WESTERN EUROPEAN OVERVIEW: European milk output has continued its seasonal decline. While milk intakes are at or near the nadir for the milk production year, dairy processors are looking ahead and trying to assure themselves of an adequate milk supply. Dairy contacts from Western Europe suggest that milk volumes have been tight throughout the year, and they do not anticipate volumes to surge into the coming year. The uncertainty of milk supply has prompted a few dairy companies to increase or hold their planned pay price. One large dairy cooperative recently increased their monthly published guaranteed price for November farm milk.

Efforts by the EU and Australia to formalize a trade agreement fell short in recent negotiations. The two sides could not agree to terms regarding agricultural market access. Specifically, Australia was seeking larger quotas and a reduction of tariffs on Australian beef, lamb, sugar, and dairy products. The EU was seeking greater protection of products from the EU’s geographic indication program. The failure to come to an agreement before the June 2024 European Parliament elections means a conclusion to the negotiations is not likely within the next few years. A free-trade agreement between the EU and New Zealand was endorsed by the European international trade committee several weeks ago.

For the last month Dutch and Belgian farmers have struggled to contain a bluetongue disease outbreak within farms. As a result, China has banned imports of cow and sheep animals and products from the Netherlands and Belgium.

According to CLAL data made available to USDA, the provisional September 2023 cows’ milk delivered to dairies in the UK was 1,172,100 MT, down 1.2 percent from September 2022. Year-to-date cows’ milk deliveries in the UK for January-September 2023, 11,639,800 MT, was 0.6 percent more than total milk deliveries in January-September 2022.

EASTERN EUROPEAN OVERVIEW: According to online resources, August 2023 Ukrainian milk production is 615,000 tons, compared to 710,000 tons in 2022 and 845,000 tons in 2021. The decrease in dairy production mirrors other aspects of Ukrainian agriculture. The rise in the costs of fuel, agrichemicals, and equipment has led to higher production costs. When coupled with lower product prices and loss of market access, there is emerging speculation that many agricultural enterprisers may go bankrupt. According to Ukraine’s largest agricultural association, the agricultural sector is unprofitable for the first time in 20 years, and losses to the Ukrainian agricultural sector could amount to more than $3 billion.

Milk production in some other Eastern European countries continue to show growth when compared to the previous year. According to CLAL data made available to USDA, September 2023 cows' milk delivered to dairies in Poland was 1,037,000 MT, up 1.5 percent from September 2022. Year-to-date milk deliveries through September 2023 in Poland, 9,851,000 MT, increased 1.5 percent compared to year-to-date milk deliveries through September 2022.

Information for the period October 30 - November 10, 2023, issued biweekly