

INTERNATIONAL
DAIRY COMMUNITY
FORUM



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Białystok, Poland



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How can dairy sector overcome the crisis?

Europe in the Global Context

The competitiveness of the European dairy sector



Presented by
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Recent shocks, ongoing volatility

2020

Pandemic shock

- Demand shocks
- Logistic bottlenecks
- Labour shortages

2023

Recession

- General inflation
- Policy uncertainty
- Lower growth outlook

2025

Trade tensions

- Rising trade barriers
- Tariffs and retaliatory measures

2022

War in Ukraine

- Feed disruptions
- Input cost (energy, fertilizers)
- Inflation

2024

Climate volatility

- Adverse weather (droughts, floods, storms)
- Production impacts
- Forages shortages

2026

Geopolitical tensions

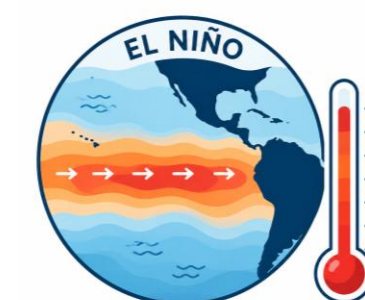
- Energy market volatility
- Higher cost
- Uncertainty

Heat waves 2026



Heat stress on cows and yields
Water and forage pressure

El Niño Late 2026

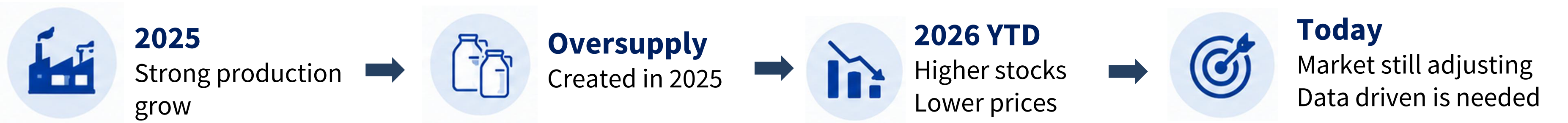


Potential yield impacts
Feed and pasture impacts
Rainfall variability



How the 2025 supply boom led to the 2026 market correction

The market cycle: from 2025 to today



2025



Global milk production

+ 2.6%
vs 2024



IFCN World Milk Price Indicator

48.4
USD/100 kg SCM
+ 10%
vs 2024

2026 – August

World

+ 3 %
YDT (Jan- Aug 2026)

48.8
USD/100 kg SCM
(avg. Jan – Aug 2026)

-2,3%
vs 50.0 USD/100 kg SCM
(avg. Jan-Aug 2025)

Top exporters

(EU,US,NZ,AU,BY, AR,UY)

+ 3,9 %
YDT (Jan- Aug 2026)

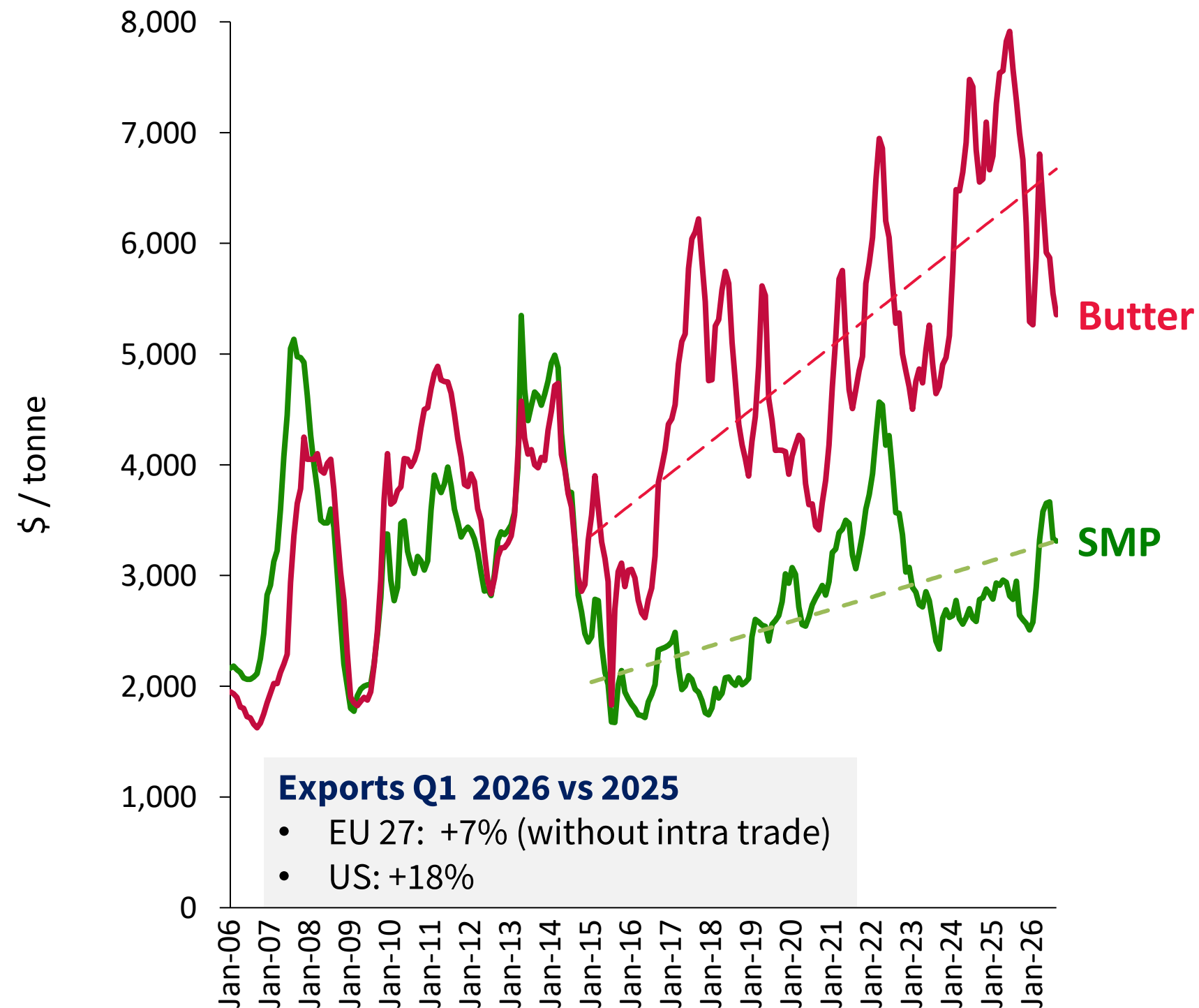
45.0
USD/100 kg SCM
(avg. Jan – Aug 2026)

-12,9%
vs 51,2 USD/100 kg SCM
(avg. Jan-Aug 2025)



Inflation-adjusted milk prices suggest limited room for further decline

Dairy Commodity Prices





One-off factors made 2025 an oversupply year

Do not expect these factors to constitute the 'new normal'



High beef prices

High cull cow prices improved farm profitability and supported herd expansion

EU-27

+ 49%

2025 vs 2024

+ 25%

2026 H1 vs H1 2025



Favourable weather

Good weather conditions delivered more forage quality and quantity worldwide

2025

- Good precipitation
- High forage quality
- High forage availability

2026

- Heat waves
- Drought in key regions
- Lower forage production



Animal disease impact

Animal diseases sharply curtailing output in some countries, triggering market shortages

2025

- Bluetongue recovery (Europe)
- Avian influenza (US)
- New World screwworm (US)

2026

- Continued disease risks
- Regional supply disruptions
- Higher biosecurity costs



Feed prices

Feed prices supported margins and production growth

2025

Decreased by 3%

vs 2024

2026

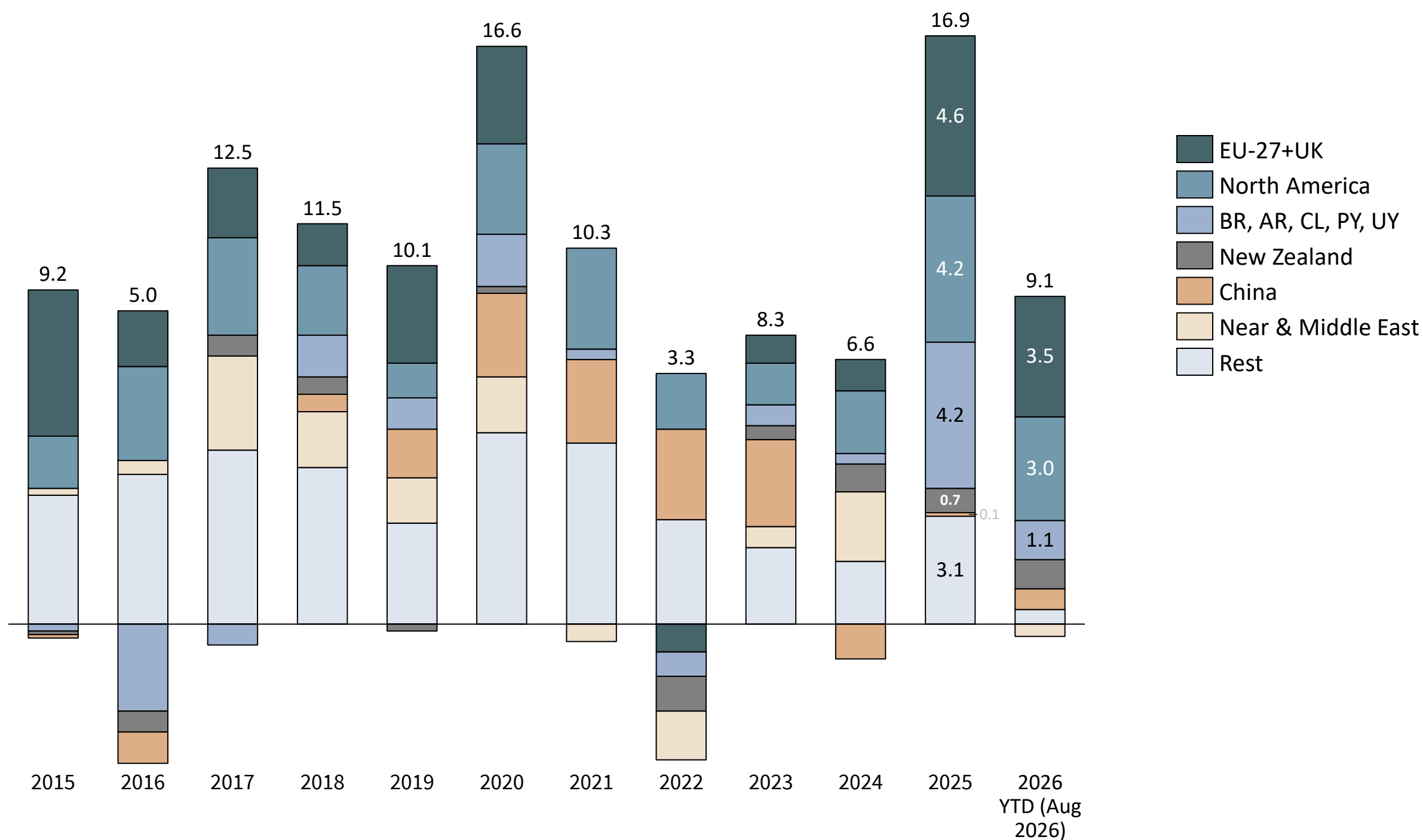
Increased by 2,8%

vs 23.5 USD/100 kg SCM
(avg. Jan-Aug 2025)



Global raw milk supply pool correction in Q4 2026

Absolute raw milk production growth considering aggregate: world excl. IN&PK
in mill t SCM (solid corrected milk, 4% fat and 3.3% protein)



2026: The slowdown is already here

YTD August signals a sharp deceleration. The supply surge was cyclical and not structural

2025: Strongest growth in a decade

+16.9 mill t SCM: EU-27+UK contributed 4.6 mill t, outpacing its own historical average, partly driven by the base year effect

Europe: High share, rising cost

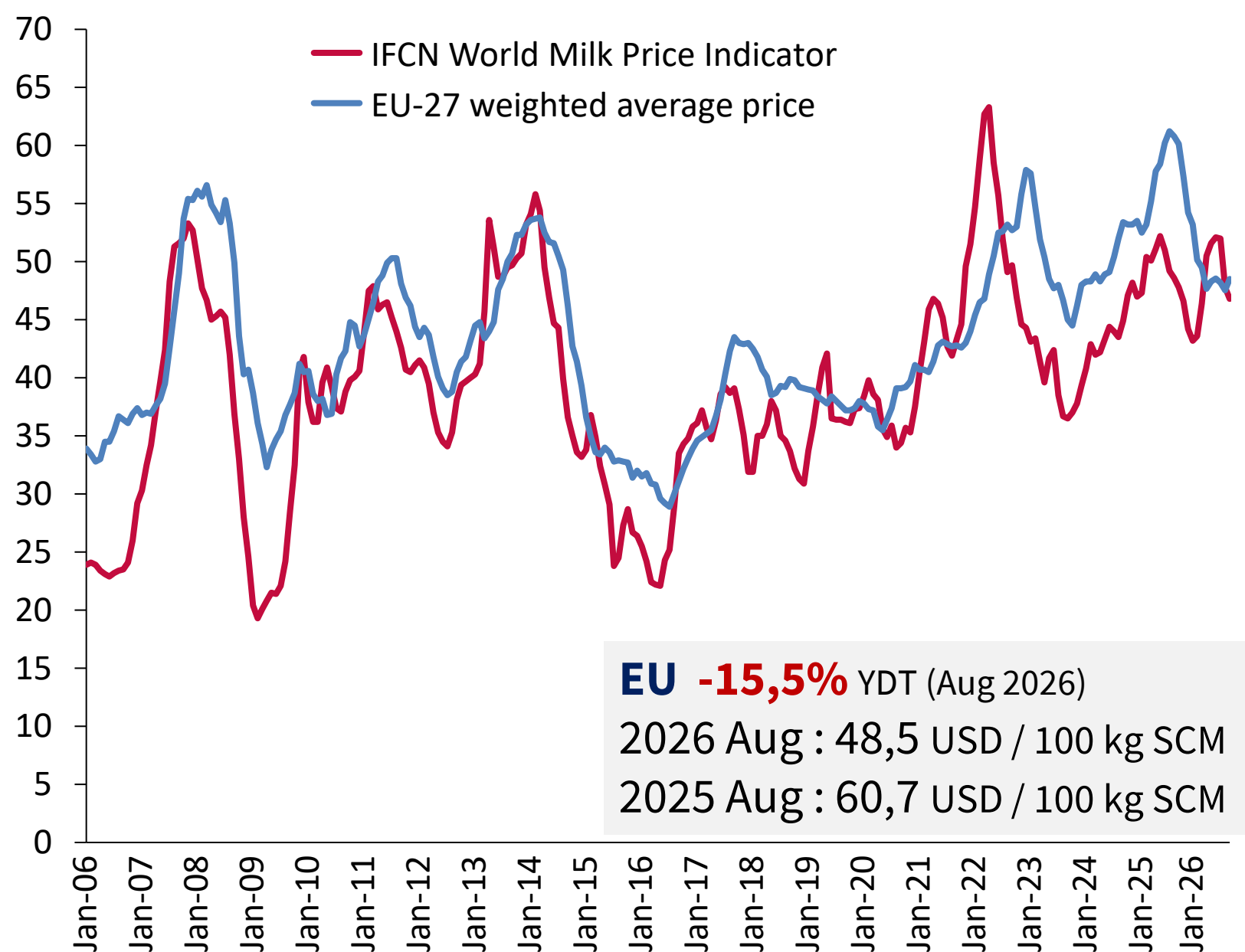
Stagnating herd numbers & regulatory headwinds erode competitiveness vs. US



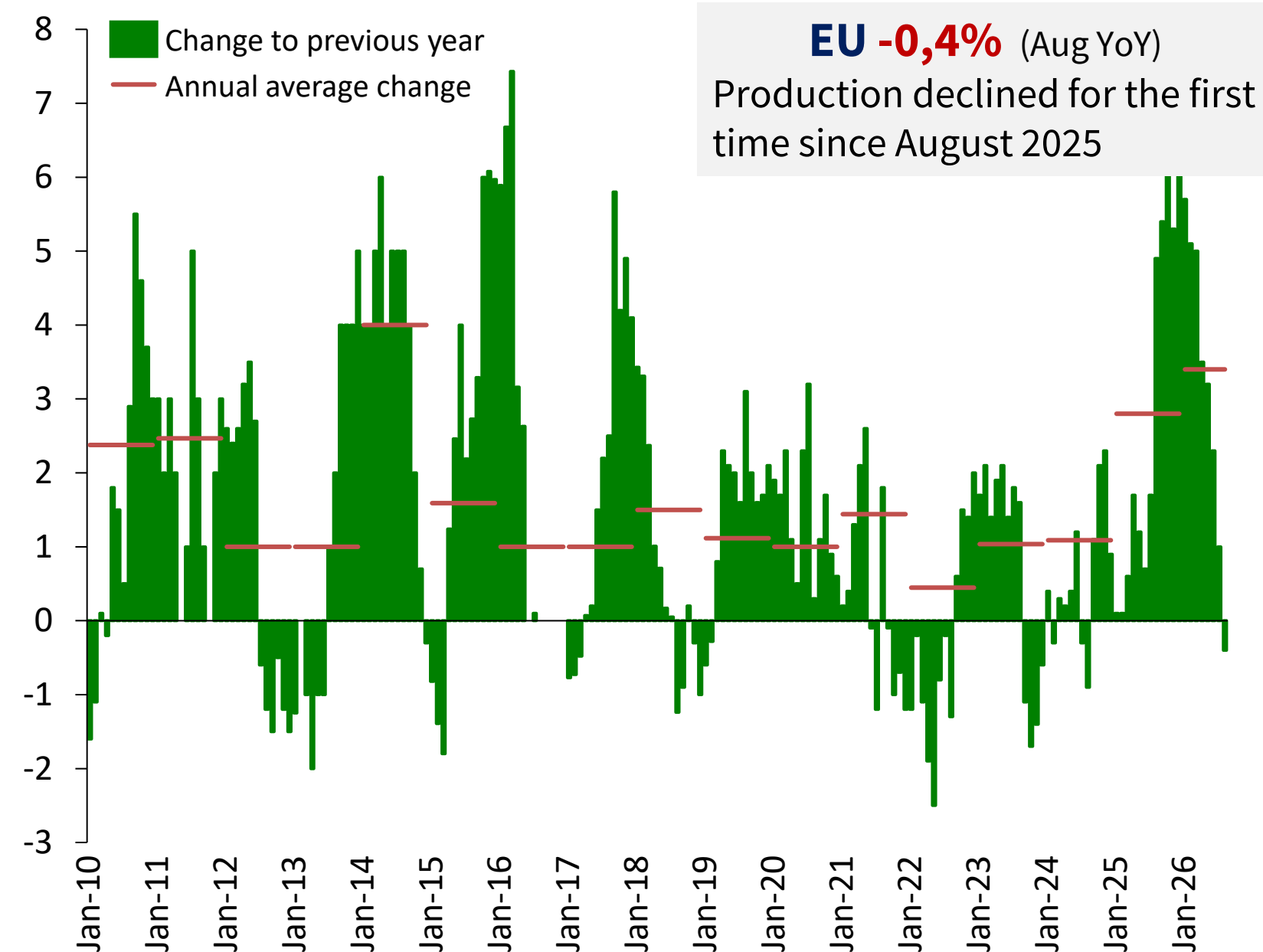
Volatility isn't a crisis – it needs to be managed

We need to be proactive and not reactive

**IFCN World Milk Price
vs. EU- 27 weighted average farm-gate milk price**



**EU-27 monthly milk production
Year-over-Year change**





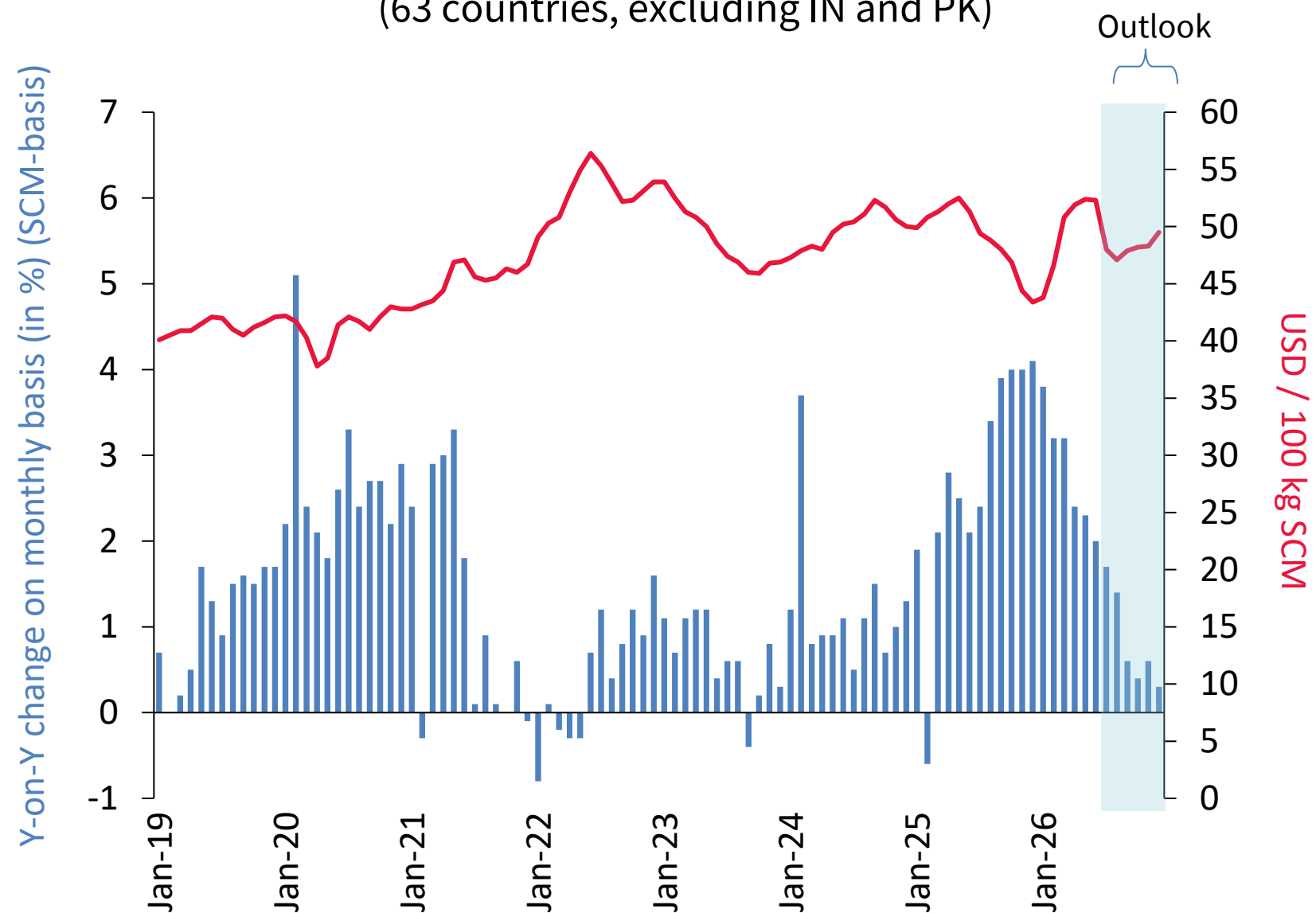
Milk markets are cyclical - outlooks reduce surprises



Raw milk pool growth outlook worldwide

& milk prices USD

(63 countries, excluding IN and PK)



Globally – 2026 Outlook

- Milk supply growth expected to slow
- El Niño could constrain milk production



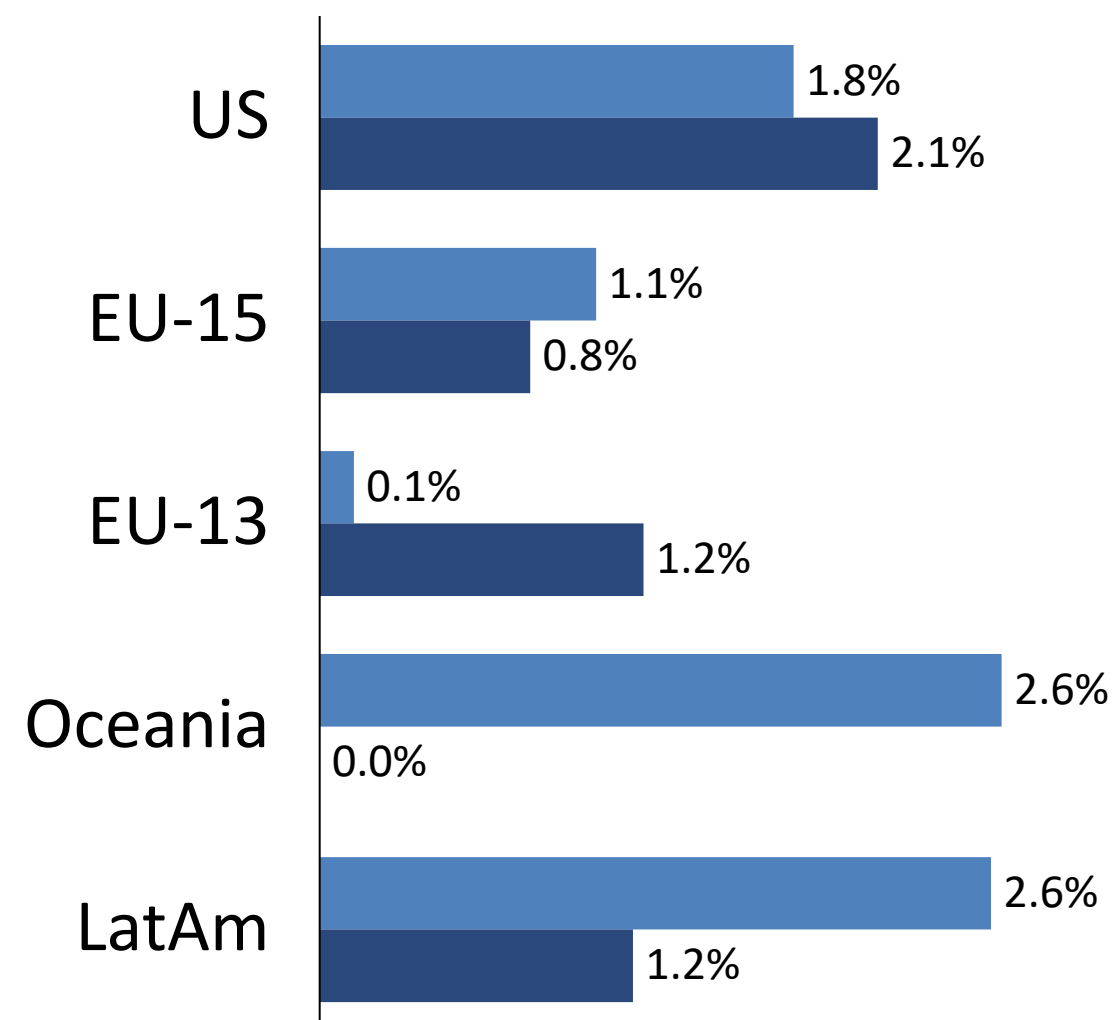
Consolidation changes the game



Dairy relies on fewer, but more efficient farms → **Competition for farmers**

Production

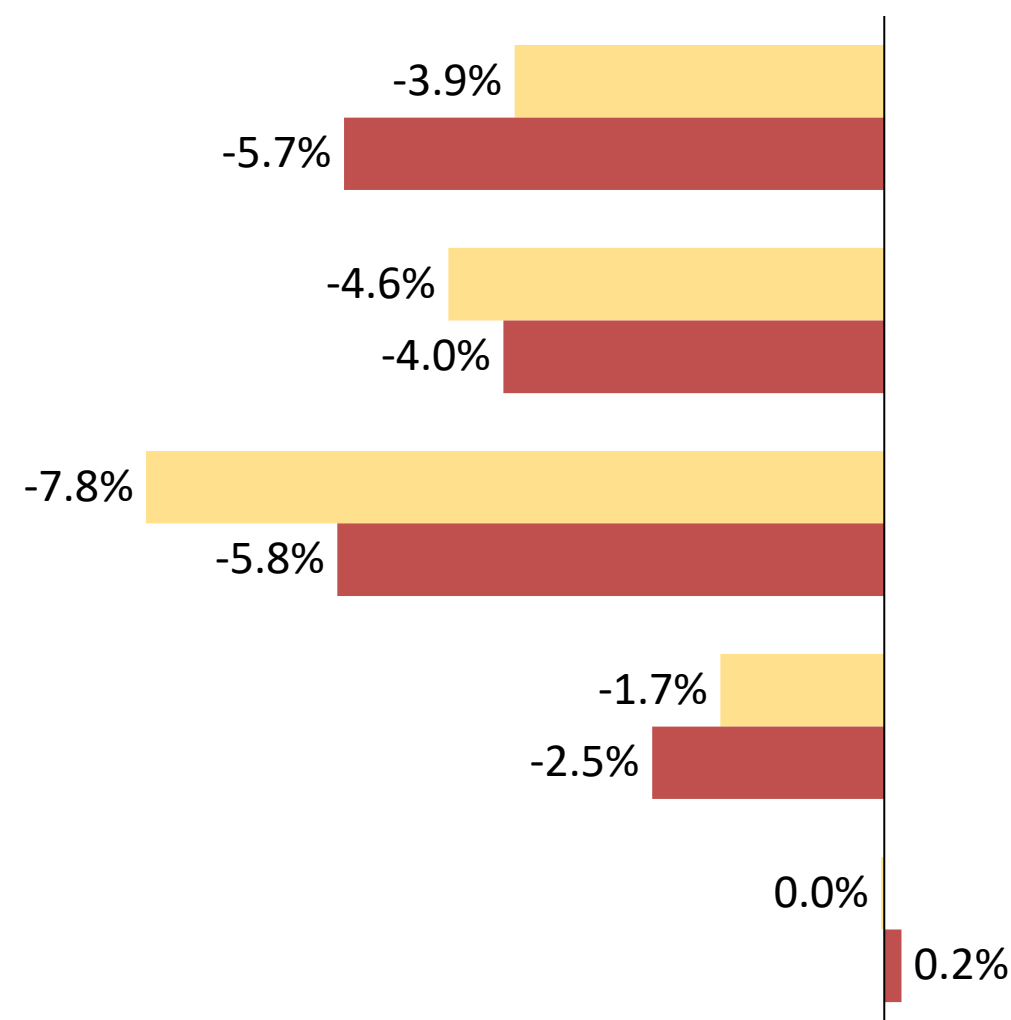
10 years CAGR



■ CAGR 2005-2015
■ CAGR 2015-2025

Farm number

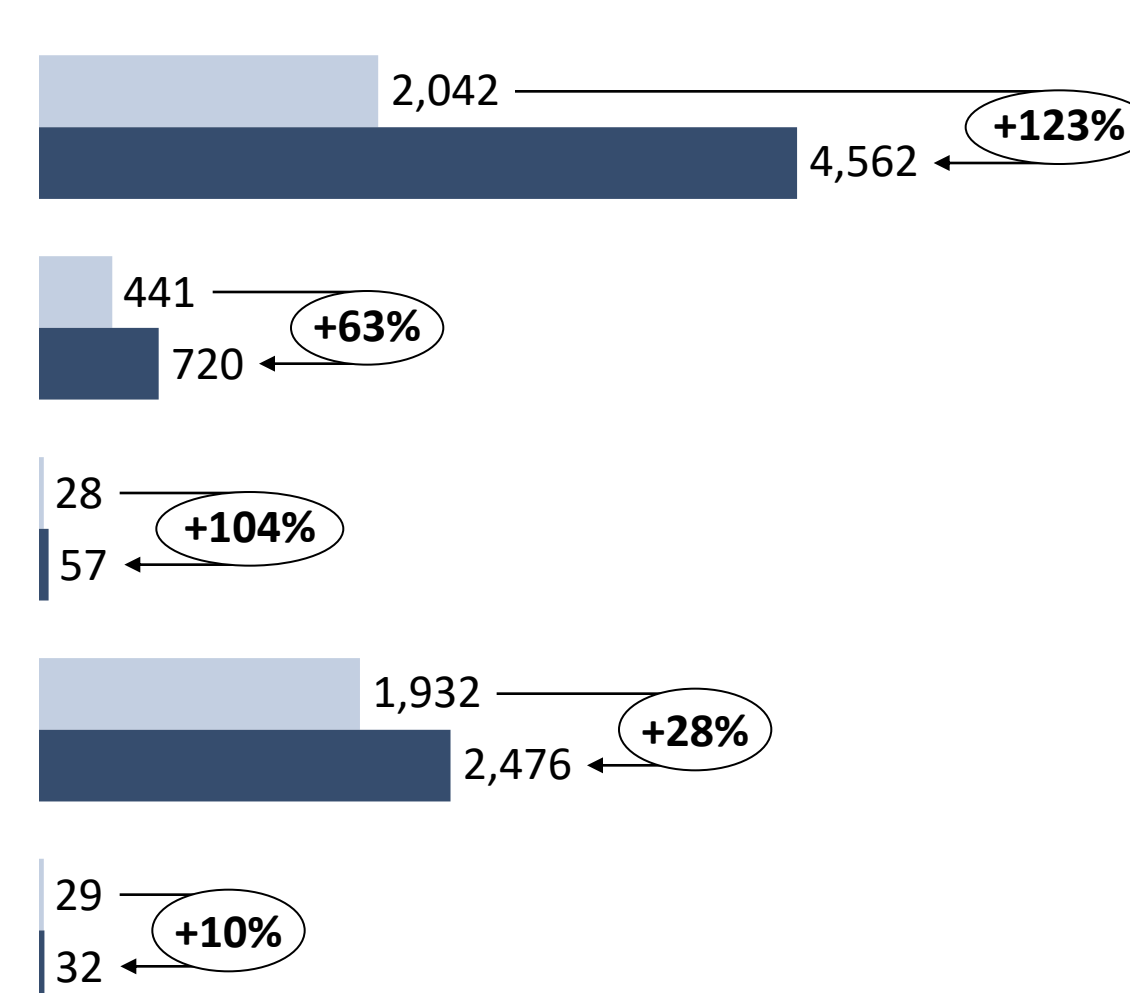
10 years CAGR



■ CAGR 2005-2015
■ CAGR 2015-2025

Milk production per farm

2015 vs 2025

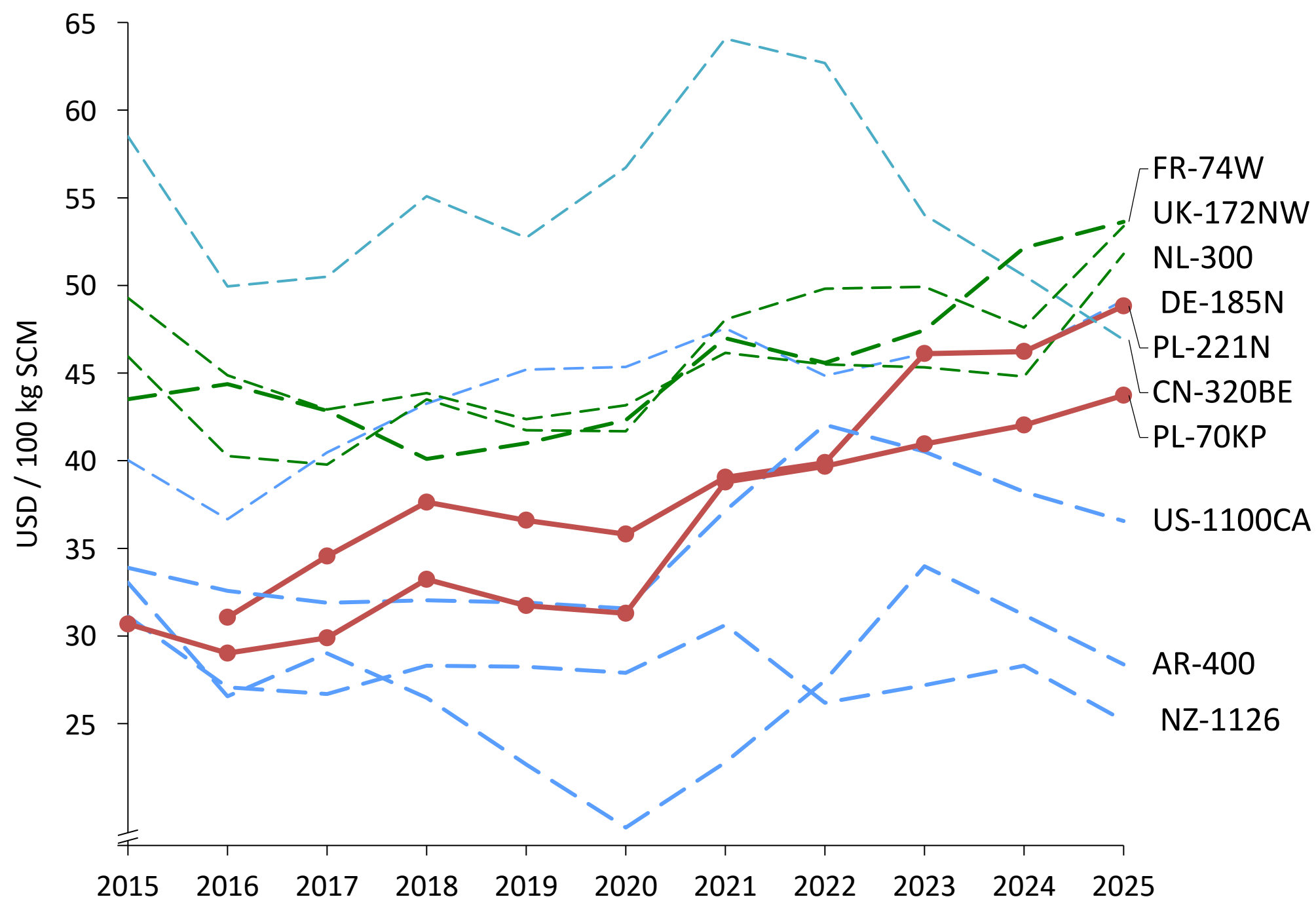


■ Milk per farm 2015
■ Milk per farm 2025

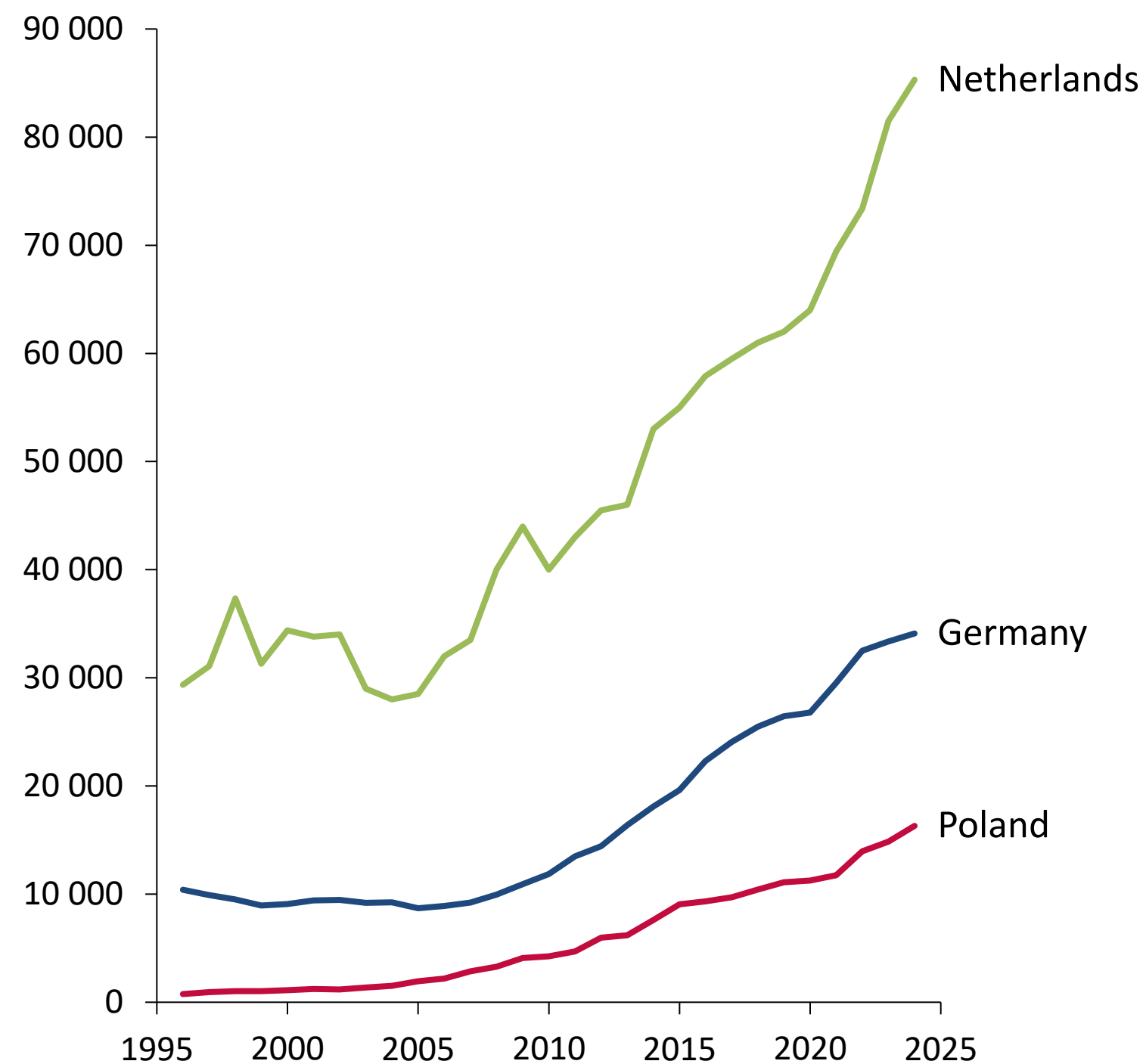


Europe can only maintain cost competitiveness through higher production efficiency

Cost of milk production only for “typical” dairy farms



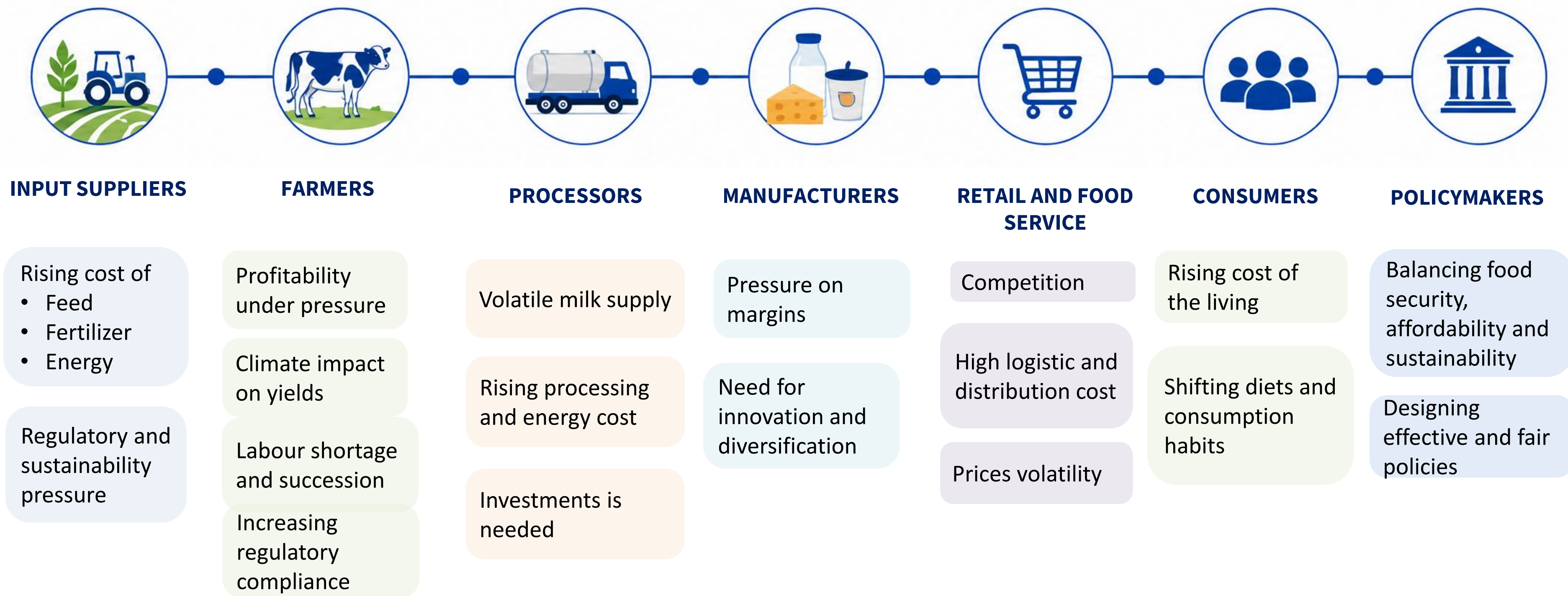
Land prices 1996 – 2024





Key challenges in EU dairy sector

Different pressures



Different exposure

Germany



High standards and regulation plus labour and cost pressures

France



High cost of milk production and farm succession challenges

Ireland



Stricter emissions rules and nitrogen derogation limits

Poland



Investments needs and modernisation to strengthen competitiveness



How can Europe compete in the future?



Maximize the value of each kg of milk produced

Focus on efficiency, optimization and continues improvements

- Calculate cost accurately
- Monitor performance continuously
- Make data driven decisions



Differentiate through value

Western Europe

Focus on value added and specialty products



Leverage regional strengths

Central and Eastern Europe

Well-positioned to lead in regular products

- Cheaper land and feed cost
- Larger labour pool
- Mild climate



Turn data into advantages

AI may speed up and facilitate analysis but creating and owning **proprietary data** is the real differentiator leading to competitive advantage





Let us organize a call to discuss how IFCN can support you



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