

Bulletin of the International Dairy Federation 494/2018

Price: EUR 400

THE WORLD DAIRY SITUATION 2018

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Annual subscription price for the electronic version of the 2018 Bulletin : 600 Euro for all issues.

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Boulevard Auguste Reyers, 70/B - 1030 Brussels (Belgium)

Telephone : +32 2 325 67 40 - Fax : +32 2 325 67 41 - E-mail : info@fil-idf.org - Website: www.fil-idf.org

FOREWORD

We are delighted to present this 2018 Edition of the World Dairy Situation Report. This publication is produced annually by the International Dairy Federation (IDF) as part of its mission to represent and support the dairy industry globally. The report contains a wealth of information about the international dairy sector — including data tables, graphs, Country Reports and analyses on more than fifty dairy-producing countries from all five continents. Several aspects of the dairy industry are covered: from milk production and processing, to trade, pricing and consumption.

As the demand for butterfat continues to grow faster than supply, butter prices remain strong in most regions of the world. On the other hand, the dairy protein markets continue to be under pressure with fluid milk consumption continuing to decline and with increased offering of plant-based beverages. As a result, we continue to witness high inventories of skim milk powder (SMP) and relatively low prices. The important price gap between butter and SMP prices, which has been in place for almost three years, continues to persist but there are signs that some level of price recovery is on the way.

Overall milk production continues to grow more or less around its long-term average of 2%, sometimes affected by adverse weather conditions such as the abnormally hot 2018 summer in the

northern hemisphere, or farmers' reactions to changing prices and the unpredictable trade environment. These factors, combined with the state of the global economy and the current geopolitical landscape, including the negotiations and implementation of bilateral and multilateral trade agreements, contributes to bring some uncertainty for investors in the dairy sector and make dairy product supplies somewhat less predictable than the global demand.

We sincerely hope that you will find this World Dairy Situation Report helpful. It will further your understanding of current macro supply and demand trends affecting the dairy sector. It will also give you an insight on the wide range of policies and economic factors which influence a world increasingly focused on sustainable development and nutrition.

In closing, we would like to acknowledge and express our gratitude to all IDF National Committees — who provided most of the data, members of the IDF Standing Committee on Dairy Policies and Economics, other international organizations and partners, as well as members and experts who contributed their time and expertise to this report. We extend a special thank you to ZuivelNL and CNIEL, who prepared this publication.



Gilles Froment
Chair — IDF Standing Committee on
Dairy Policies and Economics



Caroline Emond
IDF Director General

MESSAGE FROM THE WDS TEAM

Dear dairy reader,

For the 9th year in a row, we are proud to present a new issue of IDF's World Dairy Situation bulletin. From the responses we get, we understand that the work done in this report is highly appreciated. This year, we have compiled and edited data from more than 50 Country Reports, thanks to contributions received from IDF National Committees and other national dairy organisations, whom we sincerely thank. Such a comprehensive report would not have been possible without the collective efforts of all those participating under the auspices of the IDF.

We would also like to thank the national committee of the Republic of Korea who, as hosts of the 2018 World Dairy Summit, provided a full chapter dedicated to their country's dairy sector.

Like last year, you will notice that the 2018 issue focuses more on data than analysis. The text in the chapters is presented in two columns on the left-hand page, with corresponding illustrations to the right. All Country Reports feature general information on the country's economy in order to provide a better sense of the relative weight of local agricultural markets. For more convenience, and to facilitate direct use in your work documents, comprehensive tables covering all aspects of the dairy sector, and illustrative graphs and maps are also available in electronic format.

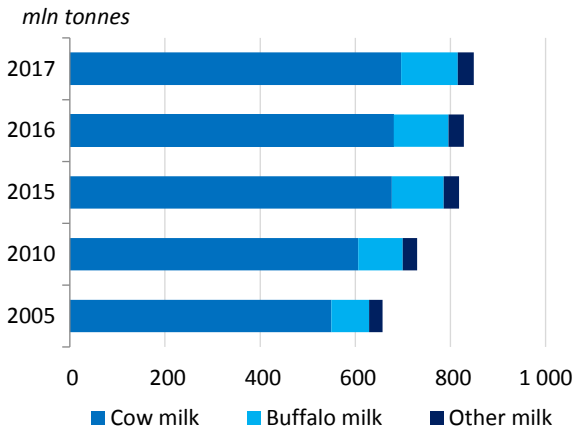
We hope you will find this information useful, and welcome ideas for continuous improvement: please send your comments to info@fil-idf.org.



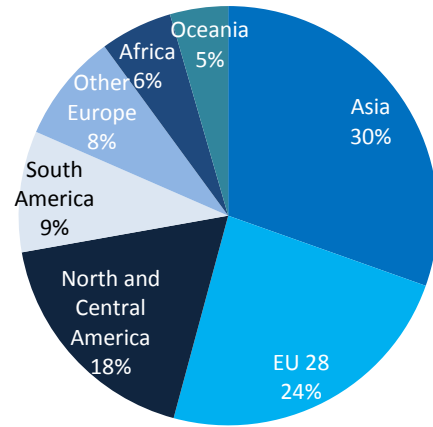
WORLD DAIRY SITUATION AT A GLANCE

MILK PRODUCTION

World: milk production by species



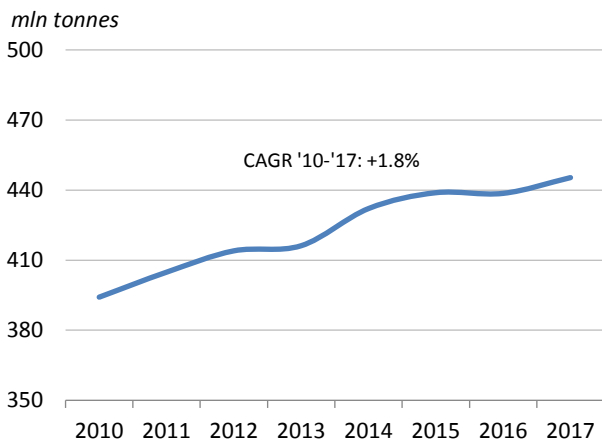
World: cow's milk production (share per region)



World total 2017: 696 billion kg

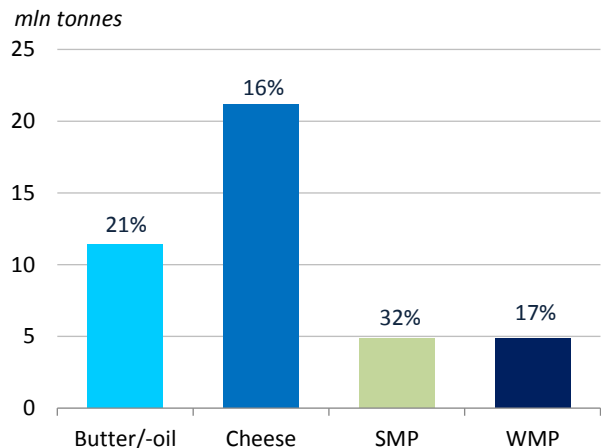
MILK PROCESSING

World: cow's milk deliveries^(A)



(A) In 55 selected countries.

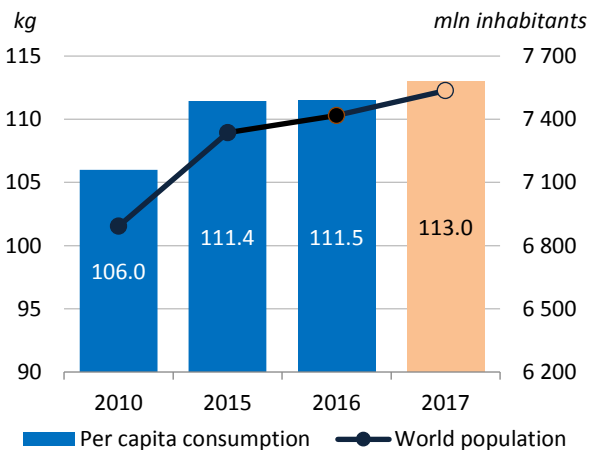
World: dairy product output, growth 2010/17^(B)



(B) Countries included in total: 57 (butter); 56 (cheese); 55 (SMP); 51 (WMP).

CONSUMPTION

World: per capita consumption and population

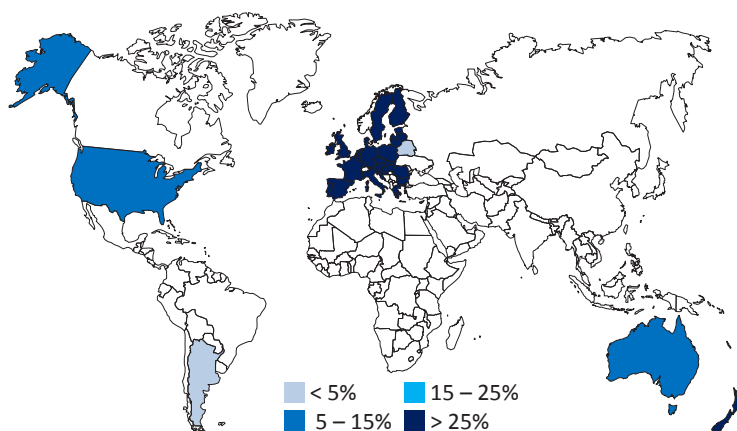


World: self-sufficiency rate (per region)

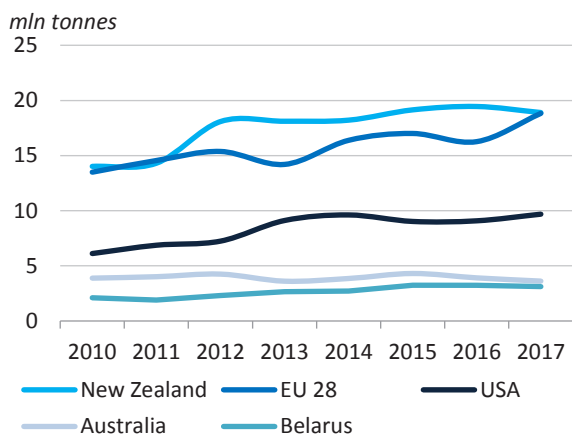
Region	2010	2017
Asia	93%	90%
Europe	105%	110%
EU	107%	113%
Non-EU	100%	102%
North America	102%	109%
South America	102%	100%
Africa	88%	84%
Central America	82%	79%
Oceania	311%	289%

WORLD DAIRY TRADE

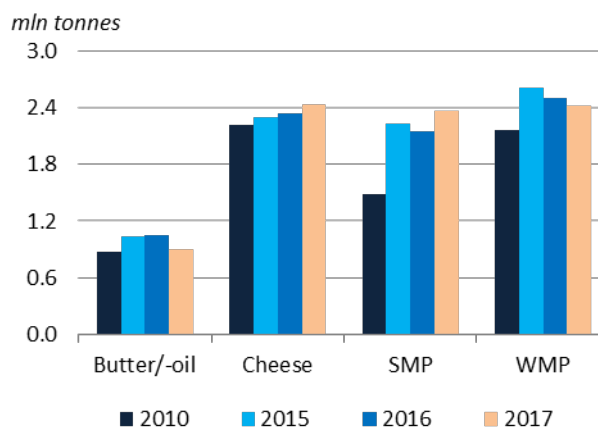
World trade: key exporters, export share^(C)



World trade: top 5 exporters^(C)



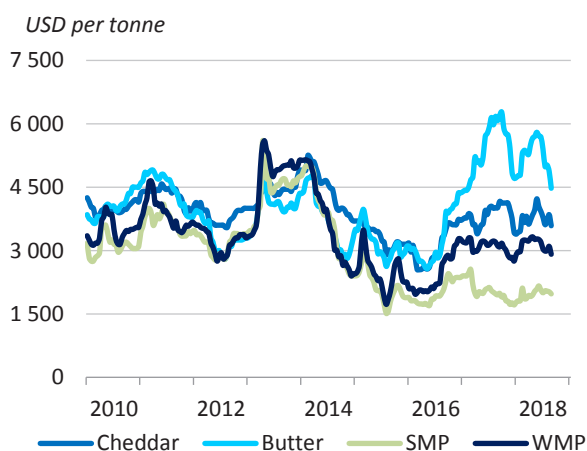
World trade: dairy products



(C) In milk equivalent.

PRICES

World: dairy product prices



World: producer prices for milk

	2017 (USD/100kg)	2016/17
Argentina	32.30	+25.9%
Brazil	33.75	+28.5%
China	56.24	-3.0%
EU 28	39.37	+25.1%
France	36.61	+16.0%
Germany	40.88	+38.2%
Netherlands	45.13	+28.0%
Poland	35.72	+31.0%
India ^(D)	44.19	+9.5%
New Zealand	40.75	+56.6%
Russia	42.00	+0.1%
USA	38.80	+8.0%

(D) Mixed (cow and buffalo) milk; refers to cooperative only.