

Global milk demand to outstrip supply over next decade

For the first time, the global demand for milk is set to overtake the available supply over the next decade. Milk supply is expected to lag demand by 2017, predominantly due to growth from Asia and Africa.



Image courtesy of Danilo Rizzuti at FreeDigitalPhotos.net

The Tetra Pak has released this and other results in its Dairy Index 2014.

"Global dairy consumption is expected to rise by 36% between 2014 and 2024," says John Strömblad, MD of Tetra Pak South Africa. "Consumption is therefore expected to reach 713 million tonnes of liquid milk equivalent (LME)."

Much of this increase will be fuelled by population growth, rising prosperity and urbanisation in Africa, Asia and Latin America. This booming demand is predicted to put pressure on prices, which after significant increases in 2013 have been declining in recent months, and profits, by exposing a deficit within the next 10 years.

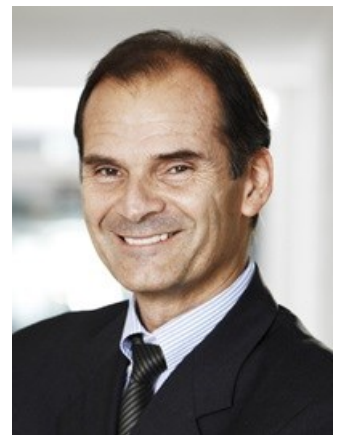
Global white milk consumption is forecast to rise by 1.8% (CAGR) in 2013-2016 from around 212 billion litres to around 223 billion litres, outpacing growth of 1.2% (CAGR) in 2010-2013. Africa will see the biggest change in the flavoured milk category, with 7.1% growth across the continent, rising to 12.4% in North Africa. As dairy companies respond to anticipated expansions in milk production, the total market for milk powder processing equipment is expected to enjoy growth of 5% CAGR between 2014 and 2020. This will take the market from a current size of €551 million to €740 million.

However, the expected increase in demand from countries such as India, China, the Middle East and Africa will not necessarily be met locally, as production in these markets will not accelerate at the same rate. Additionally, the levels of supply from the traditionally export-led countries will struggle to keep pace with this growing demand, creating a latent demand gap.

Developing countries will further face challenges presented by climate, limited land, water, feed, cattle and dairy expertise availability. In an effort to make milk stretch further and get more value per litre sold, dairy companies will need to make the most of milk's versatility by using it in innovative ways in new products and formulations. This will include combining milk with other ingredients such as juice and cereal, and tapping into milk alternatives, such as whey.

The top 20 milk-importing countries around the world are expected to account for 33% of the global imports by 2024, up from 27% in 2013.

Dennis Jönsson, President and CEO of Tetra Pak Group, says, "The predicted surge in global demand offers a huge opportunity for dairy companies in developed markets to export powder and ambient liquid dairy products to growing economies. However, to ensure long-term success, these producers need to balance the quick wins of export against the requirement to continue to grow their domestic markets. Meanwhile, dairy companies in import markets must overcome the challenge of securing a sustainable, high quality milk supply while keeping pace with growing demand."



Dennis Jönsson, Tetra Group CEO

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