

PRESS RELEASE

22nd IFCN Supporter Conference 2024



SEROCK, SEPTEMBER 2024

WHERE WILL MILK BE PRODUCED IN THE FUTURE & HOW CAN IT BE PRODUCED IN A SUSTAINABLE WAY?

The International Farm Comparison Network (IFCN) invited the key players in the global dairy industry for the 22nd time to its annual IFCN Supporter Conference. This year's conference centered on the challenge of producing additional milk sustainably. To address this, it is essential for the entire industry to collaborate, considering economic, social, and environmental factors. The event took place from September 09th to 11th in Serock, Poland with more than 130 participants.

Milk is not where it is demanded

The dairy industry has faced numerous challenges recently. Following a difficult 2022, issues persisted into 2023 and 2024. Key concerns include stringent sustainability requirements in Europe, Oceania, and North America, which necessitate significant investment from producers. Rising consumer expectations and evolving regulations, along with dairy companies and retailers setting ambitious sustainability targets, further complicate the landscape. The industry also contends with an unstable macroeconomic environment, characterized by high inflation, extreme weather events, and geopolitical conflicts, all of which have constrained milk production growth. This has impacted global milk prices, which, after a 25% drop in 2023, have stabilized at elevated levels above 40 USD/100 kg SCM in 2024. Despite these relatively high prices and improved farm margins, milk production growth remains below the long-term average. This trend can be partially explained by the need to assess farm income over an extended period. A single year's performance does not necessarily lead to increased investments or output, as farm income must be evaluated over time to accurately reflect long-term trends and financial health. On the demand side, global dairy consumption grew by 2.4% in 2023, largely driven by increased per capita consumption. However, this growth is primarily occurring in deficit countries, leading to a decline in self-sufficiency as major producers struggle to increase in milk production growth. Dairy trade patterns are also evolving, with subdued imports from China but significant growth in regions like Southeast Asia, which was the fastest-growing region for imports in Q2. Looking ahead, while dairy demand appears poised for continued growth, supply expansion is constrained, particularly in key exporting regions. Erik Elgersma, Lead Strategy Consultant, notes that limited milk supply will likely result in reduced access for consumers with lower purchasing power. He said: "Dairy was something they could afford in the past, but they cannot afford know". In response to these challenges, initiatives are underway to enhance milk production and farm performance. In Poland, Josera is partnering with IFCN to benchmark farm performance, with CEO Dariusz Haremza explaining that *"using benchmarking, family dairy farms can improve their profitability, become more environmental friendly, and remain competitive in a changing market"*. Similarly, Cargill is committed to supporting dairy farmers through education, awareness, expertise, and innovation. As Phil Graham, Managing Director of Cargill Animal Nutrition in Eastern Europe, puts it, *"sustainability is our responsibility and our opportunity"*.

Where will the additional milk be produced in a sustainable way?

By 2030, the world faces a potential shortage of essential dairy products if current trends persist. Economic, social, and environmental pressures are challenging efforts to stabilize the raw milk supply in the face of increasing demand. Achieving sustainability in global dairy systems requires a nuanced approach; there is no one-size-fits-all solution. In this sense, every region needs a tailored Dairy Roadmap to navigate both risks and opportunities in the dynamic global market. This roadmap should focus on sustainable growth, adapting to evolving trends, and maximizing opportunities by strategically capitalizing on emerging

PRESS RELEASE

22nd IFCN Supporter Conference 2024



market shifts. Donald Moore, Executive Director Global Dairy Platform, explained that to systematically introduce or enhance climate action, we must consider the diverse needs and conditions of dairy operations around the world. As Donald said “we need to think of the global mass balance and we need to make sure that our policies are not holding people back”. From an agricultural perspective, Tassos Haniotis, Senior Guest Research Scholar at the International Institute of Applied Systems Analysis, highlighted that global production is experiencing a slowdown. He noted a significant gap between consumer and producer prices, attributing this disparity to the rising cost of food. Kamel Chida, Advisor Bill & Melinda Gates Foundation, outlined that enhancing food security in Africa is crucial, and the case for investing in livestock production and productivity growth remains strong despite emerging challenges. To support his statement he brought an African Proverb: “If you want to go fast, go alone. If you want to go far, go together”. In his presentation, “Winning the Race,” John Allen, Global & Corporate Director at AB Agri posed the question, “What is the race?” He highlighted the challenge of meeting Science-Based Targets Initiative (SBTi) goals and Scope 3 emissions requirements set by retailers and the supply chain. Processors must meet these standards to secure premium pricing and maintain operational licenses. Reducing emissions at the farm level is essential for a sustainable milk supply, with a focus on achieving excellence in dairy production. Matthew Smith, Vice President at Alltech, emphasizing that cows produce more food than they consume, believes that agriculture holds the greatest potential to positively shape the future of our planet. He argues that agriculture can revitalize local economies, provide essential nutrition for all, and replenish the Earth's natural resources. Marcel Petritiu, Director of Global Development URUS Group LP, in collaboration with IFCN, has been analyzing the impact of genetic progress on emerging dairy producers. He concluded that with the right genetics, we can significantly increase milk production. Finally, Hans Jöhr, IFCN Advisory Board, mentioned that given its nutrient density, dairy is superior to alternative beverages. In addition, on a per-serving basis, dairy also generates lower greenhouse gas emissions.

At IFCN, we anticipate milk production to occur everywhere. However, to achieve sustainability, it is widely agreed that the entire dairy industry must unite and collaborate effectively.

The event was supported by the companies Cargill, Josera, AB Agri, Alltech, Hochland, Phibro, top agrar, Savencia, MADCAP.



About: IFCN is a global dairy research and consultancy network based in Kiel, Germany. Founded in 2000, it now brings together more than 100 researchers and provides expertise in the form of data services to more than 140 companies in the global dairy supply chain. Clients use IFCN's fact-based analyses to manage risk and adapt to the rapidly changing industry landscape. In addition, the focus is on exchange with industry peers at numerous networking events.

IFCN Dairy Research Network

Amelie Kölbl

Schauenburger Strasse 116 | 24118 Kiel, Germany | Phone: +49 (0)431 – 530240-36

E-Mail: amelie@ifcndairy.org | <https://www.ifcndairy.org> | <https://dairyreport.online>