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STUDY ON THE MILK MARKET IN THE PERIOD 2017-2021

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Abstract: *This article presents the milk market in the period 2017-2021 highlighting aspects regarding the evolution of the herd (cows), milk production, price, consumption, import, export, market characteristics, the main dairy producers in Romania, but also a series of conclusions that are the basis of this study. The research method used in the study is statistical data processing and economic analysis of data. Cow's milk is composed of 3.5 percent fat, 9 percent milk solids and 87.5 percent water. The main protein (80 percent) is casein. The milk of certain mammals, including cows, sheep, goats, buffaloes and yaks, is collected for human consumption, either directly, usually after pasteurization, or processed into dairy products such as cream, butter, yoghurt, ice cream or cheese. Milk is a complete food that contains all the nutrients that the human body needs. Cow's milk is the most appreciated by the consumer and the most accessible in terms of price, which are the main reasons why I chose to study this segment.*

Keywords: *cow milk, price, consumption, evolution*

JEL Classification: Q11; Q13;L11

INTRODUCTION

In this paper, I set out to analyze the statistical data on the cow's milk market, at the national level, highlighting aspects such as milk production, cow herds, price, consumption, import, export, the most important dairy producers in Romania but also a series of conclusions that are the basis of this study. At the national level, approximately 33% of Romanians consume milk daily or almost daily, it has many health benefits, being rich in calcium, proteins and vitamins for the body. given the pandemic caused by Covid-19, consumer behavior has changed a lot in terms of a healthier lifestyle, especially in terms of food. People have started to pay more attention to everything they consume for their health.

MATERIAL AND METHOD

The research method used in the study is the statistical processing and economic analysis of official statistical data such as INS, MADR but also websites, specialized magazines. Based on these data, comparative analyzes of the milk market at the national level were carried out.

RESULTS AND DISCUSSION

At the national level, the total value of the herds of cows and buffaloes decreased by a percentage of 7.94 percent in 2021 compared to 2017. The possible causes that influenced this decrease could be the aging of the population that can no longer effectively take care of themselves of animal husbandry. Another possible cause could be the very low price of milk that cannot even cover production costs, which makes farmers give up. In addition to these two problems, we can also add the lack of pastures that discourage farmers from - multiply the number of cows.

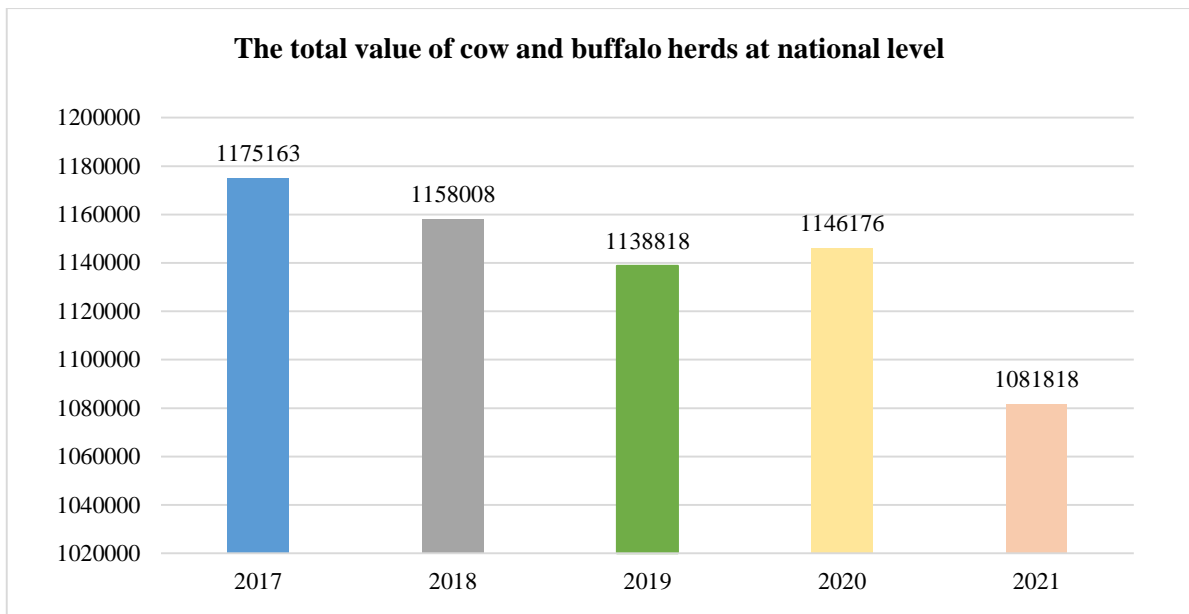


Figure 1. Total number of cows

Source:NIS

Figure 2 shows the total production of cow and buffalo milk at the national level, which decreased by 4.24% in 2021 compared to 2020. A cause of this decrease could be determined by the drastic decrease in herds of cattle.

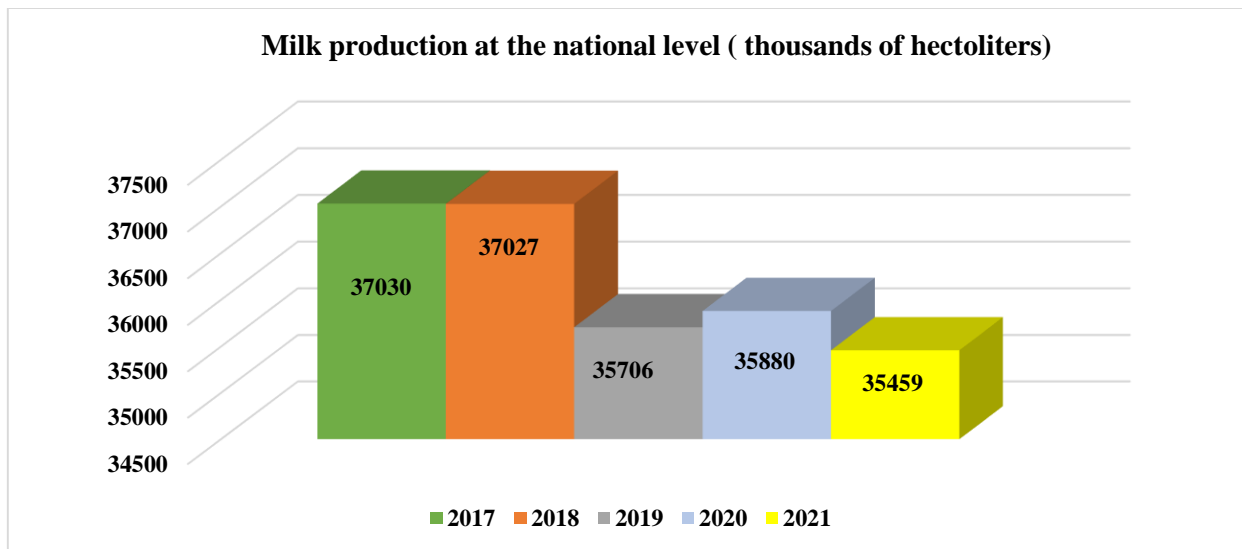


Figure 2. Milk production

Source:NIS

In figure 3, the average prices of cow's milk between December 2018 and June 2022 are highlighted. As can be seen in the graph, it increased in June 2022 by 50% compared to 2018, from 2.74 lei/l to 4.11 lei/l. The main reason for this increase is the increase in production costs. Farmers complain about the high price of fodder, diesel but also the very low subsidies that do not even cover a third of the costs.

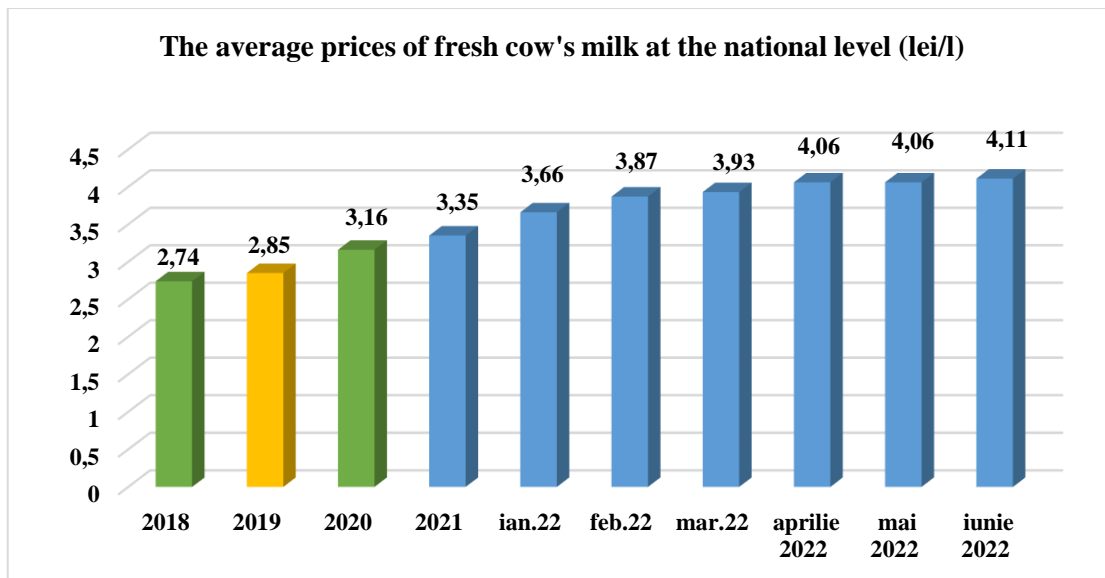


Figure 3. The price of milk

Source:NIS

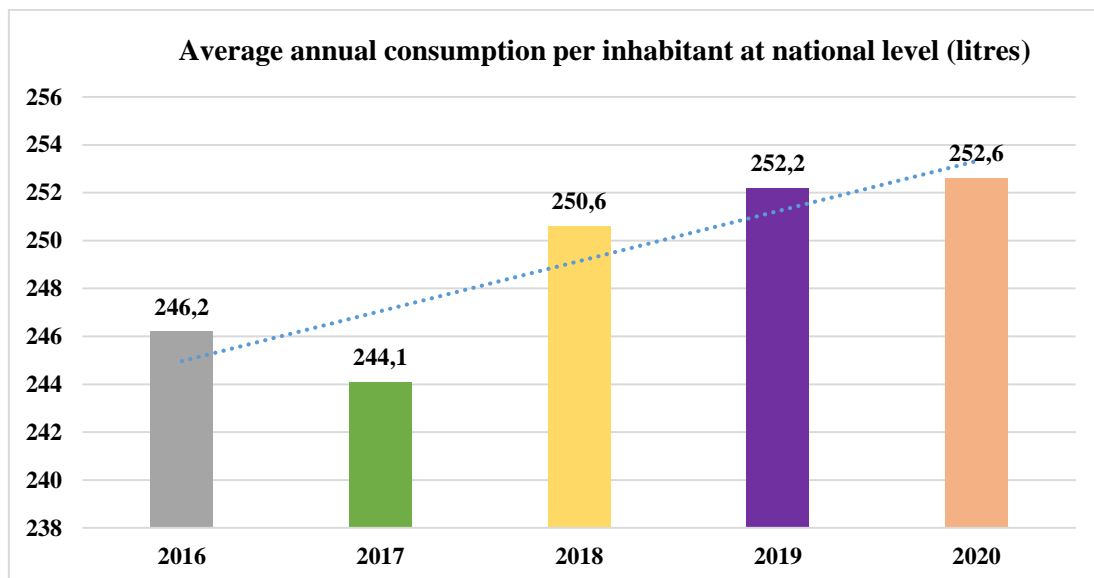


Figure 4. Average consumption

Source:NIS

Figure 4 shows the average annual consumption at the national level in the period 2016-2020. As can be seen in the graph, comparing the first year with the last study, there was an increase of 2,6 percent, which indicates that Romanians have approached a healthier way of life during the pandemic, they appreciated the beneficial effects of milk, starting to consume more, but also staying at home made consumers stock up to decrease the frequency of supply.

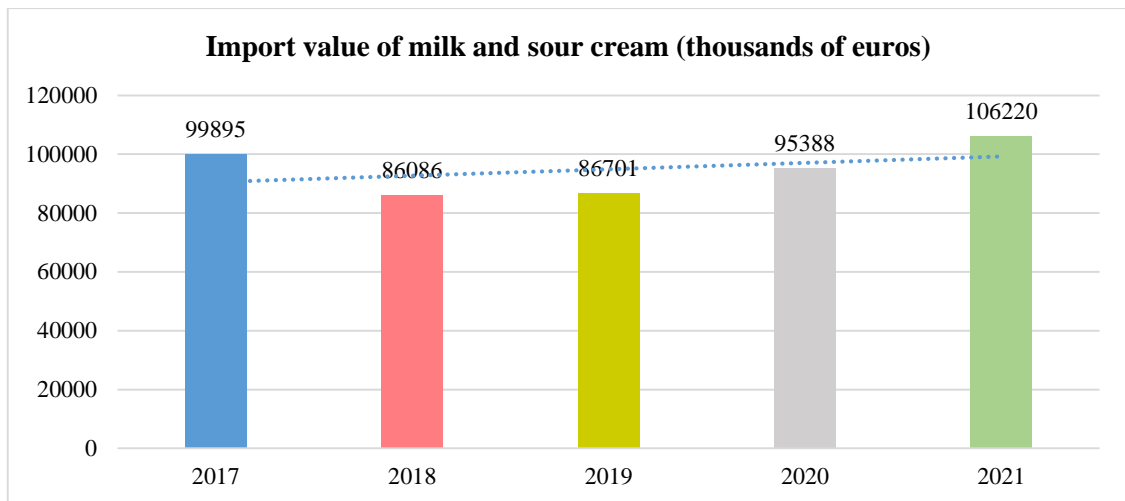


Figure 5. The value of the import

Source:NIS

According to the statistical data of the National Institute of Statistics, the value of the import of milk and milk cream increased in 2021 by 6.33 percent compared to 2017. This increase is due to the drastic decrease in the number of cows that caused milk production to decrease resulting in an increase in imports.

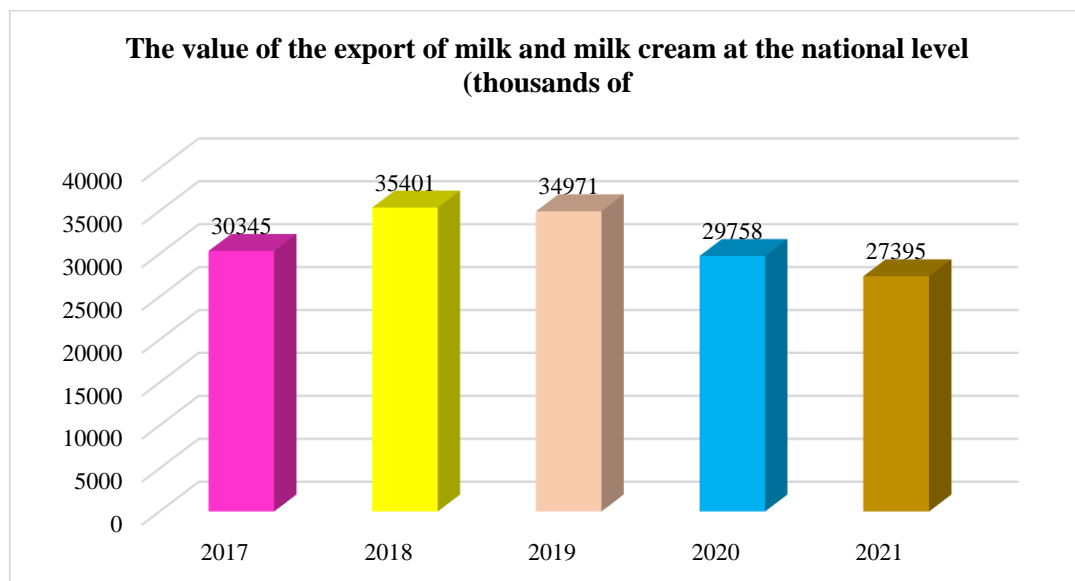


Figure 6. Export value

Source:NIS

Figure 6 shows the export value over a period of 5 years. At the end of 2021, the export value decreased by 9.72 percent, reaching 27395 thousand euros.

The main dairy producers in Romania

According to the profile websites, the strongest entrepreneurial businesses are represented by Albalact S.A, Danone Romania, FrieslandCampina Romania, the Braşov dairy and Hochland Romania.

Albalact SA was established in 1971, privatized in 1999, with the Ciurtin family acquiring the majority of the shares, which they later sold to the French from Lactalis for approximately 72

million euros, including the campaigns that came under the manufacturer's name, these being Rarăul and Albalact Logistic. In 2017, Lactalis delisted the company's shares from the stock exchange.

Since 2016, Danone ranks second in the list of the most important milk producers, with a turnover of 633 million lei in 2020 from 612 million lei in 2019.

Friesland Campina Romania is the producer of the Romanian brand Napolact, representing, according to the latest data, more than 70% of the company's turnover. It has 3 factories locally, in Baciu, Târgu Mureș and Țaga (Cluj county). In the last mentioned factory cheeses are produced in collaboration with the Transilvania Cheese Factory.

The Brașov dairy (Olympus) is a leader in collecting milk from Romanian farmers with a maximum reception capacity of 48,000 liters of milk per hour, which is then processed on the production lines.

Thus, the company can produce 16,000 liters of milk for consumption (PET bottle) and 10,500 liters of UHT milk (TetraPak packaging) per hour, 150 tons of yogurt and 120 tons of cheeses per day. All Olympus brand products benefit from a state-of-the-art technology called TetraPak.

Hochland entered the Romanian market in 1993 through the company Whiteland, which imports and sells processed cheese, triangles and slices in stores. In new equipment, which will allow production to increase, in order to consolidate its leading position on the market and increase the amount exported. Hochland Romania owns two factories, one in Sighisoara where in 1999 it produced the first Mixtett processed cheese and the second being in Sovata where the cheese is produced.

CONCLUSIONS

The cow's milk market can certainly be characterized as an uncertain market, being often unpredictable, especially in the last period when, due to the pandemic caused by Covid-19, there have been considerable changes that can also be seen in the statistical data.

Regarding the evolution of the herds of cows and buffaloes at the national level, a decrease was recorded from 1175163 heads in 2017 to 1081818 heads in 2021.

Milk production also decreased from 37030 thousand hectoliters in 2017 to 35459 thousand hectoliters in 2021.

Cow's milk registered a 50% increase in June 2022 compared to 2018, where a total price of 2.74 lei/l was recorded.

Annual milk consumption recorded a minimum in 2017 of 244.1 liters per inhabitant/year and the maximum was recorded in 2020 with a value of 252.6 l/inhabitant, with an increase of 3.48%.

The import of milk at the national level registered a minimum of 86,086 thousand euros in 2018, and a maximum of 106,220 thousand euros in 2021, resulting in an increase of 23.39% in the last year of study.

Milk export recorded a maximum of 35,401 thousand euros in 2018 and a minimum of 27,395 thousand euros, resulting in a decrease of 22.62%.

The Covid-19 pandemic certainly had a negative impact on the entire economy not only at the national level but also at the world level. Unfortunately, many farmers had to give up cows because they cannot support the expenses due to the increase in the price of fodder, electricity, fuel but also of very small subsidies that do not even cover production costs, farmers complaining that the government is not interested in this sector and even more so does not support them in this regard.

In conclusion, the milk market was considerably affected by the Covid-19 pandemic, by the expenses incurred by many processors to close the factory doors, to give up employees, sending them into unemployment.

Certainly the European institutions will use all the means at their disposal to make this market stable again from all points of view.

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