

MMO Economic Board

Meeting of 29 March 2019

- o The 29th meeting of the MMO Economic Board took place on 29/03/2019, with the participation of experts from the milk supply chain: CEJA (young farmers), COPA-COGECA (producers and cooperatives), EMB (European Milk Board), EDA (dairy industry), Eucolait (dairy trade) and Eurocommerce (retail). ECVV (Via Campesina) was not present. Presentations and information exchanged during the meeting showed the following.
- o EU milk deliveries decreased in Jan 2018 by 1.5%. In volume terms, this decrease is equivalent to that of Jan 2017, when production reduction measures were in place. FR, NL, and DE produced 180 000 t less altogether while PL showed the biggest growth. Production contracted in Jan for SMP (-8.5%), WMP (-6.4%), butter (-1.9%) and cheese and drinking milk (-1% both).
- o EU average farm gate milk price is reported at 35 c/kg in January, which is slightly below last year's level but 3% above the last 5 years' average. Indexes for milk prices and operating costs show shrinking gross margins in Q4 2018 notably due to a rise in feed costs (though still in line with historical references).
- o Prices of dairy products have generally improved so far this year, notably for SMP (+9.3%), cheddar cheese (+8.7%) and WMP (+5.4%). The biggest price decrease is reported for butter (-4%). When compared to 5-year averages, butter prices are the highest now (+14%) and SMP the lowest (-6%). Oceanian dairy prices have surged with the announcement of adverse weather events later in the season (El Niño) that might compromise milk production. EU SMP and butter prices are competitive in the world markets compared to both the US and Oceania.
- o The assessment of EU stock levels based on a residual approach (production + imports - consumption - exports) shows SMP stocks at their lowest in 4 years (and decreasing given EU competitiveness and good import demand). Butter stocks on the contrary are high when compared to 2017 and 2018, slightly above 150 000 t. Cheese stocks have diminished in recent months due to lower milk supply and good export performance.
- o Global milk supply grew at a slower pace by end 2018, resulting in a combined rate of 1% for the full year. Adverse weather forecasts and weaker milk prices might result in a modest production growth in the coming months in the US and Oceania. The global milk supply growth is forecasted at +0.5% for H1 2019.
- o Combined global exports increased in 2018. The EU and NZ stood as lead exporters in 2018 yet reducing slightly their shares (while the US expanded by one percentage point). Argentina and Uruguay increased substantially their export share (due to WMP exports) but volumes are lower. Demand in Middle East and North Africa improved thanks to higher oil prices. China maintains a predominant importing position despite a deceleration in their economic growth. While their solid demand is regarded positively, the rising weight of a single actor in world markets creates some risks. The EU exported record volumes of cheese and SMP in 2018. EU whey powder exports also expanded, benefitting from higher tariffs applied by China on US products (the reduction of the pig herd in China due to ASF has not impacted so far EU whey exports). Infant formula is regarded as the most successful story for EU exports in recent years.
- o Uncertainties about the result of Brexit may weaken dairy prices, with some reports that sizeable stocks are being built-up in the UK in the event of a no deal scenario. The tariffs announced by the UK for dairy products would not stop trade (it remains to be seen if actors in the supply chain will bear the economic burden).
- o With regards to retail sales, the butter case seems to be fading in most Member States: consumption is increasing in the light of lower consumer prices. However, the decline of drinking milk consumption is still manifest. Together with organic, regional brands and 'citizen milk' have shown a dynamic performance in France.
- o The Commission presented a preliminary Short Term Outlook projecting a 0.7% milk collection increase in 2019 (most of it taking place in the second half of the year).
- o In the framework of the Market Transparency initiative, the Commission presented ideas being considered for dairy products. The dairy industry alerted about the complexity of collecting and monitoring prices and production of retail products.
- o The Commission presented an overview of EU-funded promotion campaigns in 2018: some 27.5 million € grants were allocated to 12 programmes for the dairy sector.
- o The market situation is considered as balanced, with supply and demand growth below the average of past years.

ANNEX 1

Milk Market Situation

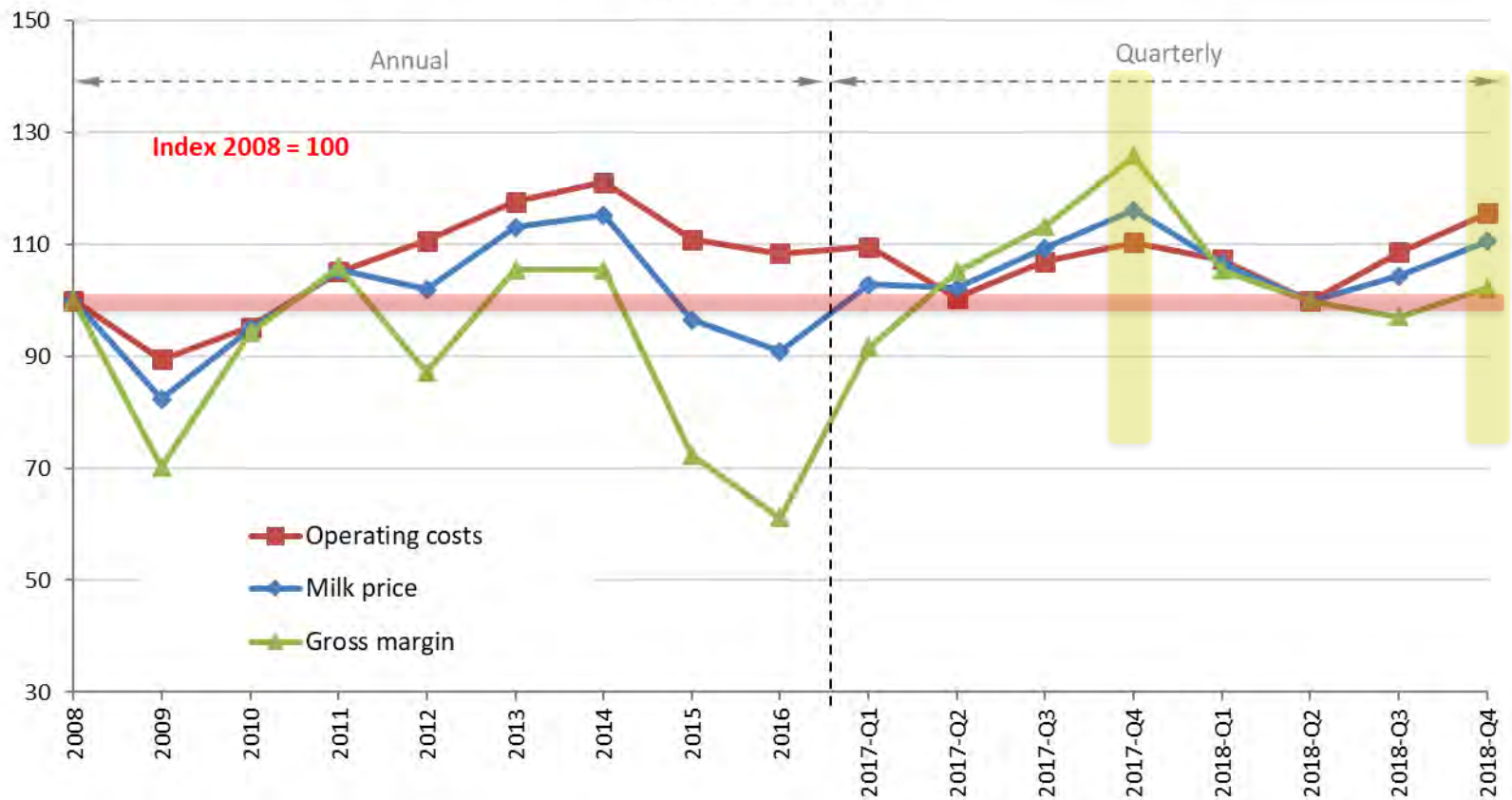
European Commission



Milk Market Situation

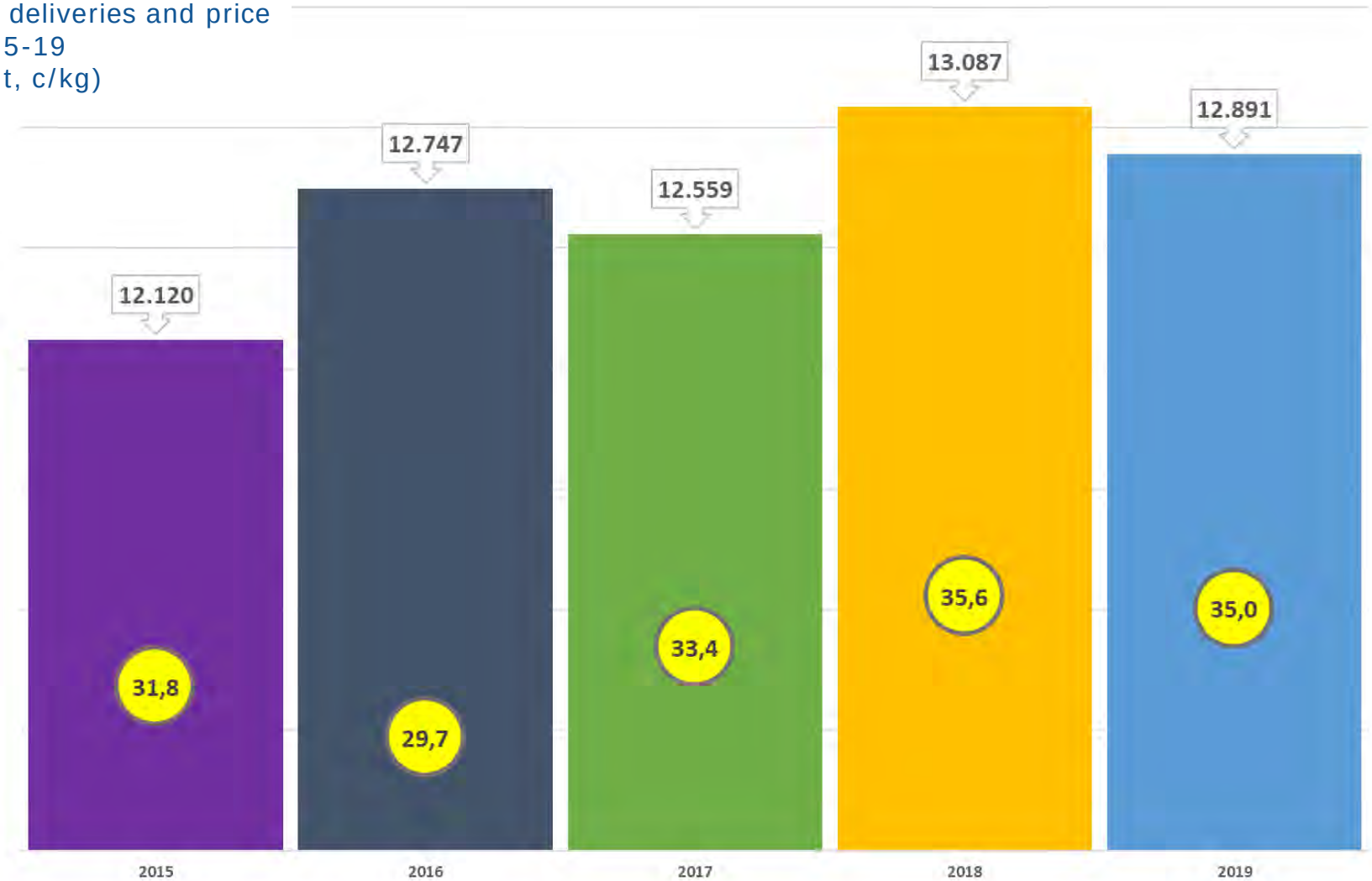
Brussels, 29 March 2019

EU indexes for milk price, operating costs and gross margin

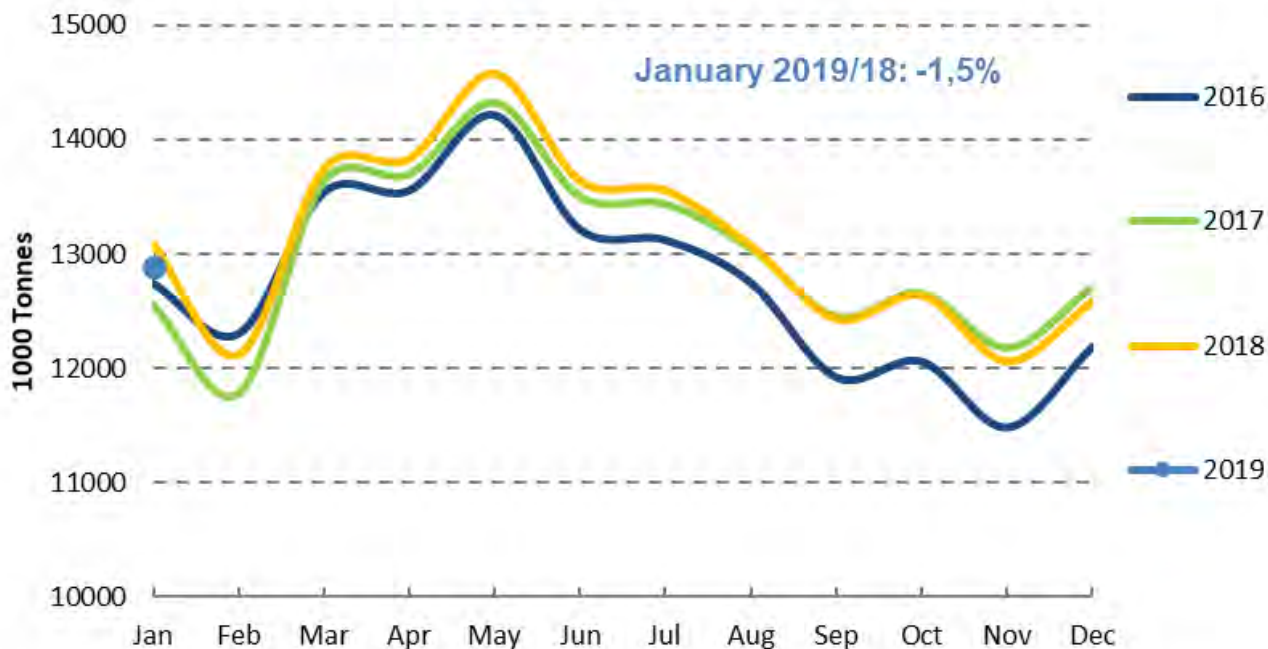


Source : FADN (base year 2016) + indexes (Eurostat, DG AGRI)

EU milk deliveries and price
Jan 2015-19
(x1000 t, c/kg)



EU - Cows' milk collected



Source : Estat - Newcronos

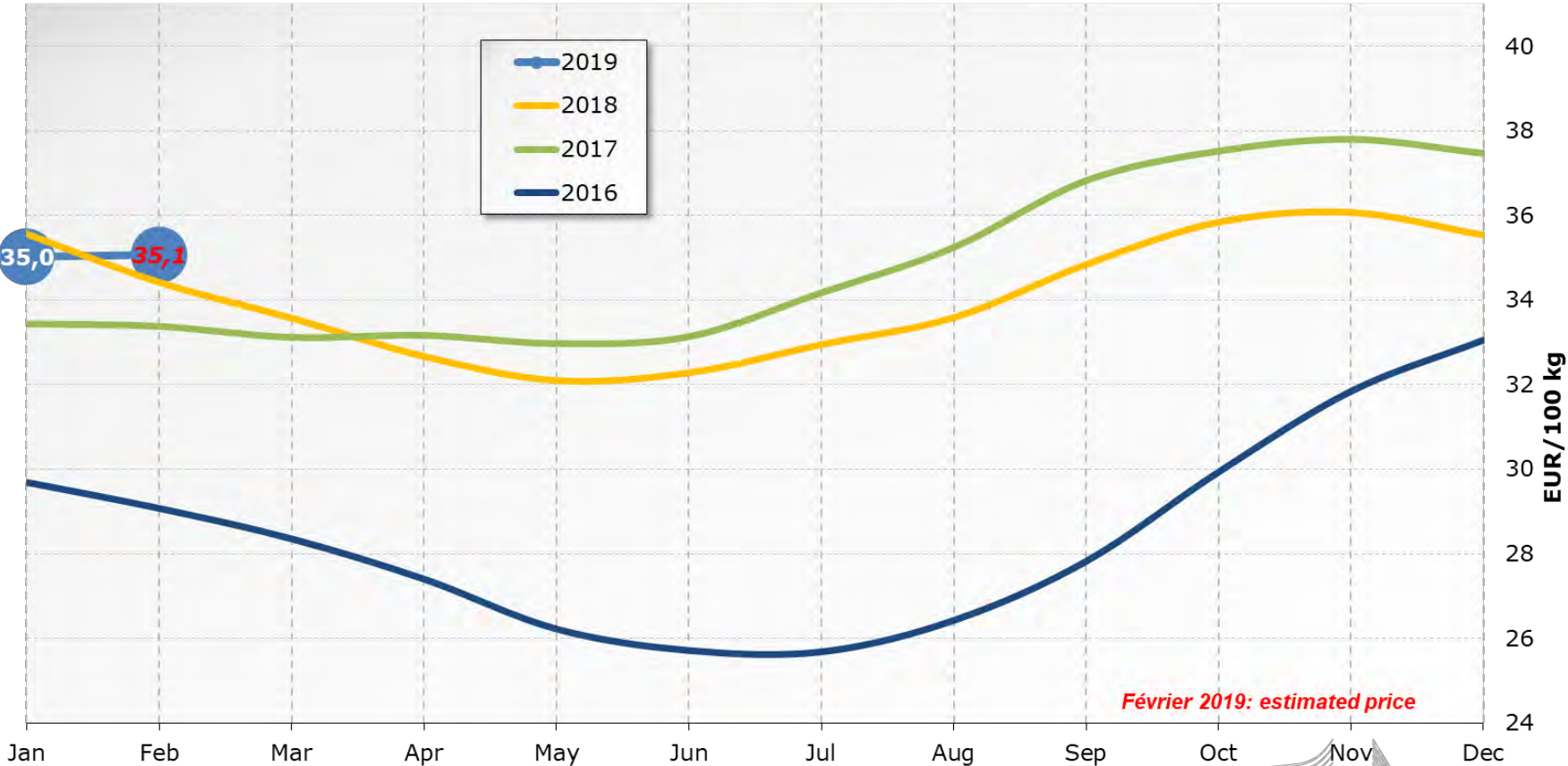
Last update : January

Jan 19 compared to Jan 18

Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	RO	+6.0%	PL	+32
2.	EE	+4.9%	UK	+22
3.	PL	+3.2%	DK	+8
4.	CY	+2.7%	RO	+5
5.	EL	+2.0%	EE	+3
6.	UK	+1.7%	BE	+3
7.	DK	+1.7%	EL	+1
8.	BE	+0.8%	IE	+1
9.	IE	+0.6%	CY	+1
10.	LT	+0.1%	LT	+0
11.	LU	-0.3%	MT	-0
12.	MT	-0.3%	LU	-0
13.	SE	-0.4%	SE	-1
14.	FI	-1.3%	LV	-1
15.	ES	-1.6%	SK	-1
16.	HU	-1.7%	HU	-2
17.	SK	-1.9%	FI	-3
18.	IT	-2.0%	HR	-3
19.	LV	-2.1%	SI	-3
20.	CZ	-2.1%	PT	-5
21.	DE	-2.1%	CZ	-6
22.	PT	-2.9%	BG	-7
23.	FR	-2.9%	ES	-10
24.	NL	-5.1%	IT	-21
25.	SI	-5.5%	AT	-22
26.	HR	-6.6%	DE	-59
27.	AT	-7.6%	NL	-63
28.	BG	-12.7%	FR	-64
	EU28	-1.5%	EU28	-196

Milk Prices paid to the Producers

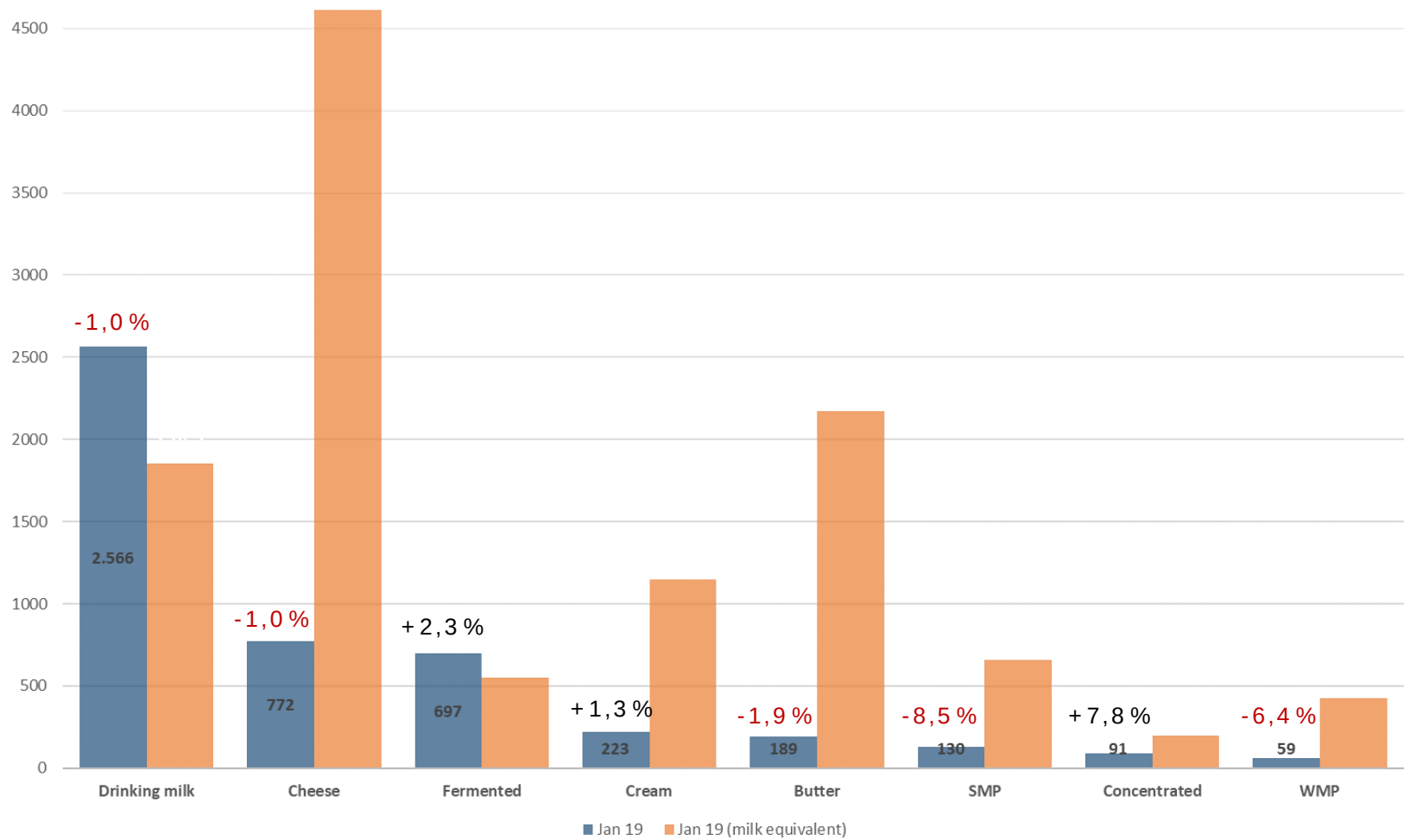
EU (weight. avg.)



Février 2019: estimated price

Source : Member States Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

EU dairy production (x1000 t, x1000 t milk equivalent)



Quantities in tonnes

*: quantity actually sold after deducting offers not concluded by operators

Quantities in tonnes

*: this calculated available quantity might differ from the available quantity shown in the breakdown by age table (p. 6) because of the delay in the monthly reporting of these breakdown by age notifications

EU Dairy Quotations (EU Average Prices based on MS communication and weighted by production)



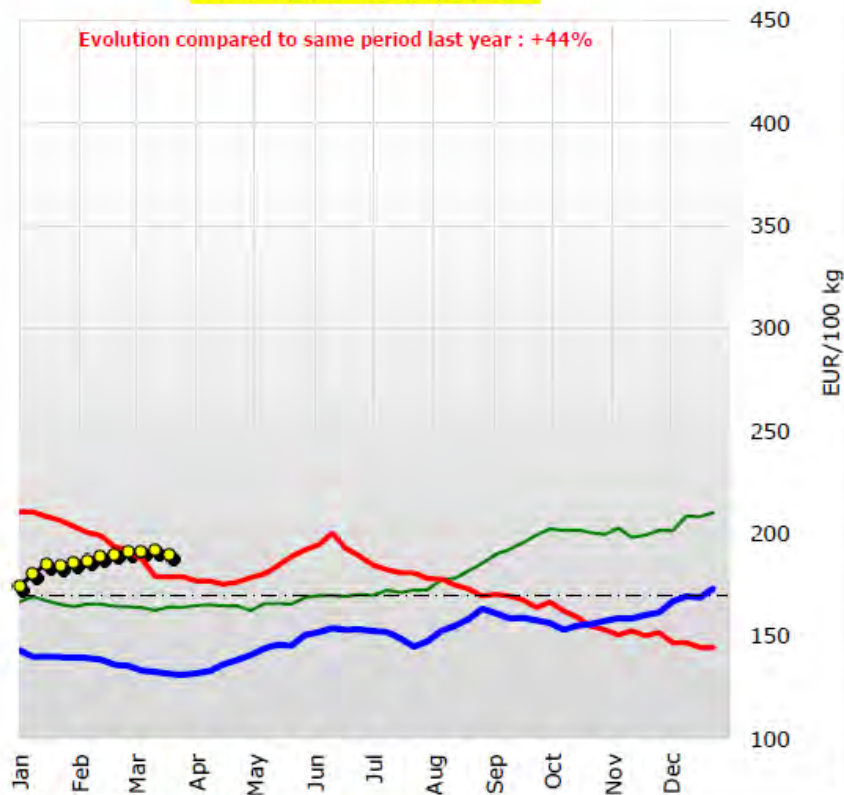
Prices of EU Dairy commodities

(Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7)

Weekly EU SMP Prices

Latest price : 189 EUR/100kg

Evolution compared to same period last year : +44%

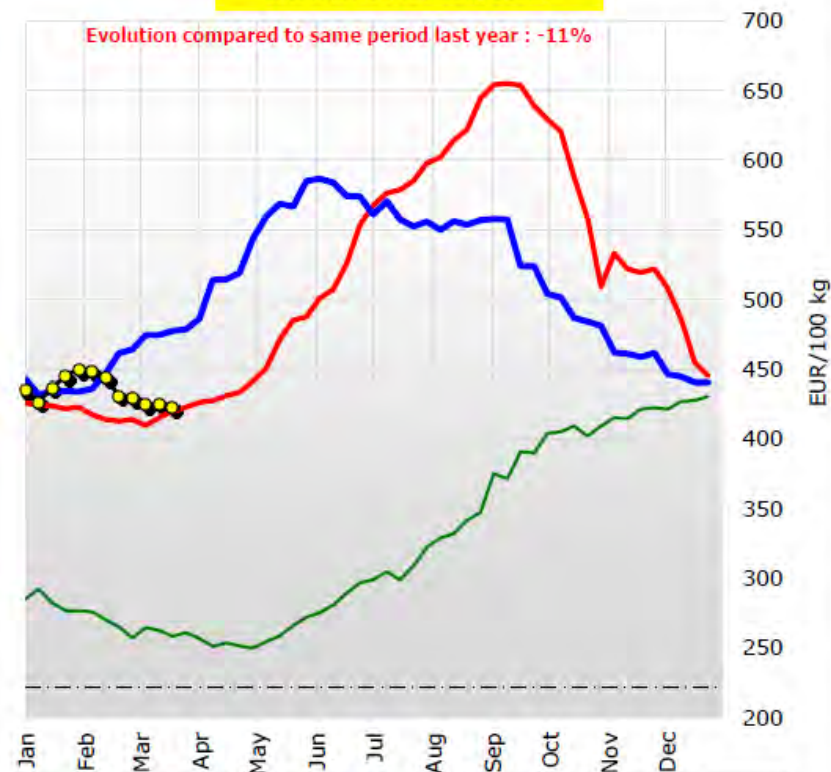


— 2016 — 2017 — 2018 —●— 2019 - - - IP 2009

Weekly EU BUTTER Prices

Latest price : 423 EUR/100kg

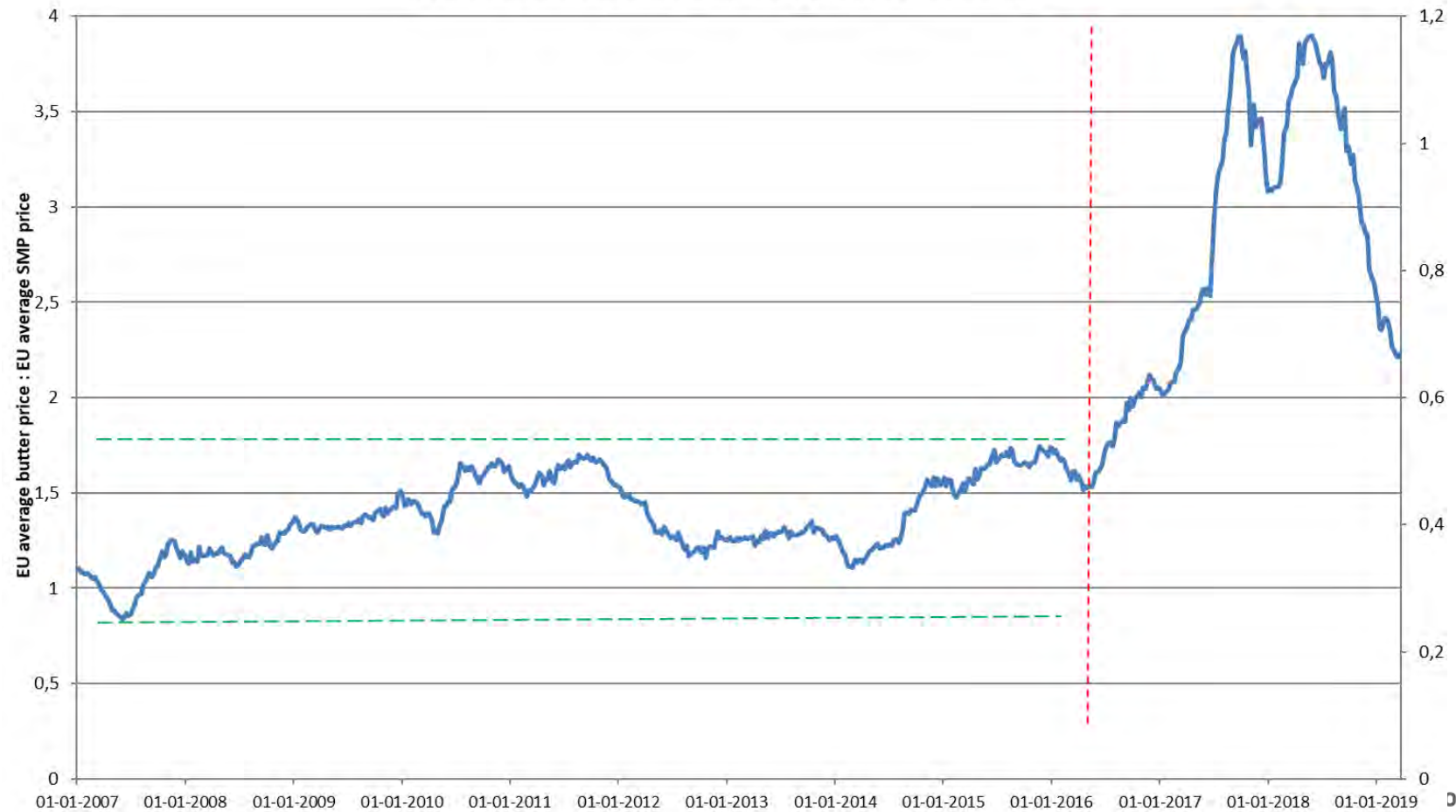
Evolution compared to same period last year : -11%



— 2016 — 2017 — 2018 —●— 2019 - - - IP 2009

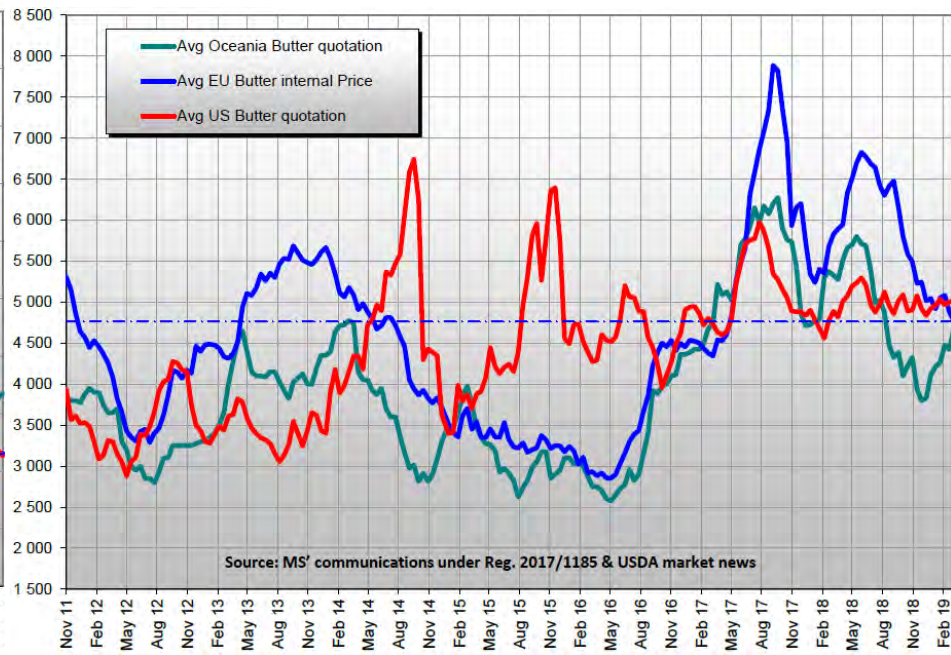
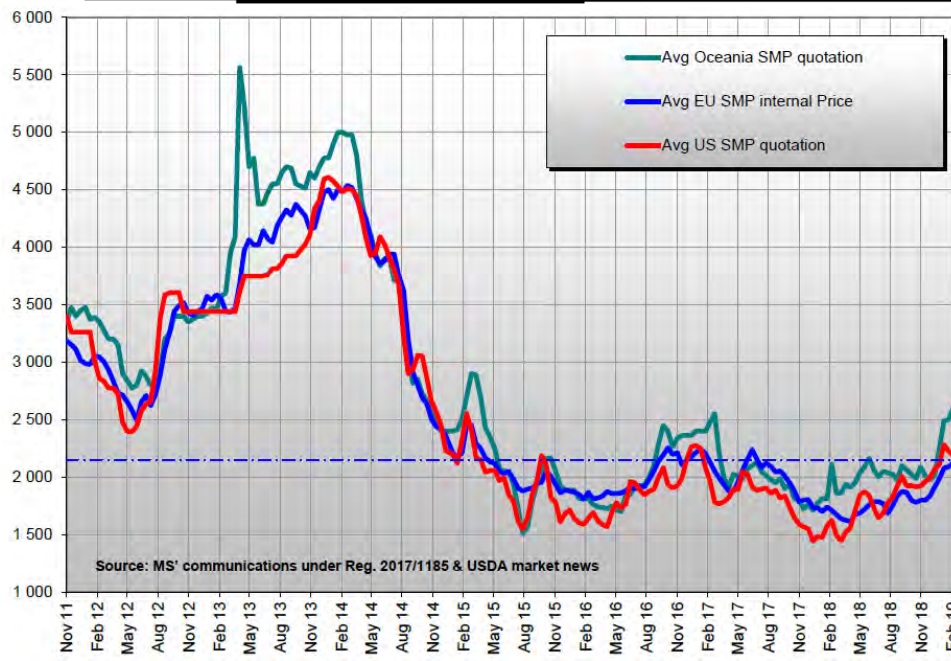
EU butter/SMP price ratio

(based on Member States' price notifications to DG AGRI)



Latest World Quotations of Dairy Products

	Latest Quotations			Week - 2						Year - 1					
In US\$/t	17/03/2019			03/03/2019			% change (previous quotation)			18 March 2018			% change (1 year)		
	EU	Oceania	USA	EU	Oceania	USA	EU	Oceania	USA	EU	Oceania	USA	EU	Oceania	USA
Butter	4 763	4 688	5 023	4 878	4 425	5 002	↓ -2.4%	↑ +5.9%	→ +0.4%	5 831	5 325	4 889	↓ -18%	↓ -12%	↗ +3%
SMP	2 149	2 675	2 131	2 152	2 638	2 176	→ -0.1%	↗ +1.4%	↘ -2.1%	1 637	1 863	1 445	↑ +31%	↑ +44%	↑ +47%
WMP	3 224	3 200	3 583	3 273	3 025	3 560	↗ -1.5%	↑ +5.8%	→ +0.6%	3 199	3 238	3 197	→ +1%	↘ -1%	↑ +12%
Cheddar	3 694	3 950	3 391	3 631	3 700	3 544	↗ +1.7%	↑ +6.8%	↘ -4.3%	3 968	3 813	3 490	↓ -7%	↗ +4%	↘ -3%



ANNEX 2

EU dairy products
monthly stock estimates
at the end of
January 2019

EDA



**EU dairy products
monthly stock estimates
at the end of January 2019**

Milk Market Observatory

Economic Board

March 29th , 2019

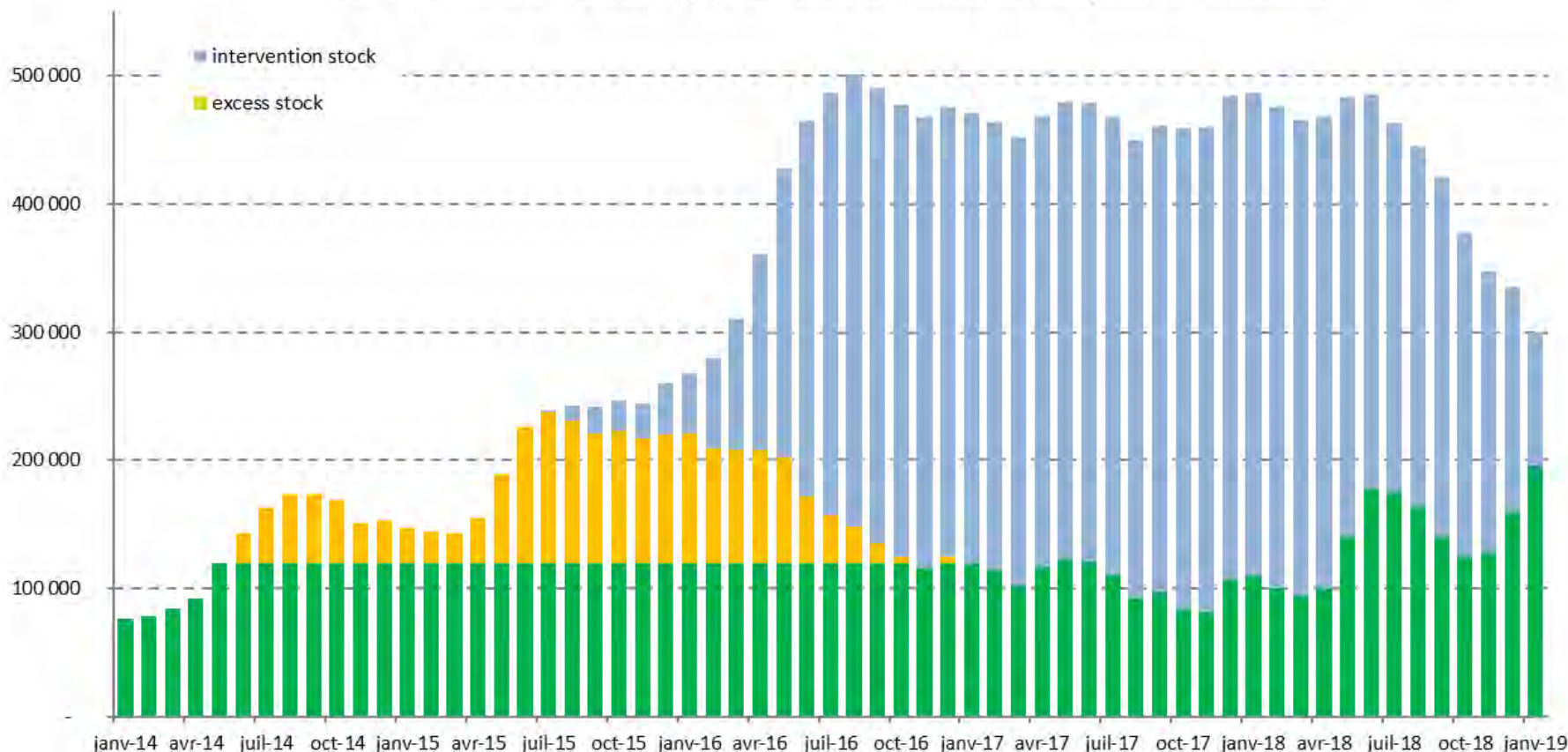
Methodology

- For each dairy product and each month, the stock estimates are based on the equation:
 - **Stock variation** = EU production + EU import – EU internal consumption – EU exports
- ZMB balance sheets and forecasts have been used as references for :
 - End of year stock levels
 - Yearly consumption levels
- Monthly production statistics are based on ZMB Dairy World publications.
- Exports and imports figures are based on MMO website figures.
- The initial stocks entered in the model at the beginning of 2012 are :
 - SMP: 152 000 t
 - Butter: 80 000 t
 - Cheese: 200 000 t (arbitrary basis)
- The green parts in each graph mean that this stock level can be considered as normal for the month.
- The orange part means that this stock level can be considered as too high for the month.
- These qualifications are based on the EDA analysts' personal views and past market observations.

stock level
in tons

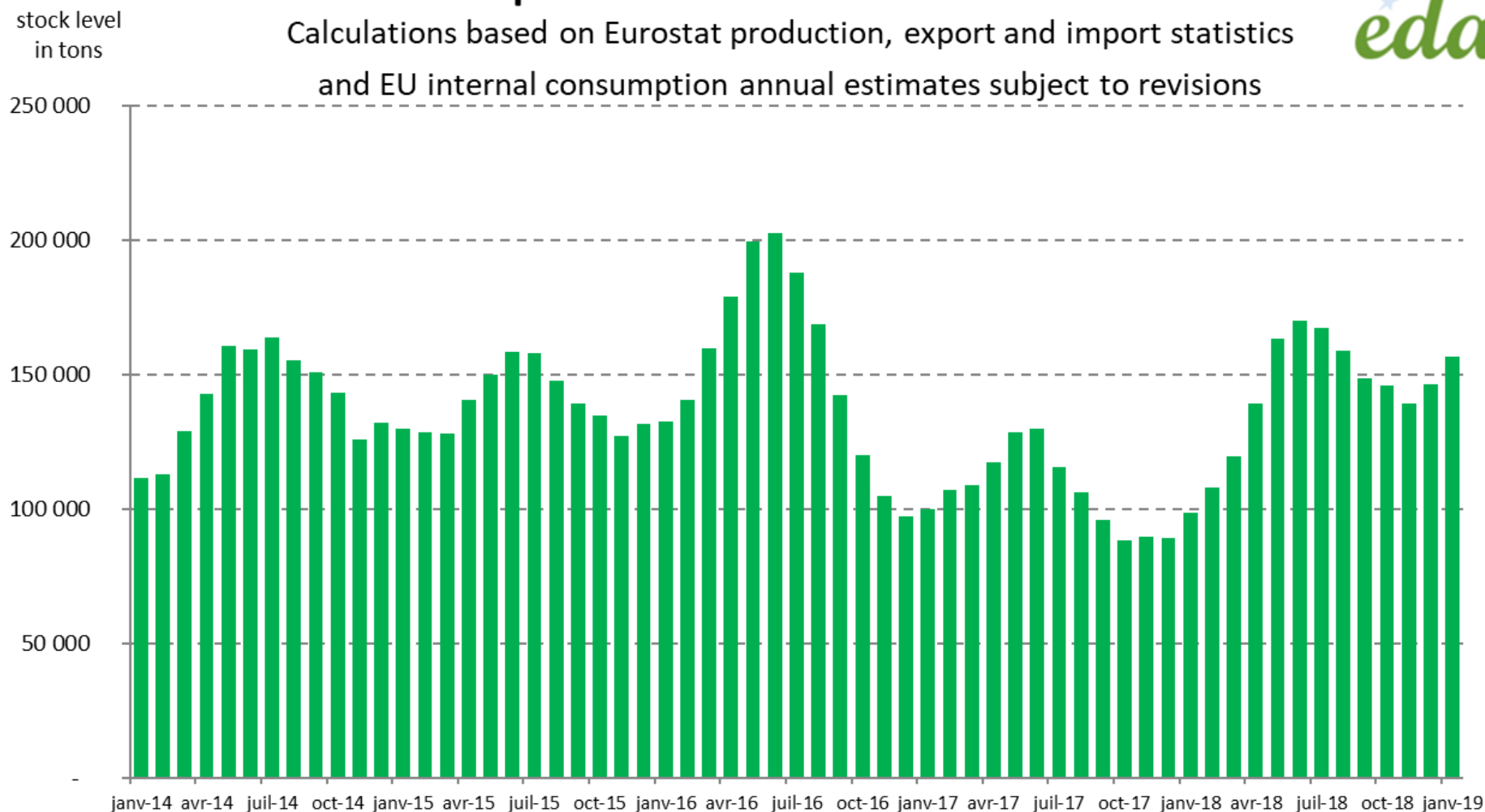
European stock level estimates - SMP

Calculations based on Eurostat production, export and import statistics
and EU internal consumption annual estimates subject to revisions



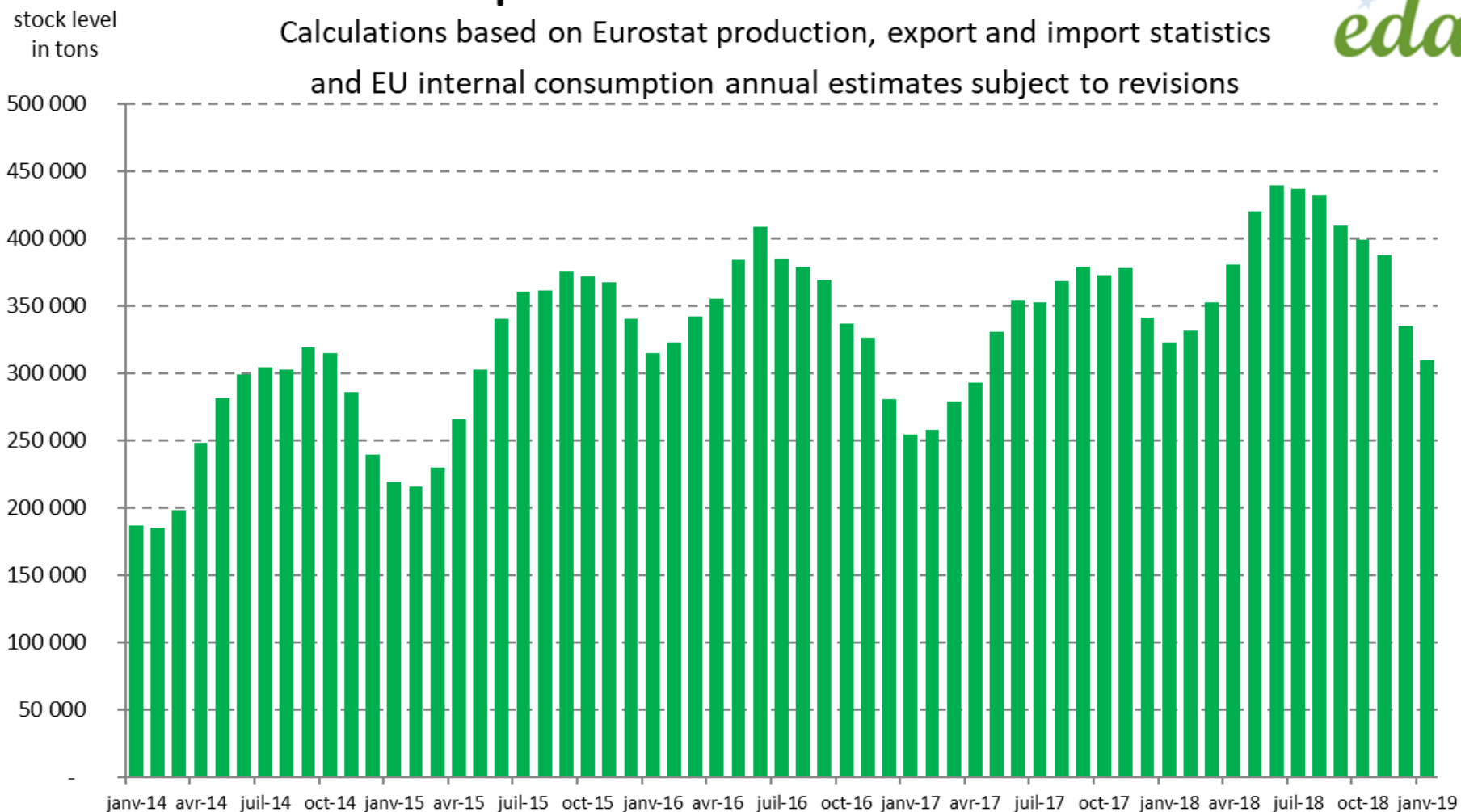
European stock level estimates - Butter

Calculations based on Eurostat production, export and import statistics
and EU internal consumption annual estimates subject to revisions



European stock level estimates - Cheese

Calculations based on Eurostat production, export and import statistics
and EU internal consumption annual estimates subject to revisions



ANNEX 3

Perspectives from the Dairy Trade

Eucolait



Perspectives from the Dairy Trade

MMO Economic Board

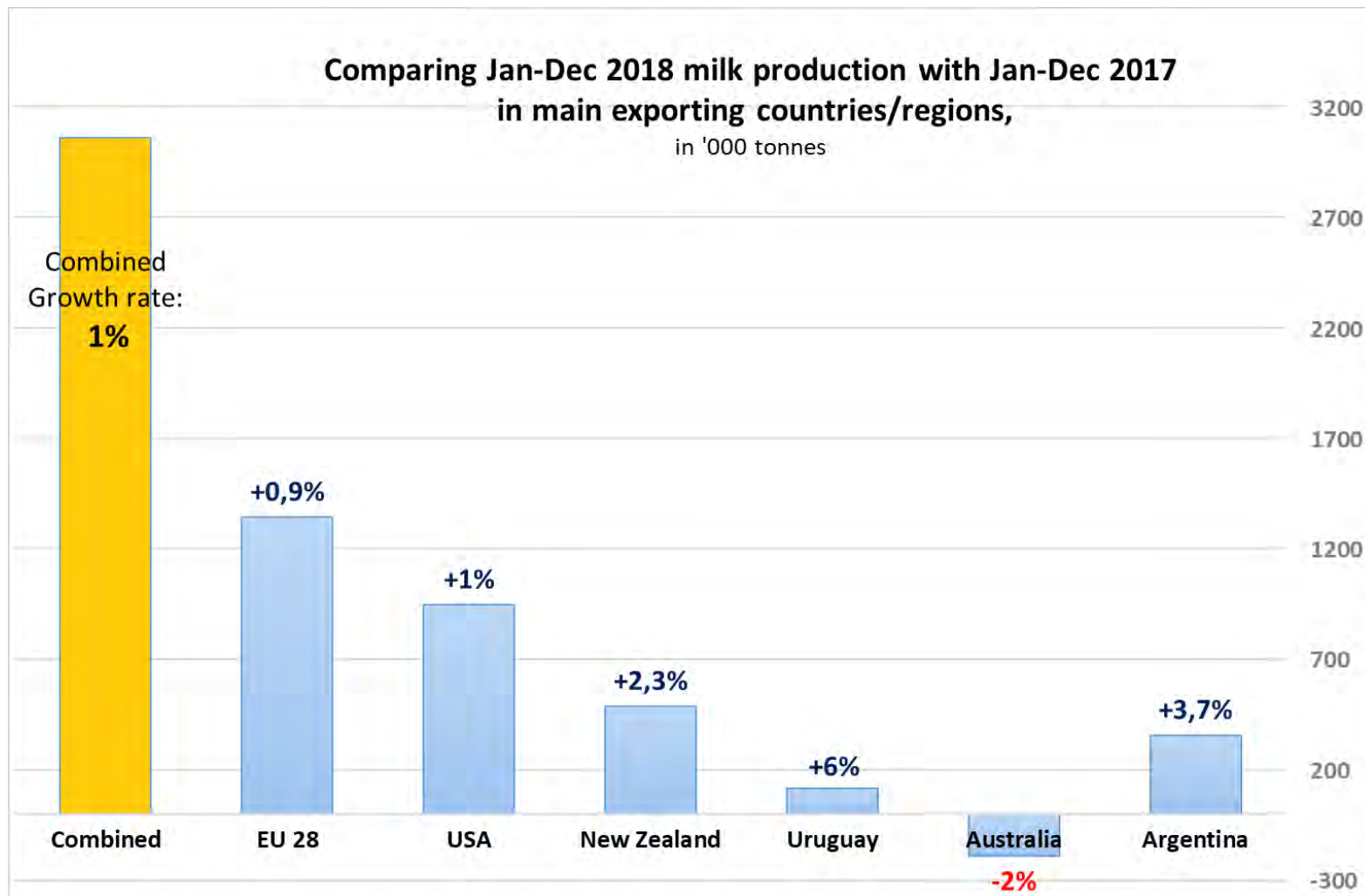
29 March 2019



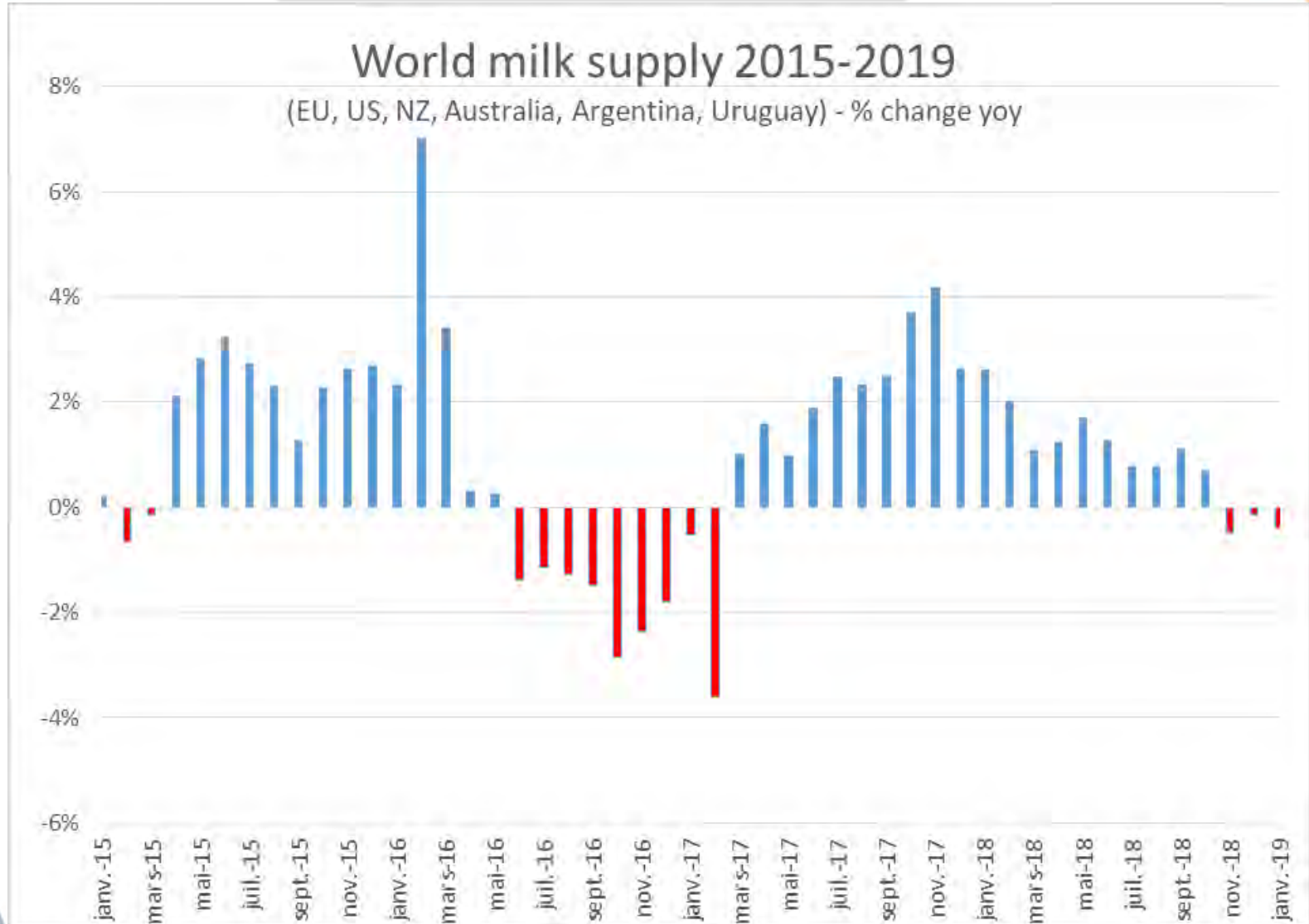
Outline

- Global supply
- Global exports & demand
- Developments in key import markets
- Conclusions

Milk production in key export regions



Milk production in key export regions

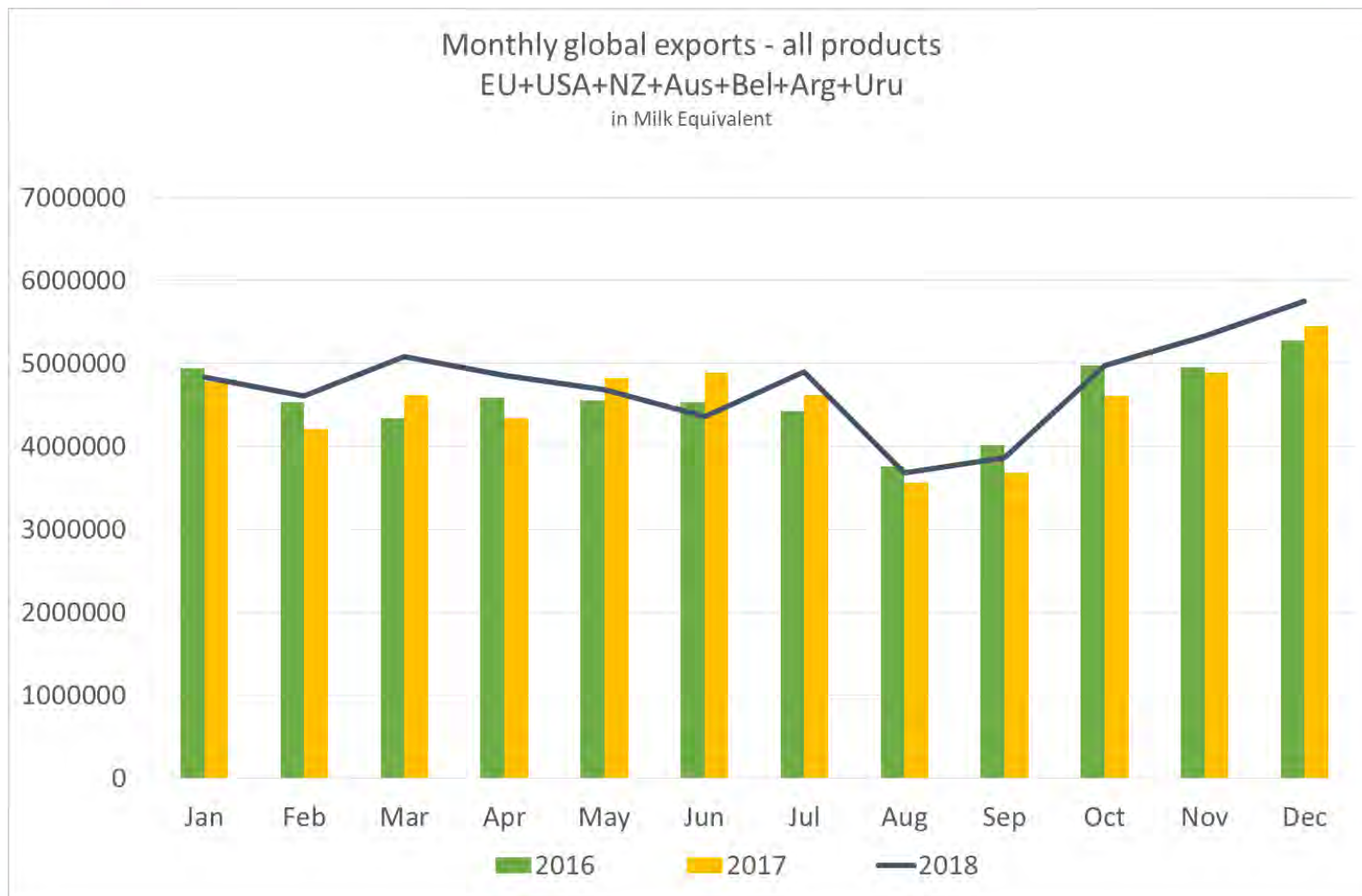




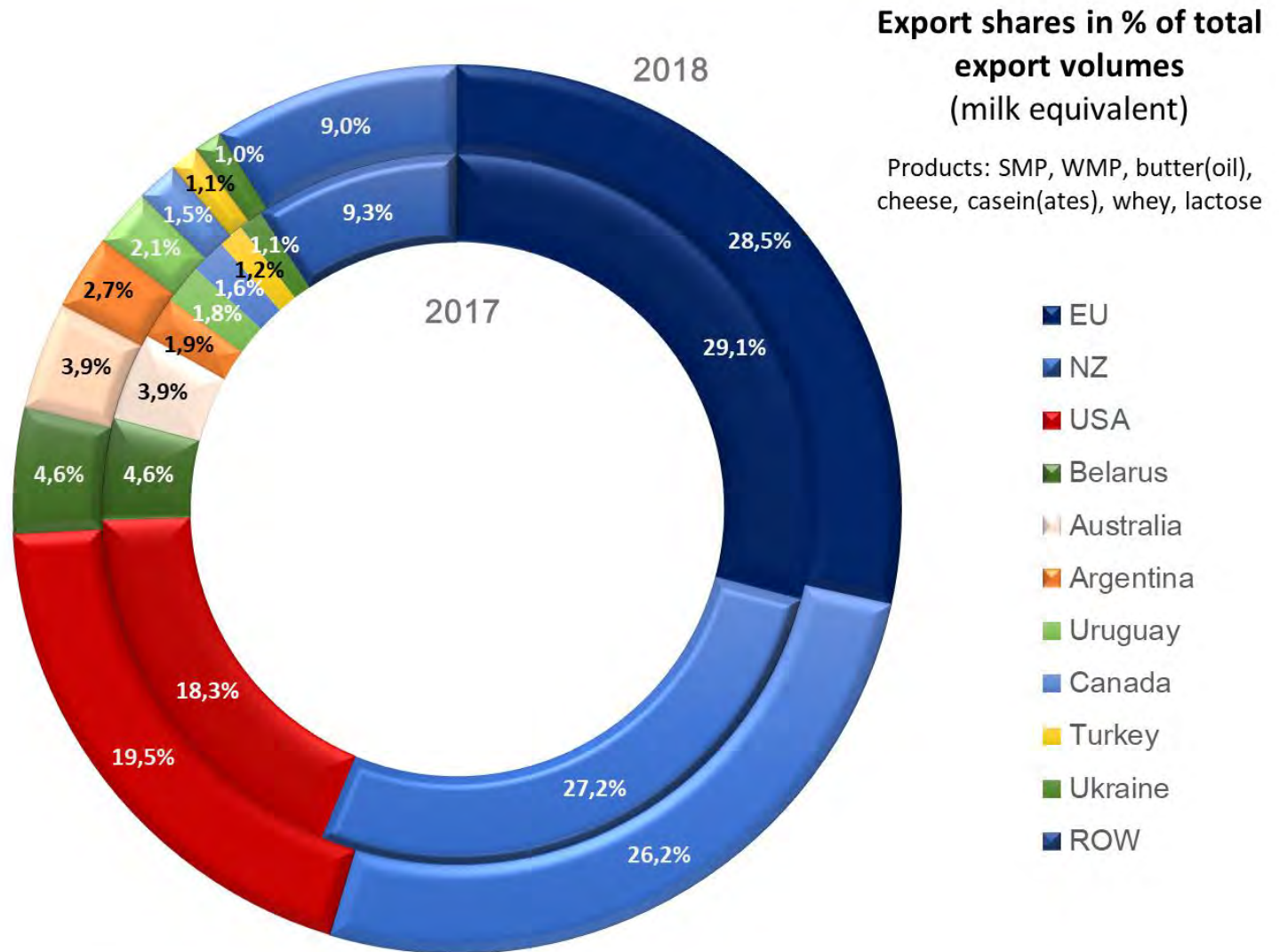
Production outlook

- EU January production saw a deeper dip than expected (-1,4% yoy). **Modest growth expected for the whole year 2019**
- **US February milk production (+0,2% yoy) represents the lightest growth rate in more than 3 years** mainly due to harsh weather. Regional differences persist. Outlook: weaker milk prices, increased culling & freezing weather will impact Q1 flows
- **NZ milk production is soaring, up by +7,7% in January yoy** (up for the 11th consecutive month) due to exceptionally good pasture growth conditions, season 18-19 to date: +4,9%. Outlook: stalling milk growth, seasonal forecast 18-19: +2%
- **Australia milk production fell by -11% in January yoy**, fell for the 6th month in a row due to very poor weather conditions (extreme heat). Outlook: season 18-19: -7-9% → production is likely to be at the lowest level in more than 20 years
- **South America: milk production has been struggling recently** due to wet weather after exceptional increases in 2018, Uruguay -6,2% in Jan yoy, Argentina -9,8% in Feb yoy, Outlook: El Nino might affect milk production further in H1 2019
- **Global milk supply:** growth rate slowed down at the end of 2018, but grew moderately in January. Global forecast: +0,5% for H1 2019

Dairy exports of main market players in ME



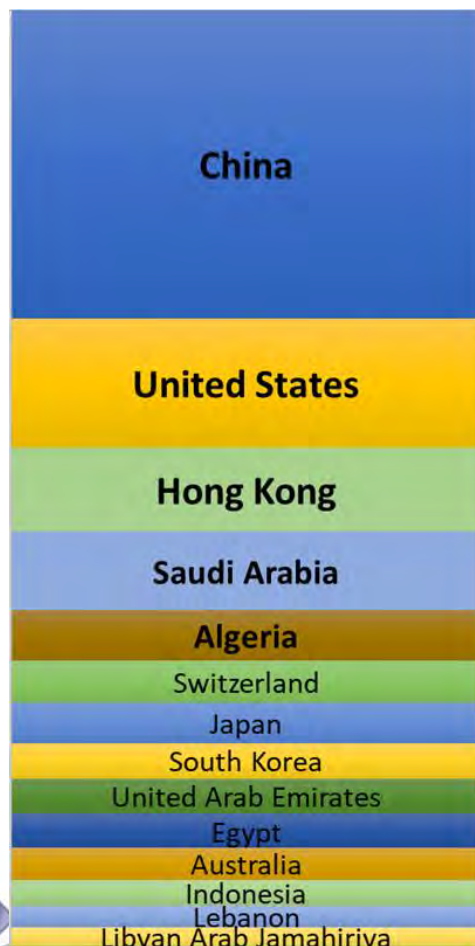
Export shares in % of total export volumes in milk equivalent



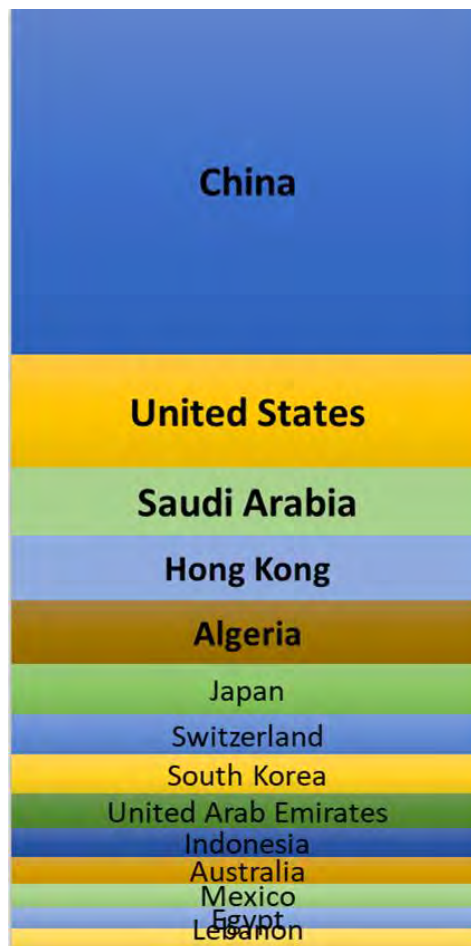


Main EU export markets for all dairy products (in value - €)

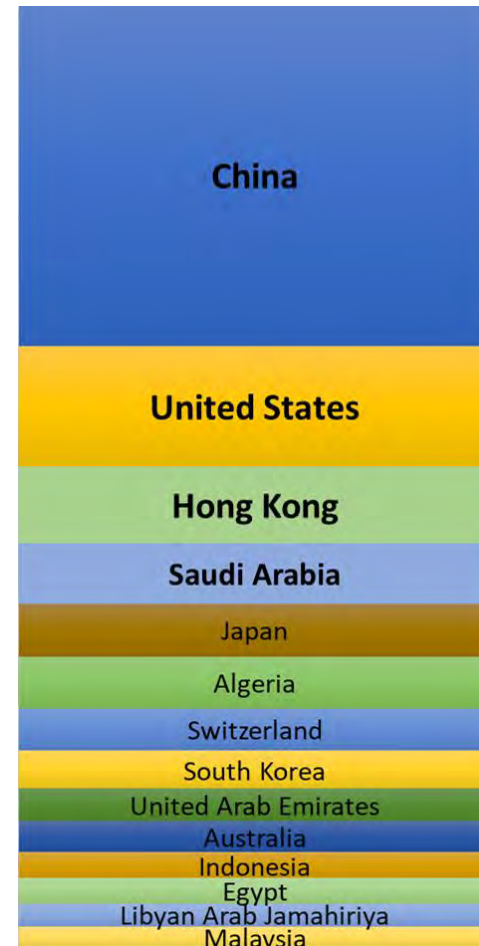
Whole year
2016



Whole year
2017

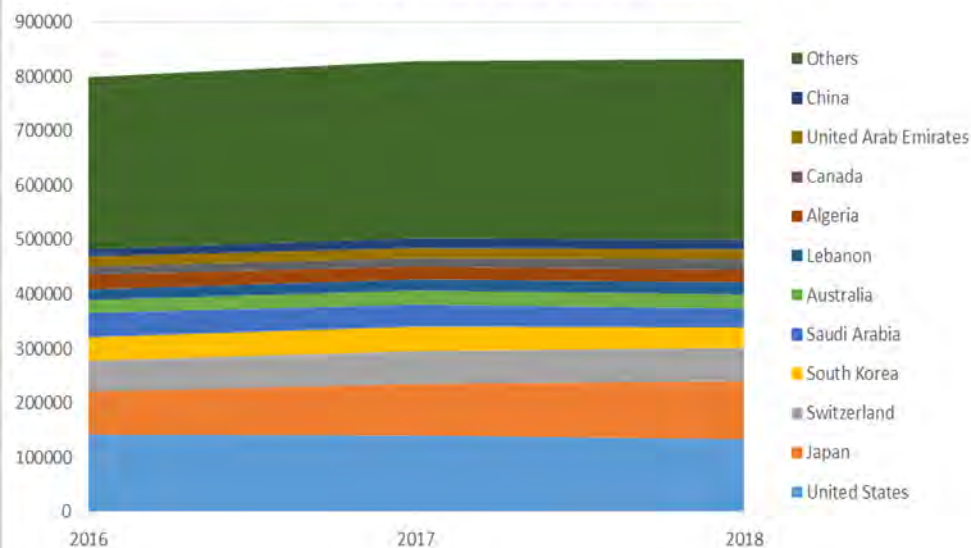


Whole year
2018

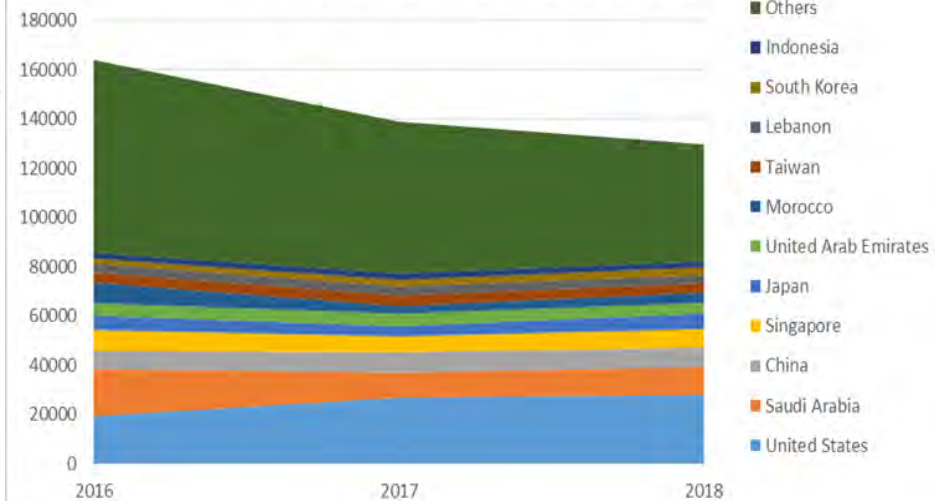


EU destinations for cheese & butter

Development of EU export destinations for cheese
Jan-Dec 2016, 2017, 2018
(total exports Jan-Dec 2018: 832 678 tonnes)

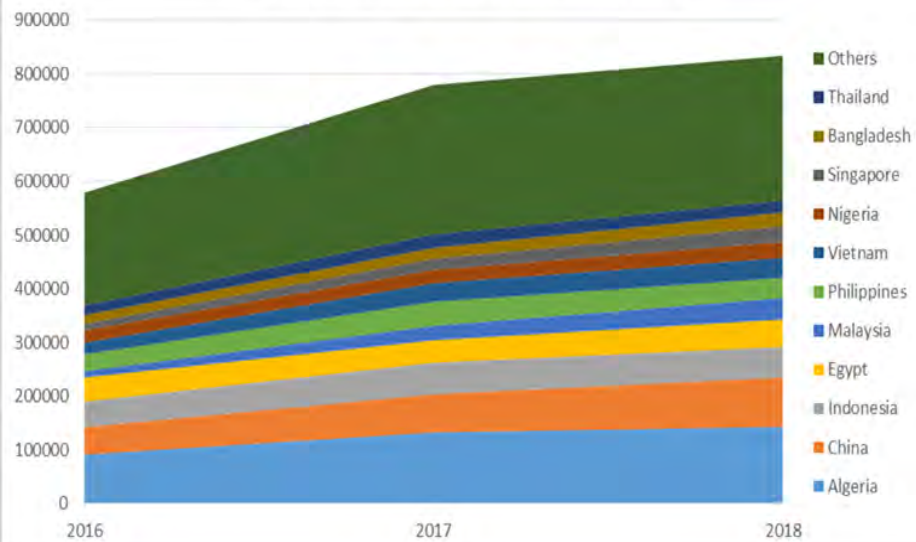


Development of EU export destinations for butter
Jan-Dec
2016, 2017, 2018
(total exports Jan-Dec 2018: 129 661 tonnes)

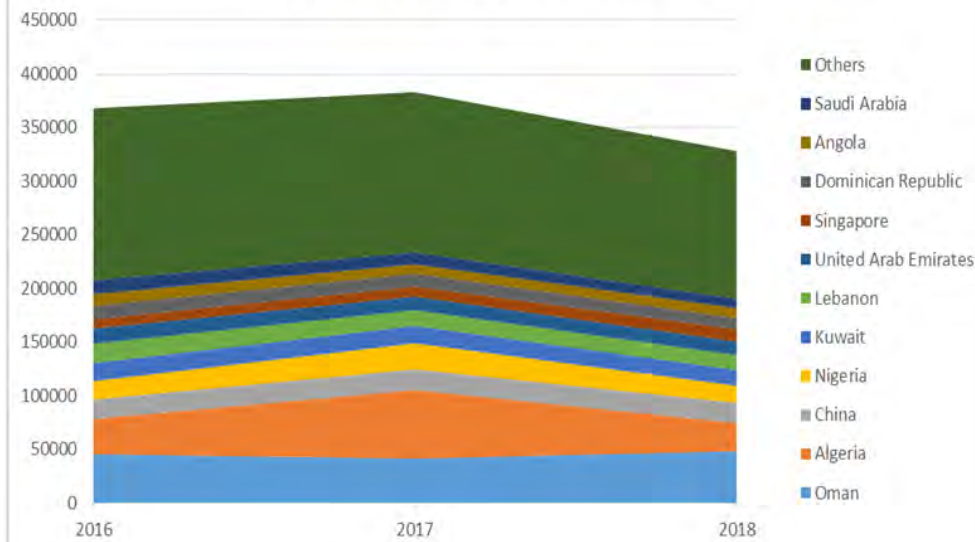


EU destinations for SMP & WMP

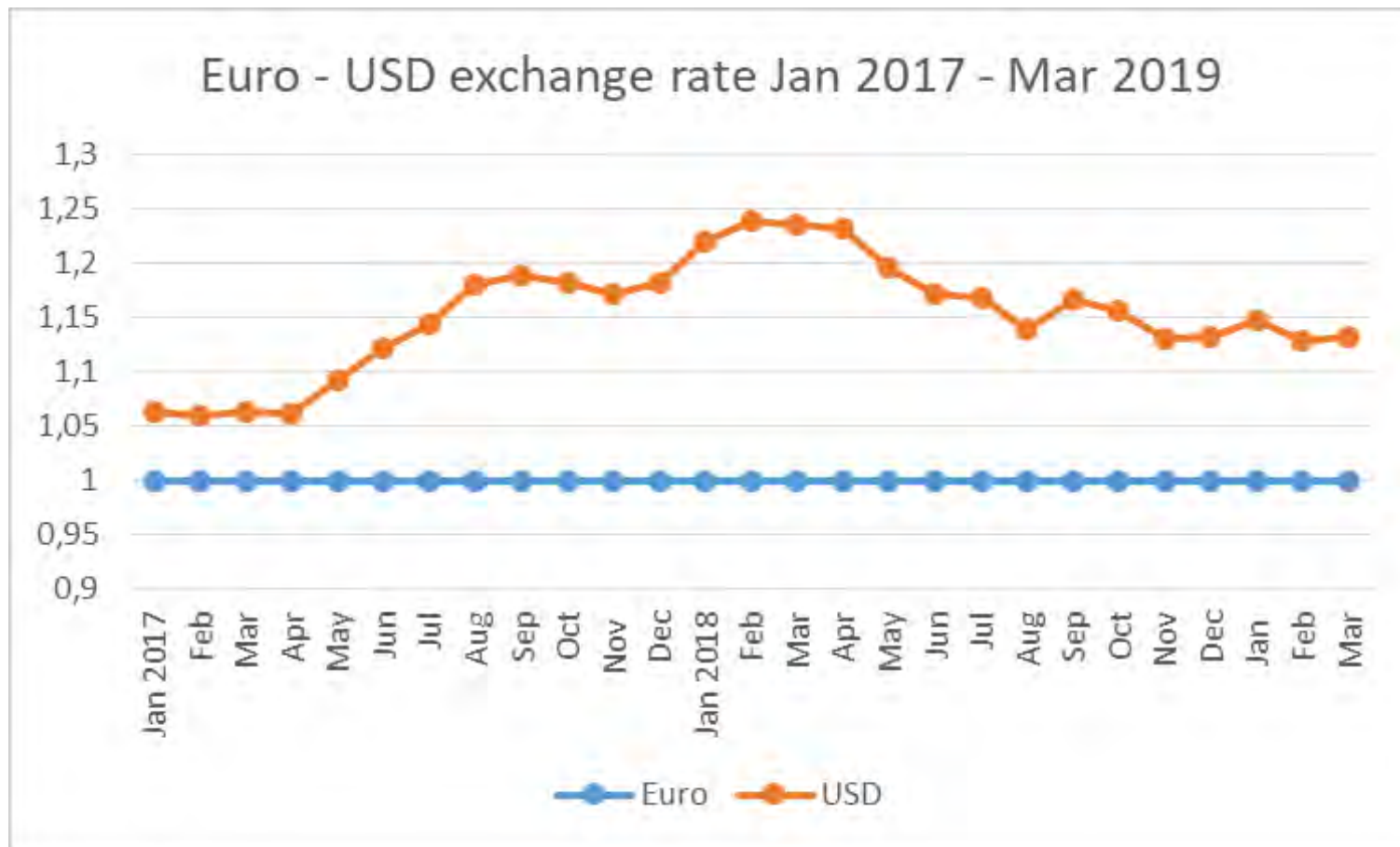
Development of EU export destinations for SMP
Jan-Dec 2016, 2017, 2018
(total exports Jan-Dec 2018: 834 092 tonnes)



Development of EU export destinations for WMP
Jan-Dec 2016, 2017, 2018
(total exports Jan-Dec 2018: 327 886 tonnes)

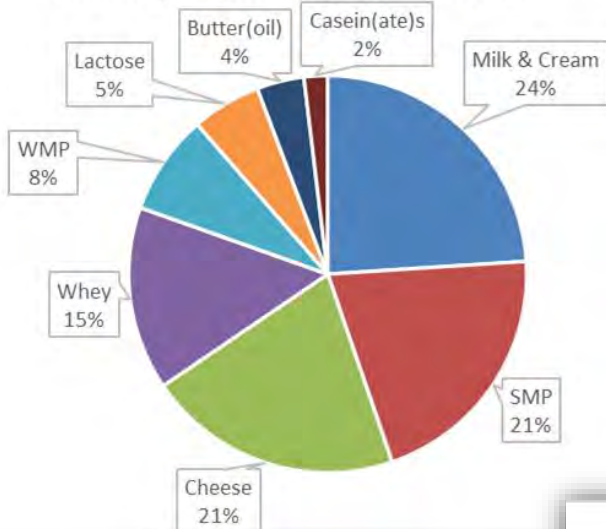


Euro-USD exchange rate

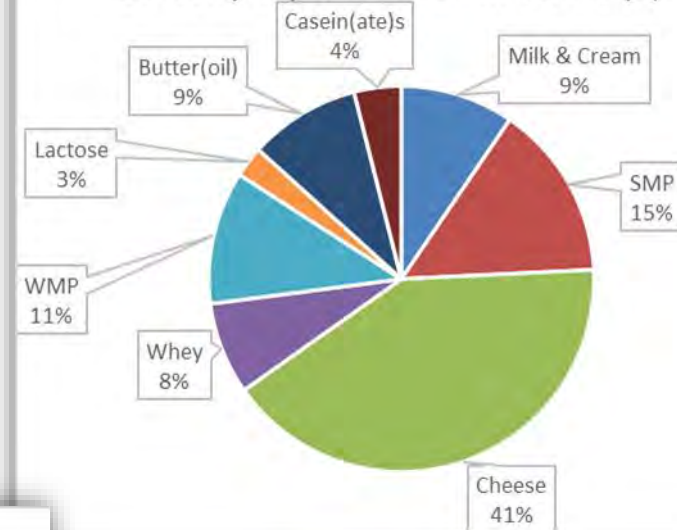


EU dairy exports 2018 in tonnes, values and milk equivalent

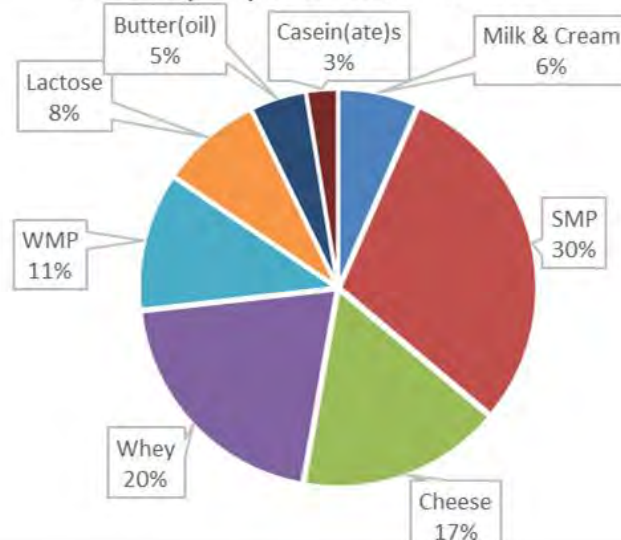
EU dairy exports 2018 - in tonnes



EU dairy exports 2018 - in values (€)



EU dairy exports 2018 - in ME



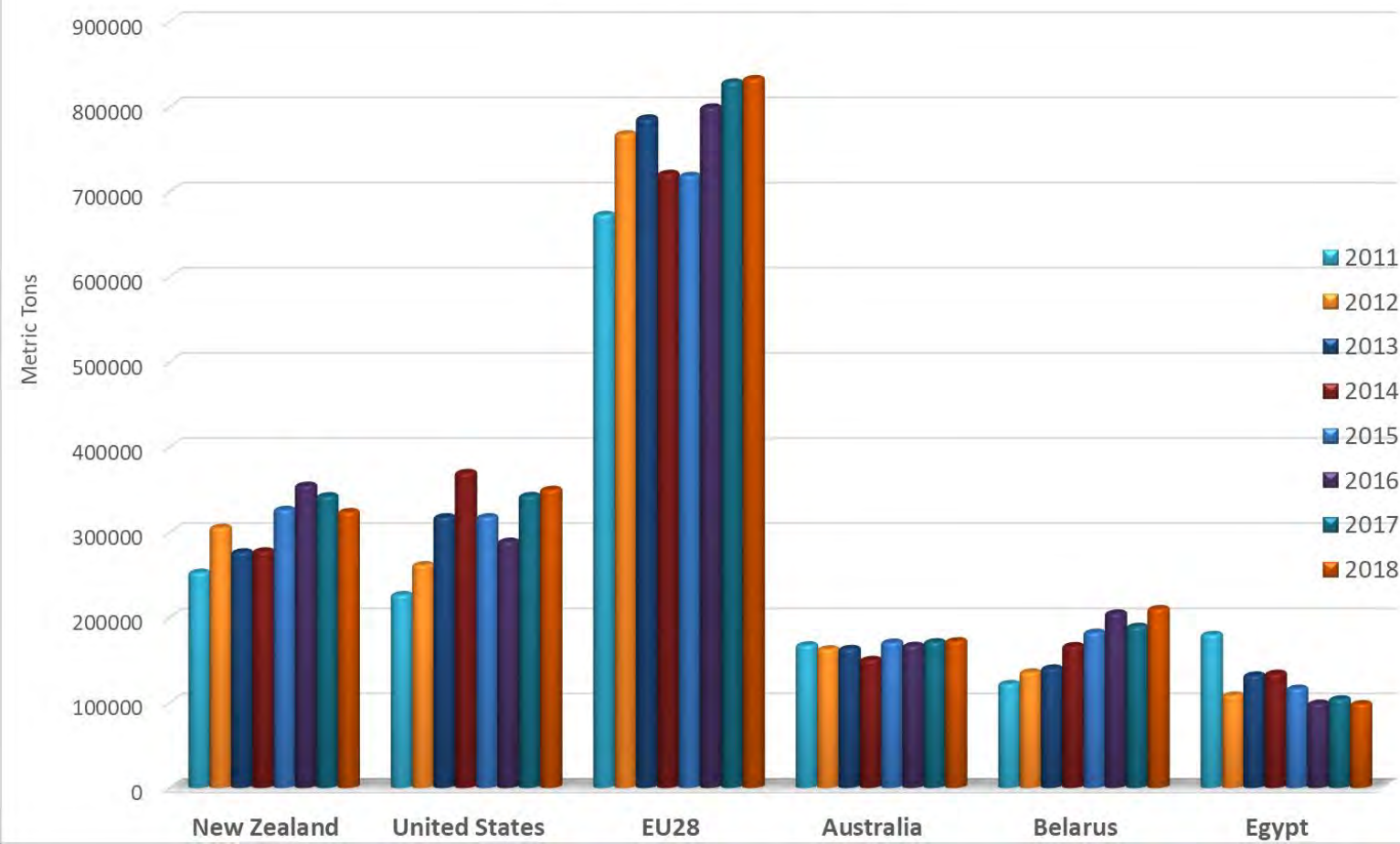


Cheese trade

MAIN CHEESE IMPORTERS 2018

Main importers	Total in t: 2 125 751
Japan	285700
Russia	263151
United States	175839
Saudi Arabia	175383
South Korea	123850
Mexico	122975
China	108278
Australia	98288
Switzerland	62368
EU28	58967
RoW	650952

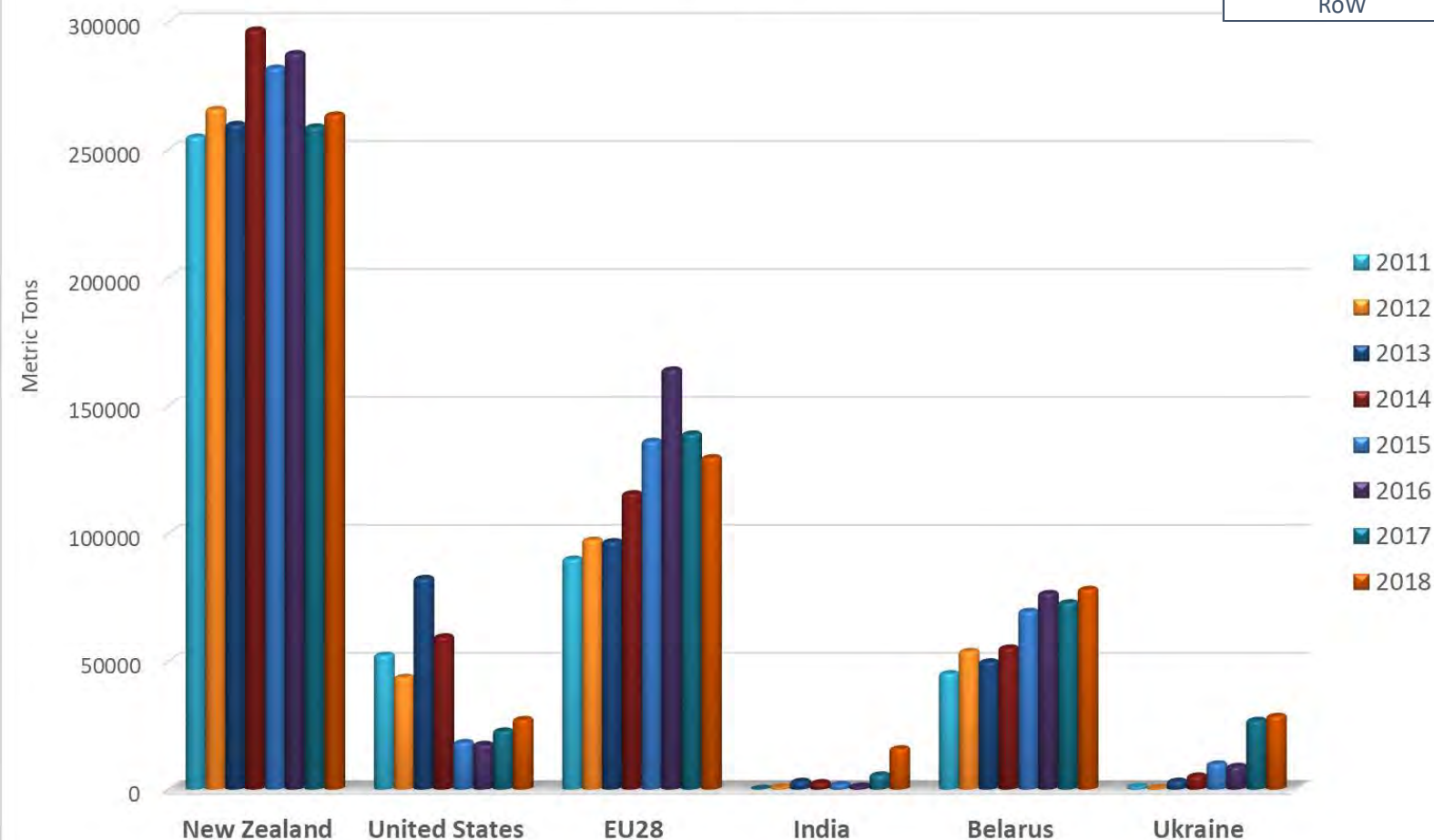
Global CHEESE Exports





Butter trade

Global BUTTER Exports



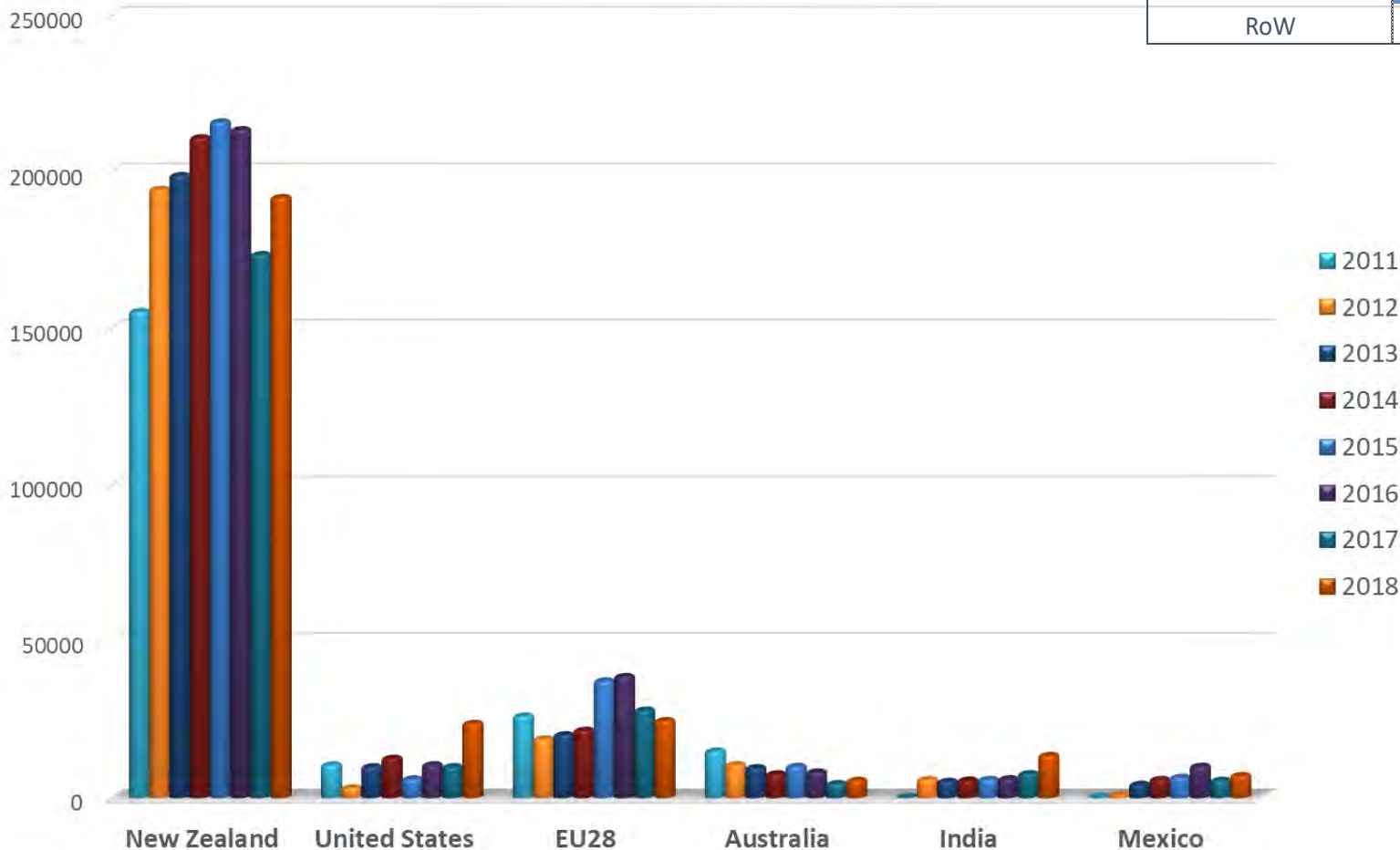
MAIN BUTTER IMPORTERS 2018

Main importers	Total in t: 549 717
China	87190
Russia	79215
Saudi Arabia	44292
United States	37443
Iran	34481
Australia	33005
Egypt	25856
Morocco	18433
Singapore	16935
Taiwan	16656
RoW	156211



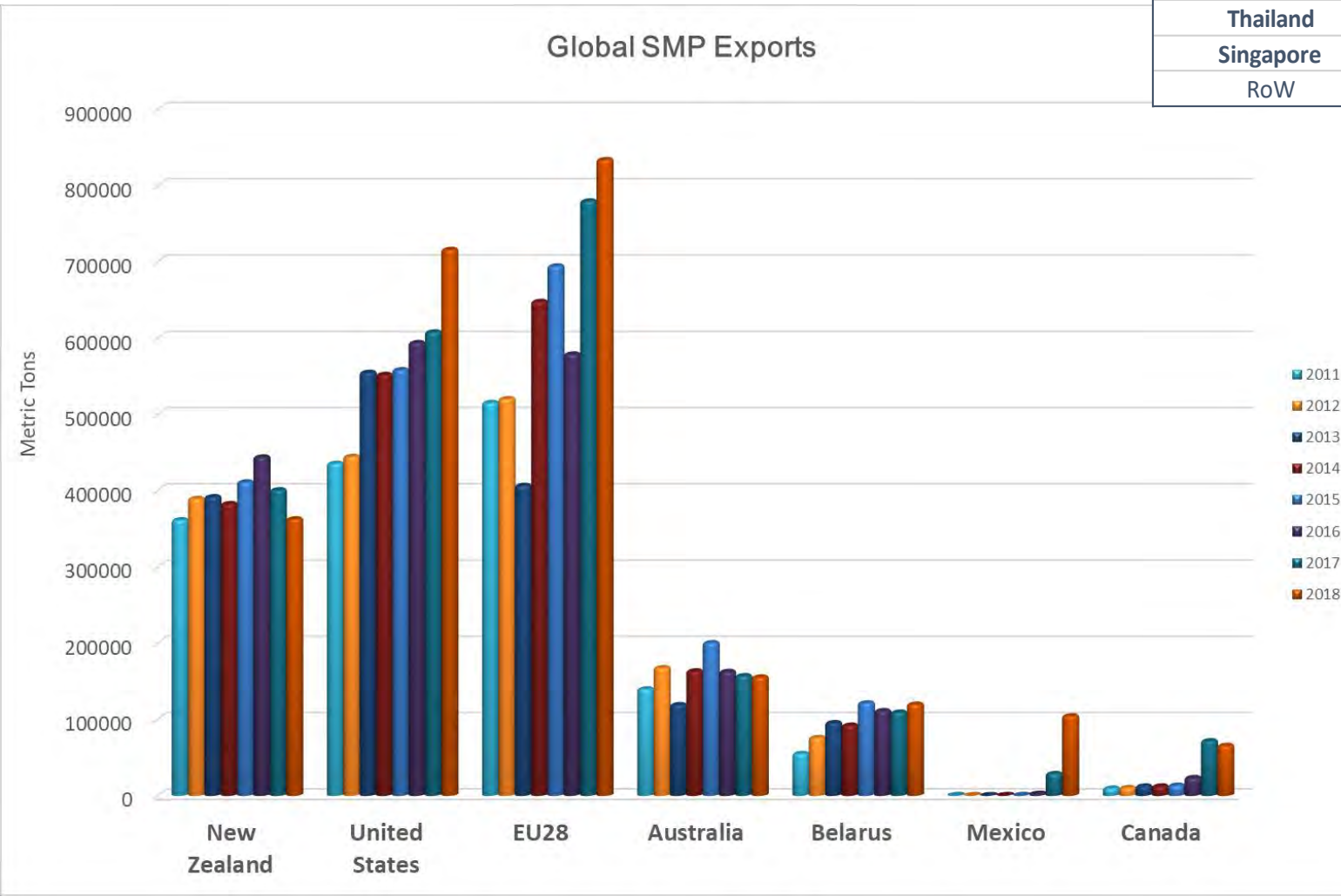
Butteroil trade

Global BUTTEROIL Exports



MAIN BUTTEROIL IMPORTERS 2018

Main importers	Total in t: 212 464
Philippines	26929
China	26139
Mexico	23892
United States	20004
Saudi Arabia	11286
Thailand	10745
Malaysia	10595
Egypt	10058
Peru	8788
Indonesia	8588
RoW	55440



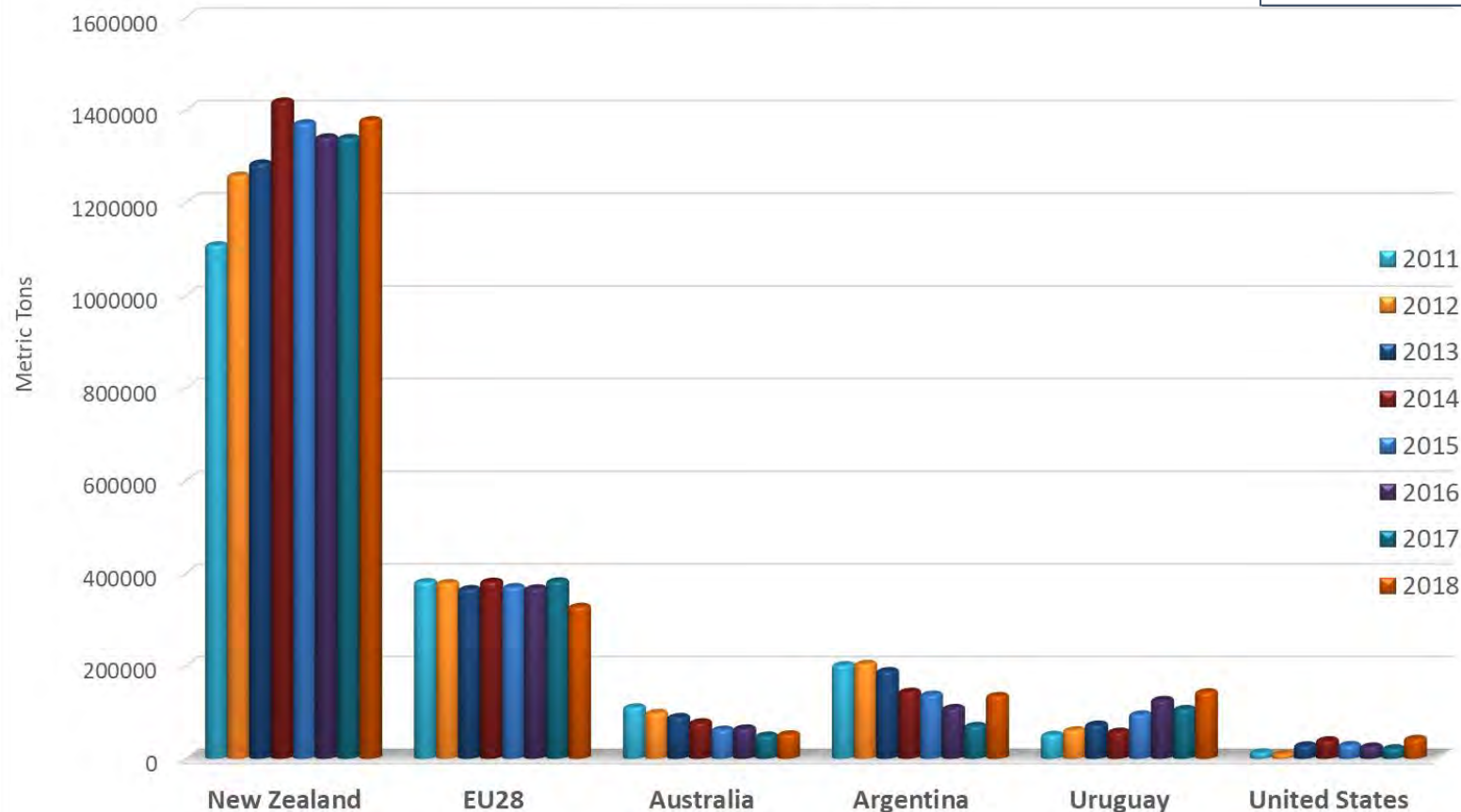


WMP trade

MAIN WMP IMPORTERS 2018

Main importers	Total in t: 1 637 490
China	512639
Algeria	271491
Hong Kong	103683
Sri Lanka	85889
Saudi Arabia	74586
Brazil	67538
Singapore	64565
Thailand	59257
Indonesia	58865
Malaysia	56251
Taiwan	33543

Global WMP Exports





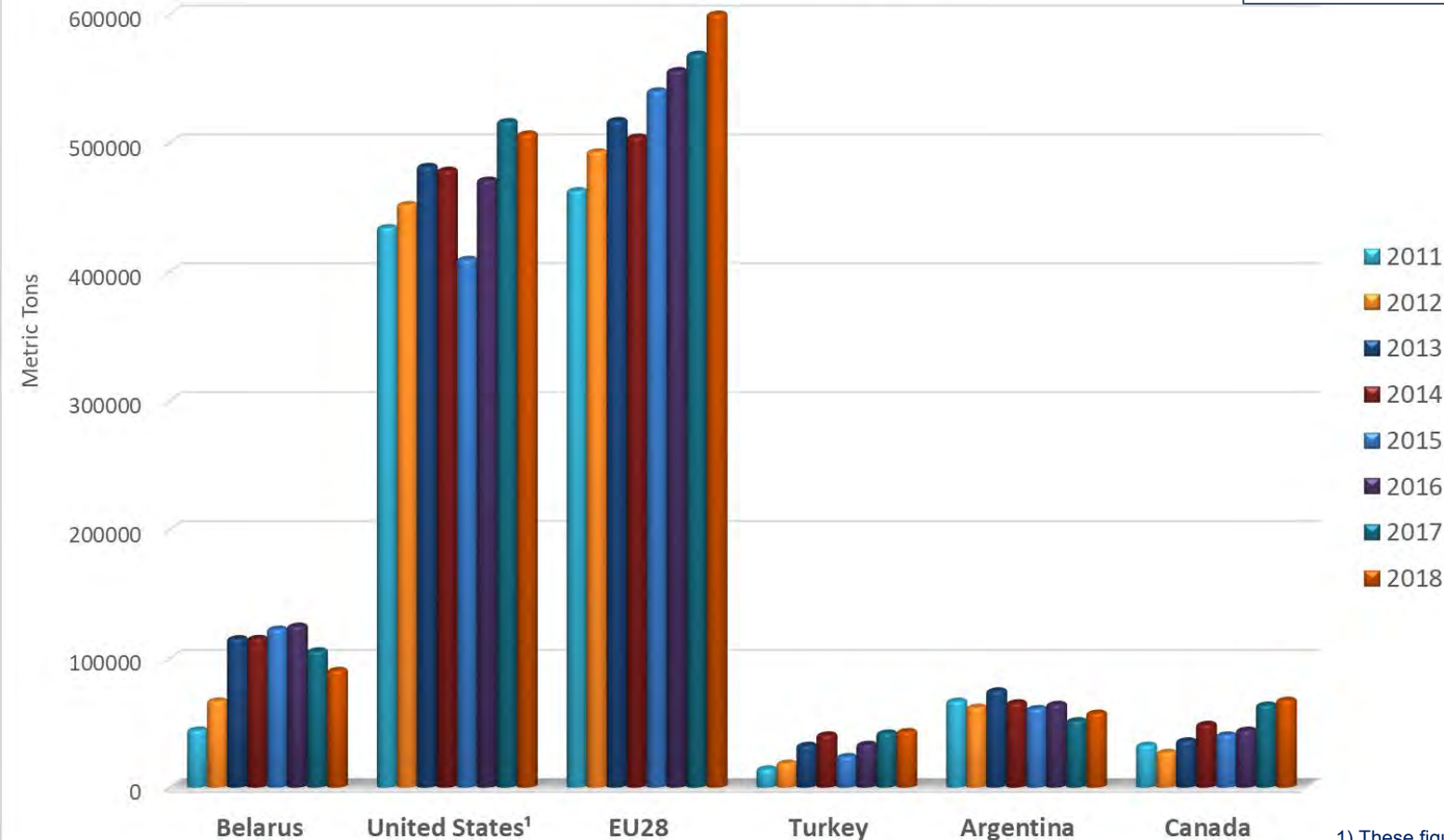
Whey powder trade

MAIN WHEY POWDER IMPORTERS 2018

Main importers Total in t: 1 473 748

China	554845
Indonesia	125028
Malaysia	85055
Philippines	66606
EU28	63045
Mexico	62343
Thailand	58912
Japan	54542
United States	47793
Russia	46487
ROW	309092

Global Whey powder Exports



¹) These figures do not include exports of liquid whey



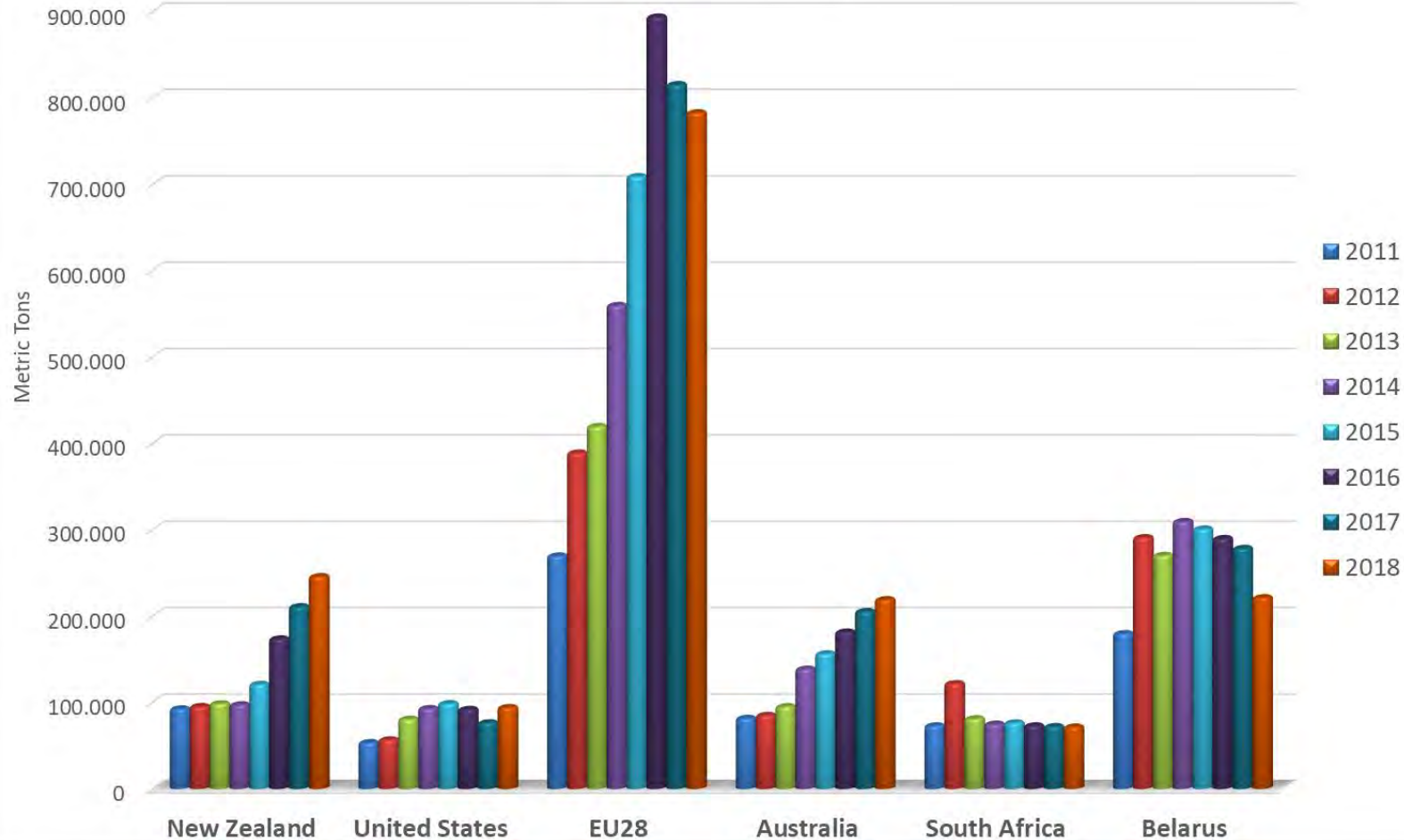
Trade of milk

MAIN MILK & CREAM IMPORTERS 2018

Main importers Total in t: 2 045 969

China	673294
Russia	258848
Kenya	106393
Hong Kong	97874
Singapore	96097
Philippines	84196
Taiwan	62657
Mexico	42203
Canada	40899
Malaysia	38945
RoW	544563

Global milk exports





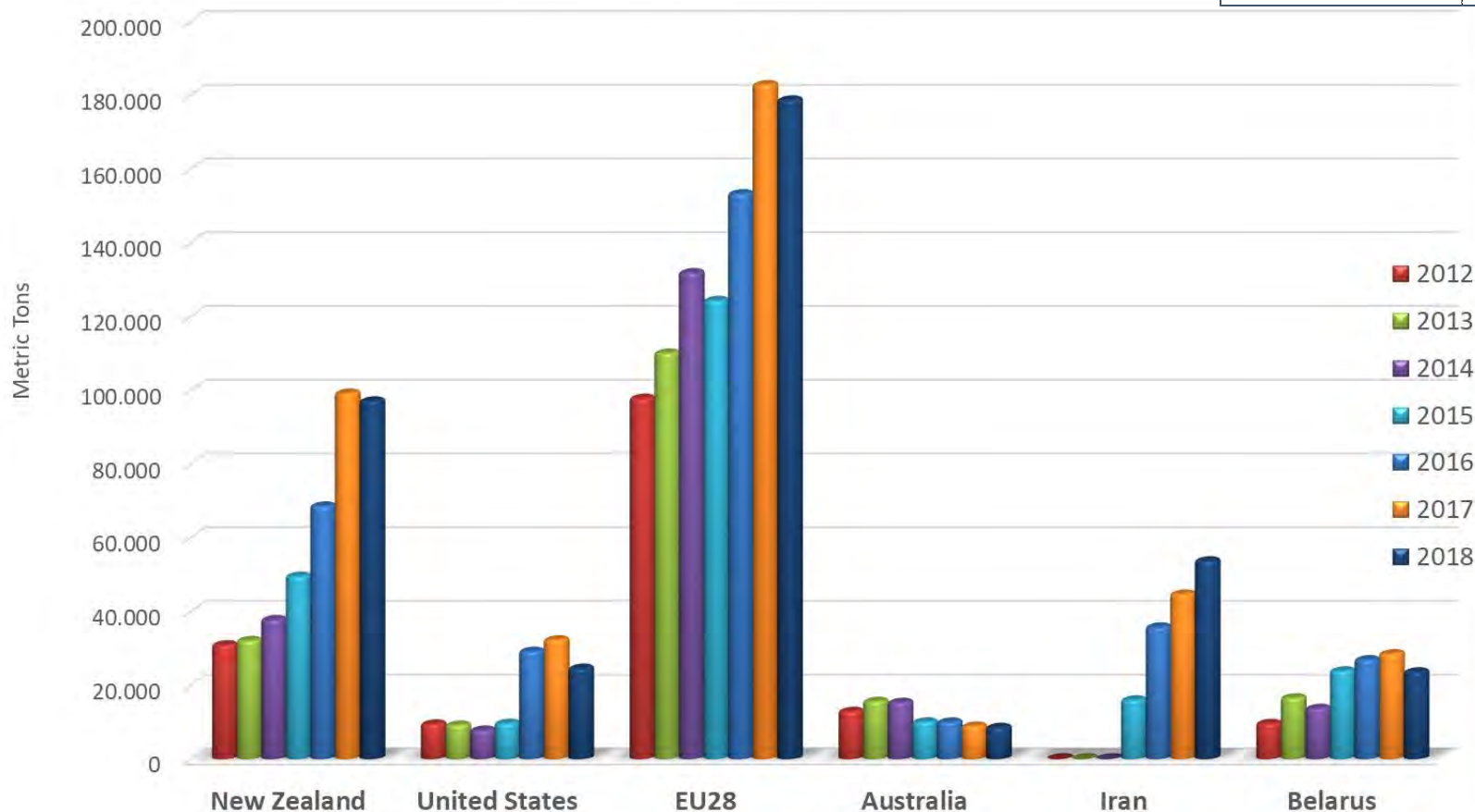
Trade of cream

MAIN MILK & CREAM IMPORTERS 2018

Main importers Total in t: 2 045 969

China	673294
Russia	258848
Kenya	106393
Hong Kong	97874
Singapore	96097
Philippines	84196
Taiwan	62657
Mexico	42203
Canada	40899
Malaysia	38945
RoW	544563

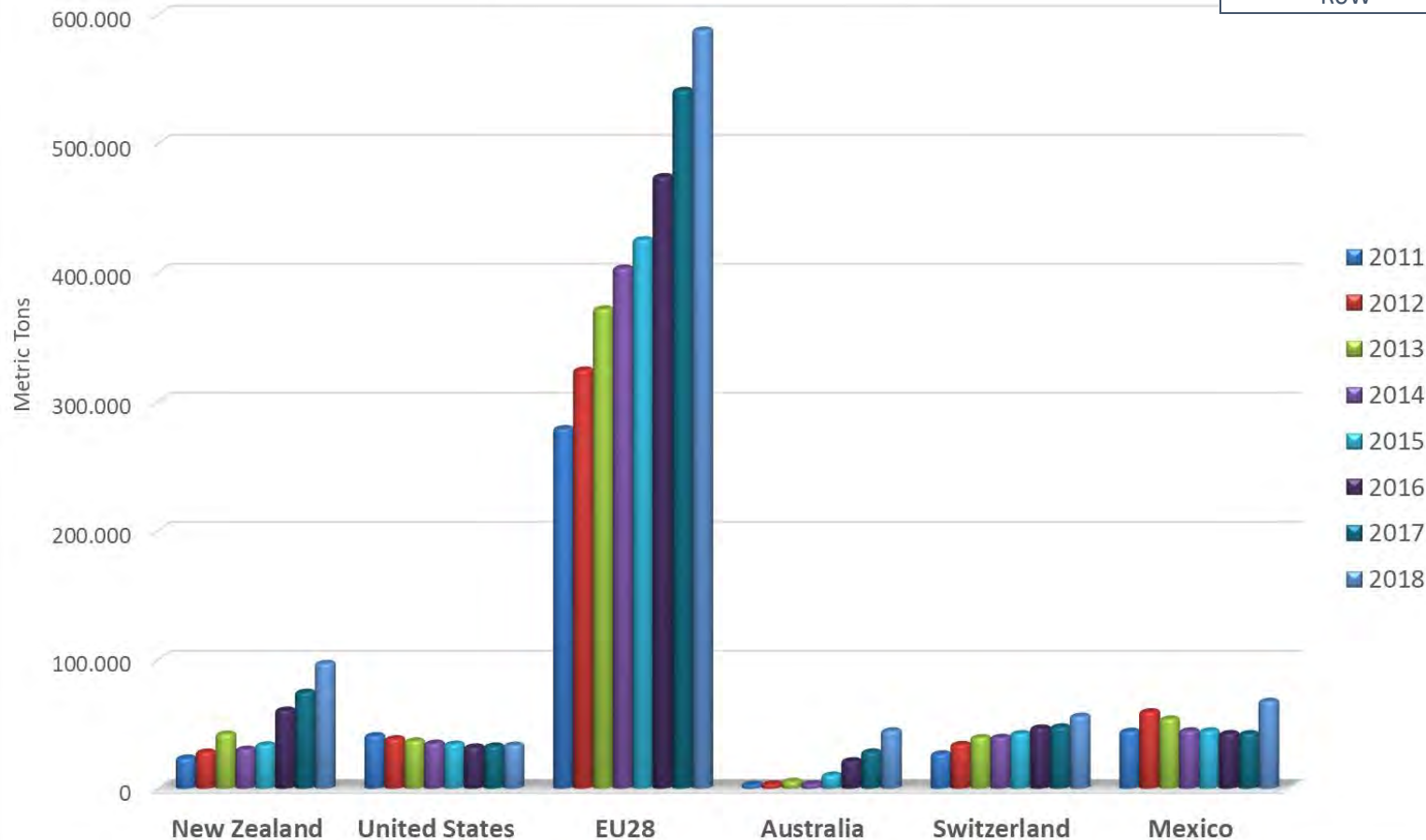
Global cream exports





Infant formula trade

Global infant formula exports



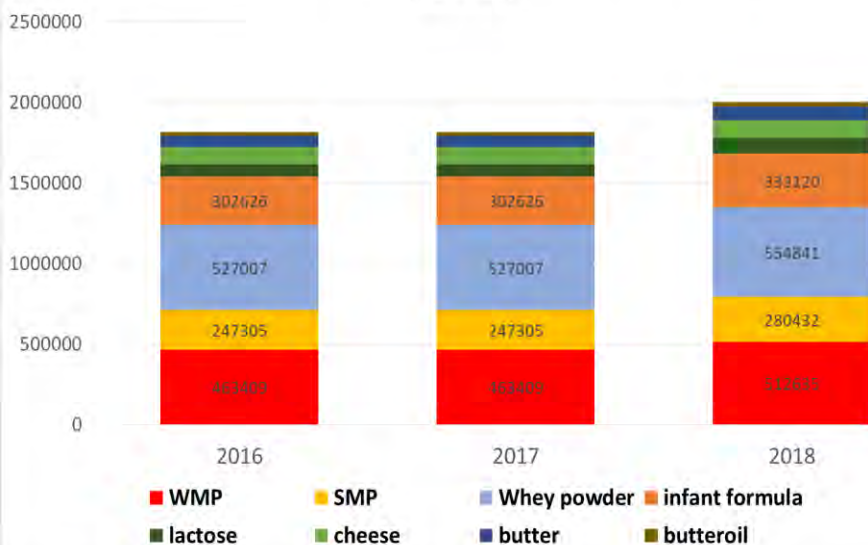
MAIN INFANT FORMULA IMPORTERS 2018

Main importers	Total in t: 866 091
China	333126
Malaysia	89063
Egypt	71556
Russia	43046
Saudi Arabia	38134
Australia	36061
Canada	20436
Philippines	15604
Turkey	14755
Colombia	12726
RoW	191584



China imports

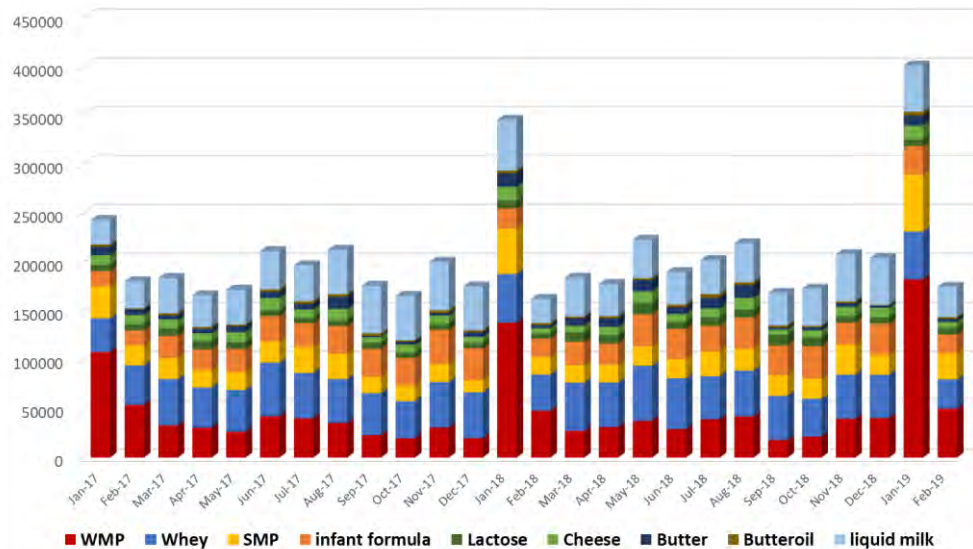
Cumulated China imports for Jan-Dec 2016, 2017 & 2018 (tonnes)



US exports of whey powder to China (in tonnes)

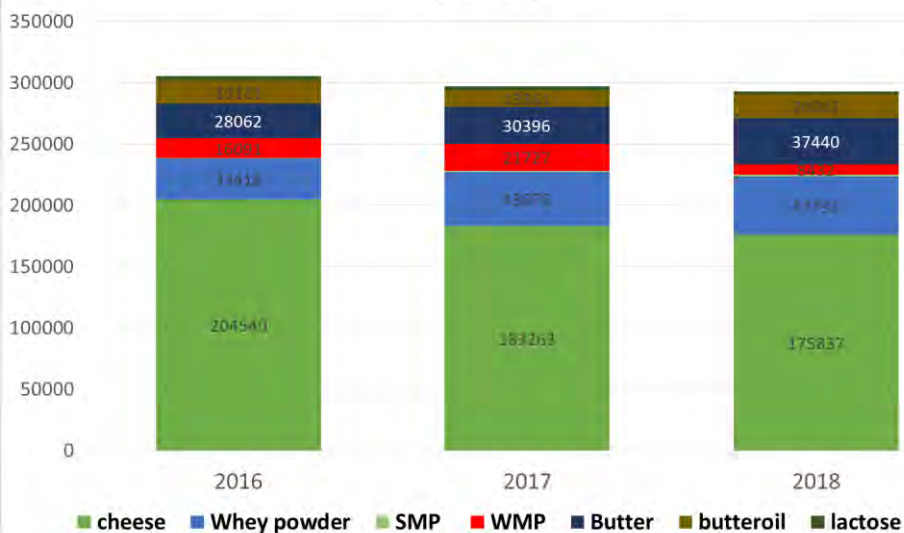


Chinese dairy imports (tonnes)

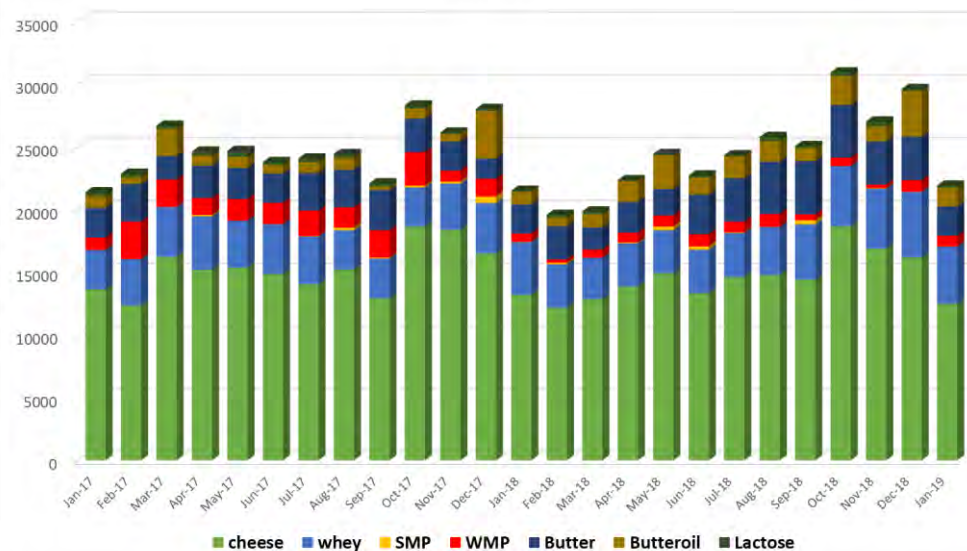


USA imports

Cumulated USA imports for Jan-Dec 2016, 2017 & 2018
(tonnes)

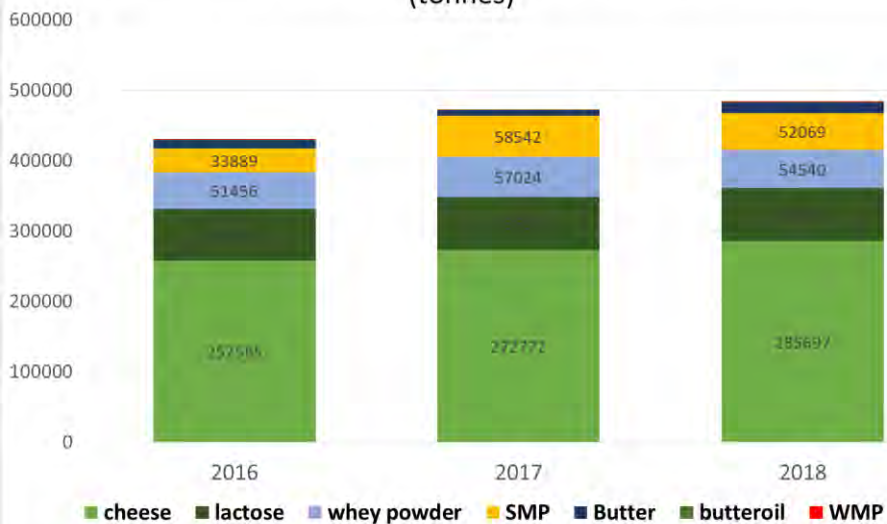


USA monthly imports
(tonnes)

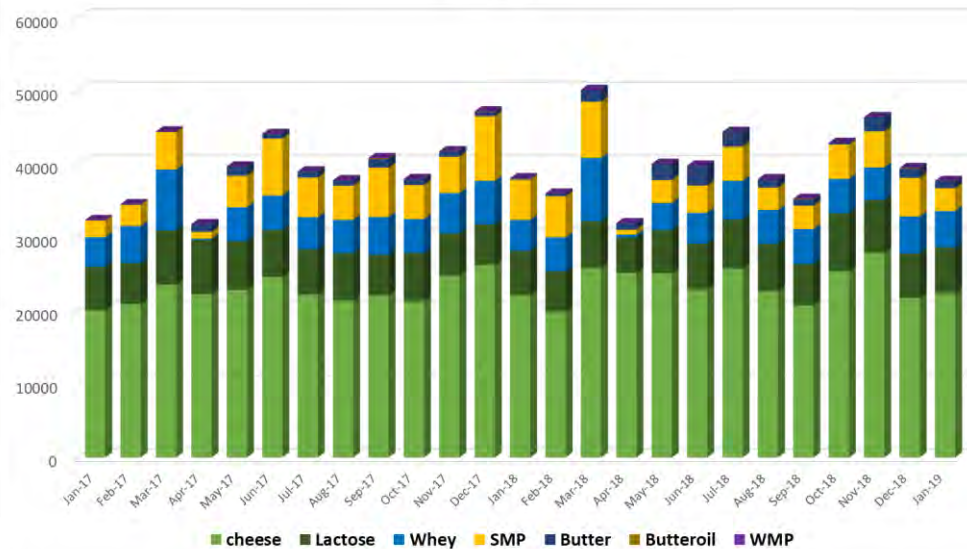


Japan imports

Cumulated Japan imports for Jan-Dec 2016, 2017 & 2018
(tonnes)

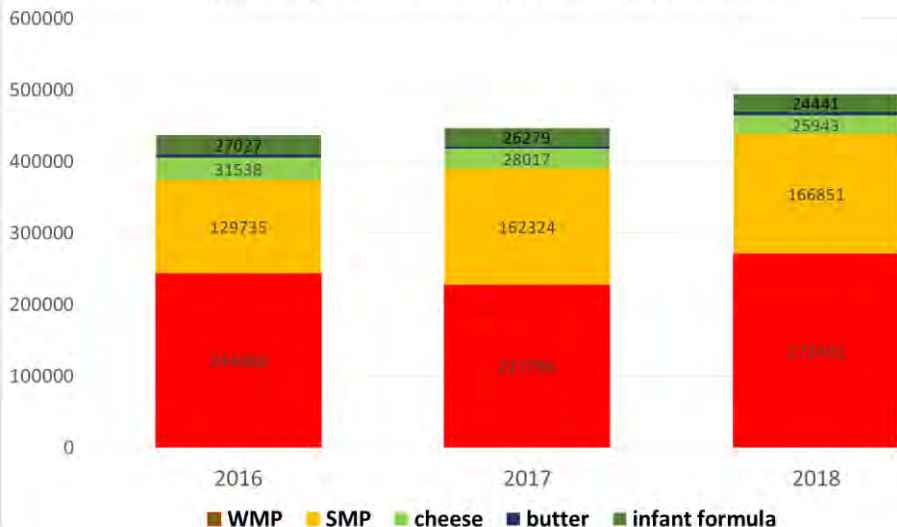


Japan monthly imports
(tonnes)

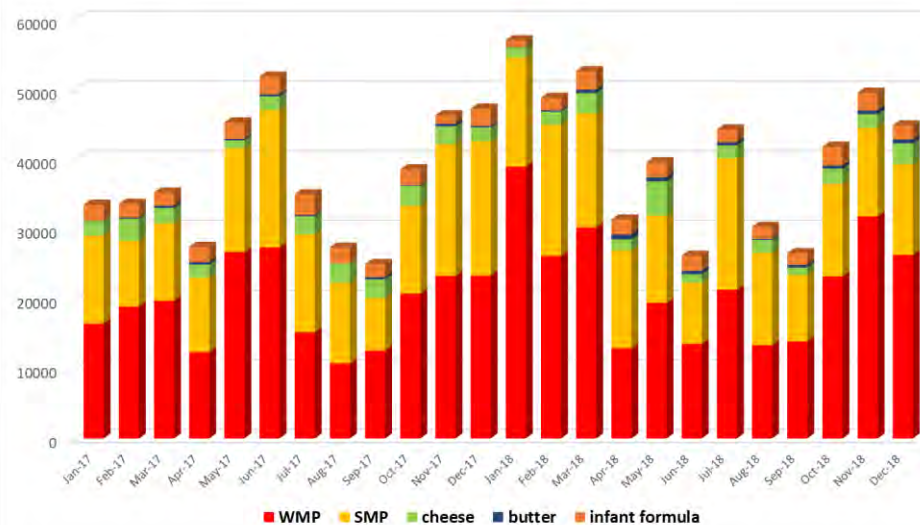


Algeria imports

Cumulated Algeria imports for Jan-Dec 2016, 2017 & 2018
(tonnes) - on the basis of global exports to Algeria



Algeria monthly imports (tonnes) - on the basis of global exports to Algeria





Conclusions (1)

- **Global milk production growth slowed down at the end of 2018, but grew moderately in January**, the strength of NZ output and EU spring flush will be key for further direction
- **Low prices are helping cure low prices**, pick-up in global dairy trade activity at the end of 2018, which is likely to carry into 2019
- **Slow but stable demand growth overall**. Strong import increases in China.
- The **looming threat of a hard Brexit has made life difficult** for all companies moving product between the EU27 and the UK. UK warehouses are full. The dairy tariffs announced by the UK for a no deal scenario are a nuisance but will not stop trade. EU would however face competition by other exporters and imports from the UK would stop.
- **US – China trade war remains a source of uncertainty and has led to some trade diversion**. Economic growth in China is slowing down, US economy is still relatively strong.
- **Oil prices** have increased significantly since October 2017 and are **relatively stable** now (\$ 66/barrel (Brent)). This has helped **improved MENA demand in 2018**.



Conclusions (2)

- **Fat and protein prices are moving closer together**
- **EU SMP market sentiment has improved** due to depletion of intervention stocks and soaring EU exports driven by low prices
- **Cheese: good underlying demand means the market should remain in balance**, but increased availability and stocks put prices under pressure. Competition on the global market remains strong
- **Butter: EU prices have eased and European butter is now competitive on the world market.** The lower prices should stimulate export demand.
- **Global dairy markets are currently quite in balance** with supply and demand growth both below the average of the past years.



- Thank you for your attention -

ANNEX 4

Trends in sales of Milk & Dairy products – a retail perspective

EuroCommerce



TRENDS IN SALES OF MILK & DAIRY PRODUCTS – A RETAIL PERSPECTIVE

Milk Market Observatory
29 March 2019

Belgium

Period ending February 2019

Consumer price index

<i>Product</i>	Feb 19 vs Feb 18	YTD 2019 vs YTD 2018
Whole milk	0.4%	0.1%
Semi-skimmed milk	0.1%	0.1%
Concentrated milk, powdered milk	1.6%	2.3%
Yogurt	1.8%	1.4%
Butter	3.9%	3.0%

Source: SPF Economie (2019)

Belgium

Period ending February 2019

February 2019	Volume % change	Value % change	Price % change
<i>Total Dairy products</i>	<i>-1.8%</i>	<i>2.1%</i>	<i>3.9%</i>

Source: Nielsen Scan Track

France

Period ending 31 January 2019

Product category	Volume (% change) 4 weeks period	Volume (% change) Year on year	Price (% change) 4 weeks period	Price (% change) Year on year
Total liquid milk	-2,5%	-3,4%	-0,3%	+2,9%
Of which UHT semi-skimmed milk	-2,4%	-3,9%	-0,4%	+2,4%
Yoghurt & fresh cheese	-4,9%	-2,7%	+1,9%	+1,0%
Butter	+2,2%	-3,0%	+10,8%	+13,9%
Cream	+2,0%	+0,4%	+6,7%	+5,1%
Cheese	+1,2%	-0,7%	+2,0%	+2,0%

Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

France

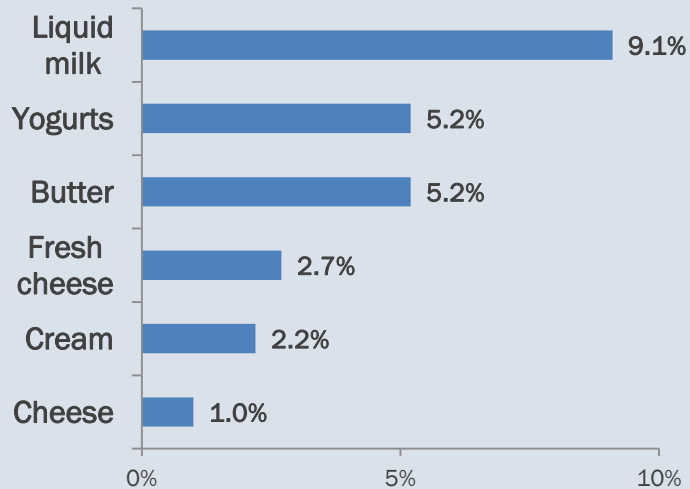
Sales of organic versus conventional milk & dairy products

Period ending 30 December 2018

Organic milk & dairy products

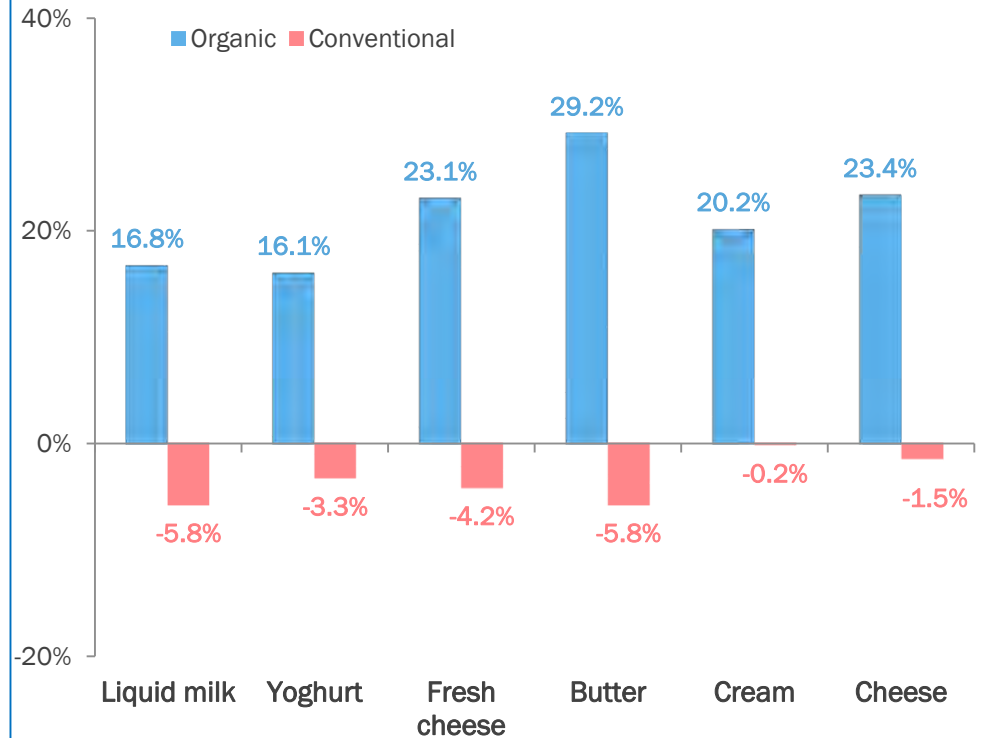
- ❖ Organic dairy products sales have continued to increase. The increase is registered for every product.

Organic market shares (% vol. 30/12/2018)



Consumption of organic versus conventional milk & dairy products

% in volume, year to year 52 weeks 30/12/2018



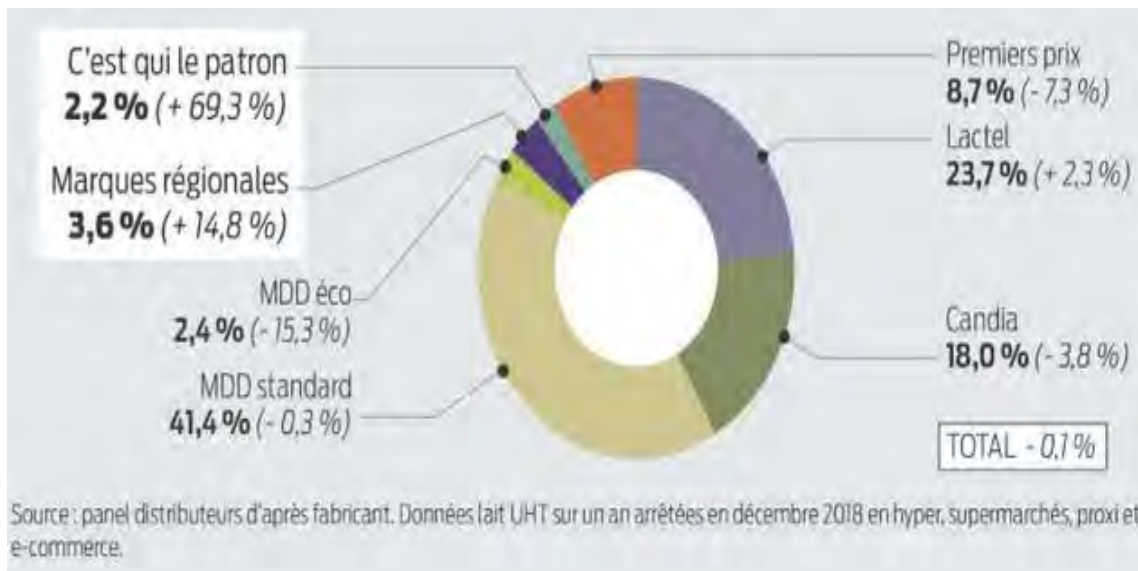
Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

France

Regional milk, “citizen milk” and *boissons végétales*: very dynamic

Regional brands and «citizen milk» (*C'est qui le patron*) are very dynamic: respectively +14,8% and +69,3% in 2018. National brands (Lactel, Candia) and private labels are decreasing.

The milk market is worth around 2 billion euros (2018). Long-life milk is quite stable, while *boissons végétales* increase by 12%.



	CA (ME)	Evol. 1 an
Lait longue conservation	1785,8	- 0,1 %
Lait frais dont fermenté	87,8	+ 0,5 %
Boissons végétales (rayon lait)	47,0	+ 12,0 %
Total	1920,6	+ 0,2 %

Source : panel distributeurs d'après fabricant. Données sur un an arrêtées en décembre 2018 en hyper, supermarchés, proxi et e-commerce.

Source : Linéaires

Italy

Period: Q4 2018 and Year 2018

Product category	<u>VOLUME</u> (4Q 2018 vs 4Q 2017 % change)	<u>VOLUME</u> (Year 2018 vs. Year 2017) % change)	<u>VALUE</u> (4Q 2018 vs 4Q 2017 % change)	<u>VALUE</u> (Year 2018 vs. Year 2017) % change)
Fresh milk	-1,9	-2,3	-2,9	-2,6
UHT milk	-0,9	-1,5	-2,5	-0,9
Fresh cheese*	1,1	-0,7	0,5	0,5
Cheese*	1,4	1,3	1,1	2,0
Fresh dessert	0,2	-2,8	1,4	1,1
Dessert	-18,3	-18,0	-11,8	-11,9
Butter	0,1	-3,3	-1,2	7,3
Béchamel / Cream	-1,1	-2,6	-1,4	1,0
Yoghurt	1,0	-0,6	2,2	-0,1

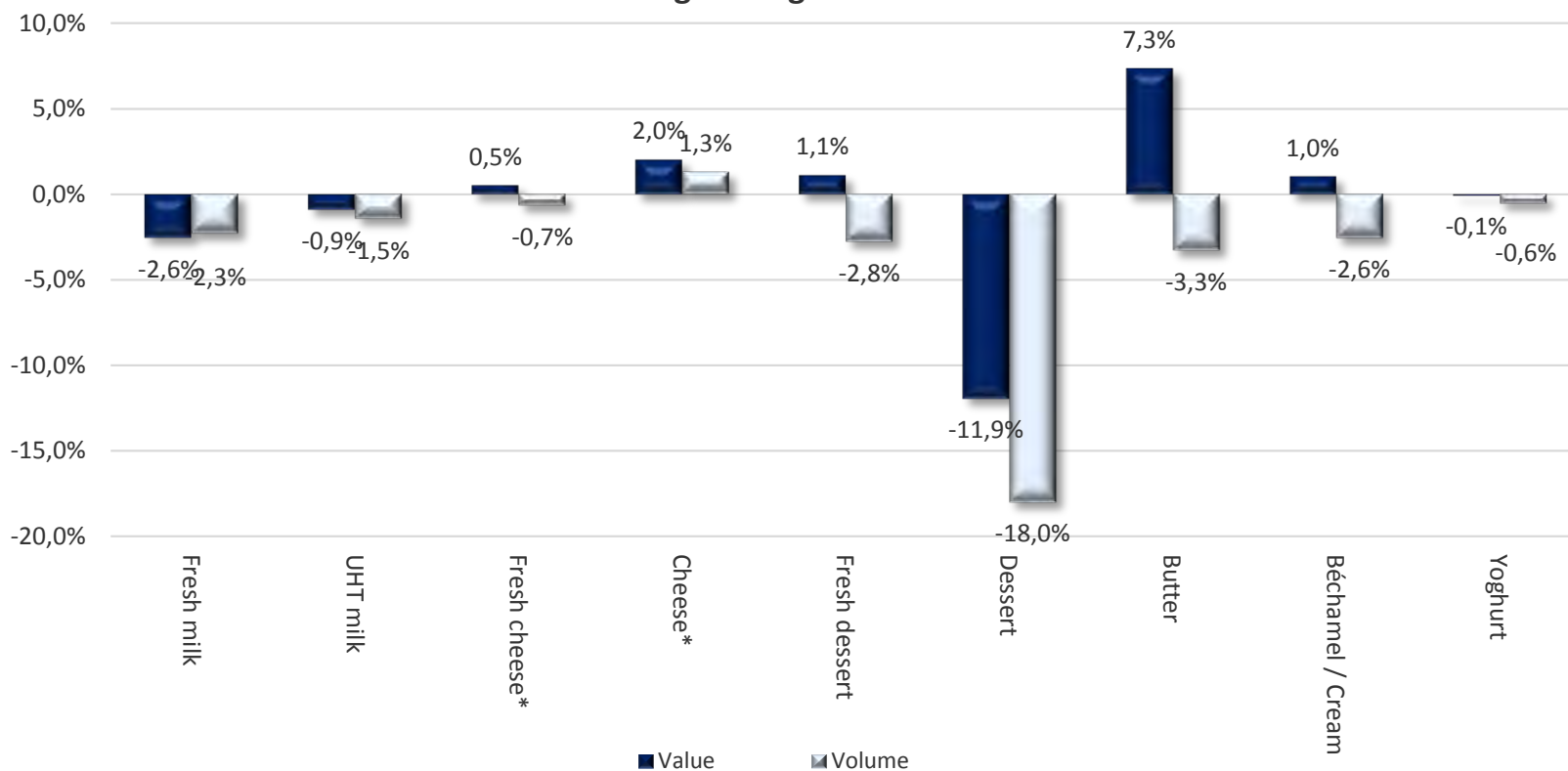
Source: Market Track Nielsen

Italy

Period: 2018 versus 2017

Milk and dairy products

Percentage change - 2018 vs 2017



Source: Market Track Nielsen

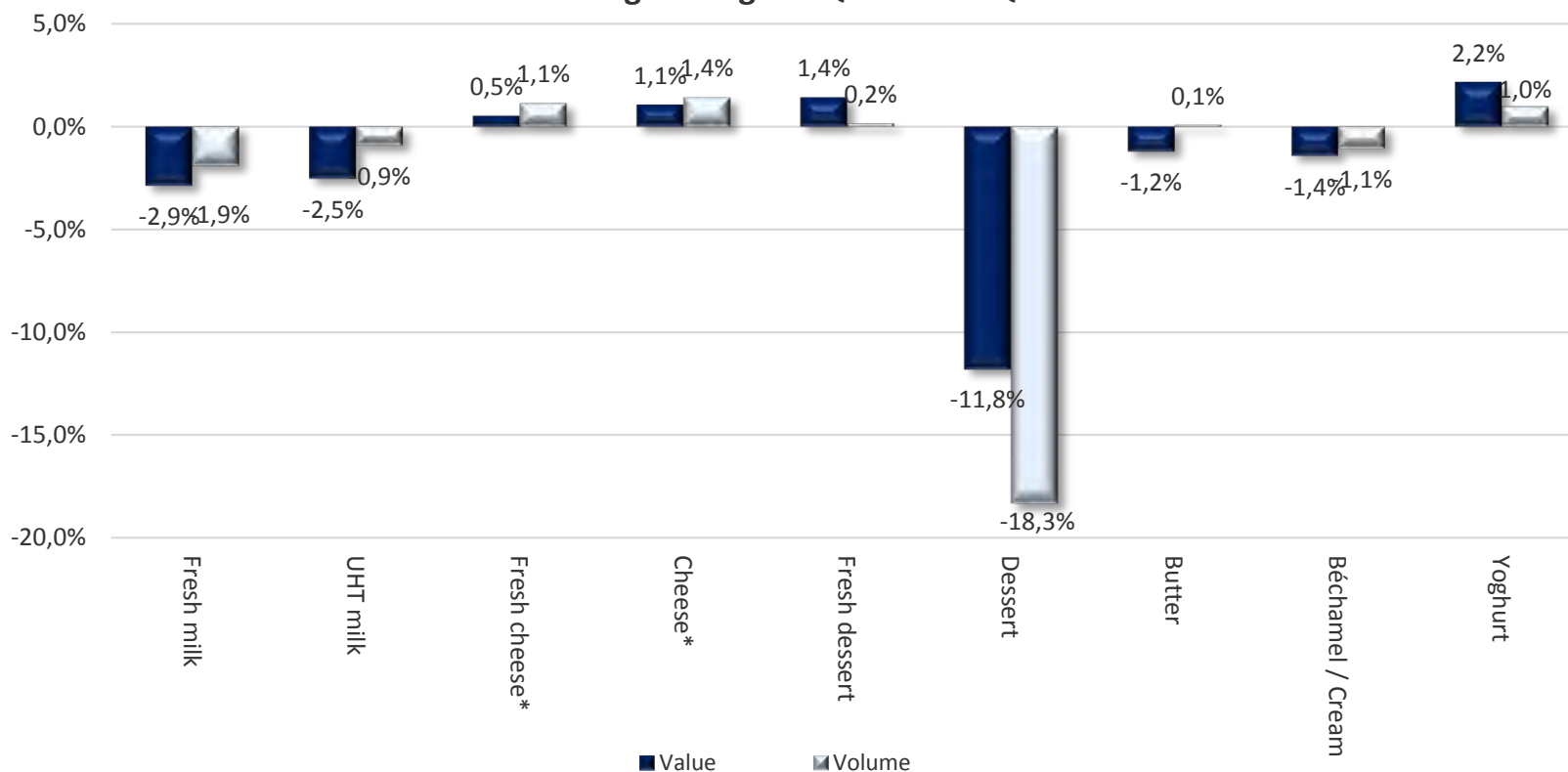
* Peso imposto

Italy

Period: 4Q 2018 versus 4Q 2017

Milk and dairy products

Percentage change - 4Q 2018 vs 4Q 2017



Source: Market Track Nielsen

* Peso imposto

Portugal

Period ending 24 February 2019

Product category	volumes (% change year-to-date)	volumes (% change) Year on year	value (% change year-to-date)	Value (% change) Year on year
Fresh milk	0,1	0,5	-4,6	-4,2
UHT milk	-2,6	-2,6	-1,7	-0,8
Yoghurt	-0,5	-4,7	2,1	-1,7
Butter	3,9	3,1	7,5	8,3
UHT Cream	7,3	2,2	8,8	4,4
Fresh desert	-1,9	-4,5	-6,6	3,4
Cheese	4,4	3,8	3,8	4,1

Source: Nielsen

Spain

Period ending December 2018

Product category	Volumes (% change Dec 2018 vs Dec 2017)	Volumes (% change YTD Dec 2018)	Value (% change Dec 2018 vs Dec 2017)	Value (% change YTD Dec 2018)	Price (% change Dec 2018 vs Dec 2017)	Price (% change YTD Dec 2018)
Standard liquid milk	-4.2	-2.5	-3.6	-2.1	0.6	0.4
Other types of milk	-1.2	2.7	-2.5	1.4	-1.3	-1.3
Milkshakes	-3.1	-5.3	-2.6	-4.5	0.5	0.9
Yoghurts and fermented milk	4.2	2.6	5.5	3.0	1.2	0.3
Fresh desserts	-1.7	-1.2	-1.2	-0.3	0.4	0.9
Fresh cheese	4.9	1.4	5.9	3.7	0.9	2.3
Local, traditional cheese	5.8	6.4	5.0	6.4	-0.7	0.0
Imported cheese specialties	4.4	6.1	3.9	4.9	-0.5	-1.1

Source: Fenil

Spain

Period ending December 2018

Product category	Volumes (% change Dec 2018 vs Dec 2017)	Volumes (% change YTD Dec 2018)	Value (% change Dec 2018 vs Dec 2017)	Value (% change YTD Dec 2018)	Price (% change Dec 2018 vs Dec 2017)	Price (% change YTD Dec 2018)
Grated cheese	1.8	3.5	2.4	4.2	0.6	0.7
Other types of cheese	-2.5	1.9	-4.0	2.9	-1.5	1.0
Cream	-1.9	1.4	-5.3	1.6	-3.5	0.1
Butter	5.0	3.4	5.3	17.9	0.3	14.0
Desserts and long-term conservation yoghurt	-22.8	-24.7	-3.2	-12.2	25.4	16.6
Non-liquid milk	2.4	1.9	2.4	1.9	0.0	0.0
Total dairy products	-1.5	-0.2	1.3	2.2	2.8	2.4

Source: Fenil

Sweden

Period ending 31 January 2019

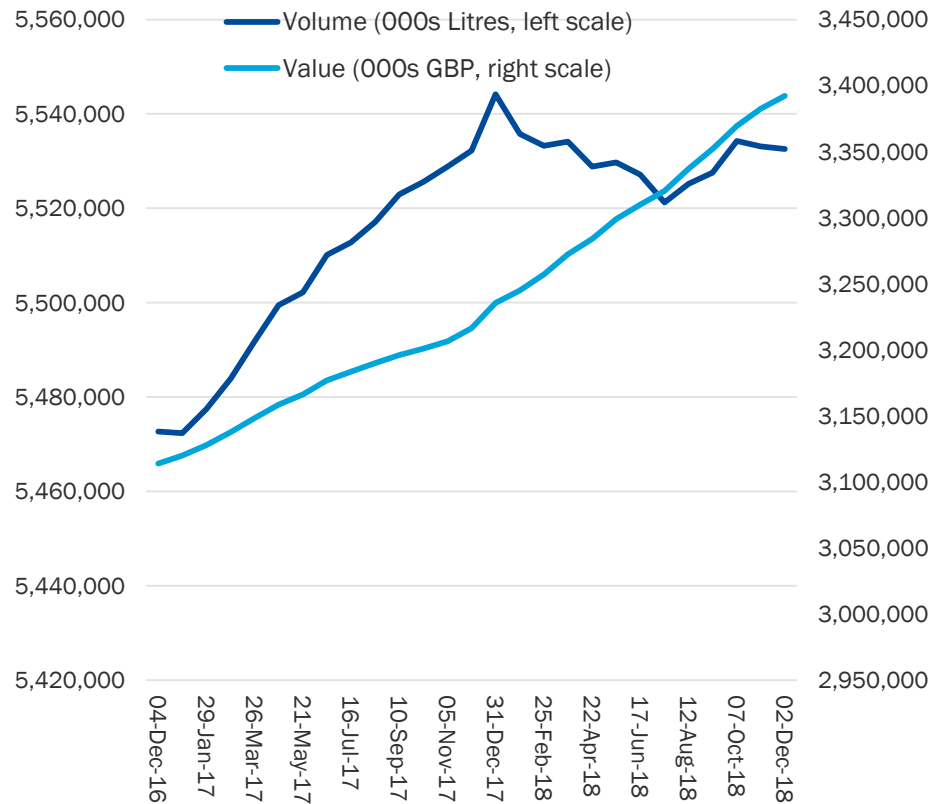
Product Category	Change in values (%)		Change in volumes (%)	
	Last 4 weeks	Last 52 weeks	Last 4 weeks	Last 52 weeks
Milk	0.3	2.4	-1.7	-1.4
Hard Cheese	-1.9	2.1	-3.3	-0.5
Cream	4.1	4.2	2.5	-1.2
Yoghurt	0.2	4.6	n/a	2.6
Cottage cheese, curd cheese	-8.4	-6.2	-7.9	-5.7
Cold desserts	-9.3	-14.7	-8.6	-16.2
Butter	9.1	-2.4	5.4	-2.9

Source: Nielsen Retail Panel

United Kingdom: drinking milk consumption

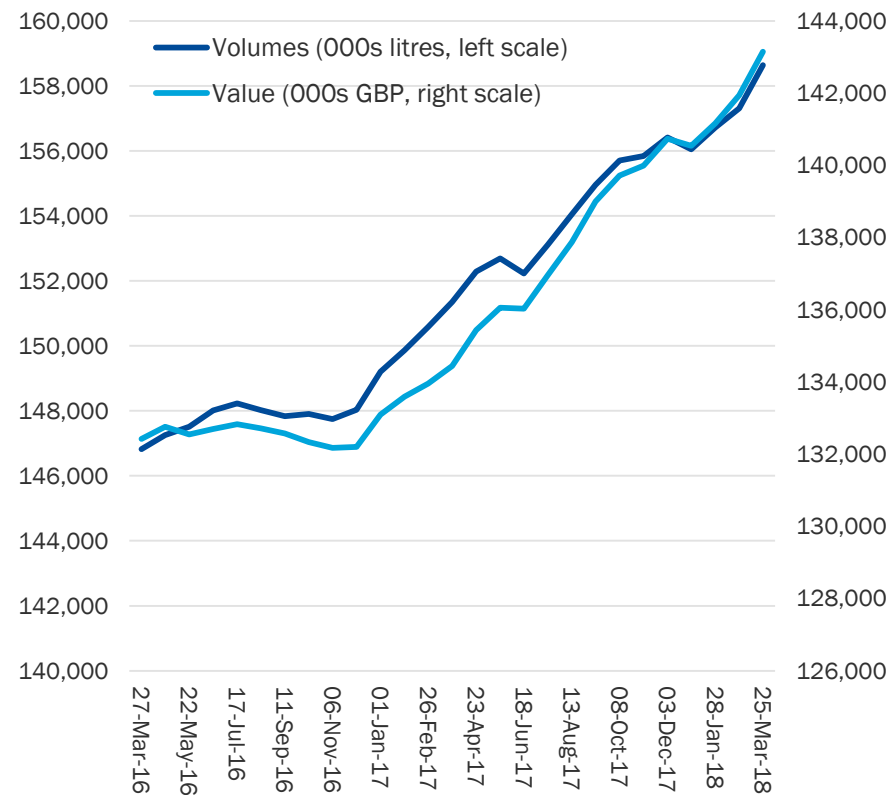
Period ending 2 December 2018

Conventional drinking milk



Y-o-y volumes: 0%
Y-o-y values: +5.5%

Organic milk consumption



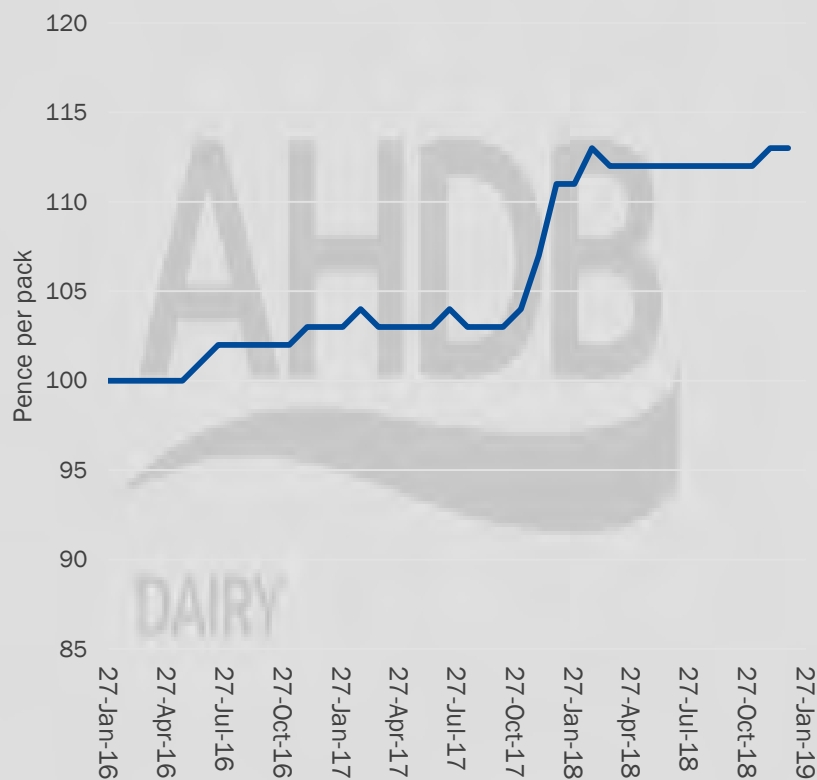
Y-o-y volumes: +4.8%
Y-o-y values: +6.5%

Source: Kantar Worldpanel

United Kingdom: retail prices

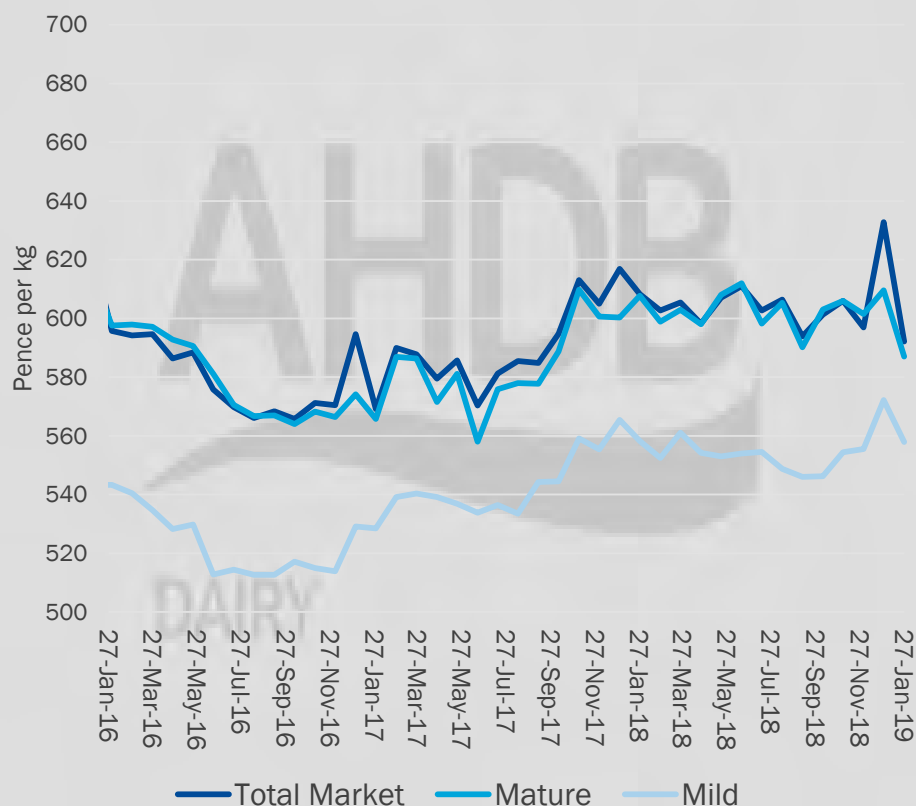
Period ending January 2019

GB Retail Prices - Liquid Milk



Unit price (p)		27-Jan-19	30-Dec-18	M-o-m Difference	28-Jan-18	Annual Difference
Liquid milk	Retail	114	113	+1	111	+3

GB Retail Prices - Cheddar



p/kg		27-Jan-19	30-Dec-18	M-o-m Difference	28-Jan-18	Annual Difference
Cheddar	Total market	592	633	-41	608	-16

United Kingdom: cheese market

Period ending January 2019

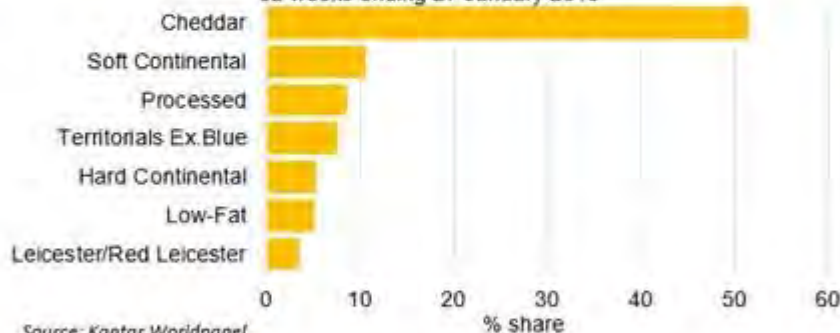
Cheese retail performance

GB cheese market, year to 27 January 2019

	Spend (£000)	Year on year change	Volume (000kgs)	Year on year change	Average price (£/kg)	Year on year change
Total cheese	2,918,129	+2.7%	451,753	+1.2%	6.46	+1.4%

Share of total cheese volume

52 weeks ending 27 January 2019



Year on year % change in volume

Cheddar	Hard Continental	Soft Continental	Territorials Ex.Blue	Leicester/Red Leicester	Processed	Low-Fat
-0.1	1.9	6.6	4.1	6.1	0.7	-0.6

Retailer share of total cheese volume

52 weeks ending 27 January 2019

Top 4 Multiples

Total Hard
Discounters

Source: Kantar Worldpanel

Year on year % change in volume

Total Hard Discounters	Top 4 Multiples
11.5%	-1.7%

Source: Kantar Worldpanel

ANNEX 5

Market transparency in the food supply chain

European Commission



Market transparency in the food supply chain

Fabien Santini, DG AGRI

Milk Market Observatory

Brussels, 29 March 2019

Previously **in...** Market Transparency

- Political context
- Economical context
- Legal context
- Evidence gathering process
- Benefits / costs

Conclusions of evidence gathering

There is support to extend the collection and publication of market data *as long as*:



- system not too costly
- publication raises no new competition concerns
- reporting targeted on key products only
- data are of good quality and published in a timely manner
- information contributes to a better understanding of structural issues in the chain

Option packages and preferred option

Scope	Option 1 Improved <i>status quo</i>	Option 2+ Digitised improved price notification system	Option 4 Food chain observatory
Type of market data	Unchanged	<i>Producer and processing prices Retail prices; some information on quantities, stocks, use (consumption)</i>	Prices; some information on quantities, stocks, use; costs; margins
Products	Few additional raw products, e.g. oilseeds, protein crops	<i>Annex I processed and high value- added products, e.g. meat cuts, some dairy products (drinking milk, mozzarella etc.), processed F&V (canned tomatoes, juices), sugar, plant protein products, wine, some organic & GI products</i>	Extensive list: all Annex I products, as well as some non- Annex I processed products (incl. biscuits, pasta, beer, sausages etc.)
Stage in supply chain	At production and processing level	<i>At production, processing and retail level</i>	At production, processing and retail level
Geographical coverage	Representative markets	<i>Representative markets and operators</i>	Extensive coverage: Annual notification of margins by all stakeholders
Mode of transmission	Member States (MSs) to Commission via ISAMM	<i>Representative (larger) firms to MSs and/or Commission via ISAMM</i>	All firms directly to MSs and Commission via new interoperable system; additional annual notification of margins
Coordination	Unchanged (bilateral talks between Commission and MSs)	<i>Dedicated meetings of the expert group on the Common Market Organisation combined with a horizontal CDG twice a year (MSs and stakeholders)</i>	EU market observatory for the food chain (stakeholders only)

Example: Possible prices to collect

	Weekly prices already compulsory
	(Non-weekly) prices already available
	Weekly prices, currently voluntary - could be made compulsory
	Possible new prices

Sector	Existing prices (products)	Compulsory/ voluntary	Weekly/ Non-weekly	Sector	New prices (products)
Beef meat (processed)	Carcasses	c	w	Beef - meat (processed)	High value cuts Low value cuts Veal meat Minced meat Organic beef meat
Pig meat (processed)	Carcasses	c	w	Pigmeat (processed)	Loin Belly Shoulder Ham Organic pig meat GI ham
Poultry meat (processed)	Carcasses	c	w	Poultry meat (processed)	Breast Legs Wings Organic poultry meat
Sheep meat (processed)	Carcasses	c	w	Sheep meat (processed)	Shoulder Leg Organic sheep meat
Eggs (not processed)	Eggs in shell	c	w	Eggs (not processed)	Eggs in shell free range Eggs in shell organic
Dairy (processed)	Whey powder SMP SMP feed WMP Butter Butteroil Cheddar Gouda Edam Emmental Other cheeses	c c c c c c c c c c c	w w w w w w w w w w n	Dairy (processed)	Cream Drinking milk Yoghurt Mozzarella GI hard cheeses (Comté, Parmigiano Reggiano, Grana Padano) GI Feta Organic drinking milk Organic butter
Oilseeds and protein crops (not processed)	Rapeseed Sunflower seeds Soybeans Field peas Field beans	v v v v v	w w w w w	Oilseeds and protein crops (not processed)	Chickpeas Lentils Organic soya bean

Oilmeals and oils (processed)	* currently no data collected on processed products			Oilmeals and oils (processed)	Oilmeals (soya, rapeseed, sunflower) Oils (soya, rapeseed, sunflower)
Sugar (processed)	White sugar based on invoices	c	m	Sugar (processed)	White sugar - improvement on: * market segments /uses * weekly contracted prices Isoglucose
Olive oil and table olives (processed)	Olive oil			Olive oil and table olives (processed)	Table olives Organic olive oil
Cereals (not processed)	Common wheat Durum wheat Barley Oats Rye Maize			Cereals (not processed)	Organic common wheat Organic durum wheat
Fruit and vegetables (processed)	* currently no data collected on processed products			Fruit and vegetables (processed)	Apple juice Orange juice Tomato concentrate Tomato canned
Fruit and vegetables (not processed)	Tomatoes Apricots Nectarines Peaches Table grapes Pears Apples Satsumas Lemons Clementines Mandarins Oranges Courgettes Cherries Cucumbers Garlic Plums Sweet peppers Lettuce Strawberries Cultivated mushrooms Kiwis	c c	w w	Fruit and vegetables (not processed)	Apples organic Tomatoes organic Oranges organic Cauliflower Asparagus Eggplant avocado Carrots Onions Beans Leeks Watermelons Melons Hazelnut Sour cherries Cabbages Potatoes

Example: Possible information to collect

Timing of notification

Producer selling prices

- * Dairy products : cream, drinking milk
commodity / GI cheese

- * Value added products : organic

Buying prices

- * By retail / food industry

Quantities

- * Uses, ...

Schedule for the IA (tentative)

- Stakeholder conference 25 Feb / CMO committee (horizontal) Feb-Mar sessions
- Preparation of proposal (internal procedure)
- Feedback mechanism
- Discussion in CMO committee
- Vote
- Implementation



Thank you.

ANNEX 6

EU dairy short-term outlook

European Commission



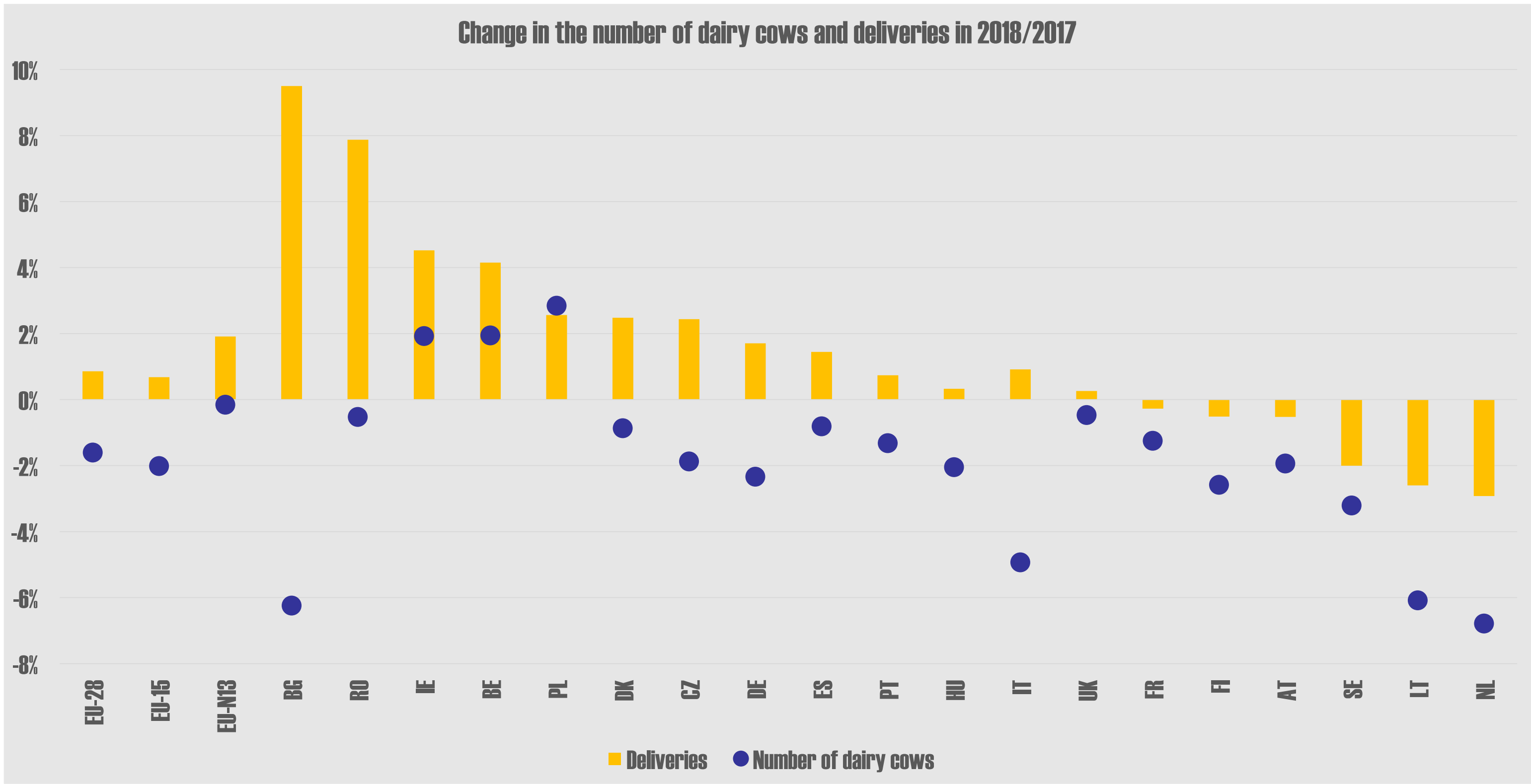
EU dairy short-term outlook

Andrea Čapkovičová, DG AGRI – C2

Brussels, MMO, 29 March 2019



Yield gains supporting growth in 2018 EU milk deliveries



In 2018, the number of **dairy cows** in the EU was **1.6% below 2017**



Despite the impact of the drought in summer 2018 and the lower number of cows, **milk deliveries increased** in 2018 by **0.8%**.

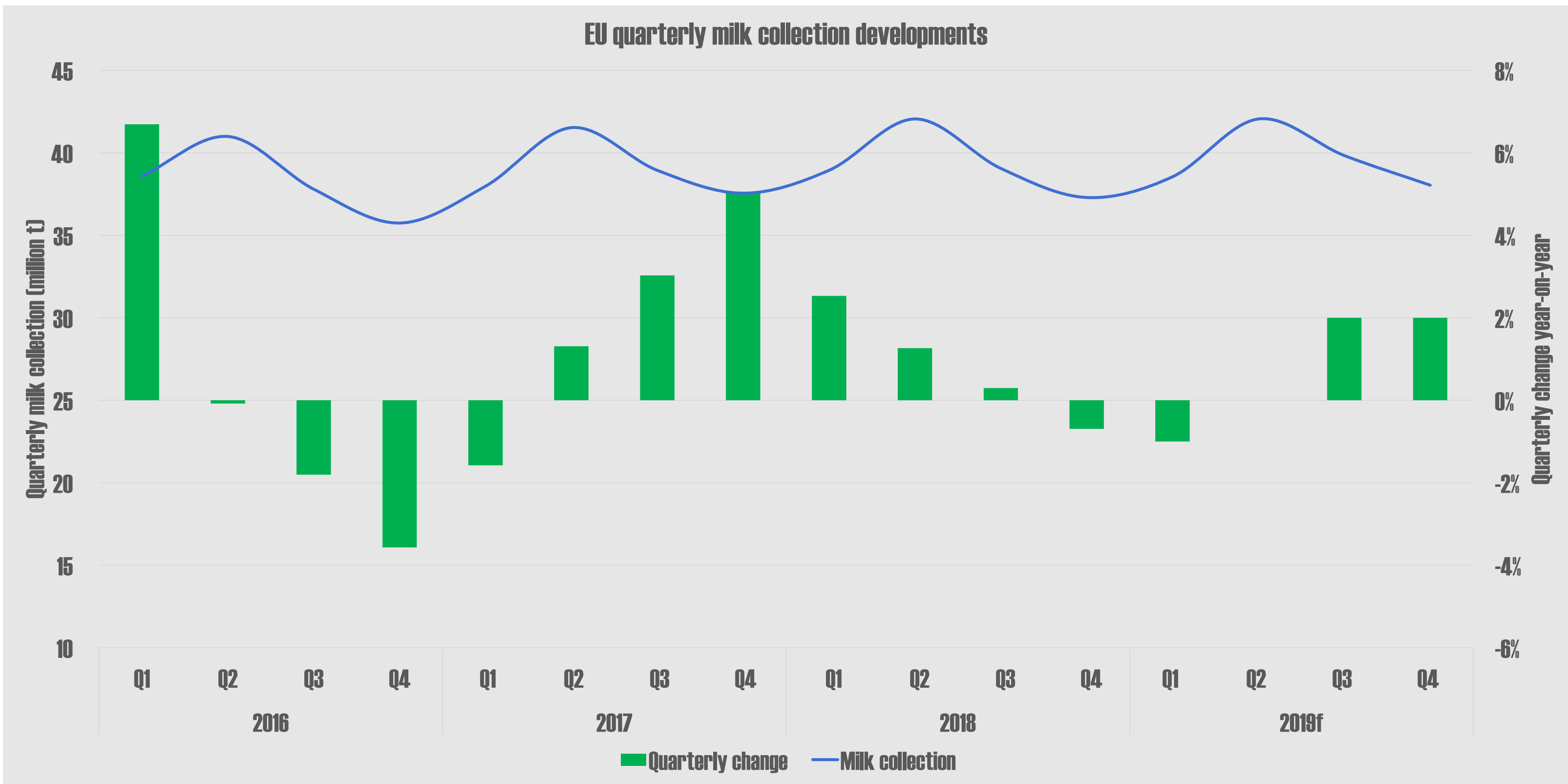


Further **2% yield increase**, supported by the increased use of (imported) **concentrated feed** in the last quarter of 2018.

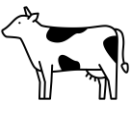
Source: DG Agriculture and Rural Development, based on Eurostat



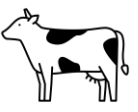
Further increase of EU milk production expected in 2019



The higher use of compound feed in Q1 of 2019 (-1% y-o-y)



Over the spring 2019, and in the second half of 2019, production is expected to increase by 2%

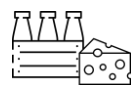
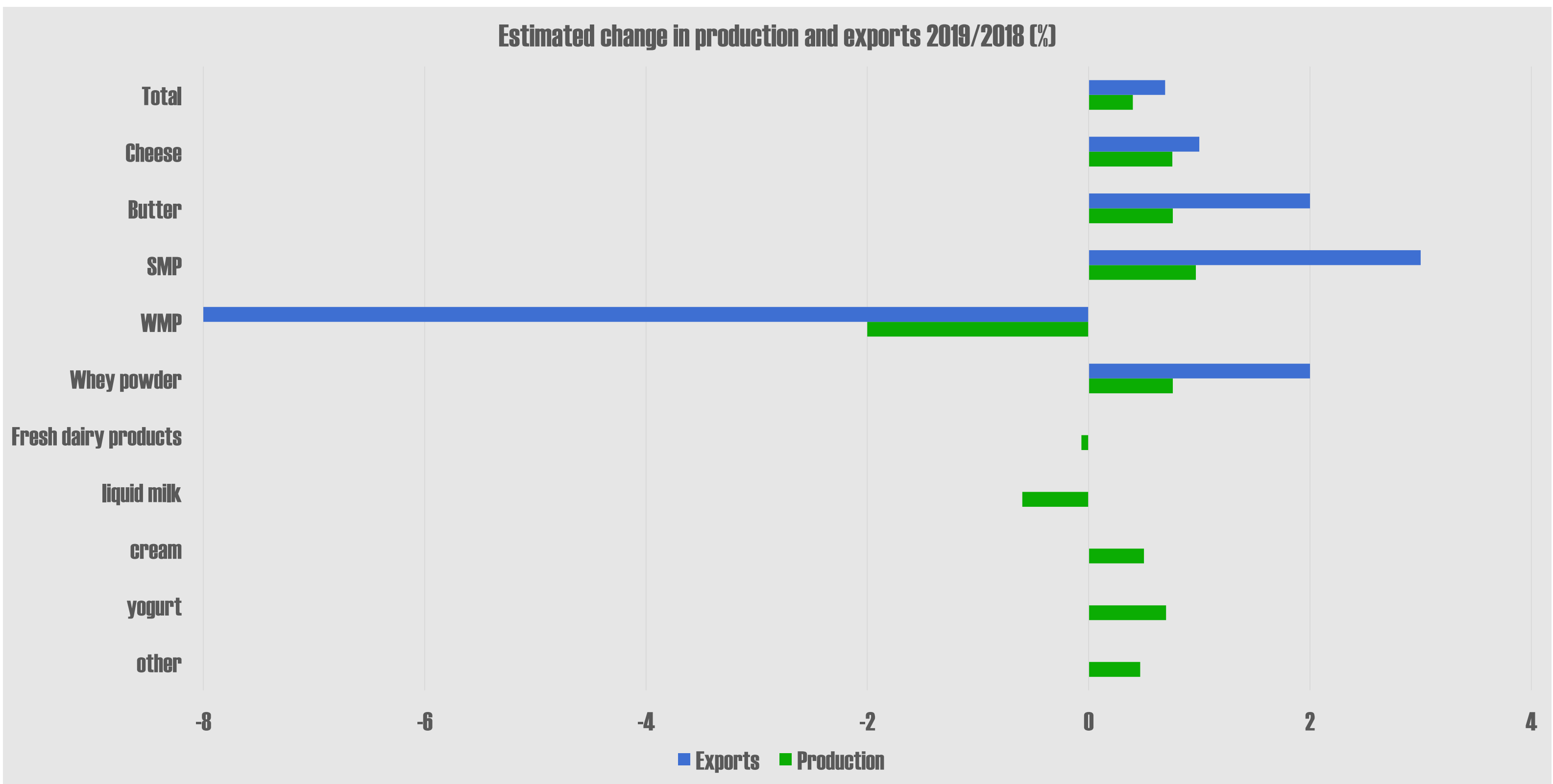


Estimated overall increase of deliveries by 0.7%

Source: DG Agriculture and Rural Development, based on Eurostat



More milk channelled into cheese, butter, SMP and whey powders in 2019



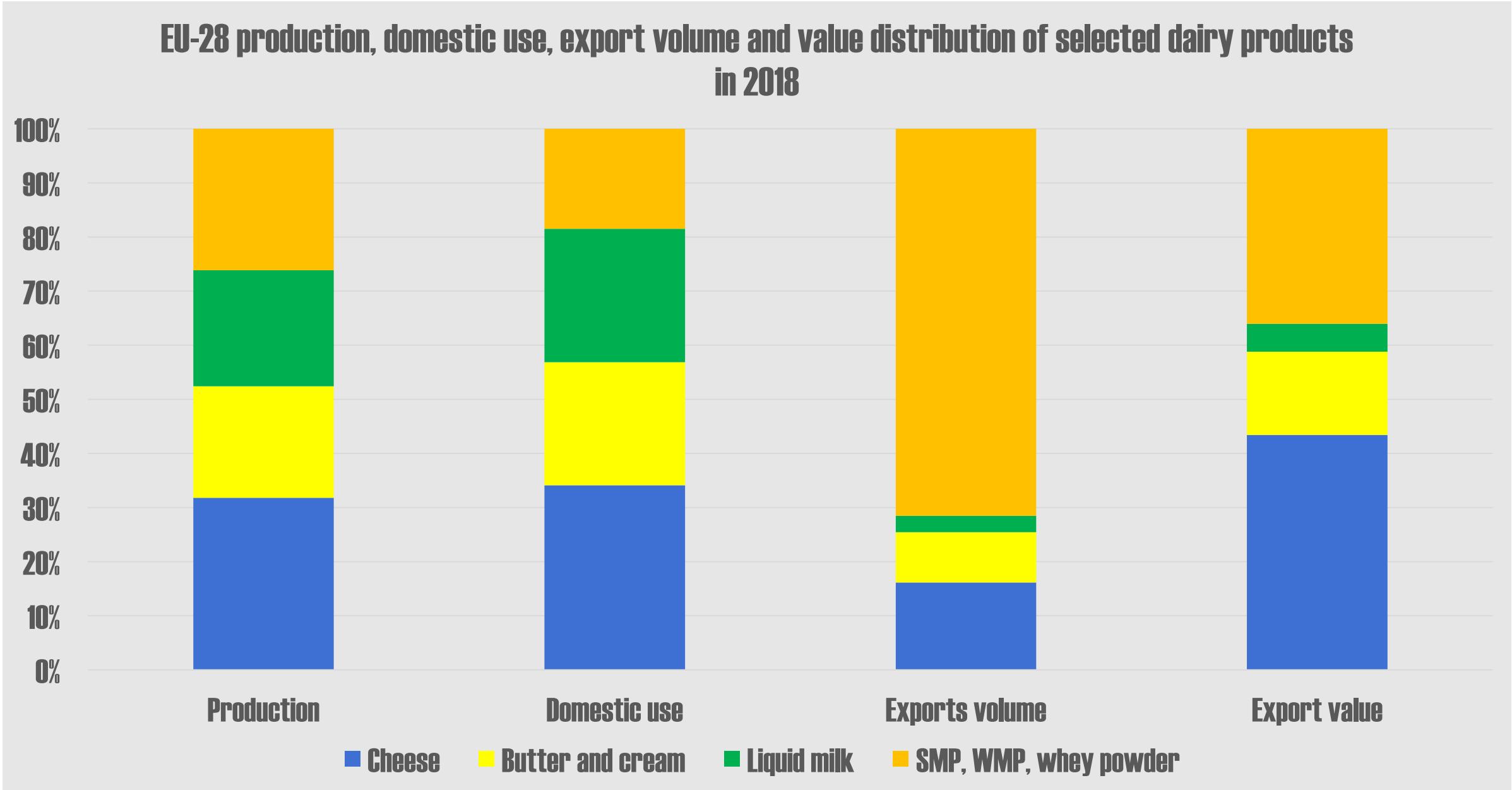
OVERALL CHANGE (in milk equiv.):

- **+0.4 % production**
- **+0.3 % domestic use**
- **+1% exports**

Source: DG Agriculture and Rural Development



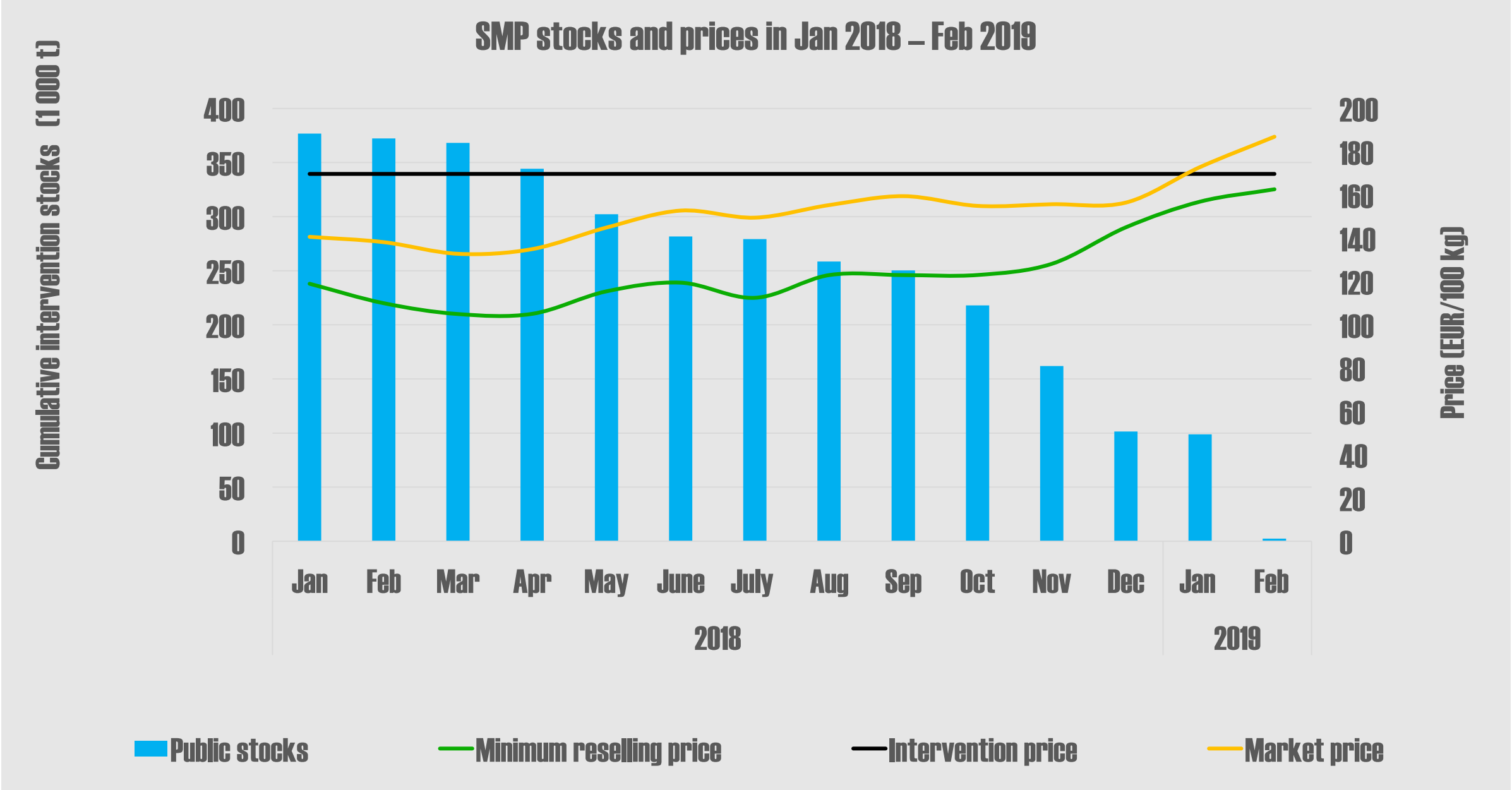
Sustained EU cheese production and exports growth



Note: Selected dairy products cover around 75% of milk use

Source: DG Agriculture and Rural Development

Milk price recovery supporting SMP stocks release

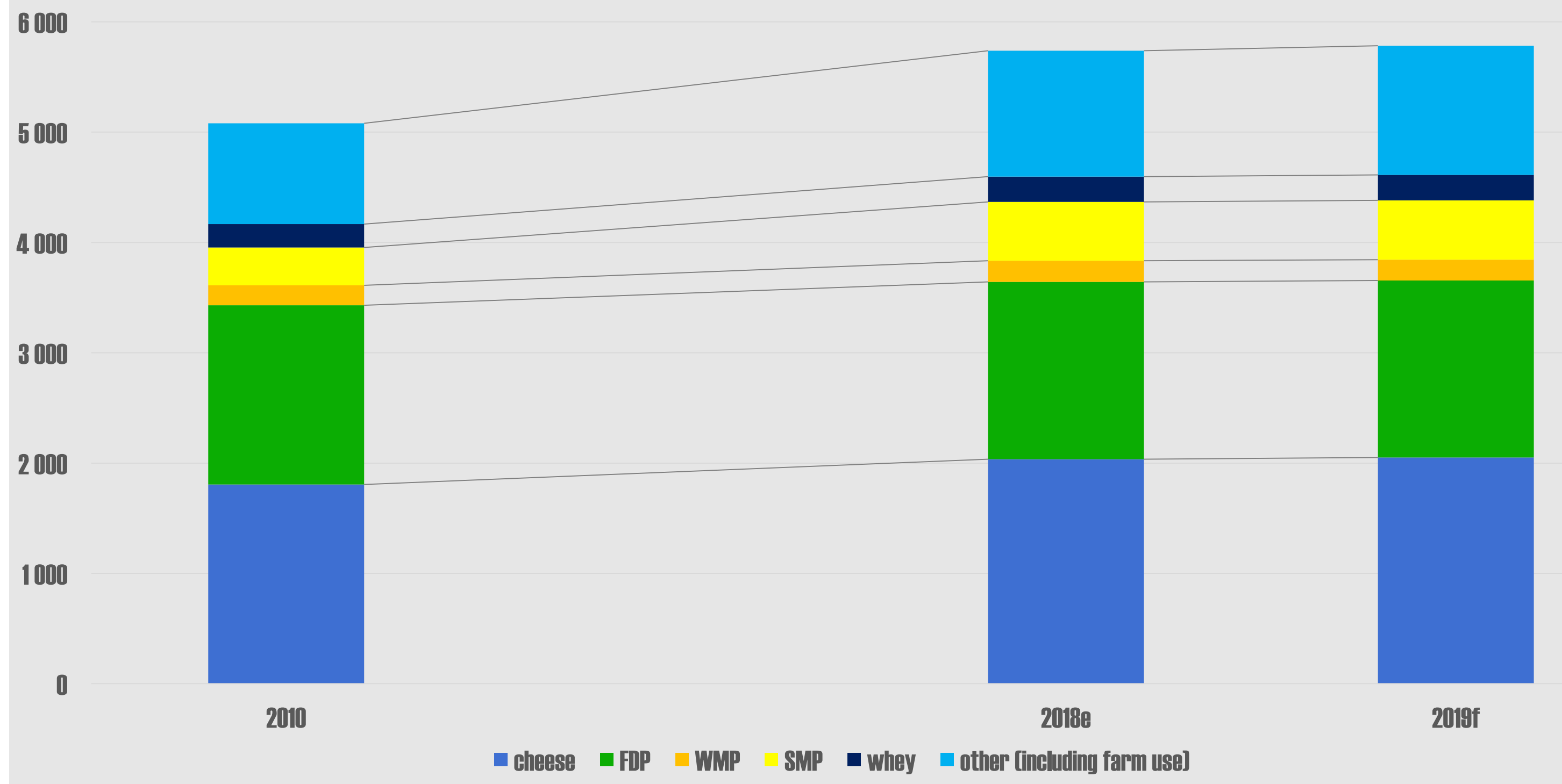


Source: DG Agriculture and Rural Development



FFP and dairy ingredients on rise, increasing competition for WMP

EU-28 protein use per chosen products (1 000 t)



Note: The protein residual is estimated as the difference between the total protein availability based on milk production and the different uses in dairy products covered by statistics.

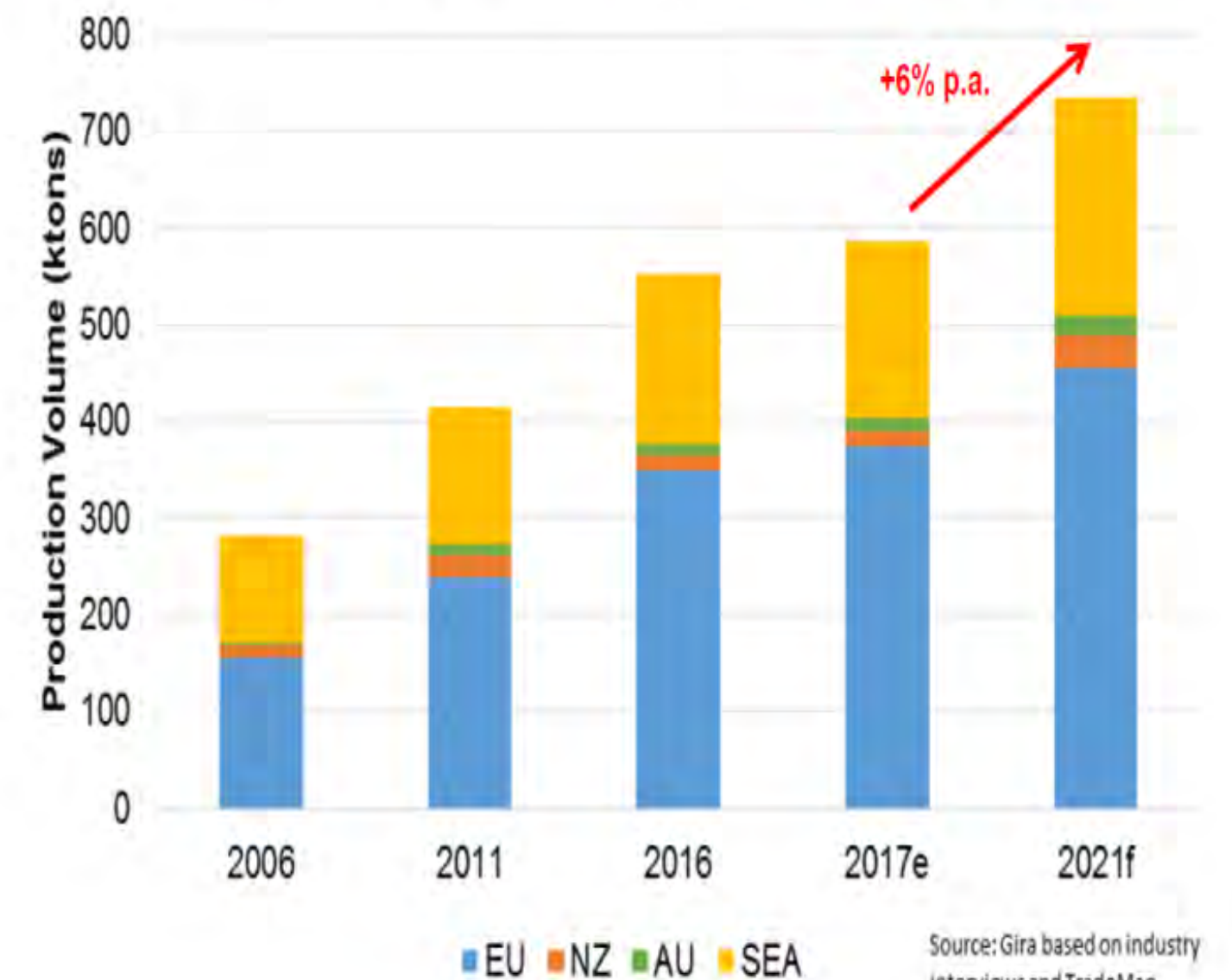
Source: DG Agriculture and Rural Development

Global FFMP Production

Concentrated in SE Asia and Europe; strong growth possible



Global FFMP Production by Region, 2006-2021f



Source: Gira based on industry interviews and TradeMap

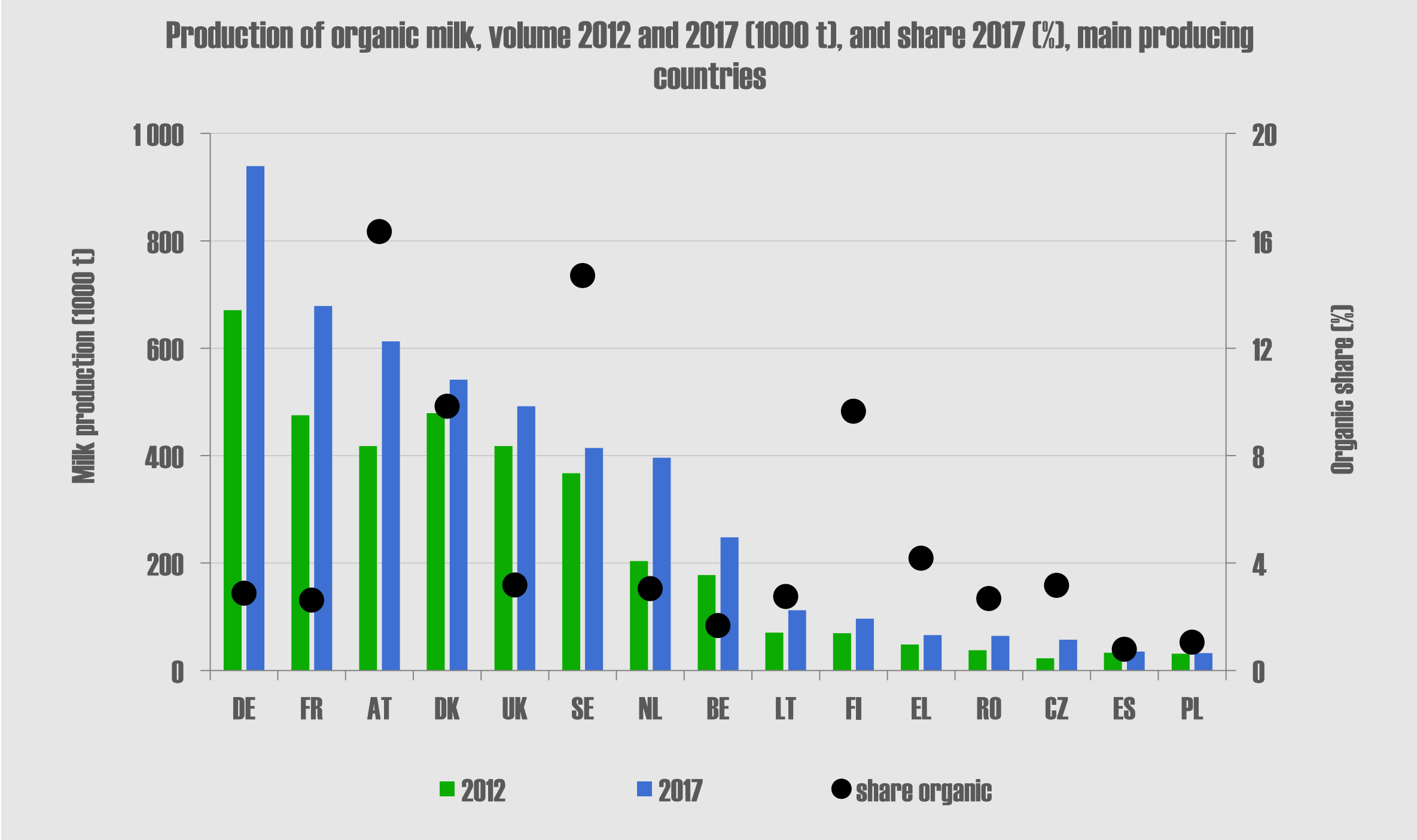




EU organic dairy market

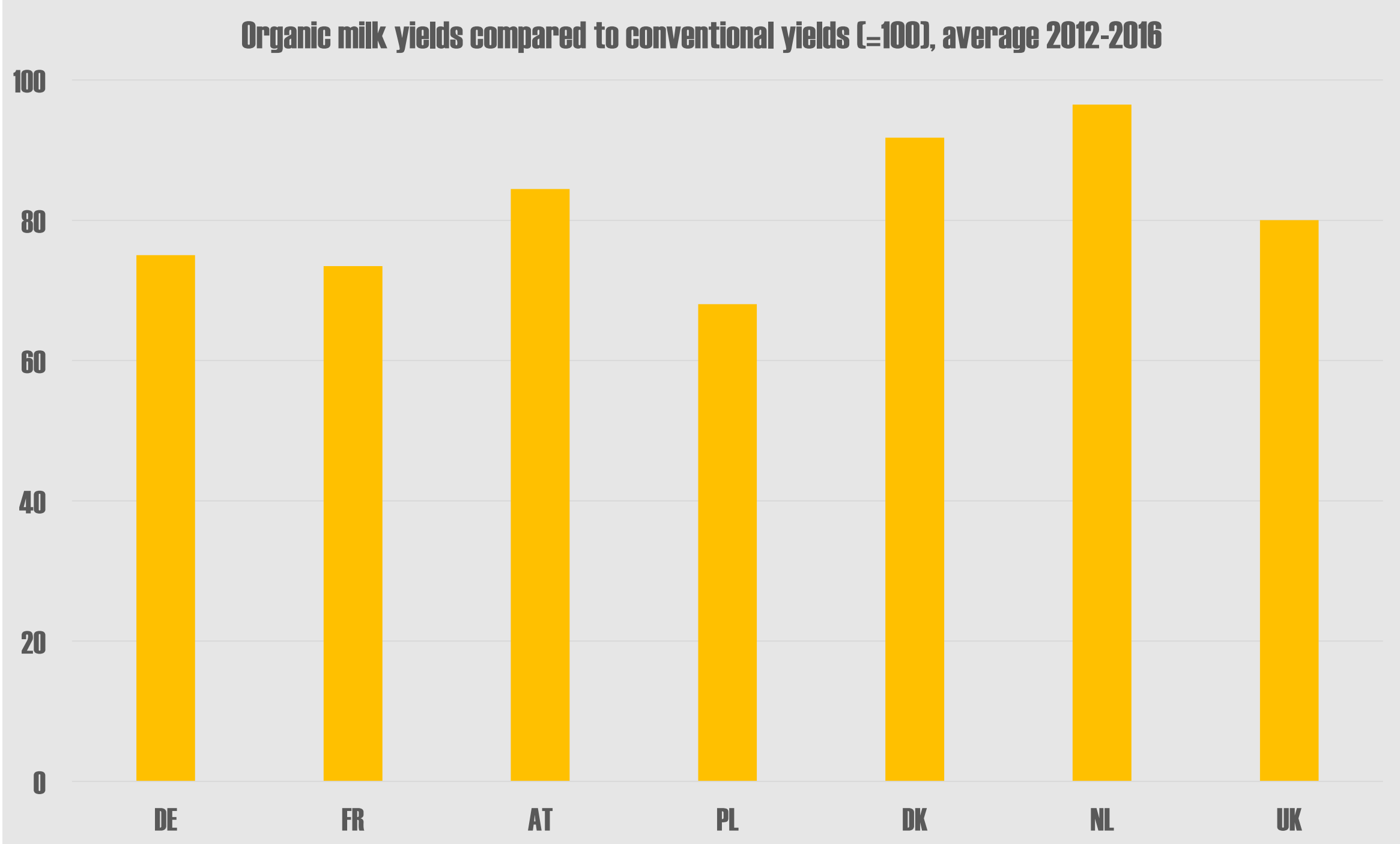


Organic milk production increasing



Source: Eurostat

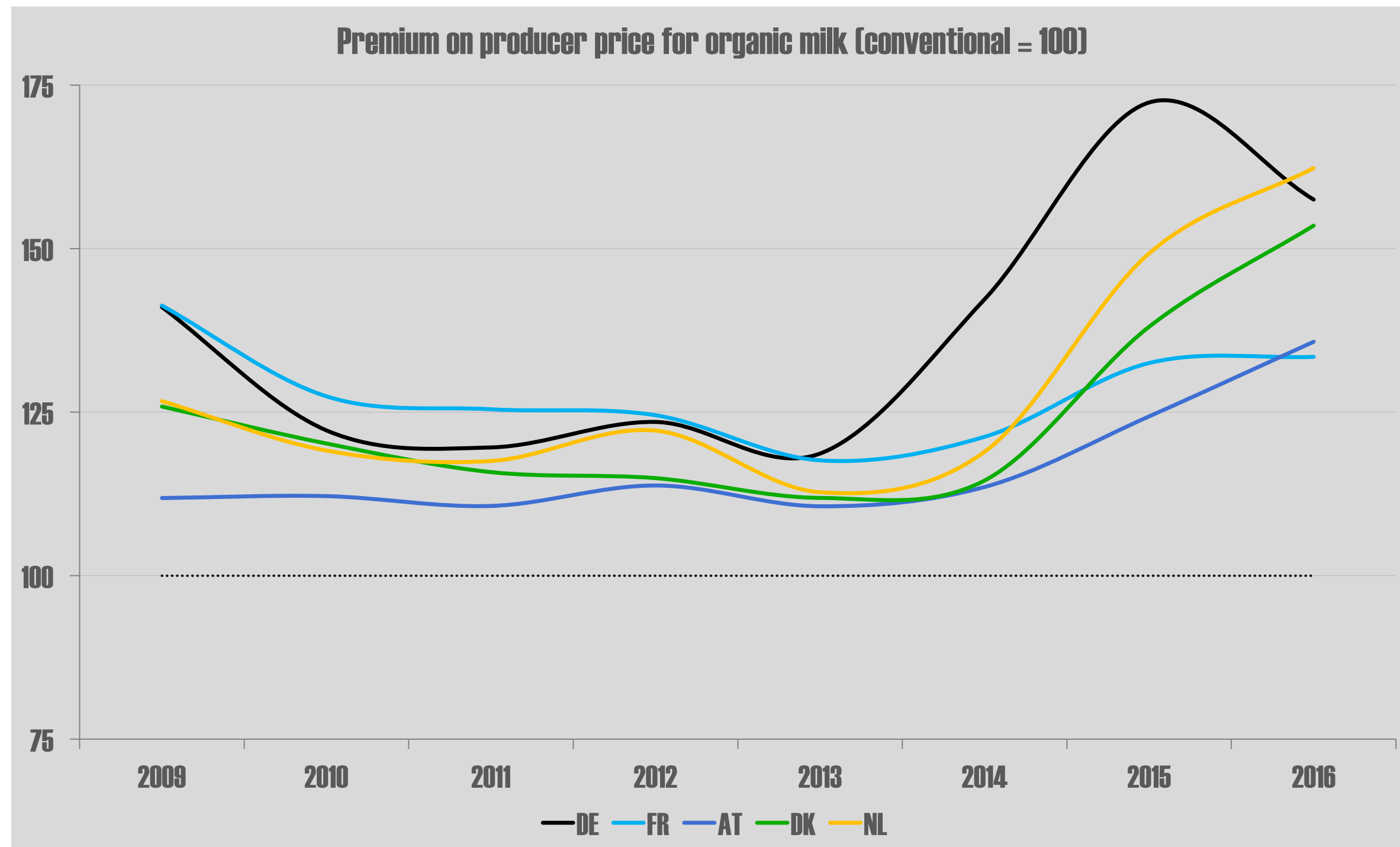
Lower yields in organic production



Source: EU-FADN

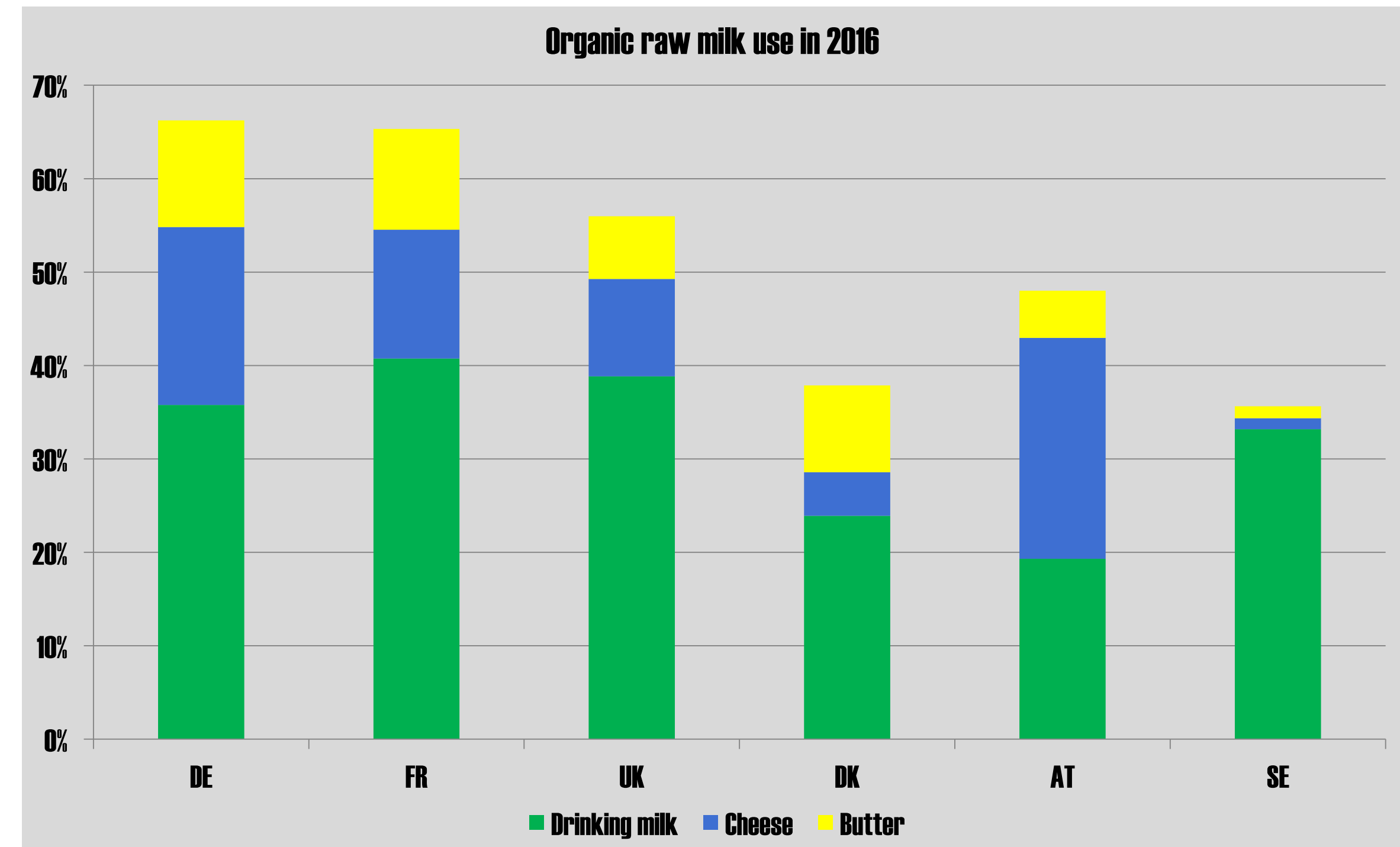


Higher premium on producer price

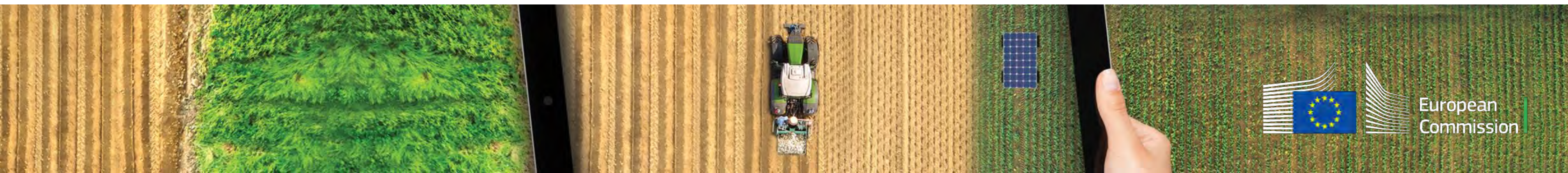


Source: EU-FADN

Most milk taken by drinking milk



Source: DG Agriculture and Rural Development, based on Eurostat



Thank you

Agricultural Outlook

https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en

Markets briefs

https://ec.europa.eu/agriculture/markets-and-prices/market-briefs_en

Market observatories

https://ec.europa.eu/agriculture/market-observatory_en

CAP reform

https://ec.europa.eu/agriculture/future-cap_en



ANNEX 7

Overview of promotion campaigns concerning dairy sector under **Union's promotion policy**

European Commission



Overview of promotion campaigns concerning dairy sector under **Union's promotion** policy

THE ECONOMIC BOARD OF
THE EUROPEAN MILK
MARKET OBSERVATORY
29 March 2019



Presentation

- 1) 2018 Calls for proposals: Submission end evaluation statistics
- 2) 2019 Annual Work Programme - Calls for proposals

2018 Call for proposals - Simple programmes: Statistics

Submission statistics

- 146 proposals submitted
- 20 concern dairy sector

Evaluation statistics

- 58 selected
- 12 to promote dairy products

2018 Call for proposals - Simple programmes: Dairy

Topic No	Member State	Proposal ID	Acronym of proposal	Coordinator /proposing organisation	Products	Target Countries	Maximum grant amount in €
SIMPLE-01-2018	IT	824731	PIAVEDOPMI	CONSORZIO DI TUTELA DEL FORMAGGIO PIAVE DOP	Cheese	Austria, Italy, Germany	1.003.611
SIMPLE-02-2018	ES	824814	DAIRY GENERATION	ORGANIZACION INTERPROFESIONAL LACTEA	Dairy products (excl. Cheese), Cheese	Spain	1.065.113
SIMPLE-05-2018	FR	824257	EU Butter USA	CNIEL	Dairy products (excl. Cheese)	United States	1.498.163
SIMPLE-05-2018	IT	824604	EDISCAN	GRANLATTE SOCIETA' COOPERATIVA AGRICOLA	Cheese, Dairy products (excl. Cheese)	Canada	1.641.570
SIMPLE-05-2018	PT	824833	EUFreeGrazingDairy	Associação Agrícola de São Miguel	Cheese, Dairy products (excl. Cheese)	Canada	795.707
SIMPLE-06-2018	BG	824896	CHEESE_WAY	National Association of Milkprocessors	Cheese	China, Saudi Arabia, United Arab Emirates	1.580.261
SIMPLE-06-2018	FR	824688	AFRICA PGC 19	CNIEL	Dairy products (excl. Cheese), Cheese	Cameroon, Cote d'Ivoire, Nigeria, Senegal	1.549.234
SIMPLE-06-2018	FR	824694	CHEESE PMO 19	CNIEL	Cheese	Kuwait, Lebanon, Saudi Arabia, United Arab Emirates	1.927.430
SIMPLE-06-2018	FR	824700	CREAM PMO 19	CNIEL	Dairy products (excl. Cheese)	United Arab Emirates, Saudi Arabia	1.222.563
SIMPLE-06-2018	FR	824706	CHEESE AUST 19	CNIEL	Cheese	Australia	732.324
SIMPLE-06-2018	IT	824633	EDISLATAM	GRANLATTE SOCIETA' COOPERATIVA AGRICOLA	Cheese, Dairy products (excl. Cheese)	Brazil, Chile	2.280.958
SIMPLE-06-2018	IT	824727	ECG	CONSORZIO DEL FORMAGGIO PARMIGIANO-REGGIANO	Cheese	United Arab Emirates, Kuwait, Saudi Arabia	2.400.000

2018 Call for proposals - Multi programmes: Statistics

Submission statistics

- 36 proposals submitted
- 3 concern dairy sector

Evaluation statistics

- 21 selected
- 3 to promote dairy products

Submission end evaluation statistics of 2018 Calls for proposals - Multi programmes

	Proposal Number	Proposal Acronym	Coordinator	Coordinator MS	Partners	Partners MS	Product sector	Target countries	Requested Grant
Topic C — Information provision and promotion programmes aiming at increasing the awareness and recognition of Union quality schemes or Information provision and promotion programmes highlighting the specific features of agricultural methods in the Union and the characteristics of EU agri-food products	825674	EMF CHEESE CULTURE	GEIE EUROPEAN MILK FORUM - EMF	FR	MEJERIFORENINGEN DANISH DAIRY BOARD, CNIEL, THE NATIONAL DAIRY COUNCIL	DK+FR+IE	Cheese	Denmark, France, Ireland	3.740.000,00 €
	825810	EMF Milk	GEIE EUROPEAN MILK FORUM - EMF	FR	VLAM, MEJERIFORENINGEN DANISH DAIRY BOARD, CNIEL, THE NATIONAL DAIRY COUNCIL, STICHTING NEDERLANDS VOORLICHTINGSBUREAU VOOR MELK EN ZUIVELPRODUCTEN	BE+DK+FR+IE+NL	Dairy products (excl. Cheese)	Belgium, Denmark, France, Ireland, Netherlands	9.900.000,00 €
Topic D — Information provision and promotion programmes targeting any third countries	826014	EU_cheeses	National Association of Milkprocessors	BG	Panagrotikos Farmers Union of Cyprus	CY	Cheese	Brazil, Japan, United States	2.309.654,40 €



2019 Annual Work Programme - Calls for proposals: Budget

2019 budget increased to EUR 201,1 million:

- 100 Mio for simple programmes
- 91,6 Mio for multi programmes
- 9,5 Mio for Commission's own actions

! Increase of EUR 12,5 million allocated to multi programmes

2019 Annual Work Programme - Calls for proposals: Priorities

SIMPLE PROGRAMMES		100 M
Simple programmes in the Internal market		[20M]
<u>Topic 1.</u> Programmes on EU quality schemes (PDO, PGI, TSG, OQT), organic, RUP		[12 M]
<u>Topic 2.</u> Programmes highlighting the specific features of agricultural production methods in the Union (food safety, traceability, authenticity, labelling, nutritional and health aspects, animal welfare, respect for environment and sustainability) and the characteristics of EU products in terms of quality, taste, diversity or traditions (=outside EU quality schemes)		[8 M]
Simple programmes in Third Countries		[75 M]
<u>Topic 3.</u> China, Japan, Korea, South East Asia, Southern Asia		[25.25M]
<u>Topic 4.</u> Canada, USA, Mexico and Columbia		[22 M]
<u>Topic 5.</u> Other geographical areas		[25.25M]
<u>Topic 6.</u> Table olives		[2.5M]
Simple programmes for market disturbance/additional call for proposals		[5M]

2019 Annual Work Programme - Calls for proposals: Priorities

MULTI PROGRAMMES		91.6 M
Multi programmes in the Internal Market		[43.3 M]
<u>Topic A.</u> Programmes on EU quality schemes [(PDO, PGI, TSG, OQT), organic, RUP] <u>or</u> Programmes highlighting the specific features of agricultural production methods in the Union (food safety, traceability, authenticity, labelling, nutritional and health aspects, animal welfare, respect for environment and sustainability) and the characteristics of EU products in terms of quality, taste, diversity or traditions	[32.8 M]	
Topic B. Healthy eating: fruits and vegetables	[8M]	
Topic C. Sustainably produced rice	[2.5M]	
Multi programmes in Third Countries		[43.3M]
<u>Topic D.</u> Programmes on EU quality schemes [(PDO, PGI, TSG, OQT), organic, RUP] <u>or</u> Programmes highlighting the specific features of agricultural production methods in the Union (food safety, traceability, authenticity, labelling, nutritional and health aspects, animal welfare, respect for environment and sustainability) and the characteristics of EU products in terms of quality, taste, diversity or traditions.	[38.3 M]	
Topic E. Beef	[5M]	
Multi programmes for market disturbance/additional call for proposals		[5M]



2019 Annual Work Programme - Calls for proposals: References

2019 Annual Work Programme:

https://ec.europa.eu/info/promotion-eu-farm-products_en#annualworkprogramme

2019 Call for Proposals — Simple Programmes:

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2019.018.01.0004.01.ENG&toc=OJ:C:2019:018:TOC

2019 Call for Proposals — Multi Programmes:

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2019.018.01.0021.01.ENG&toc=OJ:C:2019:018:TOC

Deadline for submitting applications: 16.4.2019 17:00 CET



<https://ec.europa.eu/chafea/agri/>

The screenshot displays the CHAFEA (European Commission's Agricultural Fund for Europe) website. The header features the European Commission logo and the text "CHAFEA Promotion of agricultural products". Below the header is a navigation bar with links: "EUROPA > European Commission > Chafea > Promotion of agricultural products", "NEWSROOM & EVENTS", "ENTER NEW MARKETS", "FUNDING OPPORTUNITIES", "CAMPAIGNS", "GET CONNECTED", and "REGISTER/SIGN IN". A search bar is also present.

The main content area features a large banner titled "FUNDING OPPORTUNITIES" with the text "Find all you need to apply for co-funding to promote your agri-food products." and a "LEARN MORE" button. The banner includes an illustration of a watering can pouring coins onto plants, with a "ENJOY IT'S FROM EUROPE" logo.

Below the banner are four main sections:

- EXPLORE FUNDING OPPORTUNITIES**: Learn more about available funding, eligibility criteria and application procedures.
- ENTER NEW MARKETS**: Information on markets, exporting procedures, intellectual property rights and more.
- FIND A PROJECT PARTNER**: Search for relevant partner organisations to submit a joint application for funding.
- WHY REGISTER?**: Register to access additional information and tools:
 - Market reports
 - Project partner search tool

The footer shows the system tray with the date 20/11/2017 and time 08:33.

Thank you for your attention!

