



NEWS RELEASE

Growing Global Dairy Demand Sets Stage for US, EU, Oceania Competition

Largest global dairy producers have reached domestic saturation and are increasingly looking to export markets

DENVER (December 8, 2017) — A growing global demand for milk, coupled with increased production in the U.S., the EU and Oceania, will create aggressive competition for new markets in the future, according to a new report from CoBank’s Knowledge Exchange Division.

The regions of the world with the most demand growth are also regions where the conditions are unfavorable or challenging for milk production.

“As global demand for dairy products grows, the established dairy exporters will rely on and fiercely compete for new markets,” said Ben Laine, senior economist with CoBank. “While all exporters will benefit from global demand growth, the EU stands to extend its reach furthest into these markets barring any major shifts by the U.S. to a global market focus.”

Competing for Market Share

“Regions with highly evolved dairy production and processing industries, but with mature dairy consumption markets, will compete with one another for emerging demand, particularly in Sub-Saharan Africa and Southeast Asia,” said Laine. “Ability to recognize and meet the needs of cultures with different preferences and providing products in an affordable way will be key to gaining a competitive advantage.”

The cooperative model that works so well domestically will be challenged globally as some companies may find success by establishing processing plants close to the demand and vertically integrating locally.

Laine concludes that the EU has a head start in its ability to respond to increased demand and Oceania will be limited in terms of continued production growth. The U.S. has the potential to compete for the new demand if it becomes more adaptive and innovates.

A brief video synopsis of the report “EU and U.S. to Vie for Growing Global Dairy Markets” is available on the [CoBank YouTube channel](#). The full report is available to media on request.

About CoBank

CoBank is a \$124 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 70,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture, rural infrastructure and rural communities. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at www.cobank.com.

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