Developments, strategies and challenges for Italian dairy sector

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Contents

• The market and the current strategies - Farm development

• An example of the world market «exit strategy»: Vacche Rosse Cheese
Milk surplus and deficit regions 2014

ME = Milk equivalents

Fonte: CRPA-IFCN
Self sufficiency in ITALY

<table>
<thead>
<tr>
<th>Product</th>
<th>Self sufficiency in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheese</td>
<td>84.9</td>
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</tbody>
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EXPORT ABOUT 300.000 tons of cheese

BUT IMPORT 500.000 tons of cheese
THE TERRITORY
Where are the COWS? (about 1.5 million)

Italy cows per size class 2010

- Cows 1 - <10 cows
- Cows 10 - <50 cows
- Cows 50 - <100
- Cows 100 - <500
- Cows >=500 cows

41%
16%
10%
Cost of milk production only in average sized typical farm types in 2014 (US-$ / 100 kg ECM)

Comment: Average sized farms in the countries, analysed year: 2012 ECM: energy corrected milk (4% fat, 3.3% protein). For the conversion on the left hand side exchange rate used: 1€ = 1.304 US$.
Cheese prices Grana Padano and Parmigiano-Reggiano 2008-2015 (€/kg)
Among 400 different “traditional cheeses” recorded in Italy

ABOUT 4.2 million tons of Italian milk goes to PDO CHEESES

There are 29 Protected Designation Origin PDO Cheeses (COW MILK)
Ensures that only products originating in a specific area are allowed in commerce as such
Farms number and milk production

- **Numero allevamenti**: Number of farms
- **Miglia di tonnellate**: Million tonnes

- **Allevamenti da latte (numero)**: Dairy farms (number)
- **Produzione totale commercializzata (.000 t)**: Total commercialized production (.000 t)
• The current strategy of cost reduction and increasing size it has been a loosing strategy for our dairy farmers
• There is no difference between pre or post quota since the quota was based on oversupply and not on self sufficiency
• Disconnection between farming and consumers is increasing
• New models should emerge to permit our farmers to survive
• An example: IL CONSORZIO VACCHEROSSE
Densità territoriale delle vacche da latte nel Nord Italia

Aree di indagine
Numero di vacche da latte per ha di SAU:
- 0 - 0.17
- 0.18 - 0.30
- 0.31 - 0.40
- 0.41 - 0.70
- 0.71 - 1.00
- 1.01 - 1.40
- 1.41 - 5.00

Elaborazione CRPA

PARMIGIANO REGGIANO

C.R.P.A.
An «exit strategy» from the commodity market

• A group of 40 farmers created a cooperative to process only vacche rosse milk into Parmigiano-Reggiano (530 tons/year)

• Marketing based on tradition, biodiversity, direct selling,

• They saved the breed under threat of extinction
Vacche Rosse Cheese Price

- Parmigiano-Reggiano Cheese Vacche Rosse 24 Months
- Parmigiano-Reggiano Cheese 24 months
- Grana-Padano Cheese 15 Months
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