

World cheese production

Special focus on Asia and the Middle East

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The world milk production has increased from 480 million MT in 1970 to 790 million MT (including all types of milk) in 2012 representing an increase of 64%. A large part of this expansion has been used to increase the cheese production in all regions of the world. The growth has been driven by innovation and product development in the dairy industry in respect to new types of cheeses designed for special population segments (children, teenagers, affluent consumers and main stream households) and for new uses of cheese in cooking, food service and food industry. The focus has also been on developing special cheeses to developing dairy markets with no tradition for consuming cheese. This includes especially white cheeses and processed cheese.

This chapter focuses on the cheese production in the different regions of the world in the recent decades including prognosis for 2020. The production is also analyzed on country level identifying the major producing countries and their growth rates. This also includes the development for the major categories of cheese.

World cheese production

In 1980, the world cheese production was 8.7 million MT and this expanded to 11.4 million MT in 1990 and by the turn of the millennium the production reached 15.4 million MT – nearly a doubling since 1980

The world cheese production reached the 20 million MT production mark in 2011 and the growing trend has continued in 2012 and 2013. The global estimation includes all natural cheeses except processed cheese. Cheese from cow's milk delivered to dairies represents more than 80% of the global natural cheese production. The rest is made up on farm and home-made products, but also cheeses made from other milk (sheep, goat, and buffalo). Europe and Northern America produce more than 75% of the world cheese production.

EU and USA account for 70% of the world cheese production in 2012 and the production of cheese is expected to show dynamic growth until 2020 where the production will amount to 16.6 million MT. However, the relative share of the world cheese production will decrease to 66% in 2020 due to relatively higher growth all other regions of the world except other Europe.

World cheese production 2000-2020

1,000 MT	2000	2012	2012/2000	2020 (prognosis)	2020/2012
EU-28	7,709	9,333	+21 %	10,606	+14%
Other Europe	266	291	+9%	338	+16%
CIS	448	866	+93%	1,072	+24%
North America	4,227	5,618	+22%	6,720	+20%
Oceania	665	700	+5%	930	+33%
South America	1,118	1,625	+45%	2,067	+27%
Asia	293	456	+55%	1,288	+182%
Middle East + Africa	744	1,512	+103%	2,054	+36%
Total World	15,470	20,401	+32%	25,075	+23%

Source: IDF, ZMB, FAPRI, CNIEL, PM FOOD & DAIRY CONSULTING.

The world cheese production is expected to continue the positive growth trend from the last decade and the expansion from 2012 to 2020 is expected to be 24% equalizing 4.9 million MT of cheese. The major uncertainties are the global economic development and the development in the global demand and supply situation for milk and dairy products in general until 2020. This will be analyzed further in 2.4.

Cheese consumption

The consumption of cheese has been a success story with growth in all regions of the world the last decades. In 1980, the consumption was 8.4 million MT and it grew to 11.2 million MT in 1990 and in 2000 the world consumption of cheese reached 15.3 million MT nearly a doubling of the level in 1980. This has been the case in all regions of the world and the dynamic growth has continued in the new millennium.

World cheese consumption 2000-2020

1,000 MT	2000	2012	2012/2000	2020 (prognosis)	2020/2012
EU-28	7,502	8,870	18%	9,629	9%
Other Europe	245	318	30%	372	12%
CIS	714	1,150	61%	1,445	26%
North America	4,390	5,557	27%	6,950	25%
Oceania	266	268	1%	302	13%
South America	918	1,642	78%	2,041	24%
Asia	557	1,023	84%	1,672	63%
Middle East + Africa	1,108	1,840	66%	2,676	45%
Total World	15,700	20,668	32%	25,087	21%

Source: IDF, ZMB, FAPRI, CNIEL, PM FOOD & DAIRY CONSULTING.

EU and North America are the largest cheese consuming areas in the world and the markets are largest both in volume and value. In 2012, they accounted for 70% of the world cheese consumption

Surprisingly, the Middle East and North Africa is the third largest consuming area in the world with 9% share in 2012. The major cheese consuming countries in the region are Egypt and Saudi Arabia and the growth in the recent decades is partly due to economic improvements and partly because of the increasing population.

In South America the cheese consumption has more than doubled in the last 30 years. In the remaining the growth has also been positive, although from a low level. The region is now fourth with 8% of the world cheese consumption. In South America the cheese consumption has nearly doubled in the last 40 years. In the remaining the growth has also been positive, although from a low level.

CIS has experienced an incredible increase since the late 1990s because of the economic growth and the area accounts for 6%.

Asia is still at a very low level of consumption with just over 1 million MT in 2012 the area has experienced a growth of 84% from 2000 to 2012 mainly in Iran.

In Oceania and other Europe the consumption has remained nearly stable with limited growth compared to other regions of 1% and 30% respectively.

The positive development for the cheese consumption will continue from 2012 to 2020 where the world consumption will increase by 4.4 million MT (+21%) and the major regional changes are:

- EU 28 will expand by 800,000 MT (+9%) which is slowest growing region in relative terms but high in absolute figures.
- The same is the case in other Europe and Oceania where the growth will be moderate with 12% and 13% respectively.
- The consumption of cheese in CIS will increase by 300,000 MT (+26%) and here mainly Russia will contribute and mainly from imported cheese.
- In North America the growth will amount to 1.2 million MT (+25%) and in the US will be the main contributor.
- South America will experience 24% growth equalizing 400,000 with Brazil in the lead.
- In Asia the growth will peak with 63% but it is from a low level so in absolute terms it will only amount to 600,000 MT.
- Africa and the Middle East continue the fast expansion of the cheese consumption with 800,000 MT (+45%) especially in the Middle East and North Africa.

The cheese markets in the OECD countries are more or less saturated so the world cheese makers must seek new markets in the emerging dairy markets where the growth potential is much higher. This includes Asia, Middle East and Africa where the cheese markets in most countries still has to be developed and cheese has to be introduced in the diet.

Asia

Asia is the less developed region in the world in relation to cheese. There is no tradition for consuming cheese and the production is very limited. The region accounts for only 2.2% of the world cheese production and 5% of the world consumption.

Key figures: Asia cheese market 2000-2020

1,000 MT	2000	2012	2020
Production	293	515	1,288
Consumption	557	1,023	1,672
Export	-	2	5
Import	272	429	751

Source: ZMB, PZ, CNIEL, PM FOOD & DAIRY CONSULTING

The milk production in Asia is expected to expand very fast from 2012 to 2020 with 116 million MT mainly in India and China. It will mainly be used for fresh dairy products, milk powder, and infant formula. The cheese production will also expand but the major breakthrough for cheese will first be from 2030 and onwards and a lot of educating consumers combined with marketing will be necessary. There is a huge potential but the international dairy companies have to invest significantly to develop these new markets.

The major cheese producing countries in Asia are Iran, India, China, Japan, and South Korea and they account for more than 90% of the cheese production in Asia.

In China, there is no tradition for consuming cheese but the gradually westernization of the eating habits will expand the consumption of cheese especially in food service (pizza and burgers) and special cheese strings or sticks for children. The consumption is expected to increase from 120,000 MT in 2012 to 350,000 MT in 2020.

Another huge market in Asia is India which is the largest milk producing and consuming dairy country in the world but the majority of the milk is sold directly on the local markets without utilizing the formal dairy processing channel. However, the Indians have a certain bread culture and a tradition for consuming "paneer" which is a fresh cheese type. The middle class with growing purchasing power is expected to increase by 3-400 million in the next decades will establish a solid consumer base for more sophisticated food including cheese.

Iran is a traditional cheese producing and cheese consuming country in Asia and the production of cheese has improved significantly in the last decade reaching 320,000 MT in 2012 and it is

expected expand to 520,000 MT in 2020. The cheese production is consumed domestically and there is no substantial export or import due to the trade restrictions imposed on Iran.

Japan has since the 1950s build up a cheese market with a combination of domestically produced cheese and imported cheese from Europe and Oceania. In this period the cheese consumption per capita has increased from 500g to 2kg by educating the population to consume cheese and innovating new cheese types adjusted to the Japanese consumers taste and preferences.

This long term model can be used in many of the other Asian countries with a very low cheese consumption level.

Middle East and Africa

Middle East and Africa (MEA) is a huge region with a potential to expand the global consumption of cheese. The region accounts for 7.4% of the world cheese production and 9% of the world consumption. The major cheese producing areas are in Turkey, Israel, Egypt and South Africa but the consumption of cheese is relatively high in the Middle East and North Africa.

Key figures: Middle East and Africa market 2000-2020

1,000 MT	2000	2012	2020
Production	744	1,512	2,054
Consumption	1,108	1,840	2,676
Export	70	197	207
Import	272	318	515

Source: ZMB, PZ, CNIEL, PM FOOD & DAIRY CONSULTING

The milk production will expand by nearly 10 million MT in the region and the cheese production is expected to increase by 500,000 MT which will be consumed in the region. MEA is an interesting region in relation to dairy inclusive cheese because of the economic growth and changing eating habits in the region. The investments from the international dairy companies have also increased significantly in recent years and this will improve the dairy processing significantly.

Turkey and Egypt are by far the largest cheese producing countries in the regions with 580,000 MT and 720,000 MT respectively in 2012. It is expected to grow dynamically from 2012 to 2020 where Turkey is expected to reach 800,000 MT and Egypt 980,000 MT.

The cheese markets in other countries in North Africa like Algeria, Tunisia, and Morocco is also developing positively but the markets are mainly supplied by growing import especially from EU.

In most Sub Sahara countries the cheese production and consumption is extremely low except for countries like Sudan and Ethiopia where there is a long tradition for fresh cheeses made on the farm level but there are no substantial industrial cheese production.

South Africa is the only country in Africa with a modern dairy industry and cheese production. The cheese production amounted to 50,000 MT in 2012 and it is expected to increase to 60,000 MT. However, the consumption per capita is still very low at 1.5kg.

Future possibilities

Asia, Middle East and Africa account today only for 10% of the production and 15% of the world consumption of cheese. In the 2010s, cheese will initially penetrate these markets mainly as an ingredient in western food like pizza and burgers. The population growth and dynamic economic development in many countries in the regions will facilitate a long term growth for cheese and in volume terms it will be quite substantially. The countries will not reach the high per capita cheese consumption level in EU (28) of 18kg. Because of the huge population and the fast growth 2-5kg cheese per capita will increase the world demand for cheese significantly.

Report information

PM FOOD & DAIRY CONSULTING is now publishing a new World Cheese Market Report 2000-2020. The report contains 700 pages of valuable information concerning the world market for cheese in general concerning production, consumption, trade, major cheese processors and future prospects until 2020. Besides, the cheese market in 62 countries are analyzed from in relation to the development from 2000-2012 and prognosis until 2020. Price: €3,500/\$4,700

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