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5<sup>th</sup> IFCN Dairy Forum 2024



KIEL, 04.12.2024

## NAVIGATING MILK SHORTAGES AND SHAPING A SUSTAINABLE FUTURE FOR GLOBAL DAIRY DEMAND

**The global dairy industry is at a crucial crossroads, with rising demand and growing production pressures leading to the real possibility of milk shortages. Economic, social, and environmental challenges are further complicating efforts to stabilize raw milk supply. As these issues mount, the key question emerges: how can we navigate the looming milk shortage and create a sustainable future to meet the increasing global dairy demand? Participants from more than 80 countries attended IFCN's fifth annual public Dairy Forum on 04 December 2024 to explore opportunities to further develop the dairy sector in emerging and developing markets, focusing on sustainable growth and innovation.**

### **Limited milk supply might result in reduced access for consumers with lower purchasing power:**

The dairy industry has been facing numerous challenges in recent years. After a turbulent 2022, the sector continued to deal with complex issues in 2023 and into 2024. Key concerns include sustainability pressures, particularly in Europe, Oceania, and North America, where dairy producers must adopt new technologies to meet regulations. Retailers also demand rapid and credible sustainability measures, especially in reducing carbon emissions at the farm level. Milk prices have seen significant fluctuations, with the IFCN world milk price indicator showing a sharp rise in butter prices and a drop in overall milk prices in 2023. While global milk production showed a slight recovery in 2023, it remains below the average growth of previous years. Despite challenges in milk supply, the demand for dairy is increasing, particularly in regions like East and Southeast Asia. However, global self-sufficiency is declining, with many major dairy-exporting regions, such as New Zealand and the EU, expected to reduce milk production by 2030. This will exacerbate the supply-demand imbalance, potentially resulting in a deficit of 10.5 million tons of milk by 2030. Looking ahead, while dairy demand appears poised for continued growth, supply expansion is constrained, particularly in key exporting regions. Limited milk supply will likely result in higher prices for dairy and reduced access for consumers with lower purchasing power. Dairy was something they could afford in the past, but they will not be able to afford anymore.

### **Advancing the global dairy sustainability agenda:**

As Donald Moore mentioned "As we work together to make changes in dairy, we have to be cognisant of the impacts that dairy industry is having not only in terms of milk production, GHG emissions, but livelihoods, economic growth but most importantly access to nutrition." The Dairy Sustainability Framework (DSF) has been instrumental in tracking and reporting sustainability performance across the global dairy sector, covering economic, social, and environmental dimensions. A key goal of the framework is to understand and address dairy's greenhouse gas (GHG) emissions,

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with a focus on integrating climate action into food security, economic growth, animal welfare, and resource management. Developed dairy countries, which account for 20% of GHG emissions, have already implemented climate action plans, offering opportunities to accelerate progress. However, emerging dairy economies, responsible for 80% of emissions, present a significant challenge. To tackle this, the Pathways to Dairy Net Zero initiative has identified key developing countries as "Early Adopters" for adopting sustainable practices. By collaborating with other organizations, the initiative aims to reduce GHG emissions in these countries through practice changes, driving global progress toward a more sustainable dairy sector.

Sustainability is universal but diverse. While global standards guide sustainable practices, local solutions must align with the unique characteristics of farming systems across regions. Adaptation is essential to ensure these standards work effectively in every context.

Our esteemed panelists from Nigeria, Ethiopia, Vietnam, and Malaysia emphasized that for young farmers in developing countries, increasing cow productivity hinges on three key priorities:

1. Motivation for young farmers
2. Profitability for dairy farms
3. Good farming practices

These priorities are not just goals but pathways to empower the next generation of farmers while addressing the critical demand for milk in these regions. The discussions reaffirmed that collaboration and knowledge-sharing across borders are vital for a resilient and sustainable global dairy sector.

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.koelbl@ifcndairy.org](mailto:amelie.koelbl@ifcndairy.org) | <https://www.ifcndairy.org> | <https://dairyreport.online>