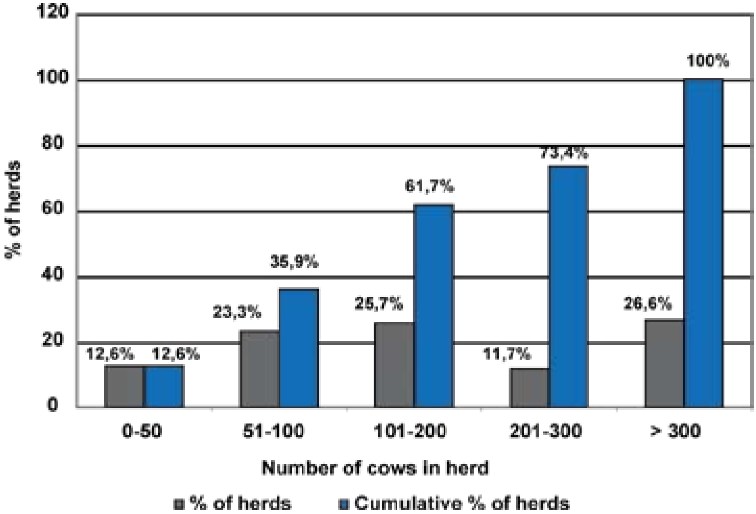
Average milk production per cow per day was 17,3 litres/day in 2009. A total of 89% of milk was sold in the formal market and 3% informally. The rest was used for own consumption and calves. The distribution of herds on a production basis, is shown in *Figure 4*.

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



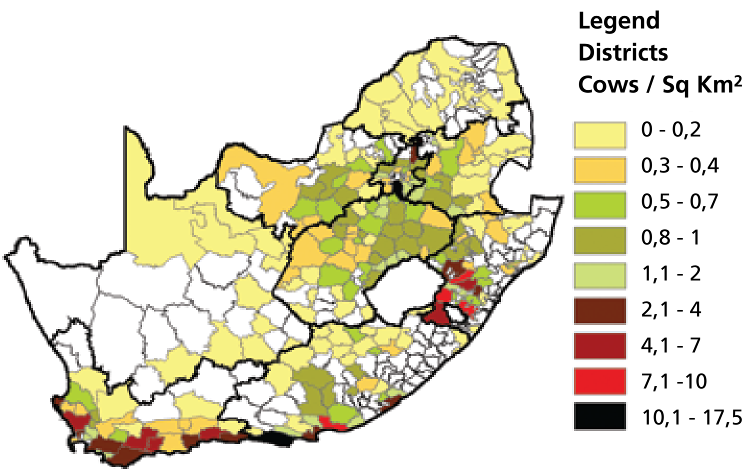
Source: MPO statutory information

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

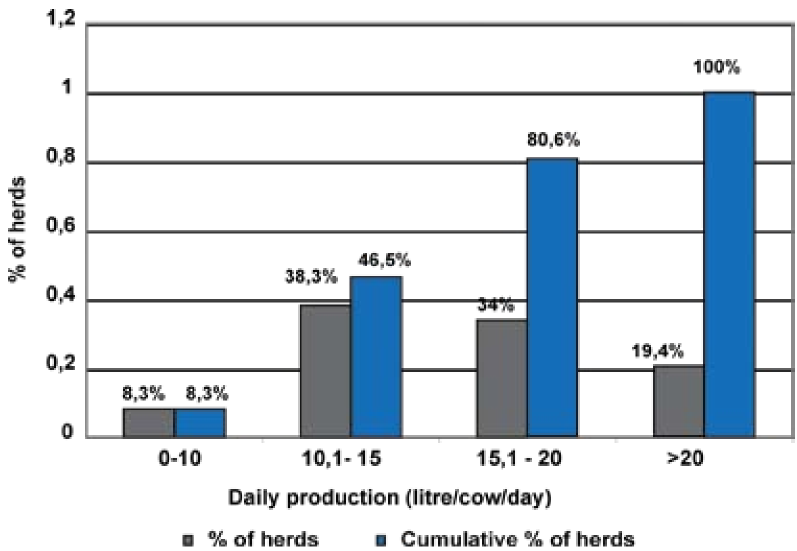
"Average milk production per cow per day was 17,3 litres/day in 2009. A total of 89% of milk was sold in the formal market and 3% informally. The rest was used for own consumption and calves. The distribution of herds on production basis is shown in *Figure 4*"

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.

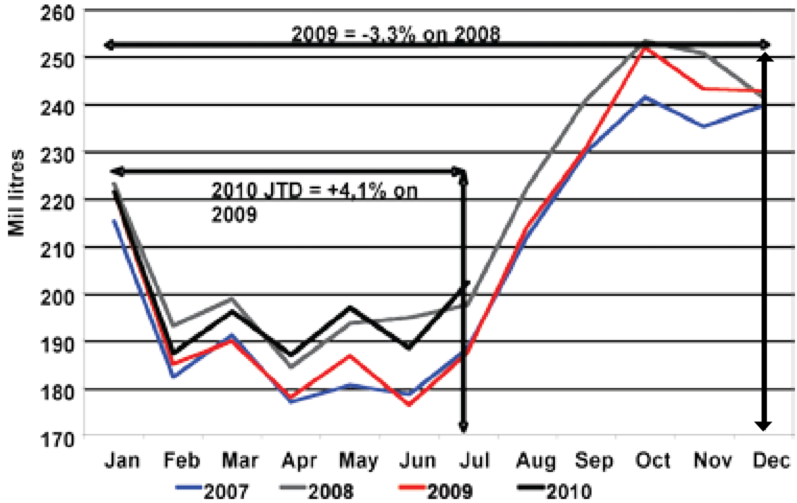
Milk production for 2007 to 2010, is shown in *Figure 5*.

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



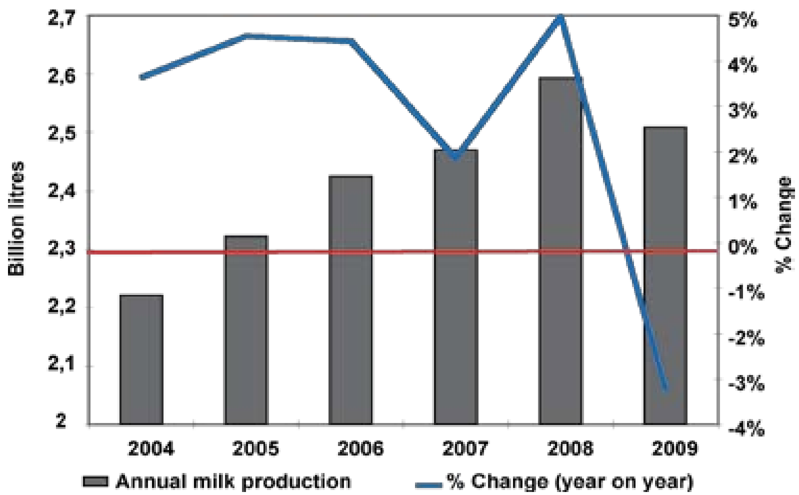
Source: MPO statutory survey, 2009

FIGURE 5: South African monthly milk production, 2007–2010



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*.

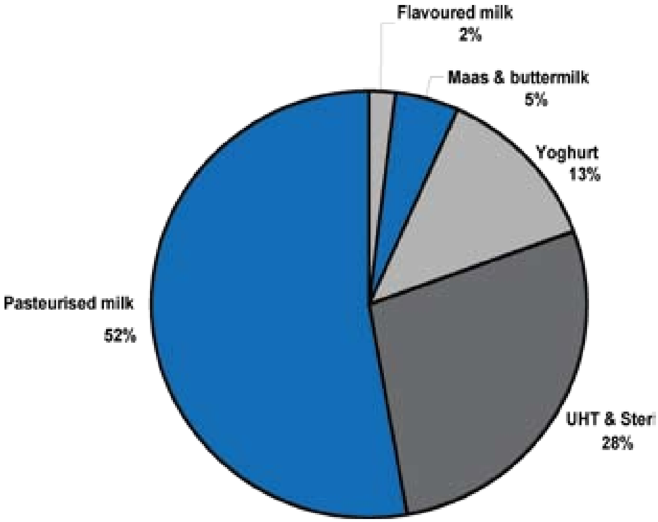
TABLE 3: Number of producer-distributors (PDs) and milk buyers per province, as registered by Milk SA

Province	Number of PDs (Sep '10)	Number of milk buyers (Sep '10)
Western Cape	27	29
Eastern Cape	20	11
Northern Cape	11	4
KwaZulu-Natal	14	17
Free State	19	13
Northwest	9	14
Gauteng	19	50
Mpumalanga	14	14
Limpopo	12	1
Total	**145**	**135**

Source: Milk SA

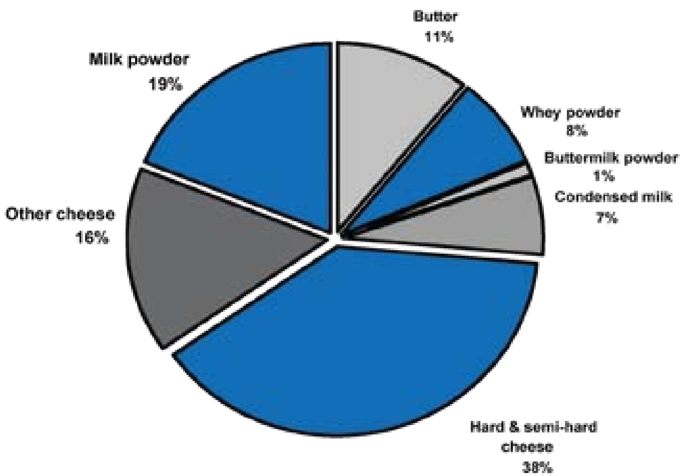
Note: During September 2009, Milk SA was in the process of having five milk buyers and 36 producer-distributors registered

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**

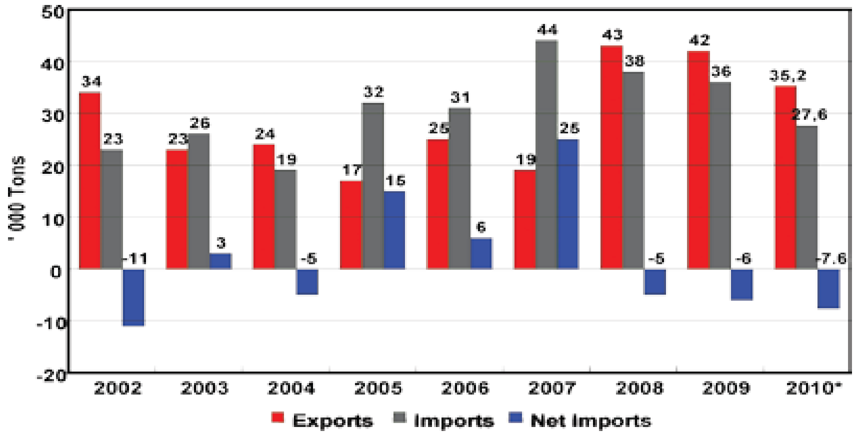


Source: Industry estimate
** Mass basis

Imports and exports

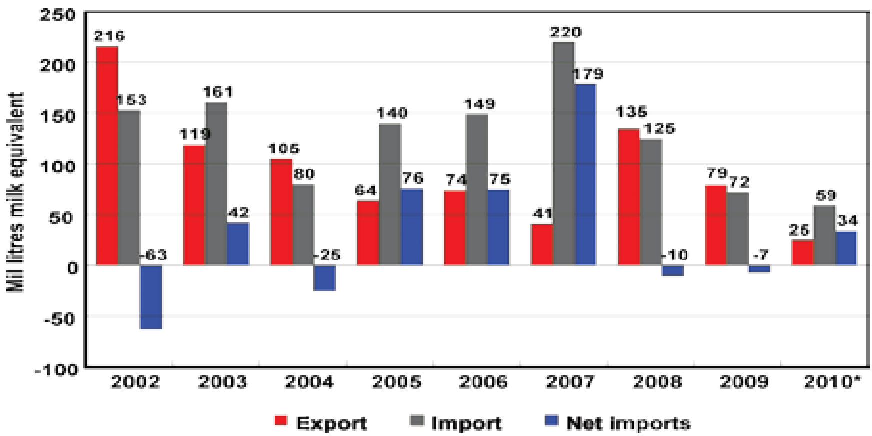
Total dairy product imports and exports are shown in *Figure 9.* During 2009, 32 373 tonnes of products were imported. On a milk equivalent basis, South Africa has been a net importer of dairy products from 2005 to 2007. The positive growth of exports since 2008, resulted in a decrease in net imports. Total exports during 2009 were 41 770 tonnes.

FIGURE 9: Dairy product imports and exports ('000 tonnes), 2002–2010*



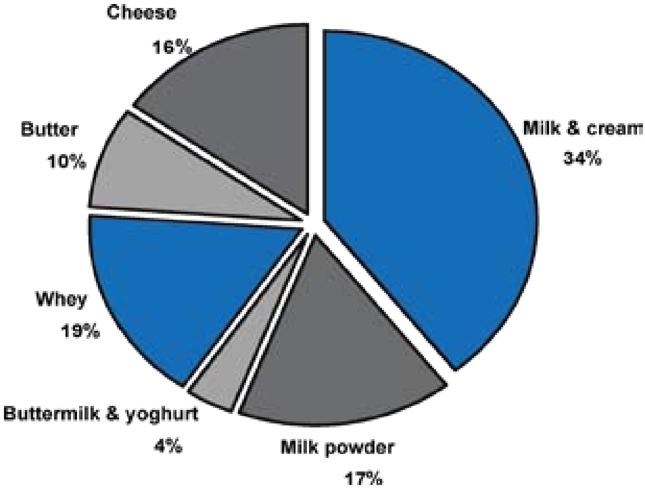
Source: SARS data supplied by MPO and SAMPRO
*** 2010 – Estimate based on actual imports and exports, Jan–June 2010**

FIGURE 10: Dairy product imports and exports, milk equivalent base, 2002–2010*



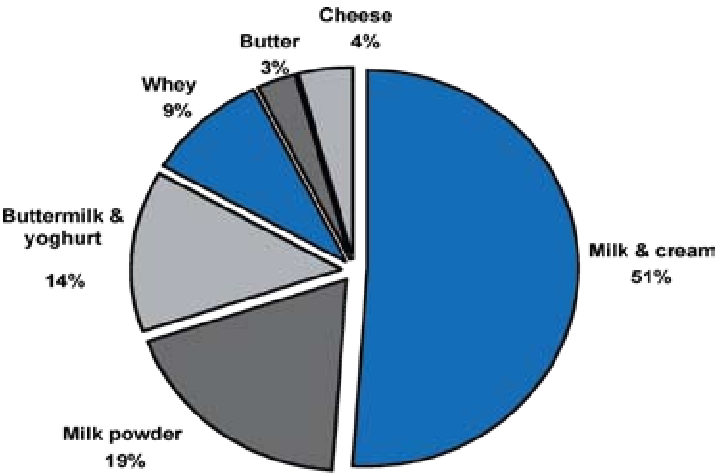
Source: SARS data supplied by MPO and SAMPRO
*** 2010 – Estimate based on actual imports and exports, Jan–June 2010**

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



Source: Data supplied by SAMPRO and MPO

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



Source: Data supplied by SAMPRO and MPO

"International product prices peaked in March/April 2008.

Since then to late 2009 prices decreased sharply.

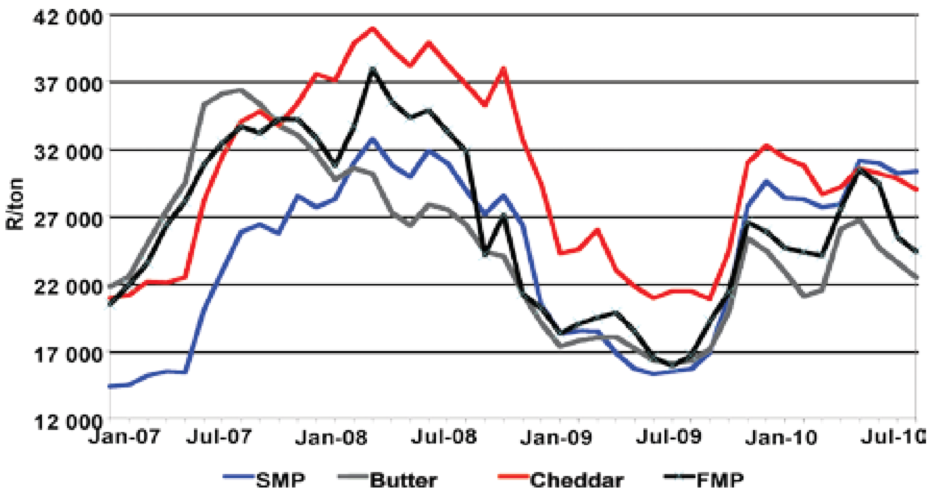
Prices recovered during 2009 and the beginning of 2010"

Dairy price trends

International product prices

International product prices peaked in March/April 2008. Since then to late 2009 prices decreased sharply. Prices recovered during 2009 and the beginning of 2010. Since then, prices were highly volatile with two peaks and two troughs to August 2010. Prices are substantially higher than in mid-2009, but still lower than the 2008 peak.

FIGURE 13: International FOB dairy product prices, rand/tonne, Jan 2007–July 2010



Source: USDA; Reserve Bank

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

Country	Jan 08	Jan 09	Jan 10	May 10
Belgium	3,99	3,23	2,89	2,90
Germany	3,96	3,50	2,80	2,76
Denmark	3,79	3,51	2,81	2,62
Finland	3,73	5,39	3,79	2,88
France	4,13	4,65	3,37	2,79
Great Britain	3,37	3,80	2,82	2,36
Ireland	3,87	3,17	2,47	2,80
Netherlands	3,81	3,46	2,91	2,65
New Zealand	2,75	2,05	2,44	2,50
USA	3,20	2,59	2,59	2,48
Europe average	3,85	3,77	2,95	2,67
South Africa	2,95	2,80	3,00	3,00
Uruguay	2,64	1,96	2,14	2,62

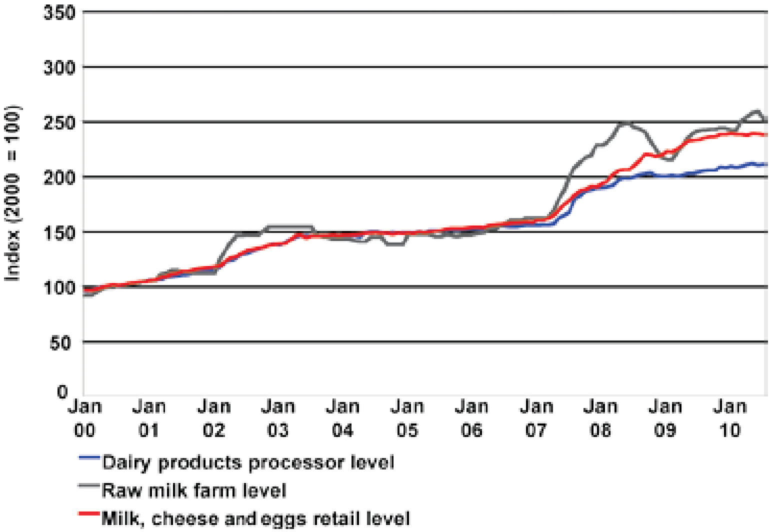
Source: LTO Nederland, MPO, Inale
Based on 4% fat-corrected milk
Exchange rates: Reserve Bank monthly middle rates

International producer prices

International producer prices largely followed the decrease in product prices during 2009 and the recovery to 2010. South African producer prices did not increase as sharply as international prices during 2008 and were more stable during 2009. South African producer prices decreased since the beginning of June 2010.

"International producer prices largely followed the decrease in product prices during 2009 and the recovery to 2010"

FIGURE 14: Price index of raw milk on farm level, dairy products at processor level and milk and eggs at consumer level, 2000–2010

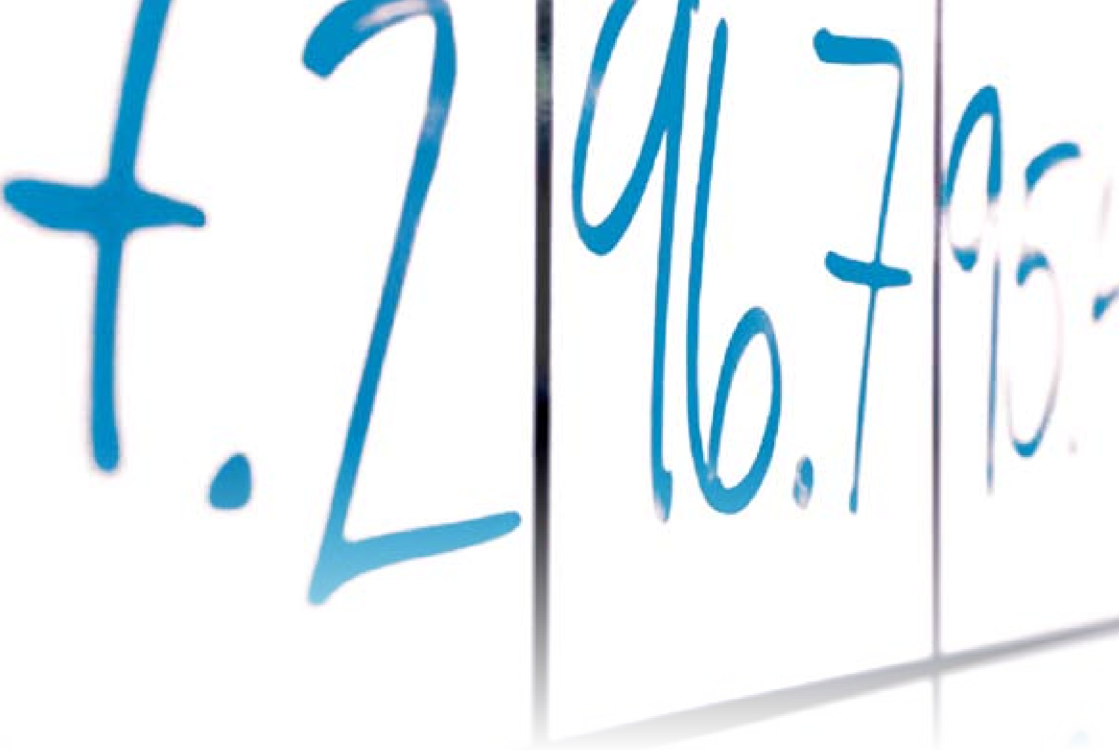


Source: DAFF and Stats SA data

TABLE 5 Farm requisite price indexes, Base 2005 = 100

Period	Machinery and implements	Material for fixed improvement	Intermediate goods and services	All farming requisites
2005	100,0	100,0	100,0	100,0
2006	103,8	100,1	107,2	106,5
2007	101,6	118,2	118,8	116,8
2008	115,0	130,9	160,8	154
2009	133,3	141,6	172,9	166,8
GAGR*	7,5%	9,1%	14,7%	13,6%
Apr 09	131,8	144,6	168,6	163,1
Apr 10	152,9	146,6	191,8	185,1
% Change	16,0	1,3	13,8	13,5

Source: Department of agriculture, forestry and fisheries
* Computed annual growth rate, 2005 to 2009



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