



IFCN Dairy Report 2008

For a better understanding
of milk production world-wide

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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 the cost of milk production, monthly milk prices, 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.

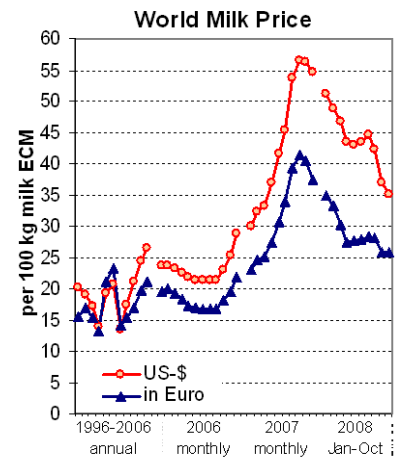
Milk price developments 1996 - 2008

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 €) 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:

- small quantities influence the prices,
- we have a delay of dairy farmers’ production reaction and
- also a delay of consumers reaction in milk demand.

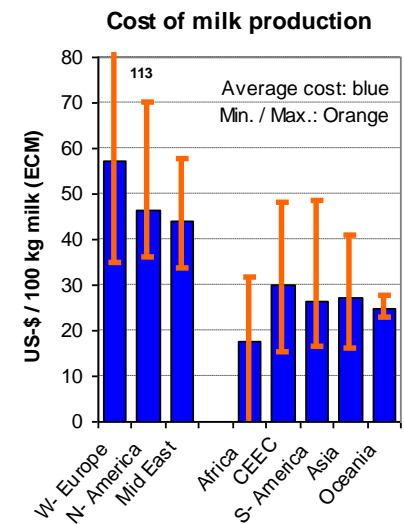


Cost of milk production – The gap is widening

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

- Africa has the lowest and Western Europe the highest cost,
- cost 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 increases were greater in high cost systems than in the low cost systems. This means that the cost difference shown in the chart will become bigger, as feed costs keep increasing. Grazing dairy regions will benefit. Moreover, it becomes more attractive to source milk from small scale dairy farmers in developing countries.



Ranking the dairy countries by milk volume

In 2008, the IFCN has defined standard indicators and calculation procedures to rank the most important dairy countries. The list below is summarising the key findings for milk production and also dairy trade. The key milk production countries are India, USA, Pakistan, China, and Germany. IFCN estimated that 60% of world milk production is delivered to milk processors. Therefore, the ranking of countries by this indicator looks quite different. It is remarkable that China with its significant growth of 23% per year from 2002–2007 is now the third largest milk processing country. World trade is dominated from the supply side by New Zealand and the EU and on the demand side by Mexico, Russia, Algeria, China and Japan. This list also shows how significant dairy trade with the EU countries is.

Top 5 Dairy countries 2007 by milk volume

No.	Production	Milk delivered	Exports	Net trade surplus*	Net trade deficit*
1	India	USA	New Zealand	New Zealand	Mexico
2	USA	Germany	Germany	EU-25	Russia
3	Pakistan	China	Netherlands	Australia	Algeria
4	China	France	France	Belarus	China
5	Germany	India	Belgium	Argentina	Japan

Source: IFCN, * EU-25 intra trade excluded, ECM= Energy corrected milk 4% fat, 3.3% protein

Milk consumption is growing 10 – 15 million t milk per year

Based on the increasing population in the world and also the rising per capita consumption, the global milk demand is growing by 10–15 million t per year. This quantity represents the annual milk volume of Australia or New Zealand. The IFCN Dairy Report is monitoring the per capita milk consumption using the milk equivalents concept. In Western Europe people consume more than 300 litres while the people in Vietnam or Indonesia consume only 10 litres milk per year.

Global carbon footprints - Milk production contributes less than 3% (?)

In 2008, the IFCN has analysed the carbon footprints in milk production. Based on IPCC and FAO analysis the IFCN estimates that milk production is responsible for less than 3% of the global green house gas emissions. Besides the sector figures the IFCN has developed a methodology to compare the carbon footprints per kg of milk between different dairy farming systems. First results indicate that intensive farms have significantly lower carbon foot prints than farming systems with very low milk yields. More detailed results can be expected in 2009.

IFCN at the IDF World Dairy Summit in Mexico – plans for 2009

Results of the IFCN Dairy Report 2008 will be presented the 12th November 2008 at the IDF World Dairy Summit in Mexico City. Moreover the IFCN holds its 6th IFCN Supporter Conference the 25th – 26th of November 2008 in Dresden, Germany.

In 2009 the IFCN will focus in its annual work on measuring a) sustainability of milk production, b) efficiency of water and energy usage in milk production and c) feed efficiency. Moreover the IFCN will continue its analysis of comparing milk production costs and monitoring the global dairy developments. The 10th IFCN Dairy Conference is scheduled from the 14.–17.6.2009 in Sweden.

Impressions of milk production in developing and developed countries



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IFCN stands for International Farm Comparison Network, **IPCC:** Intergovernmental Panel on Climate Change

