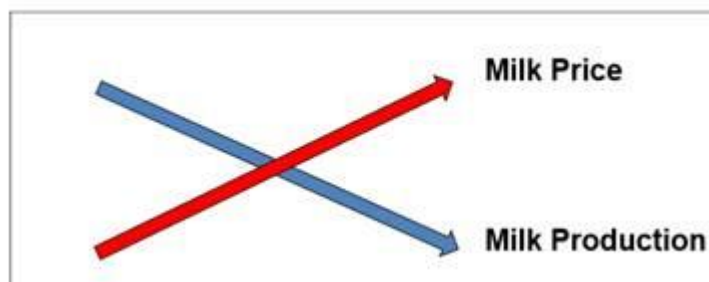


## IDF World Dairy Summit – Focus on Japan

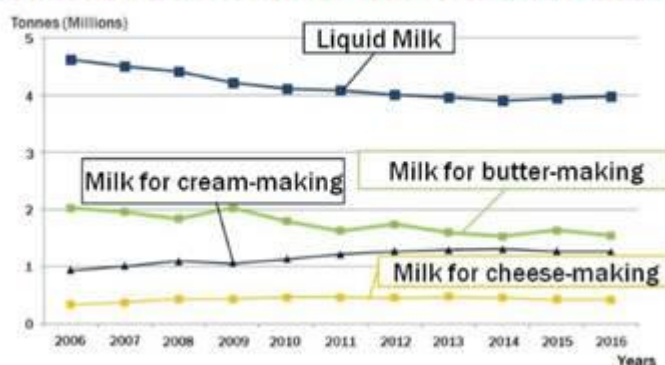
Japan is an interesting country when you consider its appetite for dairy consumption but what surprised me the most was that it was the same issues facing Japanese dairy farmers as our own here in the UK. The only difference is that in Japan the farmgate milk price has continued to go from strength to strength.

Japan's dairy paradox is the same as ours:

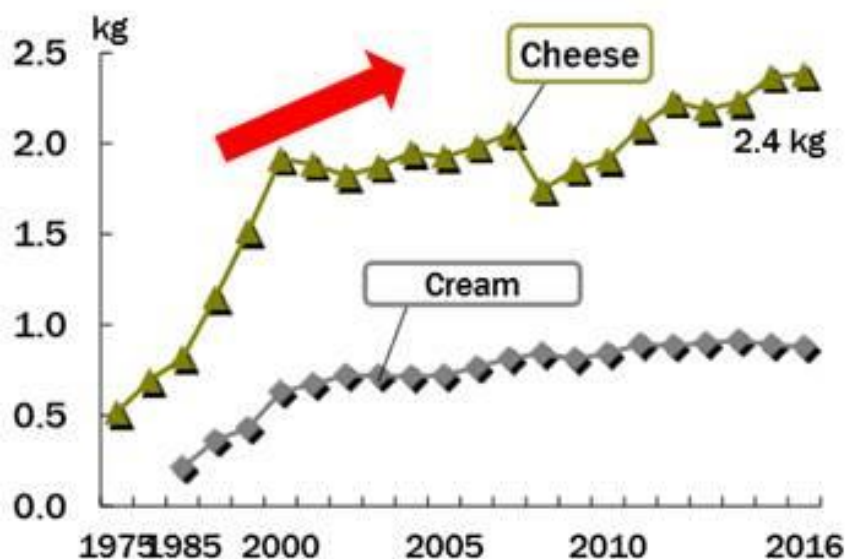


The graph below shows the utilisation of milk in Japan. Whilst liquid milk production (and consumption) is decreasing, cheese and cream production is growing. Innovative value-added products have introduced high demand and high milk prices in Japan.

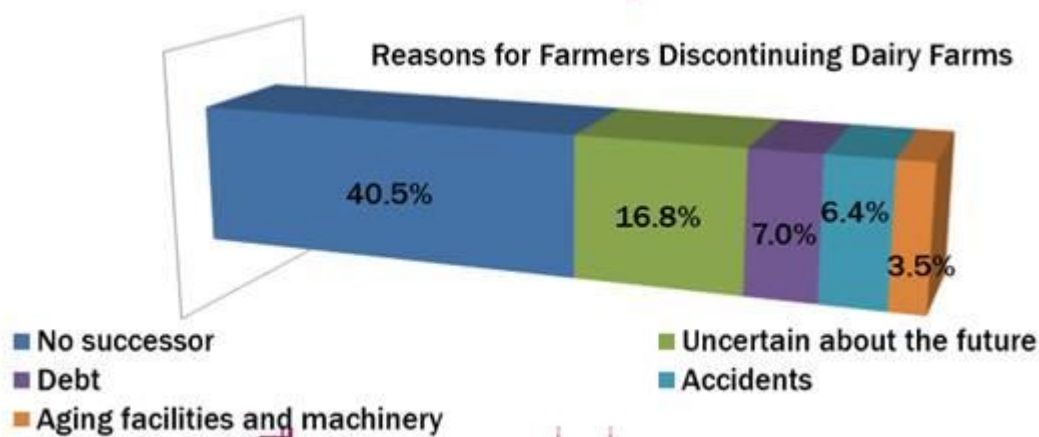
### Amounts of Milk Used in Dairy Products



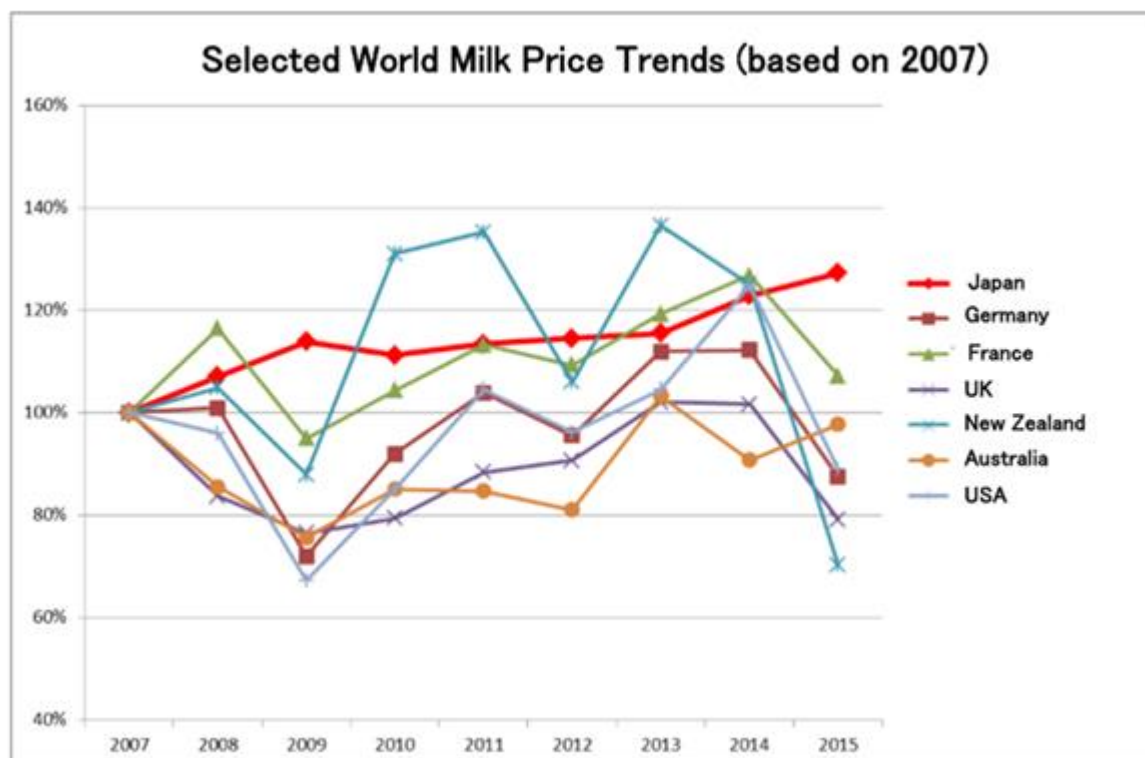
This second graph looks at consumption and it's clear to see that cheese is the product of the moment in Japan with consistent growth over recent years. Since 2000, yoghurt consumption has increased 60% with cheese also showing an upward trend. Like elsewhere in the world liquid milk consumption is falling (down 20% on 2000). At the same time even with high farmgate prices, milk volumes are falling.



But the positive news on dairy consumption and farmgate milk pricing has done nothing to improve the confidence of Japanese dairy farmers. The following diagram could be of any country in the world as most dairying countries represented at the World Dairy Summit were struggling to find dairy labour, or had any succession in place.

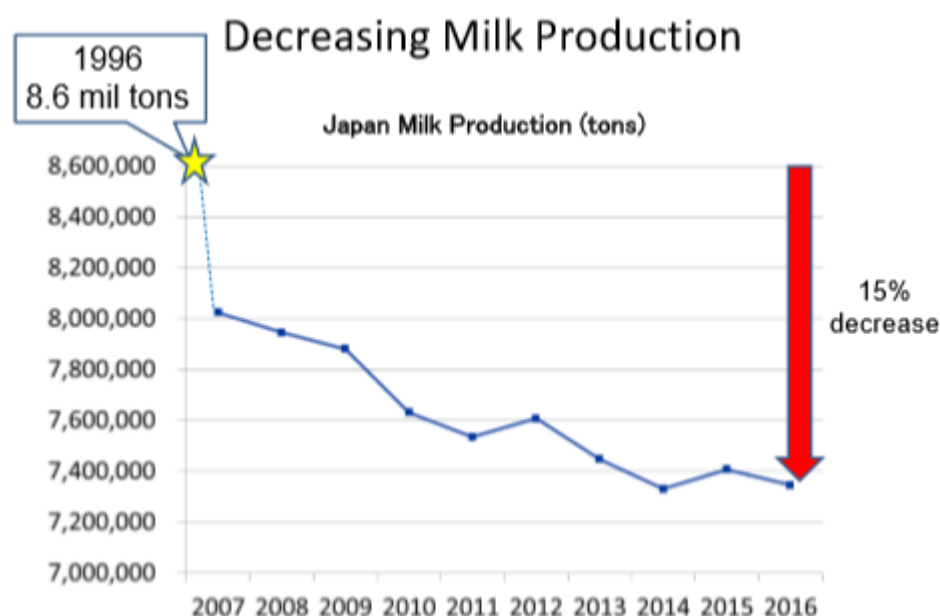


The doom and gloom above did surprise me as we were then shown this graph comparing Japanese milk prices with the rest of the world.



Japan exports dairy too, with infant milk powder and ice cream being the main products and key markets being Hong Kong, Taiwan, China, Singapore, Malaysia and Vietnam.

Production is falling (15% reduction in volume over the last 10 years) even though farmgate milk prices in Japan continue to increase.



To help reverse the above situation the government has stepped in with a number of initiatives that aim to improve technical efficiency on farm. These include milk quality awards, knowledge transfer on feeding and milking practice and sharing best practice.