

# Issues for Discussion

- Review of Historic Milk Production Development
- FAPRI-analysis
- Capacity and Technology for Expansion
- Modelling the influences of EU milk Quota Policy 2008 to 2020
- Issues to be Considered i.e. Milk Price, Land Availability, Environmental Regulations and Competitive Advantage

# Irish Dairy Industry 1975-2003

- **Cow numbers (000):**
  - 1975 to 1985 (1,380 to 1,528) +1.05% per year
  - 1986 to 2003 (1,490 to 1,136) -1.61% per year
- **Milk yield per cow (kg):**
  - 1975 to 1985 (2,631 to 3,910) +4.1% per year
  - 1986 to 2003 (3,880 to 4,825) +1.2% per year
- **Milk deliveries to dairies (000' tonnes)**
  - 1975 to 1985 (3,308 to 5,682) +5.65% per year
  - 1986 to 2003 (5,478 to 5,355) -0.31% per year

# NZ Dairy Industry

- **Cow numbers (000):**
  - 1990 to 2006 (2,402 to 3,917) +3.9% per year
- **Milk yield per cow (kg):**
  - 1990 to 2006 (2,946 to 3,864) +1.7% per year
- **Stocking rate (cows/ha):**
  - 1990 to 2006 (2.40 to 2.81) +1.0% per year
- **Milk deliveries to dairies (000' tonnes)**
  - 1990 to 2006 (7,077 to 15,134) +4.9% per year

# FAPRI Analysis

## EU Milk Quota Expansion

**2 Scenarios evaluated:**

- **Scenario 1:**

**Once off 3% increase in quota in 2008 / 09**

**Scenario 2:**

**3% per annum annual increase from 2009 / 10 to 2014/15 (total quota increase close to 20%)**

# FAPRI Analysis-Outcome

## Scenario 1 (Once-off 3% increase)

- Increase largely taken up by EU Member States
- EU milk production increases by 2% by 2015
  - Ireland increases by 3%
  - Milk price lower by 3% by 2015

## Scenario 2 (Annual 3% increase '09/10 to '14/15)

- Increase taken up only by a number of EU States
- EU production increase of 3.7% by 2015
- Ireland continues to fill quota
- Average EU price 7% lower than baseline

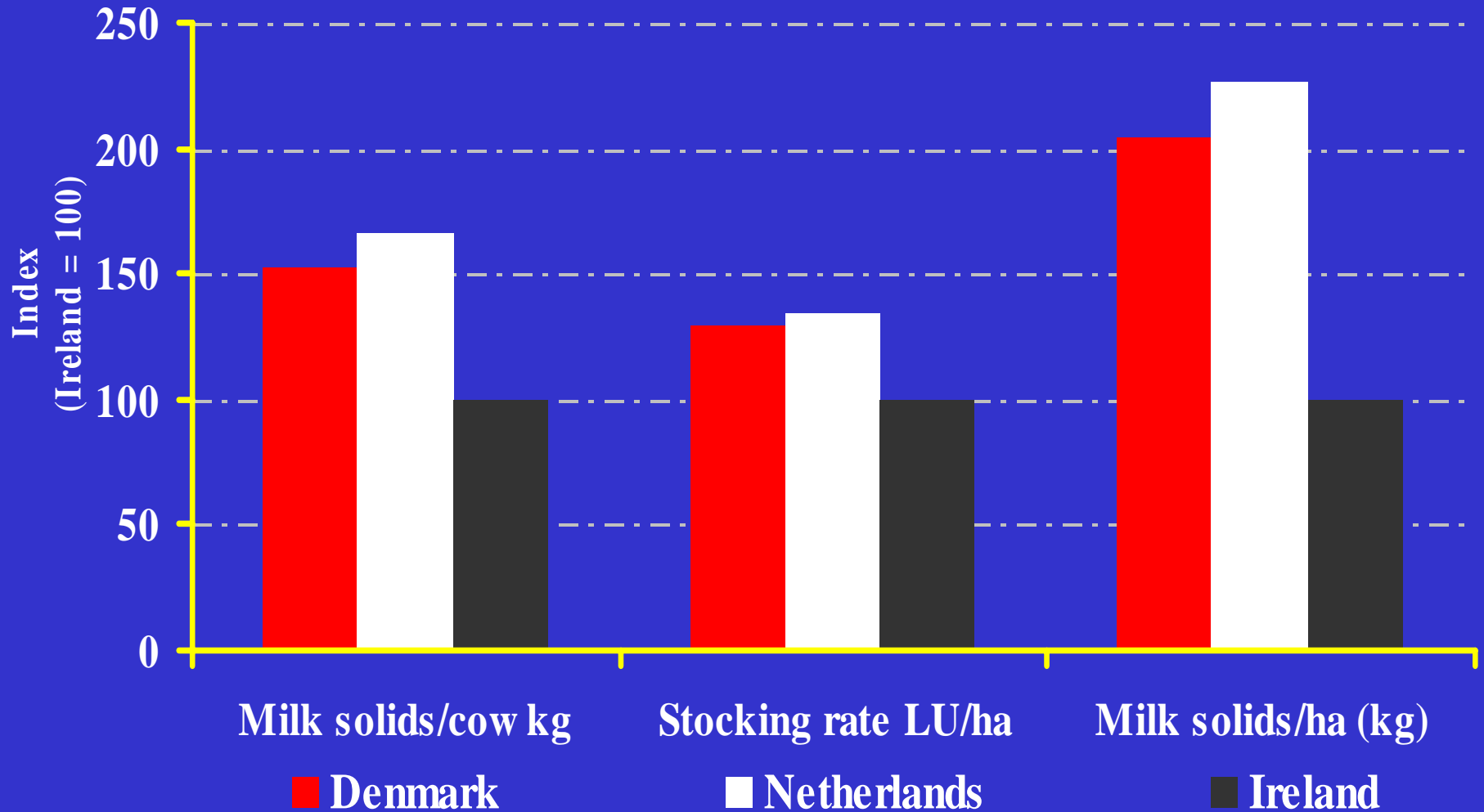
*Source: Teagasc*

# Future Intentions – Survey Analysis

	Glanbia	Connacht Gold/ Lakeland/Donegal
Quota 2006 (l)	305,503	247,283
Milking platform (ha)	39	31
Herd size (no.)	64	53
Stocking rate (LU/ha)	1.78	1.79
Milk Production (l/ha)	8,346	9,212
Proportion expanding (%)	49	50
Proportion exiting (%)	14	9
Stated expansion (%)	9	15
Potential expansion (%)	70	60

# Productivity Measures for EU Countries

(Average 1996-2003)



# Comparison of National average, Top Discussion group and Moorepark target-2006

	Average NFS Dairy Farmer	Top Discussion group	Moorepark Target
Milk Yield (l/cow)	4700	5500	5700
Fat and Protein(%)	3.75/3.30	4.03/3.46	4.20/3.60
Milk Solids kg/cow	342	412	445
kg/ha	650	990	1250
Concentrate (kg/cow)	713	480	300
Stocking Rate (cow/ha)	1.9	2.4	2.8
Profit €/ha @ 2006 price	650	2,100	2,500

# SCENARIO A

- 1. 2% increase in EU milk quota 2008/09**
- 2. 4\*1% increase in EU milk quota 2010/11 to 2013/14**
- 3. 4% increase in EU milk quota 2014/15**
- 4. 4.5% increase in Irish milk production 2015/16 to 2019/20**

# Outcome to Scenario A

- 1. Cow number increase from 1.1 million in 2005 to 1.3 million in 2020 (+14%)**
- 2. Milk production per cow increase from 4,580 litres in 2005 to 5,823 litres in 2020 (+27%)**
- 3. Milk production nationally will increase from 5.1 million tonnes in 2005 to 7.4 million tonnes in 2020 (45%)**

# Milk Quota Exchange 2007/08

<b>Exchange</b>	<b>Quantity Offered (000' l)</b>	<b>Price c/l (Glanbia)</b>
<b>First Stage '07</b>	<b>177,125</b>	<b>21</b>
<b>Second Stage '07</b>	<b>120,752</b>	<b>20</b>
<b>First Stage '08</b>	<b>79,586</b>	<b>31</b>
<b>Second Stage '08</b>	<b>56,807</b>	<b>37</b>

# Discussion

- Any increase in EU milk quota between now and 2015 will be taken up by Irish Dairy Industry
- Considerable capacity exists on Irish dairy farms to increase milk production
- The increases in milk production will be obtained through increase in dairy cow numbers (replacing beef animals on dairy farms with dairy cattle), stocking rate and increased milk production per cow.
- Using current resources milk production will be increased significantly through the adoption of modern technology (grazing, genetics, low fixed cost structures and labour saving practices)
- Factors such as milk price, EU milk quota and environmental regulations will have greatest influence on milk production between now and 2020.