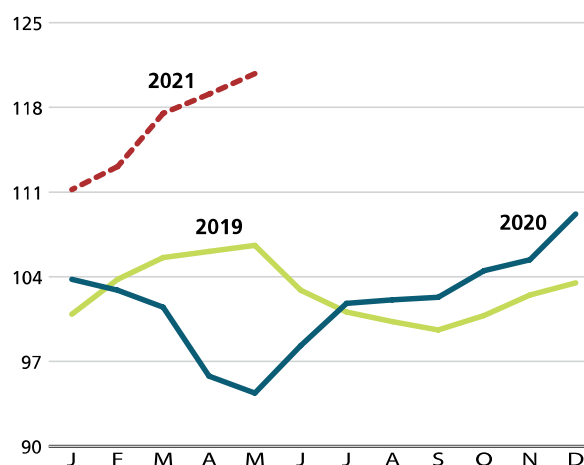


MILK AND MILK PRODUCTS

FAO's current forecasts point to expansions in production and trade in milk and milk products in 2021, despite the likely dampening effects of the COVID-19 pandemic on output and trading activities in parts of the world. Global milk output in 2021 is forecast at 921 million tonnes, an increase of 1.6 percent from 2020, with Asia accounting for the highest volume, followed by North America, Europe, South America, Oceania, Central America and the Caribbean, and Africa. Increases in dairy cattle numbers in India and Pakistan and expanding large-scale farms in China sustain Asia's milk output growth. Increasing dairy cattle and milk yields, together with improvements to farming technology, underpin the likely output expansions in most countries in the Americas. Favourable weather and pasture improvements could lessen the rising costs of feed, lifting milk production in the European Union and Oceania.

World trade in dairy products is forecast at 88 million tonnes (in milk equivalents) in 2021, a rise of 2.6 percent from 2020, with a higher import concentration in Asia, especially China. Strong economic growth prospects for 2021 and the real appreciation of the Yuan that would increase per capita consumption and expand the consumer base are behind much of the anticipated import demand growth in China. Brazil, Mexico, Indonesia and Malaysia, among others, are also expected to import more milk products. Nevertheless, widespread import curtailments elsewhere are likely, stemming from continued COVID-19 market disruptions and associated economic downturns. With the anticipated increase in dairy import demand and the implied product mix and changes in trade directions, dairy exports are forecast to increase significantly from the European Union, the United States of America, New Zealand and Australia.

FAO INTERNATIONAL DAIRY PRICE INDEX (2014-2016 = 100)



WORLD DAIRY MARKET AT A GLANCE

	2019	2020 <i>estim.</i>	2021 <i>f'cast</i>	Change: 2021 over 2020
	<i>million tonnes, milk equiv.</i>			%
WORLD BALANCE				
Total milk production	888.1	906.2	921.1	1.6
Total trade¹	77.8	85.7	87.9	2.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	115.1	116.1	116.8	0.6
Trade - share of prod. (%)	8.8	9.5	9.5	0.9
FAO DAIRY PRICE INDEX (2014-2016=100)	2019	2019	2021 <i>Jan-May</i>	Change: Jan-May 2021 over Jan-May 2020 %
	103	102	116	16.7

¹ From 2020, the United Kingdom of Great Britain and Northern Ireland is treated as a separate country from the European Union when aggregating trade data.

Contact:

Upali Galketi Aratchilage

MILK AND MILK PRODUCTS



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PRICES

Rising international dairy prices since the start of the year

International dairy prices in May, measured by the **FAO Dairy Price Index**, were up by 9.6 points (8.6 percent) since January 2021, with whole milk powder (WMP) prices registering the sharpest increase (20.9 percent), followed by butter (15.4 percent), skim milk powder (SMP) (11.3 percent) and cheese (1.6 percent).

Solid import demand from Asia, mainly China¹, primarily underpinned the increase in international dairy prices between January and May this year. In China, the fast pace of economic growth and the real appreciation of the Yuan induced a surge in consumption and widen consumer base, leading to higher dairy imports. In addition, the rapid recovery in the national pig herd led China to purchase more whey powder. In many dairy importing countries, more home cooking and baking during lockdowns increased retail sales of milk products such as butter and cheese, partially offsetting lower food services sales. Import purchases by some countries in the Middle East and North Africa also increased, reflecting the strengthening petroleum prices, the likely revival of economic activities and tourism and an increase in inbound movement of expatriate workers. In recent months, demand for spot supplies from Oceania rose sharply due to concerns over short-term sourcing challenges amid limited container availability in Europe and North America, providing further

Figure 1. FAO monthly dairy price index (2014-2016=100)

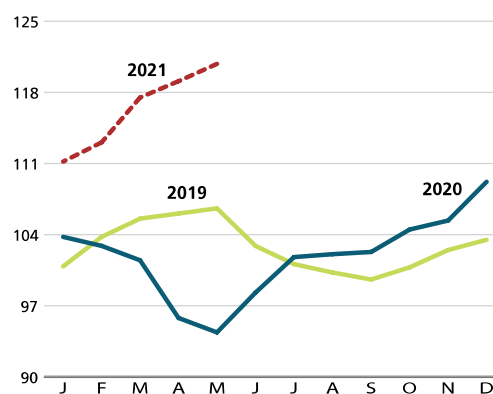


Figure 2. FAO monthly international price indices for butter, cheese, SMP and WMP (2014-2016=100)

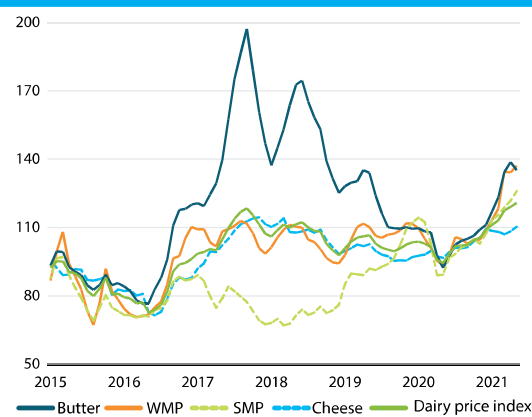


Table 1. World dairy market at a glance

	2019	2020 <i>estim.</i>	2021 <i>f'cast</i>	Change: 2021 over 2020
	<i>million tonnes, milk equiv.</i>			<i>%</i>
WORLD BALANCE				
Total milk production	888.1	906.2	921.1	1.6
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	2019	2020	2021 <i>Jan-May</i>	Change: Jan-May 2021 over Jan-May 2020 <i>%</i>
	103	102	116	16.7

¹ From 2020, the United Kingdom of Great Britain and Northern Ireland is treated as a separate country from the European Union when aggregating trade data.

support to international prices.

Tight spot supplies in some of the world's largest dairy exporting regions provided further price support during the first five months of the year. In Oceania, the January heatwave in Australia and the March to April dry weather in New Zealand aggravated the seasonally declining milk production, tightening export supplies and driving up dairy prices, especially for butter and WMP. In Europe, milk production fell slightly below last year's levels between January and February, while in mid-March and the first half of April, extreme cold spells in parts of Europe made trucking more difficult, further restraining milk deliveries to processing centres. As a result, producers focused their supplies on buyers with long-term contracts or internal sales, limiting spot supplies and supporting export prices of butter and milk powders. In summary, international dairy prices rose from January to May, reflecting solid import demand amid tight spot supplies from leading dairy exporting regions.

MILK PRODUCTION

World milk output to increase in 2021

World milk production is forecast to reach 921 million tonnes in 2021, rising by 1.6 percent from 2020, as a result of expected output expansions in all geographical areas, with Asia accounting for the highest volume, followed by North America, Europe, South America, Oceania, Central America and the Caribbean and Africa.

In *Asia*, milk output in 2021 is pegged at 388 million tonnes, up 2.5 percent from 2020, with more than 80 percent of the projected expansion originating in **India, China, Pakistan** and **Turkey**, in order of volume expansion.¹ In **India**, rising dairy cattle numbers and milk yields, coupled with favourable monsoon rains and fodder availability, are foreseen to result in milk output reaching 199 million tonnes, up 2.2 percent year-on-year. However, the rapidly deteriorating COVID-19 infection situation in India may pose a challenge to the pace of expansion, given hurdles to collecting milk from farms scattered over vast areas. **China's** milk production will likely reach 38 million tonnes, up 6.1 percent from 2020, underpinned by a rise in milk yields of large-scale, intensive farms, which increasingly use advanced genetics, mechanical milking and mix feed rations and feed quality management techniques. Above all, rising consumer trust in local milk due to stringent enforcement of quality requirements and the establishment of a supply traceability system may also help production expansions. Underpinned by rising dairy cattle numbers, **Pakistan's** milk production is likely to expand at a record annual pace of 3 percent, elevating total output to 59 million tonnes in 2021. Milk production expansions are possible in several other countries in Asia, including **Kazakhstan, Uzbekistan, the Islamic Republic of Iran** and **Japan**, buoyed by rising consumer demand and government assistance for stabilising markets and modernising dairy farms.

In *Europe*, total milk output is forecast to increase by 0.6 percent to 237 million tonnes in 2021, with the highest increase anticipated in the **European Union**, followed by the **Russian Federation** and **Belarus**. Strong milk yield growth and favourable spring and summer weather supporting farm-grown feed and good quality grass are likely to support milk output expansion in the **European Union**, despite declining dairy cattle numbers and cold weather earlier in the year, which constrained milk production and deliveries. Current low milk pay prices and increases in feed costs may also hold some producers from expanding production. High milk yields on new farms, better farmgate prices and state-supported loans at lower interest rates encourage milk output expansion in the **Russian Federation**. Furthermore, rising consumer trust, following the introduction of a milk quality management system, including tracing and removing products that defy regulatory requirements from the market and an electronic certification system, is likely to continue to boost milk consumption and production. In **Belarus**,

¹ Countries are listed in the order of the anticipated expansion of the volume of quantity throughout this chapter, unless otherwise stated.

farm management improvements, increased use of better-quality feed and solid demand from neighbouring countries, mainly the Russian Federation, supporting production growth. By contrast, **Ukraine's** output is forecast to fall, reflecting declining dairy cattle numbers and farm profitability amid increasing feed costs and weak import demand.

In *North America*, milk output is set to reach 113 million tonnes in 2021, up 1.9 percent year-on-year, with nearly all the volume increase originating in the **United States of America (United States)**. Much of the anticipated increase in milk production in the **United States** is attributable to higher dairy cattle numbers and milk yields. The second stage of the Coronavirus Food Assistance Program 2, starting from 5 April 2021, is likely to keep farmgate milk prices steady, while the national COVID-19 vaccination drive may lead to increased sales through the food services sector, boosting milk production. **Canada's** milk production is likely to increase slightly, given the butter support price increase, effective 1 February 2021, and possible increases in internal and external demand, especially for butter and SMP.

In *South America*, milk production is forecast to rise by 1.1 percent to 83.5 million in 2021, with much of the projected increase due to higher outputs expected in **Brazil, Colombia** and **Argentina**. **Brazil's** milk output could increase by 1 percent, a slower pace than the 2.1 percent annual growth registered last year, to nearly 37 million tonnes, on a slight increase in dairy cattle numbers and high milk yields, especially on large-scale dairy farms. However, milk production in 2021 is challenged by dry weather conditions, especially in the country's southeastern and central-western regions, and rising production costs due to high prices of animal feed, especially maize, which would hamper feed usage and encourage cow slaughter. In **Colombia**, milk output is likely to expand, supported by the government decision to increase milk pay prices by 3.5 percent from March 2021. In **Argentina**, milk production is rising, sustained by potentially high foreign sales and competitive prices on offer, given the country's currency depreciation. As an early indication of production prospects, Argentina's farmgate prices hovered above last year's levels until April 2021. Elsewhere in *South America*, milk production in **Uruguay** is likely to rise on favourable rainfall and pasture conditions, but growing production costs may affect the pace of expansion. Milk production is forecast to expand slightly in **Chile**, helped by possible improvements in demand.

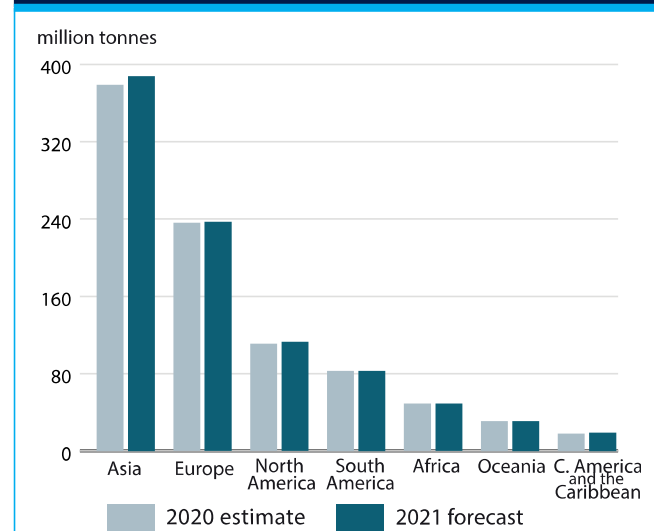
In *Oceania*, milk output is forecast to increase by 1.2 percent in 2021, nearly the same rate as last year, to 31.5 million tonnes. In **Australia**, milk output could exceed

9 million tonnes, up 1.2 percent from 2020, reflecting improvements in pasture and fodder availability, following recent rains, and increased feed availability, due to a record grain harvest. Government assistance to drought-affected farming households and more relaxed COVID-19 containment measures are expected to contribute to stability in production. Still, labour shortages, farm exits, and fewer dairy cattle numbers and lower milk yields may weigh on production prospects. Following a slight increase in 2020, **New Zealand's** milk output is forecast to rise in 2021 by 1.2 percent, to 22 million tonnes, due to increasing productivity, compensating for declining dairy cattle. Moreover, increased milk pay prices and reduced need for feed amid improved pastures, coupled with government freight support under COVID-19 assistance, would increase milk margins and production.

In *Central America and the Caribbean*, milk production could reach 19 million tonnes, up 1.8 percent year-on-year, primarily driven by better production prospects in the region's largest milk producer, **Mexico**. Improvements in farming technology and genetics and increased animal feed production are seen as the main factors behind **Mexico's** expected milk production growth. However, this continued trend rests on the revival of economic activities and job growth. Elsewhere, favourable weather conditions tend to support milk output expansions.

Milk output in *Africa* is forecast to reach 49 million tonnes, similar to 2020, underpinned by a likely rise in production in **Algeria**, among others, offsetting anticipated output contractions in several countries, especially **South Africa**. In **Algeria**, milk production is forecast to rise due to government efforts since 2020 to encourage farm modernisation and increase the use of

Figure 3. World milk production by region



locally produced milk in the food processing industry. By contrast, in **South Africa**, milk production may decline due to rising feed costs amid low milk pay prices.

WORLD TRADE IN DAIRY PRODUCTS

World dairy trade is heading for another expansion in 2021

World exports of dairy products in 2021 are forecast at 88 million tonnes (in milk equivalents),² up 2.6 percent from 2020, driven by anticipated larger imports by **China, Brazil, Mexico, Indonesia** and **Malaysia**. Strong economic growth prospects for 2021 and the real appreciation of the Yuan that would increase per capita consumption and expand the consumer base are behind much of the import demand growth in **China**. In **Brazil** and **Mexico**, while consumer demand for fresh milk and products remains somewhat subdued, demand for packaged and processed products is driving higher imports. In the **Middle East** and **North Africa**, rising petroleum prices, the likely revival of economic activities and tourism and an expected rise in inbound expatriate workers are mainly behind the anticipated increase in dairy imports in many countries. The potential revival of transshipment trade underpins probable import expansions in **Malaysia** and supports high trade volumes in **Saudi Arabia**.

By contrast, dairy imports by the **United Kingdom of Great Britain and Northern Ireland (United Kingdom), Australia, the United Arab Emirates, the European Union** and the **Russian Federation**, among many others, are forecast to decline. The anticipated contraction by the **United Kingdom** reflects market uncertainty stemming from port delays and regulatory controls at European Union-United Kingdom customs following Brexit and lower food services demand due to continued market restrictions. In **Australia, the European Union** and the **Russian Federation**, expected growth in domestic availabilities, in line with production expansions and lower demand from food services sales, may reduce dairy imports. Elsewhere, dairy imports are forecast to decline, including in **Thailand, Viet Nam** and **Sri Lanka**, underpinned by economic downturns, virtually non-existent tourism revenues, and weakened remittances from migrant workers.

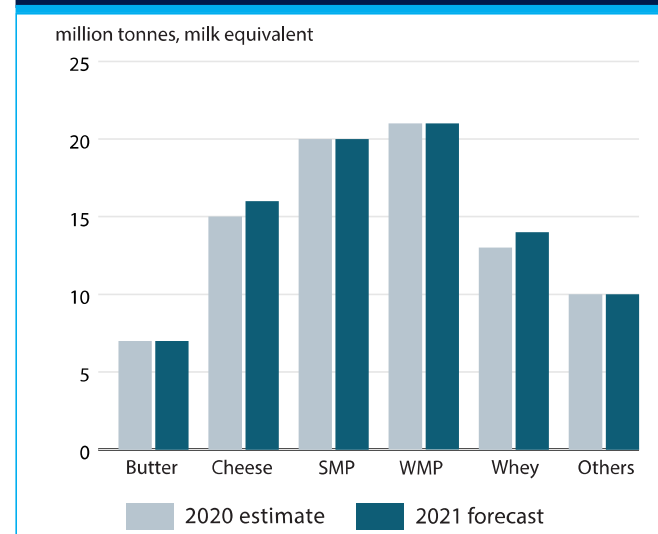
On the export side, much of the expected rise in global demand for dairy products in 2021 is likely to be supplied by the **European Union, the United States, New Zealand, Australia** and **Belarus**. Several countries are

emerging as dairy exporters — namely **India, the Islamic Republic of Iran, Turkey, Mexico** and the **Russian**

Table 3. Trade in dairy products: Principal exporting countries

	Average 2017-19	2020 <i>prelim.</i>	2021 <i>f'cast</i>	Change 2021 over 2020
<i>thousand tonnes (product weight)</i>				
WHOLE MILK POWDER				
World	2 541	2 731	2 755	0.9
New Zealand	1 416	1 533	1 543	0.7
European Union	342	345	339	-1.6
Argentina	101	148	158	6.3
Uruguay	127	138	142	3.2
SKIM MILK POWDER				
World	2 514	2 576	2 626	1.9
European Union	852	830	863	4.0
United States	676	819	828	1.2
New Zealand	377	356	369	3.6
Australia	147	130	129	-0.9
BUTTER				
World	926	1 065	1 060	-0.5
New Zealand	452	425	433	1.7
European Union	181	314	321	2.2
Belarus	83	84	74	-11.6
United Kingdom	-	61	55	-9.7
United States	40	29	29	1.9
CHEESE				
World	2 593	3 441	3 532	2.7
European Union	847	1 401	1 453	3.7
United States of America	351	359	366	2.1
New Zealand	333	327	341	4.3
Belarus	215	274	291	6.3
United Kingdom	-	193	170	-11.5

Figure 4. Composition of global dairy exports



² This includes exports of butter, casein, cheese, fresh milk, milk cream, skim milk, skim milk powder, whole milk powder, whey powder, whole condensed evaporated milk and yoghurt, expressed in milk equivalents, calculated using standard conversion factors.

Federation — induced by rising output and a likely decline in internal demand.

By volume of quantities, global exports of cheese are forecast to expand the most, with a 2.7 percent growth in 2021, followed by SMP (1.9 percent) and WMP (0.9 percent), but those of butter may fall slightly (0.5 percent).

Whole milk powder

High imports from Asia and the Middle East to lift world WMP trade in 2021

World WMP exports are forecast to approach 2.8 million tonnes in 2021, up 0.9 percent from 2020, primarily due to anticipated import expansions by **China**, **Brazil**, the **Russian Federation**, **Saudi Arabia** and **Malaysia**. After an 8.5 percent dip in 2020, **China's** WMP imports are forecast to rise by 5.2 percent to 770 000 tonnes in 2021, reflecting growing demand from the food processing industry, supported by rising household incomes. While China's production growth remains slow, high demand from some consumer groups and the food processing industry is likely to drive **Brazil's** WMP imports to more than 98 000 tonnes, 22 percent more than last year. WMP imports may recover partially in the **Russian Federation**, helped by a possible upturn in domestic supplies, although volumes could remain below historical highs. Increasing petroleum prices may stimulate WMP imports by the Middle East and North Africa region, especially **Saudi Arabia**, **Oman**, **Nigeria** and **Iraq**. The potential revival of the transshipment business may spur WMP imports by **Malaysia**. However, due to likely increases in domestic milk production, lower food services

sales, or both, coupled with economic downturns, WMP imports may fall significantly in **Australia**, **United Arab Emirates**, and to a lesser extent in **Algeria**.

Underpinned by rising milk production and below-average internal demand, **New Zealand**, **Argentina**, **Australia**, **Mexico**, **Uruguay**, **Belarus** and the **United States** are expected to supply much of the increased global import demand for WMP.

Skim milk powder

International SMP trade may rise in 2021

World SMP exports are forecast to reach 2.6 million tonnes in 2021, up 1.9 percent from 2020, resulting from foreseen increases in purchases, mainly by **China**, **Mexico**, the **Philippines**, **Malaysia**, **Algeria** and **Indonesia**, albeit partially offset by widespread import curtailments, especially by **Viet Nam**, **Thailand**, **Kazakhstan**, **Egypt** and the **Russian Federation**. In **China**, a faster pace of economic growth and the real appreciation of the Yuan against the US dollar, coupled with growing demand for pastry and bakery products and reprocessed dairy and other beverages, are behind the anticipated upturn in SMP imports, projected to rise by 9 percent to 396 000 tonnes. **Mexico's** anticipated SMP import expansion reflects the revival of the food processing sector, which went through a challenging year in 2020. Meanwhile, burgeoning domestic supply shortages may continue to spur higher SMP imports by **Indonesia**. By contrast, formidable market disruptions and economic downturns may lead to noticeable slumps in SMP purchases by **Viet Nam**, **Thailand**, **Kazakhstan** and **Egypt**.

Concerning exports, the **European Union**, **India**, **New Zealand**, the **United States** and **South Africa** are forecast to supply much of the anticipated increase in global SMP import demand in 2021. Although the **European Union** had a slightly slow start to production, annual SMP production and exports are forecast to rise, given the high profitability of producing butter-SMP mix under the current prices and solid global demand. Meanwhile, possible strengthening of SMP prices may reduce the existing gap between high production costs and export prices, enabling India to increase SMP shipments, mainly targeting neighbouring countries. In the **United States**, rising production and competitive prices should lead to higher SMP exports. By contrast, particularly sharp declines in SMP exports are forecast for **Canada**, the **United Kingdom**, **Belarus** and **Saudi Arabia**.

Figure 5. Monthly WMP exports by the European Union and New Zealand to countries in the Middle East and North Africa region

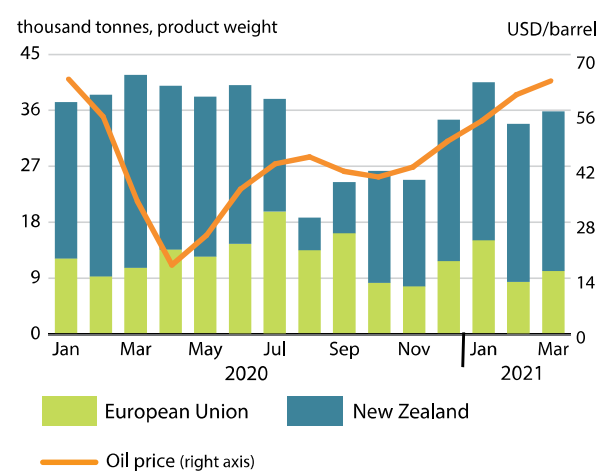
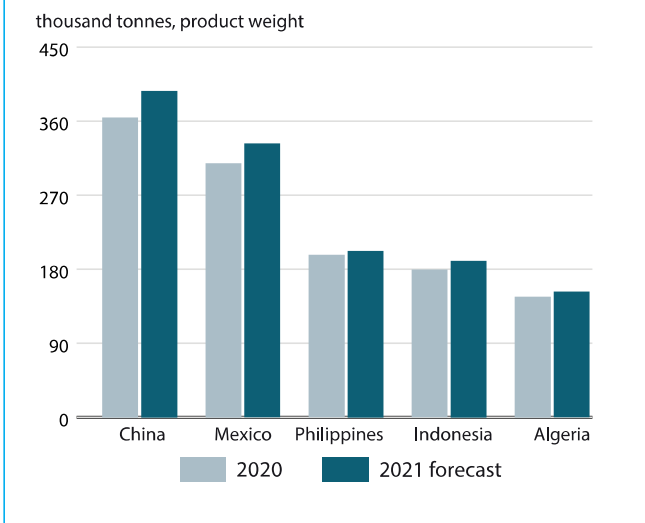


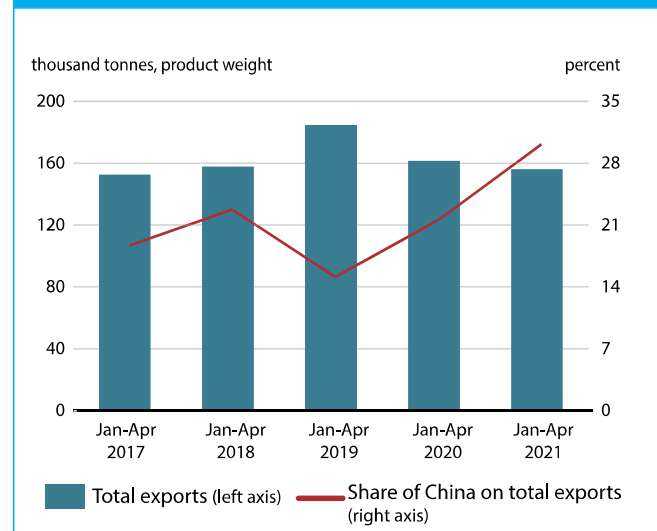
Figure 6. SMP imports by leading importers

Butter

Butter exports to decline slightly

World butter exports are forecast at 1.1 million tonnes in 2021, down 0.5 percent from 2020, caused by expected increases in imports by **China**, **Mexico**, **Saudi Arabia**, the **United States** and the **Philippines**, offset by likely contractions in the **Russian Federation**, the **United Kingdom**, the **United Arab Emirates** and **Australia**. Induced by growing demand for bakery and pastry products, while national production remains insufficient to meet domestic requirements, **China's** butter imports could exceed 154 000 tonnes, a record volume by historical standards. Despite reeling under the twin crises of unemployment and the COVID-19 pandemic, partial economic recovery in **Mexico** is likely to lift butter imports, though still not reaching the pre-pandemic levels. Butter imports are forecast to expand in 2021 in **Saudi Arabia** on accelerated growth in global energy demand and higher oil prices, whereas in the **United States**, a moderate increase in food services sales and steady retail sales may lead to higher butter imports. By contrast, reinforced by increases in national production, the **Russian Federation**, the **United Kingdom** and **Australia** may reduce their imports. **New Zealand**, the **European Union**, **Australia**, and **India** are forecast to meet the bulk of the expected global demand for butter. **New Zealand's** butter exports may increase to 433 000 tonnes, rising by 1.7 percent in 2021, benefiting from buoyant demand from Asian markets, mainly China. A possible increase in imports by East Asian and Middle Eastern markets may enable the **European Union** to sustain butter export growth at nearly 2 percent, with a total of 321 000 tonnes. **Australia's** butter export growth prospects are positive due to the increasing demand

from China and other Southeast Asian countries. By contrast, exports from **Belarus** and the **United Kingdom** may fall, reflecting lower imports from the Russian Federation in the case of the former and Brexit-related trade setbacks in that of the latter.

Figure 7. New Zealand's total butter exports and its share of exports to China

Cheese

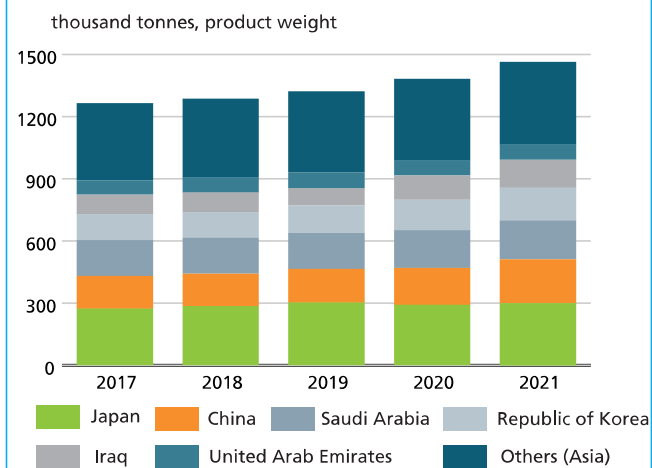
Asian imports continue to drive the global cheese trade

World cheese exports in 2021 are forecast at 3.5 million tonnes, up 2.7 percent from 2020, marking the sixth consecutive year of expansion, driven by strong import demand by **China**, the **Russian Federation**, **Iraq**, the **Republic of Korea**, **Japan**, **Saudi Arabia** and **Mexico**, outweighing anticipated contractions in the **United Kingdom** and **Australia**. In **China**, fast-expanding food services sales, western-style restaurants and bakery products are behind the 18-percent foreseen increase in imports. Following significant increases last year, the **Russian Federation** and **Iraq** are on track to import more cheese in 2021. Given the growing popularity of cheese, as well as tariff reductions or larger tariff rate quotas, the **Republic of Korea** and **Japan** are forecast to purchase more cheese products this year. The anticipated partial economic recovery may re-energise the food processing sector and some food services sales in **Mexico**, inducing higher cheese imports. By contrast, the higher national output may depress cheese imports by **Australia**. At the same time, unresolved trade regulatory issues and border control measures with the European Union are impeding cheese imports by the **United Kingdom**.

Much of the increased global demand for cheese is forecast to be supplied by the **European Union, Belarus, Australia, the Islamic Republic of Iran, New Zealand,**

and the **United States**, with possible declines in exports by the **United Kingdom** and **Argentina**.

Figure 8. Asia's cheese imports, by country



DAIRY: MAJOR POLICY DEVELOPMENTS MID-OCTOBER 2020 TO MID-MAY 2021*

COUNTRY	PRODUCT	DATE	POLICY INSTRUMENT	DESCRIPTION
Canada	Dairy products	Nov-20	Government support	Announced the accelerated payment of the remaining compensation payment for dairy farmers for ceding market access under the Canada-European Union Comprehensive Economic and Trade Agreement (implemented in 2017) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (implemented in 2018), changing it to three years rather than the initially planned seven-year period. Under the plan, farmers will receive USD 360 million each year from 2020 to 2023.
	Dairy products	Feb-21	Government support	Established annual support prices for butter and skim milk powder at CAD 8,7149 per kg (around USD 6.9) and CAD 4,5302 per kg (around USD 3.6), respectively.
	Dairy products	Apr-21	Government support	Approved the federal budget measure, which includes more than USD 5.2 billion related to agriculture, forestry and fisheries, and financial support for the supply managed sectors, including dairy, to counter the economic impacts of COVID-19 and build back a better and more resilient economy. Allocated USD 230 million, committing funds through 2029 to compensate processors of poultry, egg and dairy for market access concessions under the Comprehensive Economic and Trade Agreement with the European Union (EU) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
China (mainland)	Dairy products	Dec-20	Government support	Announced its annual tariff adjustment plan that sets tentative import and export tariff rates for select tariff lines in 2021, including lowering tariff rates for certain dairy products such as anhydrous lactose (HS 17021100) from the current 10 percent to 5 percent. Rates for whey protein powder and lactoferrin (HS 35022000) have been added and lowered from 10 percent to 5 percent. The rate for special dairy-based infant formula food (HS 19011010) for premature/low birthweight babies and nutrition supplement for breastmilk was set at 0 percent in 2021. However, the tentative tariffs for regular infant formula milk powders that share the same code HS 19011010 will remain unchanged at 5 percent.
	Dairy products	Dec-20	Government support	Announced a three-year strategy to further develop the local dairy industry, emphasizing the strengthening of R&D and the regulatory and standards system for addressing milk safety concerns, aiming to encourage consumers to increase purchases of local dairy products.
Colombia	Dairy products	Oct-20	Market access	Gained access for dairy product exports to Libya.
	Dairy products	Mar-21	Government support	Increased the support price for milk by 3.5 percent, considering key market variables, especially input costs, the producer price index, import demand and inventories.

Major policy developments

COUNTRY	PRODUCT	DATE	POLICY INSTRUMENT	DESCRIPTION
Cuba	Dairy products	Apr-21	Government support	Announced the cancellation of a ban introduced in 1963 on the slaughter of cattle and sale of bovine meat and dairy products without state permission as part of agricultural reforms and deregulation of the dairy sector to increase national production.
European Union	Dairy products	Dec-20	Government support	Approved the allocation of EUR 182.9 million (USD 222.6 million) in 2021 to fund promotional activities for EU agrifood products, including meat and dairy, promoting organic products, sustainable agriculture, and the role of the agrifood sector in terms of climate action and the environment.
	Dairy products	Dec-20	Trade agreement	Concluded a Trade and Cooperation Agreement (TCA) with the United Kingdom of Great Britain and Northern Ireland (United Kingdom) on the future trade relationship, with implications on breeding and transport of animals. The TCA envisages trade across borders without tariffs or taxes, but barriers to the movement of services and labour between the two trading partners are expected to result in higher costs and a reduced trade volume. Moreover, the European Union recognized UK organic certification for 12 months post-Brexit.
	Dairy products	Jan-21	Government support	Prolonged until 31 December 2021 the State aid Temporary Framework adopted in March 2020 to support the economy in the context of the coronavirus outbreak. The European Commission also decided to expand the scope of the Temporary Framework by increasing the ceilings for specific support measures and allowing the conversion of some repayable instruments into direct grants until the end of 2022. This way, member states can use the flexibility of state aid rules to support their economies, while limiting distortions to competition.
Japan	Dairy products	Mar-21	Tariff	Suspended all tariffs related to agriculture, including dairy products, linked to the Airbus and Boeing trade disputes with the United States for four months in order to allow both parties to concentrate on resolving the ongoing trade dispute. US tariffs were introduced in October 2019 when the EU failed to end subsidies for Airbus. Since then, the United States has applied an additional 25 percent duty on a wide range of EU dairy products, mainly cheese and butter. In November 2020, the EU increased tariffs on US cheese by 25 percent.
	Dairy products	Apr-21	Tariff rate quota	Announced tariff-rate quota (TRQ) volumes for dairy products for the Japanese fiscal year (JFY) 2021 (April to March). The announcement included quotas for natural cheese for processing, skimmed milk powder, evaporated milk, butter and butter oil, and certain whey products. The quota volume for natural cheese increased by 19 percent from JFY 2020, while TRQs for the other products remained unchanged.
Mexico	Dairy products	Dec-20	Government support	Published the operation rules of the Guaranteed Prices Programme for the fiscal year 2021, setting the price for 1 litre of milk at Mexican peso 8.20 (around USD 0.41) up to a maximum of 25 litres per cow in 1 day.
Russian Federation	Dairy products	Nov-20	Import ban	Extended the ban on imports of agricultural products, including dairy products, from the countries that applied economic sanctions against the Russian Federation, adding the United Kingdom until the end of 2021.

COUNTRY	PRODUCT	DATE	POLICY INSTRUMENT	DESCRIPTION
Thailand	Dairy products	Jan-21	Import tariff	Eliminated import tariffs and import quotas under Special Safeguard measures for Australian and New Zealand dairy products, such as whole milk powder, whey, cheese and anhydrous milk, under the Thailand-Australia Free Trade Agreement and the Thailand New Zealand Closer Economic Partnership.
Turkey	Dairy products	Mar-21	Government support	Announced that the Meat and Milk Board, an affiliated government entity that regulates meat and milk prices domestically, would buy raw milk directly from producers to guarantee a minimum price.
Ukraine	Dairy products	Dec-20	Trade agreement	Signed a trade agreement in October 2020 with the United Kingdom, which entered into force on 31 December 2020 and reduces tariff quotas for several products, including dairy.
United Kingdom	Dairy products	Oct-20	Trade agreement	Signed a free trade agreement with Japan, confirming access to low tariffs for the main food and drink products covered by quotas, such as Stilton cheese.
United States`	Dairy products	Mar-21	Government support	Signed the American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, a USD 1.9 trillion economic stimulus bill with an allocation of USD 10.4 billion for agriculture, including the dairy sector, covering debt forgiveness, purchase and distribution.
	Dairy products	Mar-21	Government support	Announced an expansion of the Coronavirus Food Assistance Program (CFAP) on 24 March 2021. The updated CFAP includes reopening Coronavirus Food Assistance Program 2 (CFAP 2), additional payments for eligible cattle and row crop producers, and processing payments for specific applications filed as part of CFAP Additional Assistance.

* A collection of major dairy policy developments, starting in January 2012, is available at: <http://www.fao.org/economic/est-commodities/commodity-policy-archive/en/?groupANDcommodity=Milk.%20Dairy%20products>

APPENDIX TABLE 19: MILK AND MILK PRODUCTS STATISTICS (thousand tonnes - milk equivalent)

	Production			Imports			Exports		
	2017-2019 average	2020 <i>estim.</i>	2021 <i>f'cast</i>	2017-2019 average	2020 <i>estim.</i>	2021 <i>f'cast</i>	2017-2019 average	2020 <i>estim.</i>	2021 <i>f'cast</i>
ASIA	358 265	378 537	388 180	45 990	47 821	50 512	7 993	7 957	8 226
China	32 503	35 894	38 090	14 774	16 935	19 400	103	88	94
India ¹	185 088	194 800	199 086	106	121	98	438	231	353
Indonesia	1 571	1 644	1 649	2 974	3 062	3 185	45	59	57
Iran (Islamic Republic of)	7 583	7 597	7 669	258	118	142	572	748	861
Japan	7 293	7 438	7 498	2 226	2 131	2 163	11	18	15
Malaysia	46	49	51	2 350	2 332	2 439	649	594	571
Pakistan	54 210	57 722	59 488	542	318	286	31	15	14
Philippines	17	15	15	2 606	2 589	2 688	86	88	94
Republic of Korea	2 061	2 104	2 100	1 252	1 332	1 428	31	39	40
Saudi Arabia	2 497	2 680	2 675	2 634	2 856	2 949	1 556	1 617	1 600
Singapore	-	-	-	1 548	1 449	1 447	445	405	400
Thailand	1 257	1 371	1 399	1 610	1 623	1 571	278	286	288
Turkey	21 927	23 763	24 566	222	160	110	1 014	956	1 040
AFRICA	48 521	49 055	49 254	9 926	9 831	9 733	1 461	1 247	1 261
Algeria	3 283	3 312	3 403	3 307	3 254	3 290	5	-	-
Egypt	5 089	4 654	4 677	1 144	1 144	1 134	627	529	520
Kenya	5 084	5 476	5 472	206	164	169	3	1	1
South Africa	3 725	3 771	3 741	349	362	355	371	380	412
Tunisia	1 445	1 452	1 461	128	114	99	57	30	24
CENTRAL AMERICA & THE CARIBBEAN	17 917	18 328	18 653	6 595	5 961	6 006	1 373	903	951
Costa Rica	1 165	1 197	1 207	59	68	60	136	141	142
Mexico	12 236	12 782	13 076	4 292	3 669	3 861	871	338	372
SOUTH AMERICA	79 319	82 507	83 382	2 877	3 001	3 227	3 744	4 289	4 469
Argentina	10 632	11 446	11 572	36	11	13	1 675	2 172	2 300
Brazil	35 319	36 934	37 298	1 033	1 107	1 349	87	87	84
Colombia	22 138	22 592	22 912	366	541	494	26	23	28
Uruguay	2 046	2 153	2 194	32	53	57	1 439	1 518	1 550
NORTHERN AMERICA	107 935	110 877	112 931	2 591	2 795	2 828	12 305	13 072	13 660
Canada	9 424	9 626	9 655	678	814	839	1 059	1 003	936
United States of America	98 511	101 251	103 276	1 912	1 981	1 989	11 247	12 069	12 724
EUROPE	230 479	235 921	237 367	6 211	13 203	12 828	27 086	35 649	36 276
Belarus	7 353	7 766	7 914	53	60	65	3 865	4 356	4 515
European Union	172 308	160 893	162 341	1 107	3 660	3 567	21 008	25 735	26 643
Russian Federation	30 719	32 215	32 376	3 916	3 867	3 815	262	342	359
Ukraine	-	15 825	15 904	-	4 087	3 836	-	3 619	3 217
United Kingdom of Great Britain and Northern Ireland	10 000	9 252	8 838	111	355	348	744	531	521
OCEANIA	31 006	30 980	31 351	1 692	1 815	1 696	22 243	22 585	23 086
Australia	9 253	9 087	9 196	1 164	1 276	1 171	2 958	2 712	2 902
New Zealand	21 731	21 871	22 133	306	302	289	19 281	19 868	20 180
WORLD	873 441	906 205	921 117	75 883	84 427	86 830	76 206	85 702	87 930
LIFDC	240 404	251 798	256 444	6 461	6 529	6 416	1 247	1 020	1 146
LDC	36 437	37 344	37 535	4 390	4 163	4 091	313	250	250

¹ For production, the annual dairy cycle starting in April is applied.

Note: Trade values that refer to milk equivalents were derived by applying the following weights: butter (6.60), cheese (4.40), skim/whole milk powder (7.60), whole condensed/evaporated milk (2.10), yoghurt (1.0), cream (3.60), casein (7.40), skim milk (0.70), liquid milk (1.0), whey dry (7.6). The conversion factors cited refer to the solids content method. Refer to IDF Bulletin No. 390 (March 2004).

APPENDIX TABLE 26: SELECTED INTERNATIONAL PRICES FOR MILK PRODUCTS AND DAIRY PRICE INDEX

Period	International prices				FAO dairy price index
	Butter ¹	Skim milk powder ²	Whole milk powder ³	Cheddar cheese ⁴	
Annual (Jan/Dec) (USD per tonne) (2014-2016=100) ...
2010	4 268	2 971	3 499	3 739	112
2011	5 023	3 408	3 962	4 380	130
2012	3 740	3 063	3 336	3 877	112
2013	4 784	4 148	4 730	4 563	141
2014	4 278	3 606	3 854	4 542	130
2015	3 306	2 089	2 537	3 076	87
2016	3 473	1 986	2 481	2 807	83
2017	5 641	2 011	3 163	3 664	108
2018	5 587	1 834	3 060	3 736	107
2019	4 443	2 440	3 186	3 435	103
2020	3 844	2 606	3 041	3 506	102
Monthly					
2020 – May	3 403	2 285	2 759	3 362	94
2020 – June	3 595	2 473	2 892	3 447	98
2020 – July	3 778	2 519	3 129	3 516	102
2020 – August	3 841	2 590	3 103	3 505	102
2020 – September	3 872	2 625	3 043	3 524	102
2020 – October	3 920	2 682	3 097	3 609	104
2020 – November	4 021	2 635	3 091	3 664	105
2020 – December	4 098	2 744	3 219	3 801	109
2021 – January	4 316	2 900	3 353	3 771	111
2021 – February	4 542	2 957	3 497	3 758	113
2021 – March	4 952	3 045	3 979	3 720	117
2021 – April	5 113	3 117	3 970	3 765	119
2021 – May	4 982	3 227	4 054	3 833	121

¹ Butter - 82% butterfat - f.o.b. Oceania and EU; average indicative traded prices.

² Skim Milk Powder - 1.25% butterfat - f.o.b. Oceania and EU - averaged indicative traded prices.

³ Whole Milk Powder - 26% butterfat - f.o.b. Oceania and EU - average indicative traded prices.

⁴ Cheddar Cheese, 39% max. moisture, f.o.b. Oceania and EU, indicative traded prices

Note: The FAO Dairy Price Index is derived from a trade-weighted average of a selection of representative internationally-traded dairy products from the European Union and Oceania.