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of the International Dairy Federation

438/2009

the World Dairy Situation 2009

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The World Dairy Situation 2009

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the World Dairy Situation 2009

Foreword

The World Dairy Situation, produced every year by IDF is considered a highly valued publication, providing relevant information and input into the strategic thinking of many organizations and individuals worldwide.

The aim is to supply an up to date review of major developments, new trends, and the evolution of demand and consumption for dairy products. The report is reviewed on a yearly basis and contains investigations into new product categories and markets. The experts involved in the elaboration of the report complement previous editions with new figures and detailed comments on the progress of the international dairy sector.

The World Dairy Situation is considered an important and useful resource by the global dairy community and is presented each year at the annual IDF World Dairy Summit. Primarily, it consists of statistics on production, consumption and trade in all regions of the world, more specifically in IDF member countries, which currently represent around 85% of total milk production across the globe.

There is further effort being made to ensure continuous improvement and relevance, and more information is becoming available as IDF membership expands. As a result, more detailed information concerning markets exists and thus we can identify more developments.

IDF would like to extend a special word of thanks to all National Committees and experts who have contributed their time and resources to the successful production of this report, which should prove very useful to many stakeholders within the dairy world.

Christian Robert
Director General
September 2009

Introduction

The world dairy markets have been in transition over the past few years - a transition to the global marketplace so long a mainstay for other agricultural commodity and food product markets. The record farm milk price levels seen in 2007 and early 2008 around the world were a window into a future of greater dairy trade, while the past year revealed how a global economic downturn affects our dairy markets.

Higher prices of milk and dairy product in recent years were a direct result of growing world economic prosperity and the greater demand for dairy products that followed. Dairy markets in individual countries found prices rising well above the levels prescribed by domestic government policies as government-controlled inventories of dairy products like butter and milk powders emptied.

However, as other global commodity and product markets have long known, changes in economic prosperity around the world has great impacts on world markets, and the dairy industry was no exception beginning in mid-2008. Higher farm milk prices encouraged greater milk production, while the resulting higher prices of dairy products limited demand growth.

The decline in global economic activity, forecast by the United Nations to fall by 2.6 percent in 2009, has added even more stress to dairy markets. The same forecast indicates that the world economy will return to growth in 2010 and beyond, but it may take several years to return to the high growth levels seen earlier this decade.

How the dairy markets fare as economic growth returns depends on many factors. The markets, however, are adjusting to the effects of a larger global marketplace, both the positives seen in the years leading up to this one and the negatives seen this year. The need for comprehensive market information, such as that provided by the World Dairy Situation is critical for farmers and companies in such a marketplace, and the International Dairy Federation is pleased to bring the latest issue to your doorstep.

Bob Yonkers
Chair of IDF Standing Committee on Dairy Policies and Economics

How the World Dairy Situation report is prepared

IDF's objectives in the production of a comprehensive annual report on the World Dairy Situation are to provide:

- a general overview on trends in production, milk processing, consumption, trade and prices in major parts of the world;
- detailed statistics by world, region and individual countries;
- short statistical overviews on the situation in IDF member countries including comments so that readers may have a better understanding of what is happening in dairy trade in all parts of the world.

In cooperation with Zentrale Milchmarkt Berichterstattung (Berlin, Germany) the report is compiled as follows:

- collecting statistical data from all available reliable sources, mainly the IDF National Committees, National Statistics, FAO, USDA, and EUROSTAT;
- requesting confirmation from IDF National Committees and, in non-IDF member countries, from cooperating national organizations, of a review of the situation in each country based on the available data. The request takes the form of a questionnaire issued early in the year (March/April);
- monitoring the replies to the questionnaires and completing missing replies, checking the plausibility of replies and following up with further enquiries if necessary;
- compiling the statistics in tables and graphs;
- commenting on major developments;
- inviting comments from specialists on developments and outlook in international dairy trade;
- completion, editing and submission for publication (in late July);
- publication at the IDF World Dairy Summit (generally in the later part of the year).

An oral presentation is made at the World Dairy Summit, with the opportunity for discussion. The oral presentation is available in electronic form as a PowerPoint file. Interested parties should contact the IDF Head Office for further details regarding price, etc... e-mail: info@fil-idf.org. In this process of collection and compilation of data every effort is made to ensure that the information is accurate and the commentary based on facts. We are confident that the report provides a plausible picture of the real situation. Nevertheless, the editors cannot accept responsibility for any inaccuracies.

Readers are warmly invited to comment as well as all IDF National Committees. Interested specialists in countries not covered by the report are invited to submit relevant information for consideration by the editors. Contributions of this kind will be especially welcome in May or June, relating to the current situation, the previous year, and developments in preceding years. They should be sent to **the IDF Head Office**, Diamant Building, Boulevard Auguste Reyers, 80 - 1030 Brussels, Belgium.

Monika Wohlfarth, ZMB

Summary

World Dairy Situation 2009: The dark side of volatility

Over the past two years the dairy sector has experienced extreme situations. In 2007, milk prices reached a historical peak. In the middle of 2009 the milk prices in major regions fell to their lowest level for decades. Dairy farmers and dairy industry have been used to a stable unfluctuating price level. Now they have to learn to life with extreme fluctuations. Following euphoria in 2007 desperation is now observed.

In 2008, more milk was produced than consumed. New stocks of milk products like butter and milk powder have built up and put pressure on the prices of dairy products. The intervention purchase prices - reduced by political decisions - became the benchmark for market prices, as in past. The demand has not recovered so far - as a consequence of the shortage of liquidity and the world wide recession.

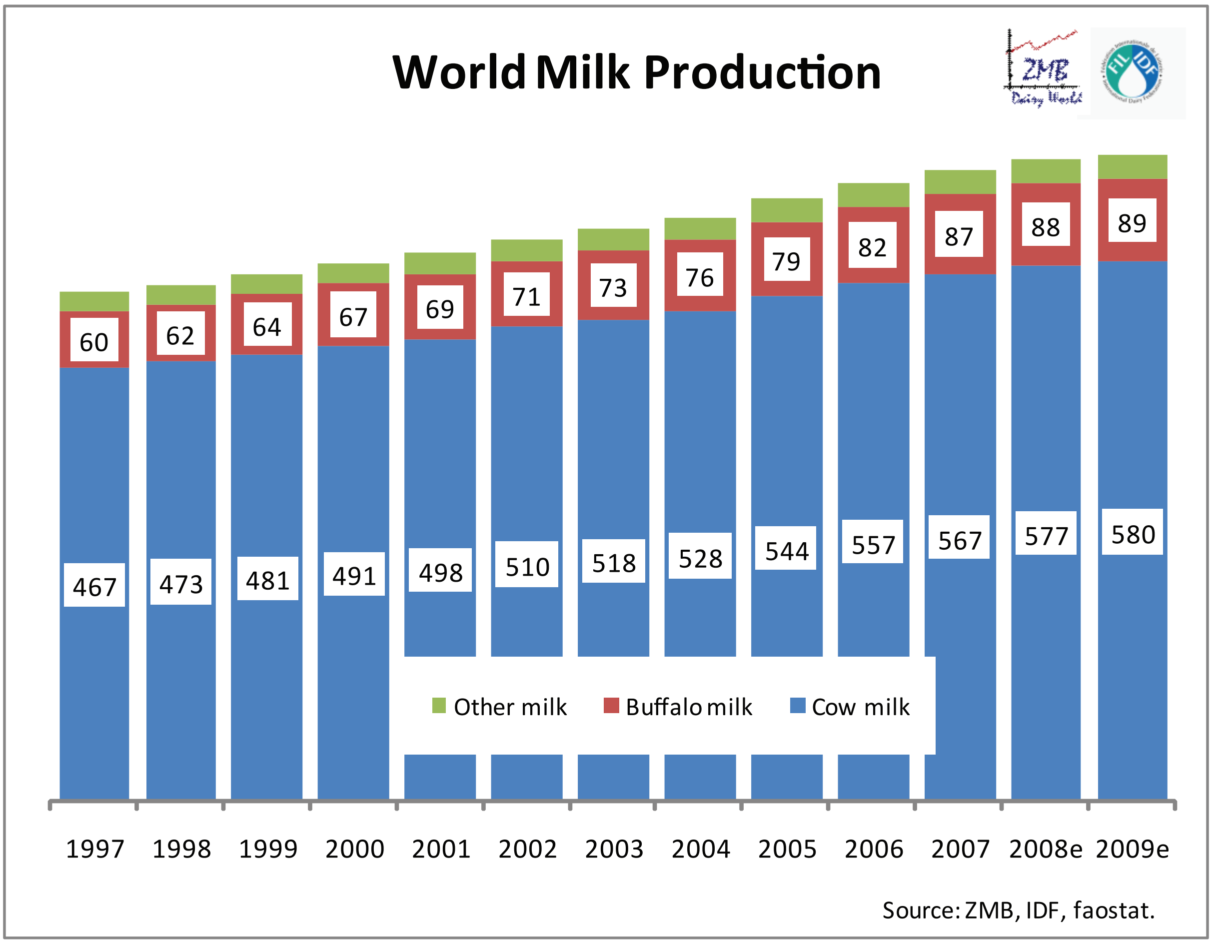
There are the first signs that the market forces work. In 2009, milk production will increase by the lowest growth rate for more than ten years. This is the main conclusion from the yearly questionnaire of the National Committees of IDF. The decelerated growth of milk production will help to bring the market in balance and clear stocks.

After a period of liberalization, policy is back in the dairy market, trying to stabilize the market by the old instruments: export refunds and intervention. However, for a real turnaround an increase of demand is absolutely essential. In conjunction with the expected recovery of the general economy demand will return to its path of growth. The long-term prospects for the dairy market have not changed.

1. Milk Production

1.1. Overall perspective

The growth of world milk production is predicted to slow down in 2009. Poor returns from milk production around the world and high input costs discourage farmers in many parts of the world. The total world milk production in 2009 is estimated at 695 million tonnes, 0.8 % or 6.2 million tonnes more than in 2008. In 2008 and 2007 the annual growth rates already slowed down to 2.1% and 1.6%, after a record of 3.1 % in 2005. Between 1998 and 2008, world milk production expanded by 134 million tonnes or 24%, which equals an average annual growth of 2.3 %.



Graph 1

1.1.1. Cow milk

The growth of production of cow milk, still representing 84% of the total world milk production, will sharply decelerate in 2009. According to a first estimate, partly based on information supplied by the National Committees of IDF and other bodies, it increase by 3.5 million tonnes (or 0.6% only) to 580 million tonnes. This would be the lowest growth rate since the mid-1990s. In 2007 and 2008 the growth rates were 1.7 %.

As in the recent years, the strongest gains in production for 2009 are expected in Asia, in particular in India. In China the growth rate could be reduced as a consequence of weaker demand after the melamine scandal. The milk volumes in Japan and Korea did not change significantly and also no substantial changes are expected for 2009.

In the U.S., milk production surged in the first half of 2008. In the second half of the year it grew more slowly. In 2009 a decline of production is expected for the first time since 2001 as a response to historically low farm milk prices and relatively high costs of production.

In the European Union 149 Million tons of cow milk have been produced in 2008, 2 Million tons more than 2007. The increase in production was a late response to the higher milk prices since mid-2007, in particular in the first quarter of 2008 and in France. In the months thereafter growth decelerated despite of high prices. No response of farmers to low milk prices was observed until mid-2009 in most member countries. The surprising enhancement of milk quotas for all EU member states by 2 %, effective from 1 April 2008, did not become an additional driver for production growth. In the quota year 2008/09 milk production did not increase significantly. At 31 March 2009, total milk production was estimated to be 4.2% below the overall deliveries quota. In the first half of 2009 milk deliveries increased notably in Germany, Italy, the Netherlands, Denmark and Poland. On the other side output shrank in France, Ireland, the United Kingdom and most Eastern European Countries. Different developments and reactions in different member countries are expected, but a stable production in the European Union in total.

The quotas are no longer the main guidance for milk production in some EU countries. Notably in the United Kingdom, France, Sweden, Finland and the new member states, the national quotas were not used completely. On 1 April 2009, quotas were further increased by 1%. The reduction of the factor for calculating the fat correction is a technical increase of quota.

In 2008, milk production increased by 1.8 % in South America, after a decrease in 2007. Production in Brazil and Chile exceeded self-sufficiency and allowed increasing exports in recent years. There is still potential for increasing milk production further. In Argentina, more milk was produced because of better weather conditions and high prices in the first half of the year. However, strong competition exists from other crops for the available soil and from other production factors. At the beginning of 2009 a severe drought was observed in many regions of South America, which will affect milk production in 2009.

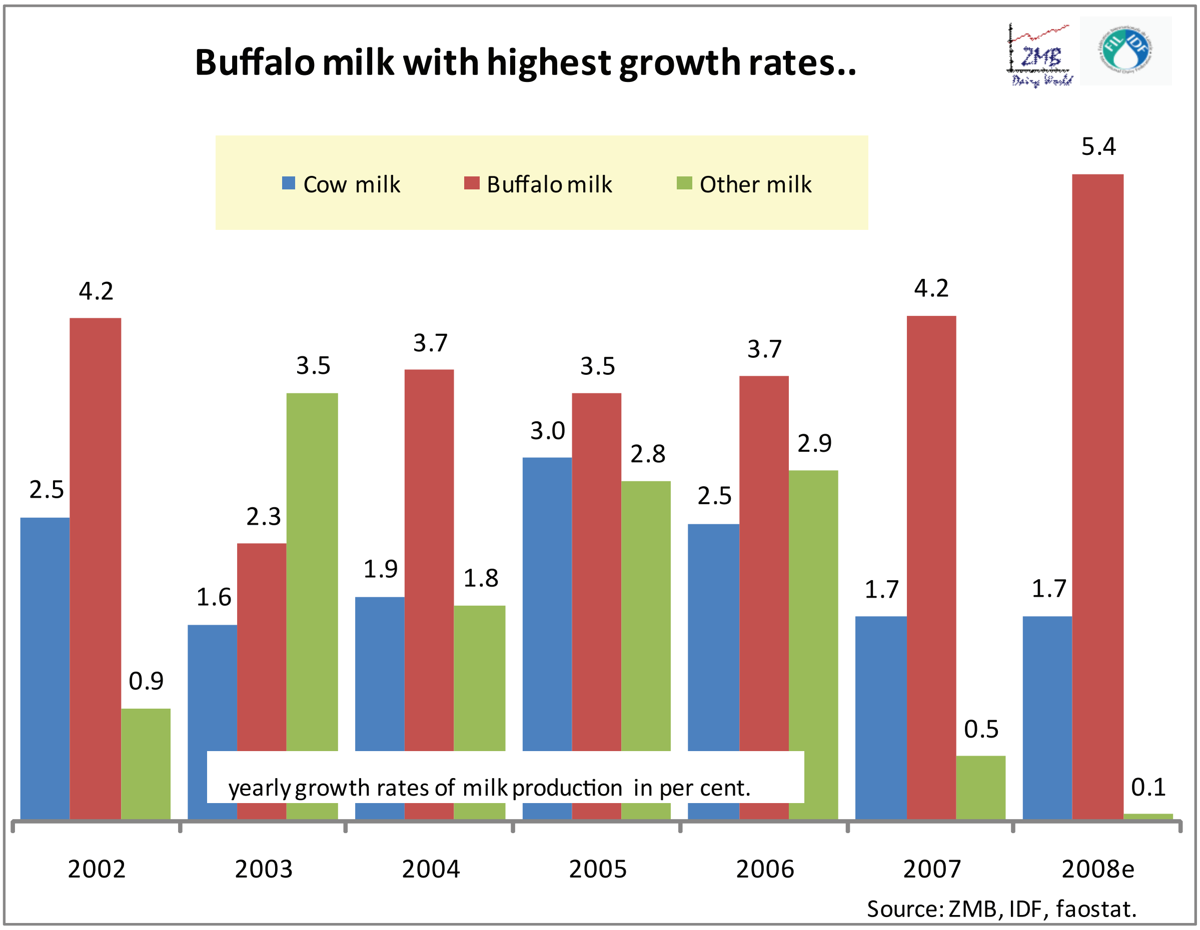
In Switzerland, milk production increased by more than 3 % and reached an all-time-record in 2008, before the abolition of the quota system in May 2009. In the first half of 2009 production stagnated, prices decreased and a severe crisis is observed in the Swiss dairy sector.

Production in Russia and Belarus is growing continuously, while in Ukraine milk output is declining.

In Oceania, weather conditions seem to have more influence on milk production than in other regions. Milk output recovered in New Zealand and Australia in the 2008/09 season, which ended in June 2009. An increase of milk production in the 2009/10 season is likely in New Zealand. In Australia there are signs that the El Nino phenomena could occur again and cause drought. Additionally, costs of production are high and returns of milk purchases for farmers are poor. As consequence milk production could be more or less unchanged or even lower than in the year before.

1.1.2. Buffalo milk

The production of buffalo milk is increasing faster than cow milk (Graph 2). The worldwide production of buffalo milk is estimated at 87.5 million tonnes in 2008 and continues to grow. Between 1998 and 2008, it increased on average by more than 3.5 % annually. Buffalo milk currently constitutes around 13% of the total world milk production compared to 11% ten years ago. Almost 90% of the total volumes are solely produced in India and Pakistan, smaller volumes in Egypt, China and Italy. Buffalo cows tolerate hot temperatures better than bovine cows.



Graph 2

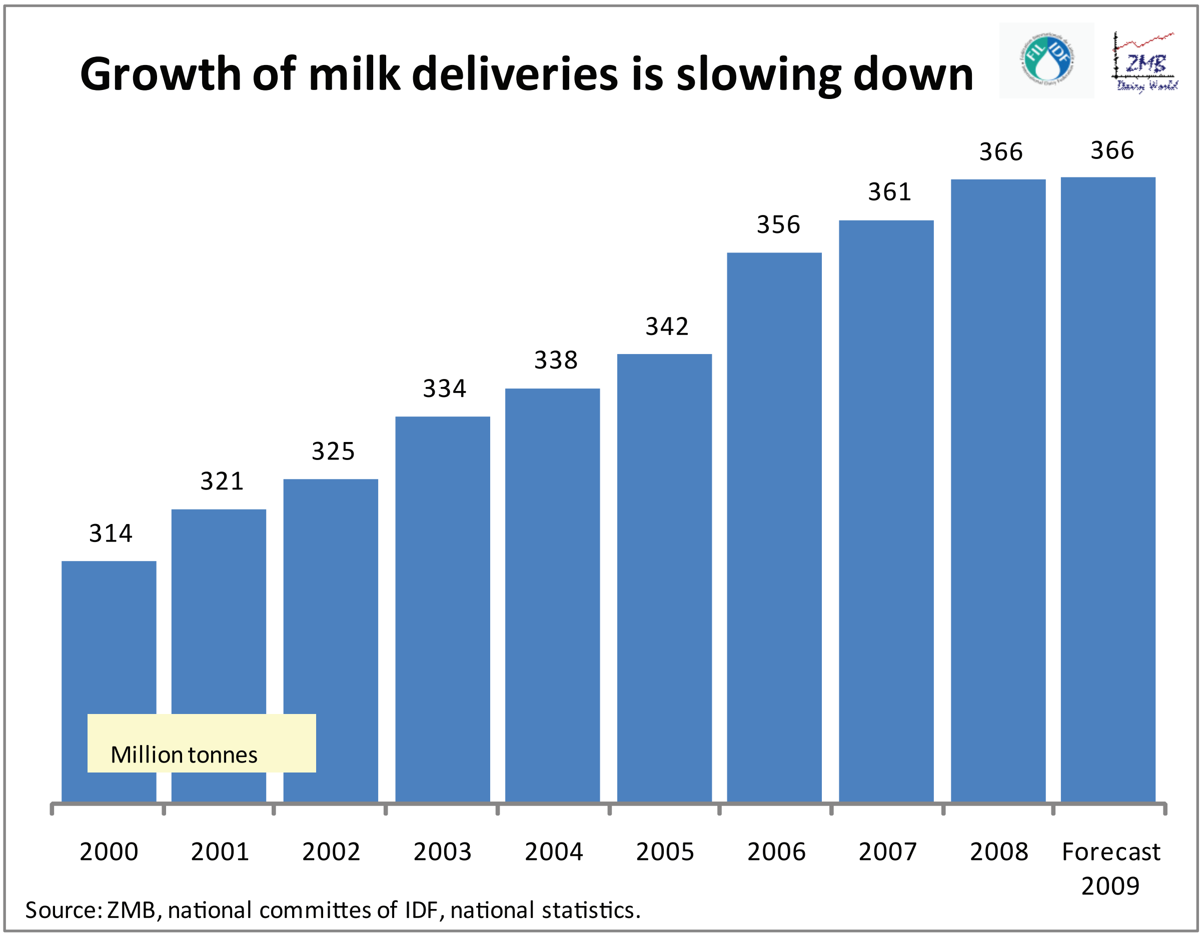
1.1.3. Milk from sheep, goat and other animals

Up to date statistics on milk production from other animals than the bovine and buffalo species are hardly available, even from IDF national committees. Only in countries where the industrial processing of these milk types is well developed and cover a high share of the production are the figures more reliable, for example in the Netherlands, France and several countries of Southern Europe. The total European production can be estimated at 4.5 to 5.0 million tonnes, another 6 million tonnes are produced in India and China. The remainder of the worldwide 26 million tonnes (according to FAO figures) is produced in North Africa, the Middle East and Latin America, only small proportions of which are made available for industrial processing. The world goat milk production is estimated at 15 million tonnes, sheep milk at 9 million tonnes and camel milk at 1.6 million tonnes. The industry continues to process growing volumes. In Europe sales of goat cheese are increasing.

2. Industrial milk treatment and processing

The deliveries of milk to dairies are increasing worldwide, but not with the same speed as world milk production. In 2008, 366 million tons of milk has been reported as delivered to dairies, 5 million tons more than in the previous year. These volumes represent 53 % of total world milk production. The share of milk processed in dairies is very different from region to region. In developed countries like Northern America, EU-15 and Japan it is closed to 100 per cent of cow milk production. In Eastern

Europe the share is below this level, but increasing. In countries like Russia, India, Pakistan and parts of South America the share is substantially lower. In some countries a huge "informal sector" with non-industrial-buyers exists.



Graph 3

In 2009 no increase of world-wide industrial milk processing is expected. As response to low milk prices a decline of milk deliveries in some countries is likely which will compensate the reduced growth in other countries. The low prices for dairy products, the reduced demand from the international and single market, the financial crises and desperate dairy farmers are huge challenges for the dairy industry worldwide.

Rabobank: Dairy Industry: Calm before the storm?

	Company	Country	Dairy turnover in USD billion, 2008	Dairy turnover in EUR billion, 2008
1	Nestlé	Switzerland	27.2	18.5
2	Danone	France	15.7	10.7
3	Lactalis	France	13.7	9.3
4	FrieslandCampina	Netherlands	13.7	9.3
5	Fonterra[1]	New Zealand	12	8.2
6	Dean Foods	USA	11.8	8.1
7	Dairy Farmers of America	USA	10.1	6.9
8	Arla Foods	Denmark/Sweden	10.1	6.9
9	Kraft Foods	USA	7.5	5.1
10	Unilever[2]	Netherlands/UK	6.6	4.5
11	Parmalat	Italy	5.4	3.7
12	Saputo	Canada	5.3	3.6
13	Bongrain	France	5.2	3.6
14	Meiji Dairies	Japan	4.7	3.2
15	Morinaga Milk Industry	Japan	4.3	3
16	Land O'Lakes	USA	4.1	2.8
17	Nordmilch	Germany	3.7	2.5
18	Schreiber Foods[2]	USA	3.7	2.5
19	Mengniu	China	3.4	2.4
20	Müller	Germany	3.4	2.3

[1] Figure interpolated from 14 months data
[2] Estimate
Please note: 2008 turnover + mergers & acquisitions in 2010
Source: Rabobank International, 2008
Compare IFCN ranking of milk processors by milk intake (page 27).

No major changes have taken place in this year's Global Dairy top 20 compared to the previous one. The main event of recent years—the merger between Friesland Foods and Campina—was already incorporated into last year's rankings, and the market turmoil of the last 12 months apparently left little room for major consolidation initiatives. The next 12 months will probably paint a different picture, as the current market circumstances are putting many companies to the test. The recent demise of Dairy Farmers of Britain in Europe was the main example, but similar solutions may have to be created for other European processors.

Probably the most interesting transaction by a dairy company in 2009 to date was the cross-continental acquisition of the European soy drinks business Alpro by US liquid-milk specialist Dean Foods. The transaction did not affect Dean's position in the top 20 since this ranking focuses on dairy sales. It does, however, put Dean back on the European retail landscape after earlier unsuccessful attempts in Spain at the beginning of the decade.

The bottom of the chart is the most dynamic part of the ranking. The year 2008 marked the first entry of a Chinese company into the top 20. Given its strong growth in recent years, Mengniu will probably move rapidly towards the top 10. Last year's melamine crisis proved to be only a temporary dent in the company's impressive growth pattern.

Next year's edition will finally see a German company move up the ranking to a spot that does justice to that country's large domestic market. Assuming Nordmilch and Human Milchunion will bring their ambition to merge to a successful conclusion, they will probably end up close to the number 10 spot. Given the relatively unconsolidated nature of the German market, anti-trust related divestments will probably be less severe than in the case of FrieslandCampina.

The most active consolidators in the last 12 months were Lactalis, Arla Foods and Saputo. Lactalis made acquisitions in France, Croatia, Switzerland, Poland and Romania. It also acquired Numico's babyfood assets that had to be divested over of anti-trust issues in France and the Benelux. Arla

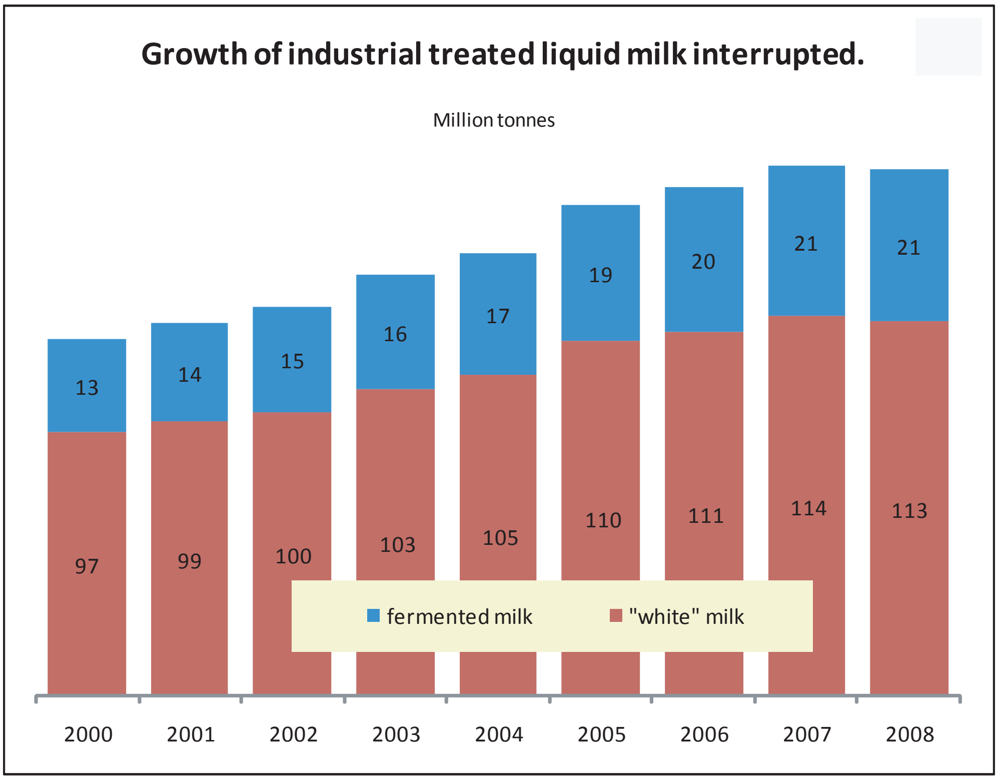
Foods gained a significant foothold in the Netherlands by acquiring the Nijkerk plant of Friesland Foods and also initiated several acquisitions and alliances in Scandinavia and France. Saputo acquired Alto and F&A Dairy of California in the US and Neilson dairy in Canada.

2.1. Liquid milk, fresh dairy products and cream

The processing of packaged liquid dairy products grew continuously until 2007. The production of fermented milk and milk drinks grew faster than ordinary liquid milk. In mature markets like the European Union and the United States the production of "white" milk stagnated, more or less, while yoghurts, milk drinks and so on gained market share in the liquid markets. In emerging countries both categories showed strong growth rates. In 2008 the rising trend was interrupted. In several regions of the world the processing of fluid dairy products was reduced against the long term trend. The main reason might be "dairy inflation" in 2008. Tables containing retail prices of dairy products have been introduced in the statistical annex of this year's issue of the World Dairy Situation. In all reporting countries, a sharp increase of prices of liquid milk expressed in national currencies was observed. In some countries prices fell again in 2009. In other countries - in particular in those with devaluating currencies - prices are still at high levels. However the recovery of consumption of liquid products seems to be dampened by the weak general economic conditions, decreasing purchasing power and rising unemployment.

In recent years the consumption of fresh dairy products increased fast in China. The growth of the market slowed temporarily in 2008 following the melamine crisis. While consumption of white milk has declined slightly in the wake of the melamine issue, and consumption of other liquid dairy products including flavoured milk has slowed, soy and grain milks are growing fast. Consumption of white milk and other liquid dairy products is expected to reach pre-melamine levels by the end of 2009.

The production of cream for consumption continued its growth in 2008. It contains various types of cream with fat contents ranging between 10 and 40%. In several countries with relatively high consumption, these markets are still growing at a moderate speed and this partly compensates for the reduced fat contents in other liquid products.



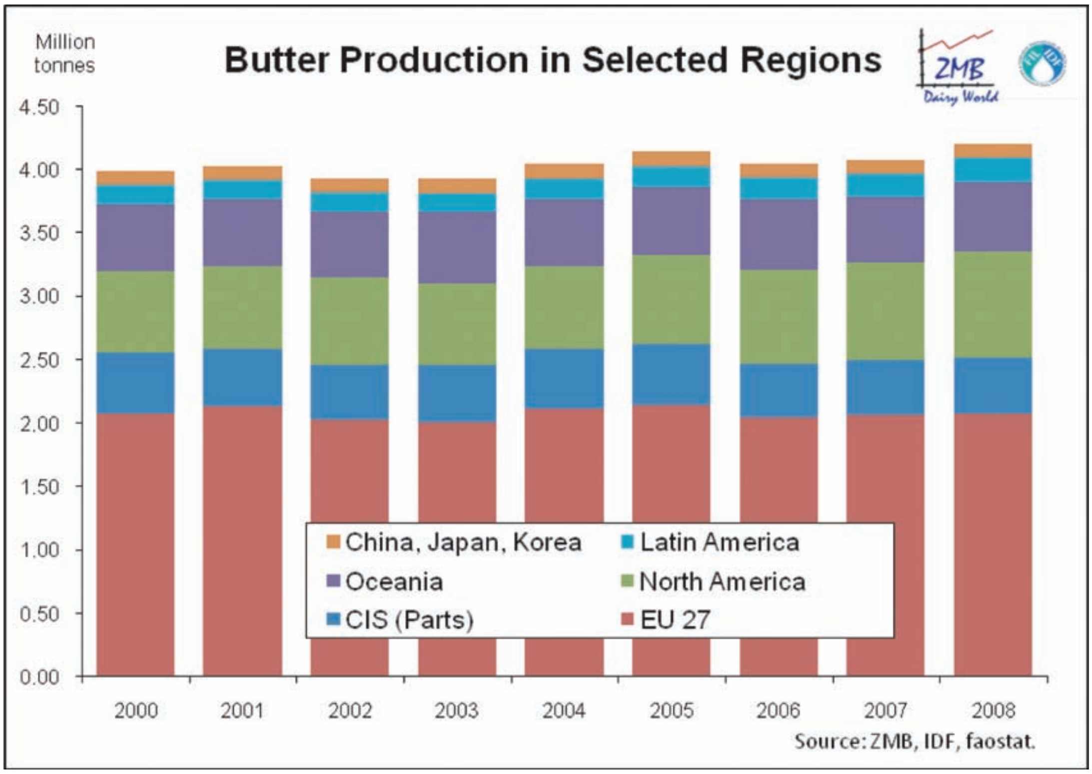
Graph 4

2.2. Butter and other milkfats

In 2008 a record volume of 4.5 million tons of butter was produced in the 50 countries reporting, 150 000 tons more than in 2007 and 0.4 million tonnes more than in 2003, the year with the lowest production in the recent decade. Since the mid 20th century production in the European Union has been stable at a reduced level, while in North America, mainly in the United States, more butter is being produced. In 2009 world dairy butter production will not change significantly.

The share of the 27 EU-countries has slightly declined in recent years, and accounts for around 50% of world production. In the second half of the 1990s this share used to be slightly above the 50% mark.

The butter market is oversupplied in 2009. After the disappearance of public inventories in 2007 new stocks are rising, in particular in the European Union and Switzerland. Intervention purchases in the United States have been very limited so far. Inventories in Oceania are unknown.

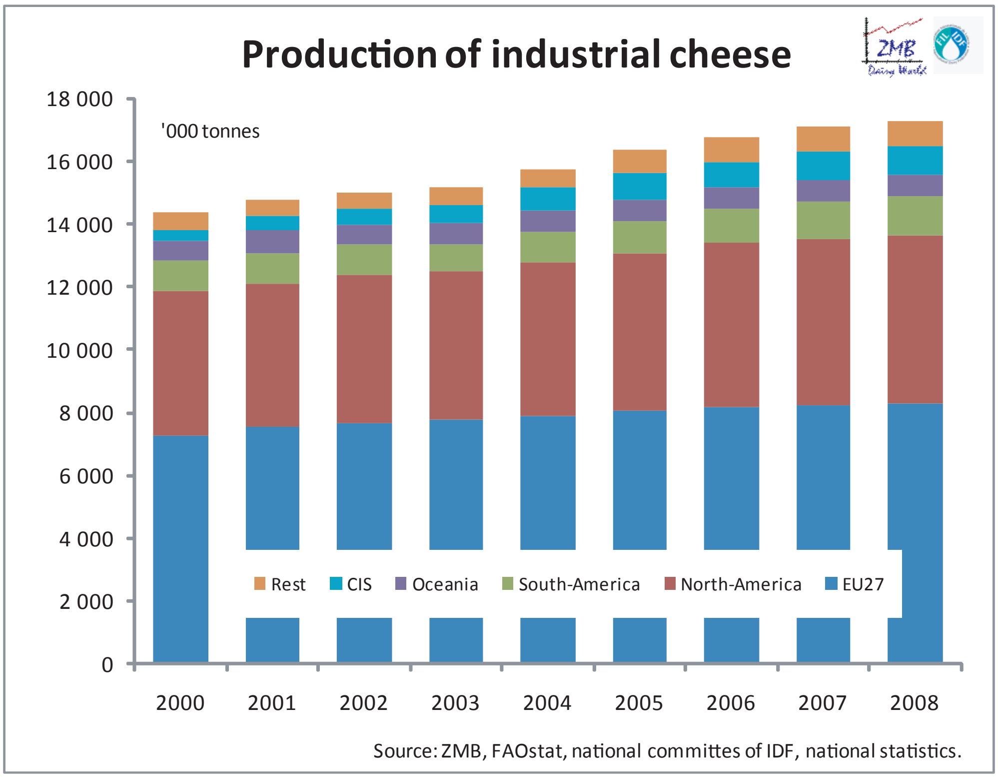


Graph 5

2.3. Industrial cheese production

The world-wide industrial cheese production continued its growth in 2008, but with reduced speed. In 2008 an increase of 1.1 % was observed. This was the lowest rise since the weak year 2003. In 2005 a record increment of 4.3 % was recorded. For 2009 only a very modest increase of world cheese production can be expected.

The major producing regions of cheese are Europe and North America. These regions reported poor growth rates below 1 % for 2008. Drivers of the rise of cheese consumption have been food service and the pizza industry in the United States and industrial use in Europe. In Eastern European countries more cheese was bought when income and purchasing power increased after the access to the European Union. All these distribution channels suffered from higher prices in 2007 and 2008 and weakening economic conditions since autumn 2008. Another reason for the reduced growth of production in the European Union is decreasing exports to third countries. In contrast, growth accelerated in Latin America and Oceania.



Graph 6

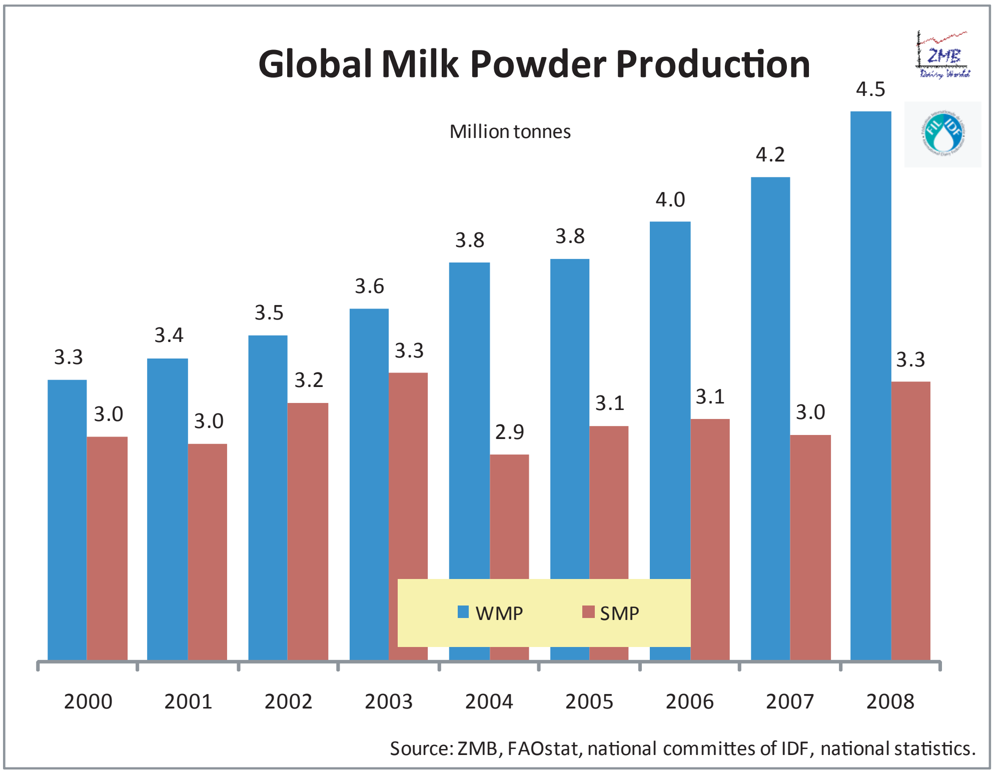
2.4. Condensed milk

The production of condensed milk stabilized in 2008 after several years of decline. The European Union and North America are still major producers of condensed milk. In 2008 the production in the European Union was unchanged compared with the previous year, while in the United States an increase of production by more than 10 % was observed.

Some of the CIS-countries used to be important producers of sweetened condensed milk. It was partly consumed as a dessert. However, in the recent years more or less unchanged volumes have been produced in Eastern Europe. According to FAO figures substantial volumes of condensed and evaporated milk are produced in Peru, China, Singapore, Thailand and South Africa.

2.5. Milk powders

As a consequence of higher milk production and reduced growth of consumption of cheese and liquid milk more milk powder was produced in 2008. The growth in production accelerated compared with previous years. Milk powders have been the segment of the dairy markets with the strongest growth rates. Production of whole milk powder in reporting countries increased by nearly 9 %, and of skim milk powder by nearly 8 %. This development was not a reaction to stronger demand, although international trade in milk powders increased again in 2008. It was partly the return of milk powder as a way of preserving a surplus of milk. Against the trend of the recent years more skim milk powder and more whole milk powder were produced. In recent years the production of whole milk powder grew continuously while the volumes of skim milk powder decreased. In 2008 a significant additional volume was manufactured for the first time since 2003. For 2009 a further increase of production of milk powder is likely, but to lesser extent than 2008.



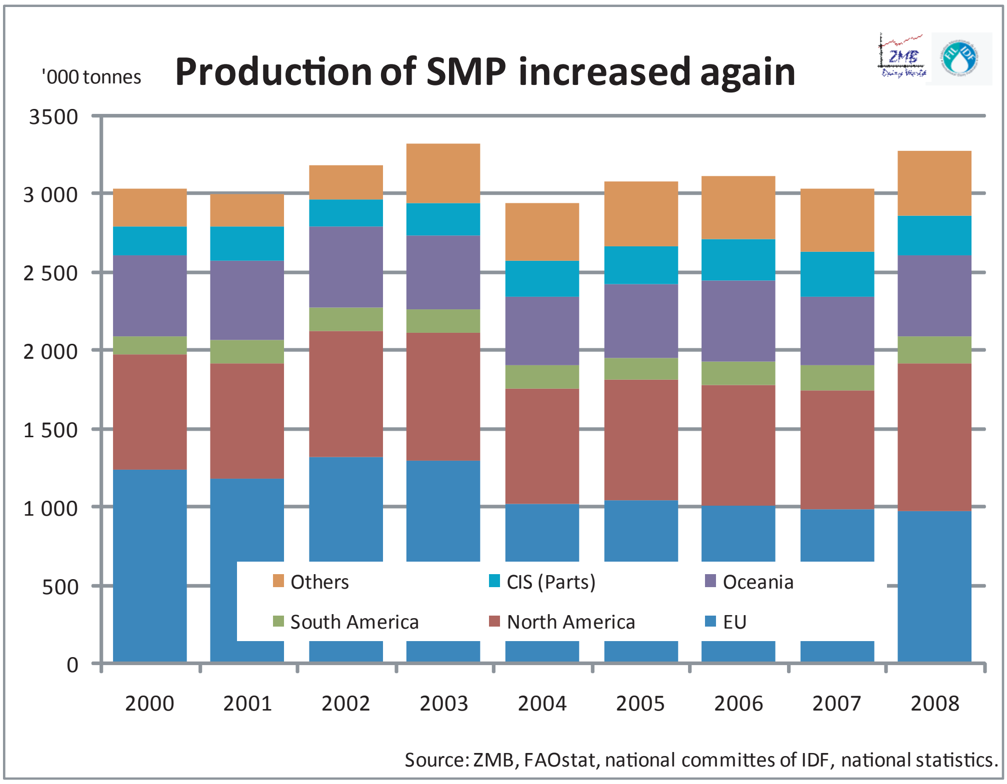
Graph 7

In 2008, the production of whole milk powder increased nearly everywhere, except for China, driven by a strong international demand and high international prices, in particular in the first months of the year. In the European Union production rose for the first time after 9 years of permanent reduction. In South America strong increases have been observed in Brazil, Chile and Argentina. Since 2004, China has become the biggest producer of whole milk powder in the world, altough production declined 2008.

The production of skim milk powder in the countries reporting increased by 250,000 tonnes or 7.8 % in 2008. The major part of the additional volume has been manufactured in the United States. Traditionally, the EU processes the biggest volumes of skim milk powder in the world. However, in 2008 the US dairies got closer to the EU level than ever before. The EU, Eastern European and Japanese production were reduced in 2008 while Oceania and Switzerland produced more.

In the first half of 2009, more skim milk powder has been produced in the European Union, Australia and Switzerland. US production remained at the increased level of 2008. If the production remains high in the second half of the year depends on the development of milk production. Another parameter will be how fast cheese production will return to its path of growth.

The market did not totally absorb the additional volumes of milk powder produced in 2008 and 2009. After a shortage of supplies of milk powder in 2007 new stocks of milk powder have risen since autumn 2008. In the United States CCC net purchases totalled 125 000 tons since October 1, 2008 to end of July 2009. On Friday July 31, Agriculture Secretary Vilsack announced the Obama Administration is taking action to support struggling dairy farmers by increasing the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). According to estimations of the USDA the increase will result in the government purchase of an additional 70 000 tons of non-fat dry milk. In the European Union, 255 000 tons of skim milk powder have been sold to intervention, more than a quarter of the production volume of a year. The European Commission decided that the intervention will be opened until end of November 2009. Normally the intervention would be closed by end of August. From China stocks of 300 000 tons of milk powder are reported. Stocks in Oceania are unknown.



Graph 8

2.6. Whey products, casein and other dairy ingredients

The generation of liquid whey is developing in line with the industrial production of cheese and casein. However, advanced technologies in cheese production might increase yields and reduce the quantity of whey.

Traditional whey is the major source for ordinary sweet whey powder. Acid whey, which is produced as a by-product from quarg, fresh cheese and acid casein production is used less for feeding and increasingly for further processing as a good source for proteins with special functional properties.

However, statistical information for the complete range of these products is hardly available. It can be assumed that world casein production will be reduced in 2009 because there is a surplus of milk protein world-wide and the manufacturers would prefer to sell their surpluses as skim milk powder to intervention.

The world's major producers of casein and milk proteins are the EU, mainly Ireland, the Netherlands, France and Germany, and New Zealand. Also India and China, Ukraine, Belarus and Russia produce some volumes.

The major producing areas of whey powders are the major cheese production areas: Western Europe and North America are estimated to produce around 1.6 million tonnes and 0.5 million tonnes, respectively. Also Oceania und South America produce some volumes.

Increasing shares of whey and permeates are used for the production of whey protein concentrates, demineralized and / or delactosed whey powders, lactose and other ingredients. The companies that have invested largely into research and development of the processing and application of these items are reluctant to publish figures. No comprehensive statistics are available.

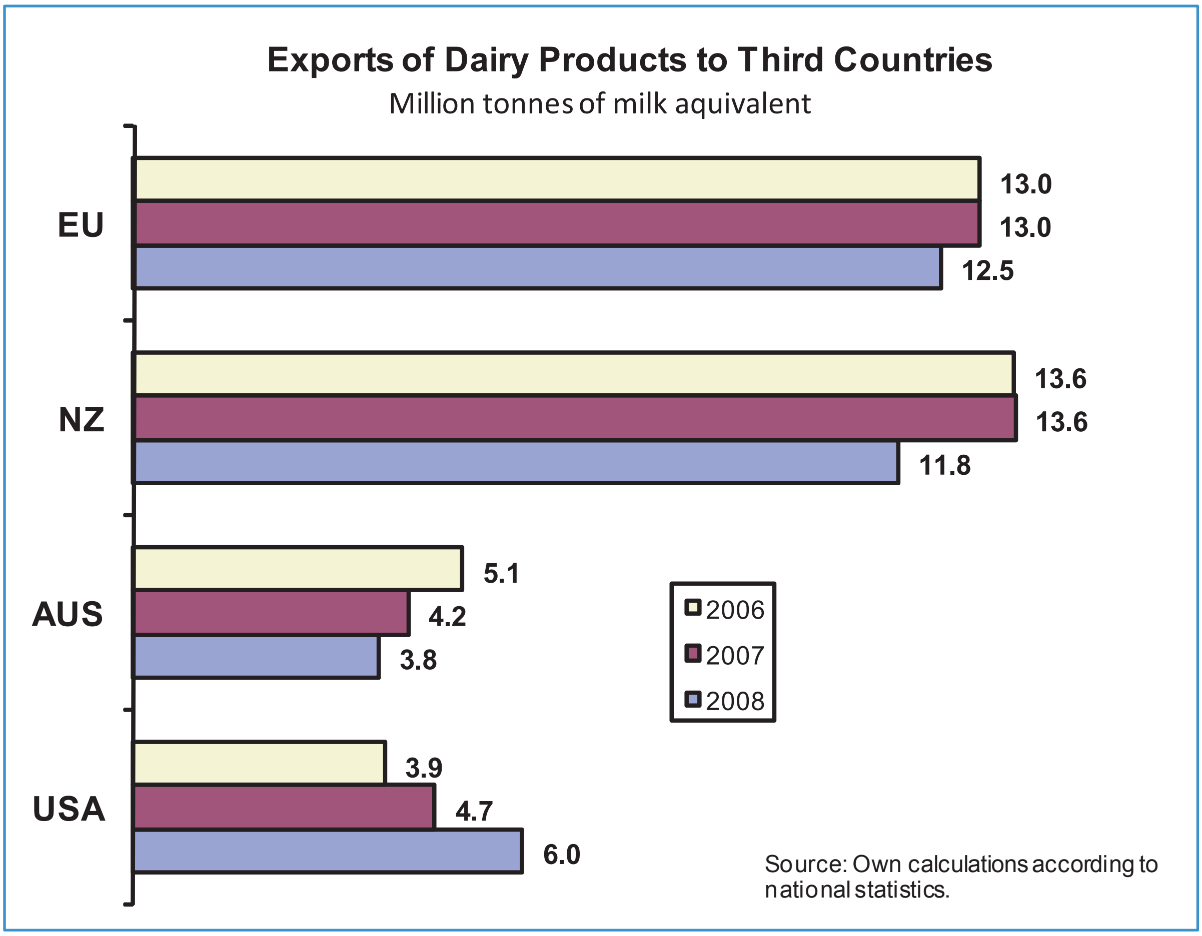
3. World Trade in Dairy Products

According to a first estimate, the total volume of the world trade reached 42 million tonnes in 2008, about 1.2 million tonnes less than in the previous year. This world trade is defined as the total of exports of milk producing countries without the trade between EU Member States. In the first month of 2009 international trade in dairy products decreased further. It can be assumed that the weaker trade is a consequence of the financial crises and decrease in liquidity.

The EU and New Zealand are the biggest exporters of dairy products. Together they hold a market share of more than 60 % of international trade. In 2008, New Zealand lost market share due to lower milk production in the 2007/08 season and the absence of stocks and due to weak international buying interest in the second half of 2008. In 2009 New Zealand will gain market share again.

The United States continued their expansion of market shares in 2008, fuelled by the fast growth of milk production and their high availability of skim milk powder, butter and cheese. They exported more dairy products than the Australian dairy industry in 2007 and 2008 and took over Australia's position as the third largest exporter of dairy products. Brazil and Belarus also increased their export volumes in 2008. China stayed in the market as an exporter of whole milk powder until the melamine issue.

In July 2008, the WTO negotiations on international trade liberalization failed to come to a final agreement and were discontinued. In 2009 they should be resumed. The question is whether they could be completed in the environment of the deepest economic crises since decades. The European Union and the United States reactivated their dairy export support systems in 2009.



Graph 9

Imports are more fragmentized than exports. The largest importers of dairy products are the United States, Mexico, Russia and Japan. Japan imported significantly less dairy products in 2008 due to the devaluation of the Yen. China imported more dairy products again as consequence of the melamine issue.

3.1. Liquid milk and fresh dairy products

Liquid milk in bulk tankers is transported over long distances within the EU and the United States, but this is not relevant world trade. Small, but rising volumes of packed liquid products are exported by the EU and Australia. Other countries like Singapore and China also contribute increasing quantities to the trade. In general, however, the trade of these products is relatively small when expressed in milk equivalent.

3.2. Butter and Milk fats

Less butter was traded in 2008 than in 2007 and the years before. Butter trade had reached a record in 2004 and decreased since then every year. The traditional major suppliers EU, New Zealand and Australia exported smaller volumes than in the years before. EU exports fell to their lowest level since 1976. More butter was sourced from the United States and Belarus. The US exports reached a new record of 89 000 tons and more than the double volume than 2007. Russia, still the biggest buyer, imported more butter than year before. The EU as second largest buyer imported 27 000 tons less than in 2007.

International butter prices remained at their historical high level until September 2008. In the last months of 2008 they fell rapidly back to their old levels. High prices might have been the reason for the weak international demand in 2008. In the first months of 2009 international trade increased again. However, only Oceania could benefit from improved buying interest. The European Union exported less instead of re-introducing export refunds by the European Commission. The US exporters lost market shares dramatically in 2009.

3.3. Cheese

The international trade in cheese contracted in 2008 - after seven years of permanent growth. The European Union, representing more than a third of world’s exports, exported 40 000 tons or 6.5 % less than in 2007. Number two and number three in the international ranking, New Zealand and Australia, have been also affected. New Zealand lost 20 % of its international sales quantities, Australia even 35 %. Nevertheless, the United States, Ukraine and Belarus could increase their disposals. The demand shrank due to higher prices and the devaluation of the currencies in different countries. Russia as the biggest cheese importer in the international ranking bought more cheese, but Japan, the number two, bought nearly 40 000 tons less than in the year before. Other important buyers like the European Union, the United States, Mexico and Saudi Arabia imported less.

International cheese prices have fallen dramatically since the last months of 2008 to half the record levels in 2007 and 2008. In the first months of 2009 international trade in cheese continued to decline.

3.4. Milk Powders

World trade in milk powder rebounded in 2008 after its decline in 2007, which was a consequence of a gap in supplies. Both exports of whole milk powder and skim milk powder increased again. Traditionally a major exporter of whole milk powder and skim milk powder was New Zealand. In 2008, New Zealand exported less in both product categories due to reduced production quantities in the 2007/08 season. The EU could increase their exports of whole milk powder by 127 000 tons or 35 %, after several years of constant decline with the lowest volume since 1990 being exported in 2007. Also Australia, Brazil and the United States could gain market share. Argentina exported less again after a sharp decline of whole milk powder exports in 2007. China exported similar substantial volumes as in the year before. Singapore has developed to become a significant exporter with rising volumes, but this is only possible by increasing imports. Another example for this kind of import and re-export of milk powders is Oman.

In the first months of 2009, trade in whole milk powder increased again. Major suppliers are New Zealand, European Union, Australia and Argentina. Their exports rose, while the exports of Brazil and the United States decreased. In the middle of the year, traders reported weak international demand. Prices of whole milk powder have been reduced since September 2008. In September 2008 Fonterra (NZ) started to sell some of its whole milk powder via internet tenders.

Skim milk powder exports increased to a greater extent than whole milk powder exports. The United States increased their exports by 137 000 tons or more than 50 % to an all-time-record of 403 000 tons. They have become the biggest exporter ahead of New Zealand and the European Union. However despite huge export volumes the market in the United States was imbalanced and oversupplied. Australia supplied more skim milk powder also. The European Union lost market share again after a gain in the previous year. New Zealand had a gap of supplies in the first half of 2008 due to lower production. International prices declined rapidly since mid-2008. Lower prices did not stimulate buying interest until mid-2009. In the first months of 2009 trade in skim milk powder contracted further with EU and USA losing market share and Oceania gaining market share.

3.5. Whey Powder, Casein and other Ingredients

The international trade in whey powder increased continuously in the last decade and reached a record of about 1 Million tons in 2007. After the peak of prices in 2007, exports and imports contracted. Main suppliers are the biggest producers of cheese, mainly the European Union and the United States. Switzerland, Australia and Argentina also supply substantial volumes. Major importers are China, Southern Asian countries, Russia and Mexico.

Casein is the most expensive preserved dairy product. The international trade has declined continuously since 2005. Main suppliers are New Zealand and the European Union, where the production was subsidized until autumn 2006. Smaller volumes are supplied from Belarus, Ukraine, China, India and South America, partly for technical uses. Major importers are the United States. US imports increased in 2008, but decreased in the first half of 2009.

Trade in lactose decreased in 2007 after the extreme surge of prices. Since 2008 a slight recovery has been observed.

3.6 Outlook

The high prices for dairy products in 2007 and 2008 have reduced the demand from international markets temporarily. Since the second half of 2008 prices at international market fell rapidly, but traders and exporters are still waiting for a recovery of demand. It can be supposed that the stimulating effect of lower prices is overlaid by the consequences of the world-wide recession with rising unemployment and financial crises with reduced liquidity. Along with the expected recovery of the general economic environment consumption and trade in dairy products will return to its path of growth. In the meantime, the influence of policy is back in the market to a greater extent than expected. Further political action could influence the market in unexpected ways.

4. Consumption

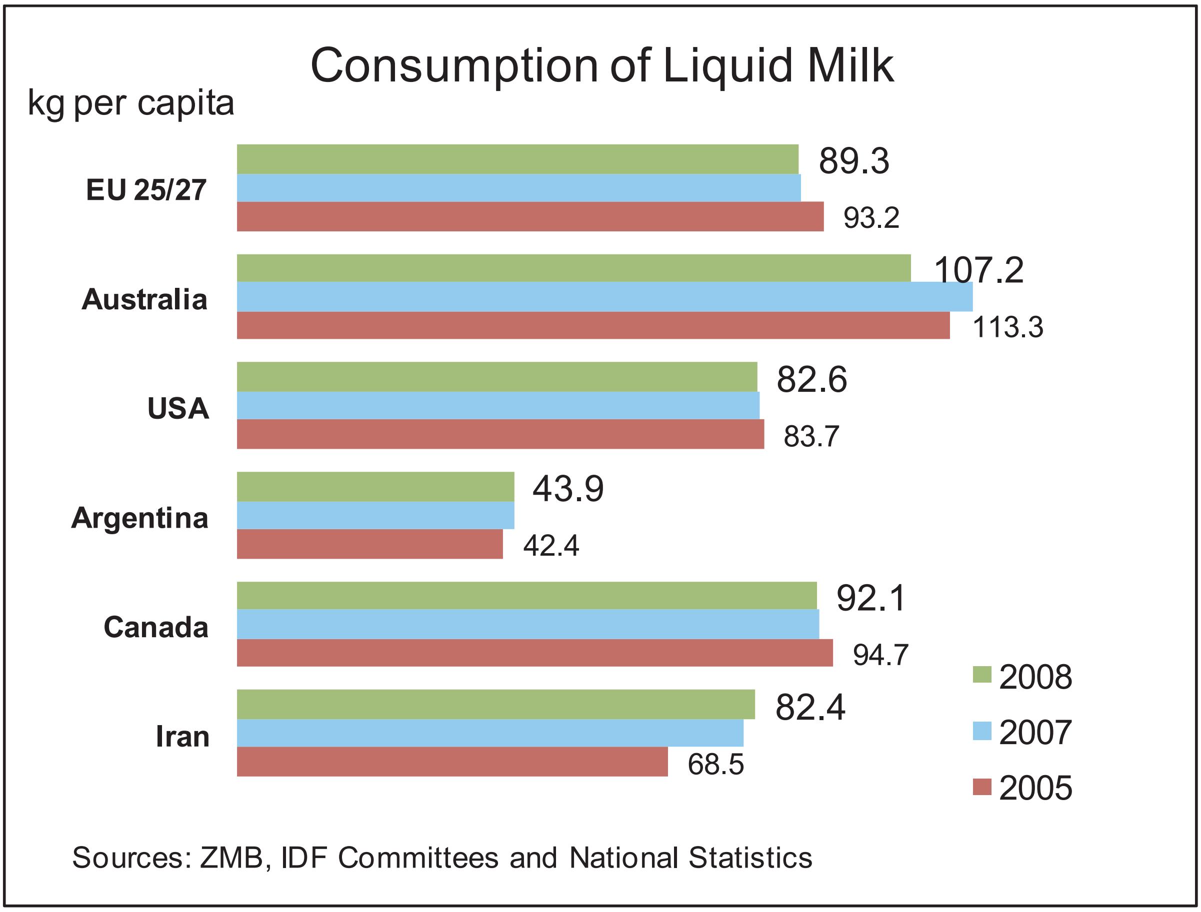
The long-term trend of continuous increase of total consumption of dairy products decelerated in 2008 in many parts of the world, in particular in comparison the speed of growth of milk production. In 2008 milk production grew more than consumption. The outcome of the difference in extension of production and consumption are the rising stocks of milk powder. In the past consumption rose to a greater extent in emerging countries and to a lesser extent in mature markets in developed countries. Nearly everywhere the main outlets, household consumption, food service and the ingredient sector have been affected.

Up-to-date figures are hard to obtain. The consumption figures of dairy items in this report are mainly based on balance sheets compiling the apparent consumption by country. They are composed partly from the intake of all outlets. Changes in consumption are not obvious with this method, because changes in private stocks of manufactures and industrial users are confidential and not considered in balance sheets.

After several years of relative stability or only small changes of consumer prices, there was a substantial price increase of 2007. In some areas the prices began to fall in 2008 again, but in some importing areas prices are still high because of devaluation of the local currencies. The dairy industry has had to learn that a certain price elasticity exists even in industrial countries.

4.1. Liquid Milk and Fresh Dairy Products

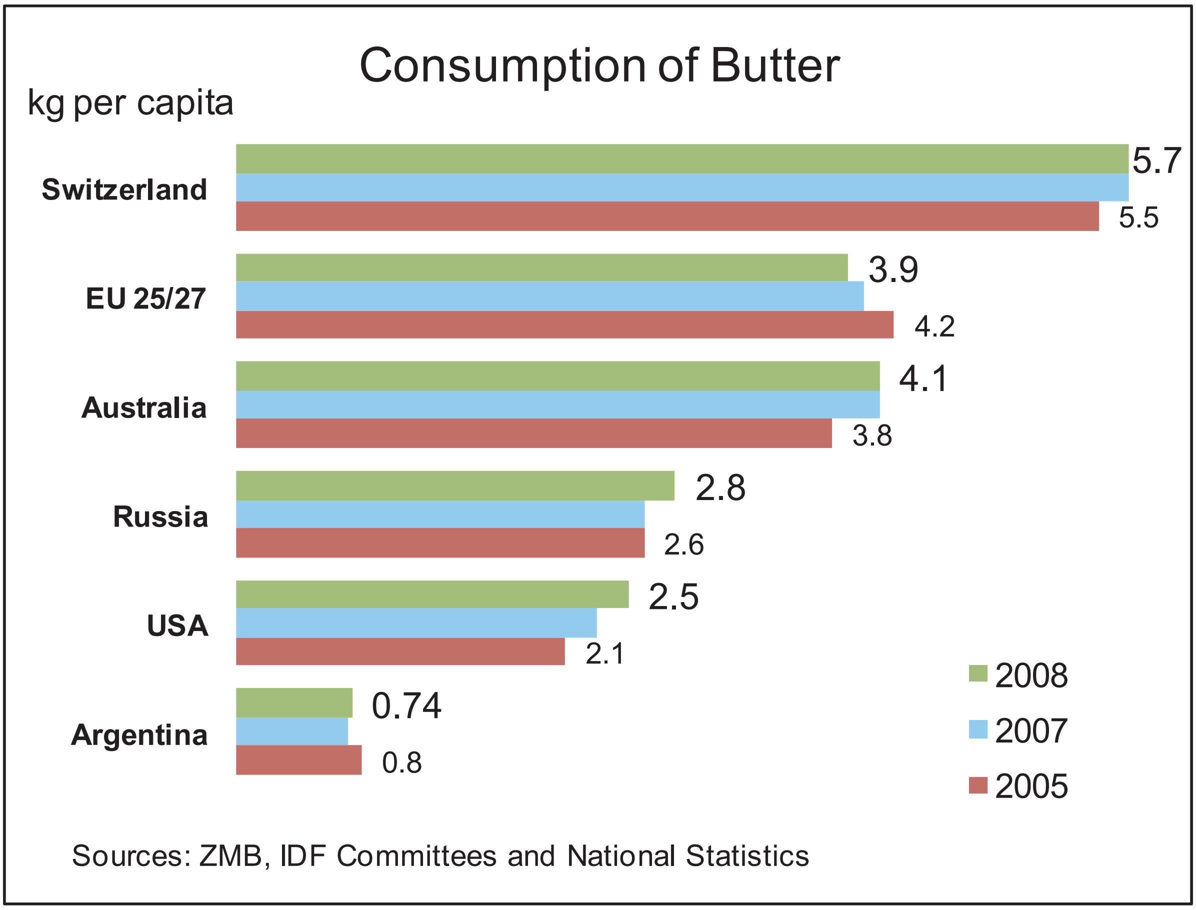
The stagnation of industrial production of fluid milk products in 2008 gives an obvious indication that global consumption of liquid milk interrupted its growth. The figures are partly not very reliable. In emerging countries, the differentation between the industrial and informal sector is not clear sometimes. Ordinary liquid milk consumption used to stagnate in established markets like Western Europe, North America and Japan. In other parts of the world, the markets have been growing partly through the structural change from self-subsistence dairy farming to commercial distribution, i.e. in some of the new member states the EU, in Eastern Europe, Latin America, the Middle East and the Indian. Consumption of yoghurts, desserts and milk drinks increased nearly everywhere in recent years. However the growth ceased in 2008 due to higher prices and worsened general economic environment. Cream for consumption is also a growing market, in particular in South America. Unfortunately, for many countries no figures are available.



Graph 10

4.2. Butter

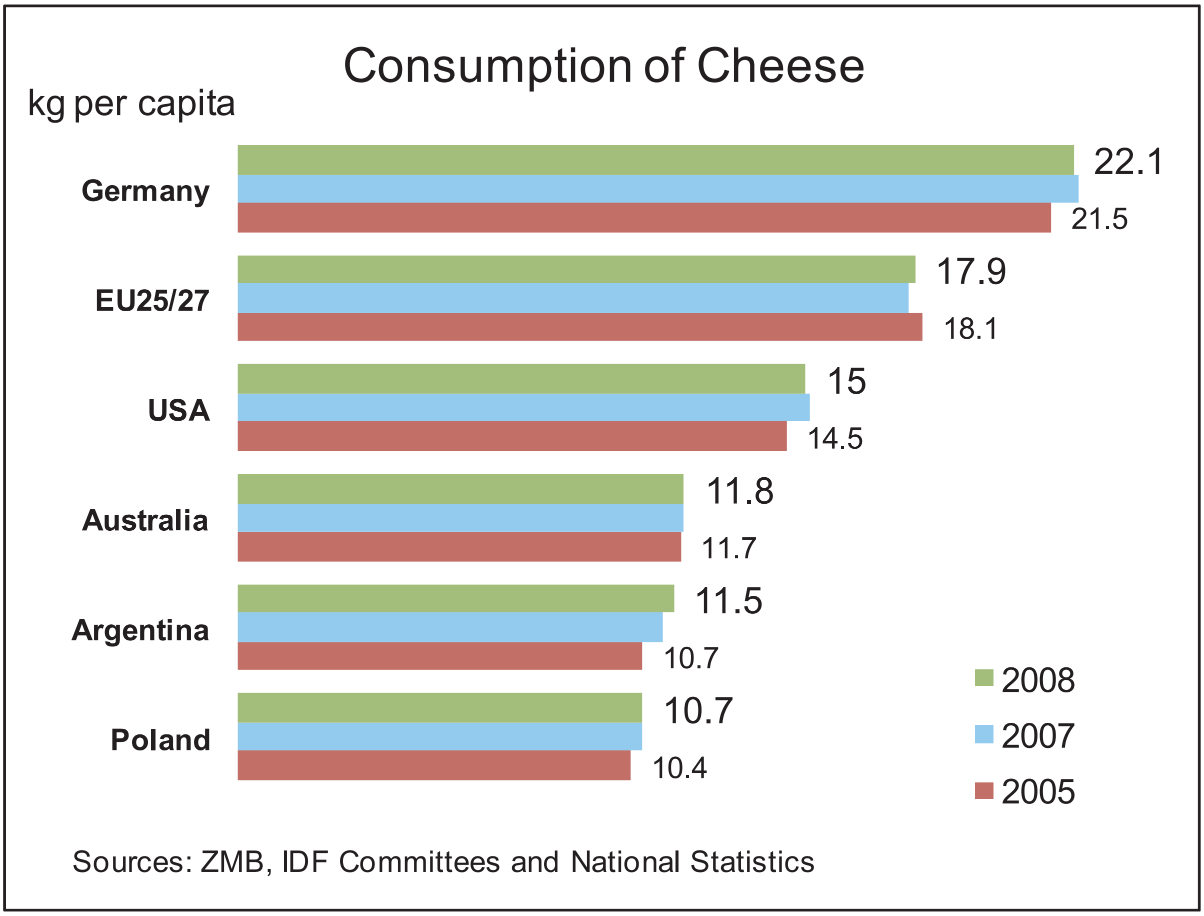
Butter consumption does not follow a unique worldwide trend like that of yoghurt or cheese. In some Western European countries like France, Germany, Belgium, Austria and Switzerland the consumption level is traditionally high. In North America and Oceania the consumption is much lower. In areas like India and Russia a preference for milk fat and butter exist. In the EU, the consumption of butter has been declining continuously in recent years. However it seems that in other parts of the world more butter is being consumed. In 2008, the per-capita consumption in most countries which report up-to-date figures increased. Examples are Russia, Argentina and the United States. This fact could explain that only small butter volumes went into storage inventories in 2009 compared with skim milk powder, despite higher butter production.



Graph 11

4.3. Cheese

Global cheese consumption decelerated its growth in 2008. The recent developments have been mixed. In some regions food-service is a very important outlet for cheese. When the sales in food-service decline, due to lower purchasing power, cheese consumption is affected. In countries with high consumption levels in Western Europe stagnation or a slight decrease was observed, for example in Germany or in the Netherlands. In France, cheese consumption increased again. In the United States the per-capita consumption declined slightly because of reduced sales in food service and weaker economic conditions. In South America, for example in Argentina, a further growth of consumption was observed, and the same in Russia. Reduced imports and production in Japan indicate a contraction of consumption. The same could be happening in other countries with devaluated currencies.



Graph 12

4.4. Milk Powders

In 2008, the consumption of whole milk powder increased again in line with rising production and soaring international trade. After the lack of availability in 2007 distributors might have brought up their inventories to normal levels again. Declining prices might have supported the increase of demand from importing countries.

The usage of skim milk powder did not grow in line with consumption. The increase of international trade is a sign of huge buyer interest in importing countries. However the demand was not sufficient to absorb the additional production volumes of the United States. In the European Union the incorporation of skim milk powder in milk replacers for calf feeding is significantly reduced. Until 2006 this outlet absorbed one third of EU's skim milk powder production. Insiders estimate that the consumption in the sector has been cut in half and is replaced by whey products and vegetable ingredients. So far the other outlets do not absorb the redundant volumes. In 2009, demand from the calf feed sector has not recovered so far and calls for deliveries from other outlets are slow. These might be reasons for increasing interventions stocks, in addition to higher production.

5. Prices

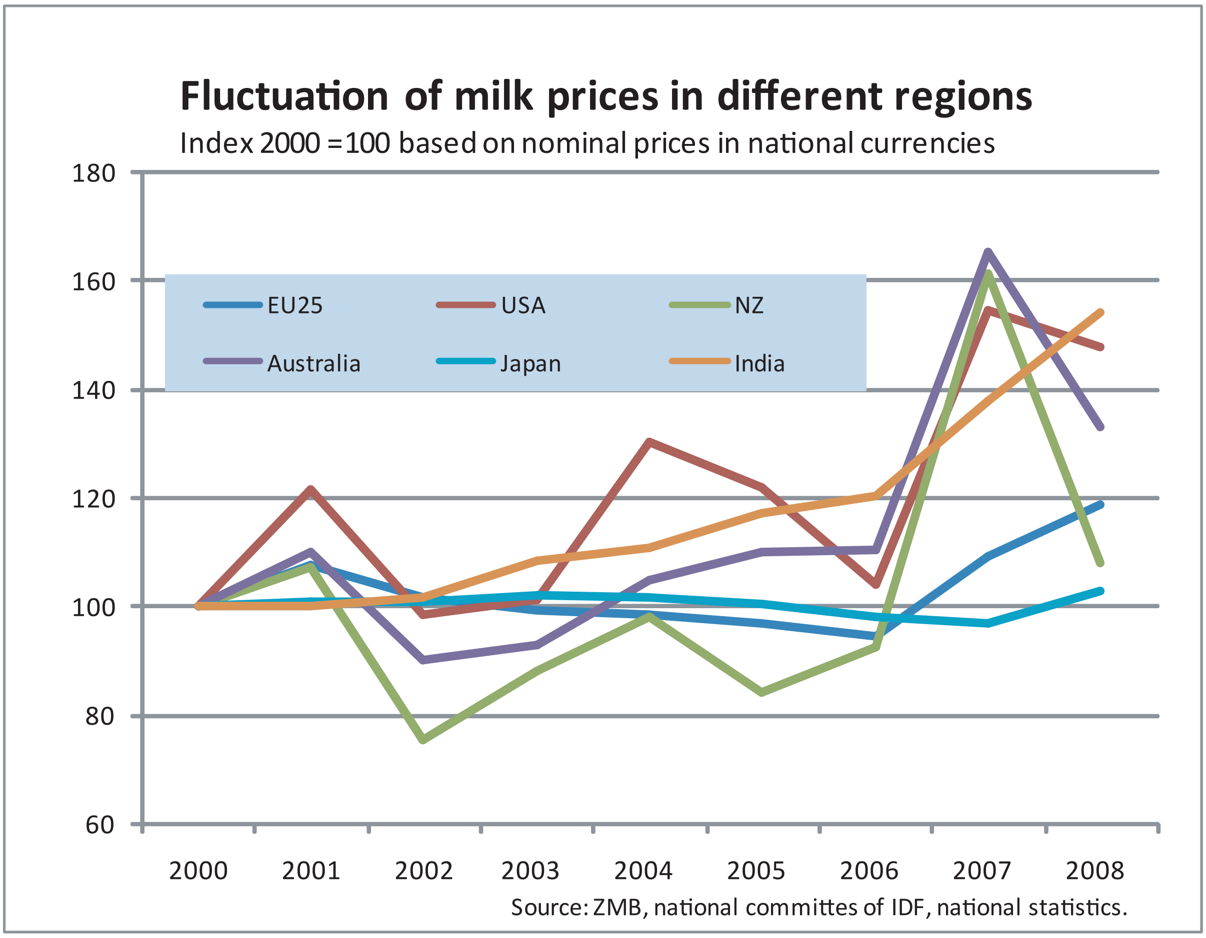
In many parts of the world prices of raw milk and dairy products decreased in 2008 and 2009. The decline started sooner in some places and later in others and has not been to the same extent everywhere. In parts of the European Union, in the United States and in Oceania prices fell to their lowest level since the 1970s. In other parts of the world, for example in Asian countries, prices are still higher than before the surge of prices in 2007. In the European Union and the United States the prices are mainly influenced by the support level. In the European Union the prices declined according to the reduced support level for the first time since the introduction of the CAP reform.

5.1. Milk Product Prices

With the acceleration of growth of world milk production, demand lagged behind production and the first outcomes of the financial crisis, international prices of dairy products came under pressure in autumn 2008. The wholesale prices of commodities in exporting countries followed soon after. In retail prices the reaction came later and not to the same extent everywhere. In some countries the prices are still high due to the devaluation of local currencies. Dairy inflation, which was in the headlines around the globe, is no longer an issue in most countries.

5.2. Milk Producer Prices

In 2007 and 2008, milk producer prices increased nearly everywhere to unprecedented high levels. Milk prices around the globe came closer together than ever before, as a consequence of the global absence of stocks and a more liberalized trade environment in major areas. The high international price level was felt in the producing countries. In 2008 and to a further extent in 2009, a relapse was observed. Prices fell dramatically in most milk producing countries, influenced by the decreased international price level and the rising stocks. In countries where a high share of production is exported like in Oceania prices fell sooner than in countries with a lower export share.



Graph 13

In the European Union and the United States milk prices fell to the level which is supported by the public intervention. Farmer associations have asked for further support through the government in the middle of 2009. In the European Union the intervention purchases of butter and skim milk powder will be extended until November 2009. Normally intervention is only possible from March through August of every year. In the United States the CCC purchase prices of skim milk powder and cheddar will be raised by about 15 per cent from August 2009 through November 2009. This increase in the support price will have an immediate effect upon dairy farmers' bottom line. Temporarily raising the price of these dairy products increases the price that dairy farmers receive for their milk. As a consequence of the historical low milk price level milk production in 2009 seems to be increasing with the lowest growth rate since 1997. A reversal of the price trend can be expected when the actual surplus of milk supplies disappears due to dampened production and accelerated increase of demand.

6. World Dairy Market Forum

6.1. Market projections

6.1.1. World market perspectives

Outlook of OECD and FAO

Developing countries fuel dairy output growth but only few participate in export expansion

The spectacular increase in international dairy prices was followed by a rapid decline with prices falling by half to two-thirds from the record levels of mid-2007. Prices were driven down by increased production, responding to earlier price rises, and by retreating demand. The economic contraction is expected to weaken demand and put pressure on dairy prices in the short term, but prices are projected to strengthen when economic prosperity returns to global consumers. Dairy demand over the medium term is expected to expand particularly in developing countries where increased consumption is not only governed by income and population growth, but also driven by factors such as changing preferences, changing diets and dietary diversification, all of which will be encouraged by further urbanization with economic growth and development. These drivers are likely to be reinforced by growth in dairy marketing, increased product availability and retailing channels. Over the outlook, dairy products are expected to remain among the agricultural commodities for which consumption exhibits the highest growth rates.

In tandem with these broader changes, the outlook foresees dairy sector as more competitive and more responsive to market signals. Rising supply potential in developing countries stimulated by investment and restructuring, will enable future production growth and improved domestic marketing linkages, placing these countries in a stronger competitive position in regional and global markets. As a result, milk production gains over the outlook period will be overwhelmingly driven by output growth in non-OECD countries, which could capture as much as 81% of the anticipated total increase. Much of the expansion is set to originate in Asia, including India, the largest producing country in the world, and also China and Pakistan. Milk production growth will allow such gains to be transformed to higher butter output in South Asia (India and Pakistan) and greater WMP production in South East Asia (China) - the two products and the two sub regions set to drive global dairy expansion. Brazil is also foreseen to fuel world dairy output through higher WMP production. It remains, however, uncertain how much the milk production expansion and needed investment activities in developing countries will be affected by the unfolding economic crises and financial credit constraints. Among the OECD countries, New Zealand is to remain a country recording the strongest milk production growth in percentage terms. In Australia, dairy cow inventories are expected to increase in 2009 for the first time in seven years with a return to normal seasonal conditions paving the way for the country's more positive dairy outlook, but for such prospects to translate into material gains, much depends on future water availability. Policy interventions are expected to contribute to shaping the dairy production outlook landscape. For instance, the EU has decided to abolish the long standing milk production quota system in 2015 allowing efficient milk producers to expand. The United States has confirmed support to its milk producers through provisions in the 2008 US Farm Act (FCE Act). Milk production growth in the United States could account for more than 40% of additional milk production in the OECD area. In spite of an expected expansion in trade, international dairy markets will continue to be classified as "thin" and hence susceptible to price swings. World exports of dairy products are expected to grow for all products with only a few developing countries able to erode the shares of the traditional OECD exporters of New Zealand, Australia, the EU and the United States. However, given that the composition of international dairy product trade is expected to increasingly favour WMP and value added products, an opportunity is presented for the Mercosur countries of Argentina, Brazil and Uruguay to challenge the dominance of the traditional exporters. Import markets will remain rather fragmented compared to those for exports. The six largest importers of dairy products are expected to account for less than half of the world market. Developing countries are expected to absorb 96% of global WMP deliveries, 92% of SMP shipments, 57% of traded butter and 44% of cheese exports. Significantly narrowing the dairy trade deficit with OECD countries presents a challenge for developing countries for the years to come. An important future endeavour, especially for developing countries, will be the ability to maintain an image of dairy products as being healthy and safe. The need to ensure the safety and quality of dairy products is expected to result in increasingly strict requirements for producers in the future and more stringent testing of milk at various stages of distribution and processing.

Spurred by rising global incomes, world dairy product prices are expected to rebound from 2011 onwards, even in real terms. While this upward trend could dissipate in the second half of the projection period, average prices in real terms over the outlook period are expected to stay slightly above the 1997-2006 average, with butter quotations especially supported by rising energy and vegetable oil prices.

Because food is a basic necessity, the agri-food sector is expected to be more resilient than other sectors to the present crisis. But this does not mean that it is immune to the economic contraction and financial market turmoil. And the risks faced by agriculture are likely to be accentuated with any deepening and prolongation of the period of economic downturn.

The decline in real income should dampen demand for agricultural commodities, and, other things being equal, decrease agricultural product prices. These impacts are likely to be less in high income countries where the elasticity of demand with respect to changes in incomes are low for most agricultural products and where food markets are close to saturation, than in low-income developing countries. The impacts can also differ greatly among the various agricultural sub-sectors and commodities. For instance changes in the composition of demand can be expected as some products such as meat and dairy which have higher elasticity or response of demand to income changes.

Falling agricultural commodity prices in the economic downturn may help compensate consumers for some of the income loss, while on the supply side, lower oil prices may help farmers, through reduced costs of oil related inputs, to offset the cost-price squeeze. At the same time, both oil prices and income changes can have implications for biofuel use and hence for the derived demand for feedstock commodities.

6.1.2. Prospects for Agricultural Markets and Income in the EU - Projections of the EU Commission

In March 2009 the European Union published an update of its regular market projections on agricultural markets and incomes covering the period from 2008 to 2015. The results of this projection have been revised compared with those of previous publications and paint a more pessimistic picture of the dairy market in the near future. The projections for the further growth of the cheese market are reduced.

The outlook for agricultural commodities (cereals, oilseeds, meat and dairy products) in the EU-27 over the 2008-2015 period has been elaborated on the basis of specific **assumptions** on agricultural and trade policies, and the macro-economic environment. They do not consider the potential outcome of the multilateral trade negotiations within the framework of the Doha Development Round. Therefore the Uruguay Round Agreement on Agriculture and other existing trade commitments are assumed to remain unchanged and to be met over the period 2008-2015. The report is based on the information available at the end of **January 2009**.

The **macroeconomic environment** is projected to be shaped over the **short term** by the consequences of the financial and economic crisis, which is expected to put severe pressure on the real economy. The world economy has entered into the deepest crisis for more than 60 years. The economic growth in the EU is estimated to fall from 1.0% in 2008 to -1.8% in 2009, with a modest recovery of 0.5% in 2010. At global level, world GDP is projected to decline by 0.5% in 2009 but rebound by 2.6% in 2010. The **medium-term** perspectives for the EU economy would exhibit a slow and modest recovery (estimated at around 2% p.a.).

The **short-term perspectives** in the dairy sector should remain dominated by the consequences of the economic crisis, notably on disposal income. The pronounced decline in the prices of dairy products during the most recent months is expected to induce a substantial fall in the producer price of milk in 2009. Milk prices would remain at depressed levels over the first part of the projection period. This should lead to a slight contraction in **EU milk production** over the short term. EU milk production grew only marginally in 2008 despite the 2% quota increase decided for the 2008/09 quota year and the relatively favorable milk price paid to producers over the calendar year. As a consequence, the 2008/09 quota year (ending in March 2009) could finish with a record level of net undershoot for EU deliveries quota. The aggregate EU milk quota underutilization should increase even further in the 2009/10 quota year.

EU milk production would recover over the **medium term** displaying a gradual growth over the milk quotas phasing-out period, while constantly remaining below the quota level. As a result the abolition of milk quotas in 2015/16 is not projected to have a significant impact on milk production and milk price (+1.1% and -0.1% against 2014/15 respectively). Milk production is projected to exceed the 2008 level by 1.8% in 2015 at 151.4 mio t, but EU-12 supply is foreseen to decline to 27 mio t (-4.2%) driven by a steady decrease in subsistence production. On the other hand, the proportion of milk delivered to dairies is foreseen to expand over the medium term, particularly in the EU-12, leading to a 4% increase in milk available for processing at 138.2 mio t by 2015.

The short-term prospects for **cheese** and value-added fresh dairy product markets should be determined by constrained EU and world demand, although the medium-term demand prospects are anticipated to remain favorable allowing EU cheese production to return to a stable growth from 2011 onwards to reach 9.9 moil t by 2015 (exceeding the 2008 level by 10%). This growth would be driven by continued strong consumption and production increase in the EU-12. Exports are foreseen to expand slightly following the short term decline, but the growth in domestic consumption would absorb most of the increase in cheese production, leading to a steady drop in exports in the last years of the projection period.

Driven by a contracting EU and world demand, **butter and skimmed milk powder (SMP)** prices declined to EU intervention buying-in levels by the end of 2008, leading to the accumulation of private stocks for both products. EU and world demand is expected to remain weak, which may make intervention an attractive outlet for these bulk products over the short term. The re-activation of export refunds should support EU exports, but low demand and strong competition from lower-priced exporters are foreseen to affect EU export potential for butter and SMP over the near and medium term.

The medium-term developments for bulk commodity output depict a steady decline due to the increasing production of higher value added dairy commodities and depressed price levels throughout the 'intervention de-stocking period'. EU butter production is foreseen to decline to 1.9 mio t by 2015, while consumption is projected to decrease at a lower rate enabling a complete de-stocking of intervention storage by 2012 and leading to declining butter exports over the medium term. SMP production is forecast to decline by 8% from 2008 to reach 787 thousand t by 2015, but intervention stocks would not be emptied over the projection period as EU demand is foreseen to remain limited and strong competition from lower cost exporters would render EU exports less attractive.

Despite the significant short-term setback in the wake of the economic recession, the medium-term prospects for **EU agricultural income** remain positive with the aggregate income in real terms and per labour unit exceeding the very favourable 2007 year by 7.5% in 2015. This overall gain would however mask marked differences between EU-15 and the EU-12. Whereas agricultural income in the EU-15 would show a very moderate development and remain in 2015 below the 2007 level by 2.9%, it is foreseen to display a more pronounced picture in the EU-12 rising above the 2007 level by 49.8% in 2015. The continuous increase in the subsidies granted to agricultural producers in the EU-12 should remain a key driver of income growth in this group of Member States.

The increasing global demand for dairy products, coupled with a limited growth of supply from exporting countries, has led to a sharp and unprecedented rise in world dairy commodity prices in 2007. The high prices should attract production expansion over the short-term, leading to a decline in dairy commodity prices over the short-term that would yet remain on a higher plateau than compared to the pre-2007 period. The medium-term outlook for the dairy sector would remain dominated by continued expansion in global demand for dairy products, driven by income and population growth in many regions of the world, and by changes in consumer preferences towards dairy products.

European Commission

Summary of the EU Commission Dairy Market Projection in Figures

(EU-27)	2008	2010	2015
Milk production (million tonnes)	148.7	147.5	151.4
Milk deliveries (million tonnes)	133.6	133.1	138.2
Cheese			
Production ('000 tonnes)	8 969	9 082	9 879
Consumption ('000 tonnes)	8 506	8 620	9 445
Imports ('000 tonnes)	81	81	91
Exports ('000 tonnes)	545	543	525
Butter			
Production ('000 tonnes)	2 158	2 092	1 949
Consumption ('000 tonnes)	2 036	2 054	2 009
Imports ('000 tonnes)	62	85	85
Exports ('000 tonnes)	143	133	24
Intervention Stocks ('000 tonnes)	0	100	0
Skim milk powder			
Production ('000 tonnes)	860	843	787
Consumption ('000 tonnes)	660	720	729
Imports ('000 tonnes)	8	8	8
Exports ('000 tonnes)	163	110	101
Intervention Stocks ('000 tonnes)	0	140	42

6.1.3. IFCN Dairy Network in 2008

This year dairy researchers from over 72 countries compiled the 9th IFCN Dairy Report, which presents over 90% of the world milk production. It includes a cost of milk production, monthly milk price, country profile analysis of 78 countries and a wide range of special analyses. In 2008 the number of supporting companies reached 60. At this point I would like to thank all persons and institutions which have supported the IFCN in 2008.

6.1.4. Milk price developments 1996 - 2008

In 2007, the world market price for milk has increased significantly and has reached a peak of 58 US-$ (41 Euro) per 100 kg milk. Since then, until October 2008, milk prices fell by 40% to a level of 35 US-$ (25 Euro) per 100 kg milk. **The key driver** for this development is the global supply demand situation for milk. In 2007 there was a "shortage" of 2 - 4 million t milk, which represents 0.5% of the world milk production. **Outlook**: Milk production will become most probably the most volatile agricultural commodity as: **a)** small quantities influence the prices, **b)** a delay of dairy farmers' production reaction responding to price changes and **c)** also a delay in milk demand reaction responding to changing dairy commodity prices.

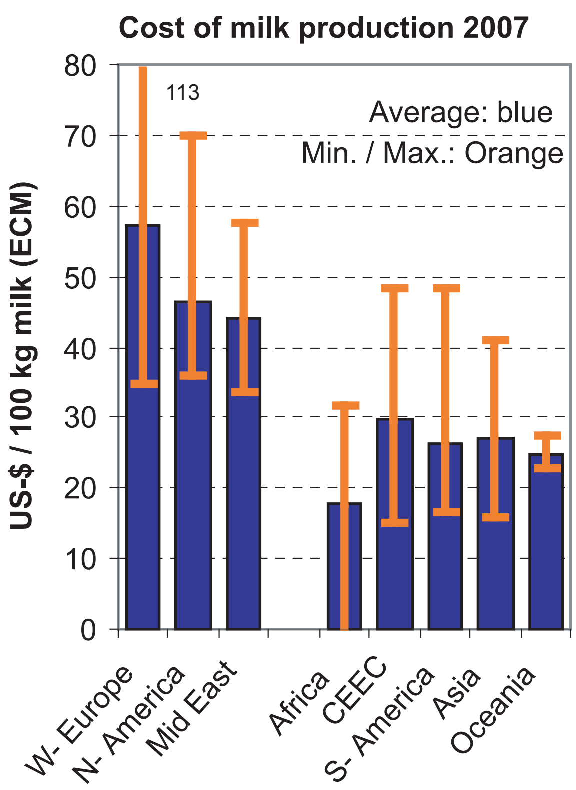
6.1.5. Cost milk production – The gap is widening

This year the IFCN has analysed 134 typical farm types from 44 countries. A simplified global overview in the chart shows:

a) Africa has the lowest and Western Europe the highest cost,

b) costs in Eastern Europe, South America, Asia and Oceania are on a similar level of 25 – 30 US-$ per 100 kg milk.

Cost changes: In 2007 and also 2008 costs increased in all dairy regions driven by rising feed prices. The cost increase differs depending on the farming system. In general costs increased much faster in high cost systems than in the low cost systems. This means that the cost difference shown in the chart will become bigger. Grazing dairy regions will benefit. Moreover it becomes more attractive to source milk from small scale dairy farmers in developing countries.



Graph 14

6.1.6. Analysing milk processors by milk intake

In the year 2009 the IFCN has started to analyse milk processors by milk intake in 70 countries. The driver for this research was to give dairy farmers a better perspective how big their milk processors are and how much consolidated the processing industry is. By just looking to turnover of milk processing companies which source milk in high milk price regions (e.g. Japan) or companies which have a high share of value added products look quite "big" without processing large volumes of milk. Moreover we found that among the largest milk processors by milk volume we have two processors from emerging countries - Mengniu (China) and Amul (India). The key findings of this analysis can be summarized as follows:

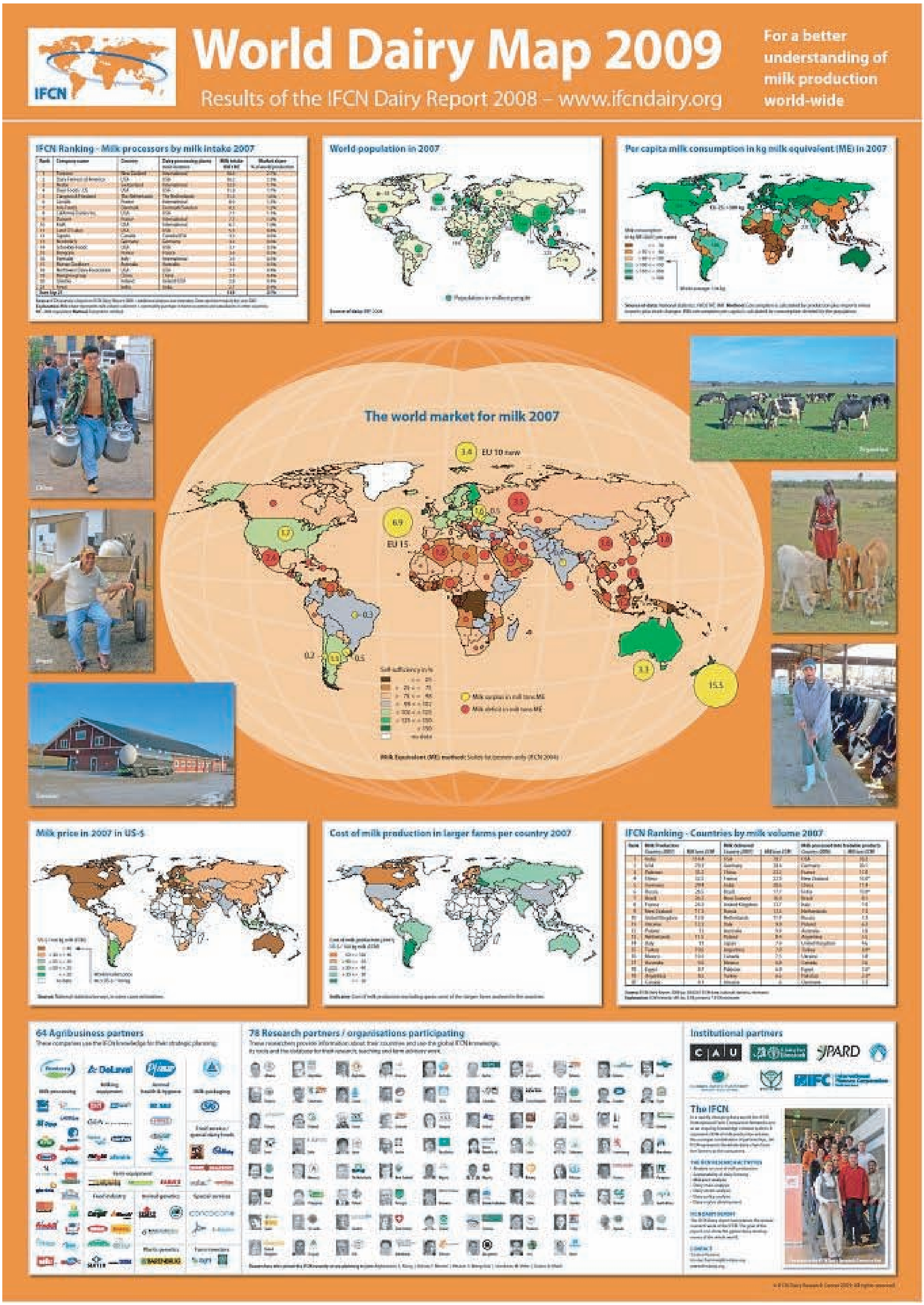
- Globally the milk processing industry is very fragmented.
- The top 21 milk processors represent only 21% of world milk production.
- No.1 is Fonterra. They process 2.7% of the world milk and are based in New Zealand.
- No.2-5 are: DFA (Dairy Farmers of America), Nestlé, Dean Foods, FrieslandCampina.

- Locally there are 6 countries where the top 1 processor has a market share above 70%.
- Locally there are 15 countries where the top 3 processors have a market share > 70%.

IFCN Ranking: Milk processors by milk intake

Rank	Company name	Country	Dairy processing plants main location	Milk intake Mill t ME	Market share % of world production
1	Fonterra	New Zealand	International	18.6	2.7
2	Dairy Farmers of Amarica	USA	USA	16.2	2.3
3	Nestlé	Switzerland	International	12.0	1.7
4	Dean Foods - US	USA	USA	11.8	1.7
5	Campina & Friesland	The Netherlands	The Netherlands	11.3	1.6
6	Lactalis	France	International	8.9	1.3
7	Arla Foods	Sweden	Denmark/Sweden	8.3	1.2
8	California Dairies Inc.	USA	USA	7.7	1.1
9	Danone	France	International	7.3	1.0
10	Kraft	USA	International	6.7	1.0
11	Land O'Lakes	USA	USA	5.5	0.8
12	Saputo	Canada	Canada/USA	4.3	0.6
13	Nordmilch	Germany	Germany	4.2	0.6
14	Schreiber Foods	USA	USA	3.7	0.5
15	Bongrain	France	France	3.6	0.5
16	Parmalat	Italy	International	3.5	0.5
17	Murray Goulburm	Australia	Australia	3.2	0.5
18	Northwest Dairy Association	USA	USA	3.1	0.4
19	Mengniu group	China	China	2.9	0.4
20	Glanbia	Ireland	Ireland/USA	2.8	0.4
21	Amul	India	India	2.7	0.4
	Sum top 21			**148**	**21%**

Source: IFCN analysis is based on IFCN Dairy Report 2008 + additional analysis and estimates. Data represent mainly the year 2007.
Explanation: Milk intake represents milk volume collected + commodity purchase in homme countries and subsidiaries in other contries.
ME= Milk equivalent; Method: Fat/protein method, Data: Basis is mainly 2007 in some cases 2006.
Compare Rabobank ranking of dairy companies by turnover (page 10)


IFCN
World Dairy Map 2009
Results of the IFCN Dairy Report 2008 – www.ifcndairy.org
For a better understanding of milk production world-wide
IFCN Ranking - Milk processors by milk intake 2007
World population in 2007
Per capita milk consumption in kg milk equivalent (ME) in 2007
The world market for milk 2007
EU 10 new
EU 15
Milk price in 2007 in US-$
Cost of milk production in larger farms per country 2007
IFCN Ranking - Countries by milk volume 2007
64 Agribusiness partners
78 Research partners / organisations participating
Institutional partners
The IFCN

ANNEX 1 - Country Reports

European Union

After two years with record milk prices market players face the challenge of having to apply the state safety net, which no longer provides anywhere near the same security as they did 'previously'. Until the middle of 2009, there have been no signs of recovery of the market. With marginal revenue on the milk market having fallen over the course of 2008 to the intervention level of approx. 22 cents and sometimes even below, milk prices declined sharply in all member states. The highest volumes of skim milk powder after 1990 and the highest volumes of butter after 2002 have been sold into intervention from March 2009 until July 2009, which is likely to result, for the first time, in the reduction in the use of intervention through the agriculture reform that progressively came into force between July 2004 and July 2007 sustainably influencing market prices and milk producer prices. The repercussions of the financial crisis and recession in many parts of the world are over-shadowing exports on the world market, which would be urgently required to relieve markets. Although the measures decided upon during the agriculture reform have been implemented, 2009 shows further changes being made to framework conditions in the EU, which can primarily be traced back to the 'Health Check':

- In line with decisions under the 'Health Check', milk quotas will be increased by 1% in all Member States from 1 April 2009 and in Italy by 5%.
- The factor for the fat corrective will be halved if the reference fat content is exceeded.
- Private storage for butter began as of 1 January 2009.
- The regulations on price reduction measures for butter will be eliminated, while the regulations on aid for skimmed milk in market crises will remain.
- Export refunds for dairy products are being paid again since January 2009, after being reduced to zero for one and a half years.

Milk quotas not fulfilled

As milk payment prices always lag slightly behind developments on commodity markets, both in terms of upward and downward movements, the first few months of 2009 saw a considerable drop in producer prices. The last few years have demonstrated that EU producers have reacted to varying degrees with elastic prices. Following generally lower prices until and including 2006, in some EU countries, including the UK, Sweden, Spain, and partly also France, milk deliveries have dropped. In more and more countries, quotas are no longer fully taken up, presumably because milk prices are no longer an incentive everywhere to produce milk. In the quota year 2008/09 total fat-adjusted milk deliveries in the EU have been 6 million tons lower than the total amount of quotas. In 2009, the entire EU is likely to see stable milk deliveries, and a considerable decline near to the end the year cannot be ruled out. Milk production did not follow the quota increase of 2 or 2.5% from 1 April 2008 and an additional percent from 1 April 2009, and each country could easily follow a different trend.

Weak butter market

On the butter market, 2008 saw the reappearance of old problems that appeared to have gone away in 2007. The long-term trend is for butter production and consumption to show a slight decline; EU production is continually higher than consumption, meaning that a certain volume of exports is needed in order to balance the market. Between 2003 and 2006, the EU exported above average amounts of butter compared to many previous years, which led to a reduction in intervention stocks of over 200,000 t in 2003. The price gap between the world market and the internal market has been bridged through export refunds. In the middle of 2007, following the complete dismantling of intervention stocks, the European Commission reduced export refunds for butter to zero. Although, compared to the dollar, world market prices were comparatively high in much of 2008, the EU's butter exports have become increasingly difficult and shrunk to their lowest level since 1976. Butter consumption in the EU dropped further in 2008. Following the significant fall in prices, demand from private households has partly recovered. The winning back of clients from industry who have reduced or even completely eliminated the use of butter in their recipes, however, started in 2009.

From March 2009 butter was delivered into intervention. Private storage alone, even if made possible as of 1 January, did not protect against excess supply. Supply exceeded the limit of 30,000 tonnes guaranteed to be purchased at a set price. After this the European Commission continued purchases to only slightly reduced prices.

Weak cheese market

The 2008 cheese market was not able to readily latch itself onto the success of the previous year. Production was not able to follow the same rates of growth as in previous years, as growth in consumption suffered and exports on the world market even fell. At the same time, even imports dropped, but not enough to offset low exports. Cheese prices came under increasing pressure in 2008 and 2009. Exports to the world market remained poor in the first half of 2009 and production was reduced. As a consequence more milk remained for the production of milk powder.

Skimmed milk powder prices down

Selling of heavy volumes into intervention from March 2009 had been necessary to balance the market. Strong price corrections were introduced on the skimmed milk powder market in 2008, after the previous year's prices had reached an historic high. The sharp rise in prices in 2007 led to a re-expansion of production, particularly in the USA, and its stronger presence on the world market. Consumption in the EU was expected to have shrunk in 2007 and 2008. Milk replacers in particular, which received support in the past, are clearly using less skimmed milk powder.

Lower milk prices in 2009

Based on market circumstances at the end of 2008, average milk prices will not reach the levels of the previous two years, but will fall considerably short of them. Certainly, the dairy sector is not the only market segment that is facing falling prices. Cereals proceeds have also fallen significantly. This is likely to lead to lower prices for concentrated feed, which will result in lower production costs, as well as declining energy prices.

EU Dairy Markets Summary, including Forecast on 2009

in '000 t	2000	2004	2007[2]	2007[2]	2008[3]	2009[3]
	EU-15	**EU-25**	**EU-25**	**EU-27**	**EU-27**	**EU-27**
Dairy Cows (December census, '000head)	20 332	23 390	22 266	24 363	24 000	23 500
Milk Production	121 197	142 203	140 852	147 096	148 980	149 000
Milk Deliveries to dairies	114 690	130 997	131 865	133 767	135 158	135 095
Milk for liquid consumption[4]	29 299	33 443	33 619	33 855	33 700	33 600
Fermented Products	6 500	8 647	9 400	9 600	9 800	10 000
Butter						
Production	1 835	2 107	2 055	2 065	2 075	2 065
Consumption	1 745	1 902	1 940	1 959	1 938	1 955
Cheese						
Production[5]	7 180	8 690	9 071	9 243	9 290	9 300
Consumption[6]	6 870	8 226	8 546	8 723	8 814	8 850

EU Dairy Markets Summary, including Forecast on 2009 (continued)

in '000 t	2000	2004	2007[2]	2007[2]	2008[3]	2009[3]
	EU-15	**EU-25**	**EU-25**	**EU-27**	**EU-27**	**EU-27**
Skim Milk Powder						
Production	1 116	1 113	1 085	1 090	1 040	1 050
Consumption	990	1 020	860	870	790	790
Whole Milk Powder production	879	865	770	775	880	800
Condensed Milk production	1 258	1 212	1 140	1 140	1 135	1 130
Skim Milk used for **Casein**	5 345	5 949	4 500	4 500	4 500	4 000
Population (million head)	377	457	463	493	496	497

1) Provisional. 2)Estimated. 3) Forecast. 4)Incl. buttermilk. 5) Incl. cheese made from other animals milk and processed cheese impact. 6) Including processed.
Source: ZMB, Berlin, Germany

Austria

Austria: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	538	533	526	522
Cow milk production	3 114	3 147	3 155	3 160
Cow milk delivered				
to dairies	2 621	2 673	2 661	2 700
Sheep and goat milk				
Production	22.2	21.9	24.9	.
Produced in dairies				
Liquid milk	571	620	663	680
Cream	59.0	64.0	62.9	64.0
Milk drinks,				
fermented products	255.0	282.0	299.8	300.0
Butter	32.5	32.4	34.0	34.1
Cheese	144.4	146.0	148.8	150.0
Condensed milk	12.0	12.3	12.0	12.0
Skim milk powder	7.2	4.7	2.7	3.0
Whole milk powder	2.5	0.5	1.0	1.0
Consumption				
Butter	39	37	37	.
Cheese	145	143	145	.
Population (m. head)	8.22	8.28	8.32	8.33

Source: AMA, Vienna.

Belgium

Economic situation, trade policy

The turnover of the dairy industry in 2008 was 2.2 % under 2007. The level of investment is going down (- 21 % in 2008 vs. 2007). Exports and imports, expressed in quantity, decreased but, in value, exports increased.

Price trends – farm level and retail level

The standard milk price in 2008 was 29.53 €/100 l. It is 4.9 %, or 1,5 €/100 l under 2007.

For the first 4 months of the year 2009 the milk price is 40 %, or 13,6 €/100 l, lower than in the same period in 2008.

The retail price for liquid milk decreased in 2008.

Consumption trends

Developments in dairy consumption are positive in 2008 for cream and processed cheese. Liquid milk, yoghurt, butter and fresh cheese had a decrease in consumption.

Farm and dairy policy

The quota legislation was once more adapted in the 2 parts of the country to anticipate the situation without quotas in 2015.

Food, health and environmental legislation

The Belgian dairy industry is most influenced by European legislation, e.g. the regulation on nutrition and health claims, the discussion on the addition of vitamins and minerals, the use of additives and processing aids, … For the Regulation on nutrition and health claims, ambiguity remains concerning the nutrient profiles. This is a topic of high concern for the dairy industry.

Salt reduction remains an important health topic in Belgium. The Belgian government launched a salt reduction plan : a reduction of the use of salt by 10 % in 2012. Therefore the food industry established salt reduction targets on a voluntary basis. The dairy industry works closely together with the government regarding salt reduction in natural and processed cheeses.

Herman Hooyberghs, Brussels

Belgium: Dairy Markets in figures

‘000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows (‘000 head)	523	507	500	495	495
Cow milk delivered to dairies	3 022	3 013	3 070	3 100	3 100
Produced in dairies					
Liquid milk	634.8	668.9	663.5	686.75	.
Cream	127.7	130.8	130	131	.
Milk drinks, fermented products[1]	406.6	457.1	420.3	413.9	.
Butter	38.0	40.0	34.8	27.3	.
Cheese	58.8	62.9	65.6	64.4	.
Skim milk powder	78.5	67.4	79.3	71.0	.
Whole milk powder	80.4	70.8	70.7	84.0	.
Consumption					
Liquid milk[1]	586.0	592.8	579.7	574.9	
Yoghurts	113.9	116.7	115.4	112.4	
Butter, AMF, Ghee etc.	25.1	26.3	25.8	25.5	

Belgium: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008	Forecast 2009
Cheese	169.2	168.2	170.4	167.5	
Cream for consumption	23.0	23.1	23.3	24.0	
Population (m. head)	10.45	10.51	10.58	10.67	.

1)Including mixed drinks, yoghurts etc.
Source: Landbouwbureau Belgium, Brussels.

Cyprus

Cyprus: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head	24.6	23.9	23.9	24
Milk production	192.2	190.4	193	.
- from cows	147	149	144	150
- from sheep	16.59	17	17	.
- from goats	29.53	31	32	.
Milk deliveries				
- cow milk	138.2	138.4	144	150.44
- other milk	22	26	.	.
Produced in dairies				
Liquid milk	77	78.8	80.85	78
Milk drinks,				
fermented products	5.9	5.41	5.89	4.27
Cream	2.4	3.6	3.7	4
Cheese (all types)	10.2	13	15	.
Population (m. head)	0.7	0.8	0.8	0.8

Source: Cyprus Industry Milk Organization, Eurostat, FAO.

Czech Republic

Economic situation, trade policy

The economic situation in the Czech Republic is characterized by the impact of the global economic recession and the financial crisis. This situation affected the current trend in demand for dairy products, not only commodities but also consumer products. The current crisis hits both farmers, operators and also distribution chain.

This situation caused the consumer prices of almost all dairy products rather to stagnate.

Farm and dairy policy

The national Farm and Dairy policy has been fully adapted to the rapidly changing situation in the global milk market. The Czech dairy processing industry purchased and processed 2 369 billion litres of milk during 2008. In comparison with the previous year, that represents an decrease by 0.5 %. However, the Czech farmers sold additional 462 mil. litres abroad, which represents 17% of the total milk production. These exports were predominantly to Germany.

Due to the critical situation on the international market the average procurement price for milk during 2008 y/y decreased rapidly from CZK 10.02 CZK/litre in January by 3.19 CZK (- 32%) to

CZK 6.83 CZK/litre. The average milk price 2008 remained still higher (8.45 CZK/Litre) compared to 2007 (8.36 CZK/Litre). This situation, of course, caused dissatisfaction and new protests by dairy farmers again.

Price trends – farm level and retail level

The price development for the next period will more or less copy the current international development in dairy market. The trend of significantly decreasing prices of raw material that began in 2008, is likely to continue at least till the autumn 2009. Of course, this situation is causing dissatisfaction and protests of parts of farmers.

At the same time the operators are pressed by retailers to reduce the price.

Consumption trends – Liquid Milk, Fresh Dairy products, Butter, Cheese, Milk powder, Whey powder, Whey products

In general, after a very positive trend from past decade, consumption of milk and milk products stagnated in 2008 and probably will remain more or less stable also in 2009.

The average per capita consumption expressed in the milk equivalent (butter excluded) rose from 188 kg in 1995 to 244.6 kg in 2007, but in 2008 has decreased to the level of 242.6 kg. The most significant increase was recorded in 2008 in liquid milk (from 52.1 kg to 56.1 kg, it is +7.7% growth) but also after long period in butter (from 4.2 kg to 4.8 kg; it is 14.3% growth). Cheese consumption decreased by -3.5% again (from 17.1 kg to 16.5 kg). Consumption of fermented milk products is high (appr. 16.5 kg/capita).

Food, health and environmental legislation

In 2008, the most important issues were the EU proposal for a Regulation on "Food information to the consumer", implementing of nutrition and health claims, and also very important discussions concerning EC Green Paper on the Regulating the Quality of agricultural products.

Czech Republic: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy Cows ('000 head)	439	426	410	402.5	385
Cow milk production	2 813	2 767	2 756	2 801	2 700
Cow milk delivered to dairies	2 681	2 680	2 689	2 700	2 600
Produced in dairies					
Liquid milk	586.8	593.6	604.6	644	.
Cream for consumption	53.8	42.4	43.2	45.6	.
Milk drinks,					
fermented products[1]	128.5	180.6	202.1	193.1	.
Butter	42.3	52.1	51.3	48.6	.
Cheese	118.6	116.0	115.5	110.9	.
Milk powder	16.8	16.7	14.9	16.8	.
Skim milk powder	32.4	19.4	23.4	22.5	.
Population (m. head)	10.22	10.29	10.38	10.47	.

1) Including mixed drinks, yoghurts etc.
Source: Czech and Moravian Dairy Association; SZIF; Prague.

Jiří Kopáček, Czech Dairy Association

Denmark

Structural development

In Denmark around 400 milk farmers stopped milk production in the quota year 2008/09. As per April 2009 there are 4 100 dairy farmers with an average amount of quota of 1 121 t on each farm.

Price trends – farm level and retail level

After the price peak in 2007 the market for dairy products started to weaken in the beginning of 2008. However the market was still quite sound in the first half of the year but during the summer and the fall the financial crisis resulted in a huge drop in the prices of dairy product.

Despite the market development the milk price paid to the farmers remained quite high throughout 2008. In 2008 the average milk price ex farm for milk with 4.20% fat and 3.40 protein reached 2.80 DKK/kg compared to 2.45 DKK/kg in 2007. This was the highest price for many years. However the milk price has decreased dramatically in the first quarter of 2009 and in April 2009 the price is 1 DDK/kg lower than at the same time the year before.

Although the milk price was high in 2008 the economic situation on the dairy farms is very poor mainly as a result of increasing financial costs combined with value and exchange rate adjustments.

Consumption trends

Despite the economic and financial crisis the consumption of dairy products in Denmark is developing positively. In 2008 the consumption of liquid milk increased by 1%.

Farm and dairy policy

The Danish dairy industry has for many years been limited of the milk quota in the EU. Therefore it was welcomed that the quota was increased by 2.5% by April 1, 2008. By the end of the quota year the farmers had increased milk production from 4 510 million kilo to 4 598 million kilo – equal to 99.69% quota fulfillment. The increase in the quota and the prospects of a final dismantling of the milk quota system in 2015 resulted in a sharp reduction in the price of milk quota in Denmark. On the quota exchange in February 2009 the price fell to the lowest price ever – 0.5 DDK/kg.

In March the Danish government reached an agreement about a new tax reform. The government is proposing to increase levies on tobacco, confectionery and saturated fats as part of its tax reform in a bid to help Danes live healthier lives. Saturated fats in dairy products such as butter and cheese and oils (including margarine) sold in Denmark will be levied at 25 kroner per kilo. This means a 30 % increase in the retail price of a pack of 250 grams of butter. The levy will also be collected on processed products containing fats and oils. The duty on saturated fats is expected to increase the state coffers by an extra 150 million €.

Danish Dairy Board

Denmark: Dairy Markets in figures

‘000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows (‘000 head)	558	555	551	568	565
Cow milk production	4 586	4 627	4 619	4 715	4 735
Cow milk delivered to dairies	4 451	4 492	4 484	4 580	4 600
Produced in dairies					
Liquid milk	462.2	467.9	491.3	509.9	.
Cream[1]	40.3	40.5	44.8	40.1	.
Milk drinks, yoghurts	248.7	271.8	262.8	261.9	.
Butter	44.4	38.1	35.7	38.8	.
Cheese	355.4	335.5	350.6	319.2	.
Whole milk powder	78.8	77.9	75.0	75.9	.

Denmark: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008	Forecast 2009
Skim milk powder	15.3	20.9	19.0	17.6	.
Consumption					
Liquid milk	485.6	487.3	490.6	497.1	.
Cream	38.2	36.4	38.6	35.2	.
Butter	8.7	8.8	9.5	10.9	.
Cheese	n.a.	n.a.	n.a.	n.a.	.
Population (m. head)	5.4	5.4	5.5	5.5	.

1) Excl. sterilized cream.
Source: Danish Dairy Board, Arhus.

Estonia

Estonia: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	113	108	103	100
Cow milk production	670	692	692	702
Cow milk delivered to dairies	571	606	593	614.2
Produced in dairies				
Liquid milk	78.8	82.6	82.8	83.1
Cream	24.1	27.1	30.9	28.5
Fresh milk products	33.1	35.2	36.4	35.9
Butter	7.8	6.7	7.9	7.4
Cheese	27.6	32.8	31.4	35.7
Skim milk powder	13	6.6	9	7.8
Population (m. head)	1.35	1.34	1.34	1.34

Sources: Estonian Dairy Association, EUROSTAT data.

Finland

Finland: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	316	306	293	288
Cow milk delivered to dairies	2 293	2 279	2 226	2 253.93
Produced in dairies				
Liquid milk	710	710	734.94	737.55
Fresh milk products	199.9	200.9	204.77	203.58
Cream	39.4	37.9	32.2	.
Butter	50	50.2	48.4	53.83
Cheese	97.5	99.9	101.9	106.72
Whole milk powder	2.4	2.4	2.88	3.2

Finland: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008
Skim milk powder	21	17.3	15.1	8.11
Consumption				
Butter	28	28	28	.
Cheese[1]	97.9	102.0	103.8	.
Population (m. head)	5.2	5.2	5.3	.

1) Including cottage cheese and fromage frais.
Sources: Finnish Food and Drink Industries' Federation (FFDIF)

France

Economic situation, trade policy

French dairy sector has been impacted since last year by the strong price decrease and the poor demand for industrial products (butter and powders). First of all, high market prices contracted demand in the first half of 2008. Then no recovery occurred despite a weakening of prices. Turmoil in financial markets made trading difficult, with buyers purchasing mainly for short-term needs. This lack of demand, combined with rising supplies in Oceania and United States of America, induced a strong increase in stocks for butter and milk powders. French dairy processors were affected not only by this oversupply on the world market but also by the weakness of US dollar towards euro.

Price trends – farm level and retail level

Compared with the same period in 2008, the producer price for milk is decreasing and milk prices will probably remain under pressure, as long as the stocks remain high and as no signs of economic recovery emerge. Meanwhile ex-factory prices and retail prices for all dairy products are stable or slightly decreasing.

Consumption trends

After a decrease in France in 2008, especially for cheese and fresh dairy products, due to consumer price increases and overall consumer pessimism with regard to their purchasing power, the beginning of 2009 seems to be slightly better with a recovery in cheese volume consumption and significant increases in volumes for liquid milk, cream and butter. However, consumption for all products is still very fragile and will depend on the French economic situation in 2009 ('buying-power problem'), particularly for cheese and yoghurts.

Farm and dairy policy

The farm gate milk prices remained high until March 2009 in France, in comparison with other European countries, due to the French price formation system which tends to soften and postpone the conversion of market evolutions into milk price levels. French dairy actors plan to reduce this lag. Indeed, the price formation will now take into account more reactive market indicators. Besides, the dairy industry expects to cope with increasing price volatility.

CNIEL, Paris

France: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	3 958	3 878	3 846	3 800
Cow milk production	24 885	23 360	23 367	24 769
Cow milk delivered to dairies	23 383	22 229	22 244	23 578

France: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008
Sheep and goat milk				
delivered to dairies	697	724	716	696
Produced in dairies				
Liquid milk	3 855	3 784	3 910	3 835
Cream	340	333	338	356
Fresh dairy prod.	2 152	2 190	2 229	2 185
Butter/AMF	419	398	406	429
Cheese from cows' milk	1 680	1 696	1 732	1 765
Cheese from sheep				
and goat milk	139	150	150	153
Whole milk powder	193	158	145	149
Skim milk powder	274	267	253	285
Consumption				
Butter	480	499	504	502
Cheese	1 476	1 501	1 524	1 574
Population (m. head)	62.8	63.4	63.8	64.1

*Estimated.
Sources: CNIEL; SCEES.

Germany

Farm and dairy policy

The farm and dairy policy mainly follows the reform decisions of the CAP Reform and Health Check. In view of the unprecedent decrease of milk prices since the beginning of 2009 there are discussions and round table discussions about what can be done to support the survival of farmers and dairies. There are still discussions about the quota system. Some farmers are in favour of stricter rules in application of the quota system despite the fact that it has been decided that the system will end in 2015. Another issue is still the limitation of the selling power to counterbalance the supposed market power of the big retailers. The whole dairy chain is investigated by the German antitrust agency.

Food, health and environmental legislation

During recent years the EU Commission's activity on these topics of legislation has increased. The German dairy industry supports the idea of harmonization and simplification of existing rules. However, already existing or proposed "new" regulations are often complicated and not easily understood by the common executive in the industry. The new legislation does not only simplify existing legislation but also creates more complex rules which are different from the existing EU and Codex rules. Concerning the use of nutrition and health claims the discussion about the "nutritional profiles" shows that food is reduced in some nutrients, and nutrient-dense foods like cheese are discriminated against. The same attitude is present in the discussion concerning the "nutrition labelling" which focuses on so called "bad" nutrients of a product and not on the role of food as part of a healthy diet. The environmental legislation, like the food and health legislation, increases considerably the administrative burden of the sector, which in Germany comprises mainly small and medium-sized enterprises.

Economic Situation

Since autumn 2008 the international financial crisis has affected in Germany. The financial sector and parts of the industry need heavy financial support from the taxpayer. The key industries have significant drops of orders. Short-time work and unemployment are increasing. As a consequence purchasing power is decreasing. Inflation decreased to zero after a period of higher inflation. However consumer demand is weak, even food demand, because of the worsened economic environment.

Price trends

The prices for dairy commodities declined below the intervention level at the end of 2008 and the beginning of 2009. Since March 2009 prices are stabilized by public intervention. Prices of retail products followed this general development. Outlet prices of butter and liquid milk are the lowest for decades.

The milk prices paid to the farmers exceeded the recordlevel of 2007 in 2008. In the first half of 2009 they fell again to their lowest level since the mid-1970s.

Consumption trends

In 2007 and 2008 results of consumer panel research showed that the majority of German consumers are highly price sensitive. The households reduced their purchases of dairy products after their retail prices had increased in the second half of 2007. However, after the decrease of prices in 2009 consumption did not recover in the same way as it had shrunk after price increases. It seems that rising unemployment and weaker economic conditions dampen the sales quantities in the food sector.

Germany: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	4 164	4 054	4 083	4 229	4 200
Cow milk production	28 453	27 955	28 403	28 656	28 800
Cow milk delivered to dairies	27 380	26 876	27 321	27 466	27 800
Produced in dairies					
Liquid milk	6 005	6 112	6 090	6 262	.
Cream	550	558	561	554	.
Fresh dairy prod.	2 956	2 970	3 056	2 961	.
Butter	450	437	445	465	.
Cheese	2 048	2 117	2 137	2 140	.
Condensed milk	458	459	446	416	.
Whole milk powder	154	147	157	168	.
Skim milk powder	232	191	232	227	.
Consumption					
Butter	531	537	524	530	.
Cheese	1 771	1 813	1 835	1 831	.
Population (m. head)	82.5	82.4	82.3	82.1	.

Source: ZMB, BLE, BMELV

Greece

Greece: Dairy Markets in figures

'000 t	2005	2006*	2007	2008
Total milk production	2054	2057	2030	.
Cow milk production	761	764	774	760
Sheep milk production	752	751	750	.

Greece: Dairy Markets in figures (continued)

'000 t	2005	2006*	2007	2008
Goat milk production	511	509	500	.
Cow milk delivered to dairies	735	731	703	690.2
Produced in dairies				
Liquid milk	436	428	416	433.65
Cream	12	7.5	7.2	9.13
Fresh dairy products	91	93	89.1	102.2
Cheese[1]	226	224	255	252
Consumption[2]				
Butter	9	7	8	8
Cheese[1]	312	334	326	350
Population (m. head)	11.1	11.1	11.2	11.2

1)Including sheep and goat milk cheese.
2)Including only the production of dairies & holdings.
Source: Greek Ministry of Rural Development and Food, Eurostat, FAO.
* Estimated.

Hungary

Economic situation, trade policy

The commercial balance of milk products was negative in Hungary. This tendency worsened year by year. In the year 2008 the cheese imports were stagnant and the raw milk exports were higher and thus the balance changed for the better.

Price trends – farm level and retail level

The Hungarian raw milk price is one of the cheapest in the EU.

Consumption trends – Liquid Milk, Fresh Dairy products, Butter, Cheese Milk powder, Whey powder, Whey products

The consumption of the milk products expressed in milk equivalent shows a rising tendency. The rate of import products grows year by year. The consumption of fluid milk goes back, because the demand for fruit juice and mineral water increases. The consumption of whipped cream products shows a rising tendency. The consumption of butter is stable, but it is one of the lowest in the EU. The reason is the relatively high consumption of animal fat and margarines.

Farm and dairy policy

The protein and fat content in the fluid mik is under the EU average, the reasons being climatic influences and feeding.

Hungary: Dairy Markets in figures

'000 t	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	227	226	226.0	.
Cow milk production	1 849.5	1 842	1 813	.
Cow milk delivered to dairies	1 289.5	1 496.4	1 471	1 471.9
Sheep milk production	2.6	2.3	.	.

Hungary: Dairy Markets in figures (continued)

'000 t	2006	2007	2008	Forecast 2009
Goat milk production	4.4	4.1	.	.
Produced in dairies				.
Liquid milk	833.4	699.7	568.4	.
Cream for consumption	8.8	6.6	6.4	.
Butter	2.8	3.6	.	.
Cheese from cows' mil	73.3	73.1	72.9	.
Processed cheese	9.7	9.5	.	.
Skim milk powder	0.0	1.3	.	.
Consumption				.
Butter	11.1	8.1	.	.
Cheese	56.4	55.4	.	.
Population (m. head)	10.07	10.66	10.045	.

Source: KSH

Ireland

Ireland: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	1 101	1 087	1 087.5	1 104.8
Cow milk delivered to dairies	5 060	5 235	5 242	5 105.9
Produced in dairies				
Liquid milk	536.2	539.7	544.3	535.7
Cream	10.9	11.4	11.4	11.2
Butter, Butteroil, AMF	145.6	141.2	143.9	124.8
Cheese	118.8	136.9	126.9	163.4
Skim milk powder	55.9	68.5	82.6	55
Whole milk powder	38.7	39.1	34.2	33.1
Consumption[1]				
Liquid milk	559	568	557	578
Butter	11.4	11.3	11.3	.
Cheese	13.3	13.3	12.0	.
Population (m. head)	4.13	4.24	4.34	4.42

1) Industrial use excluded.
Source: Irish Dairy Board.

Italy

Economic situation, trade policy

In 2008 milk deliveries in Italy have been lower than in the previous year (- 2.1% compared with 2007). The industrial butter production decreased (- 4%) while the production of liquid milk (+4%) and cheese (+2%) increased. In 2008 a general slowing down of trade in dairy products has been observed. Exports shrunk by 4 % and imports by 3%, above all those from third countries. In 2008 Italian cheese exports towards all the main destinations decreased, with the exception of France and of Switzerland.

Price trends

Until the mid of 2008 the wholesale prices of dairy products have been stable at the levels of 2007. However in the second half of the year prices decreased, above all because of the negative performance of hard cheeses and butter. Beginning in the last quarter of 2008 the prices of the two major DOP cheeses Grana Padano and Parmigiano started to fall. The retail prices of dairy products increased in 2008 with a medium variation of +7% compared with the previous year.

Consumption trends

The consumption of dairy products had a positive trend, in spite of the increase of prices and the consumers' loss of purchasing power. The consumption of liquid milk increased by 0.7 %, of yoghurt by 1 % and of butter by 4 %. High priced products like DOP cheeses suffered from the economic crisis - sales decreased by 5 %.

ISMEA, Rome

Italy: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows '000 head	1 842	1 814	1 839	.
Milk production	12 098	12 164	.	.
- from cows	11 162	11 186	.	.
- from buffaloes	206	223	.	.
- from sheep	632	656	.	.
- from goats	98	100	.	.
Cow milk delivered to dairies	10 897	10 821	10 837	10 607
Other milk delivered				
to dairies	737	772	.	.
Produced in dairies				
Liquid milk	2 909	2 913.6	2 851.5	2 973.8
Milk drinks, ferment. m	296.0	300.4	304.4	336.4
Cream	117.1	114.9	132.9	148.6
Butter	124.1	120.7	115.0	110.2
Cheese	1 151	1 056.4	1 045.9	1 071.1
Consumption				
Butter	162.6	169.2	157.1	154.3
Cheese	1 284.7	1 280.0	1 249.4	1 280.9
Population (m. head)	58.6	58.9	59.4	59.8

Source: ISMEA

Latvia

Latvia: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	185	182	186	190
Cow milk production	811	816	841	866
Cow milk delivered to dairies	502	592	631	634.8
Produced in dairies				
Liquid milk	82.8	80.3	104.2	88.63
Cream	25.5	23.5	28.75	27.67
Fermented milk	41.4	33.3	45.51	41.83
Butter	7.3	5.4	5.8	3.96
Cheese	32.5	18.6	34.4	32.25
Skim milk powder	2.0	0.0	1.8	.
Whole milk powder	2.0	.	4.6	.
Population (m. head)	2.31	2.29	2.28	2.27

Sources: Riga; Latvian Statistical Office, Latvian Dairy Comittee, EUROSTAT data.

Lithuania

Lithuania: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	417	399	405	380
Cow milk production	1 854	1 885	1 931	1 955
Cow milk delivered to dairies	1 202	1 297	1 350	1 382.11
Produced in dairies				
Liquid milk	74.1	80.7	81.0	85.4
Cream	34.4	34.1	45.8	45.0
Fermented Products	68.2	78.3	79.1	67.1
Butter	13.6	14.4	14.4	11.7
Cheese	63.6	69.5	91.4	107.2
Skim milk powder	6.8	10.1	.	9.9
Whole milk powder	0.3	0.2	0.3	5.6
Population (m. head)	3.4	3.4	3.4	3.4

Source:. Statistical Office, Vilnius, FAOstat, EU-Commission.

The Netherlands

Farm and dairy policy: Dutch dairy sector prepared for further growth

Following national discussions on the future of the European agricultural policy, including the plans regarding the dairy sector, the opinion that the global market is ready for growth and that the Dutch dairy sector should be part of it, is widely shared. As a consequence, both the leading farmer's organization LTO and the dairy industry's organization NZO fully support the Commission's view to abolish the milk quota system by 2015. Moreover, in the health check discussions, the Dutch position on the routing towards the non-quota era is that this should be a clear and gradual process, to allow a so-called soft landing.

Structural development continues

Meanwhile, Dutch farmers were presented the highest super levy bill in years, as milk production during the 2007/08 quota season exceeded the national quota for deliveries by no less than 143 000 tonnes. This was 1.29% of the reference quantity. Total bill to pay for Dutch dairy farmers was about 39.9 million EUR.

Structural development in Dutch dairy farming continues unabated. This leads to fewer and larger farms. During the 2007/08 season, the number of quota holders came down further, to 20 366 (-4%). In particular the number of farms with quota beneath 600 000 kilograms is in continuous decline. Meanwhile, the number of larger-sized farms increases. As of 31st March 2008, over 34% of the Dutch national milk quota already was in hands of dairy farmers who operate a farm size of above 800 000 kilograms of milk quota.

The Dutch dairy industry faces a major step forward in further consolidation of the sector, after the announcement made in December 2007 that leading co-ops Friesland Foods and Campina had decided to seek a full-scale merger. This plan further materialized in May 2008, when the General Meeting of member dairy farmers of Friesland Foods and the Members' Council of Campina both approved the merger proposals. Pending European Commission's approval, Friesland Campina is projected to become a company with a €9.1 billion turnover, with 17 000 member farmers supplying 8.3 billion kilograms of milk. The company would employ 22 000 staff and operate more than 100 production facilities and sales outlets worldwide. The move by Friesland and Campina is widely appreciated in the Netherlands, as it is considered a logical step to further guarantee the Dutch dairy sector's competitiveness in the future.

Consumption trends: cheese intake still on the rise, liquid milk stable

Cheese consumption in the Netherlands is still on the rise. Per capita consumption in 2007 was 21.5 kg, nearly 2% above the previous year level. Consumption levels for butter stabilized at 3.4 kg per head. Consumption of liquid milk has been more or less stable for many years, at a level of around 60 kg per head. The long term decline in liquid milk processing by local dairies has been compensated by a strong growth in liquid milk imports. In 2007, the share of foreign produce in the Dutch liquid milk market already amounted to about 26%, whereas in 2000 this had been only 16%. These liquid milk imports mainly originate from the neighbouring countries Germany and Belgium.

As for processing, deliveries to factories were up 1.3% in 2007. Dutch dairies produced substantially more cheese (+2.6%), condensed milk (+7.1%) and butter (+3.2%), while production of skim milk powder (-13.9%) and whole milk powder (-1.5%) was in decline.

Farm and Dairy policy

Discussion on the milk quota in full swing

Source: Dutch Dairy Board (PZ)

Netherlands: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	1 433	1 420	1 413	1 466
Cow milk production	10 827	10 994	11 227	11 621
Cow milk delivered to dairies	10 479	10 662	10 899	11 295
Produced in dairies				
Liquid milk	827.5	775.4	750	709.1
Cream	12.5	11.8	13.0	11.9
Other fresh dairy products	660.1	659.6	658.8	650.7

Netherlands: Dairy Markets in figures (continued)

‘000 t	2005	2006	2007	2008
Butter	118.8	125.2	129.2	124.3
Cheese	672.2	714.0	732.3	723.5
Condensed milk	291.8	308.8	330.7	341.9
Whole milk powder	107.2	105.6	109.4	126.9
Skim milk powder	53.2	48.9	42.1	55.2
Consumption				
Liquid milk[1]	2 064	2 020	2 020	1 964
Cream	31	32.1	32.1	29.3
Butter	53.4	53.9	55.7	54.3
Cheese	279	289.3	294.9	284.5
Population (m. head)	16.3	16.35	16.38	16.45

1) Including liquid milk products.
Source: Dutch Dairy Board (PZ), Zoetermeer

Poland

Economic situation, trade policy

Poland ended 2008 with 4.9% GDP increase but the prospects for 2009 are much less optimistic. The GDP increase forecasts were reviewed from about 2% to slightly over zero. Some analysts forecast even slight GDP decrease.

The unemployment rate is rising, however, as compared to the worst values in the beginning of 2000s, it is – for Poland - still relatively low (11.2% in March 2009).

In 2007 and 2008, internal consumption growth was the main stimulus for increase. This trend was weakened in 2009, and as main export markets for Polish goods are EU member states, one should expect more problems with external trade despite significant depreciation of the Polish currency, Zloty (PLN/EUR exchange rate was 3.30 in the summer 2008 and was about 4.40 in April 2009). Recession in the EU, first of all in Germany, should hamper the development of Polish trade.

Price trends – farm level and retail level

Farm level: Polish milk prices have been falling since December 2008 (1.32 PLN/litre or 35.60 EUR/100 kg) and reached the lowest level since summer 2004 in February 2009 – 0.87 PLN/litre or just above 18 EUR/100 kg.

Wholesale prices of dairy products stabilized in the spring at a low level of: SMP 1.40-1.60 EUR/kg, WMP 1.7-1.8 EUR/kg, bulk butter: 2.0-2.15 EUR/kg, Gouda/Edam cheese: 2.2-2.4 EUR/kg. In EUR terms prices have been 20%-40% lower than a year ago.

At the retail level, prices decreased to a lesser extent and, on a yearly basis, amounted to -7% (cheese), -9% (butter) or remained stable (liquid milk) - March 2009.

Consumption trends

Generally, consumption of dairy products in Poland is stable to decreasing (butter, liquid milk) or rising in the case of cheese and fresh dairy products such as yoghurts, milk desserts etc.

Farm and dairy policy

According to provisional statistics, the national milk quota was not fulfilled in the 2008/09 quota year, for the third consecutive year (91% after 11 months, delivery quota).

Polish government does not provide any special arrangements for stimulating the dairy sector in the time of crisis. There are only some state guarantees for farmers and companies taking bank loans. The Minister of Agriculture announced a plan for investments in creation of new milk distribution centres in the end of March 2009. This includes also support for consolidation of very fragmented Polish milk processors' level, paid from EU funds, which provides up to PLN 50 million (about EUR 11.5 million) for each undertaking ready to join another partner. The funds should be available in the second half of 2009.

Most EU market support mechanisms are not very popular or completely not used by Polish traders, apart from butter intervention (end of April 2009) or school milk.

FAMMU, Warsaw

Poland: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	2 795	2 824	2 787	2807	2 820
Cow milk production	11 901	11 970	12 088	12 449	12 245
Cow milk delivered to dairies	8 612	8 275	8 220	8 567	8 460
Produced in dairies					
Liquid milk (m. litres)	2 294	2 293.5	2 288	2 287	2 300
Cream	313.3	342.6	350.6	355	355
Milk drinks, fermented products	510.4	558.0	586.2	590	600
- of which yoghurt	240.9	321.0	368.4	370	372
Butter	179.0	173.3	181.9	179	175
Cheese	510.4	544.0	570.0	600	600
Quark (tvarog)	295.0	302.4	325.0	326	320
Whole milk powder	49.6	36.5	29.0	42	42
Skim milk powder	142.3	127.2	125.0	125	125
Population (m. head)	38.2	38.1	38.1	38.1	38.1

Source: Polish NCIDF, FAMMU, Warsaw

Portugal

Portugal: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	324	307	305	290
Milk production[1]	2 192	2 111	2 090	2 140
Cow milk production	2 061	1 984	1 968	1 890
Cow milk delivered to dairies	1 911	1 851	1 836	1 887
Produced in dairies				
Liquid milk	953.7	958.8	919.0	882.5
Cream	17.2	17.2	17.5	16.6
Fermented products	102	106	108.2	106.5
Butter	26.6	28.6	27.7	30.4
Cheese	58.1	55.7	57.2	56.4
Skim milk powder	7	6.8	8.4	7.0
Whole milk powder	8.8	9.3	8.9	9.0

Portugal: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008
Consumption				
Butter	.	19	17	15
Cheese	106	112	114	109
Population (m. head)	10.5	10.6	10.6	10.6

1) Including goat and sheep milk.
Sources: ZMP; EUROSTAT data; National statistics.

Slovakia

Economic situation, trade policy

In 2008, the growth of the Slovakian economy was slowing down. Nevertheless, the GDP increased by 9.5 % compared with the previous year. Retail prices increased more strongly than before. In the fourth quarter of 2008, the foreign demand decreased due to the global financial and economic crisis. Dairy trade balance was positive and reached a surplus of 2.6 Mill. SKK, an increase of 15.6 % compared with 2007. Most important is the trade of liquid milk, cheese and milk powder.

Price trends – farm level and retail level

In 2008 milk prices paid to dairy farmers increased by 4.3 % to 10.17 SKK/Kg. Retail prices of dairy products increased in a range between 14.5 and 22.4 %.

Consumption trends

According to preliminary figures per-capita consumption of milk and dairy products in 2008 decreased slightly (minus 1.1%) compared to 2007 to 151.7 kg in terms of milk equivalent (butter excluded). The consumption of cream (+43.5 %), fermented products (+1.6 %) and yogurt (+12.7 %) increased, while the consumption of liquid milk decreased by 9.3 %. The per-capita-consumption of cheese (incl. quarg) dropped by 9.2 % to 8.9 kg. Butter consumption was 2.1 kg per capita and remained unchanged.

Farm and dairy policy

The number of dairy cows declined in 2008 by 2,8 % to 175 000. 1.057 Million tonnes of milk was produced, 1.6 % less than 2007. The average milk yield reached 6 024.9 kg/year (+1.2 %). The national milk quota was not fulfilled in 2008/09. Only 90 % of quota are estimated to have been used. Dairies purchased 945 600 tonnes of milk in 2008, 1.9 % less than 2007. The delivery rate was 89.4 % of production.

Food, health and environmental legislation

For school milk 29.3 Million SKK have been donated in school year 2007/2008 according to Slovakian and European legislation. The Slovakian Dairy Assocation in cooperation with the European Commission and the Slovakian Ministry of Agriculture initiated a project to promote the consumption of milk, with children, youths and women as target groups.

APA, Bratislava

Slovakia: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	198.5	192.5	180.6	175.5	170.0
Cow milk production	1 100	1 092	1 075	1 057	1 039
Goat and sheep-milk production	22.8	22.1	20.0	19.5	19.4
Cow milk delivered to dairies	968	961.6	964.2	945.6	935
Other Milk					
Delivered to dairies	9.2	8.5	8.6	4.6	4.5
Produced in dairies					
Liquid milk	246.9	238.3	252.3	242	.
Cream for consumption	34.5	33.7	34.6	37.8	.
Milk drinks, fermented products	52.3	51.3	54.2	51.1	.
Butter	10	10.7	11.7	9.6	.
Cheese from cows' milk	39.8	43.6	39.9	33.6	.
Whole milk powder	6.6	5.6	5.8	4.2	.
Consumption					
Butter	10.8	10.8	11.3	11.3	.
Cheese	49	51.2	48.1	48.1	.
Population (m. head)	5.4	5.4	5.4	5.4	.

Source: Slovak National Committee of IDF.
Source: ATIS, Bratislava.

Slovenia

Slovenia: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	120	113	117	113
Cow milk production	659	642	666	659
Cow milk delivered to dairies	508	511	530	524
Produced in dairies				
Liquid milk	178.8	156.2	164.5	155.6
Milk drinks, fermented products	33.5	34.5	33.3	33.2
Cream	15.5	13.8	15.2	15.9
Butter	3.4	2.6	2.561	2.3
Cheese	22	20.4	18.7	19.5
Skim milk powder	2.0	.	.	.
Population (m. head)	2.0	2.0	2.0	2.0

Source: Ministry of Agriculture, Ljubljana, EUROSTAT data.

Spain

Economic situation, trade policy

The year 2008 has been unfavourable both for the producers and for the processors, specially from June onwards. The producers have suffered a decrease in the price paid for the milk while their costs have increased. The industry suffers the competition of milk and dairy products coming from other countries with very competitive prices. In the period of dairy quota 2008/2009 Spain has not managed to produce the quota assigned (-5 %).

Price trends

The full price paid to producers began to diminish in February 2008 and at the end of the year continues with that tendency. In December the price was 24% lower than that at the beginning of the year.

The liquid milk sale prices, that rose notably in the last quarter of 2007, have in general maintained the level in the first months of 2008, but subsequently they have initiated a slight fall that can be estimated at 3.5%.

Consumption trends

In general, the consumption of milk and dairy products has diminished slightly. The consumption of liquid milk shows a permanent downward trend. The sales of own-label-products have increased notably.

Farm and dairy policy

A new legal disposition on the basic regulation of control on raw cow milk is now in effect, both during its collection from farms and in its arrival at the processors. This disposition obliges the dairy sector to transmit to the Administration a large number of data on the quality of the milk.

The government has designed a Strategic Plan for the dairy sector called " Horizon 2015 ", by means of which the transition from the system of quotas to a liberalized market will be made.

Spain: Dairy Markets in figures

'000 t	2005	2006*	2007	2008
Dairy cows ('000 head)	1 012	942	903	888
Cow milk production	6 553	6 378	6 335	6 500
Cow milk delivered				
to dairies	5 940	5 863	5 765	5 814
Other animal				
- milk production	906	945.6	930.7	.
- delivered to dairies	769	762.1	.	.
Produced in dairies				
Liquid milk	3 693	3 543	3 577.9	3 530.6
Cream	89.8	76.4	94.7	133.7
Milk drinks	417.7	440.8	.	.
Fermented products	774.4	779.2	777.2	.
Butter	36.9	37.9	32.1	39.4
Cheese	308.9	312.0	316.7	.
- from cow milk	134.2	129.5	131.4	118.5
- other (mixed milk, ewes, goat)	174.8	185.0	185.3	.
Skim milk powder	7.7	0.5	1.2	4.7
Whole milk powder	5.6	8.6	5.9	4.8

Spain: Dairy Markets in figures (continued)

'000 t	2005	2006*	2007	2008
Consumption				
Cream	36.6	36.6	38.7	43
Butter	21.0	22.0	23.0	24.5
Cheese	320.8	320.2	334.8	345
Population (m. head)	44.1	44.7	45.2	46.1

* Partly estimated.
Source: FENIL, Madrid, Ministerio de Agricultura, Madrid

Sweden

Sweden: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Milk cows ('000 head)	398	386	366	357
Cow milk production	3 206	3 172	3 033	3 025
Cow milk delivered to dairies	3 163	3 130	2 986	2 981
Produced in dairies				
Liquid milk	992	954	932	915
Cream	89.2	90.4	94.1	95.5
Milk drinks etc.	265.2	267.3	266.0	271.9
Butter	26.9	30.0	27.2	21.0
Cheese	118.2	118.9	109.8	114.2
Whole milk powder	32.4	36.5	35.8	39.8
Skim milk powder	16.7	13.0	15.9	17.1
Consumption				
Butter etc.	38.4	38.2	42.1	.
Cheese	162.3	165.8	165.9	.
Population (m.head)	9.0	9.1	9.1	9.2

Sources: Swedish Dairies, Stockholm.

United Kingdom

Economic situation, trade policy

Overall the UK has entered into recession with negative GDP growth for three quarters since the third quarter of 2008. The effect of the recent decline in dairy commodity prices has been partially offset by a devaluation of sterling against the euro. This has resulted in a lower rate of decline in UK commodity and farm gate prices than seen in other European countries. Nevertheless the entire dairy industry supply chain has come under margin pressure. The European Commission's reactivation of market support schemes and a slow-down in the growth in global milk supplies has helped to stabilize market prices.

Price trends – farm level and retail level

After holding relatively stable during the course of 2008 farm gate prices have started to fall in the first part of 2009. There has been some limited offsetting of these declines by reductions in the cost of farm inputs.

UK milk production has continued to decline by around 2% per annum. Output for the 2008/9 quota year was 12.8 billion litres which compares to the most recent peak of 14 billion litres for the quota year 2003/4. The underlying cause is attributed to a lack of confidence to invest by farmers in the industry.

Consumption trends

Whilst recession has not greatly impacted total demand for dairy products it has resulted in a greater emphasis on value by consumers who have shifted their preferences away from premium products. The organic sector in particular has encountered considerable difficulties.

Farm and dairy policy

After protracted deliberations the government announced in July 2008 modifications to the programme in England for meeting its obligations under the EU Nitrates Directive. The revised programme will place significant cost burdens on dairy farmers.

The government has opened its consultation on establishing an independent body to take over responsibility for animal health policy and delivery. The new body will have powers to raise a levy from livestock holders to fund preparedness for the control of exotic diseases.

Food, health and environmental legislation

The UK's Food Standards Agency is continuing to focus on reducing the consumption of particular food constituents. The FSA has sought revised commitments from the dairy industry on the incorporation of salt. For saturated fat it is adopting a two pronged strategy of a public information campaign combined with working in partnership with the industry to re-formulate mainstream dairy products to reduce their fat content. This may result in changes to the industry's liquid milk offering. The FSA is also seeking to develop a national scheme for front of pack labelling within the scope provided by EU's Commission's proposals on food labelling.

The industry is working to deliver its obligations under the Milk Road Map which sets out targets for improving its environmental footprint. The Road Map demonstrates the industry's commitment to addressing environmental concerns.

There is a discernable shift in Government policy to give greater emphasis to food security and seeking to sustain the productive capability of the food sector.

United Kingdom: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	2 007	1 979	1 954	1 909
Cow milk production	14 470	14 348	14 066	14 000
Cow milk delivered to dairies	14 038	13 923	13 649	13 352
Produced in dairies				
Liquid milk	6 747	7 293	7 277	7 283
Cream	305.8	327.1	288.2	.
Butter	130	117	120	112
Cheese from cows' milk	384.2	391	373	373
Condensed milk	142.7	113	109	110
Whole milk powder	52.4	.	.	.
Skim milk powder	69.1	.	.	.
Milk powder	.	114	117	94
Consumption				
Liquid milk	6 258	6 352	6 405	.
Cream	244.1	269.9	254.0	.
Butter	219.1	226.3	194.5	.
Cheese	647.7	673.5	689.1	.
Population (m. head)	60.2	60.6	61.0	61.2

Source: Dairy Industry Association Ltd.

Croatia

Croatia: Dairy Markets in figures

'000 t	2004	2005	2006	2007
Dairy cows ('000 h)	272	239	241	234
Cow milk production	642	1 073	1 119	965
Milk deliveries	.	611	637	661
- Cows' milk	.	605	631	653
- Other animals	.	5.6	6.3	6.4
Produced in dairies				
Liquid milk	350.9	325.0	339.0	350.8
Milk drinks, Yoghurt	56.6	82.6	86.2	89.2
Butter	2.4	3.7	3.8	3.9
Cheese	21.5	25.6	26.7	28.5
Whole milk powder	.	0.62	0.65	2.58
Skim milk powder	0.2	2.5	2.8	2.5
Export				
Cheese	1.2	1.2	0.8	1.7
Import				
Cheese	11.9	1.1	10.4	11.1
Liquid milk	31.4	.	16.0	23.5
Population (m. head)	4.5	4.44	4.44	4.44

Source: University of Zagreb, Faculty of Agriculture, Dairy Science Department.

Iceland

Iceland: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	23.9	25.5	26.0	25.9	27.0
Cow milk production	119.0	127.8	135.7	136.7	137.0
Cow milk delivered to dairies	112.9	120.8	128.8	129.6	130.0
Produced in dairies					
Liquid milk	36.5	35.9	35.4	36.8	.
Milk drinks, fermented products	13.0	13.2	12.9	12.2	.
Cream	2.0	2.0	2.1	2.2	.
Butter	1.7	1.9	2.1	2.2	.
Cheese	7.0	7.3	7.7	7.7	.
Skim milk powder	0.2	0.5	1.0	1.0	.
Whole milk powder	0.2	0.3	0.3	0.3	.
Consumption					
Butter	1.2	1.3	1.4	1.4	.
Cheese	7.0	7.1	7.4	7.6	.
Population ('000 head)	296.0	307.0	313.0	319.0	.

Source: Icelandic dairies association.

Norway

Economic situation, trade policy

The general economic situation in Norway is satisfactory, despite the financial crises. Unemployment increases slowly, but a lot of effort is made to keep it down. The most important trade channel, especially in agriculture, is the agreement with EU. In autumn 2008 they started to negotiate about an increase in the agricultural trade, in particular cheese. At the same time the Government has the WTO negotiation in mind, but so far everybody is only waiting.

Price trends – farm level and retail level

In Norway the milk price to the farmer is stable. But at the same time the cost level both on the farm and in the industry has increased further. The consumer prices get higher, but on the other hand, the average consumer uses only 10 % of their income on food. But the huge price difference between Norway and the world market challenges the Norwegian tariff wall.

Consumption trends – Liquid Milk, Fresh Dairy products, Butter, Cheese Milk powder, Whey powder, Whey products

In general 2008 was a very satisfactory year. Consumption of liquid milk stabilized and products with low fat content increased. Fresh dairy products also continued to grow . Last year even butter had a small growth, but the average consumption is low. Cheese continued to flourish. The use of milk ingredients was stable, due to the fact that milk powder is only supplied to the home market.

Farm and dairy policy

There have been no recent changes in the agricultural\dairy policy. Still the farmers are able to negotiate with the Government. But due to the fact that the internal support soon will reach the ceiling, the first step will be to change the system in the meat sector, and milk may follow. There will be a parliamentary election in September and it is expected that they will start to create a new farm policy next year.

Food, health and environmental legislation

Nutrition labelling:

"The Keyhole" is a joint Nordic nutrition label that is meant to give the consumers the chance to make a simple and healthy food choice. This new scheme, which is expected to be launched this year, will make it easier to select healthy products.

By setting criteria for certain food groups, a symbol is applied for food that contains less fat, salt and sugar and more whole grain and fibre.

The principle of mandatory Guideline Daily Amount (GDA) labelling is introduced in the draft EU regulation on food labelling.

The EU regulation on Nutrition and health claims is expected to be implemented in Norway this year. The setting of criteria for which foods can carry nutrition and health claims is still under discussion (Nutrient profiles).

Norway: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	275.2	266.1	259.0	262.0
Cow milk production	1 590	1 560	1 560	1550
Cow milk delivered to dairies	1 515	1 500	1 541	1526
Goat milk delivered to dairies	20	20	19	19
Produced in dairies				
Liquid milk	430	428	426	430
Cream	26	26.4	25.8	26

Norway: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008
Fresh dairy products	98	109	117	121
Butter	9.2	8.6	9.4	10.3
Cheese	84	83	84	85
Skim milk powder	7.0	7.0	7.0	7.0
Export				
Butter[1]	1.5	0.3	2.1	3.2
Cheese	17.5	16.8	13.4	12.8
Consumption				
Butter[1]	20	20	18	19
Cheese	70	70	71	73
Population (m. head)	4.6	4.6	4.6	4.7

1) Including blends.

Switzerland

Economic situation, trade policy

- GDP nom 2008: +3.9%
- GDP nom 2009: -2.2% (estimation)
- Inflation total 2008: +2.4%
- Inflation total 2009: -0.2% (estimation)
- Inflation Food 2008: +3.05%

Price trends – farm level and retail level

- Milk price (farm) 2007: Ø 70.04 CHF/100 kg milk
- Milk price (farm) 2008: Ø 77.65 CHF/100 kg milk
- Milk price (farm) 4/2009: Ø 60.-- CHF/100 kg milk
- Milk price (farm) trend: ↓
- Retail level (all milk products:
  - Ø/2000: 100 %
  - 4/2009: 105 %

Consumption trends – Liquid Milk, Fresh Dairy products, Butter, Cheese Milk powder, Whey powder, Whey products

- Milk production 2008: +5.0%
- Consumption per capita 2008 (kg product in Switzerland):
  - Fluid milk: 75.6 kg
  - Beverages: 10.1 kg
  - Yoghourt: 18.1 kg
  - Cream: 8.5 kg
  - Butter: 5.7 kg
  - Cheese: 21.1 kg

  - Milk equivalent: 394 kg (-10.0 kg)

Farm and dairy policy

In 2004 the Swiss government decided to terminate the milk quota system, that had been introduced in 1977. After a transition period from 2006 to 2009 since the 1st of May 2009 there is no milk quota system in Switzerland any more.

Switzerland: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows (000' head)	618	618	614	615	635
Cow milk production	3 933	3 931	3 983	4 115	4 110
Cow milk delivered to dairies	3 203	3 205	3 261	3 370	3 392
Goat milk production	23	25	25	26	26
Produced in dairies					
Liquid milk	488.4	493.3	489.2	.	.
Fermented milk products	229.1	234.2	236.2	.	.
Cream	64.5	64.8	67.1	.	.
Butter	38.6	36.9	36.9	45.7	.
Cheese	167.7	172.9	176.3	179.2	.
Whole milk powder	20	19.4	21.0	22	.
Skim milk powder	25.8	23.8	22.0	27.5	.
Export					
Skim milk powder	13	11.4	4.5	.	.
Whole milk powder	2.6	0.4	4.5	5	.
Cheese	56.7	56.1	59.3	61.2	.
Import					
Butter	1.8	4.3	6.3	0	.
Cheese	32.8	33.3	37.3	41.1	.
Consumption					
Butter	41.1	41.7	44.1	44.5	.
Cheese	160.6	164.5	172.4	177.1	.
Population (m. head)	7.45	7.46	7.72	7.81	.

Source: TSM; Swiss Milk Powder Association, Bern.

Russia

In December 2008 Federal law "№88-ФЗ The Technical rules on milk and dairy products" took effect, signed on the June 12, 2008 by the President of Russia. The Federal law contains safety requirements for milk and dairy production, including products for children. It also contains safety requirements for manufacturing, storaging, transportation, marketing and recycling, and also governs terminology, packing, milk marks and dairy production, including information on the name, structure and consumer properties. The law, which governs the dairy industry for the first time, was prepared over 5 years by Russian Dairy Union experts together with the Ministries, science and business.

Milk production continued to increase in 2008 to reach 32.5 million tonnes, 1.1 % over the level of 2007. Yield per cow grew by 5.5%, or 208 kg, over 2007 to 4006 kg. The number of dairy cows in Russia continued to fall and by the beginning of 2009 there were 9.1 million cows, a decrease of 2.2 % in comparison with 2008. The share of milk production delivered to dairies grows each year (for last 4 years – a gain of 1 % annually), and now has reached 50 %. In some regions of the country milk production seasonality is still high (up to 1:1,5). On this background, milk prices vary over a year (for example, from 9.90 up to 12.40 rubles in 2008).

The Russian Federation was no exception to the world tendency to decrease consumption of milk and dairy production. Consumption was forecast to increase in 2008, but instead fell by 7% compared to 2007, to 230 kg per head. The decrease of consumer demand prompted an increase of volumes of milk processed into longer life products (butter, cheese, milk powder), and an increase in stocks held by warehouses.

Economic situation, trade policy

Russia is a leader among key markets for internationally traded cheese and butter. The increase in import duty of products from these dairy categories (except Ukraine and Belorussia) should reduce import volumes and stimulate domestic manufacturers to increase manufacture.

Since June 1, 2009 a 10% increase in import customs duties for tropical oils is planned. The reduction of deliveries of tropical oils will promote support of the Russian manufacturers of dairy and vegetable fats, and will also be positively reflected in the quality of dairy production.

Food, health and environmental legislation

Dairy industry activity in Russia is subject to the following Laws:

№ 29 Concerning quality and safety of foodstuffs

№ 88 Technical rules on milk and dairy production

№ 52 Sanitary rules - well-being of the people

№ 3 Consumer safety

№ 7 Environmental protection

Russia: Dairy Markets in figures

‘000 t	2006	2007	2008	Forecast 2009
Dairy cows (‘000 head)	9 500	9 400	9 300	9 100
Cow milk production	32 016	32 381	32 500	32 800
Cow milk delivered to dairies	15 048	15 543	15 600	16 400
Produced in dairies				
Liquid milk	4 106	4 188	4 100	
Butter	230	245	258	
Cheese (excl. quark)	405	434	429	
Whole milk powder	76	75	84	
Skim milk powder	123	132	131	
Imports				
Butter	165	129	140	
Cheese	301	330	350	
Population (m. head)	142	142	142	

Source: Russian Dairy Union, Ministry of Agriculture, Moscow.

Ukraine

Ukraine: Dairy Markets in figures

‘000 t	2005	2006	2007	2008
Dairy cows (‘000 head)	3 965	3 635	3 347	3 080
Cow milk production	13 714	13 269	12 262	11 642
Cow milk delivered to dairies	5 689	5 607	6 029	5 820
Goat-milk production	291	291	.	.
Produced in dairies				
Liquid milk	863	818	866	820
Milk drinks, fermented products	499	523	534	530
Butter	120	104	100	85

Ukraine: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008
Cheese from cows' milk	271.1	215.2	246.0	253.0
Fresh Cheese	83.5	93.2	93.2	92.0
Whole milk powder	29.0	24.9	30.0	30.0
Skim milk powder	82.0	80.9	94.7	65.0
Condensed milk	.	96.6	112.6	115.0
Casein	17.8	12.8	10.0	8.0
Export				
Butter	24.4	12.7	4.0	6.0
Whole milk powder	19.8	17.4	.	.
Skim milk powder	56.5	64.2	58.0	44.0
Cheese	116.2	49.2	61.0	77.0
Import				
Cheese	5.5	8.4	12.0	.
Population (m. head)	46.9	46.7	.	.

Source: ZMP; Ukrainian Milk and Dairy Research Institute, Kiev;
Agroperspectiva, Kiev.

Turkey

Bovine animal numbers decreased by 1.58% to 10 946 239 heads at the end of 2008 when compared to the previous year. Cattle number existing in the bovine animals decreased by 1.60 % and became 10 859 942, while buffalo number increased by 1.88 % and became 86 297 heads.

Milk production decreased by 0.70% in 2008 and became 12 243 040 tonnes. 91.93% of this amount is cow milk, 6.10% is sheep milk, 1.71% is goat milk and 0.26% is buffalo milk.

Canada

In 2008, 75.9 million hectolitres of milk was processed into a wide range of dairy products and ingredients, a slight (0.09%) increase from the previous year. Thirty nine percent (or 29.5 million hectolitres) was processed into fluid milk and cream products while 34% went into cheese production. Yogurt and ice cream accounted for about 5.2%, while the rest is used in the manufacturing of butter, milk powders, condensed milk, dairy ingredients for further-processed products.

In 2008, dairy farming in Canada generated $5.3 billion in total farm cash receipts, up slightly from 2007 levels. During the same period, sales by Canadian dairy processors amounted to $13.1 billion, representing 15% of all processing sales in the Canadian food and beverage sector.

Economic situation, trade policy

The Canadian economy remained strong through the first half of 2008, but was negatively affected by the downturn in global markets in the second half. Real GDP increased by only 0.6 % in 2008. The consumer food index increased by 2.4%, while the dairy products price index increased by 3.9%. In 2008, the Canadian dollar depreciated against the US dollar to reach an average of 0.94 US cents. It is estimated that the Canadian dollar will continue to head lower against the US dollar in 2009 with an average 0.74 - 0.78 US cents.

Canada remains actively engaged in the World Trade Organization (WTO) negotiations and continues to exchange views and ideas with other WTO members. As well, Canada's active regional and bilateral trade negotiations agenda further complements and reinforces our efforts at the WTO. Our most recent effort has been the formal launch of Canada-EU free trade negotiations.

Price trends – farm level and retail level

Average farm level prices for milk increased 1.8% to an average of $0.7204 per litre in 2008 and should remain stable into 2009. The sharp rise in fuel prices and input costs can be attributed the greater part of this increase. Producers are responsible for transportation and generic promotion costs.

The average price of fluid milk (4L partly-skimmed) and cream (half & half) at the retail level increased 5% and 4.2%, respectively, mirroring the price increase at the farm level. The average retail price for cheddar-type cheese increased slightly in 2008, moving up 1.2%. Cheese has performed well in recent years with volume sales growing inline with population growth and a growing economy.

Yogurt prices at the retail level increased 5.4%. The overall demand for new and innovative yogurt products (e.g. drinking yogurts, pre/pro biotics) continue to spur growing significant demand for yogurt in Canada.

Consumption trends

Fluid milk and cream

Sales of fluid milk slightly declined in 2008 to reach 2 740 billion litres. Two percent milk is the most consumed product in Canada. Sales of chocolate milk have increased significantly in recent years. Cream sales also declined slightly reaching 284.2 million litres.

Cheese

Cheese production decreased by 1.7% in 2008 and consumption stood at 12.3 kg per capita; growth continues in the specialty cheese categories.

Butter

Butter production remains fairly stable over the past years and consumption stood at 2.7 kg per capita in 2008.

Yogurt

The yogurt market in Canada remains strong with production increase of 9% and consumption per capita increased to 8.2 litres.

Farm and dairy policy

Federal and provincial governments have worked together to develop a new agricultural strategy called The Growing Forward Framework Agreement. The agreement lays the groundwork for coordinated federal-provincial-territorial (FPT) action over five years (2008 to 2012) to help the sector become more prosperous, competitive, and innovative.

Canada remains at the forefront of new and innovative research into dairy genetics. Genotyping provides an animal's DNA profile; which through analysis, allows Canadian Dairy Network (CDN) geneticists to determine each animal's potential for a particular trait. Genomic evaluations are currently estimated for over 60 different traits. On a trait-by-trait basis, each animal's Direct Genomic Value (DGV) is combined with its traditional genetic evaluation, in proportion to their respective reliabilities, in order to produce a genomic evaluation published by CDN.

Produced by Agriculture and Agric-Food Canada, Dairy Section, July 2009

Canada: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	1 041	1 019	1 005	989	978
Cow milk production	8 001	7 967	8 155	8 162	8 172
Cow milk delivered to dairies	7 492	7 410	7 584	7 591	7 600
Produced in dairies					
Liquid milk (m. litres)	2 717	2 730	2 745	2 740	.
Cream for Consumption (m. litres)	269.8	280.1	290	284.2	.
Yoghurt (m. litres)	233.2	243.6	251.7	274.2	.
Butter[1]	86.3	78.8	82.4	85.8	.
Cheese[2]	351.8	359.1	373.7	366.4	.
Cottage cheese	27.5	27.8	30.1	29.9	.
Skim milk powder	73.1	72.4	74.8	84.5	.
Export					
Butter	1.6	4.5	12	0.2	.
Cheese	10.3	9.6	9.3	9.8	.
Condensed/Evaporated milk	.	2.7	1.5	0.4	.
Skim milk powder	5.5	12.7	14.0	10.3	.
Import					
Cheese	24.2	21.2	22.4	23.9	.
Consumption					
Butter	105.7	85.6	90.7	89.8	.
Cheese	362.5	370.6	386.8	380.5	.
Cottage cheese	27.5	27.8	30.1	29.9	.
Population (m. head)	32.3	32.62	32.98	33.31	.

1)Including whey butter.
2 Including goat and sheep milk.
Source: Agriculture and Agri-Food Canada - Dairy Section.

USA

Economic situation, trade policy

Dairy producers in the United States are currently experiencing their highest ever levels of financial losses per unit of milk production, less than two years after they received the highest ever milk prices. Strong growth in international dairy product demand during 2004-2008 combined with production shortfalls by competing suppliers increased U.S. commercial dairy exports, from the equivalent of 5.7 percent of domestic production in 2003 to 10.8 percent of production in 2008. This rate has pulled back sharply to 7.6 percent for the first two months of 2009.

There is as yet no timetable for the U.S. Congress to vote on approval of three completed bilateral free trade agreements, with Panama, Colombia and South Korea.

Price trends – farm level and retail level

Volatility of farm level milk prices in the USA are shown by the following annual average prices received by U.S. dairy farmers milk deliveries (in US$ per 100 kg) 2006: $28.40, 2007: $42.20, 2008: $40.40, 2009 Jan-April: $26.80.

By March 2009, retail level prices for dairy products have dropped from their recent high levels in the second half of 2008, by 11 percent for butter, by 7 percent for cheese and by 6 percent for ice cream.

Consumption trends

Consumption of most of the listed dairy products in the U.S. domestic market declined in late 2007 and into the first part of 2008 in reaction to increased prices resulting from increased competition by exports. As prices declined in 2008, consumption of most products quickly resumed positive growth. Exceptions are mozzarella cheese and yogurt, for which this general pattern of price-related consumption decline followed by recovery has been slower to occur. Decisions by quick-serve pizza chain restaurant operators to reduce the volume of mozzarella cheese on individual servings of pizza and by yogurt manufacturers to reduce the volume of the standard single-serve plastic container by 25 percent are the reasons why price transmission and consumption trends have been delayed for these products.

Farm and dairy policy

Federal dairy policy in the USA is established by the farm bill enacted in June 2008, which changed the basis for direct price support via government intervention purchases from a milk basis to a product basis and which expanded the direct payment mechanism. As a result, the government no longer has the authority to make butter-SMP “tilt” adjustments. A feed cost “trigger” has been added to the existing milk price “trigger” for direct payments, and the payment formula and maximum individual farm milk volume limit for payments have both been increased.

Food, health and environmental legislation

Controversy has occurred in several individual states between determined consumers of unpasteurized milk and the food safety regulatory regimes that do not permit unpasteurized milk consumption. At the national level, there is interest in the U.S. Congress in strengthening and potentially restructuring federal food safety agencies following a number of high-profile food safety issues, most recently for peanut products.

NMPF, Washington

USA: Dairy Markets in figures

‘000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows (‘000 t)	9 043	9 137	9 189	9 315	9 200
Cow milk production	80 254	82 455	84 211	85 650	84 700
Cow milk delivered to dairies	79 736	81 931	83 682	85 650	84 150
Produced in dairies					
Liquid milk	24 740	25 010	24 987	25 011	.
Butter	611.2	657.0	695.3	748.9	.
Cheese	4 150.1	4 320.3	4 400.1	4 463.5	.
Cottage cheese	355.9	352.9	354.5	329	.
Condensed milk	248.4	230	233.9	260	.
Whole milk powder	14.7	13.8	14.4	22.7	.
Skim milk powder	697.9	689.0	685.5	861	.
Export					
Butter	8.6	10.8	32.9	80.1	.
Cheese	57.6	71.0	99.6	131.4	.
Whole milk powder	12	10.4	12.4	29.3	.
Skim milk powder	288.6	292.4	266.4	402.5	.

USA: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008	Forecast 2009
Import					
Butter	39.9	32.4	14.3	13.9	.
Cheese	208.7	206.2	197.6	171.5	.
Consumption					
Butter	620.3	644.9	686.5	772	.
Cheese	4 293	4 461	4 565	4 575	.
Population (m. head)	295.6	298.4	301.3	304.2	.

1) Nonfat dry milk included.
Source: NMPF, Washington.

Argentina

Argentina: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	2 300	.	.	.
Cow milk production	9 778	10 466	9 813	10 310
Cow milk delivered to dairies	9 070	9 717	9 062	9 541
Produced in dairies				
Liquid milk	1 647	1 691.8	1 730	1 789
Fresh dairy products1)	405.2	473.9	576.4	583.0
Butter	40.0	46.9	47.4	50.8
Cheese	414.4	466.5	486.7	490.6
Condensed milk	5.6	6.5	7.6	6.9
Whole milk powder	254.4	259.8	185.0	224.8
Dulce de leche	109.9	117.7	125.0	124.9
Skim milk powder	32.1	29.6	22.5	24.8
Export				
Liquid milk	13.6	17.0	10.0	24.0
Whole milk powder	166.4	214.8	114.8	151.2
Skim milk powder	15.5	22.7	10.6	13.9
Butter	7.0	15.9	18.8	21.6
Cheese	52.0	58.4	46.7	36.1
Consumption				
Liquid milk	1 635	1 674	1 710.0	1 762.1
Butter	30.3	28.7	28.1	29.3
Cheese	367.0	405.0	442.1	456.6
Population (m. head)	38.6	39.0	39.4	39.7

1) Including yoghurts and desserts.
Source: Mecon, S.A.G.P. y. A. Buenos Aires.

Brazil

Brazil: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows	20 626	20 943	21 122	.
Cow milk production	25 384	26 160	26 920	.
Milk deliveries	16 773	17 164	18 335	19 750
Produced in dairies				
Liquid milk[1]	13 175	13 300	.	.
Butter	77	79	82	.
Cheese	495	528	580	.
Whole milk powder	440	465	505	.
Skim milk powder	113	117	128	.
Exports				
Butter	1.8	1.5	3.4	3.9
Cheese	11.0	7.6	7.6	6.9
Skim milk powder	4.1	3.5	4.4	0.4
Whole milk powder	24.5	17.4	42.0	82.0
Imports				
Cheese	3	6	4.1	4.6
Whole milk powder	29	27	19.1	22
Skim milk powder	5	9	3.6	7.1
Population (m. head)	.	.	.	.

1) Consumption incl. "informal sector".
Sources: Milkpoint, Brazil; Embrapa, Brazil, USDA.

Chile

Chile: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Cow milk production	2 365	2 472	2 523	.
Cow milk delivered to dairies	1 775	1 873	1 927	2 031
Produced in dairies				
Liquid milk for consumption	306.8	329	340	330
Cream	19.8	20.4	21.0	29.0
Yoghurt	189.4	172.2	176.8	191.6
Butter	14.7	17.2	18.2	16.8
Cheese	77.7	71.2	70.3	65.3
Whole milk powder etc.	50.8	53.7	57.4	85.4
Skim milk powder	11.9	15.8	16.8	17.6
Condensed milk	39.6	43.5	45.4	41.5

Chile: Dairy Markets in figures (continued)

‘000 t	2005	2006	2007	2008
Export				
Milk powder	6.5	7.5	10.5	14.5
Condensed milk	33.2	37.8	37.6	34.1
Cheese	17.6	12.7	16.4	11.2
Import				
Milk powder	6.9	12.2	2.9	0.4
Cheese	8.1	9.2	7.1	2.5
Butter	2.5	1.3	0.5	0.2
Population (m. head)	16.3	16.5	.	.

Source: ODEPA, Santiago; Faostat Data 2008.

Mexico

Mexico: Dairy Markets in figures

‘000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows (‘000 head)	2 197	2 222	.	.	.
Cow milk production (m. litres)	9 868	10 089	10 346	10 601	10 900
Goat milk production	161	163	168	167	
Produced in dairies					
Consumption milk	4 024	4 187	4 271	4 412	
Cream	73.3	80.6	85.4	94.5	
Fermented milk and milk drinks	536.0	569.0	635.8	630.5	
Butter	17.6	16.8	12.9	23.9	
Cheese	134.4	142.6	145.9	149.9	
Whole milk powder[1]	166.2	183.8	201.7	190.8	
Imports					
Butter/AMF	50.7	34.9	41.9	29.0	
Cheese	74.2	78.4	85.9	68.1	
Milk powder	182.8	143.5	153.2	173.2	
Evap. and cond. Milk	35.7	33.8	48.6	29.5	
Whey powder	78.2	110.0	120.4	90.3	
Milk preparations					
(LN 1901)	128.6	41.7	46.7	31.1	
Consumption					
Cheese	229	229	233	238	
Population (m. head)	104	105	106	.	

1) Including babyfood.
Sources: Mexican National Committee of IDF, SAGARPA.

Venezuela

Venezuela: Dairy Markets in figures

'000 t	2004	2005	2006	2007
Milk production	1 098	1 175	1 264	1 289
Milk availability[1]	1 846	2 145	2 279	2 339
- as cheese	39%	36%	39%	38%
- as milk powder	45%	50%	49%	48%
- as liquid milk[2]	16%	13%	12%	13%
- from domestic production	60%	54%	55%	56%
- from imports	40%	46%	45%	44%
Population (m. head)	26.1	26.6	27.0	27.5

1) All dairy products in milk equialent, including imports.
2) Including other utilizations.
Source: CAVILAC, Caracas

Australia

General Economy

Recent data point to a marked deterioration in world economic conditions in late 2008. Output contracted significantly in the December quarter in the major advanced economies [and] in a number of emerging market economies, and there were unusually sharp falls in international trade and industrial production. The Chinese economy also slowed significantly.

The main factor behind this highly synchronized deterioration in global activity seems to have been the shock to confidence that followed the Lehman Brothers collapse in mid-September. The loss of confidence was reflected in sharply declining equity and commodity prices, in survey-based measures of business and consumer sentiment around the world, and in a widespread downturn in private spending. These effects are likely to have been amplified by a cyclical slowdown in China [and] by tighter conditions in global credit markets, including in trade finance.

Conditions in the Australian economy have continued to weaken significantly as the global economy has entered a deep recession. GDP data for the September quarter showed the economy grew marginally by just 0.1%, while the December quarter contracted by 0.5%.

Until recently, the slowing in the domestic economy had largely been centered on the household sector. There was little growth in household consumption in the June and September quarters as rising interest rates, higher petrol prices and falling equity and house prices reduced households' willingness and ability to increase spending. Nevertheless, conditions for households have improved somewhat lately given the sizeable falls in mortgage rates in recent months, sharp falls in petrol prices, and the significant boost to household income from the Government's [December and April] stimulus measures.

Conditions in the business sector have deteriorated sharply in recent months. In particular, there has been a significant reappraisal of future demand for commodities, resulting in cuts to production and exports and a growing number of mining companies announcing reductions in their capital expenditure intentions for 2009.

On Farm

The challenge of milk price has returned to top the list of dairy farmers' major concerns – after falling well down the list during the period of record high prices experienced last season. While milk prices were always expected to be lower this season, the speed at which world commodity prices fell and the major dairy companies' responses by announcing milk price step-downs – the first since the early 1970s - took everybody by surprise and significantly shook dairy farmer confidence in the short term.

Preliminary findings of the 2009 National Dairy Farmer Survey - recently released as part of Dairy Australia's Situation and Outlook: March 2009 Update – reported that 76% of farmers were affected by a milk price step-down. Reducing herd sizes and supplementary feeding rates, together with restructuring debt, are all being considered as short-term responses to the lower than expected milk prices being received this year. While there has been some easing of input costs this season, the challenge of 'margin management' has rarely been more difficult than over the last few months of the current season.

Farmers currently dealing with negative cash flows are viewing the 2009/10 opening price as a significant trigger point for decision-making. While still very uncertain, current international market conditions suggest a possible milk price in the range $A 4-00 to $A 4-60 per kg milk solids in export regions over the full 2009/10 season. Below average levels of committed sales in the lead up to July will put pressure on exporting manufacturers to open prices conservatively. However, companies have to balance the impact of lower milk flows on operating margins against their capacity to offer step-ups as the season progresses. This could see milk prices open in July between $A 3-50 and $A 4-00 per kg milk solids [26-29 c/litre].

Together with the uncertainties surrounding international commodity prices, the other key determinant of 2009/10 farm gate prices for the southern exporting regions will be the exchange rate. A higher Australian dollar translates directly into a lower farm gate return – approximately 0.5 cent per litre is cut for every 1 cent increase in the dollar. As a further indicator of uncertainty, the range in current forecasts from the 'big 4' Australian banks for the Australian dollar are from 54 to 77 cents by December 2009.

Payments in drinking milk regions will be higher, due to supply contracts and a stronger domestic market, but new contracts will face downward adjustment pressure.

Milk production volumes for the first nine months of the season to March 2009 are estimated to be 2% ahead of last year at 7.6 billion litres. Nevertheless, volumes are expected to fall behind last year over the last few months of the season and Dairy Australia has recently adjusted its forecast milk production downward to 9.2 billion litres – a similar volume to that achieved last season.

Current conditions indicate that 2009/10 milk production could potentially be significantly lower as cow numbers and feeding rates are reduced. Rarely has a widespread autumn break across southern Australia and something like average spring rains been more important for next season's expectations.

Despite the current difficulties faced, 66% of the 1 000 dairy farmers surveyed nationally during February and early March this year said they felt 'fairly to very positive' about the [medium term] future of the dairy industry. While the figure fell from 78% when compared to the previous year, there were more positive responses than in each of the 2004 to 2007 surveys. The level of confidence reflected in the survey indicates that most dairy producers see the current environment as a short-term issue associated with the current dire economic situation. Economic recovery will lead to increased dairy consumption, thereby increasing prices and global demand for dairy products. In the meantime though, farmers are adapting their plans as best they can.

ABARE released their preliminary estimates of farm financial performance data during early-April. The national dairy farm survey figures for 2008/09 suggest a fall of 33% in farm cash income to $85,500 – with 18% of farms recording a negative farm cash income. Lower milk prices were the main factor. While feed grain prices per tonne were lower than last year; feed volumes were higher in the [on-going] drought-affected irrigated areas, with feed costs estimated at 39% of total cash costs again this season.

Consequently, the average farm business profit [excl. capital appreciation] is estimated to fall by 92% from $63 000 last year to just $5 000 in 2008/09 – with 62% of farms making a loss. Average debt level fell slightly by $26 000 to $486 000 – although this might increase again as, of the 76% of farmers impacted by the milk price step-downs, 24% have extended their debt and a further 24% have refinanced / deferred their debt to manage the situation.

Company Developments

Fonterra Australia is to invest $10 million on expanding the capacity of its Wynyard [Tasmania] cheese plant – including technology upgrades and an electricity generator. The expansion would act as an incentive for suppliers to expand milk production [by up to 100 million litres] and to flatten the supply curve by broadening the current very high production peak experienced in Tasmania. This project was deferred early in 2009 - citing "the volatility of the current economic environment".

Bega Cheese Ltd announced record performances in 2007/08 for both the Bega Cheese and Tatura Milk Industries - 70% owned by Bega – companies. Consolidated revenue for the group was $697 million and operating profit before tax was $36.7 million. Bega Cheese's operating profit before tax was $19.4 million – on a lift in revenue from $293 million to $378 million – with product output of over 75 000 tonnes. Meanwhile, Tatura [TMI] reported a profit of $17.7 million – on sales revenue which lifted from $249 million to $340 million.

Bega Cheese Ltd has acquired the assets of the Melbourne-based family cheese business De Cisco Industries – including the Coburg manufacturing plant - but not the Camperdown plant. Press reports suggest 60 million litres of milk intake and manufactured cheese volumes of 5 000 tonnes.

Longwarry Food Park made it as No. 1 in BRW's annual FAST 100 growth companies – with revenue growth up 423% over the last three years. Apart from rapid growth in sales revenue, Longwarry has significantly reduced fresh water use below the industry average and its energy costs by a third.

Warrnambool Cheese & Butter Factory [WCBF] shareholders voted at the AGM not to renew the 5% limit on share ownership - which will see it phased out by 2011. They also voted to issue new shares to contribute to the capital raising for the NatFoods cheese JV - & this could be up to 50% of the $105 million required.

Murray Goulburn's 2007/08 financial results reported a 21% increase in sales revenue to $2.63 billion – however this is expected to contract in the current year due to falling commodity prices. MG showed a significant lift in net profit from $21.7 million to $93.2 million for the year – at the same time as paying its farmer suppliers record milk prices.

The result of the NatFoods takeover offer vote by ACF / DFG active membership closed on 12 November and of the total 1 512 active membership, 88.7% or 1 341 participated in the vote. The proposal received support with a 96.3% YES vote. The announcement that the necessary contracted milk volumes were secured was made on Mon 17 November; while the NSW Supreme Court approved the NatFoods proposal on 18 November.

Bega Cheese Ltd is to purchase and manage Kraft's Strathmerton cheese processing plant and will contract pack Kraft's Singles, Cheesticks and Philadelphia cream cheese on a long term supply agreement. The purchase will give Bega 90% of Australia's processed cheese manufacturing capacity – furthering its goal to become Australia's largest contract cheese processor. The deal fits Kraft's strategy of getting out of manufacturing in high-cost markets such as Australia, while still retaining brand ownership. The deal took effect from mid-February 2009.

WCBF and NatFoods have executed agreements to form their proposed joint venture, Australian Cheese Company P/L [ACC], to operate the cheese business of ACF / DFG. ACC will be owned 50:50 by each partner and will own and operate the retail cheese assets of DFG that were acquired by NatFoods in November 2008. WCBF will contribute $105 million for its share in ACC.

WCBF will provide management services in relation to cheese manufacturing, cutting and wrapping facilities at Simpson, Allansford and Jervois. WCBF will be reimbursed its costs and will receive a management fee from June 2010. NatFoods will provide sales, marketing, distribution and logistics services to ACC. Nat-Foods will be reimbursed its costs and will receive a sales, distribution and marketing fee from June 2012.

NatFoods closed its niche Timboon Farmhouse Cheese operation in mid-March – citing reduced demand for organic cheese as the reason and to "ensure National Foods remains a strong and viable business, especially in the current environment".

Murray Goulburn have closed their Leitchville plant for 20 weeks this year from April to mid-August – up from the usual 6 to 8 weeks for routine maintenance – citing decreasing world prices and demand.

Burra Foods is to develop a new milk processing plant on its site at Korumburra over the next 12 months – aided by the recent connection of the town to natural gas.

Murray Goulburn are reported to be in discussions to buy FreshCo – a company set up to license the drinking milk brands NatFoods had to relinquish in NSW & SA in order to gain ACCC approval for its takeover of Dairy Farmers Group. The major white milk brands involved are a 2-year license for Pura in NSW & ACT; and perpetual licenses for Dairy Farmers White, Lite White & Skim in SA.

Fonterra is quitting the ice cream category in Australia by selling the Peters & Connoisseur ice cream brands in WA and will close the Balcatta ice-cream site. Nestle – who owns the Peters brand in the eastern states - will acquire these two brands and move manufacturing to their Mulgrave site in Melbourne. Meanwhile, the license to manufacture and market the Cadbury ice cream range in Australia has been sold to Bulla [Regal Cream] who will also manufacture at their VIC plant. Both agreements are conditional to regulatory approval.

Fonterra will also review its non-core regional liquid milk businesses – Brownes in WA, Riverina Fresh in southern NSW & the Norco alliance in northern NSW – to concentrate on its primary focus on national lead-ership in cheese, spreads, yogurts and dairy desserts.

Policy

Farm

No significant changes in Australian farm policy in recent months.

Trade

Apart from the Australia/NZ - ASEAN Free Trade Agreement was signed in late February 2009 in Thailand; no significant changes in Australian trade policy in recent months.

Natural Resources

Carbon Pollution Reduction Scheme (CPRS)

In December 2008 the Australian Government released its CPRS White Paper outlining the final design of the CPRS and the medium-term target range for reducing carbon pollution. Agricultural emissions – representing around 16% of net national emissions in 2006 - will not be covered by the scheme until 2015 at the earliest, with a final decision to be made in 2013. The Government anticipates the introduction of the CPRS will result in a one-off CPI increase of 1.1% in 2010, based on a carbon permit price of $25 / ton. Although agriculture will not initially be covered by the scheme, the CPRS will have an immediate impact on dairy farm costs from 2010, through the inclusion of fuel and energy, which will result in higher electricity, fuel, chemical and fertilizer prices flowing through the supply chain to farmers.

Recent developments

It was announced in early-May that the start of Australia's emissions trading scheme is to be delayed until July 2011 because of the global recession. In announcing the delay, the prime minister Mr. Kevin Rudd, said that to help businesses during difficult economic times, there would be a one-year fixed price period until July 2012. Permits would cost $10 / ton of carbon in 2011/12, with a transition to full-market trading from July 1, 2012. The changes are designed to win the support of both the environmental movement and the concerned public, while appeasing the conservative opposition parties and big business interests.

The government also announced a new, more ambitious carbon pollution reduction target of 25% below 2000 levels by 2020 if the world agrees to an "ambitious global deal to stabilize levels of CO_2 equivalent at 450 parts per million or lower'' by 2050. The existing targets for emission cuts of between 5% and 15% on 2000 levels by 2020 remain in place.

Manufacturing / processing sector

A "**Dairy Manufacturing Industry Sustainability Report 2007/08**" report, produced by Dairy Australia on behalf of the Dairy Manufacturers Sustainability Council, was recently released. It concluded that Australia's dairy processors have saved more than $2.5 million from an investment of $27 million in environmental sustainability projects over the past three years. Assessing 52 of the country's 57 processing sites, the report found that the works saved more than 6 000 tonnes of greenhouse gas emissions; fresh water use fell by 5% and recycled water use rose from 15% to 16%; wastewater generation dipped from 1.6 to 1.5 litres / litre raw milk processed; and 47% of wastewater was used for irrigation. The full report is available on the Dairy Australia website at www.dairyaustralia.com.au

Food / Health Standards

No new developments in recent months.

For more detail on this area at any time, see Australia's contribution to the work of the various IDF Food Standards Committees such as the Standards of Identity, the Food Labelling and Terminology, the Food Additives and the Nutrition and Health standing committees.

Dairy Australia, Melbourne.

Australia: Dairy Markets in figures

'000 t	2005/06	2006/07[1]	2007/08[1]	Forecast 2008/09	Forecast 2009/10
Dairy cows ('000 head)	1 870	1 786	1 700	1 700	1 700
Cow milk production (million litres)	10 089	9 583	9 223	9 200	9 200
Produced in dairies					
Liquid milk (m. litres)	2 065	2 160	2 205	2 251	.
Butter, AMF, blends	145.8	133.1	127.6	153	.
Cheese	372.9	363.8	358.9	348	.
Whole milk powder	158.2	135.4	142	138	.
Skim milk powder	227.5	208.8	176.9	221	.
Export					
Liquid milk	87.3	84.0	.	.	.
Skim milk powder	188.8	173.1	127.4	178.4	.
Whole milk powder	164.8	143.4	125.1	162.6	.
Butter, AMF	82.3	75.2	53.8	56.5	.
Cheese	201.7	212.3	202.4	131.6	.
Import					
Butter	10.0	12.7	20.3	12.2	.
Milk Powder	21.0	18.6	21.7	21.9	.
Cheese	58.4	64.3	69.7	59.2	.
Consumption					
Liquid milk (m. litres)	2 127	2 227	2 271	2 312	.
Butter, AMF; blends	77.4	79.64	87.2	88.7	.
Cheese	240.5	250.3	249.7	254.2	.
Yoghurt	138.0	140.8	142.7	145.3	.
Population (m. head)	20.56	20.85	21.18	21.562	.

1) Provisional or estimated.
Source: Dairy Australia.

New Zealand

New Zealand: Dairy Markets in figures

'000 t	2004/05	2005/06	2006/07	2007/08	2008/09
Dairy cows ('000 head)	3 867	4 100	4 140	4 100	4 200
Cow milk production	14 103	14 577	15700	15 200	16200
Produced in dairies					
Butter	300	240	270	240	.
AMF	.	140	120	110	.
Cheese	290	280	340	290	.
Whole milk powder	670	675	675	660	.
Skim milk powder	235	250	350	280	.

New Zealand: Dairy Markets in figures

'000 t	2004/05	2005/06	2006/07	2007/08	2008/09
Export	**2005**	**2006**	**2007**	**2008**	
Whole milk powder	576	645	680	607	.
Skim milk powder	220	316	281	242	.
Butter, AMF	320	391	364	330	.
Cheese	283	309	309	247	.
Population (m. head)	4.10	4.10	4.20	4.30	.

Sources: USDA estimates, Statistics New Zealand.

China

Economic situation, trade policy

Melamine incident which happened in China's dairy industry in 2008 has caused great negative impacts on the dairy market, product processing and cow breeding and resulted the dairy market downturn, product overstocking, volume of purchase and the price of raw milk decreased to a low level and damaged the confidence of the producers. Though there are still many difficulties, with the coordination and common efforts from the Central Government, dairy enterprises and the producers, Chinese dairy industry is recovering step by step and has come out of the negative growth. The proportion of milk powder production is still at a high level, the selling rate cannot reach the normal level and the ratio of stock remains higher. It shows that there is still much hard work to do for the recovery of the industry.

Price trends – farm level and retail level

Melamine scandal has strongly impacted the confidence of the market and the consumers. Sales volumes and consumption dropped down sharply, exports almost stalled, meanwhile the volume of purchase and price of raw milk dramatically declined. Many dairy companies took measures to cut prices to attract the consumers which made the retail prices reachs a low level. At the same time the Government also carried out many concrete measures to rectify and regulate milk stations and other milk collection points, introducing new testing items which increased the cost of milk collection for dairy companies.

Farm and dairy policy

The central government worked out a series of laws, regulations and policies to take comprehensive measures with regard to cow breeding, processors, milk receiving and, from product inspection to the whole logistics chain, to promote China dairy industry to a healthy way and guarantee the quality of dairy products. State council clarified the responsibilities of related supervising departments. It is regulated that Ministry of Agriculture should be responsible for cow feeding and management, quality of raw milk and milk collection stations, and Ministry of Industry and Information Technology shall enhance the management of milk processors. Main measures include:

1. On Oct.9, 2008, the State Council promulgated "Management Guidelines for Supervision of Dairy Quality and Safety".
2. On Nov.7, 2008, Ministry of Agriculture issued " Management Methods for Raw Milk Production and Intake".
3. On Oct.30, 2008," Raw Milk Purchase and Sale Contract (Demonstration Text)" was issued by The State Administration for Industry and Commerce.
4. On Nov.7, 2008, The General Office of the State Council forwarded "Layout Programme of Dairy Rectification and Encouragement" established by National Development and Reform Commission, Ministry of Agriculture and Ministry of Industry and Information Technology together with other 13 ministries and commissions.

5. On Oct.18, 2008, Ministry of Industry and Information Technology issued " Working Scenario for rectification and Standardization of Dairy Industry" together with AQSIQ and The State Administration for Industry and Commerce to complete rectification in dairy industry all of China before the end of last March.
6. Ministry of Agriculture made rectification of raw milk receiving stations as a whole in China, checking up to 20 393 stations in total among which 3908 stations were shut down and the remaining 16 485 stations have been listed for on the-spot supervision.
7. On the basis of " Management Guidelines for Supervision of Dairy Quality and Safety", Ministry of Industry and Information Technology organized to revise " Admittance Conditions for Dairy Processors" and " Industrial Policies for Dairy Products" issued by National Development and Reform Commission in March and May 2008 separately as one document to upgrade admittance standard for dairy industry. The revised document was released officially in April.
8. On March 27,2009, Ministry of Agriculture released "Technical Specifications of Standardized Management for Raw Milk Purchase" in which detail regulations were stated such as: basic construction of milk receiving stations, equipment, quality inspection, requirements for personnel, operational instructions, management system and hygiene conditions.
9. Ministry of Health organized related experts to clean up dairy products standards and also start to establish national standards for food quality and safety. After implementation of these standards, there will be 77 standards for dairy quality and safety, which include 16 standards for dairy products, 2 standards for production specifications, 59 testing methods.
10. Ministry of Health organized people to investigate the problems on illegal additives and non-edible materials in additives for check-up and punishment on illegal people to ensure the quality and safety of dairy products.

Rectification and Standardization of Chinese Dairy Industry has made remarkable achievements. In December, 2008, Ministry of Agriculture organized to test melamine in raw milk in 6 main milk producing provinces, such as: Beijing, Hebei, Inner Mongolia, Heilongjiang, Shandong and Henan. In total 660 samples in 660 milk receiving stations and all the samples tested met the limit value for temporary management. In 2009, Ministry of Agriculture has organized the national first test for raw milk quality and safety to have spot tests for 2 259 receiving stations around 29 provinces incl. Beijing and 3373 samples for 1114 trucks. The results of the tests showed that melamine content was in accordance with the limit value of temporary management, qualification rate was 100%. And also 903 tests were made for raw milk in 903 milk receiving stations in 13 main milk producing provinces incl. Inner Mongolia and detectable rate of leather protein hydrolysate in raw milk was zero. From September 14, 2008 to the end of 2008, 2440 samples of infant formula among 88 brands had been tested by AQSIQ, 3344 samples of whole milk powder and other milk powder among 192 brands in 25 provinces and cities were also tested, 21 987 samples of liquid dairy products among 224 brands in 74 cities of 29 provinces were tested and supervised as well and the results were all in accordance with limit value regulated for temporary management. At present, Chinese dairy products are good in quality and also safe for consumption.

China: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy cows ('000 head)	12 161	13 632	12 180	12 335
Cow milk production	27 534	31 934	35 250	35 558
Other animals' Milk production	1 114	1 091	1 080	2 257
Cow milk deliveries	19 270	22 350	24 680	24 890
Produced in dairies				
Liquid milk	9 748	10 330	11 960	12 658
Milk drinks, fermented products	1 702	2 115	2 450	2 593
Condensed milk	150	120	150	173
Milk powders	900	1 100	1 300	1 200

China: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008
Butter	30	25	30	37
Cheese	15	13	18	15
Imports				
Butter	12.8	12.8	14.0	13.6
Skim milk powder	42.6	62.4	40.5	55
Whole milk powder	64.2	67.4	57.7	46.1
Cheese	4.3	6.9	13.2	13.9
Exports				
Liquid milk, packaged	33.5	38.6	45.6	38.4
Condensed milk	16.2	7.9	14.8	8.1
Whole milk powder	16.2	14.7	57.7	62.4
Population (m. head)	1.302	.	.	.

Sources: Chinese National Committee of IDF, Harbin.

Japan

Economic situation, trade policy

In 2008, facing the global economic slowdown triggered by the global financial market crisis, the Japanese economy has been in a recession due to stagnant domestic and external demand. In addition to rapidly worsening employment situations, businesses are suffering from cash flow problems.

Consumer prices are expected to stabilize in the coming years, following sharp drops in crude oil prices.

As a result, the real GDP growth rate in 2008 is estimated to be around minus 3.5%, and the GDP growth rate at current price to be around minus 3.7%, respectively.

Both domestic and external demands are to be sluggish in 2009 in the context of prolonged worldwide economic recession, positive impact of the economic policy measures and improvement in the terms of trade are expected. It is also anticipated that the Japanese economy starts to come out from the stagnation in the second half of 2009 partly due to a gradual recovery in private consumption.

Prices will decrease compared with the previous year, reflecting weak prices of crude oils and raw materials.

Accordingly, in 2009, the real GDP growth rate is expected to be around minus 3.3%, and the nominal GDP growth rate to be around minus 3.0% too.

Japan is carrying out the commitments in 1995 GATT Uruguay Round Agreement sincerely. As for tarrified dairy products, the commitment of current access import opportunities are being implemented under the tariff quota by private companies and the state trading by Agriculture & Livestock Industries Corporation (ALIC).

As a result, the share of imports exceeds 30% against total domestic demand for milk and milk products.

Price trends – farm level and retail level

Though the recent farmers' sales price of milk has been decreasing, the price in 2008 is expected to be higher than previous year, as the milk price was raised in April 2008.

The price of butter and skim milk powder continuously decreased since 2004. However, after 2007, demand for domestic products became firm and lowered the stock level, due to the reduced production of butter and skim milk powder, along with the high price of import products, which allowed the butter and skim milk powder price to move upwards.

Consumption trends

The consumption of drinking milk has decreased in 2008 as well as last year.

The consumption of skim milk powder and butter has decreased due to the economic slowdown.

Farm and dairy policy

In March 2005, following significant changes in the situation surrounding agriculture and livestock industry, Japanese government has drawn up new "Basic Plan for Food, Agriculture and Rural Areas" and "Basic policies for modernizing Dairy and Beef Production" (Targeting 2015). Based on these new frameworks, the government is pushing the following policies ahead.

- Establish efficient industry structure which can be competitive in future internationalized market.
- Support livestock farms equipped with enough roughage production facilities.
- Assure safety and reliability of livestock products.
- Promote publicity campaign in relation to desirable dietary habits, including livestock products.
- Enhance appropriate management and utilization of livestock manure.
- Encourage genetic improvement, develop and diffuse new technology.
- Assure stable supply of concentrated grain feed.

Food, health and environmental legislation

In relation to the food safety and health issues, based on the "Food Sanitation Law", the positive list system for residues of agricultural chemicals was introduced on May 29, 2006, in order to prohibit the distribution of foods that contain agricultural chemicals above a certain level.

Domestic and import quarantine policies are appropriately implemented based on relevant laws and regulations, in order to prevent outbreaks of BSE and Avian Influenza.

In terms of environmental issues, based on the "Law concerning the Appropriate Treatment and Promotion of Utilization of Livestock Manure", livestock producers operating farms larger than the prescribed criteria came under the obligation to comply with regulations regarding management of livestock manure, and almost all of them observe the manure management standards. Hereafter, it is important to develop environmentally harmonized livestock farming by promoting manure utilization as fertilizer.

Japan: Dairy Markets in figures

'000 t	2005	2006	2007	2008*
Milk cows ('000 head)	1 055	1 046	1 011	998.2
Milk production[1]	8 285	8 137.5	8 007.4	7 981.9
Milk deliveries	8 205	8 056.3	7 923.0	7 900
Produced in dairies				
Liquid milk	4 290	4 150	4 039	3953
Cream[1]	91	95.6	103.1	107.5
Butter	84.1	80.5	75.1	71.7
Cheese[2]	122.5	124.9	125.4	118.3
Condensed milk[3]	42.4	41.5	44.8	44.1
Whole milk powder	14.4	13.8	14.0	13.5
Skim milk powder	186.8	180.7	172.5	158.1
Import				
Butter	4.7	3.9	11.4	18.2
Cheese[4]	211.7	207.4	225.1	186.5
Skim milk powder[5]	34	31.9	35.4	32.2

Japan: Dairy Markets in figures (continued)

'000 t	2005	2006	2007	2008*
Consumption				
Liquid milk[6]	4 692	4 574	4 464	.
Butter	85	90	92	.
Cheese	246	254	263	.
Population (m. head)[7]	127.8	127.8	127.8	.

Source: Ministry of Agriculture, Forestry and Fisheries (MAFF);
Ministry of Finance, Ministry of Internal Affairs and Communications.
*Estimated.
1) Both for direct consumption and for processing.
2) Both processed cheese and natural cheese for direct consumption.
3) Both condensed milk and evaporated milk.
4) Natural cheese and Processed cheese.
5) Including semi-skimmed powder for feeding purposes.
6) Raw milk for liquid milk.
7) As of 1st October every year.

Korea

Economic situation, trade policy

The Republic of Korea's economy is obviously slowing. The nation's exports plunged due to the global economic recession, which in turn reduced industrial output and domestic demand. In particular, private consumption and facility investment are sharply declining. Consequently, the national GDP shrank 5.6% in the fourth quarter of 2008. The contraction of the GDP appears be continuing this year.

Consumer prices rose 4.7% in 2008 from a year earlier. This year's rate is projected to fall to 2.7% thanks to frozen wages, stable global commodity prices and weak demand.

Meanwhile, the government is pursuing free trade agreements with several countries simultaneously to improve the country's productivity and economic competitiveness and draw more foreign direct investment.

Price trends – farm level and retail level

Last year, skyrocketing global grain prices caused raw milk prices to increase 20.5%, resulting in some 20% rise in dairy products prices. Especially, prices of liquid milk went up about 25%. On the other hand, recent milk powder prices recorded approximately 4 500 KRW per kg, down from 5 000 KRW at the end of 2008, as a result of the decreasing international milk powder prices.

Consumption trends – Liquid Milk, Fresh Dairy products, Butter, Cheese Milk powder, Whey powder, Whey products

Economic slump and milk beverage market contraction drove milk products consumption down by 2.1% year-on-year in the fourth quarter of 2008. Koreans are likely to consume less dairy products this year as households' purchasing power is deteriorating. Although interest rates will maintain low levels and the government has introduced various measures to stabilize employment, people's purchasing power is expected to weaken because of rising unemployment.

Farm and dairy policy

Following the conclusion of Korea-US FTA, Seoul will continue its effort to make trade pacts with Canada, EU, Australia, New Zealand, China, and Japan. Accordingly, more and more dairy imports are expected to flow into Korea, reducing the country's self-sufficiency. Therefore, a massive system overhaul of the national dairy sector is inevitable to protect the industry and its production base. Industry officials are raising their voice to call for such reform.

In response, related bodies including government officials, raw milk producers, and dairy processors are gathering frequently to discuss reform measures, for example, establishing a milk supply-demand system and a principle of raw milk trade.

Food, health and environmental legislation

Framework Act on Food Safety was revised last December. The legislation, which was enacted in June 2008, aims to prohibit production, distribution and sales of hazardous foods. The act is also designed to assess and recall unsafe foods, and disclose information on them and their producers.

Before the law was revised, food safety measures including food tracking, risk assessment, and ban on production and sale were conducted by various government agencies separately. Now, however, all the measures can be carried out in a collective and comprehensive manner.

Carbon labelling has been effective since the beginning of this year. The labelling system is intended to show the life cycle greenhouse gas emissions involved in bringing a product to the shelf. Products that feature this label were first released in the market in April.

Korea: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Dairy cows ('000 head)	271	263	256	250	250
Cow milk production	2 229	2 177	2 189	2 140	2 139
Produced in dairies					
Liquid milk	1 691	1 684	1 697	1 702	.
Fermented milk and milk drinks	482	504	485	455	.
Butter	4	4	4	4	.
Cheese	12	13	9	10	.
Processed cheese	12	15	15	15	.
Whole milk powder	4	4	4	3	.
Skim milk powder	24	18	22	20	.
Imports					
Skim milk powder	6	7	5	5	.
Cheese	29	44	49	47	.
Butter	5	3	4	3	.
Consumption					
Liquid milk	1 691	1 684	1 697	1 702	.
Milk drinks, fermented products	477	497	480	450	.
Butter	9	7	8	7	.
Cheese	68	72	74	72	.
Population (m. head)	48.14	48.30	48.46	48.60	.

India

Farm and Dairy Policy

Eleventh 5-Year Plan

India's Eleventh 5-year Plan (2007 to 2012) focuses on faster and more inclusive growth of the economy at an average rate of 9 percent leading to doubling of per capita GDP over the next 10 years.

The goal for the agricultural sector as a whole is a growth rate of about 4 percent and for the dairy sector, a growth rate of about 5 percent in milk production, so that the expected contribution of the dairy sector to the nation in terms of milk availability, incomes and employment is achieved. The dairy sector has been identified as an important component for diversification of the agriculture sector.

National Dairy Plan

The National Dairy Plan with an estimated outlay of rupees (Rs.) 173 billion (approximately US $ 4.5 billion) aims at meeting the projected national demand of 180 million tonnes of milk by 2021-22 through enhanced domestic milk production. The Plan has been designed to achieve the objectives by:

i) Focusing on productivity enhancement measures to achieve production at the pace required; and
ii) Strengthening and expanding the infrastructure (village-level testing, chilling and processing plants) to procure, process and market milk, through existing and new institutional structures.

The Plan will also focus on major investments in increasing processing capacities to 95 million kg milk per day by 2021-22.

Promotional Measures

The Government does not provide for product specific farm or export subsidies for the dairy sector. The prices of milk paid to farmers, and those paid by consumers, are determined by market forces. Government support to the dairy sector is largely in the areas of research and development, live-stock disease control, improvement in quality of milk etc.

To promote the dairy sector, the Government of India has exempted all dairy products, except condensed milk and evaporated milks, from excise duty. The excise duty applicable to condensed milk and evaporated milk is 14%.

The rates of Value Added Tax (VAT) currently applicable to dairy products are 4 percent for skimmed milk powder and 12.5 percent for other products such as butter, condensed milk etc. Fresh milk and pasteurized milk are exempted from VAT.

Economic Situation, Trade Policy

Real GDP growth is estimated to be 7.1% for the year 2008-09. The estimated milk production for the year 2007-08 is 104.84 million tonnes.

The bound tariff for major dairy products such as butterfat, cheese and fresh milk (fat content more than 6%) is 40% which is low as compared to that in many major dairying countries. Unlike other major dairying countries, India does not have any special agricultural safeguard provision on dairy products.

The applied basic custom tariff is 30% for all dairy products except milk powders. For milk powders, the applied basic customs duty is 5% for imports up to 10 000 tonnes during the year under the tariff rate quota (TRQ) and is 60% for imports beyond the TRQ limit.

The Government of India restored the Duty Credit scrip benefits to exporters of milk and milk products under its Special Agricultural and Village Industry Scheme (VKGUY) in December 2008.

Food, Health and Environmental Legislation

The Food Safety and Standards Authority of India (FSSAI), set up by the Government of India under the Food Safety and Standards Act (FSSA) 2006, is gradually taking charge of the function as the central food regulator from the Directorate General of Health Services, Ministry of Health & Family Welfare, Government of India. In this direction, various provisions of the FSSA have already been enforced which include, among others, transfer of existing manpower of the Central Government Agencies governing various food related Acts or Orders to the FSSAI, power of Food Authority to make regulations, empowering the Food Authority to establish Central Advisory Committee, Scientific Committee and Scientific Panels etc.

Currently, milk and milk products fall within the purview of Milk and Milk Products Regulations (MMPR) 1992, the Essential Commodities Act and the Prevention of Food Adulteration Act and Rules. Voluntary standards for some dairy products are specified by Bureau of Indian Standards and Agmark.

The focus of MMPR is to enhance health and safety conditions, and its applicability is extended to even small units.

Import regulations related to milk and milk products include the following salient features:

- All imported milk products have to conform to the requirements under the Prevention of Food Adulteration Act.

- In addition, milk powders, condensed milks and infant foods must also conform to standards specified by the Bureau of Indian Standards (BIS). According to the procedure for compliance with BIS standards, either the manufacturers/exporters of these products to India are required to register themselves with BIS, or alternatively importers who use the imported items for captive consumption, on a continuous basis and procure them from pre-identified sources can get the consignments cleared if the products comply with the standards, without arranging for certification of the exporting plant by the BIS.
- It is necessary to obtain an animal health sanitary import permit from the Government of India, before importing any livestock products including milk products.
- At the time of entry into India, all imported food products should have valid shelf life of not less than 60% of its original shelf life, with the original shelf life calculated as the difference in date of manufacturing and expiry date.
- Imported food products in packaged form must conform to the requirements under the Standards of Weights and Measures (Packaged Commodities) Rules. Some significant declarations to be made include importer details, common name of the commodity packed, net quantity, date of packing, and the maximum retail sales price.
- Processed food products imported in bulk shall contain a declaration that they do not contain any beef.
- Import of genetically modified organisms (GMOs) and living modified organisms (LMOs) is governed by the provisions of the Environment Protection Act, 1986 and Rules 1989. Further, import of any food, feed, raw or processed, or ingredient of food, food additives or any food product that contains GM material and is being used either for industrial production, environmental release, or field application will be allowed only with the approval of the Genetic Engineering Approval Committee (GEAC). At the time of import all consignments containing products which have been subjected to genetic modification will have to carry a declaration stating that the product is genetically modified.

The Export of Milk Product (Quality Control, Inspection and Monitoring) Rules 2000 set out the requirements related to quality of milk products destined for export and mechanisms to ensure preshipment inspection as well as approval of establishments that wish to export. The inspection of food plants is arranged by the Export Inspection Council of India with the help of Export Inspection Agencies.

Quality requirements include animal health at farm level and hygiene requirements at farms and collection centres, processing establishments, storage and transportation. At the end of March 2009, fifty eight establishments had obtained certification from the Export Inspection Council for undertaking exports.

Price Trends – Farm Level

The yearly increase in milk prices at the farm level was around 11.9% in 2008 over 2007.

Consumption Trends

Milk continues to be an important part of the diet across the country. Milk and milk products have a high-income elasticity and hence growth in milk production continues to display a growing trend. Traditional dairy products continue to be a major segment of the Indian dairy industry. The historical trend of the Indian consumer’s preference for high fat milk and milk products continues.

The per capita availability of milk has increased to 252 g per day in 2008-09.

India: Dairy Markets in figures

´000 t	2005/06	2006/07	2007/08*	2008/09*
Cows (‘000 head)	45 547	45 744	.	.
Buffaloes (‘000 head)	37 573	38 225	.	.
Total milk production	97 070	100 869	104 840	.
Cow milk production	39 759	41 803	44 162	.
Buffalo milk production	52 070	55 248	56 788	.
Other milk production	5 240	3 818	3 890	.

India: Dairy Markets in figures (continued)

´000 t	2005/06	2006/07	2007/08*	2008/09*
Produced in dairies				
Cream	45.82	38.9	36.9	.
Table butter	35.9	37.88	41.77	.
AMF, ghee	69.59	70.35	72.29	.
Cheese	4.48	4.75	6.02	.
Milk powder	178.87	171.72	167.1	.
Skim milk powder	105.27	98.47	92.73	.
Exports				
Skim milk powder	40.5	26.05	31.95	20.092
Whole milk powder	10	1.34	1.72	3.682
Other milk powder	11.6	5.51	6.84	5.302
Butter/Butteroil	7.42	3.71	9.43	11.872
Condensed Milk	0.43	0.29	0.27	0.422
Imports				
Skim milk powder	0.1	-	0.21	0.062
Butteroil	0.88	8.9	0.96	0.362
Population (m. head)	1 104	1 122	1 138	1 154

*Estimated.
1) Refers to cooperative dairies only.
2) Refers to April-Oktober 2008.
Source: NDDB, Anand, Gujarat, India.

Israel

The dairy sector

Production of milk is regulated by quotas and administrative prices. 165 Kibbutz dairy farms, 811 family dairy farms and 15 agricultural schools produced 1 273 million litre milk in 2008, 13% more than in 1998. Despite unfavourable conditions for milk production milk productivity is very high (on average more than 10 000 litre per cow per year). Israeli consumption of dairy products is supplied mainly by local production, complemented by imports of hard cheese, butter, skimmed milk powder and caseinates. The overall imports of those products equal some 20% of the overall domestic supply of dairy products. More than half of imports are raw materials used by the food and feed processing industry (e.g. for producing sweets, baby food and animal feed).

More than 98% of the cow milk production is supplied to dairies, the remainder is used for own consumption or for feeding calves. About 70% of the milk is delivered to the main dairy company (Tnuva), two additional dairy companies receive each about 13% of milk production, and the balance is delivered to about 7 small dairies. Dairy companies supply some of the raw milk they receive to other dairy companies for processing. The three main dairy companies market 93% of the milk production. The market share of Tnuva declined in the last decade, from about 70% to about 65%. Until recently, Tnuva was a cooperative owned by Kibbutzim and Moshavim (another kind of cooperative community) but it was sold and is now a private company.

In terms of milk quantity, 32% of the milk production is marketed as milk and milk beverages, 32% as white cheeses, 22% as hard cheeses and 14% as yoghurts, desserts and additional products. All milk products in Israel have to be pasteurized. Dairy companies compete with each other based on product quality and product innovation. In the last decade, the three large dairy companies signed agreements with foreign companies (Danone, Yoplait, Müller) to produce and market their branded dairy products in Israel.

Israel: Dairy Markets in figures

'000 t	2005	2006	2007	2008	Forecast 2009
Milk production (m. litres)	1 168	1 142	1 239	1 331	1 275
- Cow milk	1 150	1 158	1 221	1 311	1 256
- Sheep and goat milk	17.7	18	18	20	19
Produced in dairies					
Liquid milk	379	402.3	405.9	405.7	.
Fermented milk,					
drinks, desserts	151.8	164.2	166.6	170.4	.
Cheese from					
- cow milk	105.9	112.4	114.6	119.1	.
- sheep and goat milk	2.5	2.5	.	.	.
Butter	5.8	6.2	6.2	5.4	.
Population (m. head)	6.9	7	7.2	7.3	.

Source: Israel Dairy Board, Tel Aviv.

Iran

Iran: Dairy Markets in figures

'000 t	2005	2006	2007	2008
Dairy Cows ('000 head)	8 334	8 124	8 556	8 550
Milk production	7 741	8 562	9 150	8 772
- Cow's milk	6 841	7 647	8 190	8 111
- Other milk	900	915	960	661
Milk deliveries	3 775	4 280	4 580	4 595
- Cow's milk	3 640	4 130	4 415	4 460
- Other milk	135	150	165	135
Produced in Dairies				
Liquid milk	1 325	1 440	1 600	1 800
Milk drinks, fresh dairy products	623	695	792	870
Cream	45	52	60	68
Cheese	220	225	230	234
Skim milk powder	10	10	12	15
Consumption				
Liquid milk	2 060	2 200	2 400	2 576
Milk drinks, fresh dairy products	2 670	2 882	3 348	3 480
Cream	59	68	78	81
Cheese	313	321	330	340
Population ('000 head)	69 000	70 500	71 500	73 600

South Africa

South Africa: Dairy Markets in figures

'000 t	2004	2005	2006	2007	Forecast 2008
Dairy cows ('000 head)	518	540	540	540	535
Cow milk production	2 098	2 368	2 474	2 520	2 578
Cow milk delivered to dairies	1 888	2 321	2 425	2 470	2 526
Produced in dairies					
Liquid milk	1 509	1 509	1 552	1 581	.
Milk drinks, fermented products	.	75	78	79	
Export					
Butter	0.7	0.8	0.8	0.9	
Skim milk powder	2.0	1.0	4.3	4.3	
Import					
Butter	1.6	2.7	1.6	3.3	
Cheese	4.3	3.8	4.7	5.5	
Skim milk powder	1.4	6.4	5.8	10.9	
Whole milk powder	1.7	5.8	3.3	3.1	
Population (m. head)	43	43	43	43	

* Estimated.
Source: South African Dairy Foundation.

Kenya

Kenya: Dairy Markets in figures

	1997	2005	2006	2007
Cow milk production ('000 t)	2 057	2 650	3 500	.
Milk deliveries (m. litres)	197	340	2 425	2 470
Liquid milk and cream (m. litres)	108	191	1 552	1 581
Butter Production (tonnes)	1 521	1 261	0.8	0.9
Cheese Production (tonnes)	464	270	4.7	5.5
Population (m. head)	.	32.5	.	.

Source: Kenya Central Statistics, FAO Data

ANNEX 2 - Statistics

Table 1. World Milk Production by Species of Milk Animal

million tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008e	2009e
Cow milk	490.5	497.6	510.1	518.4	528.1	544.0	557.4	566.9	576.5	580.0
Buffalo milk	66.5	69.3	70.9	73.5	76.1	78.9	82.2	86.6	87.5	89.0
Goat milk	12.7	12.9	13.3	13.9	14.1	14.5	14.9	15.1	15.1	15.2
Sheep milk	8.4	8.6	8.2	8.4	8.6	8.9	9.1	9.0	9.1	9.1
Other	1.3	1.3	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.7
All milk	579.4	589.6	604.0	615.8	628.4	647.8	665.2	679.2	689.8	695.0
Growth rate (%)	**+ 2.3**	**+ 1.8**	**+ 2.4**	**+ 2.0**	**+ 2.1**	**+ 3.1**	**+ 2.7**	**+ 2.1**	**+ 1.6**	**+ 0.8**

e) Estimated.

Table 2. World Cow Milk Production

million tonnes	2000	2001	2002	2003	2004	2005	2006	2007e	2008e	2009e
Africa	20.2	21.5	22.9	24.0	23.8	24.2	25.5	26.6	27.0	27.0
North America	83.9	83.2	85.2	85.3	85.7	88.3	90.3	92.4	94.3	92.9
Central America and Caribbean	13.5	13.7	14.0	14.3	14.3	14.4	14.9	15.4	16.0	16.2
South America	45.1	46.4	49.1	48.9	50.8	54.0	55.0	55.2	56.2	56.5
Selected Asian countries[1]	52.0	55.1	58.9	63.2	69.2	75.4	82.0	87.2	91.0	94.1
Asian states of FSU*	10.7	11.1	11.8	12.5	12.8	13.1	13.2	13.3	14.3	14.5
EU 15	121.2	121.4	121.5	121.9	120.6	120.8	118.4	118.8	120.6	121.0
EU 10	21.8	22.0	21.9	21.7	21.6	21.8	21.9	22.0	22.4	22.0
EU 25	143.0	143.4	143.4	143.6	142.2	142.7	140.3	140.9	143.0	143.0
EU 27	148.7	149.1	150.3	150.9	148.6	148.9	146.9	147.1	149.0	150.0
Other CEEC	4.0	4.0	3.1	3.17	3.6	3.8	3.7	3.8	3.8	3.8
European CIS incl. Siberia	50.1	52.0	53.1	52.7	52.5	52.0	52.0	52.5	52.5	52.0
Other W. Europe[2]	5.7	5.7	5.7	5.6	5.7	5.6	5.6	5.7	5.8	5.8
Oceania[3]	23.6	24.9	24.5	25.0	25.0	25.6	25.3	24.4	25.4	25.9
World	**490.5**	**497.6**	**510.1**	**518.4**	**528.1**	**544.0**	**557.4**	**566.9**	**576.5**	**580.0**

e) Estimated. 1) China, Japan, India and Korea (Rep.) 2) Switzerland, Norway, Iceland.
3) New Zealand, Australia: years ending May and June of following year
* FSU - Former Soviet Union

Table 3. World Buffalo Milk Production

million tonnes	2000	2001	2002	2003	2004	2005	2006	2007e	2008e	2009e
India	43.6	45.3	46.5	48.0	50.2	52.1	55.5	59.2	62	.
Pakistan	16.9	17.5	18.0	18.6	19.2	19.9	19.8	20.4	21	.
China			2.7	2.8	2.8	2.8	2.9	2.9	3	.
Egypt	2.0	2.2	2.1	2.5	2.3	2.3	2.3	2.3	2.3	.
Italy	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
World	66.5	69.3	70.9	73.5	76.1	78.9	82.2	86.6	87.5	89.0
Growth rate (%)	**+ 3.3**	**+ 4.2**	**+ 2.3**	**+ 3.7**	**+ 3.5**	**+ 3.7**	**+ 4.2**	**+ 5.4**	**+ 1.0**	**+ 1.7**

e) Estimated.
Source: ZMB, FAOstat.

Table 4. Other Milk[1]

000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007e	2008e	2009e
World	20 523	21 160	23 038	23 806	24 245	24 941	25 656	25 782	25 800	26 000
of which										
- goat milk	12 656	12 917	13 329	13 847	14 052	14 517	14 950	15 127	15 100	15 200
- sheep milk	8 430	8 568	8 234	8 442	8 645	8 858	9 115	9 044	9 100	9 100
- camel milk			1 475	1 517	1 548	1 566	1 591	1 611	1 600	1 700

e) Estimated. 1) Sheep, goat and camel milk.
Sources for tables 1-4: ZMB, according to FAOstat data 2008, IDF National Committees and other national bodies.

Table 5. Number of Dairy Cows

´000 head	2000	2001	2002	2003	2004	2005	2006	2007	2008	F'cast 2009
Belgium	594	596	577	559	543	523	507	500	495	490
Denmark	644	628	613	589	569	558	555	551	568	565
Germany	4 564	4 448	4 373	4 338	4 287	4 164	4 054	4 087	4 229	4 100
Greece	180	162	172	152	149	152	168	150	154	.
Spain	1 141	1 182	1 154	1 118	1 057	1 013	942	903	888	.
France	4 153	4 195	4 128	4 026	3 947	3 958	3 878	3 846	3 800	.
Ireland	1 153	1 148	1 164	1 156	1 156	1 122	1 087	1 087	1 105	.
Italy	2 172	2 169	1 911	1 913	1 838	1 842	1 814	1 839	1 831	.
Luxembourg	44	44	42	41	40	40	39	40	40	.
Netherlands	1 532	1 546	1 486	1 478	1 471	1 433	1 420	1 413	1 466	.
Austria	621	612	600	573	541	538	533	526	527	526
Portugal	355	338	341	329	338	324	307	305	290	.
Finland	361	353	346	332	323	316	306	293	288	.
Sweden	426	425	403	404	401	391	386	366	366	.
United Kingdom	2 339	2 208	2 229	2 207	2 152	2 007	1 979	1 954	1 909	.
EU 15	**20 278**	**20 053**	**19 539**	**19 214**	**18 811**	**18 380**	**18 016**	**17 884**	**17 956**	**17 770**
Czech Republic	547	496	477	460	434	439	426	403	410	385
Estonia	131	129	117	117	117	113	108	103	100	.
Cyprus	24	24	26	27	25	24	24	24	24	.
Latvia	205	209	205	186	186	185	182	186	190	.
Lithuania	494	442	443	448	463	438	421	396	380	.
Hungary	380	345	338	310	304	285	227	226	226	.
Malta	9	8	8	8	8	8	8	8	7	.
Poland	3 047	2 991	2 904	2 897	2 796	2 795	2 824	2 787	2 807	2 820
Slovenia	140	136	140	131	134	120	113	117	113	.
Slovakia	246	239	237	221	206	199	193	181	176	170
10 new EU member countries	**5 222**	**5 019**	**4 895**	**4 804**	**4 672**	**4 606**	**4 526**	**4 430**	**4 433**	**4 400**
EU 25	**25 500**	**25 072**	**24 434**	**24 019**	**23 484**	**22 986**	**22 542**	**22 314**	**22 389**	**22 170**
Bulgaria	421	431	359	362	369	348	350	336	315	.
Romania	1 692	1 692	1 684	1 509	1 566	1 587	1 639	1 573	1 483	.

Table 5. Number of Dairy Cows (continued)

´000 head	2000	2001	2002	2003	2004	2005	2006	2007	2008	F'cast 2009
EU 27	**27 613**	**27 195**	**26 477**	**25 890**	**25 419**	**24 921**	**24 531**	**24 223**	**24 187**	**23 900**
Norway	316	299	286	279	278	275	266	259	262	.
Switzerland	714	720	658	638	627	618	618	614	615	635
Iceland	27	26	26	25	25	24	26	26	26	27
Croatia	287	255	250	280	272	239	241	241	234	
Armenia	.	.	.	.	.	290	307	311	.	
Georgia				728	705	710	591	541	514	
Russia	13 100	12 700	12 200	11 100	11 000	9 647	9 500	9 400	9 300	9 100
Ukraine	5 431	4 918	4 716	4 284	4 061	3 965	3 410	3 347	3 080	
Belarus	1 845	1 784	1 716	1 658	1 613	1 565	1 506	1 459	1 452	
Canada	1 142	1 091	1 084	1 065	1 055	1 041	1 019	1 005	989	978
USA[1]	9 206	9 114	9 139	9 083	9 012	9 043	9 137	9 189	9 315	9 200
Mexico	.	.	.	.	.	2 197	2 222	.	.	
Australia	2 165	2 123	2 048	2 038	2 010	1 870	1 786	1 700	1 700	1 700
New Zealand	3 485	3 682	3 750	3 851	3 867	4 100	4 140	4 167	4 200	4 365
Argentina	2 500	2 400	2 200	2 100	2 200	2 300	2 150	2 150	2 150	2 150
Brazil	16 040	15 900	15 600	15 300	15 200	15 100	15 290	15 925	16 700	17 023
China	5 238	5 662	6 873	8 932	11 080	12 161	13 632	12 180	12 335	.
Japan	1 150	1 124	1 126	1 121	1 088	1 055	1 046	1 011	998	1 000
Korea (Republic)	255	258	252	291	282	271	263	256	250	250
India[2]	62 254	64 494	65 526	65 135	68 256	69 759	.	.	.	.
of which cows	32 883	34 108	34 640	34 137	36 077	36 586	.	.	.	.
of which buffaloes	29 371	30 386	30 886	30 998	32 179	33 173	.	.	.	.
Iran						8 334	8 124	8 556	8 550	.
Israel	115	115	115	115	115	.	110	120	127	122
Nepal	841	853	853	871	888	902	.	.	.	.
Thailand	201	215	230	265	285	300	.	.	.	.
Turkey	5 280	5 086	4 393	5 040	3 876	3 998	4 188	4 229	4 080	.
South Africa	545	545	540	536	518	540	540	540	535	.

1) January 1 of the following year. 2) Including buffalo cows.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT and USDA.

Table 6. Production of Cow Milk

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007[4]	2008[4]	Forecast 2009[4]
Belgium	3 436	3 425	3 357	3 160	3 127	3 141	3 026	3 100	3 030	.
Denmark	4 717	4 553	4 591	4 671	4 568	4 586	4 627	4 619	4 715	4 735
Germany	28 331	28 191	27 874	28 533	28 245	28 453	27 955	28 403	28 656	28 900
Greece	789	778	758	768	762	761	764	774	760	.
Spain	5 900	6 220	6 559	6 578	6 576	6 553	6 378	6 335	6 500	.
France	24 975	24 678	25 254	24 667	24 452	24 885	23 360	23 367	24 769	.
Ireland	5 260	5 373	5 293	5 462	5 373	5 163	5 188	5 346	5 199	.
Italy	10 877	11 108	10 743	10 750	10 869	10 897	10 821	10 840	10 962	.
Luxembourg	267	269	269	265	269	270	266	270	270	.
Netherlands	11 155	11 079	10 797	11 075	10 905	10 827	10 994	11 227	11 621	.
Austria	3 233	3 300	3 292	3 230	3 137	3 114	3 147	3 155	3 196	3 200
Portugal	1 970	1 924	2 040	1 952	2 020	2 061	1 984	1 968	1 890	.
Finland	2 450	2 456	2 458	2 472	2 449	2 433	2 413	2 356	2 311	.
Sweden	3 348	3 339	3 274	3 253	3 275	3 206	3 172	3 026	3 025	.
United Kingdom	14 489	14 707	14 870	15 013	14 552	14 470	14 316	14 023	13 719	.
EU 15	**121 197**	**121 398**	**121 461**	**121 881**	**120 579**	**120 820**	**118 411**	**118 809**	**120 623**	**121 000**
Czech Republic	2 708	2 702	2 801	2 717	2 673	2 813	2 767	2 756	2 801	2 700
Estonia	629	687	612	612	652	670	692	692	715	.
Cyprus	147	142	144	149	142	145	141	144	148	.
Latvia	823	848	814	786	786	811	816	841	850	.
Lithuania	1 725	1 730	1 771	1 796	1 850	1 861,6	1 891,3	1 936,6	1 883,8	1 830
Hungary	2 080	2 080	2 068	1 977	1 939	1 839	1 850	1 848	1 813	.
Malta	48	47	44	41	43	43	43	43	42	.
Poland	11 900	12 030	11 776	11 892	11 810	11 901	11 970	12 088	12 449	12 245
Slovenia	649	653	728	662	650	659	640	620	620	.
Slovakia	1 099	1 114	1 163	1 109	1 079	1 100	1 092	1 075	1 057	1 039
10 new EU member countries	**21 808**	**22 033**	**21 921**	**21 740**	**21 625**	**21 842**	**21 902**	**22 043**	**22 379**	**22 000**
EU 25	**143 005**	**143 431**	**143 382**	**143 622**	**142 203**	**142 662**	**140 312**	**140 852**	**143 002**	**143 000**
Bulgaria	1 411	1 224	1 306	1 309	1 345	1 287	1 299	1 247	1 120	.
Romania	4 301	4 457	5 000	5 159	5 024	4 977	5 290	4 997	4 858	.
EU 27	**148 717**	**149 112**	**150 343**	**150 853**	**148 572**	**148 926**	**146 901**	**147 096**	**148 980**	**150 000**
Iceland	115	117	121	119	122	119	128	136	137	137
Norway	1 690	1 640	1 620	1 620	1 620	1 590	1 560	1 560	1 550	1 550

Table 6. Production of Cow Milk (continued)

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007[4]	2008[4]	Forecast 2009[4]
Switzerland	3 872	3 940	3 944	3 900	3 940	3 933	3 931	3 983	4 115	4 110
Croatia	607	655	696	752	642	1 073	1 119	965	1 000	.
Russia	31 938	33 000	33 467	33 300	30 600	31 440	32 016	32 381	32 500	32 800
Ukraine	12 658	13 444	14 142	13 661	14 106	13 714	13 287	12 264	11 642	.
Belarus	4 490	4 834	4 773	4 683	5 150	5 676	5 896	5 904	6 225	.
Moldova	554	561	582	570	604	627	595	600	600	.
Georgia				765	750	756	606	625	641	.
Australia[1]	10 862	11 609	10 636	10 377	10 428	10 392	9 583	9 223	9 200	9 200
New Zealand[1]	12 700	13 300	13 900	14 599	14 530	15 200	15 700	15 200	16 200	16 700
Canada	7 925	8 148	8 017	8 013	8 137	8 001	7 856	8155	8162	8172
USA	76 004	75 068	77 139	77 289	77 534	80 254	82 455	84 211	86 179	84 700
Mexico	9 591	9 756	9 948	10 078	10 170	10 164	10 330	10 599	10 815	.
Argentina	9 794	9 475	8 528	7 975	9 169	9 493	10 466	9 813	10 310	10 000
Brazil	22 134	21 125	22 292	22 922	24 202	25 384	26 160	26 920	28 000	28 000
Chile	2 250	2 300	2 170	2 200	2 250	2 365	2 472	2 523	2 600	.
Peru	1 067	1 115	1 194	1 226	1 265	1 351	1 300	1 300	1 330	.
Uruguay	1 316	1 369	1 340	1 539	1 668	1 669	1 623	1 600	1 650	.
Venezuela	1 414	1 400	1 389	1 238	1 237	1 348	1 264	1 289	1 300	.
China	8 420	10 255	12 998	17 463	22 606	27 534	31 934	35 250	35 558	37 000
Japan[2]	8 497	8 300	8 385	8 400	8 329	8 285	8 138	8 007	7 982	8 000
India[3]	32 870	34 160	34 960	34 973	36 018	37 344	39 760	41 803	44 162	46 000
India[2,3]	76 490	79 490	81 350	82 952	85 431	87 522	91 830	97 051	100 950	.
Israel	1 162	1 208	1 189	1 156	1 180	1 185	1 158	1 221	1 311	1 256
Iran	5 200	5 400	5 600	5 800	6 000	6 841	7 647	8 190	8 111	.
Kazakhstan	3 686	3 923	4 110	4 317	4 557	4 693	4 861	5 007	5 100	.
Korea (Republic)	2 253	2 339	2 537	2 366	2 225	2 230	2 177	2 189	2 140	2 139
Mongolia						260	294	308	.	.
Pakistan[3]	8 039	8 192	8 350	8 511	8 678	8 848	10 726	11 130	11 700	.
Pakistan[2,3]	24 949	25 646	26 372	27 811	28 624	29 438	31 214	32 219	33 000	.
Turkey	8 732	8 489	8 489	9 514	9 609	10 026	10 867	11 279	11 255	.
South Africa	2 197	2 275	2 193	2 176	2 098	2 368	2 474	2 520	2 578	.
W o r l d	490 530	497 570	510 109	518 437	528 098	543 970	557 400	566 850	576 500	580 000

1) Dairy Years ended May or June of the following year. 2) Including buffalo milk. 3) Dairy year ended April. 4) Provisional.
Sources: ZMB, IDF National Committees and other bodies, EUROSTATdata, FAOstat data and USDA.

Table 7. Deliveries of Cow Milk to Dairies[1]

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008	Fore-cast 2009
Belgium	3 034	3 026	3 058	3 045	3 058	3 022	3 013	3 070	3 050	3 080
Denmark	4 517	4 418	4 456	4 536	4 433	4 451	4 492	4 484	4 580	4 650
Germany	26 984	26 883	26 618	27 320	27 113	27 380	26 876	27 321	27 466	28 000
Greece	670	706	674	675	720	735	731	703	690	700
Spain	5 454	5 802	5 967	5 915	5 948	5 940	5 863	5 765	5 814	5 700
France	23 303	23 225	23 636	23 119	22 915	23 353	22 867	22 979	23 819	22 800
Ireland	5 160	5 338	5 186	5 310	5 269	5 060	5 235	5 242	5 106	5 000
Italy	10 377	10 605	10 820	10 731	10 579	10 897	10 821	10 837	10 607	10 900
Luxembourg	256	256	261	257	258	258	254	259	265	265
Netherlands	10 734	10 623	10 370	10 696	10 561	10 479	10 662	10 899	11 294	11 500
Austria	2 664	2 656	2 651	2 647	2 617	2 619	2 673	2 661	2 691	2 730
Portugal	1 868	1 816	1 936	1 818	1 875	1 911	1 851	1 836	1 890	1 870
Finland	2 442	2 449	2 447	2 399	2 373	2 362	2 347	2 293	2 254	2 260
Sweden	3 296	3 290	3 226	3 206	3 229	3 163	3 130	2 986	2 953	3 000
United Kingdom	13 932	14 156	14 359	14 555	14 114	14 038	13 923	13 649	13 352	13 100
EU 15	**114 690**	**115 249**	**115 666**	**116 229**	**115 061**	**115 698**	**114 738**	**114 983**	**115 830**	**115 555**
Czech Republic	2 493	2 512	2 599	2 607	2 600	2 681	2 680	2 689	2 700	2 600
Estonia	409	428	496	485	536	571	606	593	614	600
Cyprus	135	132	143	152	138	145	138	144	151	150
Latvia	398	409	428	435	478	502	592	631	634	620
Lithuania	1 103	982	970	1 025	1 139	1 202	1 297	1 348	1 376	1 300
Hungary	1 711	1 960	1 724	1 717	1 736	1 695	1 290	1 496	1 472	1 400
Malta	48	47	44	40	41	42	41	41	40	40
Poland	6 662	7 037	7 219	7 365	7 829	8 612	8 524	8 467	8 824	9 100
Slovenia	459	473	488	499	503	507	511	530	524	510
Slovakia	903	952	1 035	977	937	968	962	964	946	935
10 new EU member countries	**14 321**	**14 932**	**15 146**	**15 302**	**15 937**	**16 924**	**16 641**	**16 904**	**17 280**	**17 255**
EU 25	**129 011**	**130 181**	**130 812**	**131 531**	**130 997**	**132 622**	**131 379**	**131 887**	**133 110**	**132 810**
Bulgaria	700	700	700	816	797	830	789	758	681	610
Romania	1 300	1 300	1 390	1 442	971	1 068	1 107	1 144	1 123	1 100

Table 7. Deliveries of Cow Milk to Dairies[1] (continued)

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008	Fore-cast 2009
EU 27	**131 011**	**132 181**	**132 902**	**133 789**	**132 765**	**134 520**	**133 615**	**133 789**	**134 914**	**134 520**
Iceland	107	110	114	112	116	113	121	129	130	130
Norway	1 544	1 640	1 520	1 530	1 530	1 515	1 500	1 541	1 526	.
Switzerland	3 197	3 234	3 213	3 175	3 212	3 203	3 205	3 261	3 370	3 392
Croatia	380	392	388	344	365	605	631	666	653	.
Belarus		.	.	.	.	.				
Russia	12 500	13 000	13 500	14 100	14 500	14 700	15 048	15 543	15 600	16 400
Ukraine[2]	3 335	4 357	3 937	4 413	5 237	5 689	5 607	6 029	5 820	.
Canada[3]	7 407	7 615	7 492	7 488	7 605	7 492	7 410	7 584	7 591	7 600
Mexico	9 591	9 756	9 948	10 078	10 170	10 150	10 352	10 000	10 300	.
USA[3]	75 413	74 518	76 622	79 782	77 034	79 736	81 931	83 682	85 650	84 150
Argentina	9 103	8 780	7 910	7 378	8 778	9 070	9 717	9 062	9 541	9 200
Brazil	12 470	13 609	13 617	14 036	14 929	16 773	17 164	17 700	18 000	18 000
Chile	1 490	1 686	1 654	1 610	1 727	1 775	1 873	1 927	1 950	1 900
Uruguay	1 077	1 166	1 142	1 178	1 315	1 393	1 463	1 368	1 400	1 300
Iran	2 200	2 300	2 400	2 600	2 900	3 250	4 130	4 415	4 460	4 480
Israel	1 128	1 174	1 154	1 122	1 146	1 150	1135	1197	1285	1231
China	5 050	7 280	9 490	12 500	16 050	19 270	22 350	24 680	24 890	.
Japan	8 391	8 208	8 296	8 314	8 247	8 205	8 056	7 923	7 900	.
Korea (Republic)[3]	2 253	2 339	2 537	2 366	2 225	2 229	2 176	2 188	2 139	.
Kazakhstan	430	500	580	730	825	900	950	1 000	1 050	.
Mongolia						7	6	17		
Australia[4]	10 862	11 609	10 636	10 377	10 428	10 392	9 658	9 373	9 476	9 200
New Zealand[4]	12 700	13 300	13 900	14 599	14 530	15 200	15 700	15 200	16 100	16 583
South Africa	1 977	2 068	1 993	1 980	1 888	2 321	2 425	2 470	2 526	.

1) Only cow milk, unless otherwise stated. 2) All milk which is processed. 3) Including sales to dairies and direct sales to consumers. 4) Total recorded production of the dairy years ended June or May of following year.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT.

Table 8. Processing of Milk for Liquid Consumption in Dairies

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-15	28 767	28 751	29 591	29 554	29 542	29 396	29 383	29 362	29 350
EU-25 / EU-27[3]	**32 978**	**33 452**	**33 463**	**33 400**	**33 500**	**33 804**	**34 178**	**34 261**	**34 050**
Norway	490	467	458	435	435	430	428	426	430
Iceland	39	38	38	38	37	37	36	35	37
Switzerland	509	505	503	495	497	488	493	489	488
Croatia	296	304	344	365	350	325	339	351	.
Russia[4]	.	6 724	7 747	8 473	9 023	9 394	4 106	4 188	4 100
Belarus	.	.	.	927	992	1 122	1 284	1 379	1 371
Ukraine[2]	.	431	474	489	716	863	818	852	810
Canada	2 699	2 792	2 694	2 709	2 741	2 717	2 730	2 745	2 740
Mexico	3 765	3 633	3 886	4 019	4 144	4 313	4 350	4 271	4 412
USA	24 979	24 533	24 650	24 939	24 661	24 740	25 010	24 987	25 011
Argentina	1 598	1 623	1 436	1 386	1 504	1 647	1 692	1 730	1 789
Brazil	12 690	12 670	12 295	12 391	12 743	13 400	13 755	.	.
Chile	284	300	295	302	298	307	329	340	330
Uruguay	234	225	191	216	222	219	222	230	.
Israel	348	357	360	360	370	379	402	406	406
Iran	.	.	.	.	.	1 325	1 440	1 600	1 800
Japan	4 571	4 451	4 399	4 362	4 454	4 290	4 150	4 039	3 953
China	1 230	2 380	3 551	5 829	8 067	9 748	10 330	11 960	12 658
Korea (Republic)	.	.	1 664	1 829	1 781	1 691	1 684	1 697	1 702
Mongolia						4	4	5	.
Australia[3]	1 978	1 966	1 924	1 961	1 960	2 127	2 160	2 205	2 251

1) Almost including buttermilk. 2) Partly estimated. 3) Dairy years ended June of following year.
4) Since 2006 new time series.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT.

Table 9. Production of Milk Drinks,Yogurt and other Fermented Milk

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**7 356**	**7 533**	**7 738**	**7 986**	**8 293**	**8 552**	**8 670**	**8 775**	**8 685**
10 new EU member countries	**623**	**799**	**921**	**980**	**985**	**1 026**	**1 127**	**1 198**	**1 170**
EU 25	**7 979**	**8 332**	**8 659**	**8 966**	**9 278**	**9 577**	**9 796**	**9 973**	**9 855**
Bulgaria	.	.	149	136	147	155	148	148	144
Romania	.	.	.	.	86	92	108	130	143
EU 27	**.**	**.**	**.**	**.**	**9 511**	**9 824**	**10 052**	**10.251**	**10.142**
Iceland	10	10	10	11	12	13	13	13	12
Norway	75	74	91	95	97	98	109	117	121
Switzerland	99	125	177	193	208	229	234	236	251
Croatia	55	56	71	79	57	83	86	89	.
Ukraine	158	212	259	278	464	499	523	534	530
USA	833	909	1 048	1 137	1 228	1 387	1 498	1 577	1 633
Canada	150	161	180	197	215	233	244	252	274
Argentina	243	265	246	272	357	405	474	576	583
Chile	107	95	127	139	160	189	172	177	192
Uruguay	18	20	22	21	23	25	27	27	.
Mexico	370	381	412	466	483	536	569	636	631
Israel	151	145	149	147	147	152	164	167	170
Iran	.	.	.	.	.	623	695	792	870
Japan	2 667	2 680	2 704	2 708	2 618	2 651	2 726	2 779	2 656
China	270	420	530	710	1 200	1 702	2 115	2 450	2 593
Korea (Republic)	.	.	.	555	524	482	504	485	455
Mongolia	.	.	.	.	3	1	3	3	.
South Africa	142	144	146	147	75	78	79	80	.

The comparability of the data in this table is limited, because definitions can be different.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTATdata.

Table 10. Production of Cream for Consumption

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**1 710**	**1 801**	**1 755**	**1 767**	**1 809**	**1 817**	**1 851**	**1 862**	**1 870**
10 new EU member countries	**340**	**350**	**360**	**435**	**456**	**513**	**530**	**560**	**566**
EU 25	**2 050**	**2 151**	**2 115**	**2 202**	**2 264**	**2 329**	**2 380**	**2 422**	**2 436**
Bulgaria	.	.	.	.	.	.	1	2	2
Romania	.	.	.	.	.	.	39	46	47
EU 27	**2 230**	**2 331**	**2 295**	**2 389**	**2 450**	**2 583**	**2 421**	**2 469**	**2 486**
Norway	24.7	24.9	25.0	26.0	26.0	26.0	26.4	25.8	26.0
Iceland	1.8	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2
Switzerland	68.4	68.1	68.9	64.1	64.0	64.5	64.8	67.1	.
Canada (m. litres)	.	221.3	228.0	251.6	259.7	269.8	280.1	290	284.2
Mexico	88.2	100.5	51.3	56.1	73.3	73.3	80.6	85.4	94.5
Argentina	31.5	31.0	26.4	31.1	36.7	38.4	40.3	37.5	39.2
Chile			17.6	16.8	17.9	19.8	20.4	21.0	29.0
Japan[1]	73.4	79.7	92.1	91.9	91.3	92.1	95.6	103.1	107.5

Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT.

Table 11. Dairy Butter Production[1]

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**1 824**	**1 855**	**1 735**	**1 716**	**1 656**	**1 707**	**1 636**	**1 797**	**1 812**
10 new EU member countries2)	**251**	**279**	**286**	**292**	**267**	**265**	**257**	**258**	**254**
EU 25	**2 075**	**2 134**	**2 022**	**2 008**	**2 107**	**2 137**	**2 042**	**2 055**	**2 065**
Bulgaria	1	1	1	1	2	4	3	2	2
Romania	7	6	6	6	9	7	8	8	9
EU 27	**2 084**	**2 142**	**2 029**	**2 015**	**2 118**	**2 148**	**2 053**	**2 065**	**2 075**
Iceland	2	2	2	2	2	2	2	2	2
Norway[4]	23	23	21	9	9	9	9	9	10
Switzerland	37	38	42	40	40	39	37	37	46
Croatia	2	3	3	3	2	4	4	4	.
Belarus	64	66	65	64	82	85	88	86	101
Russia	270	222	229	229	276	277	230	245	258
Ukraine	135	158	131	145	113	120	104	99	85
Moldova	3	3	3	3	3	.	.	.	.
Australia[2]	176	164	164	148	147	146	133	128	153
New Zealand[2]	353	360	358	415	380	390	420	390	400
Canada	77	88	79	87	87	86	79	82	86
Mexico	16	15	19	16	19	18	17	13	24
USA	570	561	615	564	566	611	657	695	749
Argentina	47	44	39	36	41	40	47	47	51
Brazil	72	78	70	72	75	77	78	82	84
Chile	11	11	12	11	13	15	17	21	17
Uruguay	14	17	14	17	16	18	20	16	.
China	15	20	25	30	35	30	25	30	37
India3)	37	38	37	24	42	36	36	38	42
India1)	98	105	80	83	109	106	.	108	114
Israel	5	5	5	5	6	6	6	6	5
Iran	.	.	.	.	.	.	52	60	68
Japan	88	80	83	80	80	84	81	75	72
Korea (Republic)	.	.	.	5	4	4	4	4	4
South Africa	9	11	9	9	10	.	.	.	.

1) Incl. AMF or ghee in butter equivalent. 2) Dairy years ended June or May of the following year. 3) Table butter.
4) Excluding dairy spreads.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, FAOstat data and USDA.

Table 12. Cheese Production

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**6 382**	**6 597**	**6 612**	**6 676**	**6 819**	**6 928**	**7 048**	**7 115**	**7 145**
10 new EU member countries[1]	**760**	**792**	**920**	**917**	**921**	**967**	**972**	**972**	**1002**
EU 25	**7 142**	**7 388**	**7 532**	**7 593**	**7 740**	**7 894**	**8 020**	**8 087**	**8 147**
Bulgaria	56	69	82	82	84	84	75	73	64
Romania	51	39	43	49	53	56	61	62	65
EU 27	**7249**	**7504**	**7657**	**7724**	**7877**	**8034**	**8156**	**8222**	**8276**
Iceland	6	7	7	7	7	7	7	8	8
Norway	81	81	81	83	84	84	83	84	85
Switzerland	146	172	160	160	162	168	173	176	179
Belarus	53	69	64	53	65	82	101	110	128
Russia	221	255	309	335	348	371	405	434	429
Ukraine	67	103	128	168	335	391	319	346	352
Canada2)	358	354	359	366	372	379	387	404	396
Mexico	134	140	138	127	134	134	143	146	150
USA2)	4079	4084	4217	4231	4378	4506	4673	4755	4793
Argentina	453	431	380	332	378	414	467	487	491
Brazil	445	460	470	460	468	495	528	580	630
Chile	52	58	61	61	67	78	71	70	65
Uruguay	31	32	28	27	34	41	42	48	.
China	.	5	8	10	15	15	13	18	15
Iran						220	225	230	234
Israel	99	100	102	102	104	106	113	115	119
Japan	126	123	123	119	120	123	125	125	118
Korea (Republic)	.	.	.	12	13	12	13	9	10
Mongolia						0	0	0	0
Australia 3)	376	413	370	384	388	373	364	359	348
New Zealand 3)	289	311	285	321	297	292	308	314	345
South Africa 4)	43	47	48	50	46	42	42	42	42
Zimbabwe	6.9	.	.	.					

1) Partly estimated. 2) Including cottage cheese. 3) Dairy years ended June or May of following year.
4) Cheddar and Gouda only.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, FAOstat data and USDA.

Table 13. Condensed Milk Production

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**1 255**	**1 328**	**1 236**	**1 165**	**1 167**	**1 136**	**1 086**	**1 058**	**1 060**
EU 25	**.**	**.**	**.**	**.**	**1 220**	**1 180**	**1 120**	**1 080**	**1 080**
Switzerland						2.9	2.3	2.7	2.5
Iceland	.	.	.	.	.	.	.	.	.
Croatia	7	9	8	8	2	0	0	0	.
Russia				204	193	188	199	197	.
Belarus	78	43	42	50	49	57	88	88	.
Ukraine	47	63	69	79	100	104	97	108	112
Canada	103	76	79	69	51	46	48	44	41
USA[1]	211	212	269	270	249	248	230	234	260
Argentina	12	9	7	8	6	6	7	8	7
Chile	24	25	24	31	39	40	44	45	42
Peru	.	.	.	272	313	279	279	281	.
China	80	90	120	125	175	150	120	150	173
Japan	41	40	38	42	42	42	42	45	44
Korea						4	4	4	4
Singapore				134	260	325	252	253	.
Thailand				73	85	82	82	82	.
South Africa	20	21	20	39	41	43	43	43	.

1) Only canned evaporated and condensed milk.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, FAOstat data and USDA.

Table 14. Whole and Semi-Skimmed Milk Powder Production

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**879**	**833**	**799**	**786**	**781**	**771**	**713**	**704**	**757**
EU 10	**92**	**93**	**69**	**84**	**75**	**81**	**66**	**61**	**81**
EU 25	**971**	**927**	**868**	**870**	**856**	**851**	**779**	**764**	**838**
Romania	.	.	.	2	4	4	3	4	3
Iceland	0	0	0	0	0	0	0	0	0
Switzerland	10	15	18	21	20	20	19	21	22
Norway	1	1	1	1	1	1	1	1	1
Croatia	.	.	.	1	0	1	1	3	.
Belarus	14	15	14	19	33	38	35	36	.
Russia	75	106	92	90	91	80	76	75	84
Ukraine	7	19	13	16	22	29	25	30	30
USA	51	19	22	18	19	15	14	14	23
Mexico	151	143	144	151	170	166	184	202	191
Argentina	202	203	204	198	260	254	260	185	225
Brazil	256	345	355	390	420	440	465	526	580
Chile	52	63	59	53	54	51	54	57	85
Australia[2]	205	239	194	187	189	158	135	142	138
New Zealand[2]	515	500	615	628	585	611	653	651	710
China[1]	615	610	680	830	900	900	1100	1300	1200
India[1,3]	132	149	176	99	160	179	172	167	170
Japan	18	18	17	16	15	14	14	14	14
Korea (Republic)	.	.	.	6	5	5	4	4	.
Mongolia						0	0	0	.
South Africa	10	14	15	13	13	16	.	.	.

1) All milk powders. 2) Dairy years ended June or May of following year. 3) Dairy years ended April of following year.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, FAOstat data and USDA.

Table 15. Skimmilk Powder Production

´000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU 15	**1 038**	**950**	**1 090**	**1 051**	**825**	**834**	**779**	**797**	**795**
10 new EU member countries	**203**	**232**	**224**	**242**	**193**	**200**	**169**	**186**	**174**
EU 25	**1 240**	**1 182**	**1 314**	**1 292**	**1 018**	**1 034**	**1 011**	**982**	**969**
Bulgaria				.	.	1	1	.	.
Romania				5	6	4	3	4	3
EU 27	**1 240**	**1 182**	**1 314**	**1 297**	**1 024**	**1 039**	**1 015**	**986**	**972**
Iceland	0	0	1	0	1	0	1	1	1
Switzerland	22	19	26	28	26	26	24	22	28
Norway	5	7	7	8	7	7	7	7	7
Belarus	35	32	32	28	38	46	55	55	.
Croatia	3	2	1	1	0	3	3	2	.
Russia	97	108	92	110	110	110	123	132	131
Ukraine	61	72	43	71	83	83	81	95	65
Canada	69	90	82	91	88	73	72	75	85
USA	661	644	727	721	641	698	689	685	861
Argentina	45	41	34	31	36	16	23	11	14
Brazil	62	103	107	108	110	113	117	128	140
Chile	8	9	9	9	10	12	16	17	18
South Africa	8	9	5	7	7	8	8	8	8
Australia[1]	265	257	218	199	207	228	209	177	221
New Zealand[1]	251	245	300	275	225	247	304	265	290
India				147	147	148	151	162	180
Iran						10	10	12	15
Japan	194	175	183	183	183	187	181	173	158
Korea						24	18	22	20
Mongolia						.	.	.	.

1) Dairy years ended June or May of following year.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, FAOstat data 2006 and USDA.

Table 16. Whey Powder Production

´000 tonnes	2003	2004	2005	2006	2007	2008
EU 15[1]	**1 500**	**1 520**	**1 550**	**.**	**.**	**.**
EU 25[1]	**.**	**1 600**	**1 580**	**1 580**	**1 630**	**1 600**
EU 27	**.**	**.**	**.**	**.**	**1 630**	**1 600**
Switzerland	2.9	1.4	2.0	2.2	2.2	2.2
Canada	39.2	24.7	24.2	25.4	28.7	24.6
USA	492.8	469.4	472.1	503.3	514.3	493.1
Argentinia	.	10.1	13.2	19.2	21.2	25.0
Chile	15.2	17.0	23.9	23.2	.	.
New Zealand[2]	23.0	23.0	22.3	22.3	22.3	.
Australia[3]	105.4	105.2	98.4	86.2	79.0	84.9

1) Dairy years ended June or May of following year.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, FAOstat data.

Table 17. World and Selected Countries' Trade in Dairy Products (Exports)

'000 tonnes	2000	2001	2002	2003	2004	2005	2006[1]	2007[1]	2008[1]
Butter / Butteroil									
World	**700**	**700**	**800**	**850**	**880**	**840**	**840**	**800**	**750**
EU[2]	175	172	208	301	333	311	243	211	150
USA	9	11	4	12	9	9	11	40	89
Australia	109	109	110	83	74	72	64	70	59
New Zealand[3]	329	332	386	378	330	320	391	364	330
Belarus	23	27	40	30	47	51	54	50	62
Ukraine				18	42	24	13	4	6
Other countries	56	49	52	29	45	53	51	65	54
Cheese									
World	**1 227**	**1 200**	**1 250**	**1 350**	**1 450**	**1 450**	**1 480**	**1 530**	**1 400**
EU[2]	458	470	484	509	576	546	582	594	555
Switzerland	58	58	55	55	56	57	56	59	61
Ukraine	12	31	37	61	94	116	49	61	77
Belarus	17	24	28	38	53	65	83	92	102
Argentina	25	17	26	23	36	52	58	47	36
Uruguay	17	17	17	17	24	32	30	29	29
Australia[3]	223	217	207	212	237	202	212	202	132
New Zealand[3]	262	262	290	308	277	283	309	309	247
USA	48	52	54	52	61	58	71	100	131
Other countries	107	52	53	74	36	39	33	23	30
Skimmilk powder									
World	**1 230**	**1 100**	**1 080**	**1 080**	**1 180**	**1 100**	**1 150**	**1 100**	**1 250**
EU[2]	357	142	160	222	281	189	88	201	177
Canada	32	46	49	36	16	6	13	14	10
USA	113	110	112	147	270	289	292	266	403
Brazil	0	0	3	3	2	4	4	4	0
India	5	15	11	10	17	53	26	32	43
Singapore	9	14	11.7	24.3	19.9	16	26	20	15
Argentina	27	19	21	14	18	16	22	11	15
Australia[3]	218	244	217	161	152	165	173	127	178
New Zealand	251	245	345	287	250	220	316	281	248
Poland	86	108	94	99	.	.	.	.	.
Belarus	28	32	32	28	37	45	54	60	61
Ukraine	50	72	43	51	63	57	64	58	44
Other countries	54	52	55	76	55	42	55	31	55
Whole Milk Powder									
World	**1 415**	**1 494**	**1 600**	**1 600**	**1 730**	**1 680**	**1 700**	**1 580**	**1 680**
EU[2]	575	477	495	481	509	486	434	364	491
USA	25	39	42	11	15	12	10	12	29
Argentina	104	83	140	106	182	166	215	115	101
Brazil	0	1	1	3	22	25	17	42	82
Australia	183	218	200	159	161	165	143	125	163
New Zealand[3]	474	476	540	657	629	576	645	680	607
Belarus	32	14	14	12	25	31	29	27	27
China				7	8	16	15	58	62
Singapore	5	6	16	16	15	27	30	42	62
Other countries[4]	22	186	167	165	180	203	192	173	.

1) 2007 partly provisional or estimated. 2) EU until 2003 EU15, from 2004 to 2006 EU25, from 2007 onwards EU27.
3) For Australia and New Zealand 12 month period ended June of following year. 4) Including Re-exports
5) Refers to April-October 2008.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, USDA, GTA.

Table 18. World and Selected Countries' Trade in Dairy Products (Imports[1])

'000 tonnes	2000	2001	2002	2003	2004	2005	2006	2007	2008[2]
Butter / Butteroil									
World	**700**	**700**	**800**	**850**	**880**	**840**	**840**	**800**	**750**
EU	104	114	116	115	93	82	82	92	65
Russia	54	109	120	133	101	83	112	129	140
Egypt	61	45	50	47	48	30	40	26	33
Morocco	27	29	34	35	31	36	36	20	30
Mexico	34	37	46	46	63	71	49	42	29
Brazil	13	3	11	2	1	1	1	1	1
Iran	20	13	26	28	27	43	26	40	50
China	.	.	.	11	12	13	13	14	14
Japan	0	0	4	13	7	6	4	11	18
USA	19	50	31	27	40	40	32	16	14
Cheese									
World	**1 227**	**1 200**	**1 250**	**1 350**	**1 450**	**1 450**	**1 480**	**1 530**	**1 400**
EU	148	174	156	175	112	102	105	94	84
Switzerland	31	31	31	32	32	33	33	37	41
Russia	36	112	98	176	213	260	218	330	350
USA	189	215	216	216	214	209	206	198	165
Brazil	16	8	19	7	5	3	6	4	5
Mexico	54	66	72	78	74	78	78	86	68
Egypt	15	9	9	12	9	10	12	7	19
Japan	205	202	204	194	219	212	207	225	187
Korea (Republic)	30	34	31	36	41	44	45	49	47
Saudi Arabia	73	67	75	89	95	103	103	98	70
Australia[3]	33	38	50	49	50	50	60	64	70
Skimmilk powder									
World	**1 230**	**1 100**	**1 080**	**1 080**	**1 180**	**1 100**	**1 150**	**1 100**	**1 250**
EU	78	57	69	94	26	7	19	10	8
Russia	51	65	2	10	15	19	5	42	63
China	22	18	35	45	55	43	62	41	55
Indonesia	.	74	72	72	85	87	86	91	77
Japan	52	53	44	43	37	34	32	35	32
Philippines	108	89	100	110	120	87	95	98	80
Brazil	30	11	19	7	4	5	9	4	7
Saudi Arabia	38	34	28	50	61	53	53	42	35
Singapore	39	46	55	37	55	61	60	62	54
Mexico	129	141	132	173	168	155	111	121	152
Algeria	92	98	114	81	91	84	68	91	105
Wholemilk Powder									
World	**1 415**	**1 494**	**1 600**	**1 600**	**1 730**	**1680**	**1 700**	**1 580**	**1 680**
Russia	25	15	16	20	25	30	82	25	28
Algeria	110	110	116	130	161	167	182	160	170
Brazil	108	43	95	33	21	29	31	20	19
Mexico	34	55	45	45	35	45	43	46	23
Venezuela	67	90	78	61	45	46	44	47	50
China	29	23	26	89	90	64	67	58	46
Indonesia	18	35	39	20	21	26	27	27	84
Saudi Arabia	43	45	52	36	49	75	75	70	62
Singapore	22	22	17	40	40	62	60	61	73
Malaysia	76	80	59	65	75	68	59	64	50
Philippines	56	49	39	44	50	42	40	42	45

1) World totals originate from export statistics. 2) Provisional. 3) Fiscal years ended June of following year.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, USDA, GTA, PZ.

Table 19. Liquid Milk Consumption[1]

	000 tonnes					kg per capita				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Belgium	.	700	710	695	687	.	67.0	67.5	65.7	64.4
Denmark	739	734	759	754	.	137.2	135.7	139.7	138.0	.
Germany	7 699	7 650	7 829	7 791	7 730	93.1	92.8	94.4	95.0	94.0
Spain	5 145	5 156	5 104	5 060	5 005	119.7	116.9	114.2	112.0	108.6
Portugal	1 178	1 215	1 241	1 239	1 211	112.1	115.2	117.3	116.8	113.6
France	5 493	5 780	5 670	5 721	5 567	91.7	92.0	89.4	89.7	86.8
Ireland	.	559	568	557	578	.	135.3	134.0	128.4	130.7
Italy	3 632	3 838	3 868	3 764	3 833	63.1	65.5	65.7	63.4	64.1
Netherlands	2 069	2 064	2 020	2 020	1 964	127.1	126.5	123.6	123.3	119.4
Austria	630	644	664	654	660	76.8	78.3	80.2	78.7	79.2
Finland	946	949	960	.	.	180.9	182.5	183.9	.	.
Sweden	1 340	1 340	1 310	1 292	.	149.7	149.5	145.5	142.0	.
UK	6 516	6 258	6 352	6 405	.	108.9	103.9	104.8	105.1	.
EU 15[2]	**37 403**	**37 665**	**37 791**	**38 050**	**.**	**97.2**	**96.7**	**97.1**	**97.5**	**.**
Czech Republic	590	763	652	697	724	63.6	74.6	63.4	67.1	69.2
Hungary	749	731	734	645	.	74.2	72.4	72.8	64.1	.
Poland	2 110	2 033	1 884	1 756	1 916	55.1	53.2	49.4	46.1	50.3
Slovakia	413	371	368	357	332	73.7	68.7	68.1	66.2	61.5
10 new EU member countries[2]	**4 941**	**5 221**	**5 202**	**5 350**	**.**	**70.3**	**69.0**	**70.0**	**72.1**	**.**
EU 25/EU27[3]	**42 344**	**42 886**	**42 993**	**44 300**	**44 200**	**92.8**	**93.2**	**93.1**	**89.5**	**89.3**
Iceland	51	50	49	48	49	173.9	167.6	159.3	153.9	152.8
Norway	532	528	537	543	551	115.6	114.8	116.7	118.0	116.2
Switzerland	.	601	610	612	617	.	80.7	81.1	79.0	79.9
Croatia	406	387	388	418		91.5	87.1	87.5	94.1	
Canada	3 060	3 052	3 027	3 051	3 068	95.8	94.7	92.8	92.5	92.1
Mexico	4 144	4 313	.	.		39.8	38.3	.	.	
USA	24 661	24 740	25 010	24 987	25 011	84.2	83.7	83.8	83.0	82.6
Argentina	1 545	1 635	1 724	1 729	1 762	40.4	42.4	44.2	43.9	43.9
Brazil	12 743	13 175	.	.		72.0	73.2	.	.	
Chile	655	.	.	.		41.0	.	.	.	
Australia[2]	2 148	2 329	2 435	2 271	2 312	106.2	113.3	116.8	107.2	107.2
New Zealand[2]	360	360	.	.		90.0	90.0	.	.	
China	9 267	11 450	.	.		7.2	8.8	.	.	
Japan	4 853	4 692	4 574	4 464	.	38.0	36.7	35.8	34.9	.
Korea (Republic)	2 328	2 168	2 181	2 177	2 152	48.4	45.0	45.2	44.9	44.3
Iran	.	4 730	5 082	5 748	6 056	.	68.5	72.1	80.4	82.3
Israel	.	.	.	.	.	38.0	.	.	.	.
South Africa	1 215	1 584	1 630	1 680		26.1	36.8	37.9	39.1	

1) Including most of the products which are shown separately in table 18. 2) Estimated. 3) Since 2007 EU27.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTATdata, USDA.

Table 20. Consumption of Milk Drinks and Fermented Products including Yoghurt[1]

	000 tonnes					kg per capita				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Belgium	.	114	117	115	112	.	10.9	11.1	10.9	10.5
Denmark	241	249	272	263	.	44.6	45.9	50.0	48.2	.
Germany	2 304	2 457	2 514	2 532	2 510	27.9	29.8	29.8	30.8	30.5
Spain	1 032	1 233	1 300	.	.	24.0	28.0	29.1	.	.
Portugal	255	276	295	302	283	24.2	26.2	28.0	28.5	26.6
France	1 784	1 983	2 037	2 058	1 915	28.7	31.6	31.6	31.0	29.9
Italy	367	448	498	499	528	6.3	7.5	8.5	8.4	8.8
Netherlands	684	660	706	.	.	42.0	40.7	45.0	.	.
Austria	172	173	189	.	.	21.1	21.1	21.8	.	.
Finland	201	200	201	.	.	38.7	38.3	38.6	.	.
Sweden	310	314	330	331	.	34.6	35.7	36.3	36.4	.
EU 15	**7 854**	**7 940**	**8 410**	**8 510**	**.**	**20.5**	**20.5**	**21.6**	**21.8**	**.**
Czech Republic	152	158	163	174	171	14.9	15.7	15.8	16.7	16.3
Cyprus	6	6	9	.	.	7.9	8.0	12.4	.	.
Hungary	156	194	126	131	.	15.4	19.2	12.3	13.0	13.9
Poland	455	279	293	297	297	11.9	7.3	7.7	7.8	7.8
Slovakia	68	71	66	75	75	12.6	13.0	12.3	13.5	13.8
10 new EU member countries[2]	**1 004**	**1 057**	**1 101**	**1 200**	**.**	**13.4**	**14.1**	**14.8**	**16.2**	**.**
EU 25/EU27[3]	**8 647**	**8 920**	**9 750**	**10 200**	**10 050**	**18.9**	**19.3**	**21.1**	**20.6**	**20.3**
Iceland	12	13	13	13	12	40.1	44.3	42.5	41.2	37.9
Norway	97	98	109	117	121	21.1	21.3	23.7	25.4	25.5
Switzerland	208	229	234	.	.	27.0	30.7	31.4	.	.
Croatia	39	70	71	75	.	8.9	15.9	16.0	16.9	.
Ukraine	581	517	547	.	.	10.1	11.0	11.7	.	.
Canada	215	233	243	251	273	6.7	7.2	7.5	7.6	8.2
						.				
Mexico	483	536	568	.		4.6	5.1	5.3	.	.
Argentina	357	403	467	507	510	9.4	10.4	12.0	12.9	12.8
Israel	147	152	164	.	.	22.0	22.0	23.3	.	.
Australia		138	141	143	145		6.7	6.8	6.8	6.7
China	1 200	1 702	2 115	2 450		0.9	1.3	1.6	1.9	.
Korea (Republic)	547	477	497	480	450	11.4	9.9	10.3	9.9	9.3
Iran	.	2 670	2 882	3 348	3 480	.	38.7	40.9	46.8	47.3
South Africa	69	75	78	79	.	1.5	1.7	1.8	1.8	.

1) Included in figures of Table 17. 2) Including production of countries not mentioned. 3) Since 2007 EU27.
Sources: ZMB, IDF National Committees and National Statistics, EUROSTAT, USDA.

Table 21. Butter Consumption

	000 tonnes					kg per capita				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Denmark	9	9	9	10	11	1.6	1.6	1.6	1.7	2.0
Germany	537	531	538	523	515	6.5	6.4	6.5	6.4	6.2
Greece	8	8	8	.	.	0.6	0.8	0.6	.	
Spain	17	21	22	23	25	0.4	0.5	0.5	0.5	0.5
France	496	480	499	504	502	8.0	7.7	7.9	7.9	7.8
Ireland	12	12	11	11	.	3.0	2.9	2.7	2.6	.
Italy[1]	165	163	170	157	154	2.9	2.9	2.9	2.6	2.6
Netherlands	52	53	54	56	54	3.2	3.3	3.3	3.3	3.3
Austria	37	39	40	42	40	4.5	4.7	4.8	5.1	4.8
Portugal	17	18	19	17	15	1.6	1.7	1.8	1.6	1.4
Finland	30	28	28	28	.	6.0	5.3	5.3	5.3	.
Sweden[2]	39	38	38	42	.	4.4	4.3	4.2	4.6	.
UK[2]	209	219	226	195	.	3.5	3.6	3.7	3.2	.
EU 15	**1 620**	**1 650**	**.**	**.**	**.**	**4.3**	**4.3**	**.**	**.**	**.**
Czech Republic	50	49	47	43	50	4.8	4.8	4.6	4.1	4.8
Hungary	6	9	9	.	.	0.6	0.9	0.9	.	.
Poland	155	143	164	160	156	4.0	3.7	4.3	4.2	4.1
Slovakia	12	11	11	11	11	2.2	2.0	2.0	2.1	2.1
10 new EU member countries[2,3]	**282**	**290**	**.**	**.**	**.**	**3.9**	**4.0**	**.**	**.**	**.**
EU 25/EU27[4]	**1 902**	**1 940**	**1 940**	**1 959**	**1 938**	**4.3**	**4.2**	**4.2**	**4.0**	**3.9**
Iceland	1.0	1.2	1.3	1.4	1.4	4.1	4.1	4.2	4.5	4.5
Norway[2]	21	20	20	18	19	4.6	4.3	4.3	4.0	4.0
Switzerland	42	41	42	44	45	5.7	5.5	5.6	5.7	5.7
Croatia	4	4	4	4		0.2	0.8	0.8	0.9	
Russia	437	373	394	374	399	3.1	2.6	2.7	2.6	2.8
Canada	112	106	86	91	90	3.5	3.3	2.6	2.8	2.7
USA	606	620	645	687	772	2.1	2.1	2.2	2.3	2.5
Mexico	141	144	.	.		0.2	0.2	.	.	
Argentina	35	30	29	28	29	0.9	0.8	0.7	0.7	0.7
Australia	77	77	81	87	89	3.8	3.8	3.9	4.1	4.1
New Zealand	26	26	.	.		6.3	6.3	.	.	
Japan	90	85	90	92	.	0.7	0.7	0.7	0.7	.
Korea (Republic)	8	9	7	8	7	0.2	0.2	0.2	0.2	0.1
South Africa	9	9	.	.		0.2	0.2	.	.	

1) Revised series from 2006. 2) Including fat mixtures. 3) Partly estimated. 4) Since 2007 EU27.
Sources: National Committees of IDF, ZMB, USDA

Table 22. Cheese Consumption[1]

	000 tonnes					kg per capita				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Germany	1 808	1 771	1 813	1 824	1 815	21.9	21.5	22.0	22.2	22.1
Greece	310	312	334	.	.	28.7	28.9	30.0	.	.
Spain[2]	410	321	320	334	345	9.5	7.3	7.2	7.3	7.5
France[2]	1 506	1 476	1 501	1 524	1 574	24.0	23.6	23.7	23.9	24.6
Ireland[4]	42	34	28	31	27	10.5	8.2	6.7	7.1	6.1
Italy[2]	1 323	1 285	1 280	1 249	1 280	22.7	21.9	21.7	21	21.4
Netherlands	272	279	289	295	285	16.7	17.1	17.7	18.0	17.3
Austria	159	158	152	158	156	19.2	18.6	18.4	19.0	18.7
Portugal	107	107	108	110	105	10.3	10.5	10.2	10.4	9.8
Finland	97	98	102	104	.	18.3	18.7	19.1	19.1	.
Sweden	161	162	166	166	.	18.2	18.2	18.5	18.4	.
UK	677	693	734	744	.	11.3	11.7	12.1	12.2	.
EU 15	**7 282**	**7 380**	**7 440**	**.**	**.**	**19.0**	**19.2**	**19.3**	**.**	**.**
Czech Republic	161	161	172	176	170	15.7	15.7	15.8	16.9	16.3
Hungary	.	101	.	.	.	9.0	10.4	.	.	.
Poland	398	400	404	408	407	10.4	10.4	10.6	10.7	10.7
Slovakia	44	49	51	48	48	8.2	9.2	9.5	8.9	8.9
10 new EU member countries[3]	**935**	**983**	**1 050**	**1 074**	**.**	**12.5**	**13.1**	**14.2**	**14.5**	**.**
EU 25/EU27[5]	**8 226**	**8 385**	**8 490**	**8 723**	**8 814**	**17.9**	**18.1**	**18.3**	**17.7**	**17.9**
Iceland	7.0	7.0	7.1	7.4	7.6	24.7	23.6	23.1	23.5	23.8
Norway	67	70	70	71	.	14.6	15.2	15.2	15.4	.
Switzerland	161	161	165	172	177	21.7	22.2	22.1	22.2	22.7
Croatia	29	35	36	37	.	6.6	7.9	8.1	8.2	.
Russia	810	880	705	764	779	5.7	6.2	4.9	5.4	5.5
Canada	382	390	398	417	410	11.9	12.1	12.2	12.6	12.3
USA	4 592	4 293	4 461	4 565	4 575	15.5	14.5	15.3	15.1	15.0
Argentina	352	367	415	442	457	9.2	9.5	10.7	11.2	11.5
Mexico	214	230	229	233	238	2.1	2.1	2.2	2.2	2.2
Australia	237	240	249	250	254	11.7	11.7	11.9	11.8	11.8
New Zealand	29	29	28	26	.	7.1	7.1	6.7	6.1	.
Iran	.	313	321	330	340		4.5	4.6	4.6	4.6
Japan	249	246	254	263	.	2.0	1.9	2.0	2.1	.
Korea (Republic)	64	68	72	74	72	1.3	1.4	1.5	1.5	1.5
South Africa	27	.	.	.	.	0.6	.	.	.	.

1) Depending on the availabilty of data, figures include cottage cheese, quark and processed cheese.
2)From 2005 onwards revised time series. 3) Estimated, 4) Since 2006 industrial use excluded. 5) Since 2007 EU27.
Sources: National Committees of IDF, ZMB, USDA.

Table 23. Average Producer Milk Prices

		2002	2003	2004	2005	2006	2007	2008	2008[3]	2008[3]
	Cur-rency	**National currency/100 kg**							USD/ 100kg	EUR/ 100kg
Belgium	EUR	27.50	27.51	27.82	26.40	25.84	32.54	30.99	45.58	30.99
Denmark	DKK	243.00	238.00	225.00	217.00	212.00	235.00	266.00	52.48	35.68
Germany	EUR	29.98	28.49	27.95	27.60	27.35	33.46	33.84	49.77	33.84
Spain	EUR	29.22	30.19	31.94	30.29	30.19	36.21	38.16	56.13	38.16
France	EUR	29.22	28.70	27.81	27.00	25.94	27.96	32.60	47.95	32.60
Ireland	EUR	27.30	26.80	26.89	26.30	25.44	32.52	33.01	48.55	33.01
Italy	EUR	32.80	32.90	32.00	33.24	35.25	37.87	41.76	61.42	41.76
Netherlands[1]	EUR	33.68	32.00	31.00	31.00	29.85	35.14	35.95	52.88	35.95
Austria[1]	EUR	31.54	29.68	29.50	29.45	29.90	33.75	37.51	55.17	37.51
Portugal	EUR	32.27	32.28	31.71	31.05	29.74	32.90	36.33	53.43	36.33
Finland (4,3% fat)	EUR	32.00	33.92	33.48	32.08	32.03	33.36	41.14	60.51	41.14
Sweden (4.2% fat)	SEK	299.00	301.00	283.00	275.00	271.00	295.00	330.00	50.48	34.32
United Kingdom[1]	GBP	16.61	17.51	17.93	17.93	17.44	20.06	25.15	46.48	31.60
EU 15 average (3.7% fat)	**EUR**	**29.65**	**28.99**	**28.70**	**28.20**	**27.60**	**31.80**	**34.60**	**50.89**	**34.60**
Czech Republic	CZK	788	756	780	790	750	811	822	48.46	32.95
Estonia	EEK	280.00	288.20	383.80	397.50	380.50	420.20	640.00	43.67	29.69
Cyprus	EUR	.	36.70	39.00	40.10	40.40	41.50	49.65	73.03	49.65
Latvia	LVL	9.41	9.61	13.10	15.52	16.26	18.30	19.20	40.18	27.32
Lithuania	LTL	45.70	40.90	48.80	56.60	57.90	68.70	71.40	44.65	30.36
Hungary (free dairy plant, 3,68 % fat)	HUF	72.30	72.09	60.28	60.95	60.53	70.60	76.36	44.65	30.36
Poland[1]	PLN	69.71	69.76	84.19	90.21	90.17	104.00	99.25	41.59	28.28
Slovenia(free dairy plant, 3,7 % fat)	EUR	28.17	27.45	26.59	26.34	26.65	27.83	34.00	50.01	34.00
Slovakia (3,6 % fat)	SKK	900	895	917	947	931	975	1 017	47.85	32.53
EU 10 average (3.7% fat)	**EUR**			**20.70**	**23.20**	**21.20**	**27.50**	**29.20**	**42.95**	**29.20**
EU 25 average (3.7% fat)	**EUR**	**.**	**.**	**27.70**	**27.60**	**27.10**	**31.20**	**33.90**	**49.86**	**33.90**
Bulgaria	EUR	.	.	.	.	.	24.28	31.55	46.40	31.55
Iceland	ISK	39.06	41.71	42.71	44.17	45.45	48.64	64.00	65.45	44.50
Norway[1]	NOK	336	344	348	353	361	380	379	67.79	46.09
Switzerland (3.8 % fat)	CHF	78.44	75.54	74.63	72.41	71.82	70.04	77.65	71.94	48.91

Table 23. Average Producer Milk Prices (continued)

		2002	2003	2004	2005	2006	2007	2008	2008[3]	2008[3]
	Cur-rency	National currency/100 kg							USD/ 100kg	EUR/ 100kg
Croatia	HRK	285	285	285	204	205	212	.	.	.
Russia	RUB	.	.	.	630	530	790	1 110	44.82	30.47
Ukraine	UAH		71.00	83.53	112.69	107.02	172.79	206.51	40.78	27.73
USA	USD	26.85	27.67	35.56	33.36	28.39	42.17	40.39	40.40	27.47
Canada, 3.6% fat	CAD	56.21	59.63	60.08	64.18	65.50	68.68	69.93	65.95	44.84
Mexico	MXN	306	313	340	365	379	417	.	.	.
Australia[2]	AUD	26.31	27.09	30.58	32.04	32.20	48.16	38.84	32.83	22.32
New Zealand[2]	NZD	30.00	35.00	39.00	33.50	36.80	64.10	43.00	30.45	20.70
Argentina (3.5% fat)[4]										
- Greater Buenos Aires	USD	8.50	16.50	16.00	17.70	18.00	25.00	.	.	.
- rural areas	USD	7.70	15.00	14.00	15.40	15.80	22.00	.	.	.
Chile	USD	15.00	17.00	22.00	25.00	23.21	34.00	.	.	.
South Africa[1,4]	ZAR	171.04	194.45	178.07	171.84	184.47	245.63	.	.	.
China (3.4% fat)								.		.
- metropolitan areas	CNY	210	220	210	220	230	280	260	37.40	25.43
- rural areas	CNY	150	155	150	150	170	250	210	30.21	20.54
India	INR	840	894	915	966	992	1 137	1 272	29.41	20.00
Iran	USD				29	31	37	40	41.18	28.00
Japan	JPY	8 220	8 320	8 270	8 190	8 000	7 890	8 380	80.85	54.97
Korea (Republic)	KRW	.	67 100	67 100	67 100	67 099	67 099	67 108	61.46	41.79
Mongolia	MNT				37 900	38 300	39 800	.	.	.

Note: The prices quoted for EU countries refer to whole milk, 3.7 % fat, if not otherwise stated, and for all countries ex farm gate, if not otherwise stated. Prices given per litre have been have been converted by the factor 0.971 into prices per kg.

1) Milk of natural fat content. 2) Dairy years ended June or May of following year. 3) in this column all EU prices refer to milk with 3.7% fatcontent 4) Prices converted into USD and EUR refer to 2004.

Sources: National Committees of IDF and other national sources, ZMB, EUROSTAT.

Table 24. Butter Prices in Selected Countries

		USD/kg					EUR/kg						
	Month	2005	2006	2007	2008	2009	2003	2004	2005	2006	2007	2008	2009
World market (fob Western Europe)	VI	2.33	2.17	3.55	4.05	1.93	1.10	1.56	1.93	1.73	2.63	2.60	1.38
New Zealand	VI	1.99	1.63	2.71	3.90	1.85	.	.	1.63	1.29	1.98	2.45	1.32
Australia*	IV/V	2.12	2.11	1.93	3.80	2.80	.	.	1.56	1.61	1.42	2.44	2.06
Canada	IV	5.46	6.57	7.05	8.00	.	4.37	4.64	4.52	5.23	5.20	5.14	.
China	VI	2.29	2.45	3.23	3.65	.	2.07	1.92	1.90	2.21	2.42	2.35	.
Netherlands	III/IV	.	3.20	3.65	4.34	2.82	.	.	.	2.56	2.70	2.79	2.15
United Kingdom	III/IV	.	3.38	3.38	4.70	2.97	.	.	.	2.70	2.50	3.02	2.27
Germany	VI	3.34	3.05	4.65	4.51	3.17	3.04	3.00	2.76	2.43	3.40	2.96	2.26
Poland	IV	3.18	2.84	3.73	4.07	3.01	1.99	2.46	2.63	2.26	2.72	2.61	2.30
Iceland	III/IV	5.68	5.16	5.93	8.26	.	4.39	4.23	4.69	4.11	4.36	5.43	.
Norway	III/IV	4.16	4.46	4.73	5.70	5.20	3.57	3.37	3.35	3.55	3.48	3.60	3.96
Iran	IV/V	2.60	2.30	4.10	5.40	3.30			2.09	1.85	3.00	3.44	2.50
Japan	VII	8.63	8.14	7.52	10.35	.	7.42	7.21	7.13	6.48	5.99	6.42	.
Korea (Republic)	III/IV	3.02	3.44	3.52	2.88	3.93	.	2.32	2.50	2.72	2.58	1.85	3.00
USA	III/IV	.	2.54	2.88	2.87	2.53	.	.	.	2.02	2.40	2.11	1.93

Prices have been converted at the average rate of the month under consideration.
* Indicator price calculated from average export values.

Table 25. Whole Milk Powder Prices in Selected Countries

		USD/kg						EUR/kg					
	Month	2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
World market (fob Western Europe)	VIII	2.20	2.20	2.15	5.05	4.40	2.05	1.81	1.82	1.71	3.66	2.77	1.46
Australia*	IV/V	.	2.44	2.08	3.43	4.13	3.25	.	1.88	1.72	2.51	2.66	2.40
New Zealand	VI	.	2.19	2.07	4.75	4.40	1.96	.	1.80	1.63	3.46	2.77	1.40
China	VI	2.21	2.11	2.70	3.62	4.11	.	1.92	1.75	1.90	2.71	2.64	.
Netherlands	III/IV	.	.	2.96	3.78	4.53	2.37	.	.	2.37	2.80	2.91	1.81
Germany	VII	3.11	3.03	2.93	5.48	4.61	2.75	2.56	2.43	2.33	4.00	2.90	1.93
Norway	III/IV	4.09	4.31	4.78	4.90	5.70	4.74	3.41	3.46	3.81	3.60	3.60	3.62
Japan	FY**	7.15	8.66	6.68	6.60	7.95	.	5.86	7.16	5.31	4.81	4.93	.
Korea (Republic)	III/IV	3.53	3.76	3.96	6.01	5.75	4.48	2.89	3.11	3.14	4.50	3.65	3.42
USA	VI	3.38	2.89	2.58	4.96	3.88	2.56	2.76	2.39	2.05	3.65	2.47	1.83

Prices have been converted at the average rate of the month under consideration.
* Indicator price calculated from average export values. **) Fiscal year ended March of following year.
Sources: National Committees of IDF, ZMB, USDA.

Table 26. Skimmilk Powder Prices in Selected Countries

		USD/kg						EUR/kg					
	Month	2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
World market (fob Western Europe)	VIII	2.10	2.19	2.07	5.20	3.20	2.00	1.74	1.81	1.65	3.85	2.19	1.40
United Kingdom	III/IV			2.59	2.96	4.45	2.75			2.07	2.19	2.86	2.10
Netherlands	III/IV			2.58	3.83	3.42	2.15			2.06	2.84	2.20	1.64
Germany	VIII	2.50	2.46	2.57	5.38	3.49	2.40	2.09	2.03	2.04	3.98	2.39	1.68
Poland	IV	2.15	2.28	2.50	4.90	3.33	2.24	1.78	1.89	1.99	3.63	2.27	1.71
Norway	IV	4.02	4.16	4.10	4.90	5.50	4.60	3.35	3.34	3.25	3.60	3.48	3.51
Australia*	IV/V	.	3.06	1.71	3.61	3.26	3.05	.	2.36	1.71	2.65	2.10	2.25
New Zealand	VI	.	2.19	2.05	4.81	3.40	1.91	.	1.80	1.62	3.50	2.15	1.36
USA	III/IV	.	.	1.89	2.89	2.76	1.80	.	.	1.45	3.33	2.01	1.32
China	V	2.26	2.23	3.14	3.76	4.56	.	1.87	1.85	2.50	2.80	2.93	.
Iran	IV	.	2.17	3.27	4.80	5.00	.	.	1.74	2.63	3.50	3.18	.
Korea (Republic)	III/IV	4.00	3.81	3.73	2.85	4.59	3.58	3.31	3.16	2.97	2.13	2.91	2.73
Canada	V	4.17	4.55	5.24	5.52	6.30	.	3.47	3.76	4.17	4.46	4.04	.
Japan	VII	4.83	4.75	4.48	4.00	5.51	.	4.02	3.93	3.57	3.26	3.42	.

Prices have been converted at the average rate of the month under consideration.
* Indicator price calculated from average export values.

Table 27. Cheese Prices in Selected Countries

			USD/kg					EUR/kg				
	Month	Type	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
World market, fob Oceania	VI	Cheddar, 39% moisture	2.83	2.68	4.70	5.00	2.58	2.33	2.13	3.48	3.17	1.84
Australia*	IV/V	Cheddar	2.44	2.80	2.82	4.74	4.80	1.88	2.31	2.07	3.05	3.54
New Zealand	VI	Cheddar	2.86	2.63	3.88	5.00	2.53	2.35	2.07	2.89	3.21	1.81
United King-dom	III/IV	Cheddar	.	3.81	3.79	5.21	3.97		3.05	2.81	3.35	3.03
EU 15	VII	Edam/ Gouda	3.48	3.08	5.00	5.11	3.40	2.90	2.45	3.66	3.25	2.38
Germany	VI	Emmenthal	4.92	5.11	6.00	6.78	4.87	4.07	4.07	4.45	4.30	3.48
Poland	IV	Gouda	.	.	3.65	4.57	3.33	.	.	2.70	2.94	2.54
Slovakia	VI	Edam	3.63	3.44	4.77	5.3	3.96	3	2.74	3.51	3.42	2.83
Canada	IV	Mild Cheddar	8.01	8.00	8.96	10.20	.	6.18	6.86	6.71	6.57	.
USA	III/IV	most com-mon type	.	2.56	3.09	4.16	2.80		3.32	3.56	3.48	2.14
Norway	III/IV	Norvegia	9.21	8.92	9.29	11.00	8.74	7.41	7.09	6.83	6.96	6.67
Iceland	VI	Gouda	10.99	9.99	11.47	16.00	.	9.08	7.95	8.43	10.52	.
Iran	IV	Feta type, 450g pack-age	2.40	2.44	2.40	2.32	.	1.94	1.96	1.75	1.48	.

Prices have been converted at the average rate of the month under consideration.
* Indicator price calculated from average export values.
Sources: National Committees of IDF, ZMB, USDA

Table 28. Retail Butter Prices in different Countries

			National Currency				EUR/kg				USD/kg			
	Month	Currency	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Australia*	IV/V	AUD	.	.	.	11.03	.	.	.	6.17	.	.	.	8.38
Germany	VI	EUR	3.08	3.24	2.96	2.72	3.08	3.24	2.96	2.72	3.78	4.35	4.60	3.81
Poland	IV	PLN	15.05	15.25	18.90	17.50	3.84	4.03	4.29	3.99	4.31	5.36	6.69	5.23
Slovakia	III/IV	EUR	4.93	5.78	6.67	6.40	4.93	5.78	6.67	6.40	5.53	7.69	10.41	8.38
Czech Republic	III/IV	CZK	107.55	103.15	118.31	91.89	3.77	3.68	4.71	3.43	4.23	4.89	7.35	4.49
Russia	III/IV	RUB	102.80	108.20	154.10	169.50	3.06	3.12	4.18	3.88	3.43	4.15	6.51	5.08
Canada	III/IV	CAD	4.09	4.16	4.29	4.42	2.92	2.70	2.73	2.79	3.28	3.59	4.26	3.66
USA	III/IV	USD	6.47	6.43	6.80	6.42	5.33	4.83	4.40	4.90	6.47	6.43	6.80	6.42
Norway	III/IV	NOK	.	.	36.00	.			4.52	.	.	.	2.90	.
Iceland	IV	ISK	395	417	451	.	4.30	4.72	3.87	.	4.82	6.28	6.03	.

Prices have been converted at the average rate of the month under consideration.
* Indicator price calculated from average export values.
Sources: National Committees of IDF, ZMB, USDA.

Table 29. Retail Cheese Prices in different Countries

				National Currency			EUR/kg			USD/kg		
	Month	Type	Currency	2007	2008	2009	2007	2008	2009	2007	2008	2009
Australia*	IV/V	Cheddar	AUD	.	.	17.19	.	.	9.63	.	.	13.10
Germany	VI	Gouda	EUR	4.02	5.55	5.04	4.02	5.55	5.04	5.39	8.63	7.06
Poland	IV	Semi fat cottage cheese	PLN	9.77	11.78	11.85	2.58	2.67	2.68	3.44	4.17	3.51
Slovakia	III/IV	Edam	EUR	5.21	6.07	5.48	5.21	6.07	5.48	6.93	9.47	7.18
Czech Republic	III/IV	Edam	CZK	110.21	146.22	117.30	3.93	5.83	4.34	5.23	9.09	5.69
Russia	III/IV	Tilsit	RUB	111.30	174.40	151.00	3.21	4.73	3.88	4.27	7.37	5.08
Canada	III/IV	Mild Cheddar	CAD	14.96	15.14	15.42	9.71	9.64	9.74	12.92	15.04	12.76
USA	III/IV	Mozzarella	USD	8.94	10.10	10.49	6.72	6.53	8.01	8.94	10.10	10.49
Norway	III/IV	Norvegia	NOK	.	64.00	.		8.03	.	.	5.15	.
Iceland	IV	Gouda	ISK	877	1029	.	9.93	8.82	.	13.20	13.76	.

Prices have been converted at the average rate of the month under consideration.
*) Indicator price calculated from average export values.
Sources: National Committees of IDF, ZMB, USDA

Table 30. Retail Liquid Milk Prices in different Countries

			National Currency			EUR/Liter			USD/Liter		
	Month	Currency	2007	2008	2009	2007	2008	2009	2007	2008	2009
Australia*	IV/V	AUD	.	.	1.86	.	.	1.04	.	.	1.41
Germany	VI	EUR	0.61	0.66	0.50	0.61	0.66	0.50	0.82	1.03	0.70
Poland	IV	PLN	2.44	2.84	2.79	0.65	0.64	0.64	0.86	1.00	0.84
Slovakia	III/IV	EUR	0.59	0.70	0.70	0.59	0.70	0.70	0.78	1.09	0.92
Czech Republic**	III/IV	CZK	13.53	17.73	14.12	0.48	0.71	0.53	0.64	1.10	0.69
Russia	III/IV	RUB	19.60	25.90	26.40	0.56	0.70	0.60	0.75	1.09	0.79
Canada	III/IV	CAD	1.47	1.54	1.62	0.95	0.98	1.02	1.27	1.53	1.34
USA	III/IV	USD	0.82	1.00	0.82	0.62	0.65	0.73	0.82	1.00	0.82
Iceland	IV	ISK	76	90	.	0.86	0.77	.	1.14	1.20	.

Prices have been converted at the average rate of the month under consideration.
* Indicator price calculated from average export values. **UHT 1.5%.
Sources: National Committees of IDF, ZMB, USDA.

Abbreviations and conventional signs

AMF	Anhydrous milk fat
CAP	Common agricultural policy (of the EU)
CIS	Commonwealth of Independant States (formerly republics within the USSR)
EU	European Union
EUROSTAT	Statistical Office of the European Communities
ESL	Extended shelf life (milk)
GDP	Gross domestic product
GMO	Genetically modified organisms
FTA	Free trade agreement
hl	hectolitre (=100 litres)
QM	Quality management
QS	Quality system
NAFTA	North American Free Trade Agreement
WTO	World Trade Organization
SMP	Skimmilk powder
WMP	Whole milk powder
WPC	Whey protein concentrate
.	No figure available or no sense to give numeric figure

WORLD DAIRY SITUATION 2009

ABSTRACT

Annual survey presented at IDF World Dairy Summit, Berlin (DE), in September 2009. Production, consumption, trade and price figures from dairy sector and other sources. Largest dairy companies by turnover and by milk intake. Comments and prognoses on the situation in different countries and analysis of the whole, covering all major producing and consuming countries. Review of various forecasts of dairy trade.

Keywords: dairy economics, milk production, consumption trends, dairy situation, dairy markets, world trade, dairy prices, dairy trade projections

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Example: 2 Walstra, P. The role of proteins in the stabilization of emulsions. In: G.O. Phillips, D.J. Wedlock & P.A. William (Editors), Gums & Stabilizers in the Food Industry - 4. IRL Press, Oxford (1988).

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In the case of native English speakers the author's national conventions (British, American etc.) are respected for spelling, grammar etc. but errors will be corrected and explanation given where confusion might arise, for example, in the case of units with differing values (gallon) or words with significantly different meanings (billion).

“ .... Usually double quotes and not single quotes
? ! .... Half-space before and after question marks, and exclamation marks
± .... Half-space before and after
micr<u>oo</u>rganisms .... Without a hyphen
Infra-red .... With a hyphen
et al. .... Not underlined nor italic
e.g., i.e.,... .... Spelled out in English - for example, that is
lit<u>re</u> .... Not liter unless the author is American
ml, mg,... .... Space between number and ml, mg,...
skimmilk .... One word if adjective, two words if substantive
sulfuric, sulfite, sulfate .... Not sulphuric, sulphite, sulphate (as agreed by IUPAC)
AOAC <u>International</u> .... Not AOAC<u>I</u>
progra<u>mme</u> .... Not program unless a) author is American or b) computer program
milk and milk product .... rather than “milk and dairy product” - Normally some latitude can be allowed in non scientific texts
-ize, -ization .... Not -ise, -isation with a few exceptions
Decimal comma .... in Standards (only) in both languages (as agreed by ISO)
No space between figure and % - i.e. 6%, etc.
Milkfat .... One word
USA, UK, GB .... No stops
Figure .... To be written out in full
1000-9000 .... No comma
10 000, etc. .... No comma, but space
hours .... ø h
second .... ø s
litre .... ø l
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