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Ireland

Dairy and Products

Semi-Annual

2000

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Report Highlights:

Milk production looks set to increase in 2000. Export market conditions have improved considerably and as a result milk prices are expected to increase by about five percent for summer production.

Includes PSD changes: Yes

Includes Trade Matrix: No

Semi-Annual Report

London [UK1], EI

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Section I. Situation and Outlook

Dairying continues to be the most profitable Irish agricultural enterprise even when market prices fall in line with international trends. With approximately 80 percent of Irish milk produced being exported in product form, mainly commodity products such as butter and non fat dried milk (NFDN), export market conditions do directly translate into milk price changes.

Irish milk production, as its heads towards peak season in May, looks set to increase by about 1.5 percent in 2000. This is in line with mandated increases gained from Agenda 2000. According to farm contacts, weather conditions are almost perfect for grass growth at the moment resulting in increased milk production per cow. This also augurs well for winter feed as harvesting of silage and hay is just commencing.

The imposition of the EU milk quota regime in 1984 has somewhat protected the dairy industry from the full effect of international market vagaries for commodity products. While the quotas themselves controlled milk production, farmers in possession of a quota has a very tradable commodity. Nevertheless there has been considerable consolidation of farm size in the past few years with the result that the number of dairy farmers decreased from over 50,000 at the beginning of the 1980's to about 37,000 now.

Meanwhile there are calls for further consolidation at processor level to ensure the long-term viability of the industry. The Irish dairy industry is still almost exclusively controlled by the the cooperative movement. Some of these cooperatives have become public food companies but the dairy element of their operations remains within the cooperative structure. Recently the umbrella organization for the cooperatives, the Irish Cooperative Organisation Society (ICOS) called on the industry to consider amalgamations to improve profitability and ensure the future viability of what is in some areas a very fragmented industry.

According to industry sources, market conditions have improved dramatically since April. Favorable currency rates, mainly as a result of the weakness of the euro, has made EU and Irish commodity products attractive to importing countries. Irish exporters faced with bad market conditions for butter from January through April used the EU intervention storage system as a market outlet for just over 14,000 metric tons of butter. Market conditions have improved dramatically since then and there is confidence in the marketplace that no further recourse to intervention will be needed this year.

Likewise with NFDN. Market conditions both within the EU and internationally have improved with the result that market prices have increased. Exporters have noted increased demand in Asian markets where EU exporters are now

competitive as a result of the strength of the dollar.

With the better market conditions, Irish milk prices look set to show a five percent price increase through the summer months.

Some exporters have noted a shift toward the import of dried (full fat) milk from a number of central African countries. Recent export data also confirm this.

Meanwhile Irish cheddar exports into the UK are benefitting from the strength of the Sterling pound against the euro with the result that Irish cheddar is cheaper than locally produced cheese. This will influence processors production options between butter and cheese, especially later toward the fall.

The common land border between Ireland and Northern Ireland continues to provide Irish dairy processors with access to supplies of Northern Irish milk. In the past year imports of milk from Northern Ireland have increased considerably.

Overall the short-term outlook is for increased exports, especially of NFDM and dried milk powder into international markets, while there is a favorable currency exchange with the US dollar. Meanwhile exports to the EU are not expected to change dramatically. The one exception to this may be in relation to cheese exports to the UK.

Note: Unfortunately the latest trade data available is summary data for the calendar year 1999.

Section II. Statistical Tables

PSD Table: Fluid Milk

PSD Table						
Country	Ireland					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Cows In Milk	1275	1275	1260	1260	1240	1240
Cows Milk Production	5391	5391	5365	5370	5448	5448
Other Milk Production	0	0	0	0	0	0
TOTAL Production	5391	5391	5365	5370	5448	5448
Intra EC Imports	265	265	265	326	265	325
Other Imports	0	0	0	0	0	0
TOTAL Imports	265	265	265	326	265	325
TOTAL SUPPLY	5656	5656	5630	5696	5713	5773
Intra EC Exports	132	132	130	93	130	100
Other Exports	0	0	0	0	0	0
TOTAL Exports	132	132	130	93	130	100
Fluid Use Dom. Consum.	609	609	608	608	608	608
Factory Use Consum.	4665	4665	4692	4795	4775	4865
Feed Use Dom. Consum.	250	250	200	200	200	200
TOTAL Dom. Consumption	5524	5524	5500	5603	5583	5673
TOTAL DISTRIBUTION	5656	5656	5630	5696	5713	5773
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table: Butter

PSD Table						
Country	Ireland					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	54	60	56	56	59	64
Production	145	145	145	143	148	146
Intra EC Imports	2	2	2	5	2	5
Other Imports	0	0	0	0	0	0
TOTAL Imports	2	2	2	5	2	5
TOTAL SUPPLY	201	207	203	204	209	215
Intra EC Exports	118	124	117	114	127	119
Other Exports	12	12	12	11	13	11
TOTAL Exports	130	136	129	125	140	130
Domestic Consumption	15	15	15	15	15	15
TOTAL Use	145	151	144	140	155	145
Ending Stocks	56	56	59	64	54	70
TOTAL DISTRIBUTION	201	207	203	204	209	215
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table: Cheese

PSD Table						
Country	Ireland					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	25	25	23	23	18	27
Production	92	92	95	95	94	89
Intra EC Imports	10	10	10	15	11	14
Other Imports	0	0	0	1	0	1
TOTAL Imports	10	10	10	16	11	15
TOTAL SUPPLY	127	127	128	134	123	131
Intra EC Exports	75	75	81	76	78	84
Other Exports	4	4	4	5	4	5
TOTAL Exports	79	79	85	81	82	89
Human Dom. Consumption	25	25	25	26	25	26
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	25	25	25	26	25	26
TOTAL Use	104	104	110	107	107	115
Ending Stocks	23	23	18	27	16	16
TOTAL DISTRIBUTION	127	127	128	134	123	131
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	2	2	2	3	2	3

PSD Table: Nonfat Dry Milk

PSD Table						
Country	Ireland					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	88	88	100	100	102	105
Production	100	100	98	94	97	96
Intra EC Imports	3	3	3	6	3	6
Other Imports	0	0	0	0	0	0
TOTAL Imports	3	3	3	6	3	6
TOTAL SUPPLY	191	191	201	200	202	207
Intra EC Exports	50	50	58	40	71	46
Other Exports	30	30	30	41	30	60
TOTAL Exports	80	80	88	81	101	106
Human Dom. Consumption	1	1	1	1	1	1
Other Use, Losses	10	10	10	13	10	14
Total Dom. Consumption	11	11	11	14	11	15
TOTAL Use	91	91	99	95	112	121
Ending Stocks	100	100	102	105	90	86
TOTAL DISTRIBUTION	191	191	201	200	202	207
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table: Dry Whole Milk Powder

PSD Table						
Country	Ireland					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	0	0	0	0	0	0
Production	37	37	25	36	30	36
Intra EC Imports	3	3	3	1	3	1
Other Imports	0	0	0	0	0	0
TOTAL Imports	3	3	3	1	3	1
TOTAL SUPPLY	40	40	28	37	33	37
Intra EC Exports	20	20	12	13	12	13
Other Exports	19	19	15	23	20	23
TOTAL Exports	39	39	27	36	32	36
Human Dom. Consumption	1	1	1	1	1	1
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1	1	1	1	1	1
TOTAL Use	40	40	28	37	33	37
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	40	40	28	37	33	37
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0