



EDA Trade and Economics Committee

16 June 2022, 09:00 – 13:00

EDA offices Brussels



EDA Antitrust & Data Protection Statement

- Participants are reminded that they cannot and should not enter into any discussion or engage in any conduct that may amount to an infringement of any relevant competition law.
- In particular and by way of example, the participants will not disclose or discuss any commercially sensitive information on prices, on customers and or investments.
- Participants agree that EDA processes their personal data within the remit of the mission of EDA as an European trade association.
- These data are kept within the EDA secretariat.
- Participants acknowledge that they can ask EDA by email to share their respective personal data set with them and that they can ask for deletion.

EDA Trade and Economics Committee

Agenda

1. **Opening and Welcome**
2. **Anti-trust and data protection statement**
3. **Approval of the agenda and the minutes of the last meeting (ref. 2022/013/EDA/TEC/lvd)**
4. **Market situation**
 - **Report from the Milk Market Observatory Board, secretariat**
 - **Market developments, presentation by the secretariat**
 - **Latest developments in Member States (tour de table)**
5. **Report from the CAP TF and Trade TF**
 - **Short report on the CAP TF meeting, held on 15 June 2022.**
 - **Short report on the Trade TF meeting held on 15 June 2022.**
 - **Key messages for the Commission**
6. **Discussion with Commission representative(s)**
 - **Commission representative(s) (EC, Unit G.3 Animal products)**
7. **Any Other Business and confirmation of dates of next meetings**
8. **End of the meeting**



Market situation

4. Market situation

- Report from the Milk Market Observatory Board
- Market developments, presentation
- Latest developments in Member States (tour de table)



uniting dairy excellence & ambition



Market situation Spring 2022

EDA TEC-meeting
16. June 2022

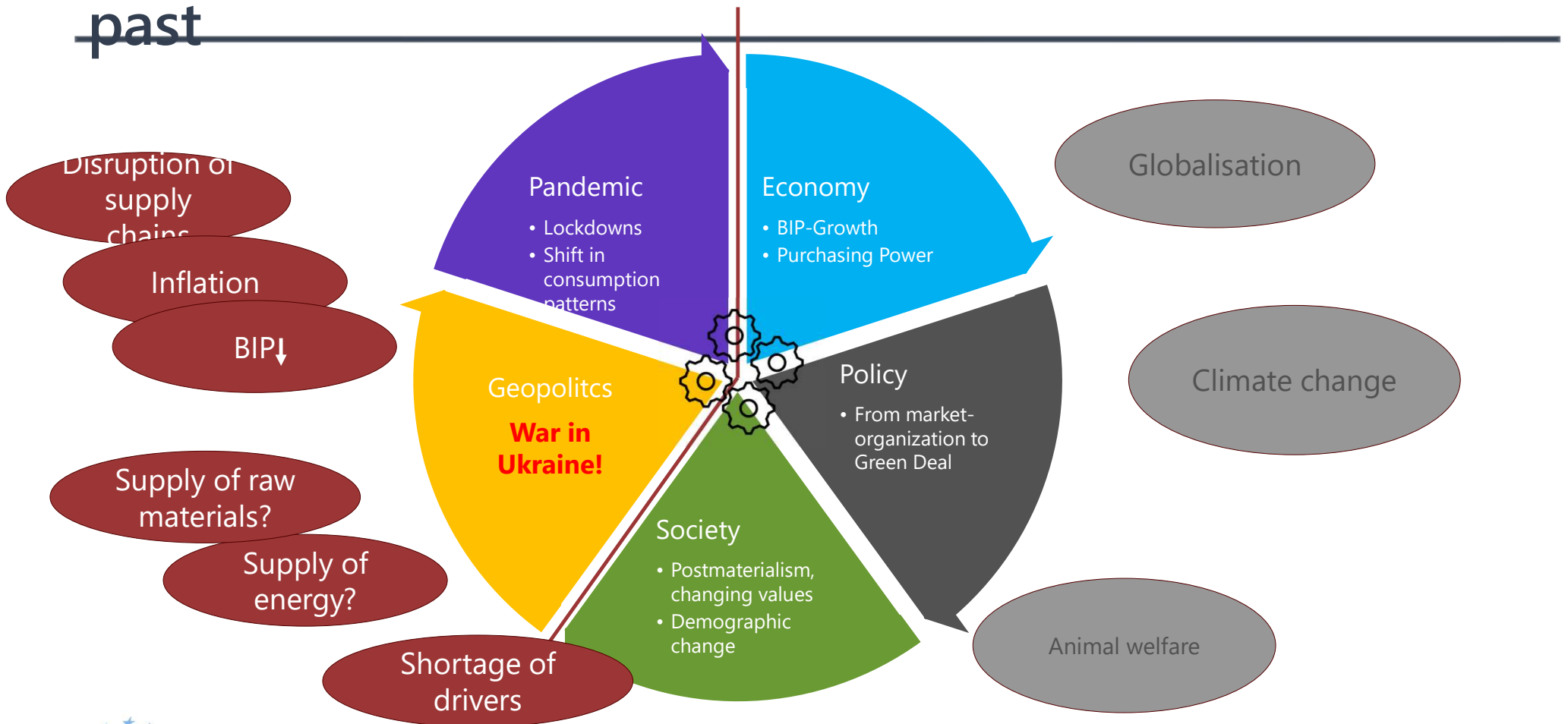
Monika Wohlfarth

Zentrale Milchmarkt Berichterstattung GmbH
Berlin

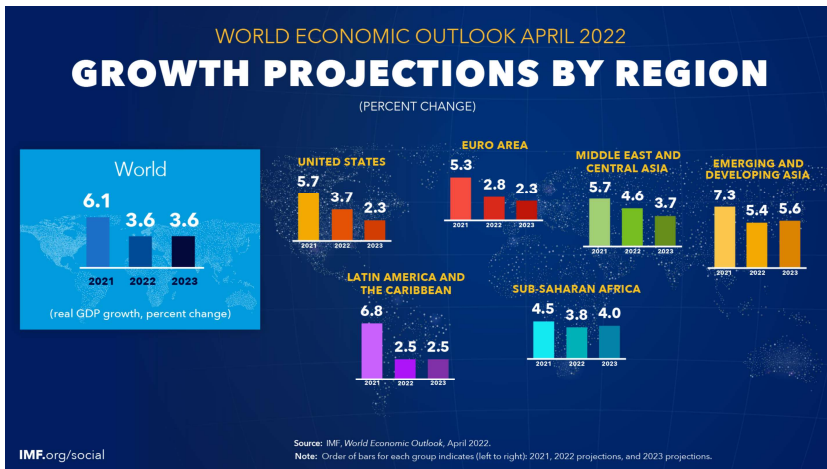


uniting dairy excellence & ambition

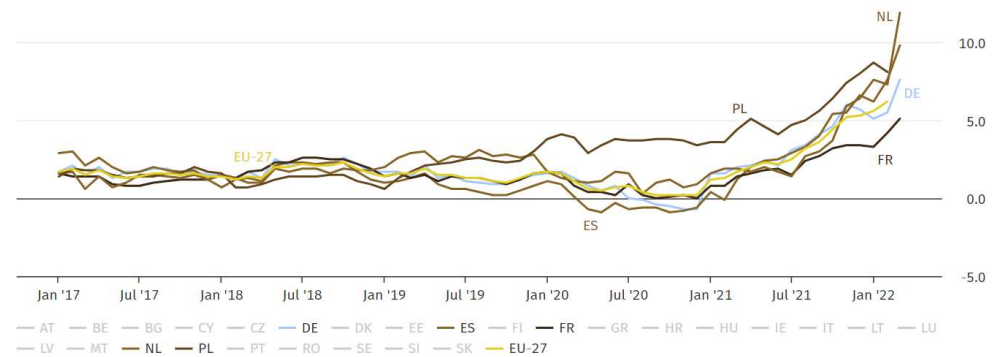
Framework-conditions more complex than in the past



Economy dampened by Covid-19 and Ukraine-conflict



Harmonized Index of Consumer Prices (HICP), all items
Percentage change compared to same period in previous year



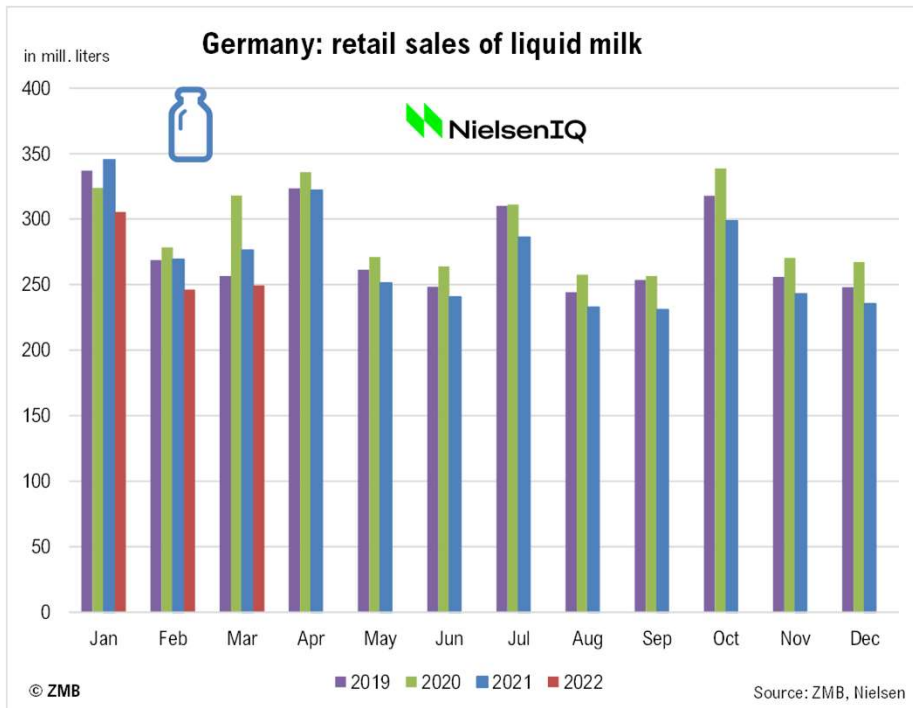
Country codes. Some values are estimated. Click or tap on the legend to show or hide variables. Source: Eurostat

© Statistisches Bundesamt (Destatis), 2022

Economic outlook dampened by the ongoing pandemic and Ukraine-conflict

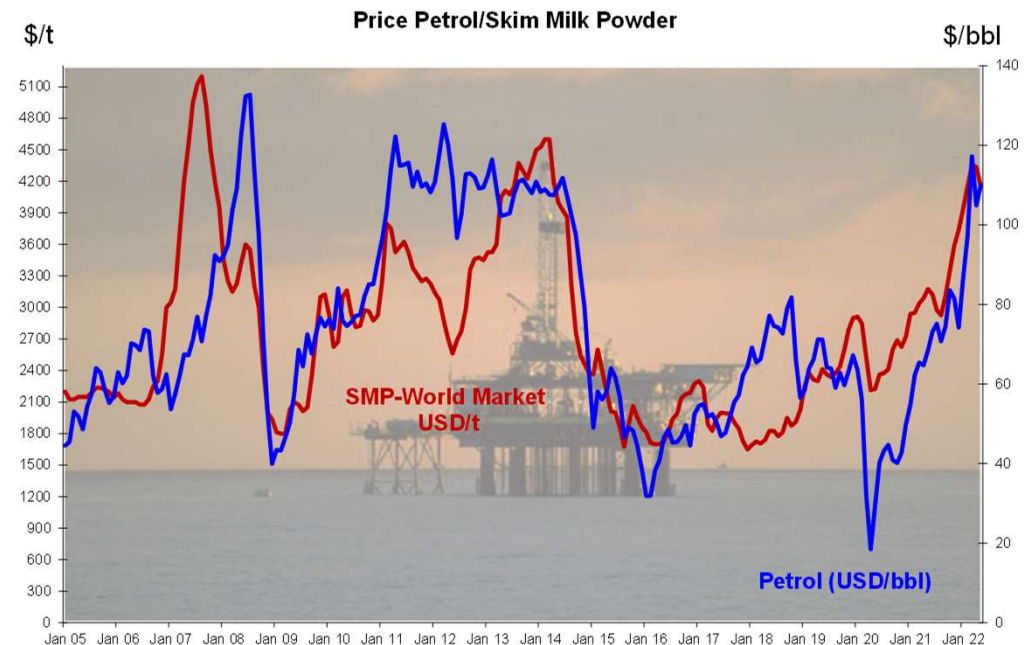
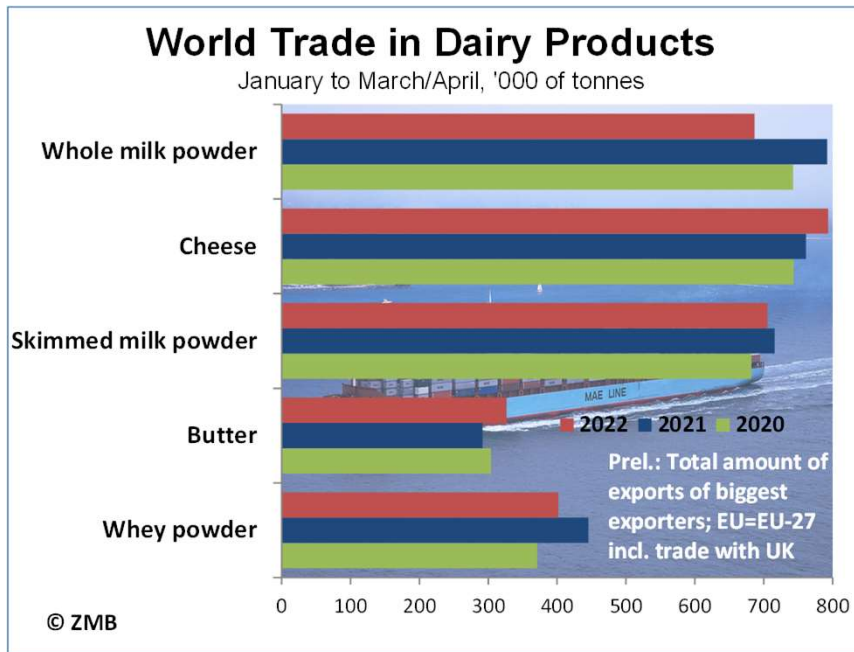
- Inflation increased to highest levels since decades:
- partly due to Covid-19 (interruption of supply-chains, faster than expected recovery)
 - Enforced by the Ukraine-conflict
 - „greenflation“

Consumption pattern back to normal – more or less



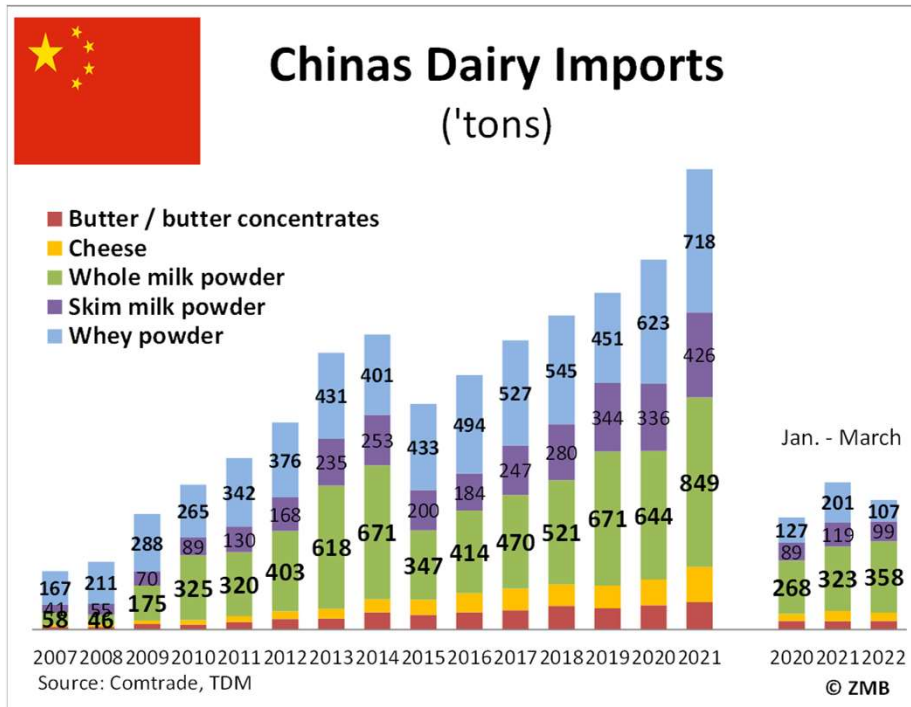
**Retails sales are decreasing compared to pushed figures during the lockdown-period
Food-Service sales and travelling recovered recently**

International trade decreased at the beginning of 2022 – logistics challenging



Trade in cheese push by recovery of UK-trade.

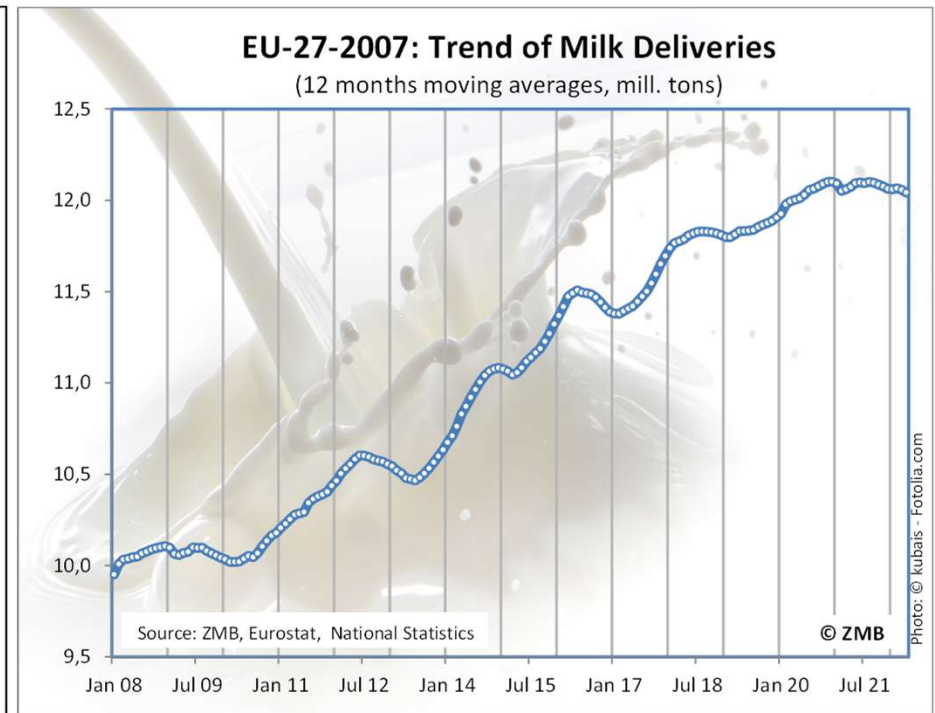
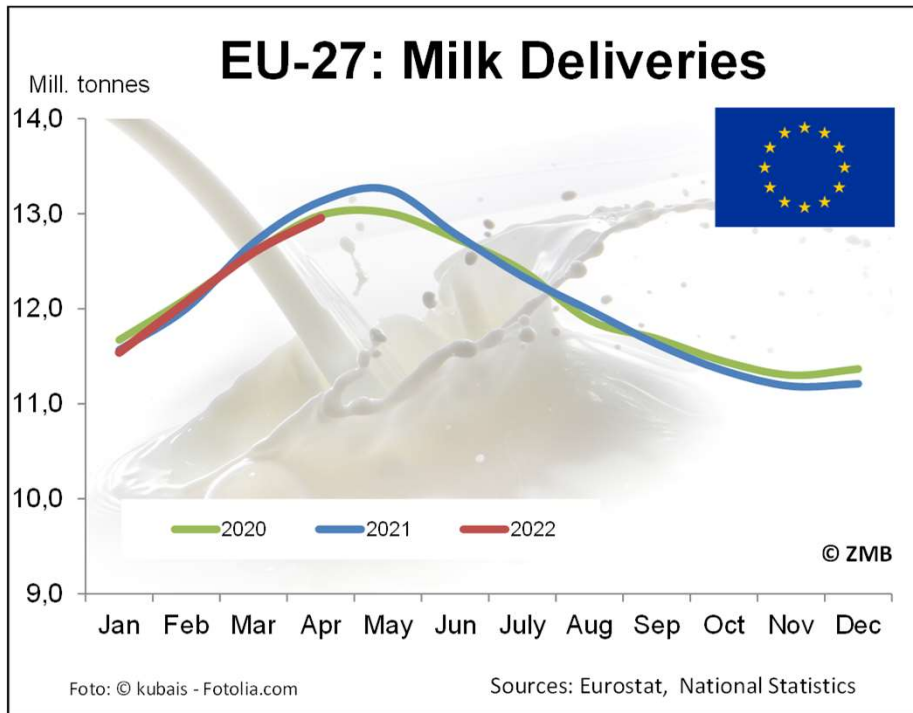
Key-question: How will demand from China go on?



- Domestic production in China is increasing strongly.
- Demand depressed by strict lockdowns in many big chinese cities since several week relaxing of measures started
- Supply chains are interrupted again
- Economic growth will be reduced

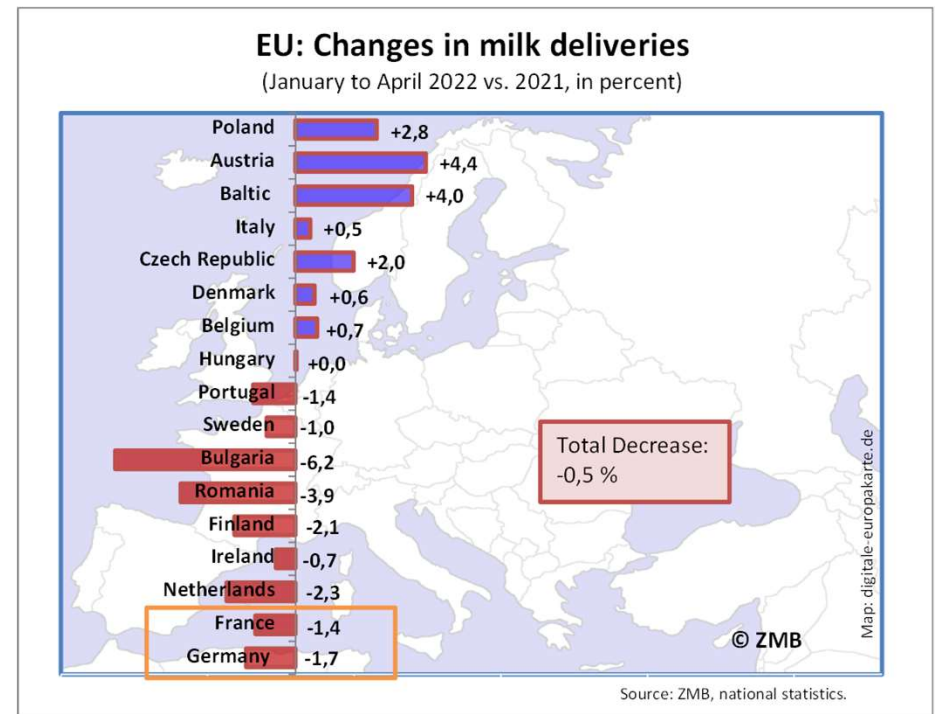
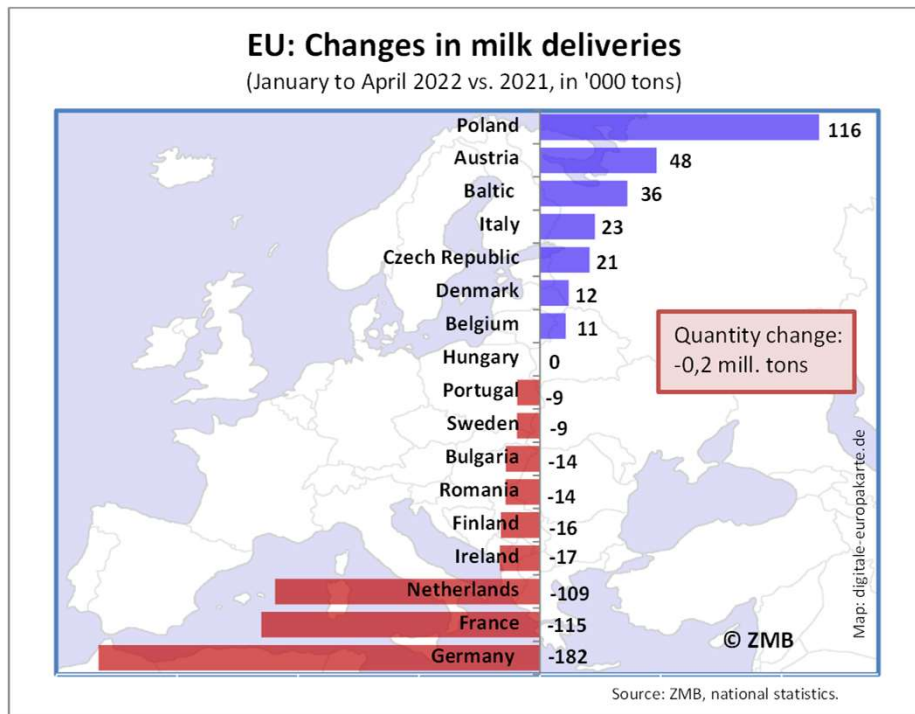
Import reached new records in 2021, but weekend at the beginning of 2022

EU-milk deliveries decreased by 0,5 % up to April

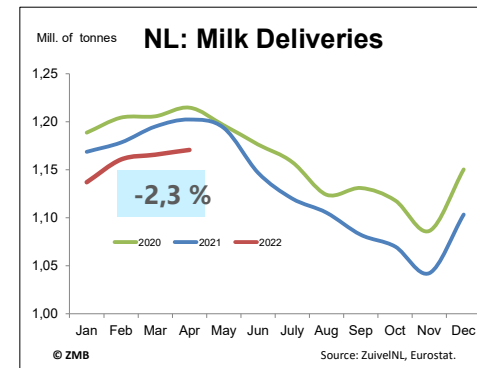
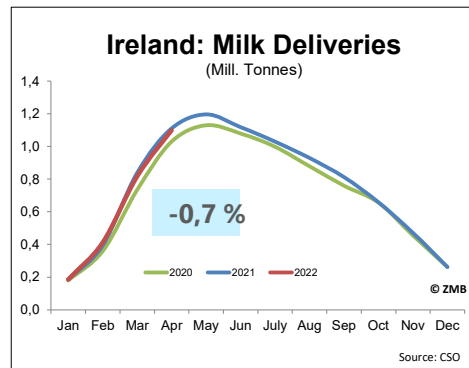
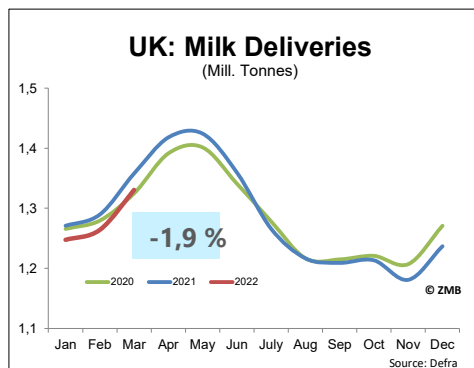
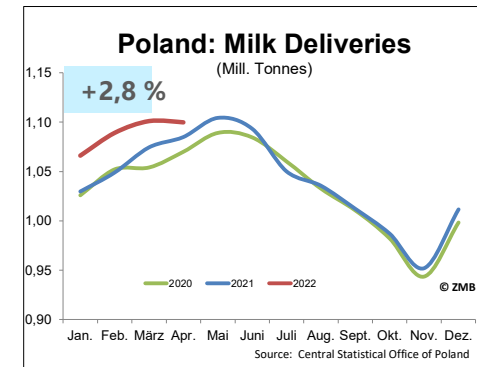
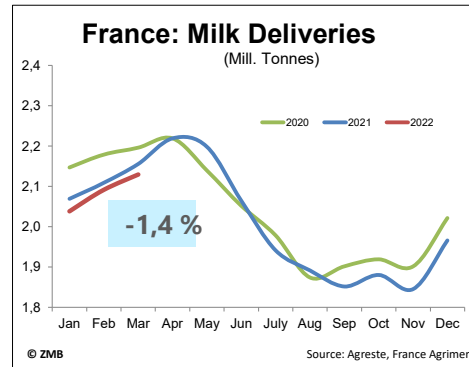
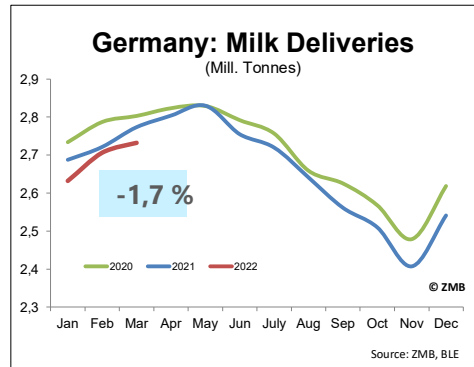


Growing trend of EU-milk deliveries stopped!

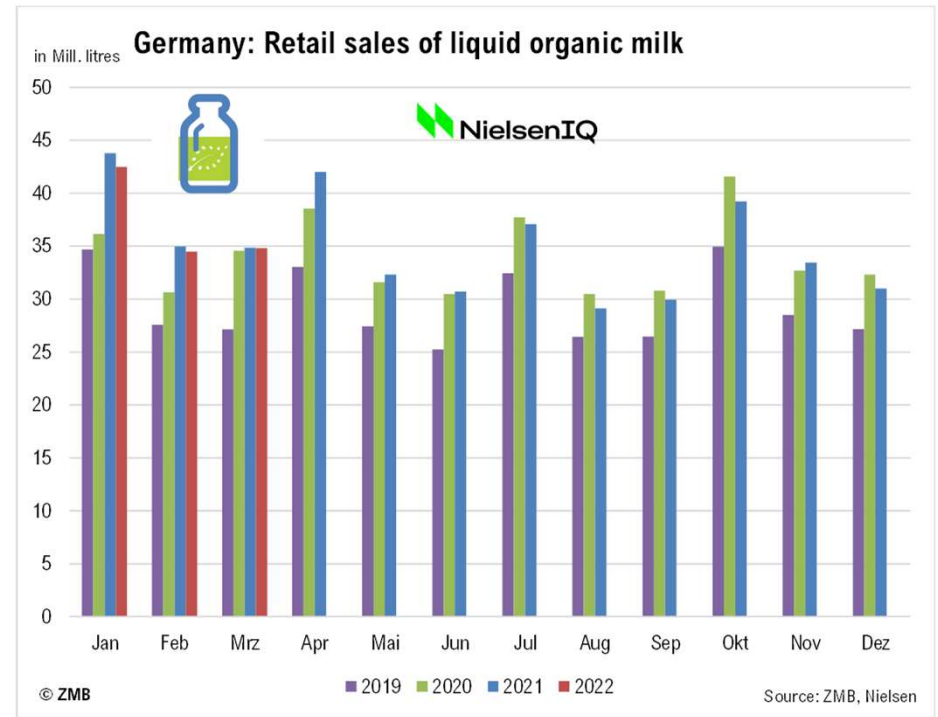
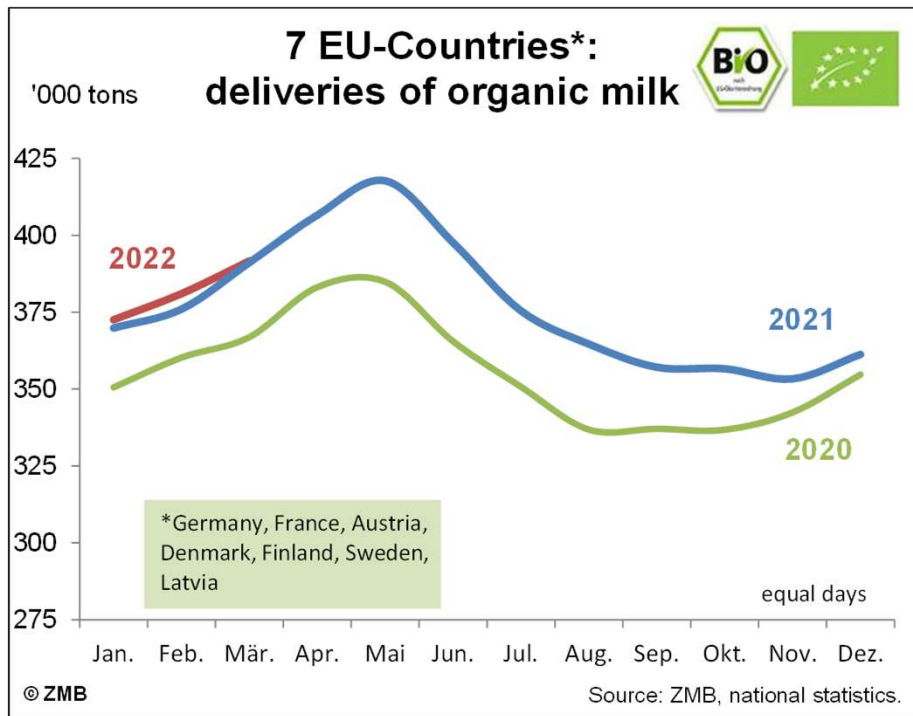
Decreases in important member states, growth in Ireland stopped



Mixed developments in Europe



Organic is slowing down – in production and consumption

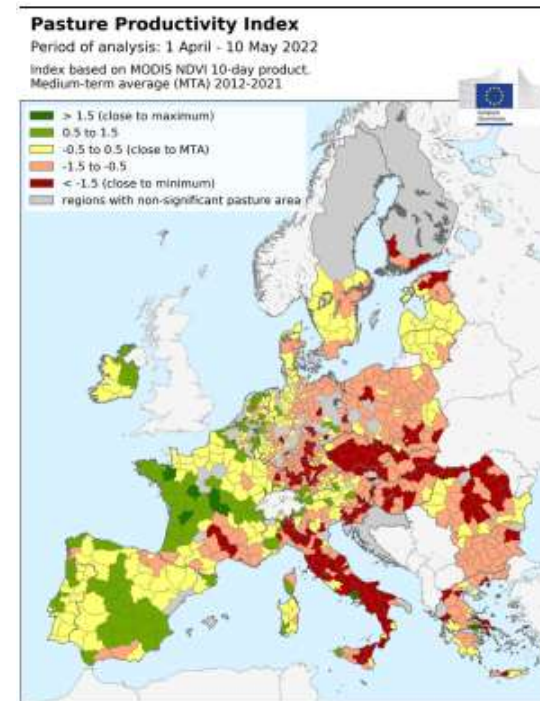
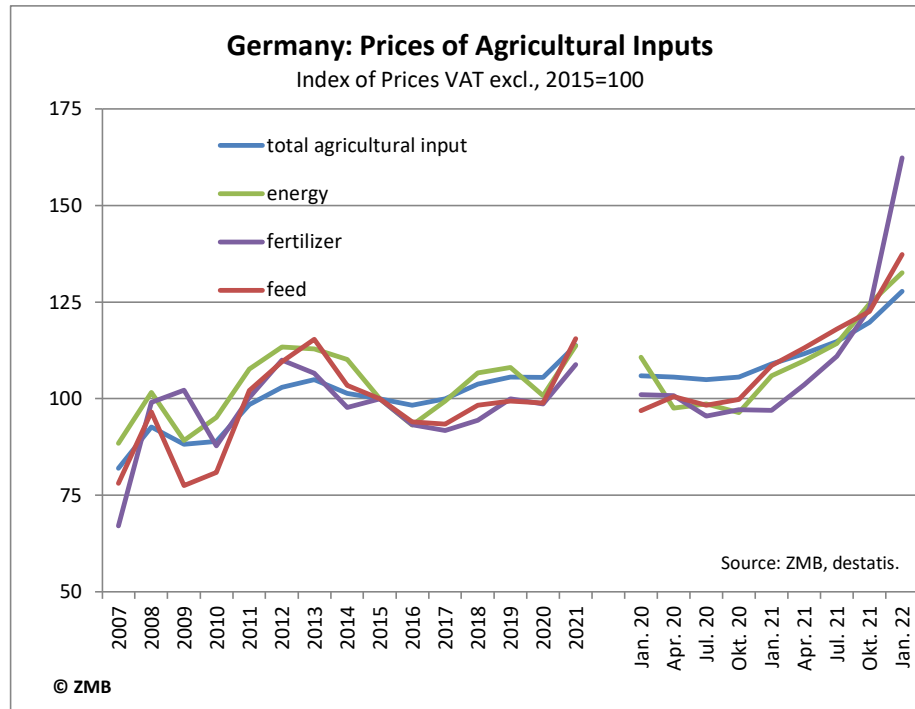


± PY +0,7 %

Average share of deliveries in 7 countries: 6,3 %

Demand for organic products increased during the pandemic, actually slight decreases

High input costs and mixed weather conditions



Situation before outbreak of Conflict in Ukraine!

Prices corrected for input-factores recently

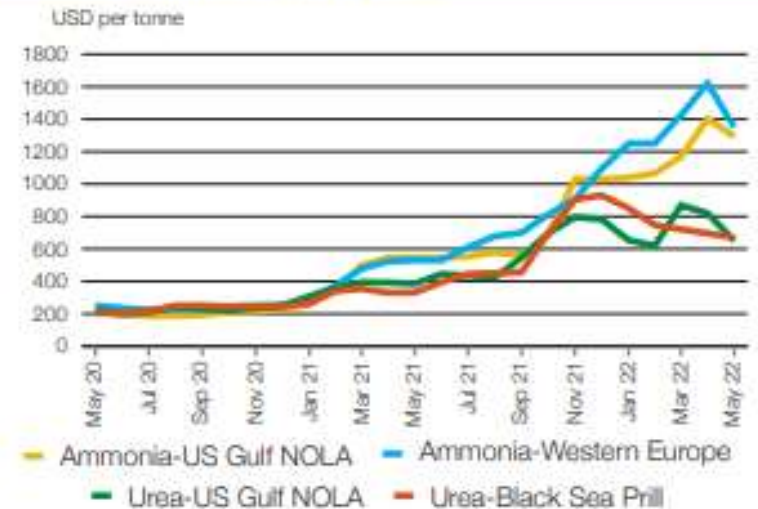
Agricultural goods



Source: <https://markets.businessinsider.com/13.06.22>

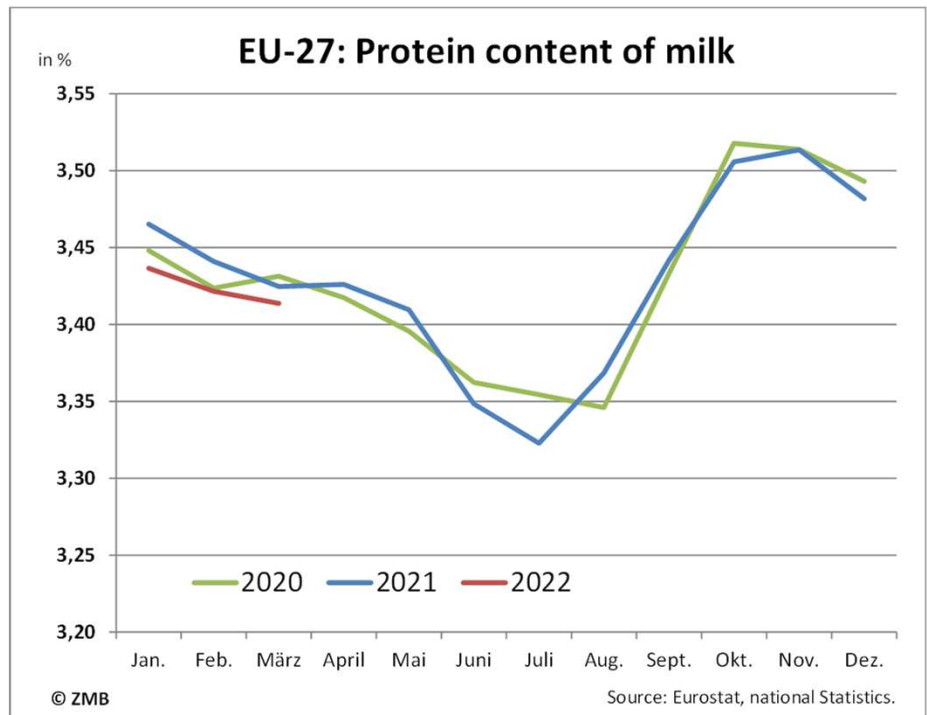
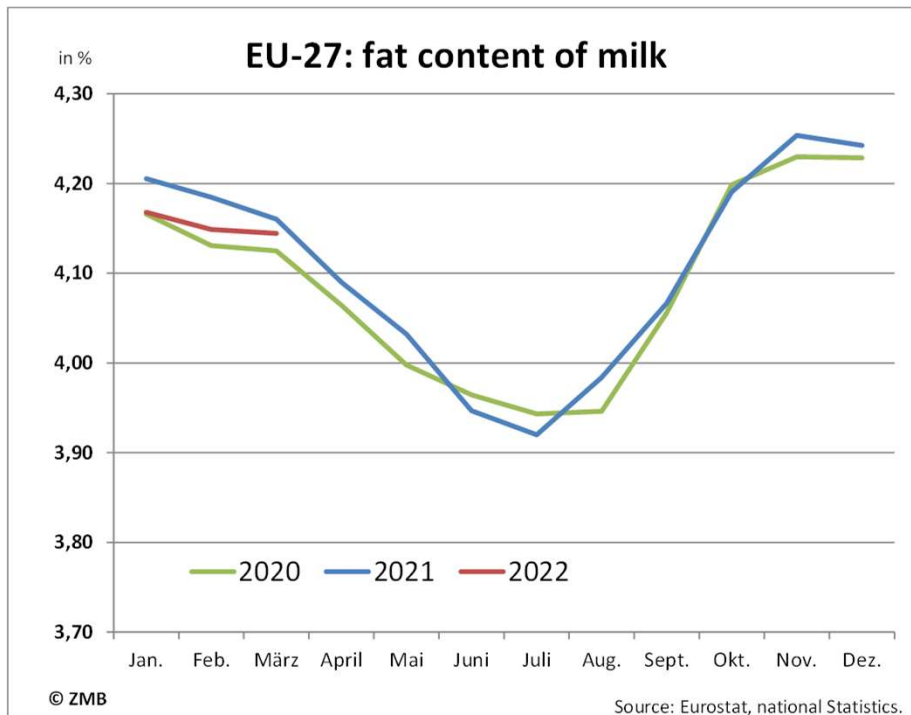
Fertilizer

Ammonia and urea (spot prices)



Source: FAO AMIS Market Monitor June 22

Additionally lower contents of fat and protein



Milk processing: Growth of cheese-production is slowing down

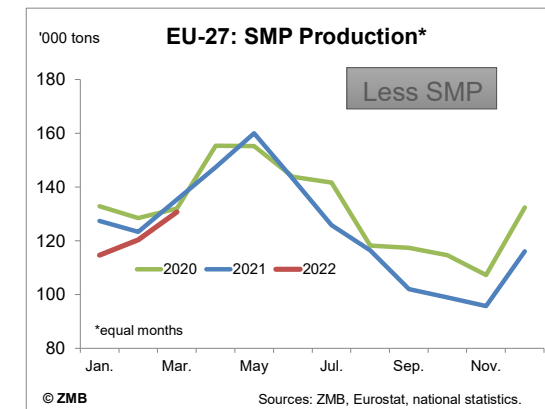
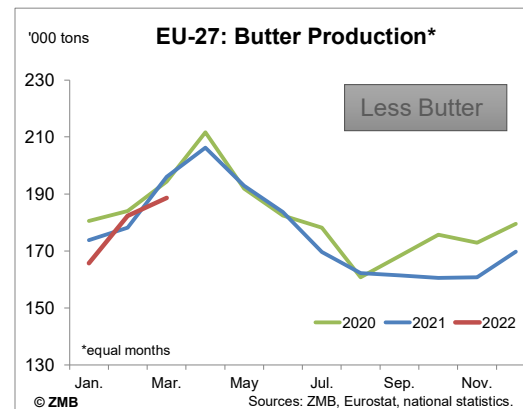
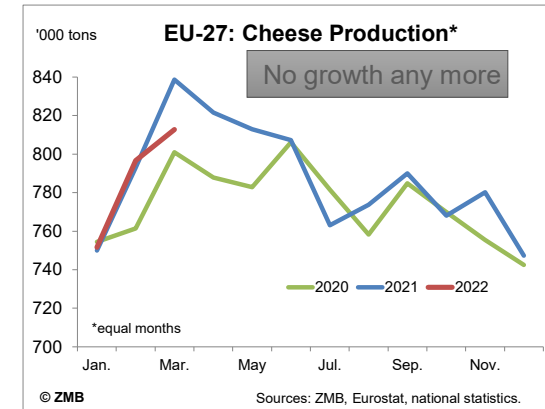
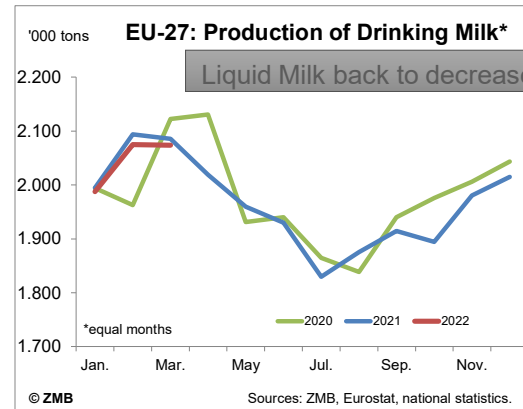
EU-27: Production of Dairy Products

000 t	January - March			Mar.
	2021	2022*	22:21 *	22:21 *
Liquid milk	6.069	6.033	- 0,6%	- 0,6%
Cream	604	622	+ 3,0%	+ 3,2%
Fermented Products	2.169	2.168	- 0,0%	- 1,6%
Butter	539	528	- 2,2%	- 3,8%
Cheese	2.343	2.321	- 0,9%	- 3,1%
WMP etc.	159	156	- 1,8%	- 0,8%
SMP	380	360	- 5,4%	- 3,5%
Condensed milk	245	243	- 0,8%	+ 2,0%

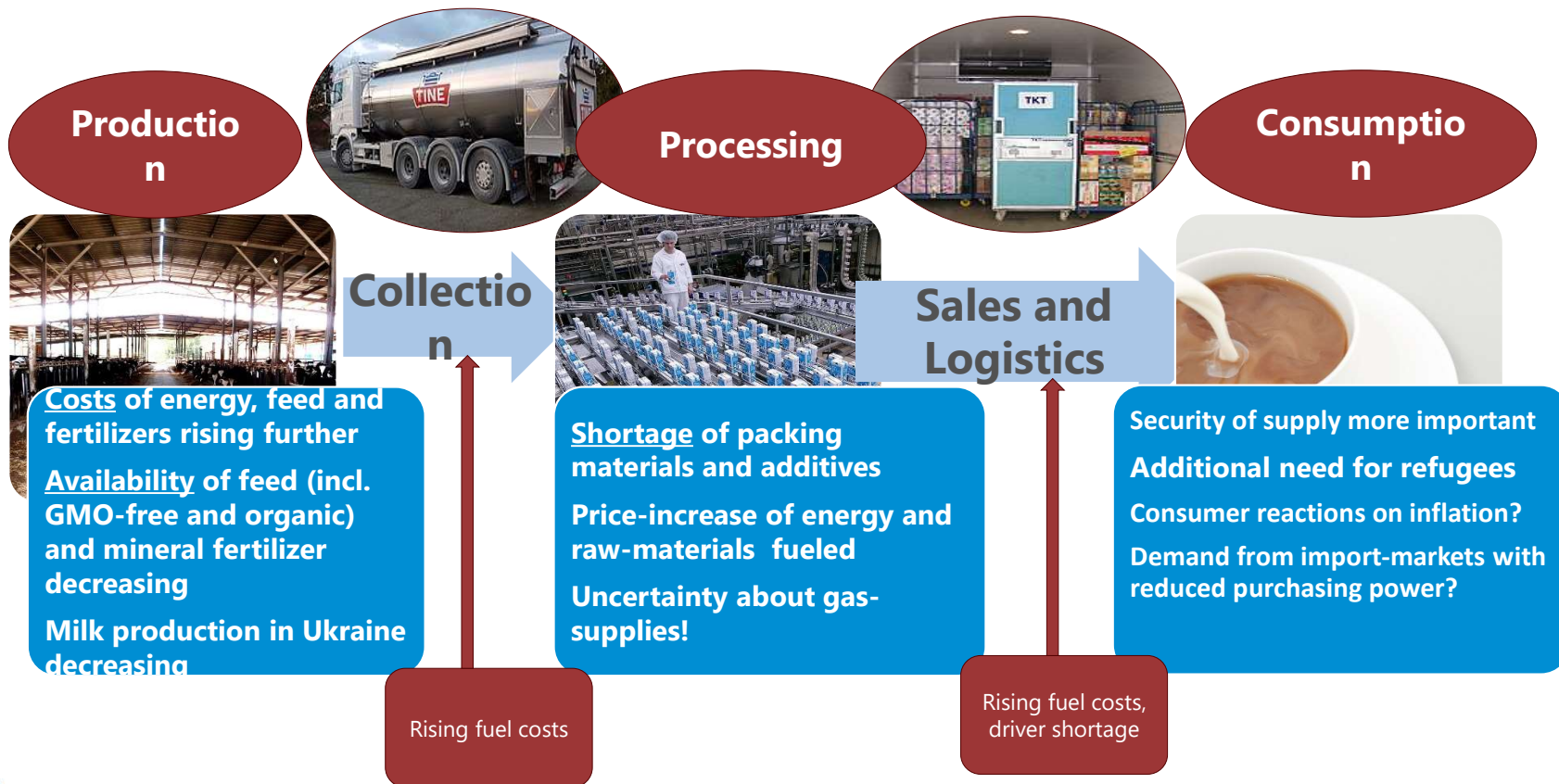
*) Provisional.

Sources: ZMB, Eurostat, national statistics.

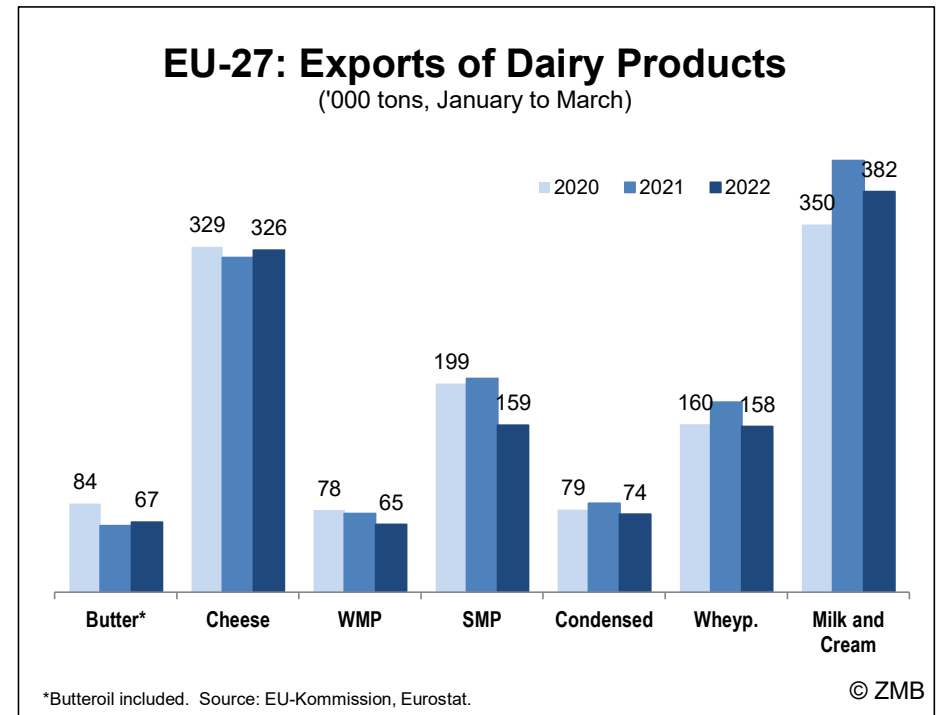
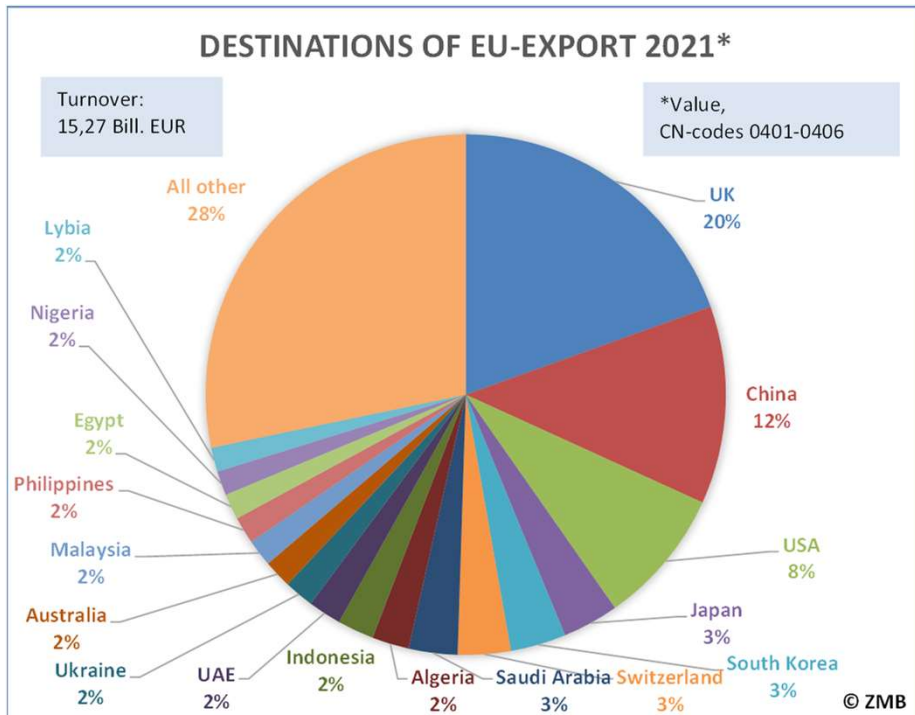
© ZMB



The whole Dairy-Value-Chain is affected by the Conflict



Export development mixed, UK, China and USA main destinations



Asian countries more important, esp. China

The cheese market is growing further, but price-increase stopped

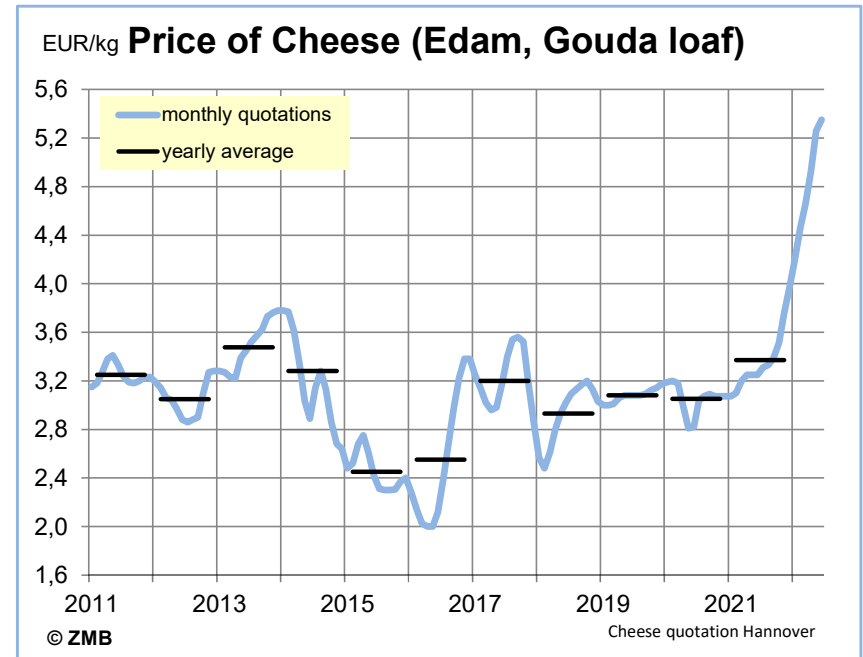
EU Cheese Balance Sheet						
'000 t	2018	2019	2020*	2020*	2021*	2022**
	EU 28	EU28	EU 28	EU-27	EU-27	EU-27
Production	10.546	10.724	10.890	10.417	10.510	10.590
- from cows' milk in dairies	9.526	9.744	9.910	9.437	9.520	9.600
- on farms	100	100	100	100	100	100
- from other milk	920	880	880	880	890	890
Imports	59	63	63	222	200	200
- thereof from UK	.	.	.	160	130	130
Processing addition ¹⁾	180	180	170	155	160	160
Available	10.785	10.967	11.123	10.793	10.870	10.950
Exports	833	880	943	1.402	1.390	1.400
- thereof to UK	.	.	.	493	430	460
Stock Change	20	-20	0	10	-20	0
Consumption	9.932	10.107	10.180	9.382	9.500	9.550
- per capita (kg)	19,4	19,7	19,8	21,0	21,2	21,1

1) From processed cheese. *)Provisional **) Forecast.

Remark: UK was part of the single market during 2020.

Source: ZMB

Updated May 2022



Butter-market balanced – vegetable fats short and expensive

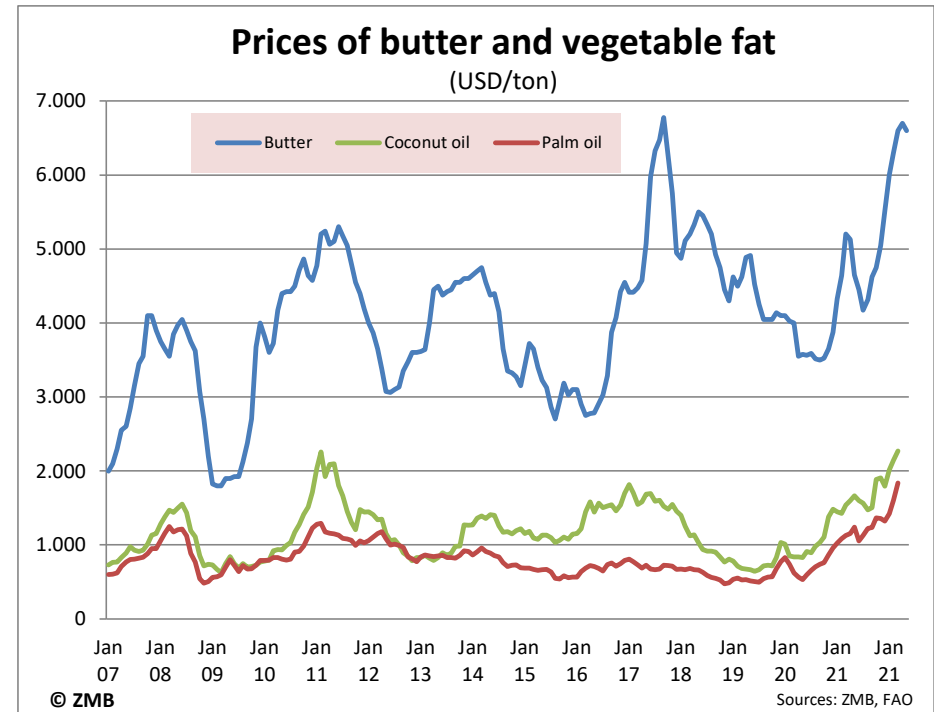
EU Butter Balance Sheet						
'000 t	2018	2019	2020*	2020*	2021*	2022**
	EU 28	EU28	EU 28	EU-27	EU-27	EU-28
Initial stocks	90	140	160	146	135	120
Total production	2.342	2.402	2.448	2.254	2.220	2.190
- in dairies ¹⁾	2.322	2.382	2.428	2.234	2.200	2.170
- on farms	20	20	20	20	20	20
Imports	22	15	4	52	50	50
-thereof from UK	.	.	.	47	40	30
Exports	163	218	247	320	260	230
-thereof to UK	.	.	.	79	50	50
Final stocks	140	160	150	135	120	100
thereof public stocks	0	0	0	0	0	0
Disappearance	2.151	2.180	2.215	1.997	2.025	2.030
Per capita (kg)	4,2	4,2	4,3	4,5	4,5	4,5

*)Provisional **) Forecast. 1)incl. butteroil.

Remark: UK was part of the single market during 2020.

Source: ZMB

Updated May 2022



SMP strong, no stocks

EU SMP Balance Sheet

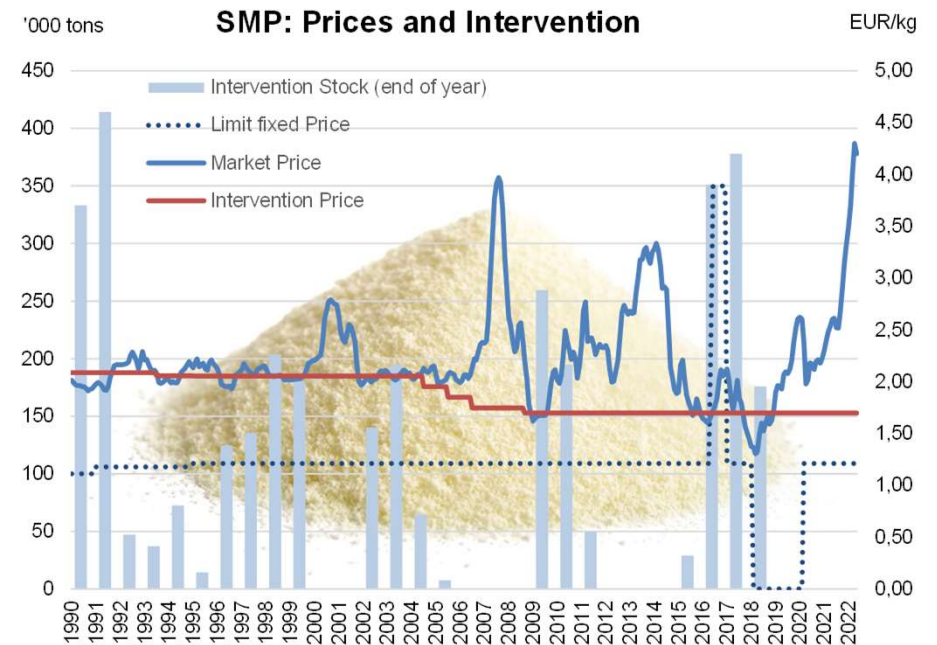
'000 t	2018	2019	2020*	2020*	2021*	2022**
	EU 28	EU28	EU 28	EU-27	EU-27	EU-27
Opening stocks	530	438	209	205	128	51
Production	1.671	1.668	1.706	1.628	1.560	1.520
Imports	4	6	2	36	33	20
- thereof from UK	.	.	.	34	23	18
Available	2.204	2.111	1.917	1.869	1.721	1.591
Consumption	950	940	920	910	880	860
- other than feed	800	800	800	790	780	780
- in feed	150	140	120	120	100	80
Exports	816	962	828	831	790	680
- thereof to UK	.	.	.	28	15	10
Ending stocks	438	209	169	128	51	51
- in intervention	176	0	0	0	0	0

*)Provisional **) Forecast.

Remark: UK was part of the single market during 2020.

Source: ZMB

Updated May 2022



© ZMB GmbH

Sources: ZMB, EU-Commission, ZMP, Süddeutsche Butter- und Käsebörsen; emuck - fotolia.com



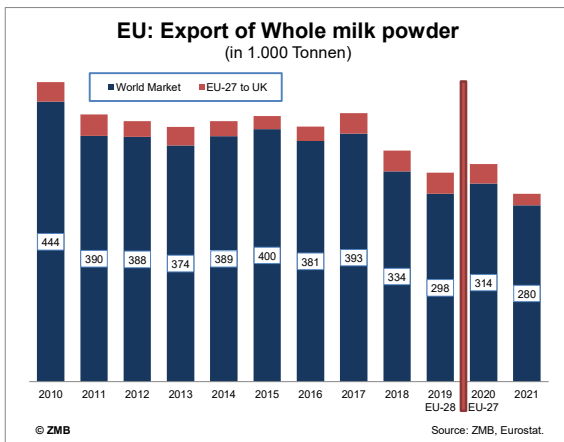
WMP: Availability in EU decreased, more focus on domestic markets

EU Balance Sheet of Whole Milk Powder						
'000 t	2018	2019	2020*	2020*	2021**	2022**
	EU 28	EU28	EU 28	EU-27	EU-27	EU27
Production	840	860	870	858	810	830
Imports	2	6	1	27	11	5
-thereof from UK	.	.	.	26	10	10
Exports	334	297	331	340	300	280
-thereof to UK	.	.	.	35	20	25
Change in stocks	20	50	0	20	-20	0
Sales	488	518	540	525	541	555

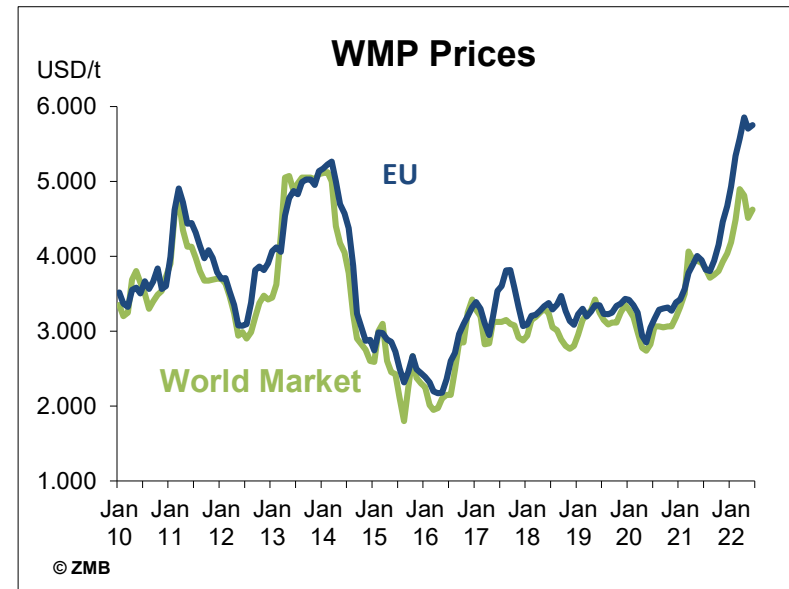
*)Provisional **) Forecast.

Remark: UK was part of the single market during 2020.

Source: ZMB



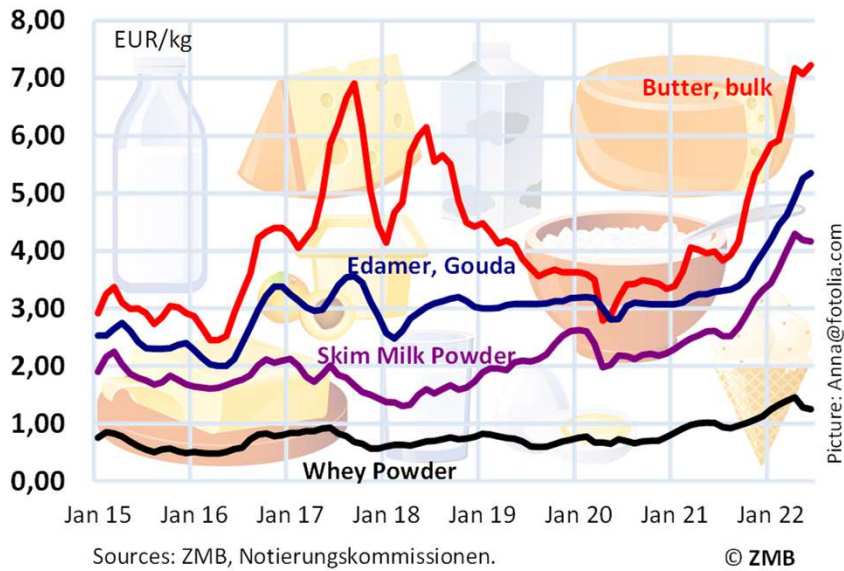
Updated May 2022



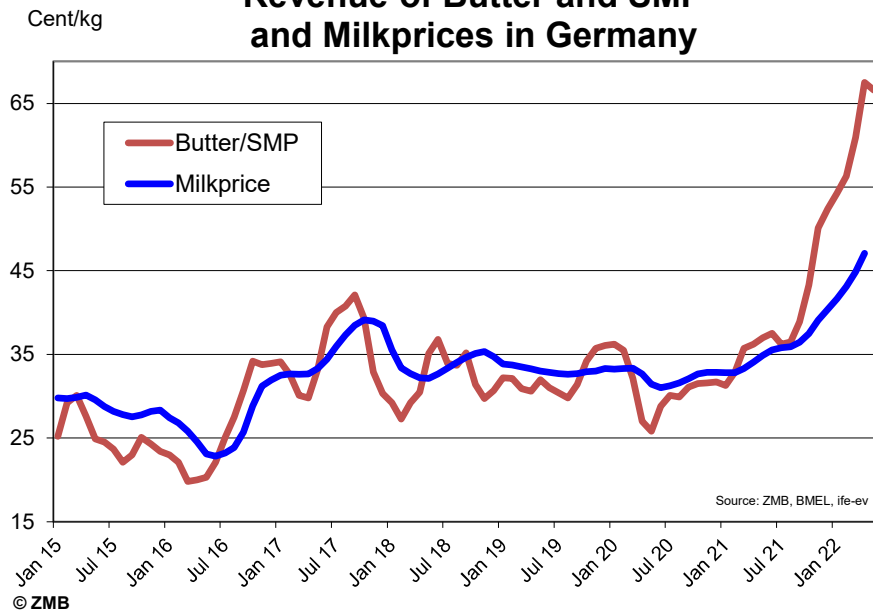
Prices decoupled

Prices of all dairy products and valorisation higher than ever before, but over their peak

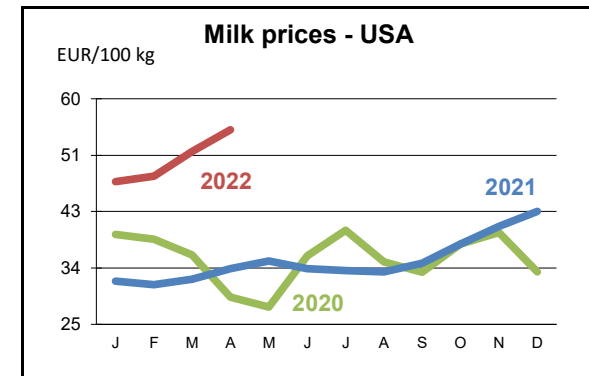
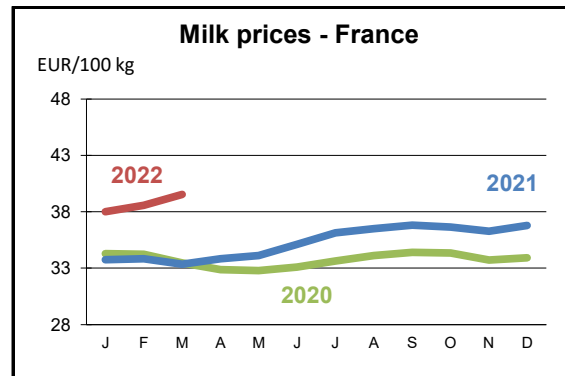
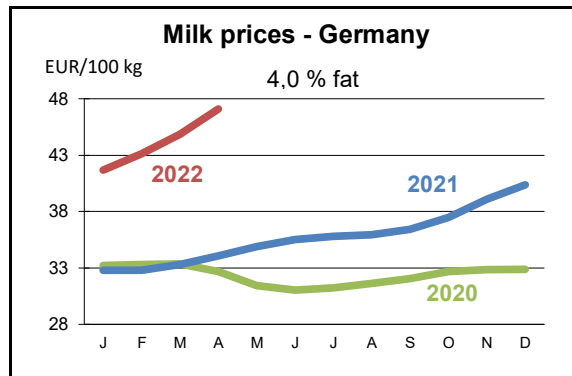
Wholesale Prices of Dairy Products (Germany)



Revenue of Butter and SMP and Milkprices in Germany



Milk prices increasing - with different speed



Milk prices in Europe will increase further and reach historical highs
 US-prices strong, too
 milk price forecast in New Zealand on record level – but revised down recently

Actually highest margin for dairy farmers since years. Production-response in EU will be limited due to challenging weather-conditions, environmental constraints, high costs and reduced availability of mineral fertilizers and feed-concentrates

Summary and outlook

Milk production in EU is modest actually, despite of record high milk prices. Peak of production seen in 2020?

Dairy markets reacted on war in Ukraine with panic-buying, high nervosity and as result further strong price-increases. Actually calmer and small price-corrections

Lockdowns in China have negative impact on international demand for dairy products and global economy, Covid-19 is still there

Sales of dairy products in Europe return to normal pattern with relaxed measures against Covid-19 actually

Market has to digest unknown price-increases actually – in rich and poor countries!

Food is always eaten, even in times of high inflation. Nethertheless, some changes will be seen (harder times for premium products, more demand for own-labels-products, less food-waste)

High Uncertainty

Supply

- High production costs
- Unfavourable weather conditions in parts of Europe and other regions of the world
- Supply of fertilizer, feed and energy reduced due to Ukraine-conflict
- More environmental constraints
- Disruption in s

Demand

- Demand from China
 - GDP world-wide negatively affected by political unrest and disruption of supply-chains
 - Purchasing power globally decreasing due to strong inflation (food, energy
 - Higher need in EU for
fuges
- of Covid-19??

Highest inflation since decades

Thank you for your attention!

Monika Wohlfarth, Geschäftsführerin
ZMB Zentrale Milchmarkt Berichterstattung GmbH

www.milk.de

Monika.Wohlfarth@milk.de



Report from the CAP TF and Trade TF

5. Report from the CAP TF and Trade TF

- Short report on the CAP TF meeting, held on 15 June 2022.
- Short report on the Trade TF meeting held on held on 15 June 2022.



uniting dairy excellence & ambition

7. Any Other Business and confirmation of dates of next meetings

October 6 (online):

- CAP, Trade & TEC: 10:00 – 17:00 (CET) - *proposal*



uniting dairy excellence & ambition

Thank you for your attention



uniting dairy excellence & ambition
