

## 1. MILK SUPPLIES



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Chief Executive

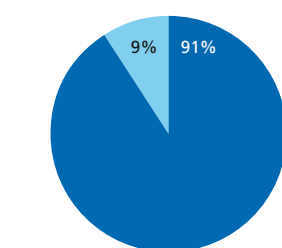
### 1.1 Domestic Milk Supplies

Domestic milk supplies to creameries and pasteurisers in 2011 were 5,377 million litres, an increase of 204 million litres or 4% on supplies of 5,173 million litres in 2010.

The number of active milk producers was 18,297 while the average annual milk supplies per producer were 294,000 litres. (Appendix 4 Table B).

91% of domestic milk supplies were utilised in the manufacture of dairy products, which were mainly for export, while 9% of supplies were processed for liquid consumption on the domestic market.

**FIG. 1.0 UTILISATION OF DOMESTIC MILK SUPPLIES 2011**

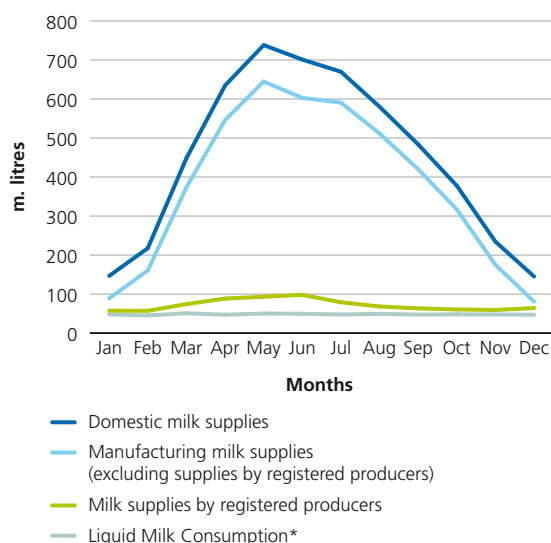


▲ Manufactured Dairy Products  
▲ Liquid Consumption

Domestic milk supplies in 2011 continued to be characterised by a highly seasonal production pattern, based on grassland milk production and seasonal calving, with 79% of milk supplies being supplied in the seven months of March to September and 21% in the five months of October to February inclusive, which compared with 76% and 24% respectively in 2010.

The domestic milk supply profile had a peak to trough month ratio of 5.1/1 which was comprised of a peak to trough month ratio of 6.8/1 for milk supplies from manufacturing milk producers and of 1.8/1 for milk supplies from liquid milk producers.

**FIG. 1.2 DOMESTIC SUPPLIES, MANUFACTURING MILK SUPPLIES, SUPPLIES BY REGISTERED PRODUCERS AND LIQUID MILK CONSUMPTION (MONTHLY) 2011**



\* Milk sold for liquid consumption within the State including packaged milk imports.

Sources: CSO/NMA.

**TABLE 1.1 SEASONALITY OF DOMESTIC MILK SUPPLIES (BY SECTOR)**

Year	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Peak to trough months' ratios										
Manufacturing	6.8	8.7	8.1	7.1	8.2	8.7	8.2	8.0	8.2	8.9
Liquid	1.8	1.9	1.7	1.8	1.8	1.8	1.8	1.8	1.9	2.0
ALL	5.1	5.8	4.9	5.4	5.6	5.7	5.5	5.5	5.6	6.1

Source: DAFF/CSO.

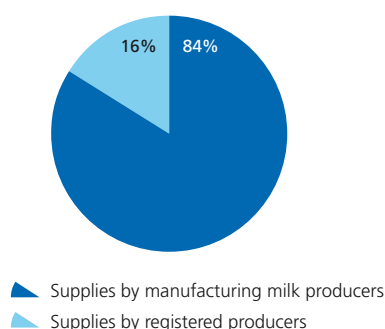
## 1.2 Milk Supplies by Registered Producers

Total milk supplies by the State's 1,950 registered producers, in 2010/11 amounted to 867 million litres (Appendix 4 – Table A), an increase of 52 million litres or 6% on supplies in 2009/10. Supplies for processing for liquid consumption amounted to 444 million litres or 51% of total supplies by liquid milk producers while supplies for processing into manufactured dairy products amounted to 423 million litres or 49% of total supplies.

Registered milk producers are a significant producer grouping in the domestic milk supply sector representing 11% of all milk producers and supplying 16% of domestic milk supplies.

They supply not only the all year round domestic milk requirements for liquid milk consumption but also 9% of domestic manufacturing milk supplies.

FIG. 1.3 DOMESTIC MILK SUPPLIES 2011



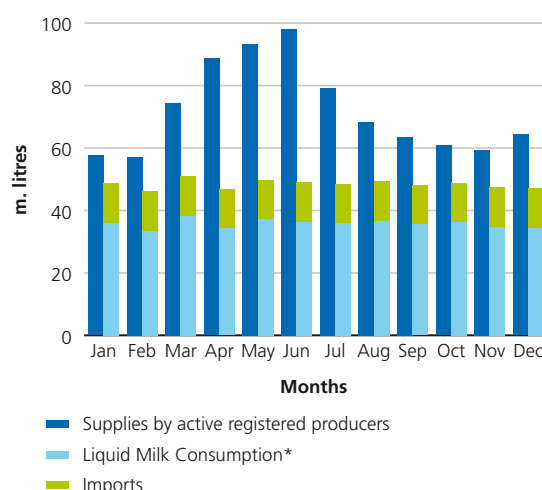
The average registered producer in 2010/11 had annual supplies of 445,000 litres compared with 401,000 litres in the previous year.

## 1.3 Winter Milk Supplies

In the five prescribed winter months of October 2011 to February 2012 total milk supplies by registered producers amounted to an estimated 303 million litres, a decrease of 13 million litres on 2010/11 and provided a supply cover of 128% for liquid milk consumption (including imports) of an estimated 237 million litres.

In the months of December 2011 and January 2012, total supplies by registered producers amounted to an estimated 124 million litres and were 29 million litres in excess of liquid milk consumption (including imports) of an estimated 95 million litres in those months, a supply cover of 131%.

FIG 1.4 MONTHLY MILK SUPPLIES BY ACTIVE REGISTERED PRODUCERS, LIQUID MILK CONSUMPTION AND MONTHLY IMPORTS 2011



\* Milk sold for liquid consumption within the State, including packaged milk imports.

Sources: CSO/NMA.

## 1.4 Imports

Last year bulk milk imports into the State for processing by creameries and pasteurisers amounted to 356 million litres, a decrease of 32 million litres or 8% on 2010 and were mainly cross border movements of milk from Northern Ireland.

These bulk milk imports were equivalent to 7% of domestic supplies and to 18% of Northern Ireland's annual milk supplies.

Bulk milk imports for processing into manufactured dairy products represented 82% of these imports, while bulk imports for processing for liquid consumption in the State, namely 65 million litres, represented 18%.

**TABLE 1.5 BULK MILK IMPORTS % DOMESTIC MILK SUPPLIES 1996-2011**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	millions of litres															
Supplies	5,377	5,173	4,801	4,959	5,090	5,083	4,915	5,116	5,157	5,032	5,179	5,012	4,973	4,944	5,105	5,144
Imports (bulk)	356	388	427	464	473	566	550	377	349	278	209	304	361	282	–	–
Imports %	7	8	9	9	9	11	11	7	7	5	4	6	7	6	0	0

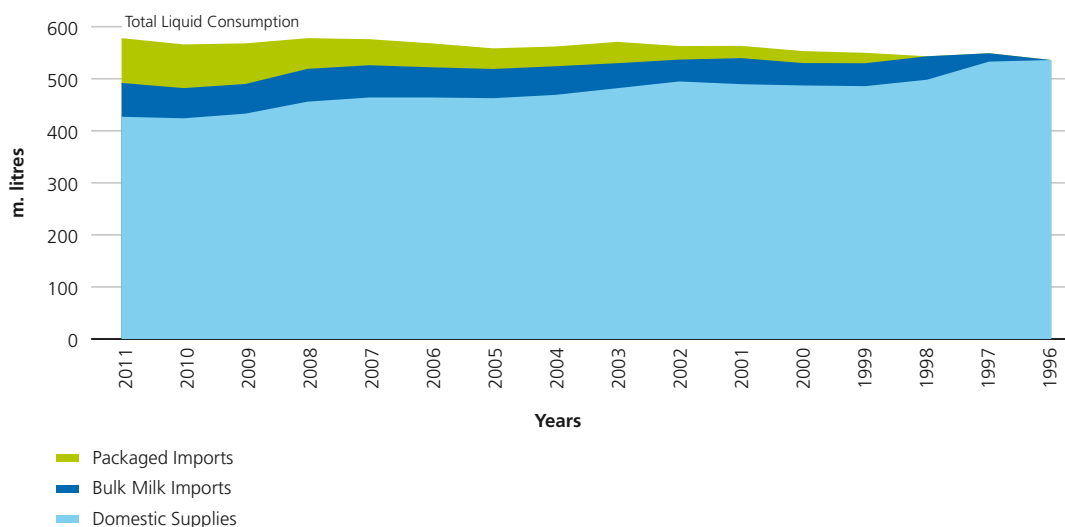
Total milk imports for liquid consumption in consumer packs and in bulk for processing in the State amounted to 151 million litres, an increase of 9 million litres or 6%, on the import volumes in the previous year.

Imports of fresh milk in consumer packs, were estimated at 86 million litres, an increase of 2 million litres or 2% on the previous year.

**TABLE 1.6 PACKAGED AND BULK MILK IMPORTS FOR LIQUID CONSUMPTION 1996-2011**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	millions of litres															
Consumer Packs	86	84	78	59	50	46	40	38	41	26	24	23	20	–	–	0
Bulk	65	58	57	63	62	58	55	55	48	42	50	43	44	45	16	0
<b>Total Imports</b>	<b>151</b>	<b>142</b>	<b>135</b>	<b>122</b>	<b>112</b>	<b>104</b>	<b>95</b>	<b>93</b>	<b>89</b>	<b>68</b>	<b>74</b>	<b>66</b>	<b>64</b>	<b>45</b>	<b>16</b>	<b>0</b>

**FIG 1.7 MARKET PENETRATION OF DOMESTIC LIQUID MILK MARKET BY IMPORTS 1996-2011**



The market share of domestic supplies in the State's fresh milk market fell to 74% from 75% in 2010, while the market share of imports increased to 26% from 25% in 2010.

Since 1996 imports of fresh milk for liquid consumption have grown to 151 million litres absorbing all the increase of 42 million litres in consumption and displacing 109 million litres of domestic supplies.

The market share of domestic supplies in the liquid milk market has fallen from 100% in 1996 to 74% in 2011 while the market share of imports has grown from zero to 26%.

Total milk imports from Northern Ireland by processors and pasteurisers and as packaged liquid milk, amounted to 442 million litres in 2011 and were equivalent to 8% of domestic milk supplies and 23% of Northern Ireland's annual milk supply.

**TABLE 1.8 LIQUID MILK CONSUMPTION FROM DOMESTIC SUPPLIES AND IMPORTS 1996-2011**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	millions of litres															
Consumption	578	567	568	578	577	568	559	556	571	563	564	553	549	543	533	536
Domestic supplies	427	425	433	456	465	464	464	463	482	495	490	487	485	498	517	536
Total Imports	151	142	135	122	112	104	95	93	89	68	74	66	64	45	16	0
Domestic Supplies % Consumption	74	75	76	79	81	82	83	83	84	88	87	88	88	91	97	100
Imports % Consumption	26	25	24	21	19	18	17	17	16	12	13	12	12	9	3	0

Source: CSO/NMA.

## 1.5 Northern Ireland – Milk Supplies/Milk Prices

Milk supplies in Northern Ireland in 2011 amounted to 1,964 million litres, an increase of 115 million litres or 6% on the previous year and were supplied by an estimated 2,753 dairy farmers. Milk supplies in Northern Ireland in 2011 were equivalent to 37% of the State's domestic milk supplies. Over 80% of Northern Ireland's annual milk supplies are exported as finished product or as raw milk.

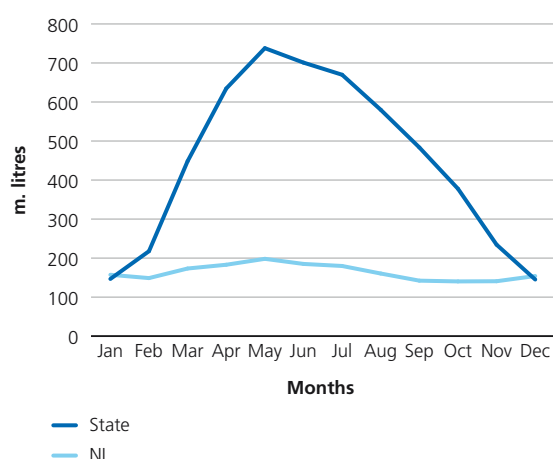
Average annual milk supplies per supplier in Northern Ireland in 2011 were 713,000 litres, which were considerably more than double the average milk supplies per supplier of 294,000 litres in the State.

The annual milk supply pattern in Northern Ireland continues to differ significantly from the State. Milk supplies are available on an all year round basis with a peak to trough month ratio in 2011 of 1.7/1 compared with 5.1/1 in the State.

**TABLE 1.9 MILK SUPPLIES IN THE STATE & NORTHERN IRELAND 2011**

	Republic of Ireland	Northern Ireland
<b>Total Supplies – m. litres</b>	<b>5,377</b>	<b>1,964</b>
Average Butterfat %	3.89	3.99
Average Protein %	3.37	3.24
Peak month/trough month ratio	5.1/1	1.7/1
Suppliers – number	18,297	2,753
Average supplies per supplier – litres	294,000	713,000

**FIG. 1.10 MONTHLY MILK SUPPLIES – STATE & NORTHERN IRELAND 2011**



Since 1993, annual milk supplies in Northern Ireland have increased by 655 million litres or 50% due to the purchase and transfer of additional milk quotas from Great Britain.

In 2011, 356 million litres or 18% of annual milk supplies in Northern Ireland were exported to the State as raw milk compared with 21% in 2010.

28% of milk supplies in Northern Ireland were traded by auction in 2011 and an estimated additional 30% of milk supplies are traded at prices based on auction prices. The annual average, auction price in 2011 was 28.32 p/l (32.55 c/l), an increase of 2.62 p/l (3 c/l) or 9% on the previous year.

**TABLE 1.11 NORTHERN IRELAND MILK SUPPLIES 1993-2011**

	MILK SUPPLIES	
	m. litres	Index
1993	1,309	100
2002	1,764	135
2003	1,772	135
2004	1,776	136
2005	1,865	142
2006	1,902	145
2007	1,918	146
2008	1,902	145
2009	1,772	135
2010	1,850	141
2011	1,964	151

Source: DARDNI.

The annual average net price to producers for all year round milk supplies in 2011 was 27.25 p/l (31.43 c/l), an increase of 2.21 p/l (3 c/l) or 8% on the previous year.

The Northern Ireland annual average, milk price for producers in 2011 was over 2 c/l lower than the annual average, milk price for manufacturing milk supplies in the State.