

Economics of the future

Milk quality was a central part of life sciences company Bayer's first-ever Cattle Summit in Rome, Italy, held on 4-6 April. The conference brought together dairy practitioners, innovators and scientists from around the world, to look at this issue, along with the future of dairy health, providing an assessment of the industry's economic situation for future years. As global food production begins to increase with only 50 per cent of the land and water resources left, an opportunity and a challenge are both presented, which will stretch the capabilities of dairy producers.

Dr Almut Hoffman, head of farm animal products at Animal Health Bayer, explains, "It is predicted that, by 2025, the industry will need to produce 208 million tonnes more milk to meet the growing global demand. The scientific advancements that must be made to meet this demand are significant if the industry is to sustainably increase the number of dairy cows in the world and their yield."

Changes required

Predicting the future of the dairy industry is a difficult task. However, the International Farm Comparison Network (IFCN), is helping to give the industry a glimpse into the future by collating extensive data from a variety of sources.

The aim of producing a long-term outlook is to provide all stakeholders of the

With global food production forecast to double from now until 2050, Megan Humphrey attended the Bayer Cattle Summit in Italy to find out how the dairy industry will be specifically affected



dairy value chain with a clearer understanding of future developments in the sector, further reinforcing how knowledge and innovation in dairy production has become even more essential.

Speaking at the event, managing director of IFCN, Dr Torsten Hemme, tells *Dairy Industries International*, "The biggest constraint for the producer at the moment is financial sustainability. I think that's the core issue in the UK and especially in the European Union after the crisis.

"Most family farms have still been operating on the farm without getting a salary for more than one and a half years. The sector at the moment relies on farmers willing to do that and this is the biggest challenge."

Until 2025, global population will increase by 12 per cent up to 8.2 billion people, so almost one billion more consumers will demand milk products. In order to meet this demand, a number of measures need to be considered.

"I think there are different actors in the chain who could do different things," explains Hemme. "The farmers can review their production costs. Once they

are able to cut costs, this is in general a very good thing to do and will help them in the next price up and also the next price down phase.

"The government can plan a role as well. In the current crisis and also the 2009 crisis the policy of building up stocks helped the market to balance. Moreover, it was somehow 'profitable' for the government to buy a low level and sell back at higher levels."

Promising outlook

It's not all downside. "Let's look into some positive fundamentals which can be a key factor for the dairy world in the future," says Hemme.

Today more than ever young people are interested in what happens. "We are living in a growing industry where consumers consider food and nutrition as important," he says.

"With the current low prices for commodities, we are forgetting that nine to ten billion people are demanding more and we do not have the resources," he continues. "However, as prices for resources become higher and the agricultural industry then potentially experiences price upward tendencies, this is all good news for the sector."

It is inevitable that the dairy sector will endure a number of changes between now and 2025, but as Hemme explains, it is events such as this that are so important in preparing those working within the industry.

"I think that at the moment the core message of this event is to highlight that dairy is on a global level – a fantastic tool to enable social and economic perspective of people in rural issues and is a tool to solve issues.

"Dairy can be proud to say that they are an industry which can really help make this planet a nice one to live in in 2025," he concludes. **DiI**



L to R: Stephanie Rief, Torsten Hemme, Jacques Barnard, Daniel Berckman and Fernando Mazeris