

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

