

# From the global market to decisions on my dairy farm



Jelle Zijlstra - Wageningen University & Research Centre

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# Dairy in The Netherlands 2013

	The Netherlands
Milk collection (mill. tons ECM)	11,8
Self-sufficiency %	168%
Number of farms	19.000
Average dairy cows per farm	79
Average milk production per farm	636.000
Average ha per farm	50
Milk per cow	7.800

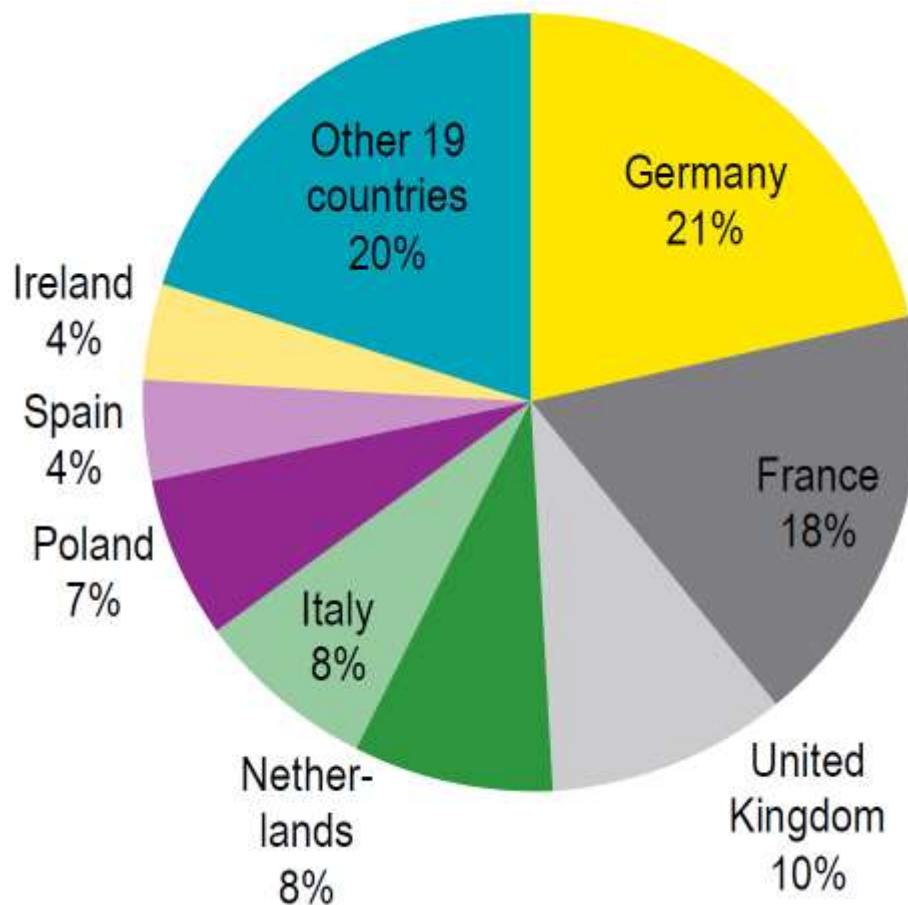




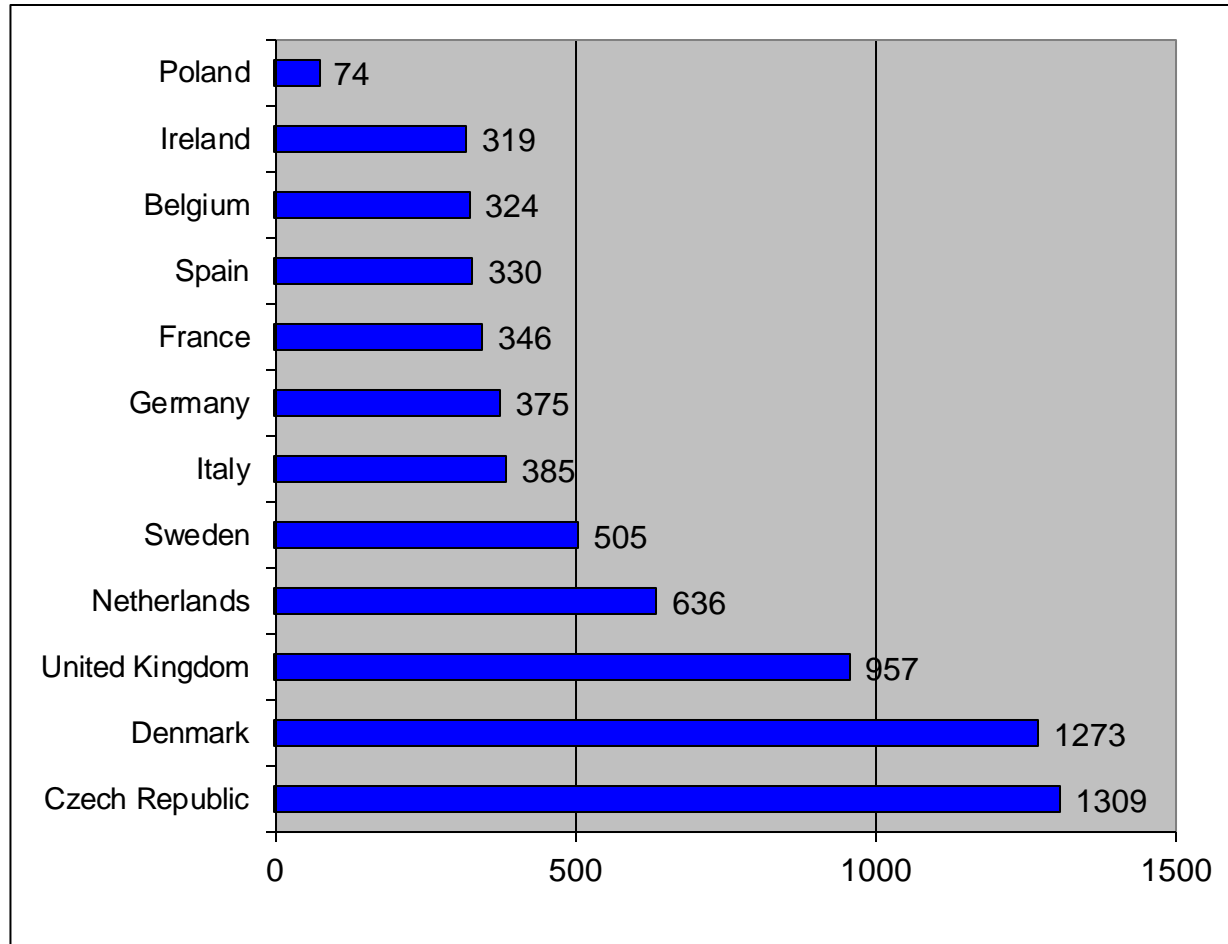




# Share of EU Member States in cow milk collection



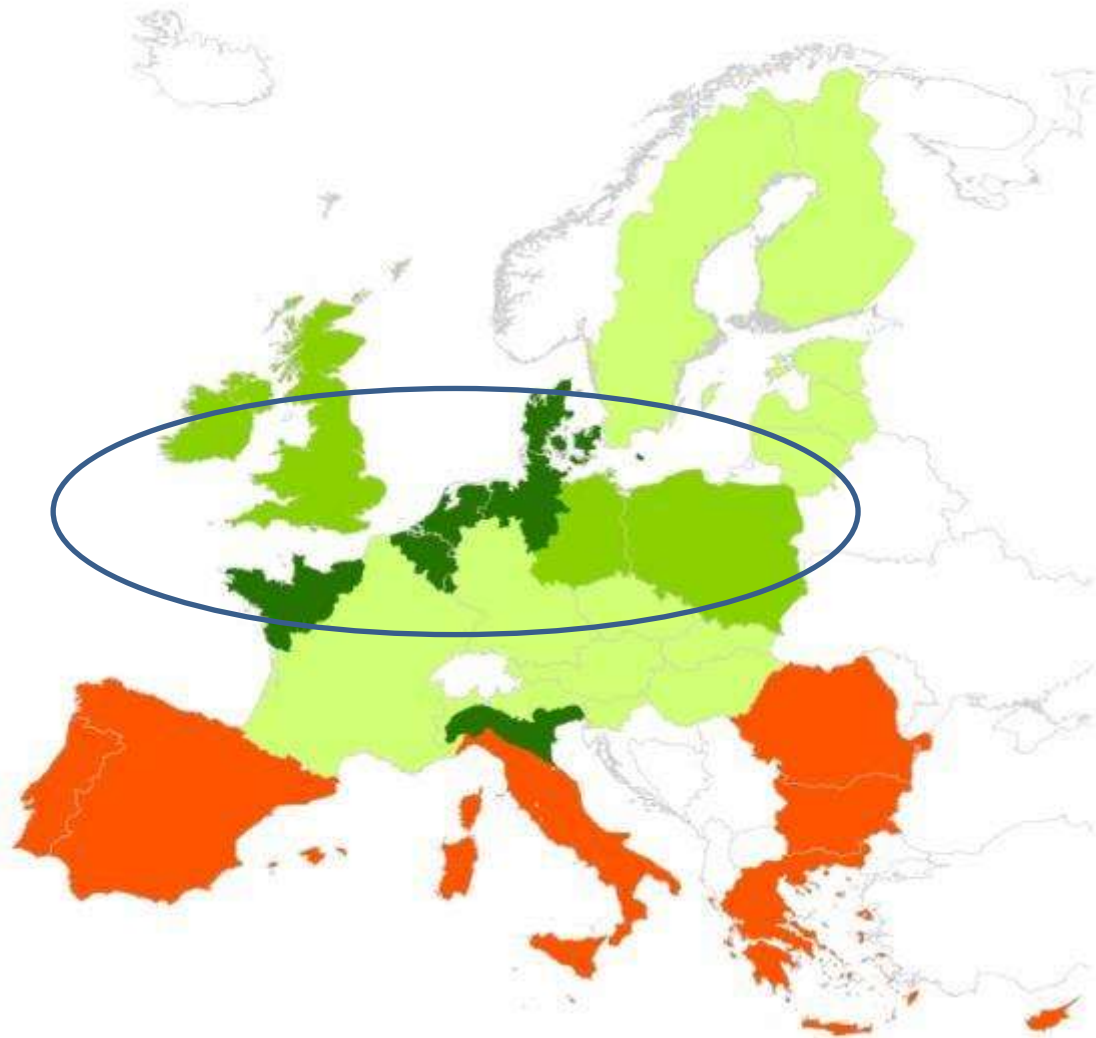
# Milk production per farm 2012 (tons)



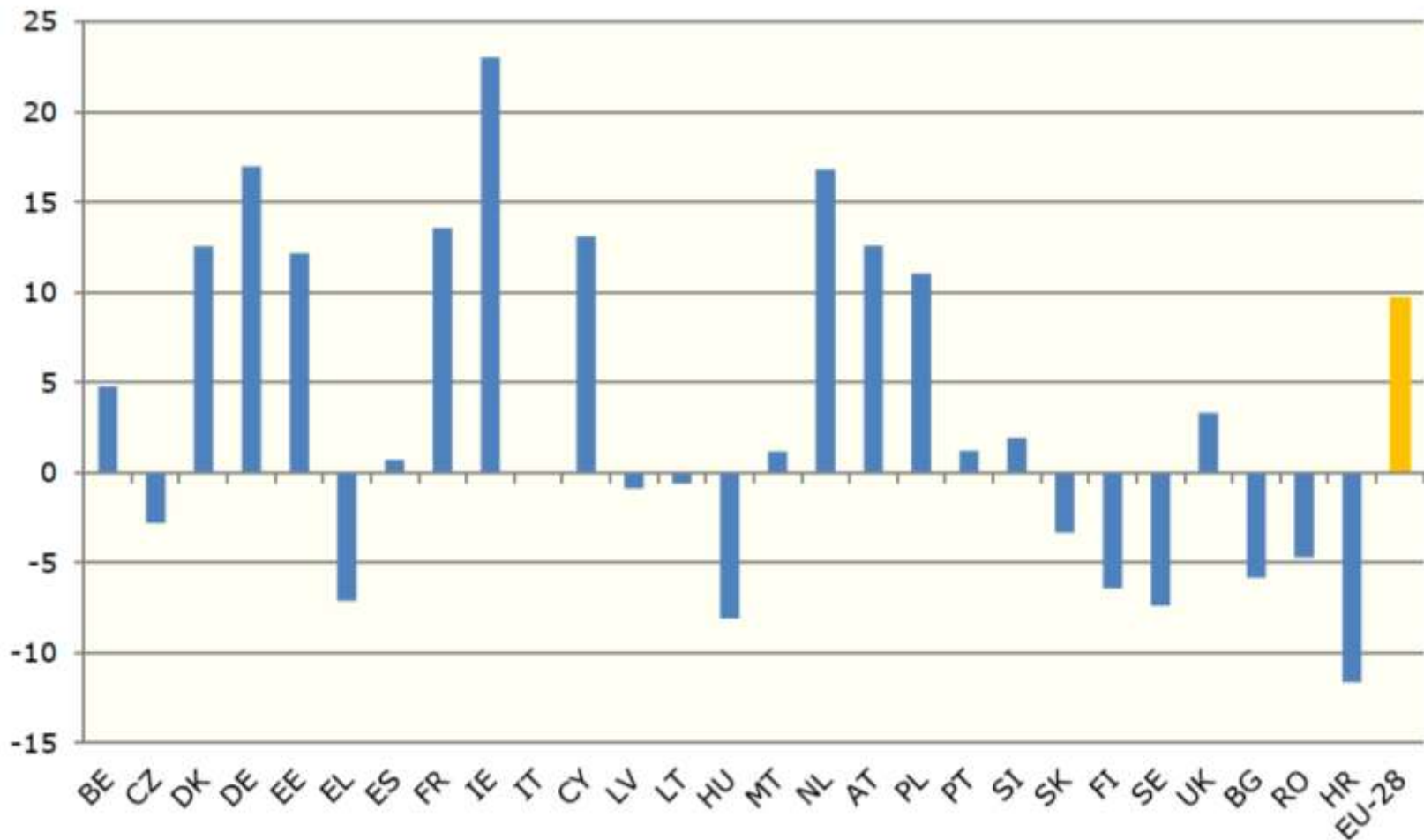


# Expected change in milk production

(2006-2020 in %)

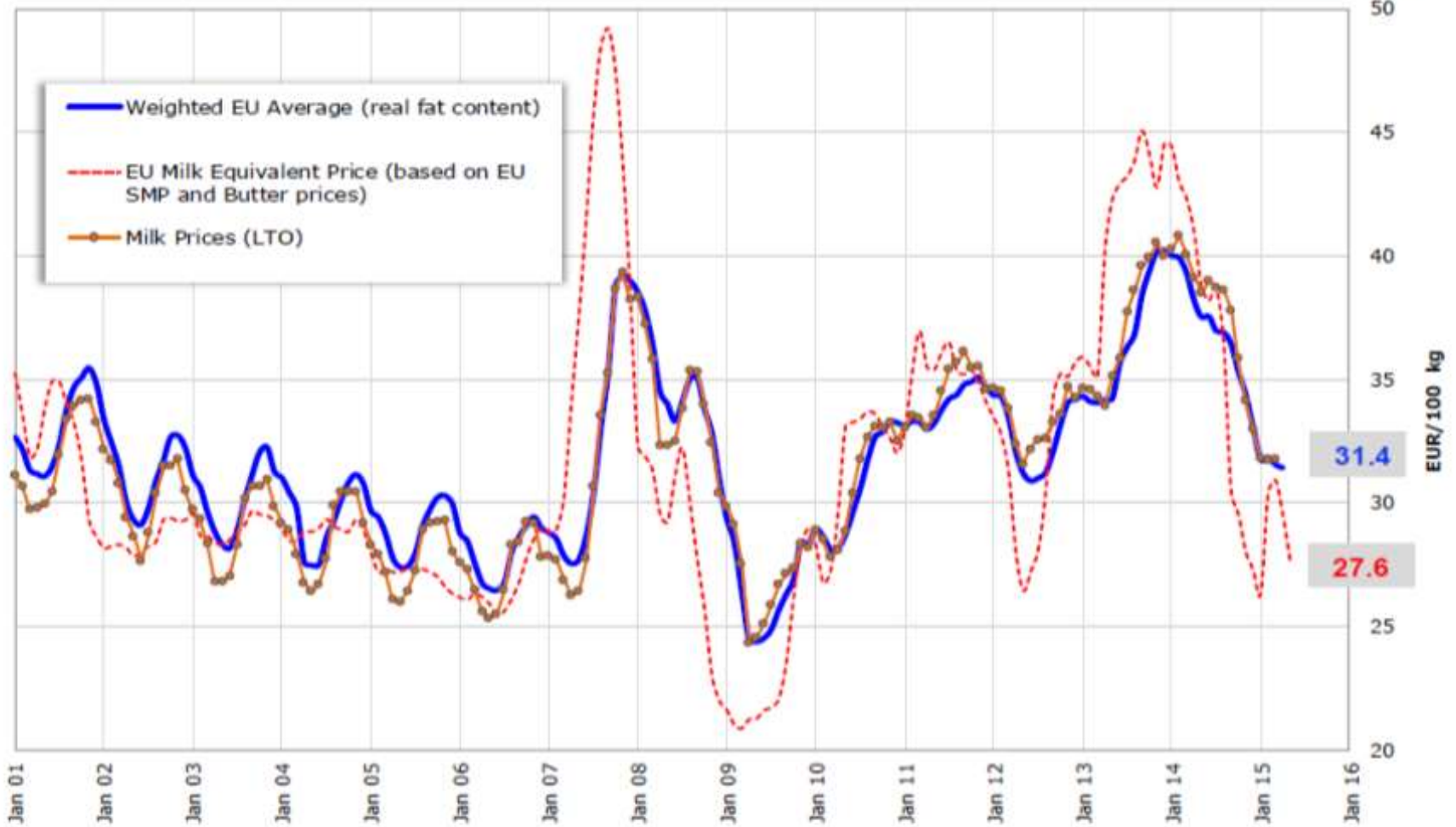


# Expected % change in national milk deliveries 2023 compared to 2012



# EU Raw Milk Prices Evolution (up to April 2015\*)

\* : estimated price in running month

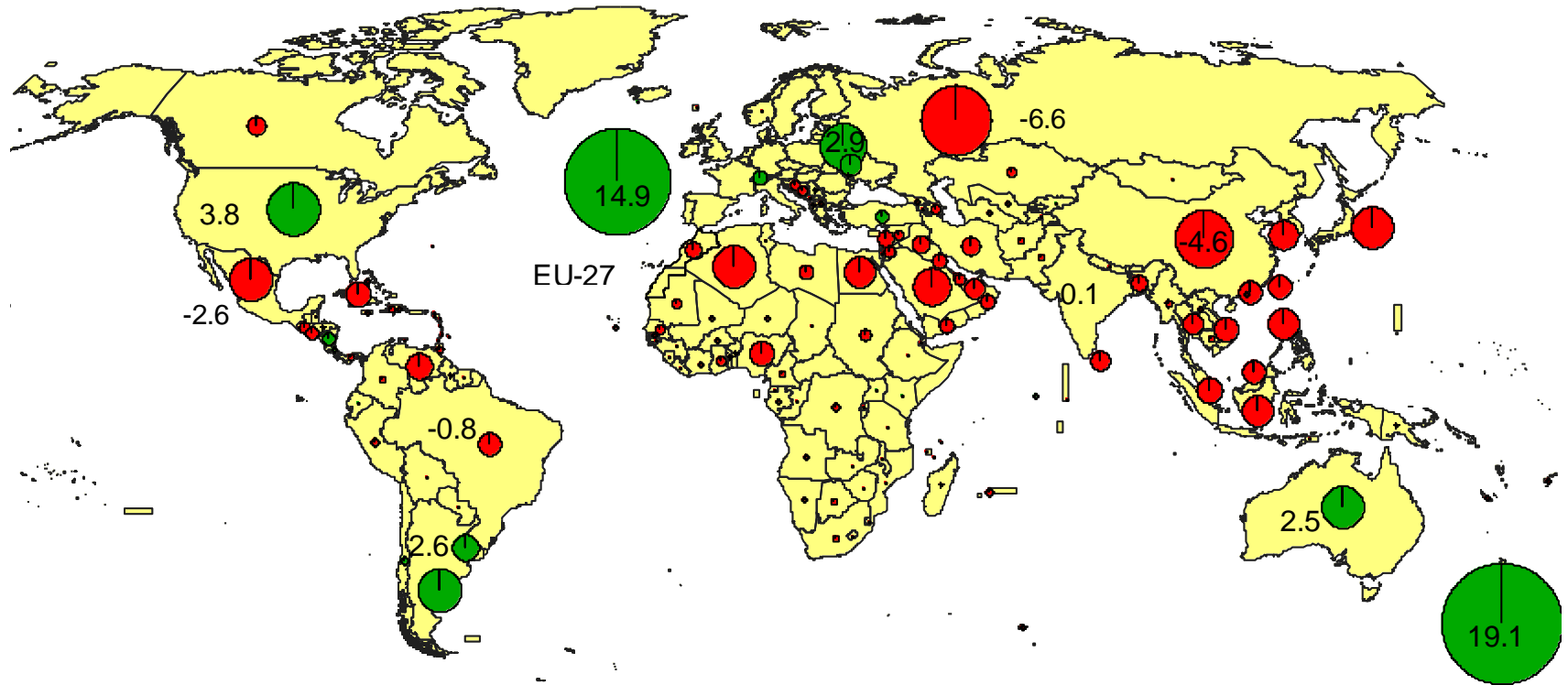


Source :MS' communications under reg. 562/2005 & 479/2010 + LTO : Land- en Tuinbouworganisatie Nederland (<http://www.milkprices.nl/>)



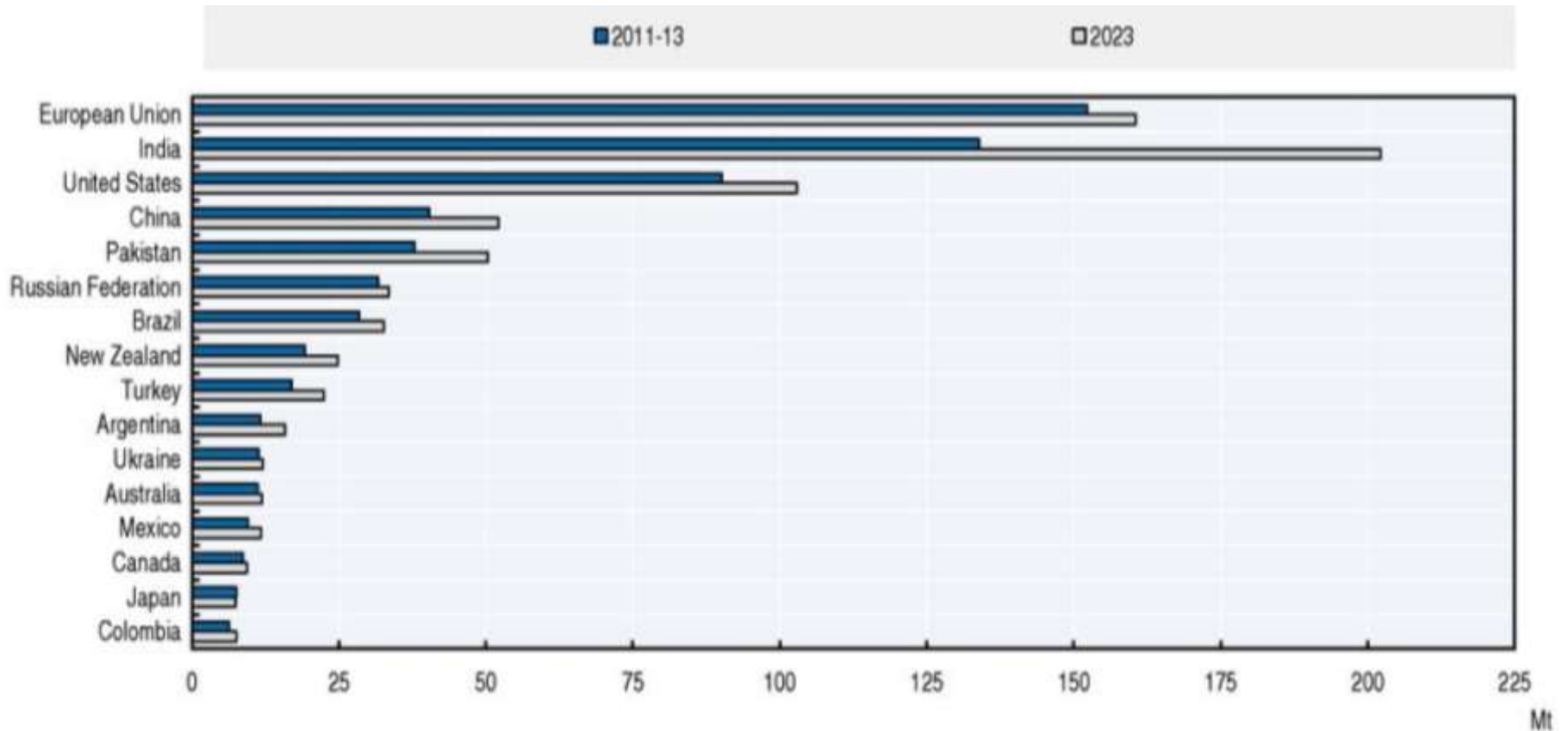
# Country milk surplus or deficit in 2011

in mill. tons milk equivalents



▲ Surplus in mill. tons  
▲ Deficit in mill. tons

# Outlook milk production 2013-2023



Mt

Source: OECD and FAO Secretariats.

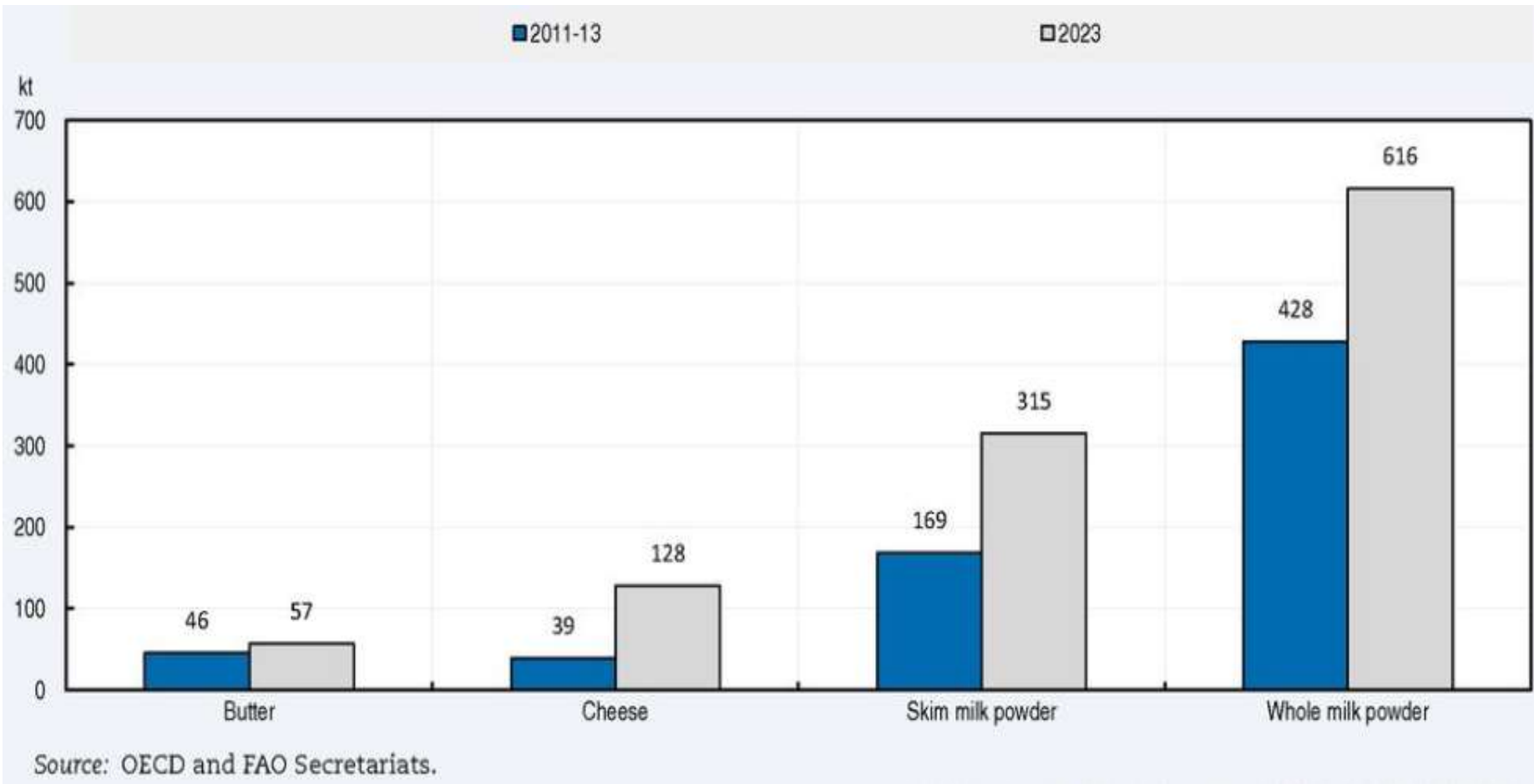
# Asian milk in the rise



# China's demand for dairy products

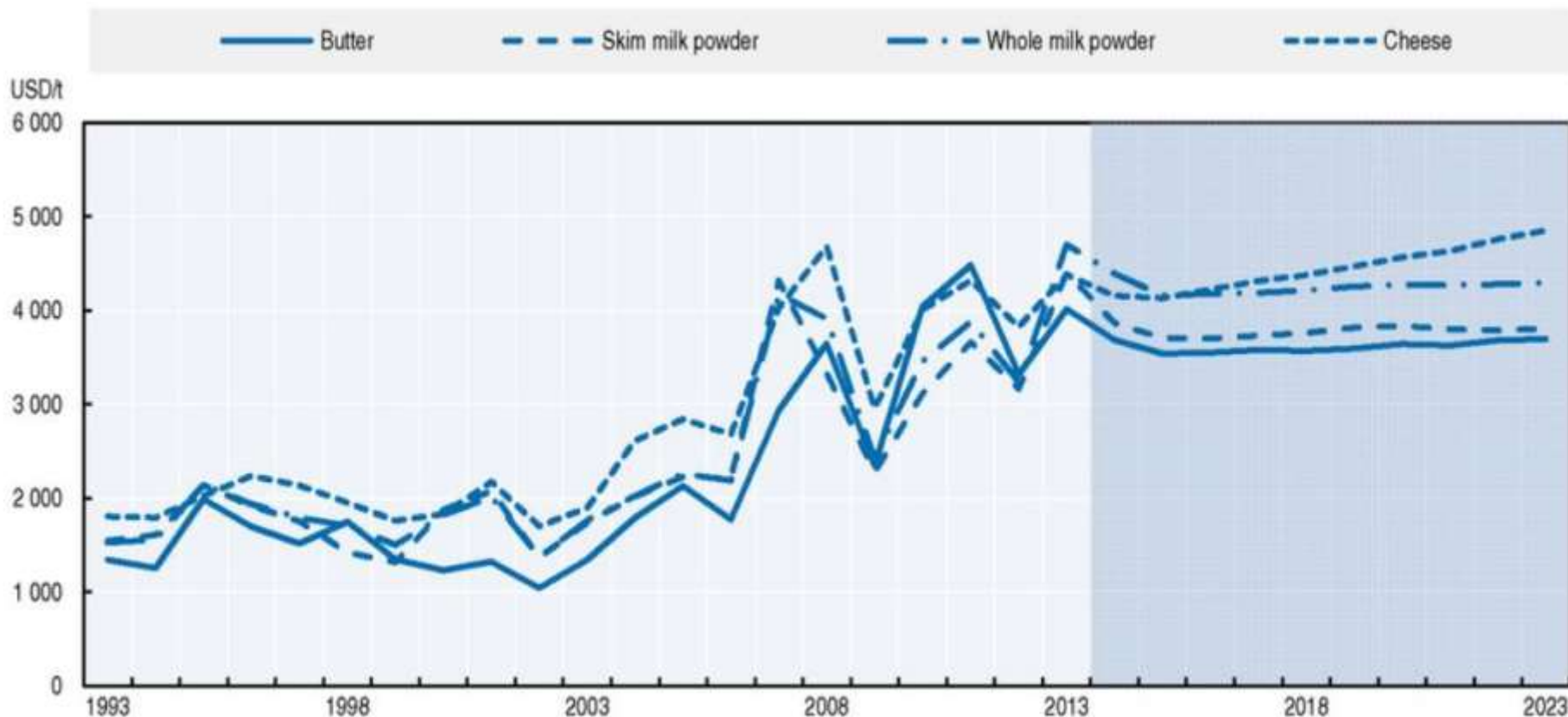


# China's imports will increase 2013-2023





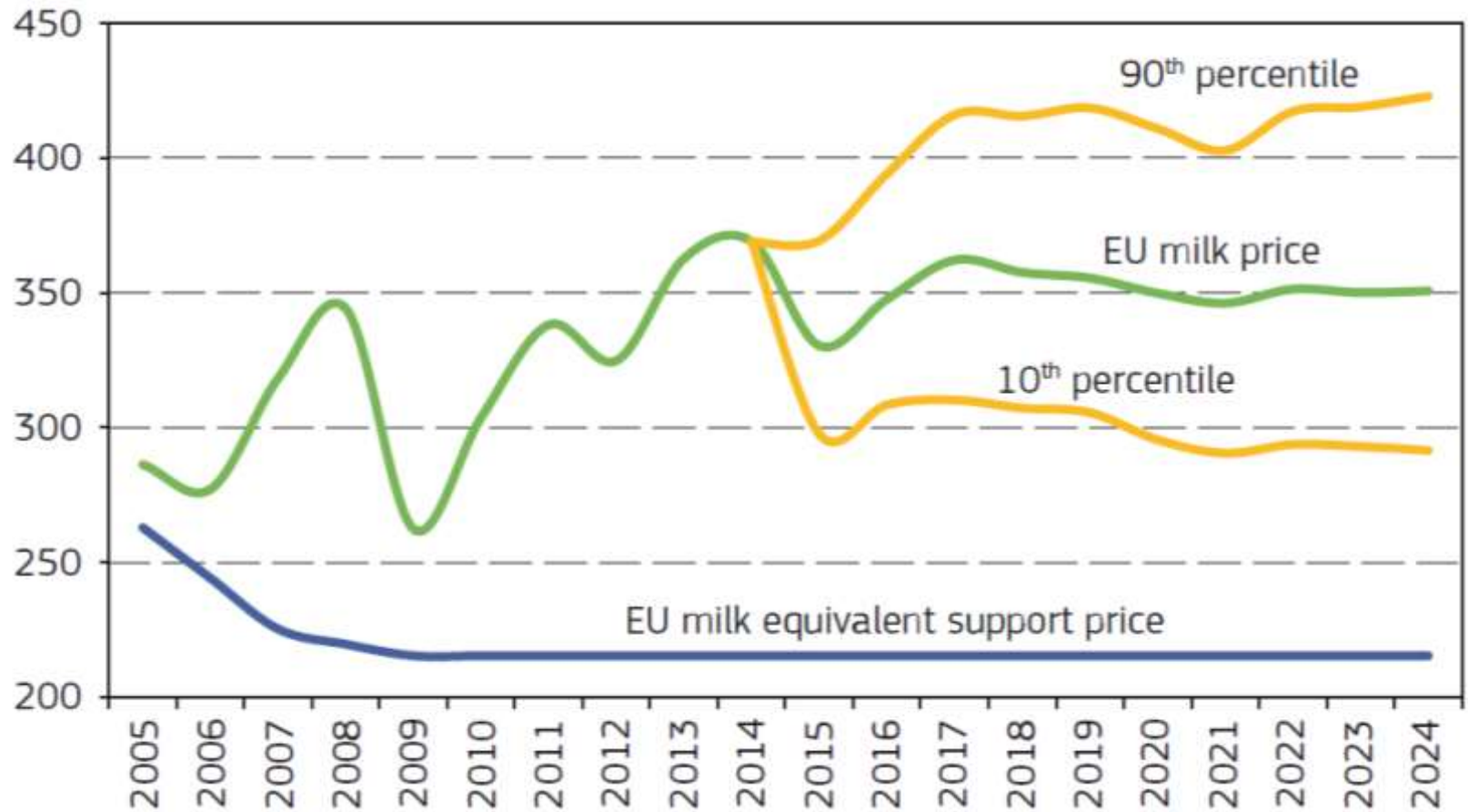
# Outlook dairy prices 2013-2023



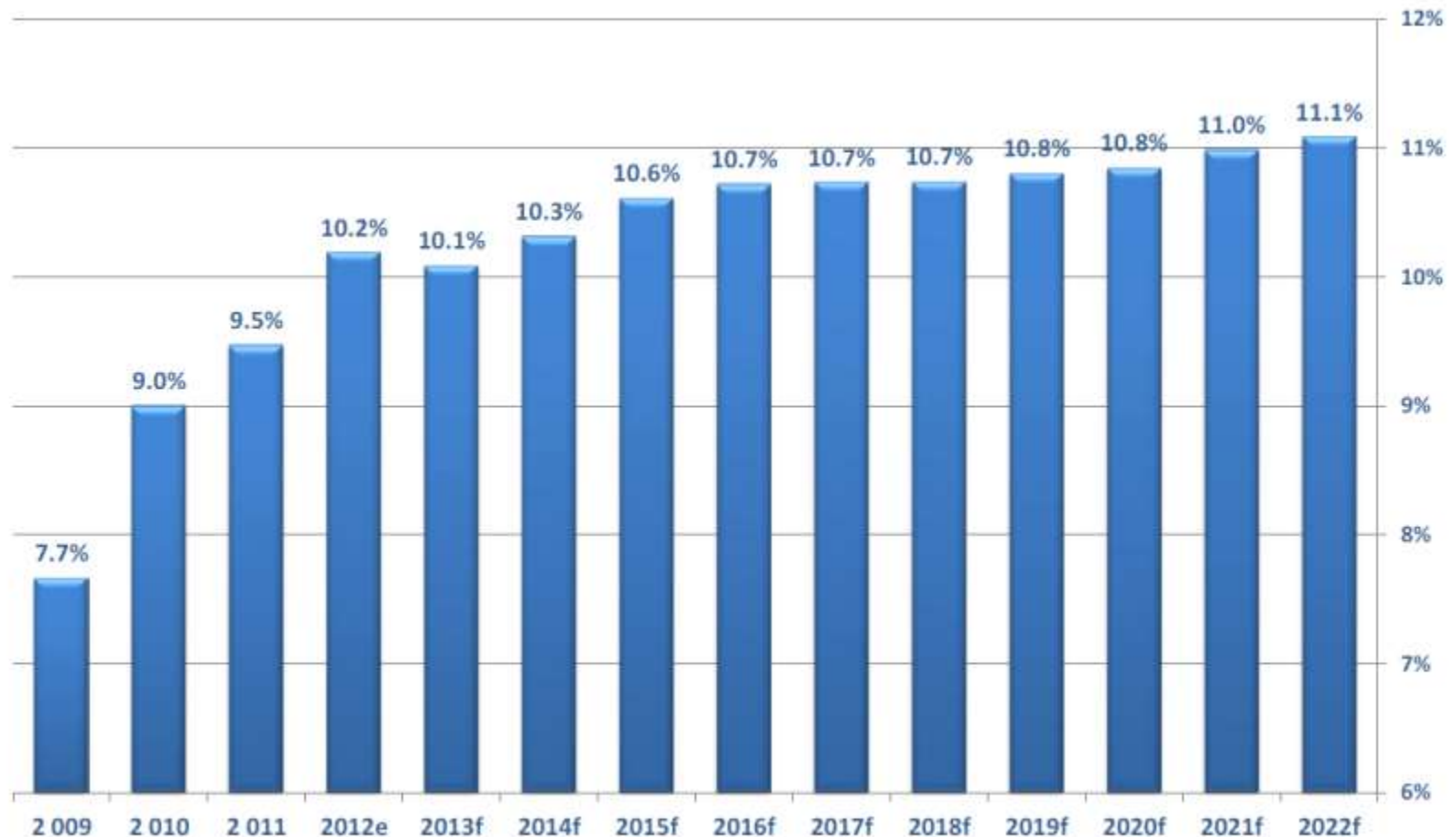
Notes: F.o.b. export price, butter, 82% butterfat, Oceania; F.o.b. export price, non-fat dry milk, 1.25% butterfat, Oceania; F.o.b. export price, WMP 26% butterfat, Oceania; F.o.b. export price, cheddar cheese, 39% moisture, Oceania.

Source: OECD and FAO Secretariats.

# Outlook EU milk price and EU support price (real fat content, €/ton)



# EU export in % of total dairy production



Source : DG AGRI Medium Term Outlook, Eurostat (Comext)

## Strengths

## Challenges/Threats

## Strategies

## Main dairy strategies Europe:

- Economies of scale in production, brands and markets
- Sustainable production programmes
- Added value products
- Collaboration with retail
- Exports outside EU
- Efficiency in production and logistics



Export of quality bulk

Organic production

Animal welfare

No mega farms

Cheese

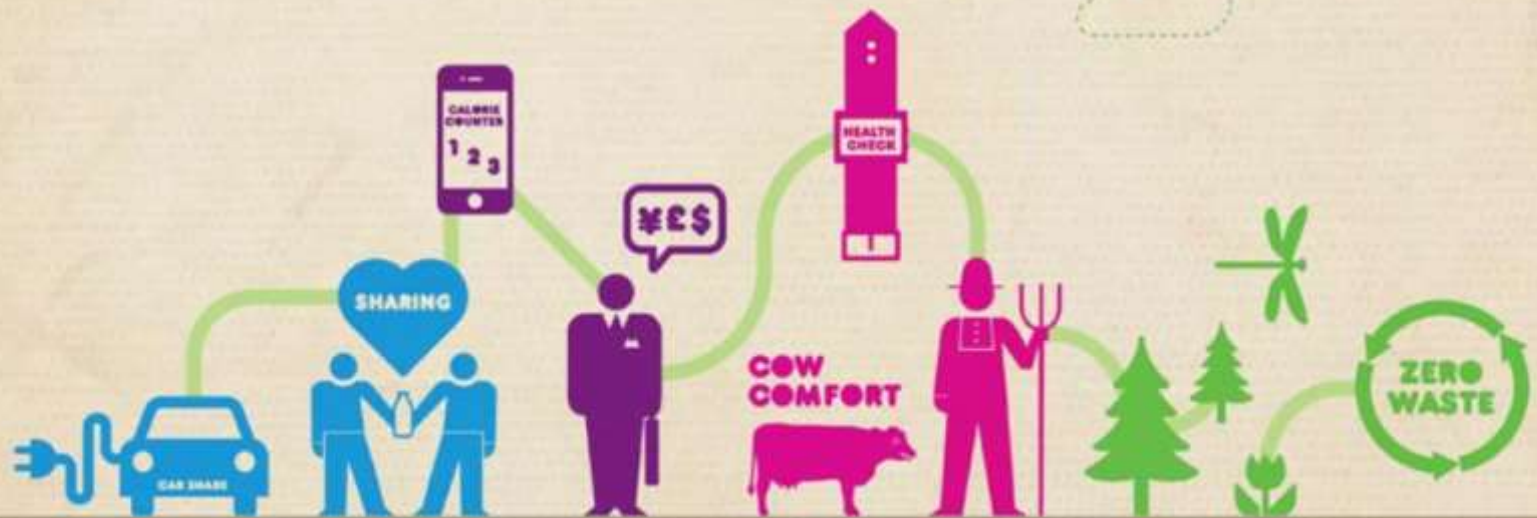
Less emissions (CO<sub>2</sub>, NH<sub>3</sub>, N, P)

Regional products

PDO-regional-quality cheeses

Mediterranean traditional regional dairy products

2020  
**Dairy**



# Dairy 2020

A vision and framework for a sustainable UK dairy industry

So, why do we need Dairy 2020?



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## Care for the environment and animal welfare

From international climate summits to renewable energy and healthy cows. At Arla we address a wide range of environmental and agricultural issues. And our goal is always the same – to work consistently towards reducing our environmental and climate impact, and maintaining high animal welfare standards.



**Working  
with nature**

Sustainability  
Charter



## Nachhaltigkeit

Strategie

Landwirtschaft

Umwelt

Milch

Team

Gesellschaft

Fortschrittsüberblick

FAQ

## Qualität &amp; Sicherheit

## Verhaltenskodex



**„Wir verbessern die Lebensbedingungen unserer Kühe und verringern deren Umwelteinflüsse“**

Bei DMK sind wir stets darauf bedacht, das Wohlbefinden unserer Kühe zu erhöhen. Gleichzeitig wollen wir deren Umwelteinwirkungen senken. Beides gelingt durch tiergerechte Haltungsbedingungen, konsequentes Gesundheitsmanagement, ressourcenschonenden Futteranbau und bedarfsgerechte Fütterung. Schlussendlich liefern nur gesunde und

**Fortschritt**

- » DMK entwickelt Programm für verantwortungsvollere Milcherzeugung
- » Neues Nachhaltigkeitskonzept - DMK befragt seine Milcherzeuger nach dem Stand der Produktionsstandards

**Gesamtübersicht Ziele Landwirtschaft**

Nachhaltigkeitsziele 2020-2025

Ziel	2020	2021	2022	2023	2024	2025
Umwelt						
Sozial						
Governance						

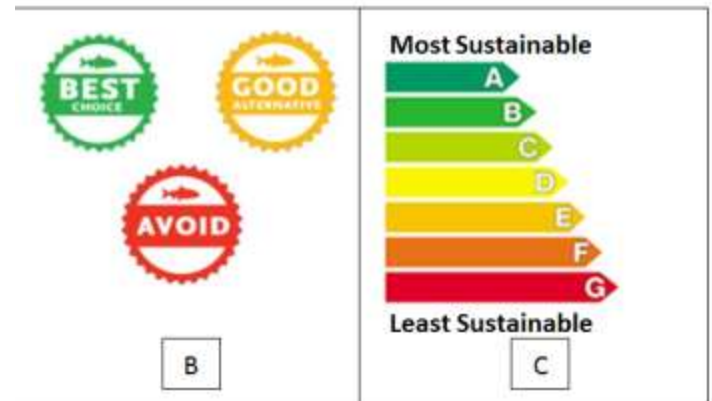
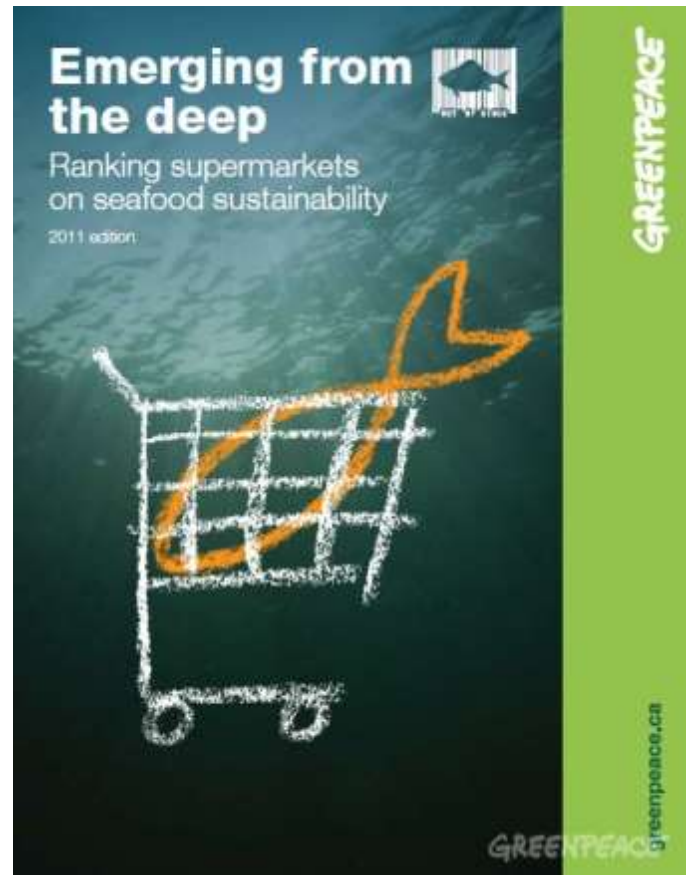
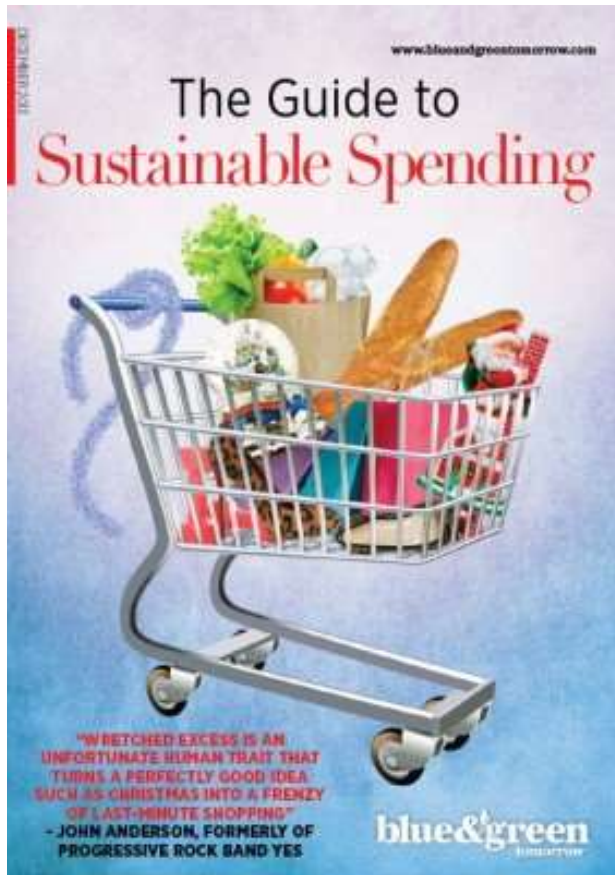






**NON AUX  
USINES À VACHES**  
MANIFESTATION  
LE 03 MARS À PARIS





# Growth in sustainable food consumption?

- Netherlands: increase of 10% per year
- UK: Increase fair trade sales in 10 years:

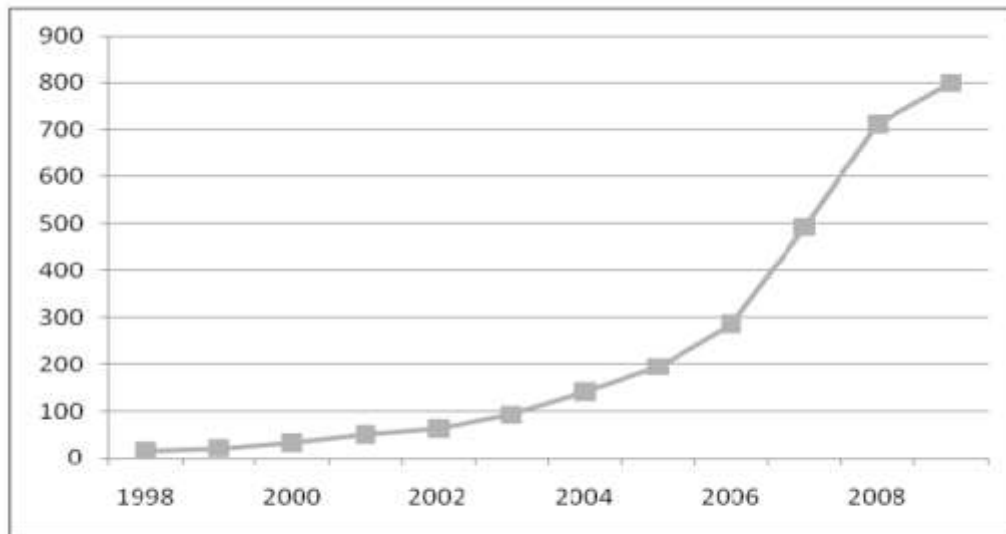


Figure 6.1. UK Fairtrade sales in million GBP

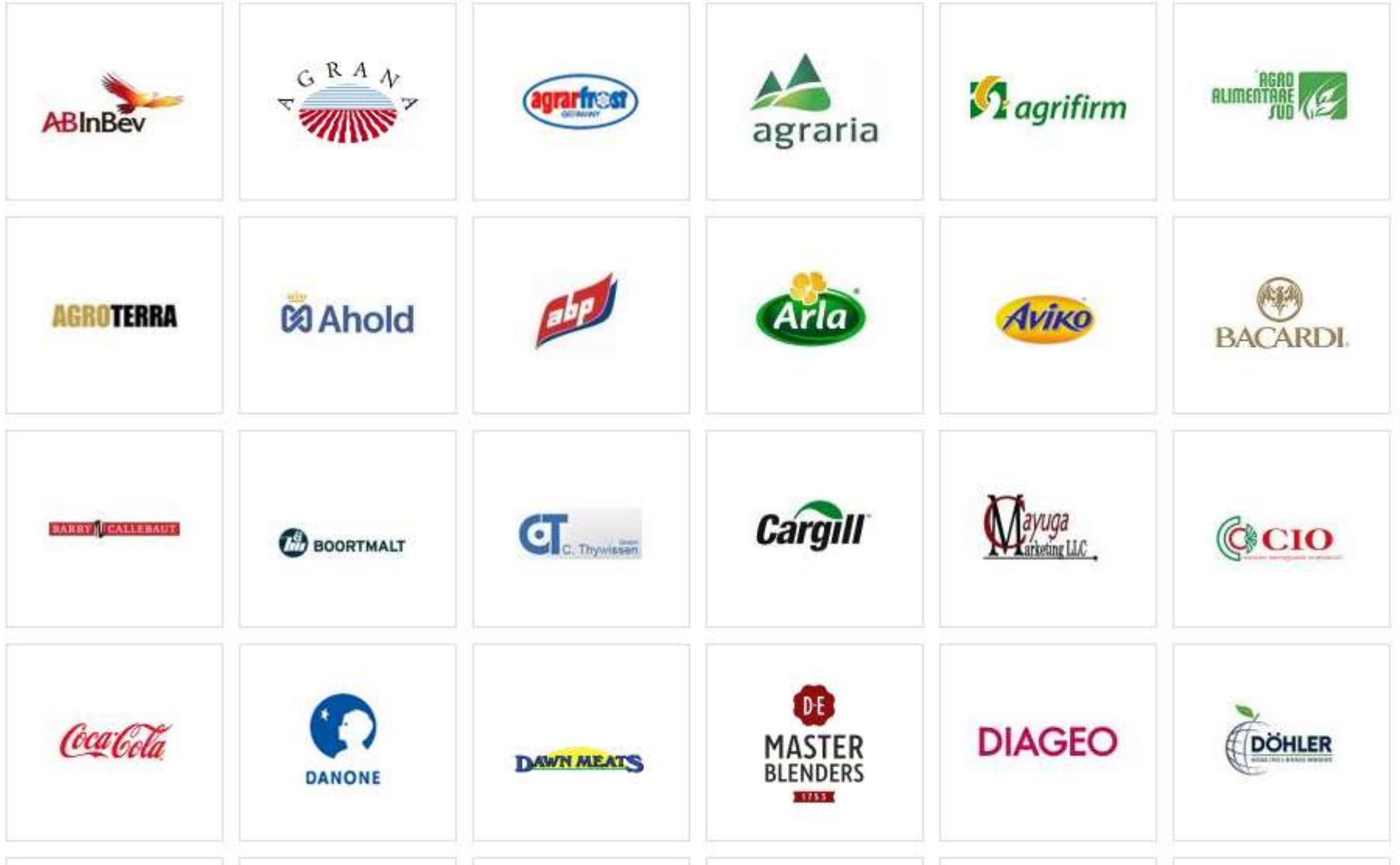
([http://www.fairtrade.org.uk/what\\_is\\_fairtrade/facts\\_and\\_figures.aspx](http://www.fairtrade.org.uk/what_is_fairtrade/facts_and_figures.aspx))



# SAI Platform Members

Active Members

Sustainable Agricultural Initiative Platform



60 food industry partners aiming at development of sustainable agriculture worldwide



## Sustainability Criteria and Strategic Intents

The DSF is focused on eleven key, globally-applicable sustainability Criteria and outlines the high level objective (Strategic Intents) that the

towards

After the projects most urgent achieve prioritized



### • Soil

Soil quality and retention is maintained and enhanced to ensure



### • Greenh

GHG emissions quantified via a viable method



### • Soil Nu

Nutrient management improved



Water management value added

**The way milk is produced on the farm more and more becomes a unique selling point for dairy farmers**

**Farmers will only benefit from it if processor and retail are able to market and communicate it**

# The main challenge



How to combine the needs of society with dairy craftsmanship and entrepreneurship into a successful dairy farm?



*Sustainable Dutch Dairy Chain is a joint initiative of Dutch dairy processors and farmers union*

**Development towards climate neutrality**



**Continuous improvements in livestock health and welfare**



**Preservation of grazing**



**Protecting biodiversity and the environment**





# Objectives of Sustainable Dutch Dairy Chain 2020

- 1. Energy reduction and production: e.g.**
  - 30% CO2 compared to 1990
  - Climate neutral growth of dairy sector
- 2. Animal health and welfare: longevity + and antibiotics –**
- 3. Maintain 75% of farms grazing**
- 4. Biodiversity and environment**
  - 100% sustainable soya and palm pit kernels in dairy cow rations
  - Decrease N- and P-leakage and NH4-emission
  - More biodiversity

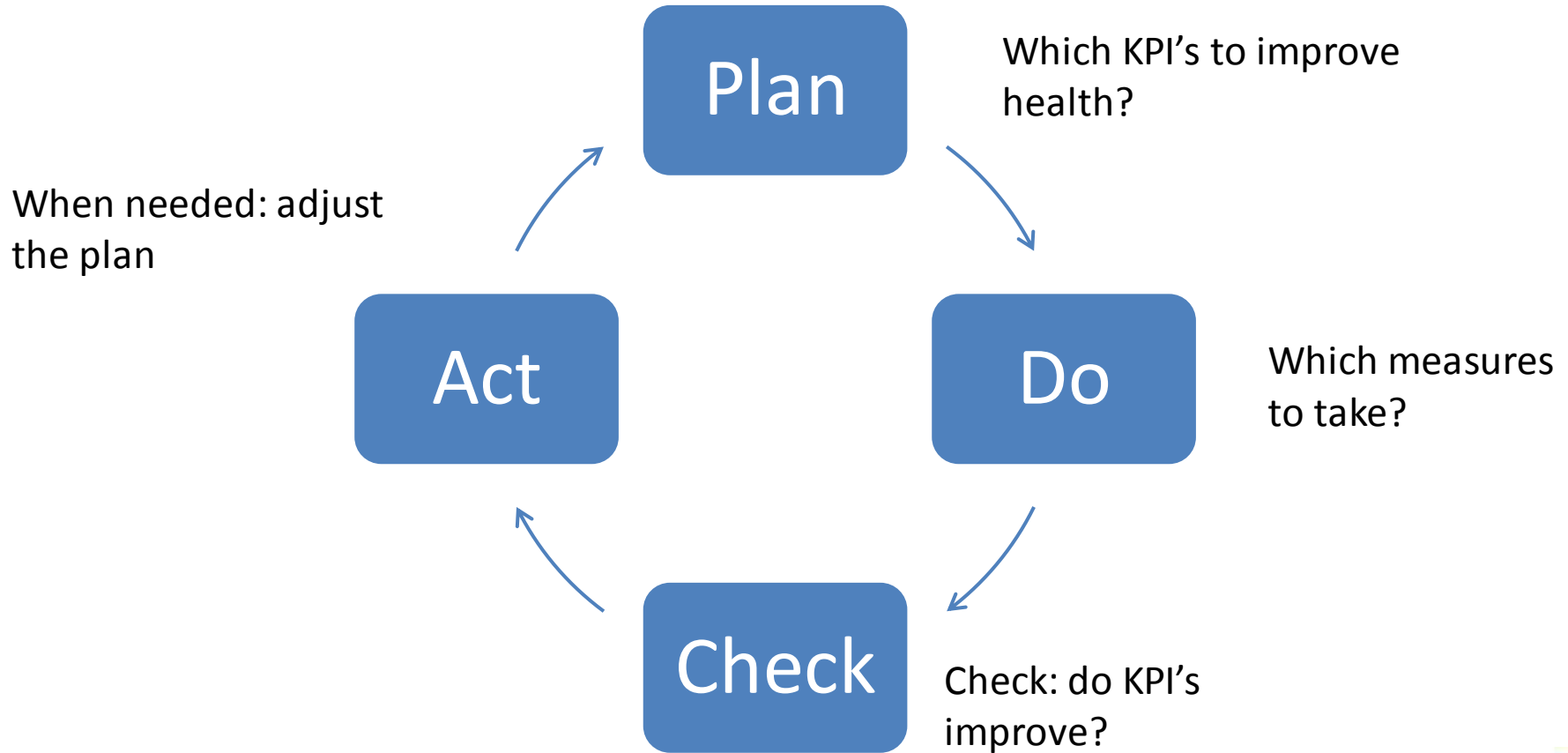
# Replace asbestos roof by solar energy roof





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# Improve health by more focused management









# NL: Sustainability: society loves grazing



1. Animal welfare
2. Icon in Dutch landscape
3. Grazing premium of 1 ct/kg milk



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# How to combine robotic milking and grazing?



# NL: low emissions and high efficiency



Low NH<sub>3</sub>-emission technology:

- Modified slatted floors
- Storage of manure
- Application of manure



High efficiency of N and P fertilization:

- Restrictions for N and P per ha
- Disposal of excess manure

Since January 2015 the Dutch dairy sector buys only soy with the RTRS-certificate (300,000 tons annually)



# Improve biodiversity: approach under construction



# Opportunities for Dutch dairy

## **Dairy chain level:**

- Faster reaction to market opportunities
- Sustainability as unique selling point
- Export of added value dairy products

## **Farm level:**

- Improving technical, labour and economic efficiency
- Optimize: automation, hired labor and contract work
- Expansion of farms

# Automation



# Innovation in dairy products



Food services for catering Europe



Infant feeding Asia & Africa



Dairy beverages



Branded cheeses

# Decisions on your farm about sustainability

1. Do you consider sustainability as opportunity?
2. Do you collaborate with processor and retailer who will and can market sustainability?
3. What do your consumers/processor consider as sustainability?
4. What is your sustainability plan for your farm?
  - Animal welfare
  - Reducing emissions: CO<sub>2</sub>, CH<sub>4</sub>, NH<sub>3</sub>, N, P
  - Reducing antibiotics
  - Switch to organic production
  - Biodiversity / nature conservation
  - .....
5. What will be the economic impact of these decisions?

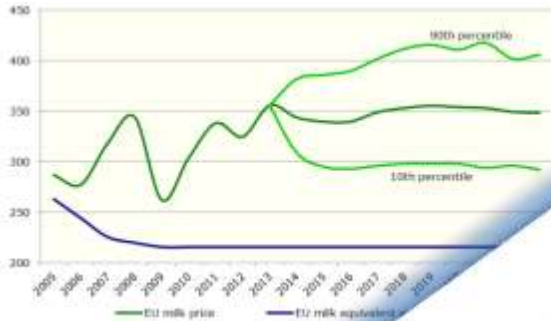




# Faith of dairy farmers in NL future of milk



YES



DOUBTS



**YES we can, we've done it for 20 years already**

# How to create higher margins on the farm and excellent customer satisfaction in the store?



# Future European dairy

1. The future is about adapting to markets.  
What is the market you focus on?
2. Sustainability is the key to improve the added value of dairy products in Western Europe



Working on both for a high and stable milk price