



Welcome to Switzerland!

The Swiss milk market: organisation and development

European Dairy Farmers (EDF) Congress 2014

Congress Center, Liebestrasse 3, Winterthur (Switzerland)

June, 25 2014 (15:10 pm)

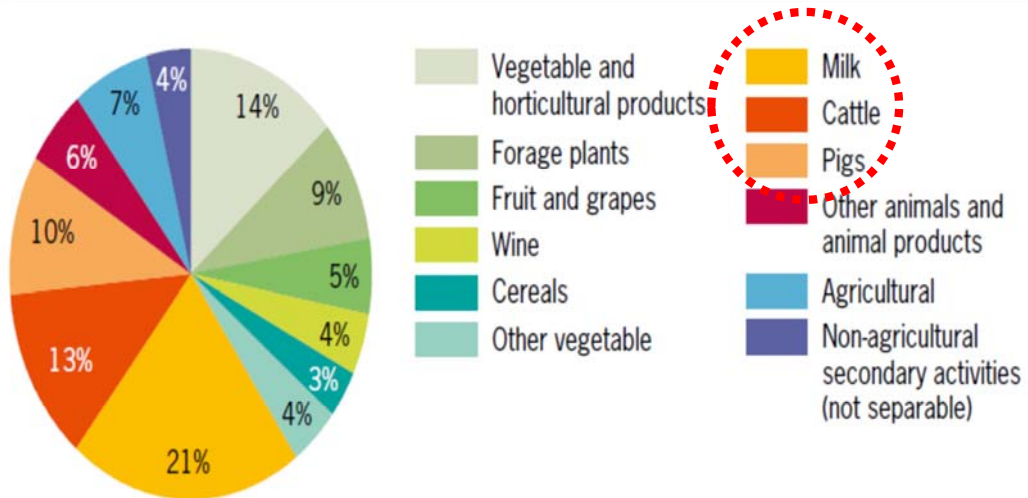
***Stephan Hagenbuch, Swiss Milk Producer's Association, Head economy and market affairs
President Swiss Milk Commission of IDF***



Switzerland's Dairy Market an the organisations

Dairy in Switzerland

Details of output, 2013¹



¹ Estimate

Total value = CHF 10.064 billion

Source: FSO – Economic accounts for agriculture

© FSO, Neuchâtel 2014



EDF Congress; Winterthur (CH)

June 25, 2014

3

Switzerland's Dairy Market 2013 (SMP): Milk production



584'000 Dairy cows
23'490 Dairy farmers

Production:
4.00 mill. t of milk

Feeding milk: 0.52 mill. t

Household milk: 0.05 mill. t



Processing:
3.43 mill. t of milk

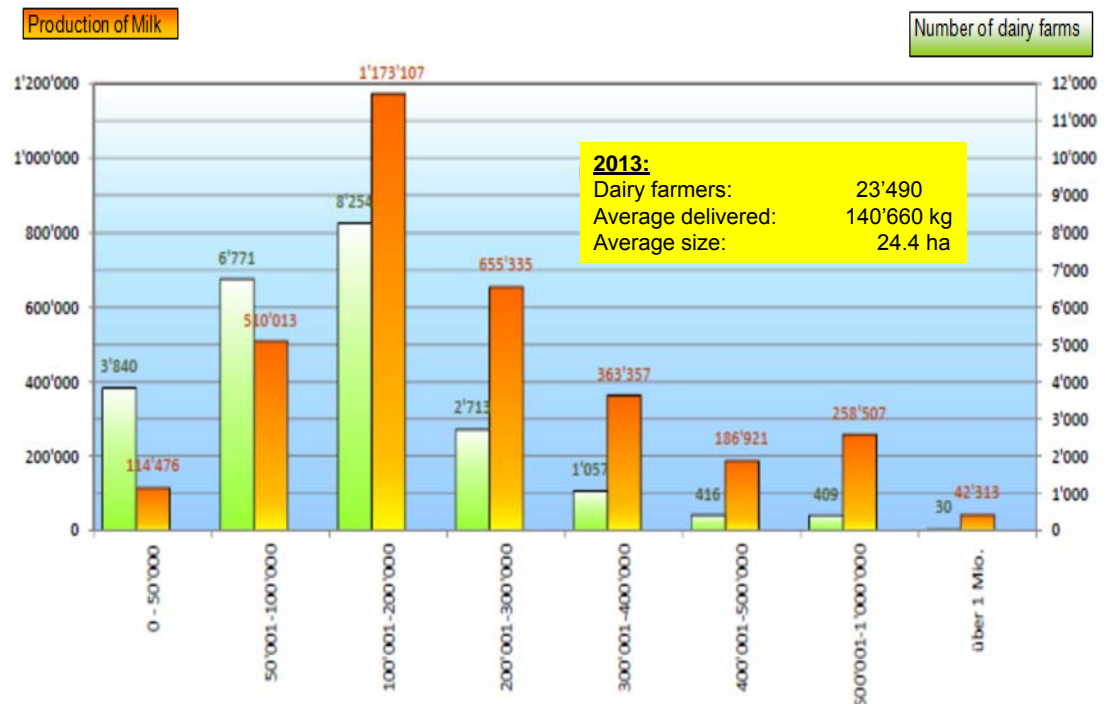


EDF Congress; Winterthur (CH)

June 25, 2014

4

Size of dairy farms in Switzerland 2013 (TSM)

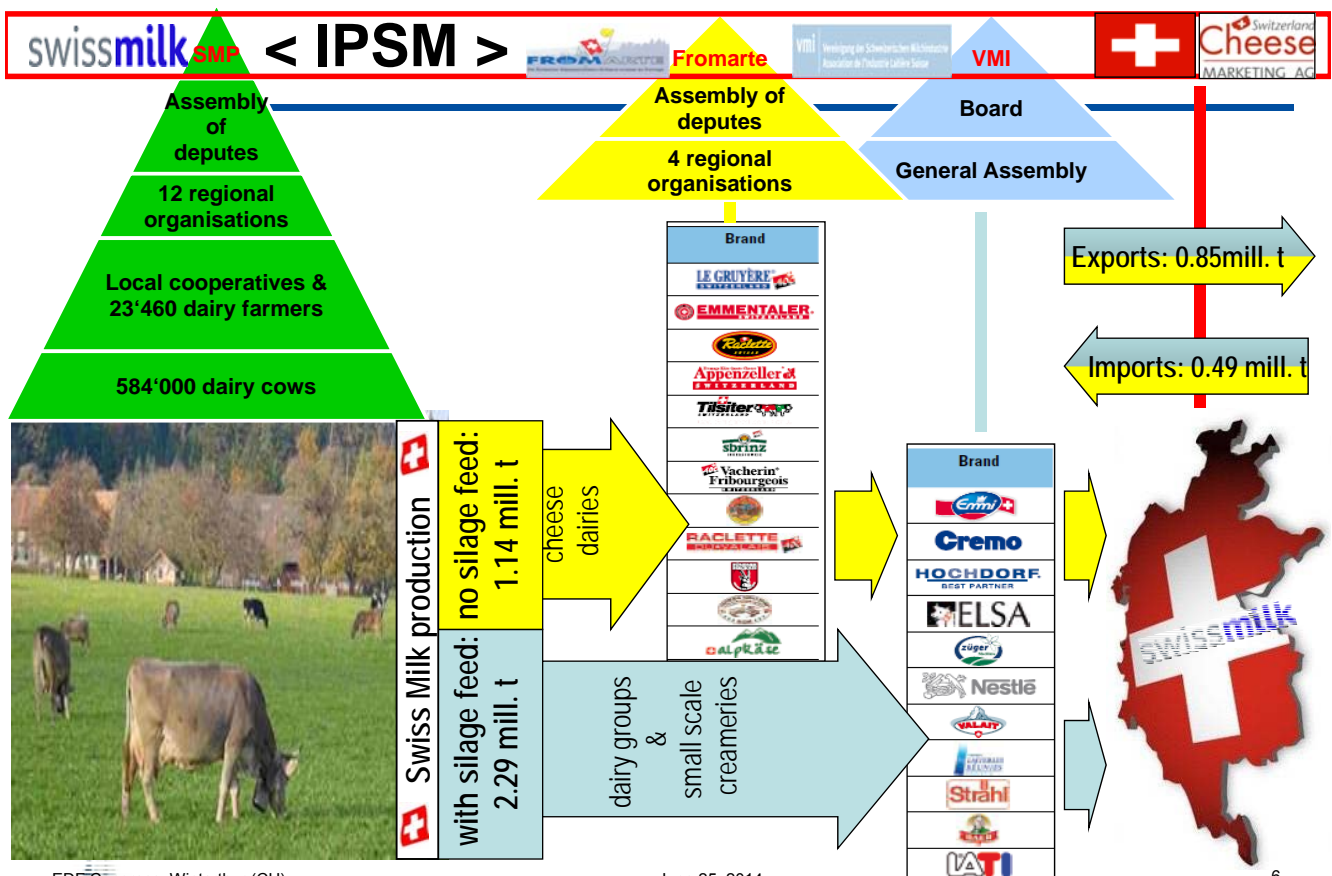


EDF Congress; Winterthur (CH)

June 25, 2014

5

Switzerland's „Milkyway“ 2013

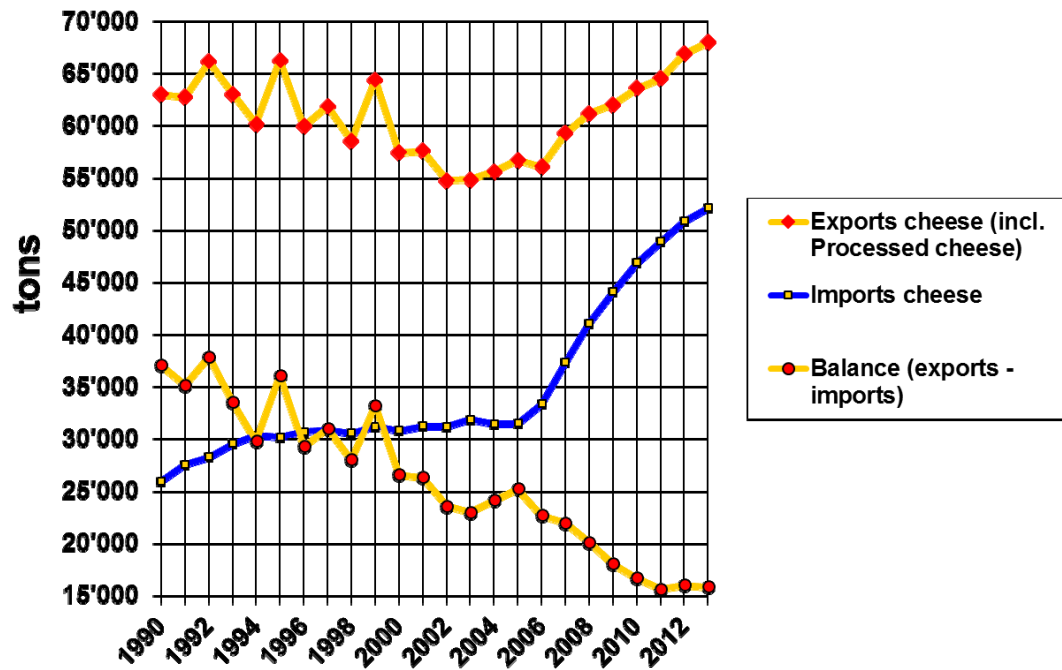


EDF Congress; Winterthur (CH)

June 25, 2014

6

Exports and imports of cheese

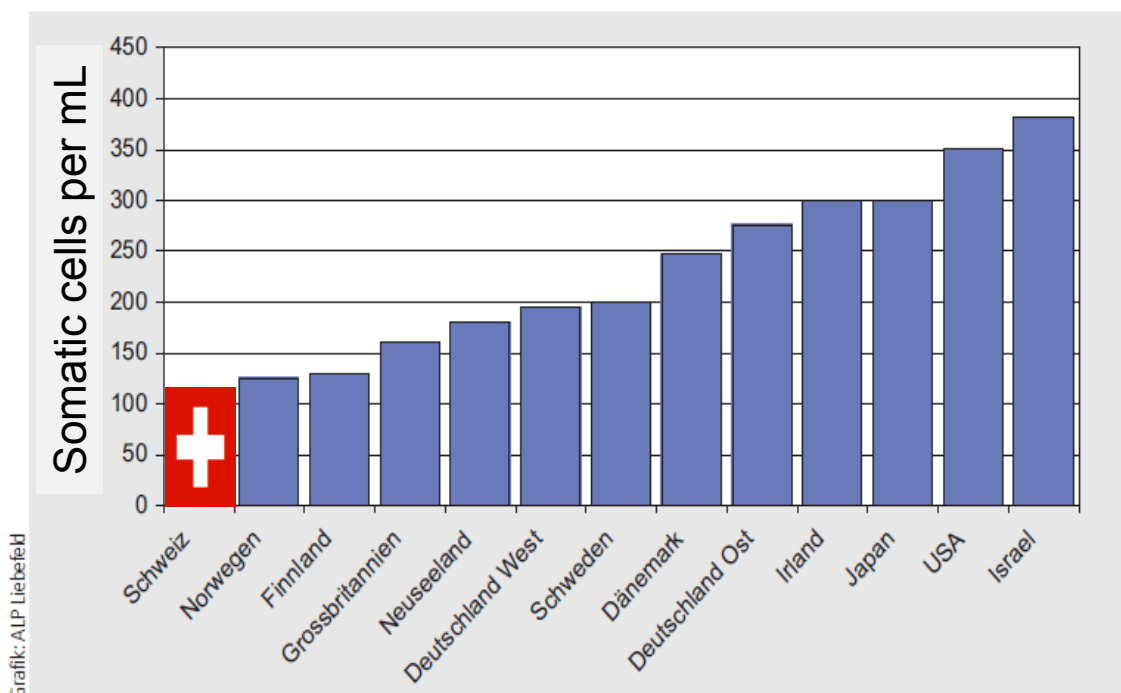


EDF Congress; Winterthur (CH)

June 25, 2014

7

Added value with Swiss-Quality



Grafik: ALP Liebefeld

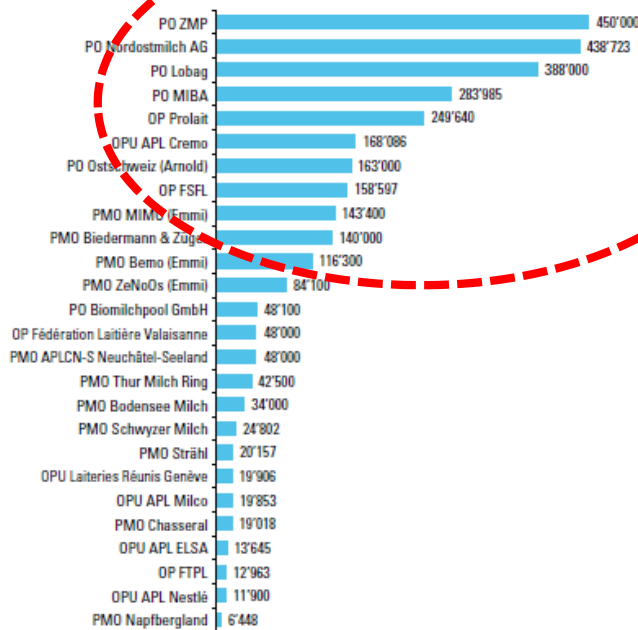
EDF Congress; Winterthur (CH)

June 25, 2014

8

Milk pooling (2012):

Quantity of milk by commercial organizations for 2012, in tons



Source: Swiss Milk Producers SMP



EDF Congress; Winterthur (CH)

June 25, 2014

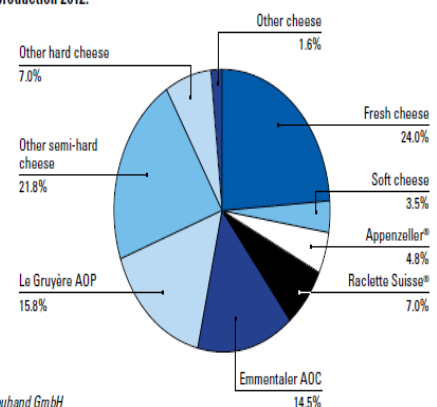
9

Cheese Dairy Milkyway 2012 (SMP)

Cheese dairy milk	Processed quantity of milk 2012	Number of cheese dairies 2012	Logo
Emmentaler Switzerland	319 Mio. kg	145	
Le Gruyère AOP	317 Mio. kg	173	
Raclette Suisse®	125 Mio. kg	16	
Appenzeller®	91 Mio. kg	62	
Tilsiter	31 Mio. kg	29	
Vacherin Fribourgeois AOC	26 Mio. kg	92	
Sbrinz AOC	24 Mio. kg	31	
Tête de Moine AOC	24 Mio. kg	9	
Walliser Raclette AOC	21 Mio. kg	29	
Bündner Bergkäse	16 Mio. kg	12	
Vacherin Mont-d'Or AOC	4 Mio. kg	13	
Schweizer Alpkäse®	57 Mio. kg	1454	
of which Berner Alp- & Hobelkäse AOC	13 Mio. kg	500	
of which Le Gruyère d'alpage AOP	6 Mio. kg	50	
of which L'Etivaz AOC	5 Mio. kg	68	
of which formaggio d'alpe ticinese DOP	4 Mio. kg	106	

Cheese production

Total cheese production 2012:
181'180 tons



Source: TSM Treuhand GmbH



no silage feed

EDF Congress; Winterthur (CH)

June 25, 2014

10

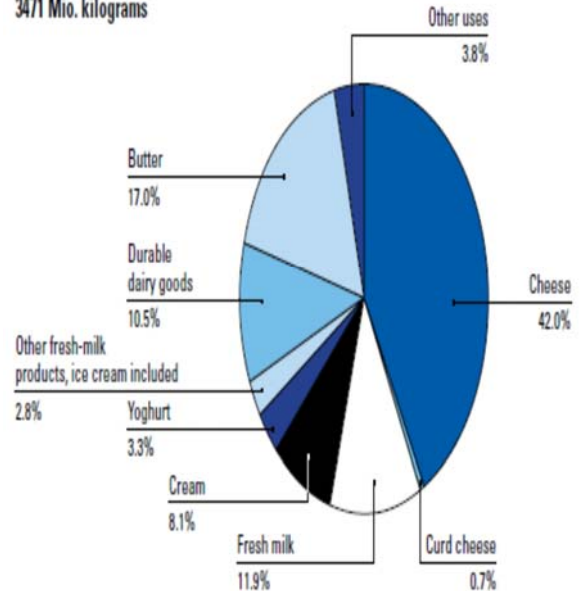
Industrial Dairy Milkyway 2012 (SMP)

Important companies processing milk

Dairy milk (>20 Mio. kg)	Processed quantity of milk 2012	Turnover 2012	Logo
Emmi AG	1220 Mio. kg	2981 Mio. CHF	
Cremo SA	456 Mio. kg	511 Mio. CHF	
Hochdorf AG	317 Mio. kg	344 Mio. CHF	
Elsa-Mifroma	268 Mio. kg	986 Mio. CHF	
Züger AG	120 Mio. kg	120 Mio. CHF	
Nestlé Suisse SA	78 Mio. kg		
Groupe FLV	47 Mio. kg	81 Mio. CHF	
Groupe LRG	41 Mio. kg	70 Mio. CHF	
Strahl Käse AG	29 Mio. kg		

Milk processing: processing share in milk equivalents (ME)

Total milk processing 2012:
3471 Mio. kilograms



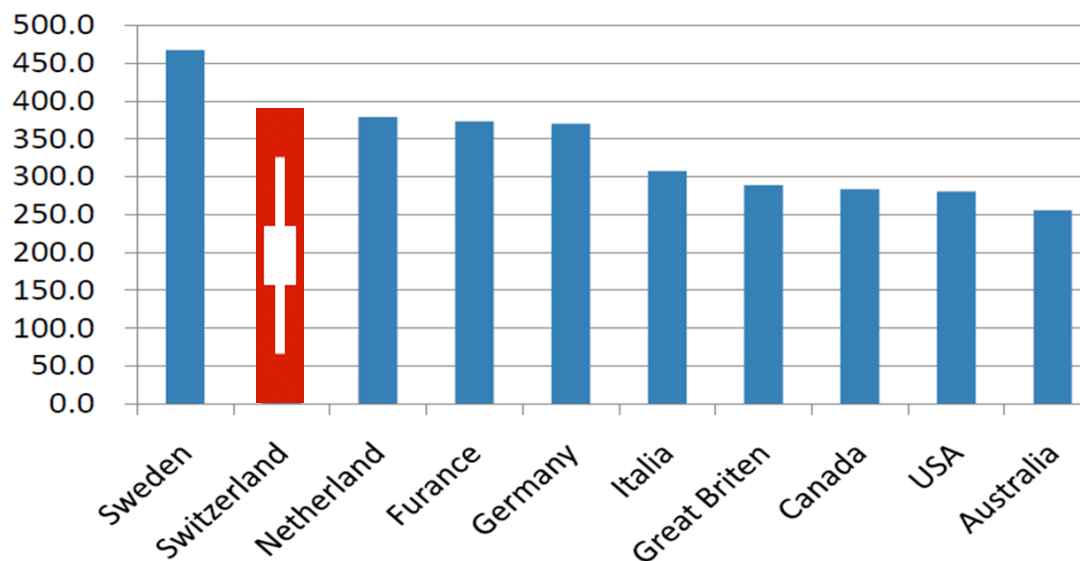
EDF Congress, Winterthur (CH)

June 25, 2014

11

Consumption of „milk“ in Switzerland: 380 kg/capita (2013, IDF)

Kg/Year



Source : MAFF "Food supply and demand table", FAO "Food balance sheets"

EDF Congress, Winterthur (CH)

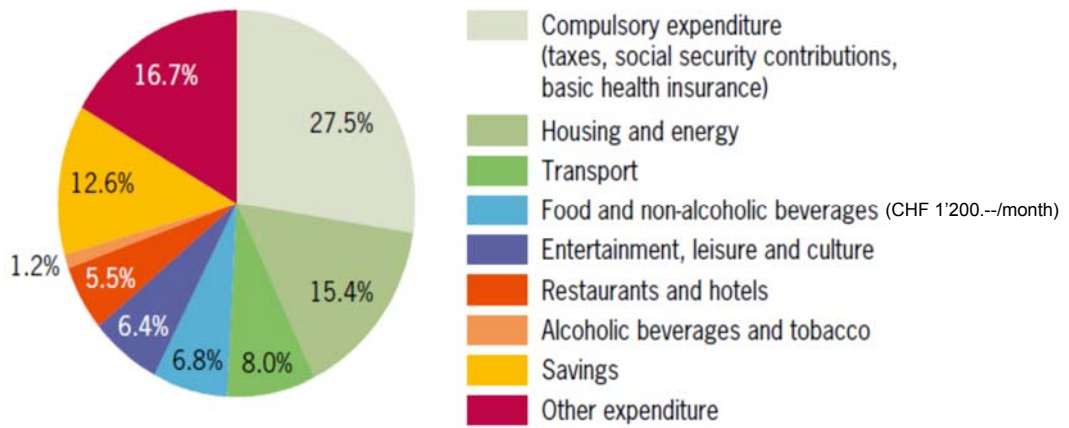
June 25, 2014

12

Swiss-Household for „food“

Household expenditure, 2011

Proportion of gross household income



Average number of persons per household: 2.2

Source: FSO – Household Budget Survey

© FSO, Neuchâtel 2014



Switzerland's Dairy Market 2013: Market concentration

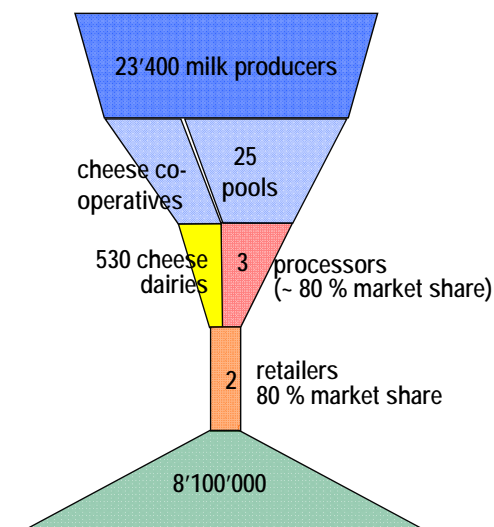
Production

Collecting

Processing 1st step

Retail

Consumption

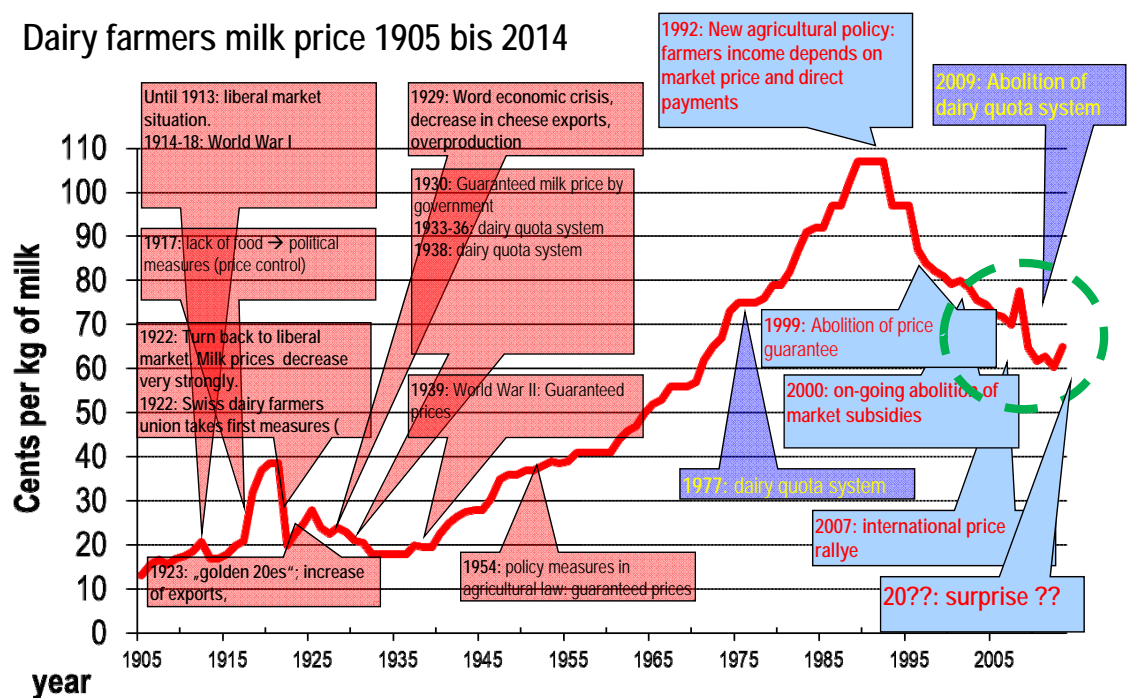


Swiss Agricultural Policy Agenda

SMP · PSL

Farmers milk price: Review

Dairy farmers milk price 1905 bis 2014



Border protection and market access (Switzerland – EU)

◆ Cheese agreement EU-CH (bilateral agreement I):

- Reciprocal and gradually eliminate customs duties for cheese (incl. cottage cheese):
 - Fully liberalised: july 2007
 - We depend now from EU-border protection for cheese
- Tariff quota for cream and yoghurt (2'000 t)

◆ Agreement for processed agricultural products EU-CH (bilateral agreement II / „chocolate law“):

- Net price compensation
- New access for yoghurt, „semi-butter“, milk beverages etc.



◆ No change in border protection for milk, butter, SMP, WMP

EDF Congress; Winterthur (CH)

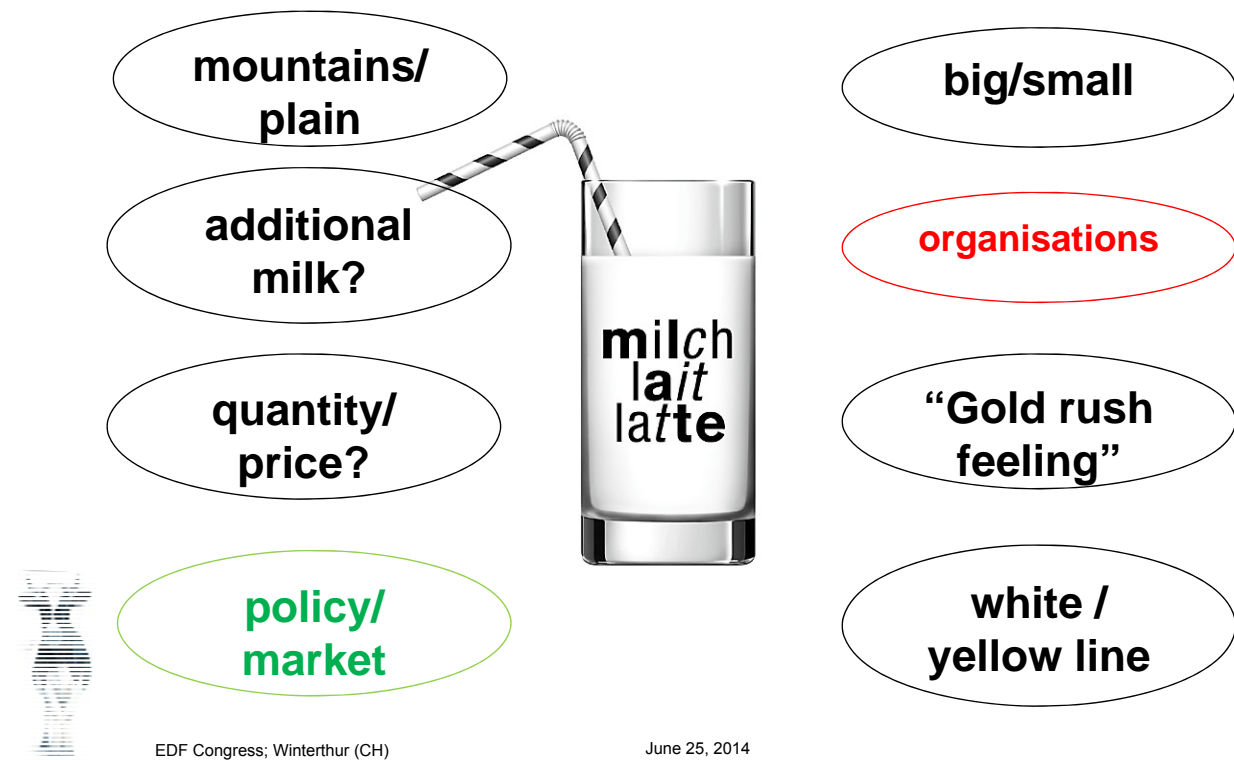
June 25, 2014

17

swiss**milk**

There is a life after the Milk
Quota

Different strategies and interests after > 30 years of milk quota! (producers, processors, policy)



Interprofession Swiss Milk (IPSM)

Founded: 29th June 2009 as a **privat** platform

Members (about 95% of all «Swiss Milk»):

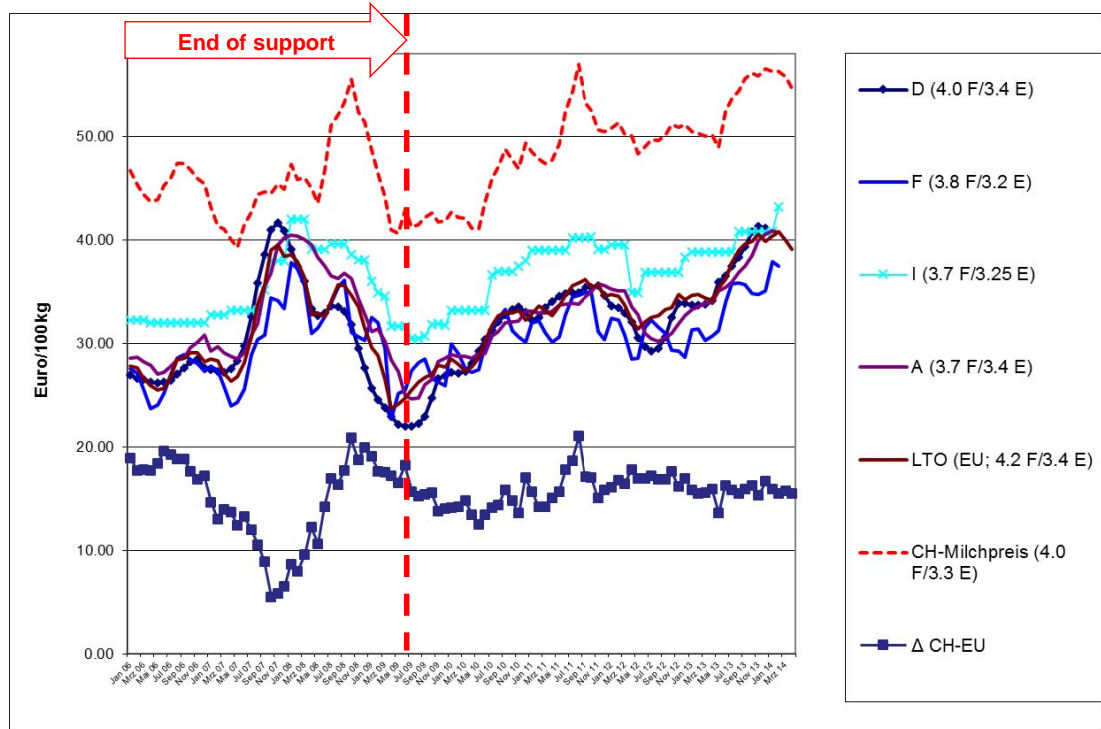
- ◆ Family: Milk producers
- ◆ Family: Processors & retailers

Market-issue **tools**:

- ◆ Segmentation-system (A-,B-,C-Milk)
- ◆ Common contracts for A-,B-Milk, 1st and 2nd level
- ◆ Recommended price index for A-,B-,C-Milk
- ◆ Milk-Quality issues (safeguard CH standard)
- ◆ Information, transparency



Milk price (and exchange rate €/CHF)

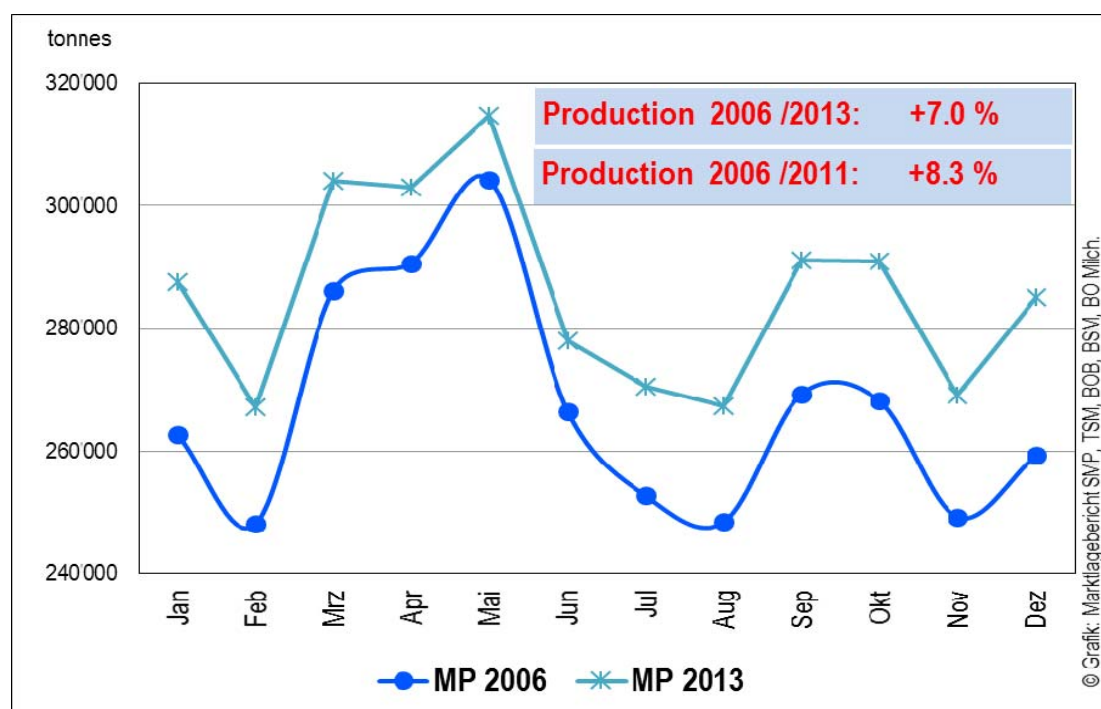


EDF Congress; Winterthur (CH)

June 25, 2014

21

Milk production (2006/2013)



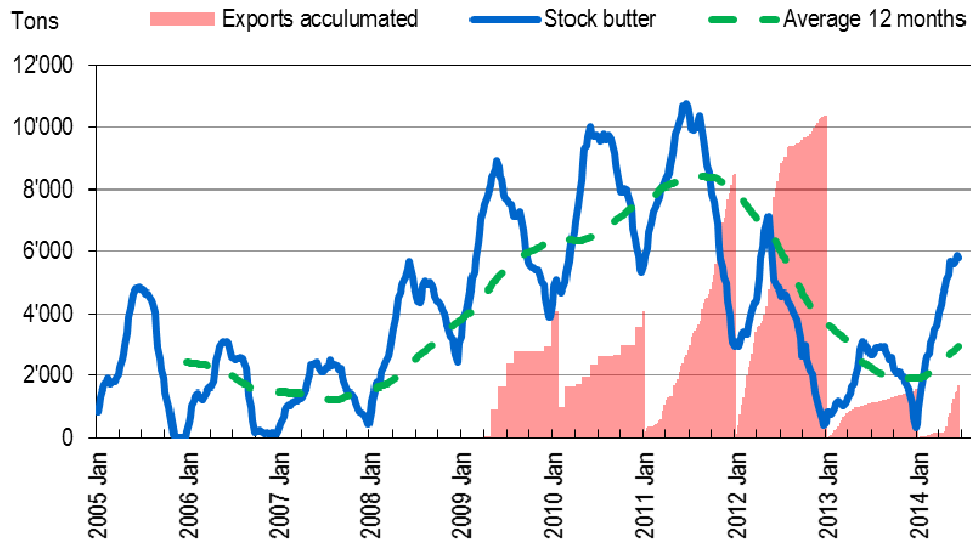
EDF Congress; Winterthur (CH)

June 25, 2014

22

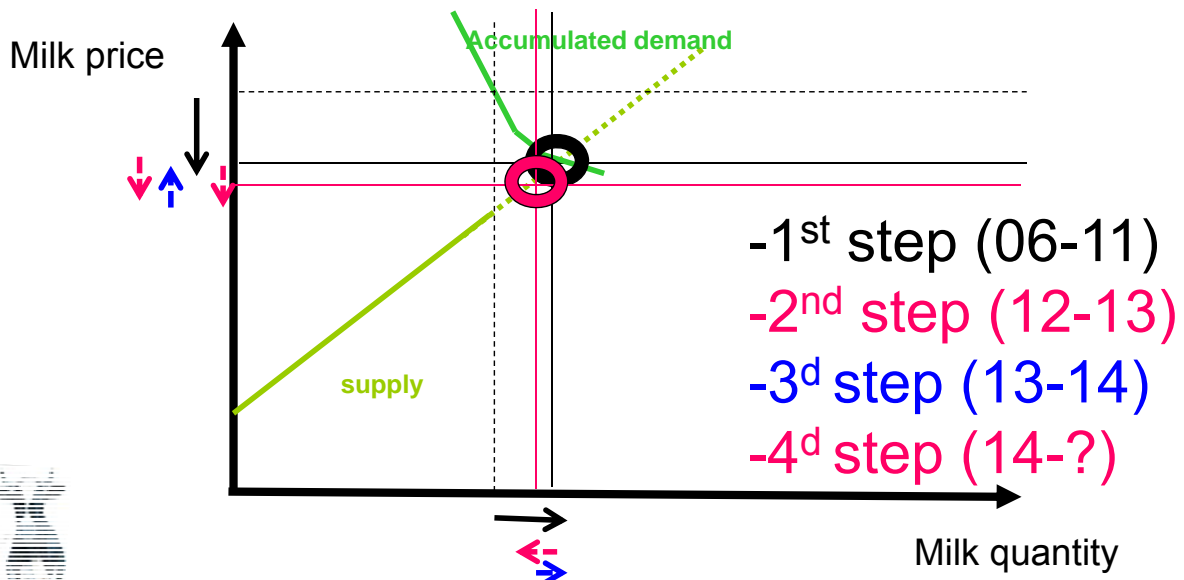
Butter: stock and exports

Butter stock and exports

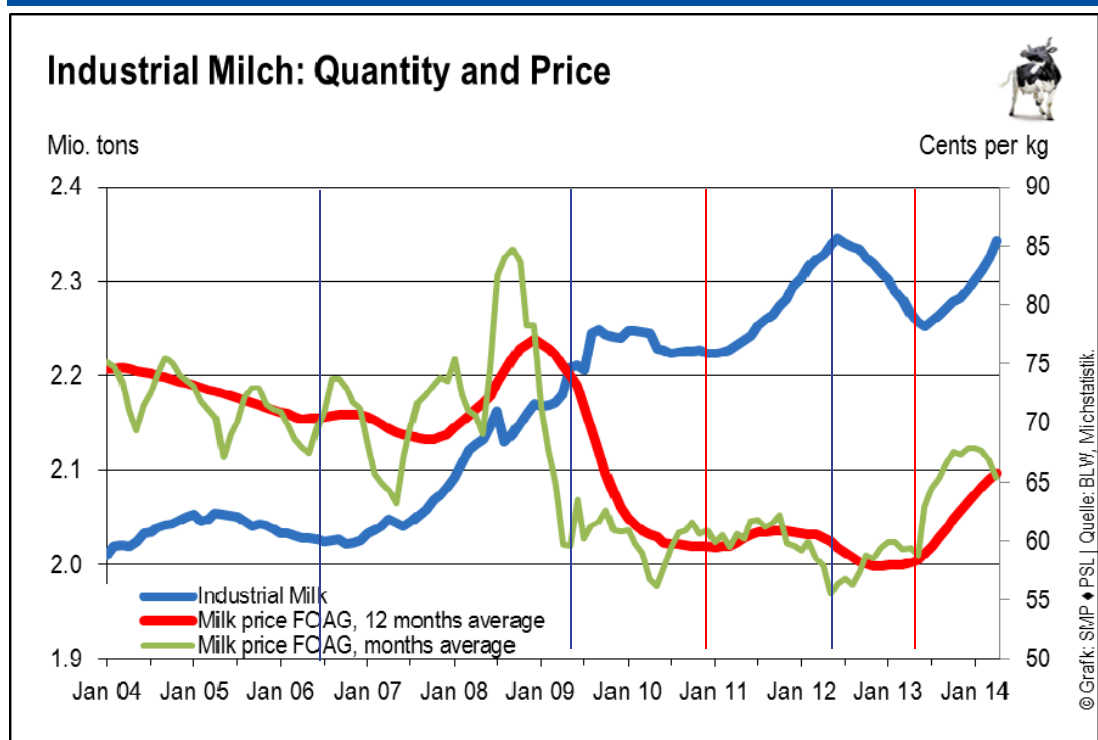


„Homo oeconomicus Lactus Helveticus“ 2014?

Abolishment of milk quotas: Market equilibrium ...where is it? [$\eta_{m/p} \gg 1$]



Quantity and Milk Price

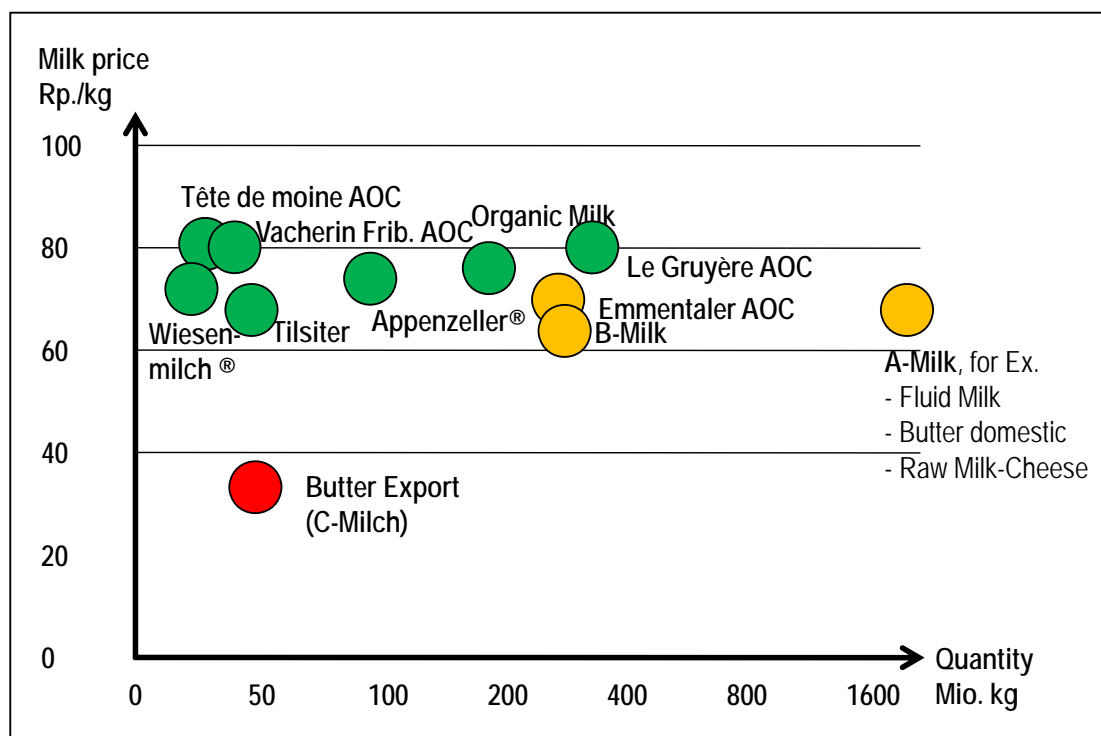


EDF Congress; Winterthur (CH)

June 25, 2014

25

„Milk“ ist not „milk“



EDF Congress; Winterthur (CH)

June 25, 2014

26

Income for dairy farmers in Switzerland (Agroscope, ART)

Reference (2010/12)	Dairy farms	Dairy / crop farms
Land	21.8 ha	30.0 ha
Cows	21	25
Farming income	54'927.-- CHF	72'034.-- CHF
Non-farming income	23'984.-- CHF	21'319.-- CHF
Total income	78'911.-- CHF	93'353.-- CHF
Total labour unit	1.66	1.91
Family labour unit	1.31	1.25
Income / labour unit	47'323.-- CHF	61'056.-- CHF
Income / family labour unit	37'780.-- CHF	51'969.-- CHF



EDF Congress; Winterthur (CH)

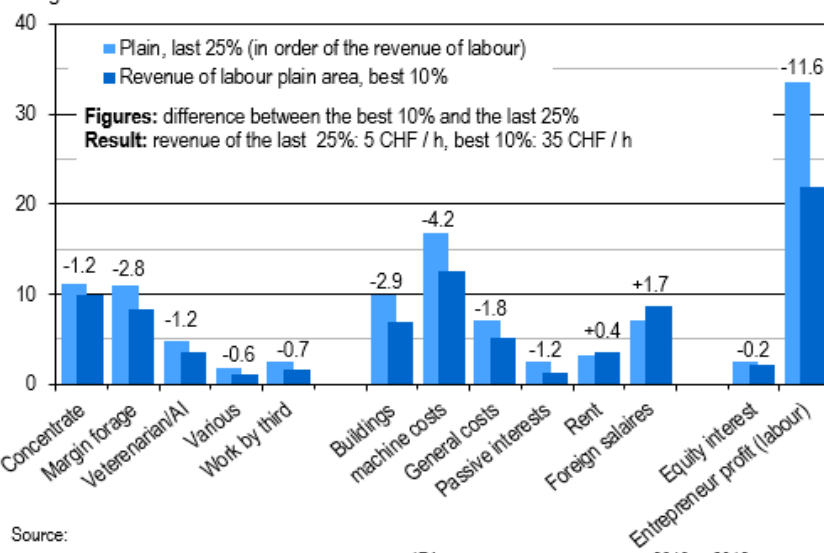
June 25, 2014

27

Income for dairy farmers in Switzerland (Agroscope, ART)

Costs and revenue of the 4^d quartil and the best 10%

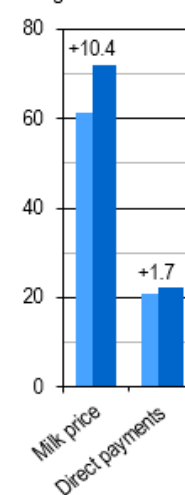
Costs of production
ct./kg milk



Source:

VOKO Milch - Agridea / BBZN Hohenrain ; average of 174 farms in the plain area, from 2010 to 2012.

Revenue
ct./kg milk



© Grafik: SMP • PSL | Source: VOKO Milch 2013.



EDF Congress; Winterthur (CH)

June 25, 2014

28

Conclusions for the «CH-Dairy Future»

- There is a demande on the market
- More volatility is a fact
- Market focus becomes more important to the dairy value chain (cyclic markets)
- A lot depends on international agreements
- Partners on the business line have to co-operate for sustainable solutions:
 - vertical business line becomes more important
 - stability is important for producers, processors and retailers
 - Milk producers are in fact quantity adjuster and price takers
- ◆ Milk market without quota requires new structures
- ◆ A lot of farmers realize the situation, when they have the milk payment on the table.....



EDF Congress; Winterthur (CH)

June 25, 2014

29

Thank you very much for your attention!



EDF Congress; Winterthur (CH)

June 25, 2014



30