The World Dairy Situation 2015[1]

[1] Summary report on IDF Bull. 481/2015 World Dairy Situation 2013 available from IDF www.fil.idf.org

Introduction

The 2015 World Dairy Situation report was published in September 2015. As always it provides a general survey of the global dairy industry in the previous year. The complete report is available from the International Dairy Federation. In this article a general overview of the report is provided.

Milk Production

Cows' milk production represents 83% of total milk production. It grew by 3,3% to 663 million tonnes in 2014, faster than the 0,9% growth experienced during 2013. The major milk producing countries are listed in Table 1.

Table 1: Cows milk production per country, 2014

Country	Milk production 2014 (mil. tonnes)	Share in total cows' milk production (%)	Annual growth 2013 – 2014 (%)
Asia	**186**	**28.1**	**3.9**
EU-28	**160**	**24.1**	**4.0**
North and Central America	**119**	**17.9**	**2.1**
South America	**73**	**11.0**	**2.7**
Other Europe	**58**	**8.7**	**0.6**
Africa	**35**	**5.3**	**3.7**
Oceania	**32**	**4.8**	**6.5**
World	**663**	**100.0**	**3.3**

Source: IDF World Dairy Situation 2014

Milk production is estimated to grow by 1,5% - 2% in 2015. In spite of a reduction in producer prices during the first half of 2015, production growth remained resilient. Milk production growth in selected countries is shown in table 2.

Table 2: Milk production growth in selected countries, 2015

Country	Period	Growth 2013 – 2014 (%)
Australia	Jan-Jun	+2.5
Belarus	Jan – Jul	+6.2
Brazil	Jan – Mar	-1.0
Canada	Jan – Jun	+5.0
Chile	Jan – May	+6.9
EU-28	Jan – Jun	+0.6
Japan	Jan-Jun	+0.1
Kazakhstan	Jan-Jul	+2.3
Mexico	Jan-Jul	+2.3
New Zealand	Jan-Jun	+0.9
Russia	Jan-Jul	+0.1
Switzerland	Jan-Jun	+2.1
Turkey	Jan- Jun	+2.5
USA	Jan – Jul	+1.6
Uruguay	Jan – Jul	-2.8

Source: IDF World Dairy Situation 2015

Dairy processing

Four hundred and twenty four million tonnes of cows milk (64,0% of total production) was 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. Milk delivered increased by 3,3% from 2013 to 2014. The total production of dairy products increased in 2013. Liquid milk production increased by 0,7%, butter production by 3,4 %, cheese by 2,6%, full cream milk powder by 6,8% and skimmed milk production by 15,1%. Production of fermented products increased by 0,3%.

Dairy industry

In 2014 the turnover of most major dairy companies increased as global dairy product prices increased. Exceptions were the Japanese companies that were affected by the depreciation of the Japanese Jen. European companies like Nestlé and Danone also suffered a decrease in turnover, mainly caused by weak European sales. Dairy Farmers of America reported a 40% increase in turnover. The top 20 global dairy companies are shown in Table 3. Various mergers and acquisitions took place during 2014 and in the first half of 2015

Table 3: Major international dairy companies, 2013, 2014

Rank 2014	Company	Country	Turnover (Bn US$)	
			2013	2014
1	Lactalis	France	21.2	21.9
2	Fonterra	New Zealand	15.1	18.7
3	Nestlé	Swiss	18.7	18.3
4	Dairy Farmers of America	USA	12.8	17.9
5	Friesland Campina	Netherlands	15.1	15.0
6	Danone	France	15.7	14.8
7	Arla Foods	Denmark	13.1	14.7
8	Dean Foods	USA	9.0	9.5
9	Saputo	Canada	8.8	9.4
10	Yili	China	7.8	8.8
11	Mengniu	China	7.1	8.1
12	Sodiaal	France	6.1	7.2
13	DMK	Germany	7.1	7.0
14	Savencia*	France	5.9	6.1
15	Meiji Dairies	Japan	6.4	5.8
16	Morinaga Milk Industry	Japan	6.0	5.4
17	Land O Lakes	USA	4.5	5.1
18	Schreiber	USA	---	5.0
19	Müller	Germany	---	4.9
20	Glanbia	Ireland	4.4	4.7

Source: IDF World Dairy Situation, 2015

* Formerly Bongrain

Dairy consumption

On average per capita consumption of dairy products was 110,7 kg in milk equivalent in 2014, an increase of 1,7% on 2013. On average each consumer now consumes 8,7 kg more than in 2005.

The percentage distribution of dairy consumption in 2014 is shown in Figure 1.

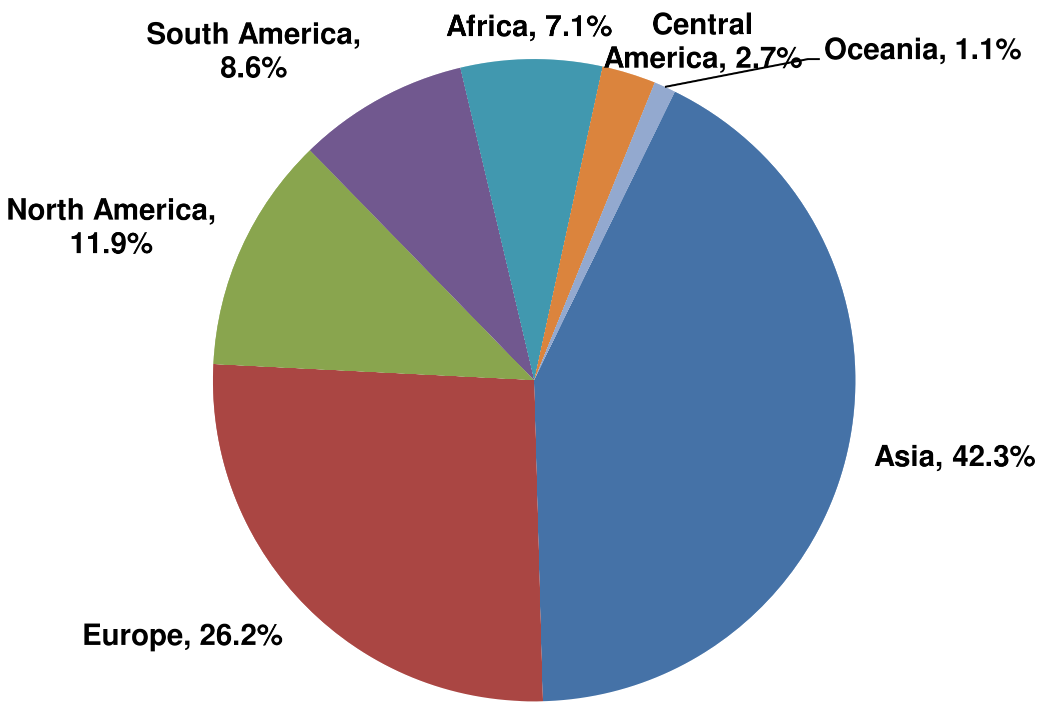
International dairy trade

In 2014, 66,5 million tonnes in milk equivalent was traded between countries. This is 8% 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 shares of New Zealand and the USA increase.

Conclusion

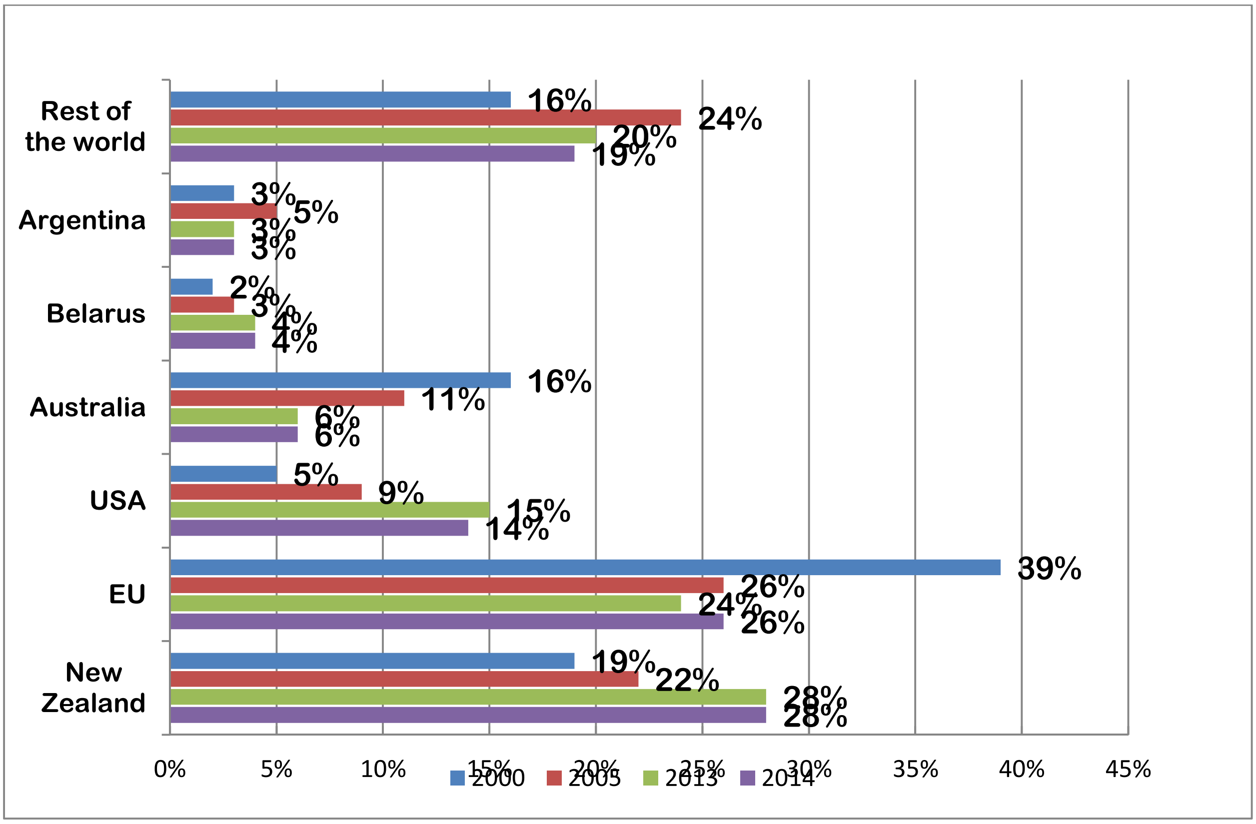
Global milk production is growing. The demand for dairy products is driven by population growth as well as the growth in per capita consumption. The major consumer countries will not be able to produce enough milk for own use in the next decade. The global market for dairy products will thus continue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

Figure 1: Global dairy consumption per region, 2014



Source: IDF World Dairy Situation, 2015

Figure 2: Major international dairy exporters, 2000, 2005, 2013, 2014



Source: IDF World dairy situation, 2015