

# The World Market for Milk Ingredients 2008-2011

## CURRENT HARD TIMES UNABLE TO DISLodge POSITIVE, UNDERLYING FUTURE TREND

A new report on milk ingredients from 3A Business Consulting, named *The World Market for Milk Ingredients 2008-2011*, shows that the market for milk ingredients has changed and moved into a new period of supply and demand imbalance with resulting price volatility. Despite the current build-up of stocks and consumer pessimism, there are clear signs of milk supply reductions that will rebalance the market and provide the stimuli for future volume and value growth.

The world market for milk ingredients continues to grow by 3% annually in volume terms, but in terms of value, it is significantly down, as commodity prices have fallen by approximately 40-50% from their peak in the summer of 2007. However, the prices of the higher added-value milk ingredients e.g. milk protein isolates and milk protein hydrolysates have not shown the same volatility as the commodities whole milk powder, skimmed milk powder, casein and caseinates. Currently, it is estimated that the world market for milk ingredients is worth approx. USD 19 billion in 2008.

Despite the crisis, the main drivers for dairy still remain intact – the world's population continues to grow, living standards in the long-term are improving, dairy consumption is increasing especially in the Asian-Pacific nations, and consumers are increasingly being motivated to buy products from a health and wellness perspective.

The report provides an overview of the current and expected future global market for milk ingredients. It is global in scope, with a comprehensive regional analysis of the European, the US, Latin American, Eastern European, Asian-Pacific and Oceanian markets. Furthermore, the report contains a specific chapter discussing the global market for high added-value dairy peptides specifically targeting the growing nutritional industry.

Specifically, the report covers whole and skimmed milk powders, casein and caseinates, milk protein concentrates, milk protein isolates, total milk proteins, hydrolysed milk proteins and peptides, milk permeate powder, milk minerals and colostrum/IgG. The headlines are:

- Global and regional market size (volume and value) and expected growth rates for all regions
- Breakdown of milk ingredient usage per industry sector in the US and EU markets
- Global survey of product launches containing milk ingredients
- Product properties and applications
- Production technology and patent applications
- World trade flows
- Industry trends, price analysis and outlook 2008-2011

Given the definition of regions contained within this report, it turns out that Asia-Pacific is the single major dairy market in the world, with a market value of approx. USD 7 billion in 2008. Furthermore, it is the largest import market in the world importing approx. 30%, or 1.1 million MT, of all milk ingredients traded on the world market. Europe and the US milk ingredient markets remain domestically supplied and are worth respectively USD 4.6 billion and USD 3 billion in 2008.

Looking at the world market, Oceania (consisting of New Zealand and Australia), the EU and the US are the largest suppliers, exporting respectively 1,300,000 MT, 680,000 MT and 430,000 MT of milk ingredients in 2008.

*"In the long term, the winners of the current economic downturn will be those organisations that can track and anticipate the challenges and opportunities in the milk ingredients market industry. The information and analysis contained within this report provide dairy and other food ingredient companies with an important navigational tool in their strategic planning process",* says Tage Affertsholt, Managing Partner of 3A Business Consulting.

## 1. Methodology

This report is based on 3A Business Consulting's research of the dairy industry, publicly available information such as companies' websites, financial reports, professional publications etc. and interviews with a large number of key persons.

### 1.1. Scope and objective

The main objective of this report is to provide the reader with an overview of the current and expected future global market for milk ingredients, based upon a comprehensive assessment and characterisation of production, product properties and utilisation, supply and demand and trade issues. It is global in scope, with a comprehensive regional analysis of the European, the US, Latin American, Eastern European, Asian-Pacific and Oceanian markets.

Specifically, the report covers whole and skimmed milk powders, casein and caseinates, milk protein concentrates, milk protein isolates, total milk proteins, hydrolysed milk proteins and peptides, milk permeate powder, milk minerals and colostrum/IgG. Since the report's focus is on milk-derived ingredients, products derived from whey are generally not included; however the chapter on dairy peptides includes both milk and whey-derived peptides. The headlines are:

- Global and regional market size (volume and value) and expected growth rates for all regions
- Breakdown of milk ingredient usage per industry sector in the US and EU markets
- Global survey of product launches containing milk ingredients
- Product properties and applications
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- World trade flows
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In order to offer an overview as representative as possible, different sources and figures have provided the basis for this report. Due to the fact that very few official statistics are available in relation to many of these products, a wide range of information was gathered, subsequently analysed and then integrated into a coherent document facilitating what can be defined as a best estimate.

Accordingly, *The World Market for Milk Ingredients 2008–2011* is considered by 3A Business Consulting as the best possible approximation in relation to global production, trade and utilisation of milk ingredient products.

### Country coverage

Global in scope with separate regional chapters:

- EU-27
- North America
- Eastern Europe
- Oceania
- Latin America
- Asia-Pacific

### Time frame

The report contains historical statistical information from 2004 to 2008 and includes a forecast for the period 2008 to 2011.

### Language

English

### Price

The report is available in an electronic and/or hardcopy version and is priced at EUR 5,500

### Timing

The report is published end-March 2009

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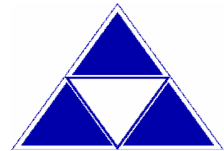
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