



Conference on “Support measures for producer organisations in the new GAP and opportunities for Agri-Cooperatives”

Prague, 3rd September 2015



Developments in the German and EU dairy market and enhancing cooperation in the EU dairy sector

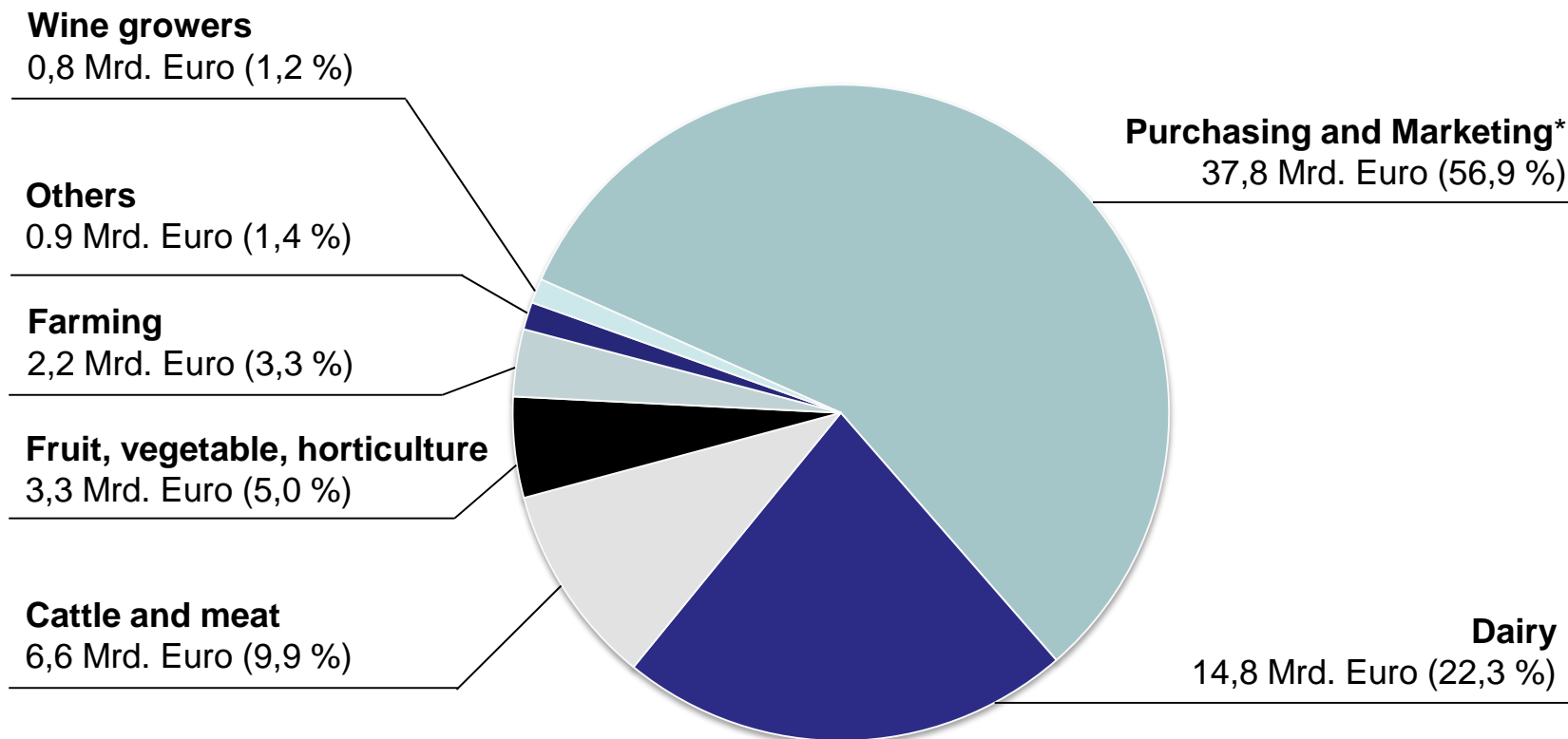


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Revenue structure of cooperatives in 2014 by sectors



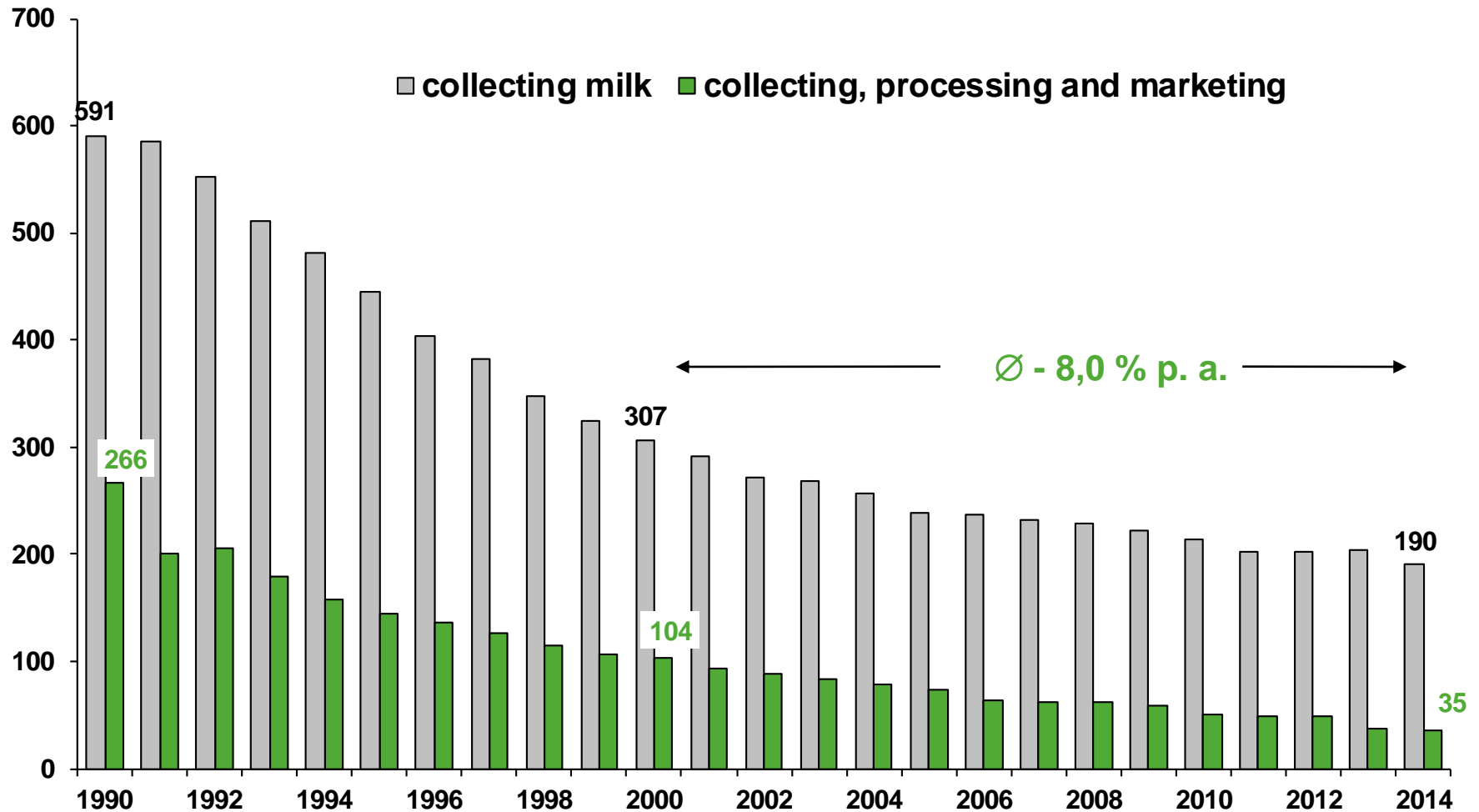
Total revenue
66,4 Mrd. Euro



* including sales proceeds of subsidiaries and holdings of the cooperatives

Source DRV; as per 31.12.2014

Dairy Cooperatives in Germany



DRV Milch 2015 - Quelle: DRV-Statistik; ab 1992 einschließlich neue Bundesländer

German cooperatives 2014

	Turn over	
	coop's	Mio. €
Cooperatives with processing and marketing	35	13.036
<u>darunter:</u> ¹⁾		
DMK Deutsches Milchkontor GmbH, Bremen		5.323
Hochwald Foods GmbH, Thalfang		1.598
Bayernland eG, Nürnberg ²⁾		900 s
Molkerei Ammerland eG , Wiefelstede		785
Bayerische Milchindustrie eG, Landshut		605
Cooperatives only collecting	190	1.818
Insgesamt	225	14.854

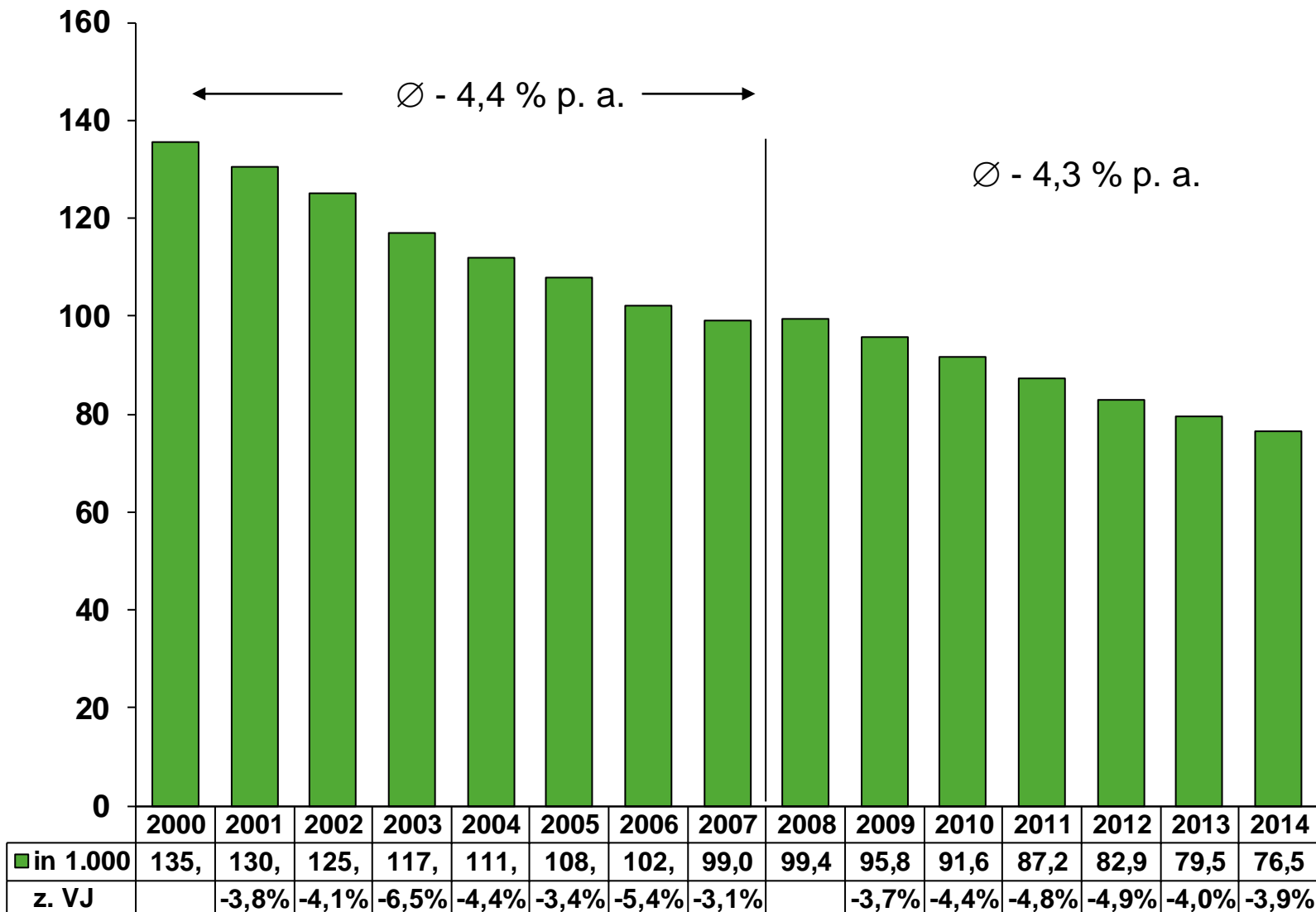
1) Unternehmensdaten jeweils Konzern-/Gruppenumsatz 2) Umsatz der eG

DRV Milch 2015 - Quelle: DRV Statistik

Holdings with dairy cows

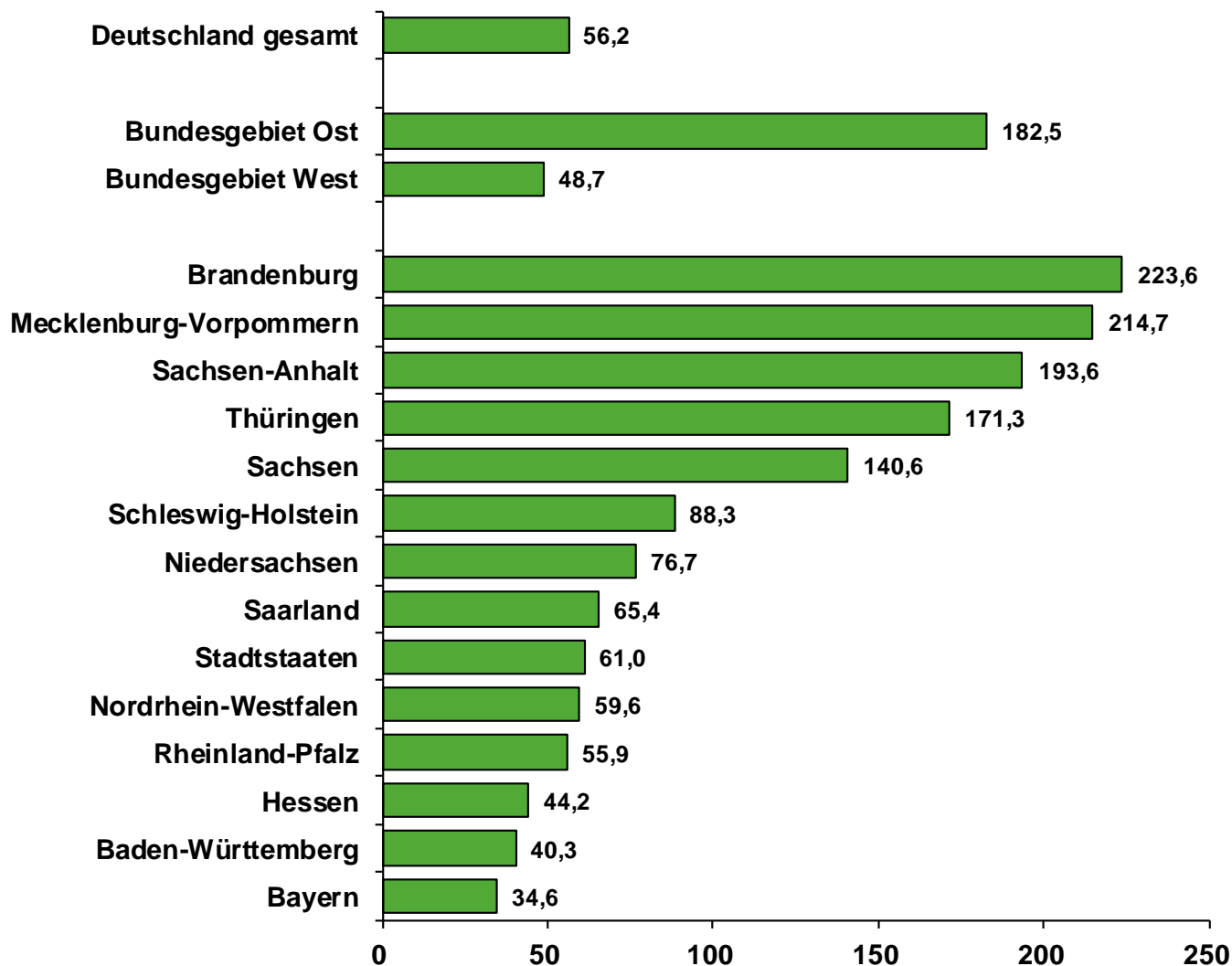
November

in 1.000



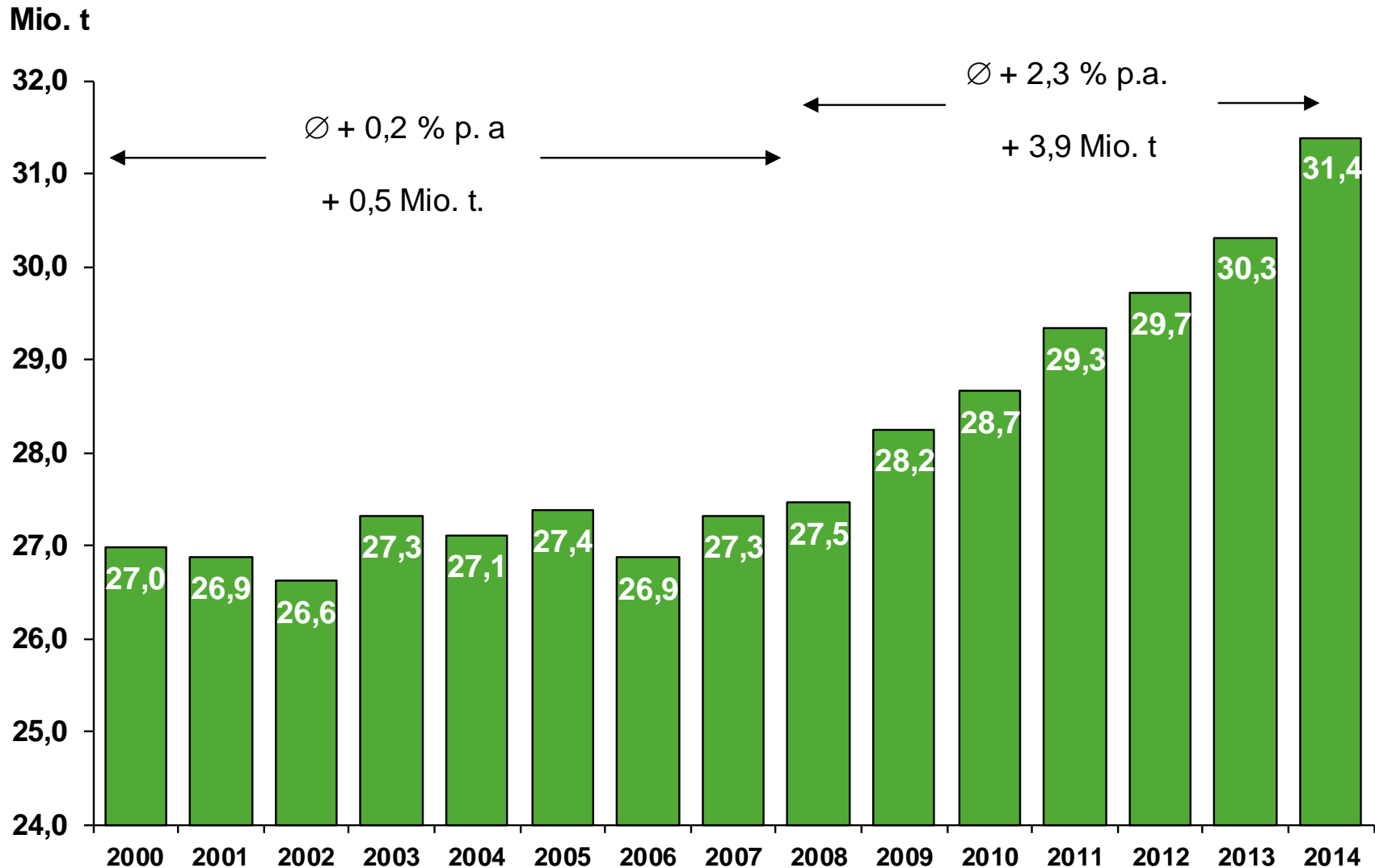
DRV Milch 2015 - Quelle: Statistisches Bundesamt; ab 2008 Ergebnisse HIT-Rinderdatenbank (eingeschränkte Vergleichbarkeit), eig. Berechnungen

Cows per holding November 2014



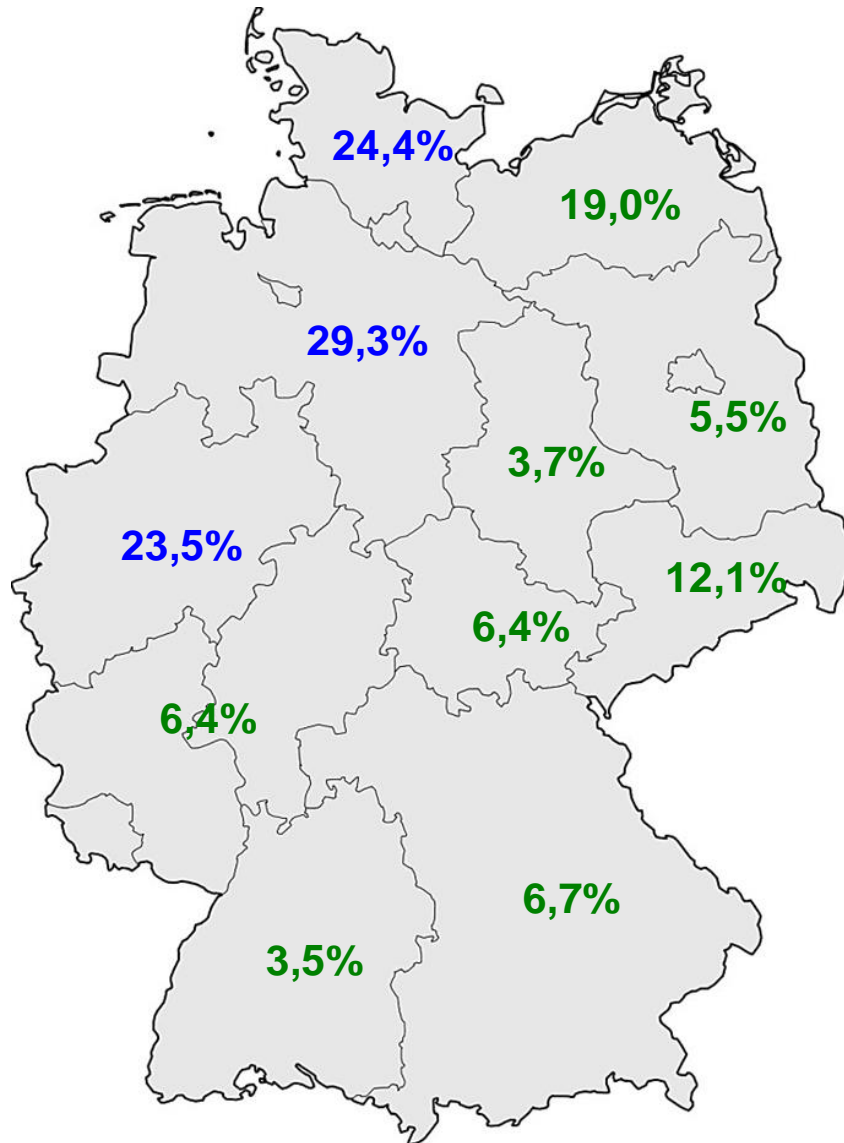
DRV Milch 2015 - Quelle Destatis, Viehbestand November 2014, eig. Berechnungen

Milk delivered to dairies



DRV Milch 2015 - Quelle: BLE, ZMB; Anlieferung ohne Lieferungen von Erzeugern aus den EU-Mitgliedstaaten

Regional development of milk production 2000 to 2014



Regional development of milk production 2000 to 2014

	2000	2014	2014 : 2000	
	Mio. t	Mio. t	Mio. t	%
Baden-Württemberg	2,28	2,36	0,08	3,5%
Bayern	7,65	8,17	0,52	6,7%
Brandenburg / Berlin	1,36	1,43	0,07	5,5%
Hessen / Rheinland-Pfalz / Saarland	1,88	2,00	0,12	6,4%
Mecklenburg-Vorpommern	1,35	1,61	0,26	19,0%
Niedersachsen / Bremen	5,19	6,72	1,52	29,3%
Nordrhein-Westfalen	2,68	3,31	0,63	23,5%
Sachsen	1,54	1,73	0,19	12,1%
Sachsen-Anhalt	1,08	1,12	0,04	3,7%
Schleswig-Holstein / Hamburg	2,36	2,94	0,58	24,4%
Thüringen	0,96	1,02	0,06	6,4%
Gesamt	28,33	32,39	4,06	14,3%

DRV Milch 2015 - Quelle: BLE, eig. Berechnungen

The German Milk Market

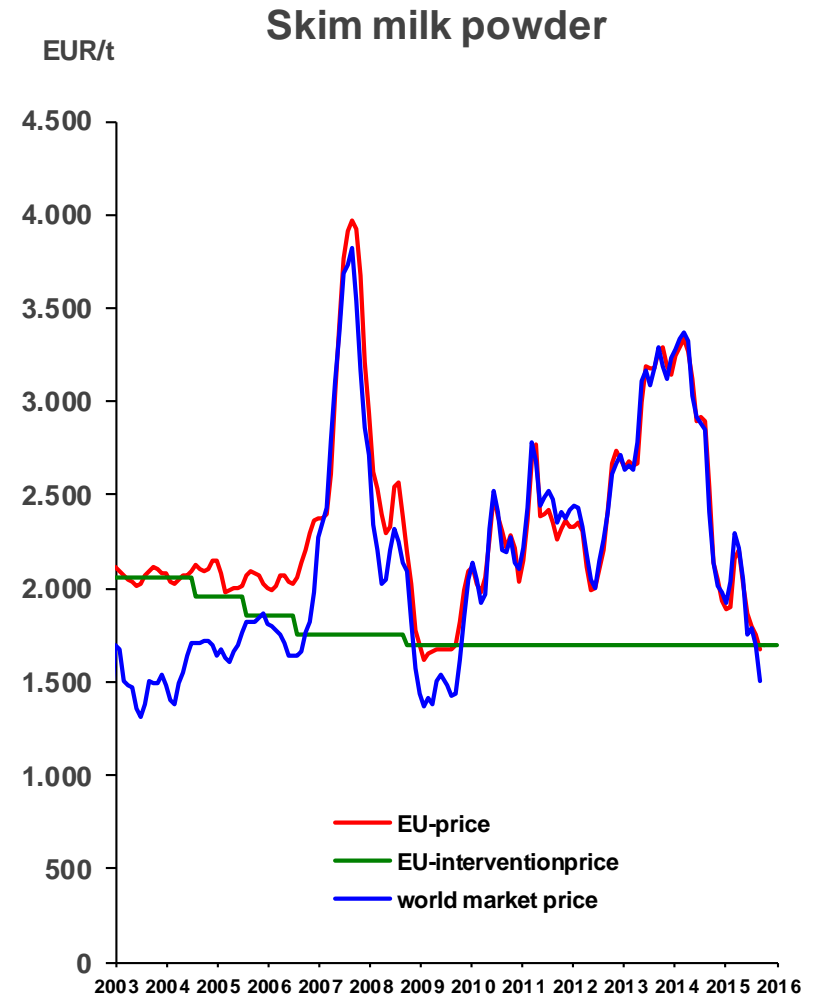
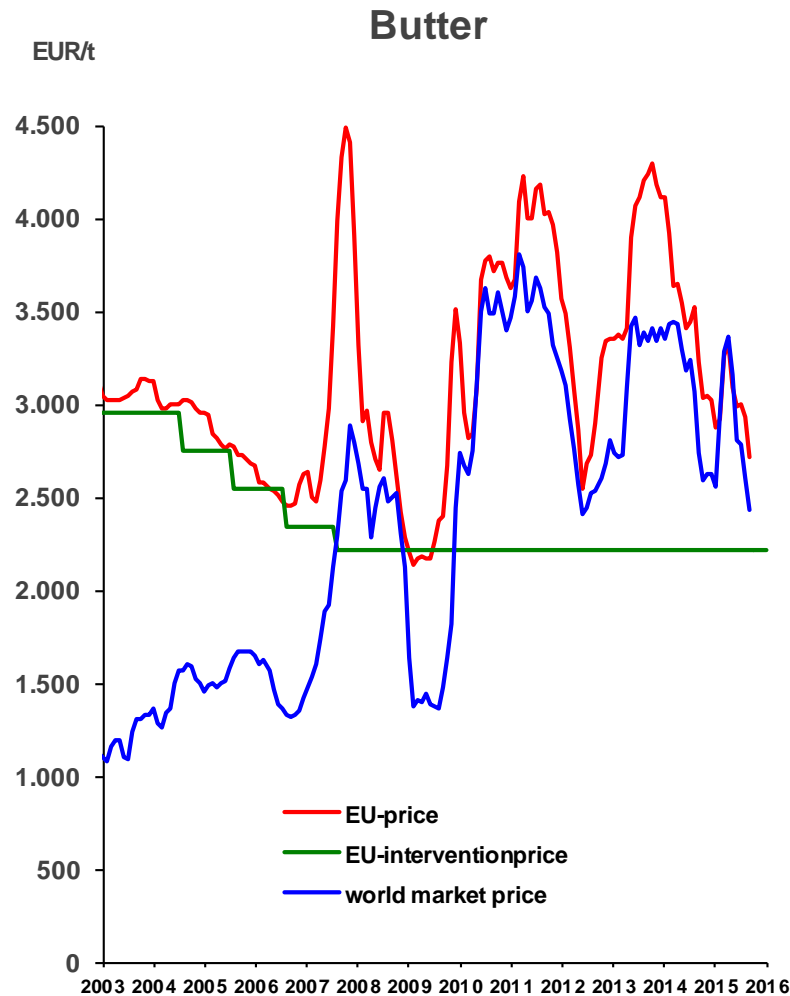
2012, mio. t milk equivalent

Milk production	30,3	
Delivered to dairies	29,3	95%
Import of raw milk	1,4	5%
Milk processed in dairies	30,7	100%
Products	30,7	100%
- Export (EU and world market)	14,6	48%
- Retailers	11,3	37%
- Food processing industry and others	4,8	16%
Consumption	21,4	100%
- home production	11,3	53%
- imported products	10,1	47%

Quelle ZMB 7/2013

- High shares of exports and imports
- Strong retailers in Germany
- High degree of competition in the German market

Prices in the EU and on the world market



DRV Milch 2015 - Quelle: ZMP, ZMB, EU-Kommission, EZB, z.T. vorläufig

Milk Package

Elements

- Contractual Relations
- Producer Organisations and Associations of Producers
- Interbranch Organisations
- PDO/PGI cheese supply regulation

Milk Package

The German approach to the Milk package reflects our dairy industry structure

- 66% of milk is purchased by Co-ops, or Companies substantially owned by Co-ops
- It is vital, in the interest of all farmers, that the co-op structure is protected.
- Vital Co-op principles include;
 - One member one vote
 - Same milk price and terms and conditions for everyone.
- Before the Milk Package came into place we have had
 - 125 Producer Organisations
 - 1 Association of Producer Organisations

Milk Package - Germany

■ Contractual Relations



- No compulsory contracts

■ Producer Organisations and Associations of PO's



- Minimum 5 members
- Producer Organisations must be legislated for but are not relevant for our Co-ops
- A farmer can't negotiate with his own Co-op via a PO

Milk Package - Germany

■ Interbranch Organisations



- They take part in economic activities at regional level (dairy promotion, school milk etc)
- No role for them in milk supply or purchase

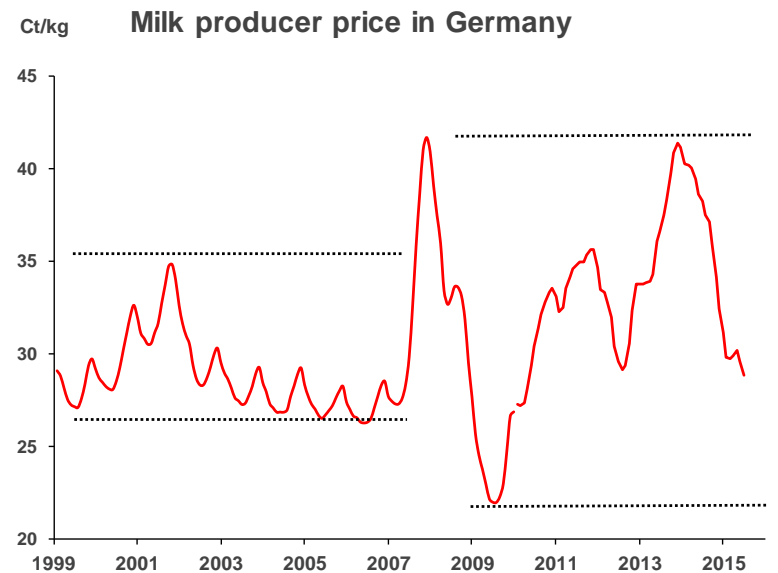
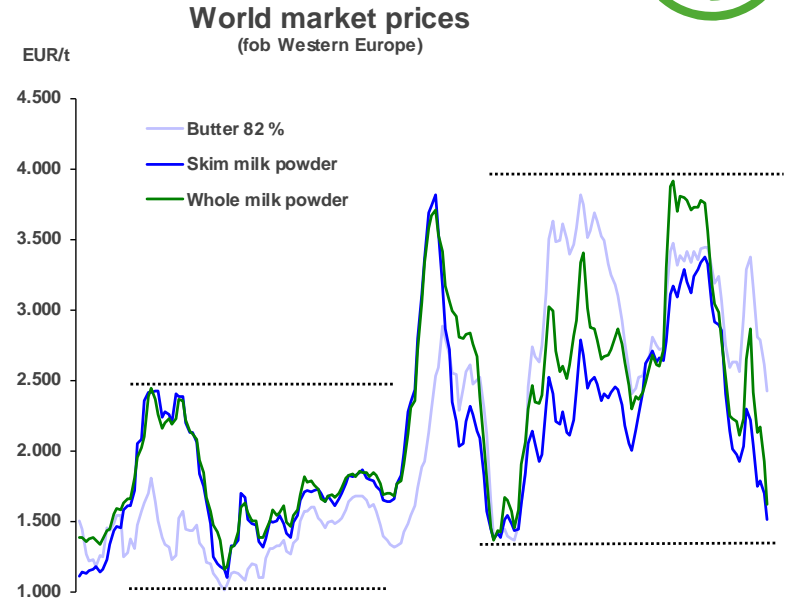
■ PDO/PGI cheese supply regulation



- Not a matter in Germany

Price volatility

- More volatility on the world markets
- CAP-reforms: more liberalisation in the EU
- More volatility also in the EU and also for the dairy farmers (prices and income)



DRV-Milch 2015 - Quellen: ZMP, ZMB, BMELV, Deutsche Bundesbank
Erzeugerpreis ab Hof, 3,7 % bzw. ab 2011 4,0 % Fett, 3,4 % Eiweiß, ohne MwSt., ab 2014 Preis für konv. Kuhmilch

Challenges for the dairy cooperatives (1)

- The task is to achieve good prices for the members from the markets
- Volatility: We have to organize more and more market stability by ourselves
- **Questions**
 - Specialisation on one product group or more products for different markets?
 - Ability for working on different markets?
(EU/Export, branded/not branded, ...)
 - Niche player, focussing on regional, national or international markets?
 - R & D: sufficient resources?
 - Stand alone or cooperation with other coops' ?...

Challenges for the dairy cooperatives (2)

Tasks

- Development of specific strategies
- Decisions in the Coops' are taken by the members
- Communication with the members is important

Role of the CAP

- The CAP should continue to play a role in minimising instances of extreme downward price volatility through the provision of an effective safety net and must remain adequately funded in the budget
- CAP should improve the competitiveness of the German/ European agri-business on the world market
- Fair competition between EU-member states



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