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The Netherlands

Dairy and Products

Update of the Dairy Sector in The Netherlands 2002

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Report Highlights: A high production of NFDM and low cheese and butter production is expected to elevate production and export of butter oil.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

The Hague [NL1], NL

The year 2002 has been rather poor for the Dutch dairy sector. Prices have been low, in particular for cheese. A large volume of the milk production has been used for production of Non Fat Dry Milk (NFDM). Production of NFDM has been made attractive by export restitutions and intervention purchase. As a consequence of high NFDM and low cheese and butter production, butter oil production and exports are expected to rise considerably. This trend could, however, switch in the near future. Potential sales from the NFDM stock could depress NFDM prices. In addition, trade sources indicate a moderate revival of cheese demand in the EU.

Fluid Milk

During January - August 2002, Dutch milk deliveries declined by 3 percent compared to same period in 2001. In 2001, milk production was relatively high due to low cattle prices which caused farmers to hold their cattle. During the first eight months of 2002, the fat content and protein content of the milk remained 4.45 and 3.45, respectively.

Cheese

In contrast to overall EU cheese production, Dutch cheese production declined in the first eight months of 2002 (-4%). Since 2001, Dutch cooperatives are switching from bulk production to custom production, tailored to their markets. As a result of lower cheese production, Dutch cheese exports, in particular to Germany, were reduced (-4%) during the first eight months of 2002. Exports to third countries declined only slightly. During January - April 2002, third country cheese imports, in particular from New Zealand, declined. Reports indicate that in recent months, cheese production maybe increasing due to increased EU demand and low stock levels.

Butter

During January - August 2002, Dutch butter production declined by 8 percent due to the low price paid for butter. Butter oil production and export is expected to rise due to increased production of NFDM and the reduced butter and cheese production. During January - April 2002, Dutch butter and butter oil exports to third countries increased to a wide variety of destinations. During this period, imports of butter and butter oil from third countries declined by about 30 percent, in particular from the main supplier outside the EU, New Zealand.

Non Fat Dry Milk (NFDM)

During January - July 2002, Dutch NFDM production increased by 5 percent mainly due to the possibility of intervention purchasing and increased export demand and demand by the veal sector. In The Netherlands consumption of NFDM for feed reportedly nearly doubled, while the use of NFDM for feed in the EU increased by 30 percent during the first seven months of 2002. During the first four months of 2002, Dutch NFDM exports to third countries declined by more than 10 percent. Exports to Mexico reportedly declined while exports to Cuba and Indonesia increased.

Whole Dry Milk (WDM)

During January - July 2002, Dutch whole milk powder production declined by 10 percent. There is reportedly an increased export demand for WDM. During the first four months of 2002, Dutch WDM exports increased by about 30 percent. Exports increased to Nigeria, Saudi Arabia and Kuwait.