MAY 2015

coface FOR SAFER TRADE

END OF MILK QUOTAS: a new era for the French dairy sector

THE DAIRY MARKET

WORLD

- **80%** of the amount produced in 2013: cow's milk
- **+ 56%** increase in production over the past 30 years
- World's largest producer of cow's milk

EUROPEAN UNION

- **10%** UNITED KINGDOM
- **17%** FRANCE
- **22%** GERMANY

** % milk production*

- **+2%** increase in production between 2008 and 2013
- **-2%** decrease in consumption between 2008 and 2013
- Strong exportations outside Europe

FRANCE

GLOBAL COW'S MILK PRODUCER	8th
POSITION OF DAIRY MARKET IN FRENCH FOOD INDUSTRY with 27,2 billion of turnover	2nd
NUMBER OF COWS PER FARM	+57%
EUROPEAN EXPORTER butter, powdered skimmed milk, powdered milk	1st

END OF MILK QUOTAS: WHAT ARE THE NEGATIVE EFFECTS FOR FRANCE?

LIBERALISATION OF PRICES AND EXPOSURE TO FLUCTUATIONS

MIXED CROP-LIVESTOCK FARMS
Higher fixed costs compared to specialised farms

THANKS TO EUROPEAN SUBSIDIES, A LOW INSOLVENCY RATE
0.38%

INSOLVENCIES WITHIN THE DAIRY SECTOR UP BY
+100%
(between 2006 and 2014)

- Production
- Transformation
- Distribution

WINNING STRATEGIES TO BE DEVELOPED?

CONQUER NEW MARKETS

- Export sales of dairy products growing more rapidly than exports as a whole
- France benefits from its strong worldwide image: quality, strict hygiene rules and expertise

VERTICAL INTEGRATION: PROFITABILITY AND BARRIER TO PRICE FLUCTUATIONS

- Integration of transformation and distribution as a solution to control price fluctuations
  > Added value
  > Better margins

BETTING ON QUALITY AND THE ORGANIC SECTOR

- 30% of organic products consumed in France are imported: opportunities to be seized