The World Dairy Situation 2016[1]

[1] Summary report on IDF Bull. 485/2016 World Dairy Situation. The complete document is available from IDF www.fil.idf.org

Introduction

The 2016 World Dairy Situation report was published in October 2016. 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 82,5% of total milk production. It grew by 2,0% to 674 million tonnes in 2015, slower than the 3,3% growth experienced in 2014. The major milk-producing countries are listed in Table 1.

Table 1: Cows milk production per country, 2014

Country	Milk production 2015 (mil. tonnes)	Share in total cows' milk production (%)	Annual growth 2014 – 2015 (%)
Asia	**197**	**29,2**	**4,5**
EU-28	**163**	**24,2**	**2,0**
North and Central America	**121**	**18,0**	**1,6**
South America	**66**	**9,8**	**-1,2**
Other Europe	**58**	**8,6**	**-0,3**
Africa	**37**	**5,5**	**3,5**
Oceania	**31**	**4,6**	**-1,6**
World	**674**	**100,0**	**2,0**

Source: IDF World Dairy Situation 2016

Despite 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, 2016

Country	Period	Growth 2016 – 2015 (%)
Argentina	Jan-Jun	-12,6
Australia	Jan -Jul	-5,2
Belarus	Jan – Jul	+1,3
Brazil	Jan - Jun	-6,4
Canada	Jan – Jul	+3,5
Chile	Jan - Jul	-2,8
EU-28	Jan – Jul	+2,5
Japan	Jan-Jul	+1,0
Kazakhstan	Jan – Aug	+3,3
Mexico	Jan – Jul	+1,7
New Zealand	Jan-Jul	+0,4
Russia	Jan-Jun	0,0
Switzerland	Jan-Jul	+0,3
Turkey	Jan- Jul	+2,3
Ukraine	Jan – Jul	-1,3
Uruguay	Jan – Jul	-13,5
USA	Jan- Jul	+1,6

Source: IDF World Dairy Situation 2016

Dairy processing

Four hundred and twenty-seven million tonnes of cow's milk (63,3% 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 1,1% from 2014 to 2015. The total production of dairy products increased in 2015. Liquid milk production increased by 0,9%, butter production by 2,1 %, cheese by 2,8%, full-cream milk powder decreased by 1,4% while skimmed milk production remained . Production of fermented products increased by 3,2%.

Dairy industry

In 2015 the turnover of most major dairy companies decreased as global dairy product prices decreased. Consequently all European dairy companies experienced double-digit decreases in total turnover. Chinese Yili and India's Amul increased their turnovers. Canadian Agropur showed the biggest increase in turnover of 9%. This was the result of the acquisition of American company Danisco.

The top 20 global dairy companies are shown in Table 3. Various mergers and acquisitions took place in 2015 and in the first half of 2016.

Table 3: Major international dairy companies, 2013 - 2015

Rank 2015	Company	Country	Turnover (Bn US$)		
			2013	2014	2015
1	Lactalis	France	21,2	21,9	18,9
2	Nestlé	Swiss	18,7	18,3	15,2
3	Fonterra	New Zealand	15,1	18,7	14,3
4	Dairy Farmers of America	USA	12,8	17,9	13,8
5	Danone	France	15,7	14,8	12,3
6	Friesland Campina	Netherlands	15,1	15,0	12,2
7	Arla Foods	Denmark	13,1	14,7	11,4
8	Yili	China	7,8	8,8	9,6
9	Saputo	Canada	8,8	9,4	8,6
10	Dean Foods	USA	9,0	9,5	8,1
11	Mengniu	China	7,1	8,1	7,8
12	Meiji Dairies	Japan	6,4	6,2	5,9
13	Müller	Germany			5,6
14	Sodiaal	France	6,1	7,2	5,5
15	DMK	Germany	7,1	7,1	5,1
16	Morinaga Milk Industry	Japan	6,0	5,4	5,0
17	Schreiber	USA	---	---	5,0
18	Savencia	France	5,9	6,1	4,9
19	Agropur	Canada	3,7	4,2	4,6
20	Megmilk Snow Brand	Japan	4,6	4,3	4,3

Source: IDF World Dairy Situation, 2016

Dairy consumption

On average per capita consumption of dairy products was 111,3 kg in milk equivalent in 2015, an increase of 0,6% on 2014. On average each consumer now consumes 9,8 kg more than in 2005.

The percentage distribution of dairy consumption in 2015 is shown in Figure 1.

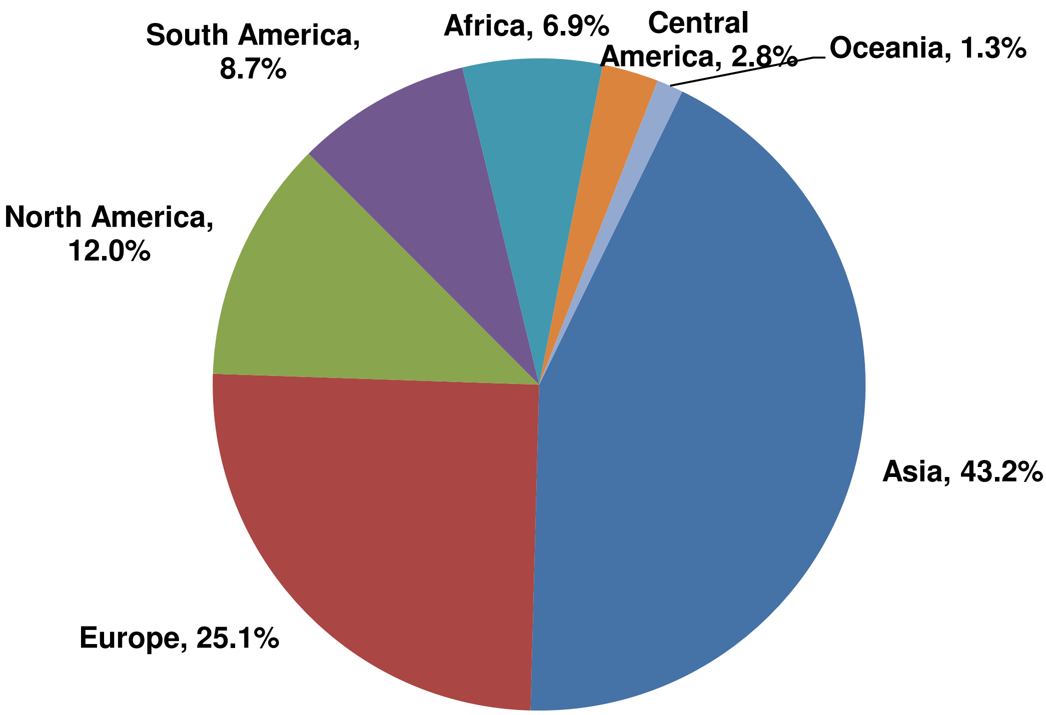
International dairy trade

In 2015, 69,4 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

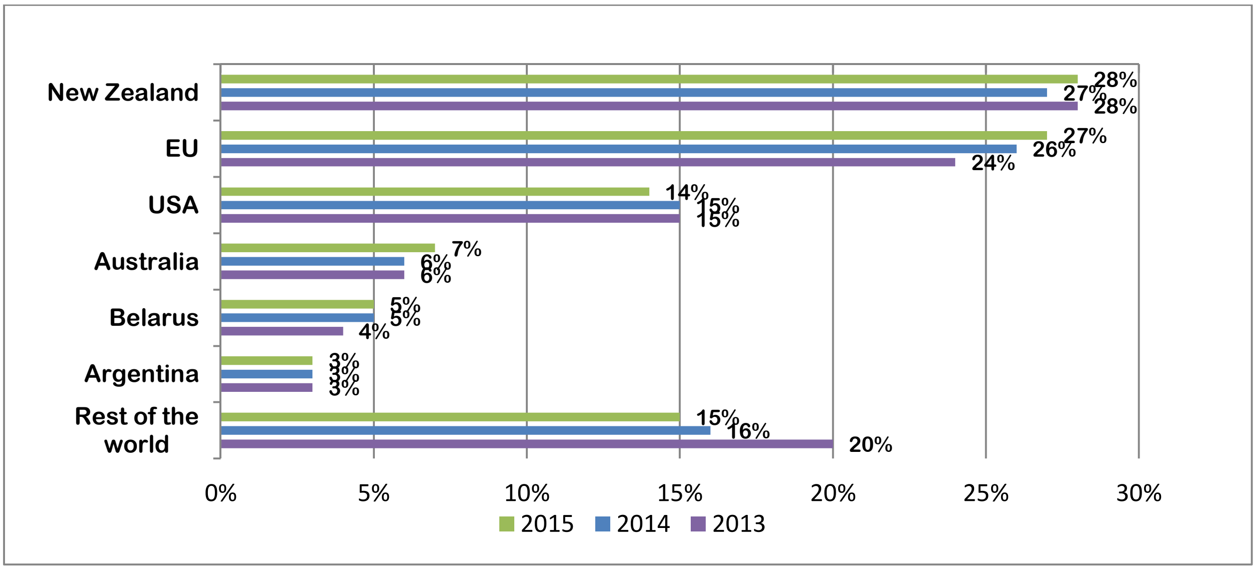
Global milk production is growing. The demand for dairy products is driven by population growth, as well as the growth in per capita consumption. The major consumer countries will not be able to produce enough milk for their own use in the next decade. The global market for dairy products will thus continue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

Figure 1: Global dairy consumption per region, 2015



Source: IDF World Dairy Situation, 2016

Figure 2: Major international dairy exporters, 2005, 2014, 2015



Source: IDF World dairy situation, 2016