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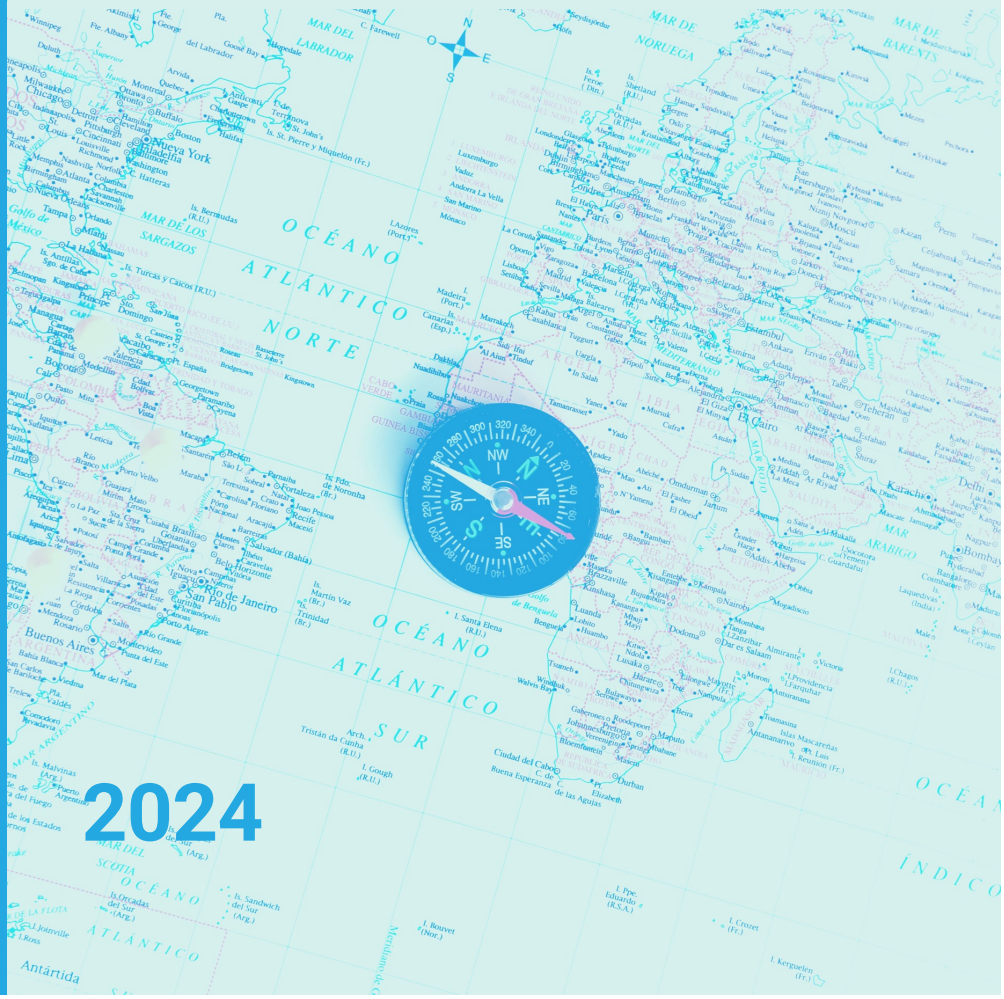
Outlook

Potential Target Markets for Ukrainian Dairy



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Abbreviations and Acronyms

Regions:

CAUCA - Caucasus and Central Asia

CEEUR, CEE - Central and East Europe

MENA - Middle East and North Africa

N Asia, NA - Northern Asia

SE Asia, SEA - Southeast Asia

Brexit - the merger of the words 'Britain' and 'exit' - the UK's withdrawal from the EU

CARG - Compound annual growth rate. The term representing the mean annualized growth rate for compounding values over a given time period

COVID-19 - coronavirus disease pandemic 2019

FAO - Food and Agriculture Organization of the United Nations

FTA - Free Trade Agreement

HS 401-406 - 'dairy codes' of the Harmonised Commodity Description and Coding System (HS) developed by the World Customs Organisation. The Ukrainian Classification of Goods for Foreign Economic Activity (UCGFEA) is based on the HS

IFCN - International Farm Comparison Network, **IFCN Dairy Research Centre** - a research centre based in Kiel, Germany

IMF - International Monetary Fund

OECD - Organisation for Economic Co-operation and Development

USDA - United States Department of Agriculture

SMP - Skimmed Milk Powder

WMP - Whole Milk Powder

SWP - Sweet Whey Powder

AMF - Anhydrous Milk Fat

1 EXECUTIVE SUMMARY

Priorities for regions and countries selection according to the attractiveness of Ukrainian dairy exports. Risks and opportunities

Regions Selection

Summary

Export is an important element of a country's economic development. It contributes to the growth of gross domestic product, creates jobs, provides foreign currency inflows and stimulates competition, which leads to improved product quality.

Despite the current balance of Ukraine's dairy market, where import is important to meet Ukrainian consumer demand, it is the development of exports that can stimulate work on the efficiency of production and processing of raw materials, which, in turn, will help to increase supply and improve the trade balance.

Ukraine already operates in key dairy import regions, so the objective of this outlook is to compare the attractiveness and risks of each of them and identify promising target markets for Ukrainian dairy exports, considering the trade, macroeconomic and demographic analysis of the selected countries.

The list of regions selected in the review consists of five, The top 3 regions in terms of dairy imports in monetary terms (North Asia, Middle East and North Africa, and Southeast Asia), as well as regions historically and geographically connected to Ukraine, which are also attractive due to trade preferences (Europe, Caucasus and Central Asia).

The list of countries selected in the review for analysis and comparison includes 56 states. All countries, according to the regions listed, are shown on the map in Figure 1.1. Selection of countries:

Central and Eastern Europe (17) includes the countries of Central, Eastern and South-Eastern Europe, according to the CIA world factbook*, apart from Germany, Austria, Russia and Belarus: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Hungary.

Caucasus and Central Asia (8), according to the CIA world factbook: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.

There are many variants of the list of countries for the **Middle East and North Africa** (MENA) region; this analysis includes Turkey but excludes Sudan and Mauritania (19): Algeria, Bahrain, Egypt, Iraq, Iran, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, United Arab Emirates (UAE), Yemen.

Northern Asia (4), according to UN Statistics Division**, except for Mongolia and North Korea: China, Japan, Republic of Korea, Taiwan.

Southeast Asia (8), according to the UN Statistics Division, except for Brunei, Laos and Timor: Cambodia, Indonesia, Myanmar, Malaysia, Philippines, Singapore, Thailand, Vietnam.

Risks and Opportunities

In recent years, the choice of a target market for exporting goods has become more complicated. The analysis should include not only the parameters of the importer's needs and consumer capabilities, but also geopolitical factors.

While in the 2000s and early 2010s, global trade was moving towards maximum openness, with the corresponding removal of trade barriers and a peak in the signing of FTAs (free trade agreements) between countries, the trend has been reversing over the past decade.

Countries and regions are increasingly seeking to protect their markets by restricting competitors' imports (justified sanctions restrictions are observed). Along with the deterioration of logistics predictability, global trade is moving from globalisation to localisation.

FIG.1.1. **POTENTIAL DAIRY IMPORTING REGIONS**

* - www.cia.gov/the-world-factbook
** - unstats.un.org/UNSDWebsite

This was caused by: the intensification of populist and nationalist policies around the world contributed to an increase in the number of trade wars between countries (e.g., Brexit or trade wars between China and the United States), the COVID-19 pandemic in 2020-21 completely changed the attitude of operators to warehouse and transport logistics, but the most powerful factor is the growth of armed conflicts, where Russian aggression in Ukraine undoubtedly stands out.

According to the April Geopolitical Risk Dashboard Report by the BlackRock Investment Institute*, the key geopolitical risks for global trade include the following:

Strategic competition between the United States and China, where the following issues stand out as acute problems: technological competition between the countries, excessive exports of Chinese industrial capacity, US accusations of Chinese financial institutions supporting Russia's military actions, and the conflict over Taiwan.

Russia's invasion of Ukraine is the largest and most dangerous military conflict in Europe since World War II. Russia receives arms supplies from countries such as Iran and North Korea, as well as significant financial support from China. This poses a threat to NATO countries.

Tensions in the Middle East, including Israel's military operation in Gaza and militant activity in Lebanon, Syria, Iraq and Yemen with Iranian support, raise the risk of further escalation in the region. The terrorist threat to commercial ships in the Red Sea due to attacks by Yemeni Houthis is worth noting, which redirects trade flows to bypass Africa and increases the cost of global logistics (a separate section of the review).

The majority of geopolitical risks are associated with Asian countries. At the same time, this part of the world has the largest population, low food self-sufficiency, and is the largest importer of dairy products in the world. Therefore, for example, even strategic and military competition does not prevent the United States and China from being key trading partners, including the dairy products.

In contrast, the European Union is one of the key global exporters of dairy products, but some countries, mainly in the eastern part of Europe, have a trade deficit. Given its proximity and the current absence of quotas and duties for Ukraine, the region is interesting for Ukrainian dairy exports. The high rate of milk consumption and the level of solvency of the population are also advantages.

At the same time, there is a threat that the zero quota for Ukrainian goods may be cancelled in 2025, but if the industry quickly adapts to European requirements, it is likely to benefit from permanent trade preferences and build long-term relationships with importers, including for high-margin and high value-added products.

Traditionally, the markets of the Caucasus and Central Asia have been attractive to Ukraine, also mainly because of the absence of trade barriers. Given their proximity, economic growth prospects and consumption of dairy products, the region remains important for Ukrainian exporters. However, the complication and increase in the cost of logistics due to Russian aggression deprives Ukraine of advantages compared to Russian exports.

A list of the main opportunities and threats to trade in Ukrainian dairy products with selected regions is presented in Table 1.1.

Table 1.1. Opportunities and threats in trade with countries of selected regions

Region	Opportunities	Threats
Central and Eastern Europe	• current effect of free trade conditions • convenient logistics • high solvency of the population	• probability of the quota renewal in 2025 • high supply rate of dairy products in the EU
Caucasus and Central Asia	• current effect of free trade conditions • traditional markets/ buyers are familiar with Ukrainian products • high rates of retail development	• increased cost of logistics from Ukraine • competitive pressure from Russian exporters
Middle East and North Africa	• a key global importer • relatively convenient logistics • high growth rates of dairy consumption and retail development	• a large number of geopolitical risks in the Middle East • economic instability/ inflationary risks
Northern Asia	• a key global importer/ China is the world leader in dairy imports • high solvency of the population	• geopolitical risks as of China • economic and demographic stagnation • inconvenient logistics
Southeast Asia	• a key global importer • high growth rates in dairy consumption and retail development	• economic instability • inconvenient logistics

Analysis: Infagro

* - www.blackrock.com/corporate/literature/whitepaper/geopolitical-risk-dashboard-april-2024.pdf

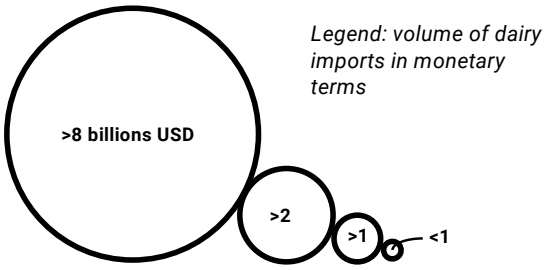
Countries Selection

As for the countries selection according to the attractiveness of Ukrainian dairy exports, the main factors were the volume and dynamics of imports in monetary terms (CARG 2018-2022) and the dynamics of population (CARG 2019-2023).

The countries of each of the five regions were ranked by the volume of dairy imports in monetary terms (as of 2022). Accordingly, five lists of countries were identified (except for the North Asia region, which selected all four countries).

The selected countries were distributed in the graphs: on the X-axis - according to the average annual change (CARG) of the five-year period of dairy imports (trade codes 0401-0406, according to Trade Map), on the Y-axis - according to the average annual change (CARG) of the five-year period of population (according to the International Monetary Fund, IMF).*

To identify a focus group of countries for further detailed analysis (in separate targeted reports), the priority was given to the marks in the upper right corner of the graph (import growth, population growth). The indicators of milk consumption per capita, GDP per capita, and the volume of the retail market for dairy products and their alternatives were also considered (a detailed analysis of the indicators is provided in the third section of this outlook).



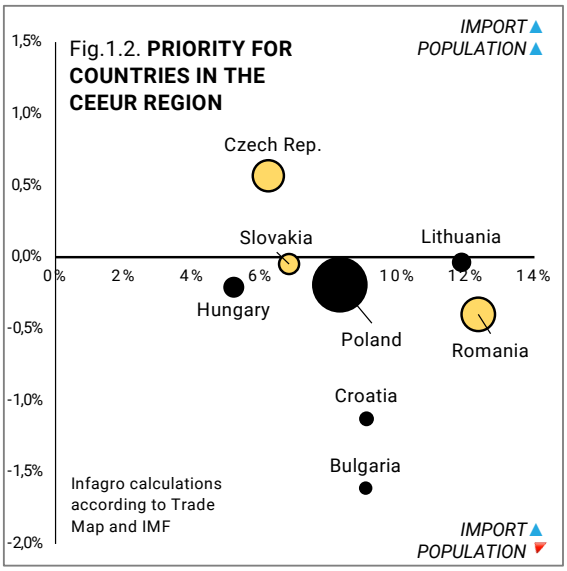
Central and Eastern Europe

In the CEE region, only the Czech Republic stands out for its simultaneous growth in dairy imports and population, which is also an attractive market in terms of retail sales capacity and economic indicators that affect consumer purchasing power.

Poland is the undisputed leader in the region in terms of dairy imports and consumer market size, but the country's dairy balance is clearly export-oriented. A similar situation, albeit in smaller proportions, is observed for Lithuania. These countries are also important for Ukrainian dairy exports, due to their geographical proximity, but for the purposes of further research the focus is on import-oriented countries.

For example, the prospects are clearer for Romania, which has demonstrated a significant increase in dairy imports in recent years, has a high demographic indicator and active GDP growth per capita. Slovakia also is an import-dependent country with favourable macroeconomic and demographic prospects and borders Ukraine.

Selected for detailed analysis (Fig. 1.2):
- *Czech Republic*
- *Slovakia*
- *Romania*

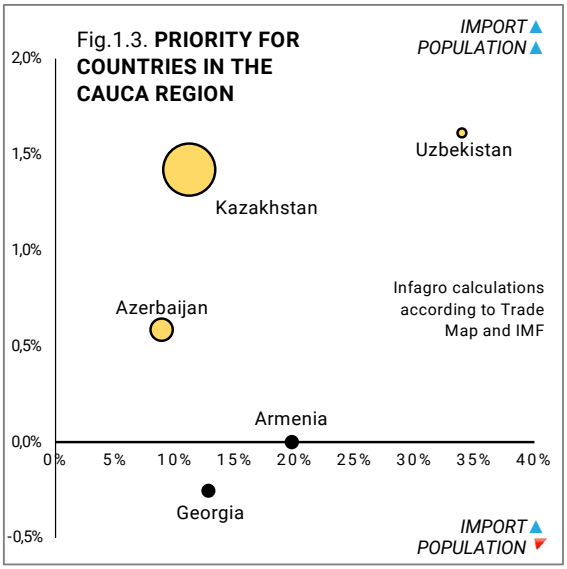


Caucasus and Central Asia

Among the five Central Asian countries, Kazakhstan is the undisputed leader by all indicators, and it remains the key market for Ukrainian dairy exports. Uzbekistan is another promising destination that is showing development, particularly in the import and retail trade of dairy products.

Among the Caucasus countries, Azerbaijan has the best performance and prospects.

Selected for detailed analysis (Fig. 1.3):
- *Kazakhstan*
- *Uzbekistan*
- *Azerbaijan*



* - www.trademap.org

Countries Selection

MENA

The Middle East and North Africa region is one of the world's key destinations for dairy trade. There are three main countries in terms of import value and growth rates.

Two of them, Saudi Arabia and the United Arab Emirates, are located in the Middle East and, in addition to high dairy imports, are also distinguished by their economic development and rapidly changing consumer habits. The countries are also logistics hubs, which allows them to shape the overall trade trends in the region.

Algeria is a key importer of dairy products, primarily milk powder, in North Africa. Other interesting markets in the region for trade are Morocco and Egypt. In recent years, Morocco has been actively increasing its dairy imports and expanding its product range (the best growth rate among key importers), while Egypt is experiencing a rapid decline in economic performance, which puts further prospects for import trade in question.

Selected for detailed analysis (Fig. 1.4):
- *Saudi Arabia*
- *Algeria*
- *UAE*
- *Morocco*

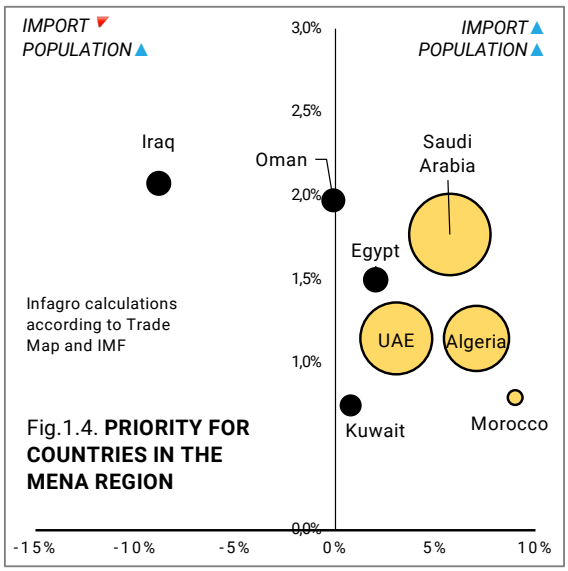


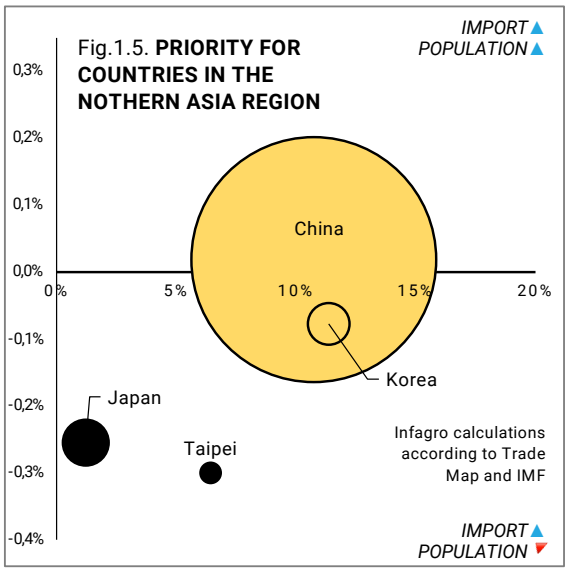
Fig.1.4. **PRIORITY FOR COUNTRIES IN THE MENA REGION**

Northern Asia

China stands out for its purchases of dairy products - the country ranks first in the list of global importers (with a 25% share of global trade in milk equivalent). Therefore, this direction is of interest to all existing importers, even if the country is a 'potential enemy' in the US doctrine and a current controversial partner for Ukrainian business.

Longer-term relations should be built with South Korea and Japan. Unlike the latter, Korea has maintained its dairy import growth rates in recent years and demonstrates a more stable demographic trend.

Selected for detailed analysis (Fig. 1.5):
- *China*
- *South Korea*



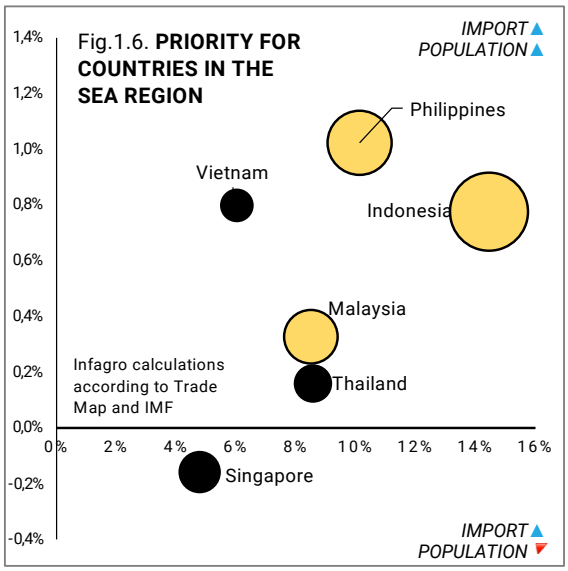
Southeast Asia

Southeast Asia has made dynamic progress in recent years in both economic development and dairy imports. Growth rates have slowed somewhat due to the COVID-19 crisis, but current forecasts reveal a resumption of the upward trend in the near term.

Except for the most economically developed Singapore, the region's other major dairy importers are also experiencing stable population growth, which supports a positive outlook for consumption.

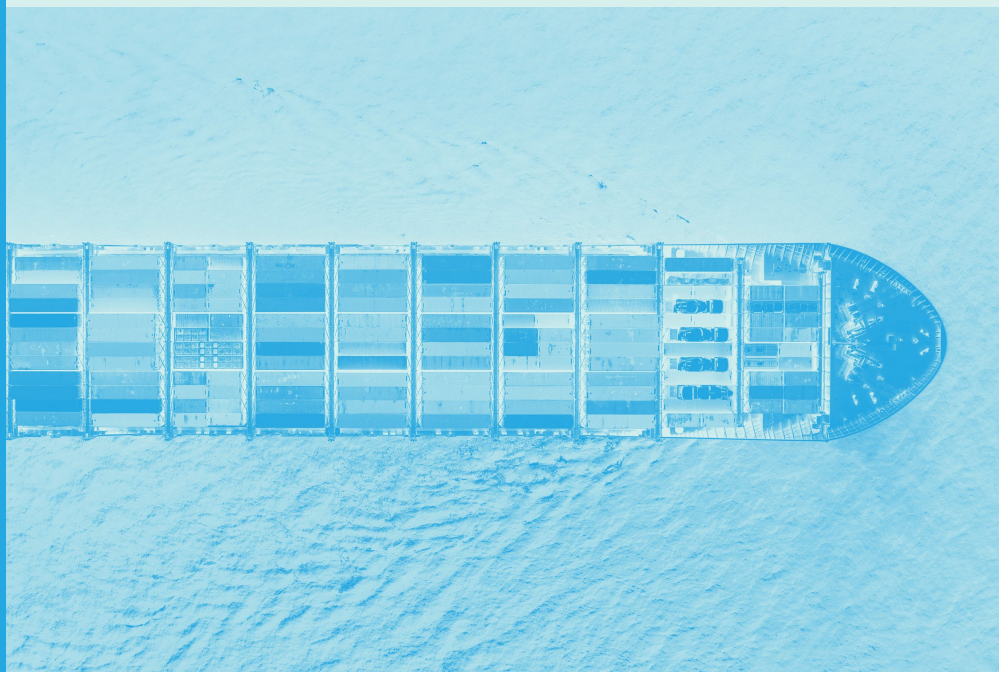
Indonesia, the Philippines and Malaysia are among the top 3 countries in the region in terms of dairy imports in monetary terms in 2022, and these markets are also leaders in terms of meeting the assessment criteria.

Selected for detailed analysis (Fig. 1.6):
- *Indonesia*
- *Philippines*
- *Malaysia*



2 GENERAL TRENDS

Global market conditions, trade balance dynamics, current trends of the global dairy market



Global

General Trends

Milk is perhaps the most basic food. It is the first thing a baby receives, and it is an essential product of daily consumption for most people in the world.

The world's population is growing steadily, and in 2023 it already exceeded 8 billion people. Most of this population consumes milk and dairy products. In 2023, production reached about 950 million tonnes of milk, so the average global citizen consumes about 118 kg of milk equivalent per year. However, per capita consumption varies from region to region and country to country. In some countries, such as Cambodia or Sierra Leone, this figure barely reaches 10 kg, while in other regions, some EU countries or New Zealand, it even exceeds the level of 500 kg per capita per year.

Depending on the regions of the world, the difference in consumption of dairy products is due to various factors, such as the population's ability to pay and consumption culture. However, the main factor is the ability to produce milk on their own. The climate conditions in some regions of the world do not allow for proper dairy farming, which has led to the development of global dairy trade. International sales account for about 9% of all milk produced in the world. Of course, exports and imports are mainly based on finished products with long shelf life and/or recovery properties of raw materials for local dairy production or for use in other industries.

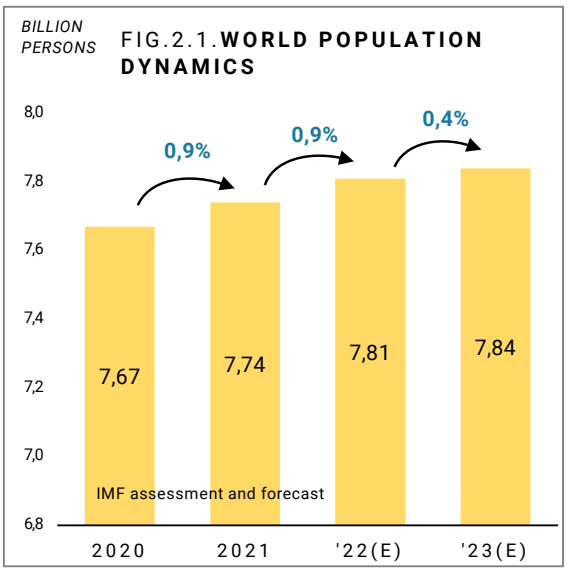
As the world's population grows and the economies of developing countries improve, global milk consumption and production are steadily increasing. According to the Food and Agriculture Organisation of the United Nations (FAO)*, over the past 5 years, global milk production has increased by about 6%, to almost 950 million tonnes in 2023 (Fig. 2.2). Experts believe that in the coming years, as in the last decade, global milk production will increase annually by 1.5-1.7%. However, the positive dynamics of milk production will shift from economically developed countries to developing regions with a great potential to increase consumption of dairy products.

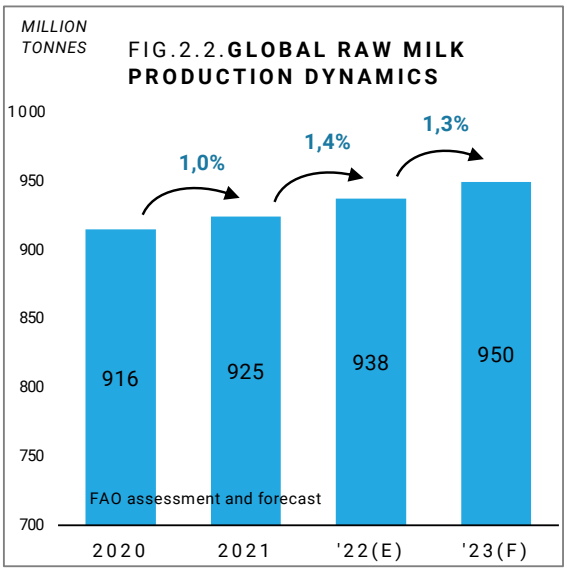
According to OECD-FAO** forecasts, global milk production is expected to increase by 17% to 1 039 million tonnes by 2032. At the same time, in developed countries, the increase will be only 6%, to 433 million tonnes (the average in 2020-2022 was 409 million tonnes). And in developing countries, milk production is expected to increase by 27% to 607 million tonnes (the average in 2020-2022 was 479 million tonnes).

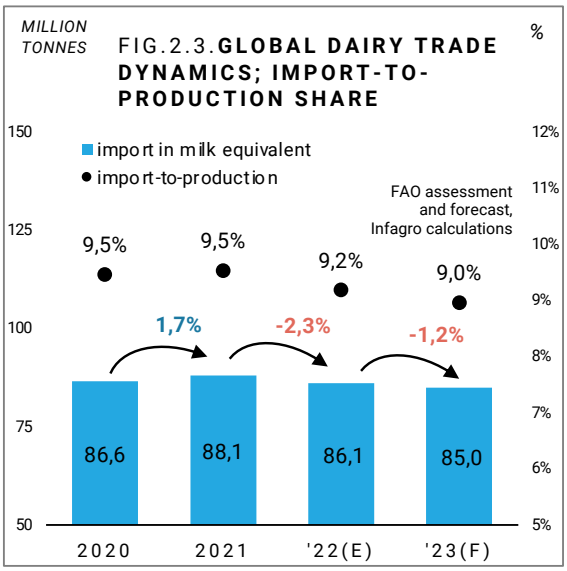
EU countries, including for environmental reasons, do not intend to increase milk production further, and it is likely that within 10 years there will even be a 3-4% decline from the current 150 million tonnes. The drop in supply will also lead to a reduction in exports.

Many experts believe that the potential for a significant increase in milk production in the US and Oceania (New Zealand, Australia) has also been exhausted.

At the same time, most Asian countries intend to increase milk production, with total production in the region now reaching 425 million tonnes, or about half of the world's supply (Fig. 2.4).







** - FAO. 2024. Dairy Market Review: Overview of global market developments in 2023. Rome*
*** - OECD-FAO Agricultural Outlook 2023-2032*

Global

India (the world's largest milk producer) has increased its milk yield by 7% in the last three years, to around 230 million tonnes. However, most of it is buffalo milk, while cow's milk is still produced at 100 million tonnes a year. Over the past three years, China has increased milk production by at least 8% to over 43 million tonnes. Pakistan has also been steadily increasing its supply, with production rising by 5% over three years to 65 million tonnes.

In Africa, production volumes are still stable at around 53 million tonnes per year. Over time, supply in this region may improve, but not significantly. Dairy farming is relatively well developed in Egypt, Kenya, Algeria and South Africa.

Some countries in South and Central America, which currently produce around 87 million tonnes of raw milk, also have good potential to increase milk production. The most expected improvement in dairy farming is expected in Brazil and Argentina.

Analysts also point to the possibility of further increasing milk production in Russia and Belarus, which currently produce about 40 million tonnes, but this will be problematic in the context of global isolation.

The base of milk consumption in the world is made up of drinking milk and fresh dairy products (fermented milk products, desserts, etc.). Currently, the world consumes about 480 million tonnes of such products, and analysts predict a 20% increase by 2023. Significant volumes of milk are processed into butter (about 13 million tonnes per year), whole milk powder and cheese (over 25 million tonnes per year), and whey products.

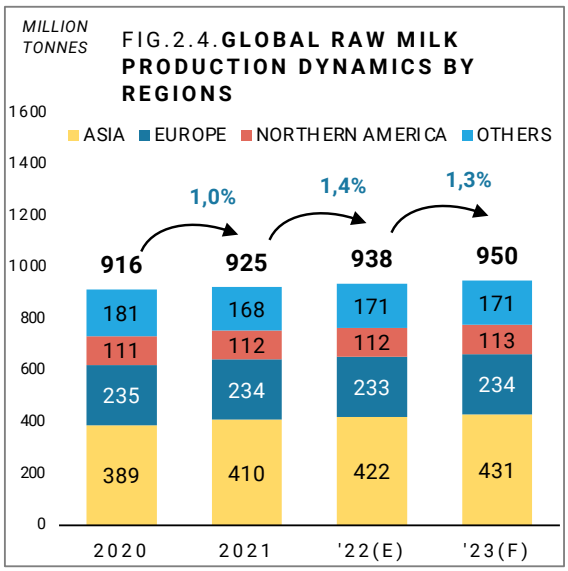
Countries with low domestic milk production and relatively high consumption have to import either finished dairy products or raw materials. According to rough estimates, the volume of global trade in dairy products is about 86 million tonnes per year in raw milk equivalent (Fig. 2.3, 2.5).

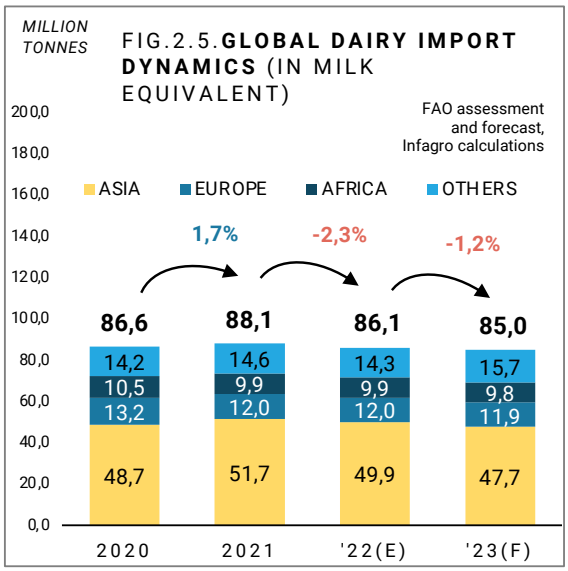
Currently, the leading exporters of dairy products are the EU, Oceania, the US, and even Belarus. The EU countries sell 23-25 million tonnes of milk equivalent per year, which is about 28% of the total world trade, New Zealand - 18-20 million tonnes (22%), and the US - more than 13 million tonnes (16%).

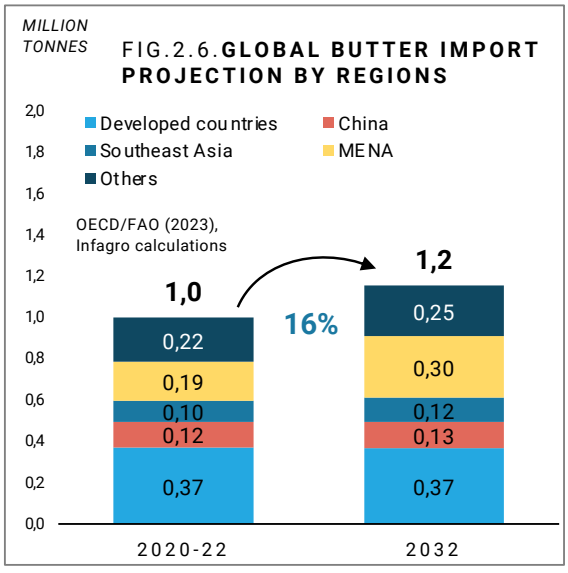
Asia is the largest importer of dairy products in the world, with countries buying up to 50 million tonnes of raw milk equivalent annually (Fig. 2.5). There are quite a few large importers in Asia, but the largest, not only in the region but also globally, is China, which imports 16-19 million tonnes of dairy products annually, or about 20% of global trade. In addition to China, Indonesia, Malaysia, the Philippines, Japan, Saudi Arabia are major importers of dairy products in Asia.

African countries import about 10 million tonnes of dairy products in milk equivalent (Fig. 2.5). The largest importer is Algeria, which buys about 3.5 million tonnes annually.

In Central America, the largest consumer and the only major importer of dairy products is Mexico, which imports up to 4 million tonnes of dairy products annually. In South America, the main importer is Brazil, which buys up to 1 million tonnes of dairy products in milk equivalent. However, this country plans to increase its own production in the short term, so it is likely to stop being dependent on imports.







Global

EU countries import more than 3 million tonnes of dairy products in milk equivalent. The UK is also considered a major importer (about 3.5 million tonnes).

Cheese and related whey products account for the largest share in the structure of global dairy trade, about 35%. About 2.8 million tonnes of cheese are exported annually. The EU is the absolute leader in cheese exports (1.3 million tonnes per year), accounting for about half of all sales. The US exports more than 350 thousand tonnes annually, while New Zealand exports 320-340 thousand tonnes. Even Belarus has increased its sales to 250 thousand tonnes.

The largest importers of cheese are the UK and Russia, which together import more than 1 million tonnes of this product. Mexico, China, and South Korea also buy significant volumes (Fig. 2.9).

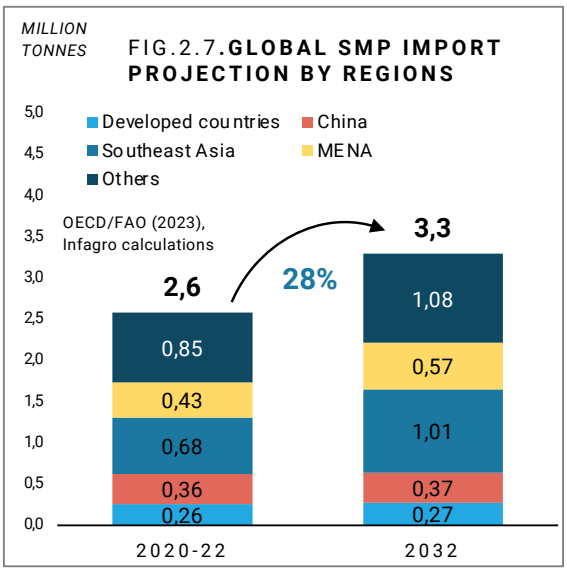
About a third (in raw milk equivalent) of global trade is accounted for by whole milk powder (WMP). Annual exports of this product exceed 2 million tonnes. At the same time, New Zealand accounts for almost three quarters of the total trade, exporting more than 1.5 million tonnes annually. EU countries export up to 300 thousand tonnes per year. The third largest exporter in the world is Argentina, which annually sells 140-150 thousand tonnes of WMP to foreign markets.

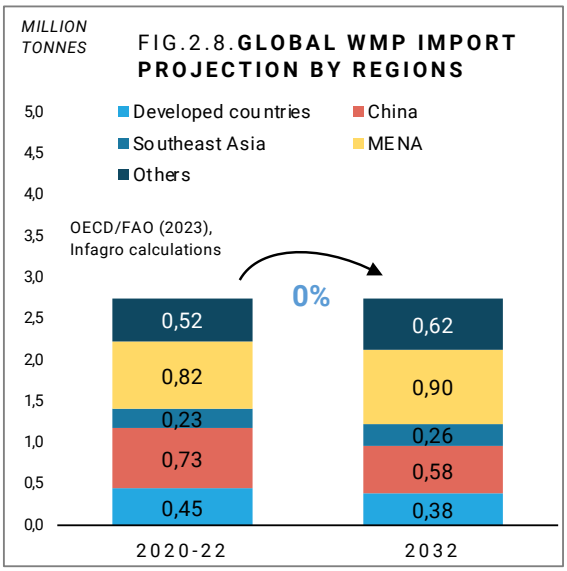
China is the absolute world leader in imports of WMP, accounting for more than half of global trade (600-700 thousand tonnes). About 20%, or 250 thousand tonnes per year, is purchased by Algeria (Fig. 2.8).

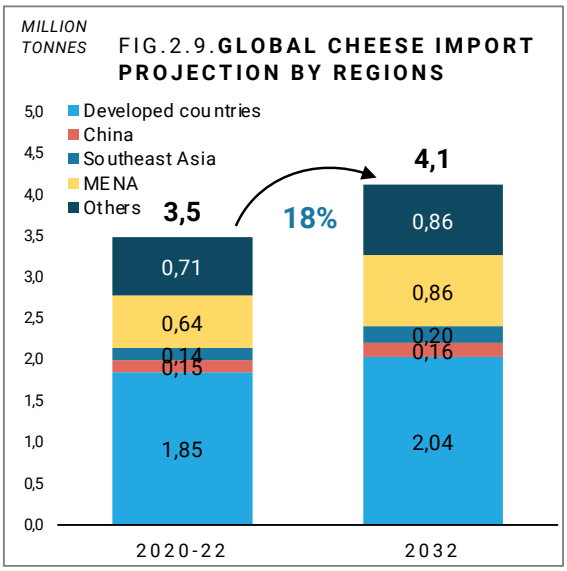
Global butter trade is estimated at about 1 million tonnes. About three quarters of the volume is exported by New Zealand and the EU. The largest importers are the MENA countries, China and Russia (Fig. 2.6). Surprisingly, the EU, Australia, and the UK, which are also major exporters of the product, import quite a lot.

Global exports of skimmed milk powder amount to about 2.4 million tonnes. The largest exporters are the USA and New Zealand (over 800 thousand tonnes per year for each country). The EU countries export significant volumes of skimmed milk powder (350-450 thousand tonnes per year). Australia and Belarus are also considered as major exporters. The largest importers are China and Mexico (over 350 thousand tonnes for each country). Quite significant volumes (150-200 thousand tonnes per year) are purchased by Indonesia, Algeria, and the Philippines (Fig. 2.7).

Volumes of global trade in dairy products in terms of their types and regions vary from year to year. The trends depend on the rate of economic development of one or another region, on the level of inflation and even on weather conditions in the main exporting countries. For example, in 2022 there were quite favourable conditions for increasing trade volumes and forming record high prices. But already in 2023, due to the economic recession in China and record inflation in developed countries, the world prices for dairy products decreased rapidly.







3 IMPORTING REGIONS

Comparison of macroeconomic indicators, dairy imports, retail trade for key importing regions of dairy products. Logistic restrictions in Ukraine and globally

Macroeconomics

Comparison of Macroeconomic Indicators

Analysts in their reports usually note that the consumption of dairy products in a particular country directly depends on the level of the economy and the income of the population. There is, of course, logic here since dairy products cannot be considered cheap.

It is not correct to compare the capabilities of a Swiss person, with an average salary of $7,000, with the purchasing power of a resident of hypothetical Cambodia, who has an income level of $150. That is, a Swiss resident can afford to buy elite cheeses for $30 per kilogram, while a Cambodian will still weigh whether it's worth buying cheese even for $5 or whether it's better to buy some essential products for this money.

Thus, high milk consumption in the EU largely depends on population incomes. Even in such Central European countries as Poland or the Czech Republic, the average monthly salary already amounts to $1,700-$1,900 per month*. In Central and Eastern European countries, GDP already exceeds $20,000 per capita (Table 3.2). And the average consumption of dairy products in milk equivalent amounts to about 280 kg per year (Fig. 3.1, Table 3.1).

But population incomes are far from being the only factor that affects milk consumption levels. There is also a factor of culture regarding consumption habits for certain products within a country or region. For example, quite wealthy Japanese (average salary over $40,000 per year) consume only about 80 kg of dairy products in milk equivalent per year.

Even human physiology varies among different nations. It is believed that most Asians do not digest lactose well; therefore, consuming most dairy products can even be harmful to them. This reason partly explains why milk consumption per capita in China amounts to only 38 kg per year.

However, considering the Chinese population size and overall, around 21% of the world's population living in the Northern Asia region, even at 67 kg per capita, total regional milk consumption is very large.

On the other hand, dairy product consumption can be significant even with low-income levels within country or region populations. For example, in post-Soviet countries of Central Asia and the Caucasus, milk consumption is not much less than in Central European countries. According to IFCN** data, the mentioned region consumes annually about 264 kg of milk per capita (Fig. 3.1, Table 3.1). However, the calculation method may be flawed, as the basis of this consumption is milk from households, the presence or use of which is difficult to track.

Among the studied regions, the most balanced ratio of GDP level and milk consumption is observed in the MENA countries. The indicators are relatively high, and there is a clear dynamic of their growth (Fig. 3.1, Table 3.1, Table 3.2).

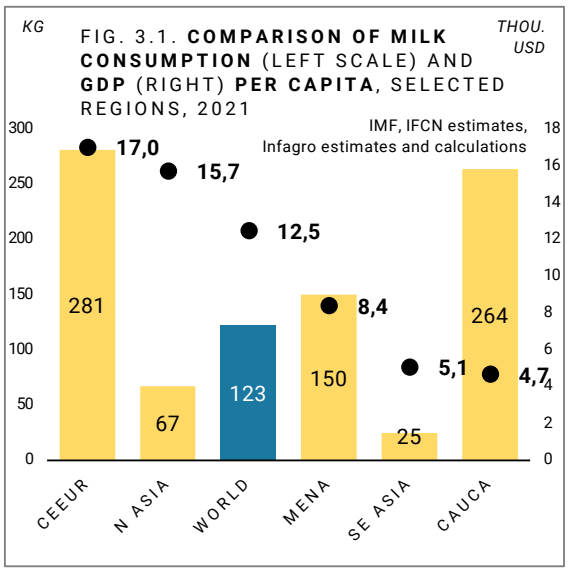


Table 3.1. Comparative dynamics of consumption of dairy products in milk equivalent per capita in selected regions in 2020-2021, kg

REGION	2020	2021	Deviation from the mean, 2021	2021 vs 2020
CEEUR	279	281	158	0,9%
CAUCA	264	264	141	0,0%
MENA	142	150	27	5,3%
N Asia	65	67	-56	3,4%
SE Asia	24	25	-98	3,8%
WORLD	**120**	**123**	**0**	**2,2%**

Source: IFCN, Infagro calculations (blue) based on IFCN estimates

Table 3.2. Comparative dynamics of GDP per capita in selected regions in 2022-2023, thousand USD

REGION	2022	2023	Deviation from the mean, 2023	2023 vs 2022
CEEUR	17,5	20,5	7,2	17,3%
N Asia	15,2	15,1	1,8	-0,6%
MENA	9,7	10,0	-3,4	2,6%
CAUCA	5,6	6,1	-7,3	9,6%
SE Asia	5,4	5,7	-7,6	5,7%
Others	13,5	14,2	0,8	4,9%
WORLD	**12,9**	**13,4**	**0,0**	**3,7%**

Source: Infagro calculations based on IMF data for selected countries

Table 3.3. Comparative population dynamics in selected regions in 2022-2023, million person

REGION	2022	2023	SHARE, 2023	2023 vs 2022
N Asia	1 612	1 611	21%	-0,1%
SE Asia	664	670	9%	0,9%
MENA	534	535	7%	0,3%
CEEUR	119	119	2%	-0,1%
CAUCA	95	96	1%	1,6%
Others	4 786	4 808	61%	0,5%
WORLD	**7 810**	**7 840**	**100%**	**0,4%**

Source: Infagro calculations based on IMF data for selected countries

** - https://minfin.com.ua/*
*** - ifcndairy.org*

Dairy Import in Value Terms

Global trade in dairy products amounts to 85–88 million tonnes in milk equivalent per year, which can represent a monetary value of 60–70 billion USD. In the global structure of dairy product imports, the largest share is taken by countries of Asia and Africa. Certain regions stand out that import particularly large amounts of such goods.

Primarily, this is North Asia (NA), mostly due to China, which in recent years has been purchasing dairy products worth over 12 billion USD with a noticeable growth dynamic (CAGR for the period 2018–2022 is +8.9%, Table 3.4). A few years ago, MENA countries led in imports, but unlike NA countries, there is no clear growth dynamic recorded in the region. Purchases of dairy products by SEA countries, Central and Eastern Europe, and the Caucasus and Central Asia region are steadily increasing (CAGR respectively: +9.2%, +8.5%, +12.6%).

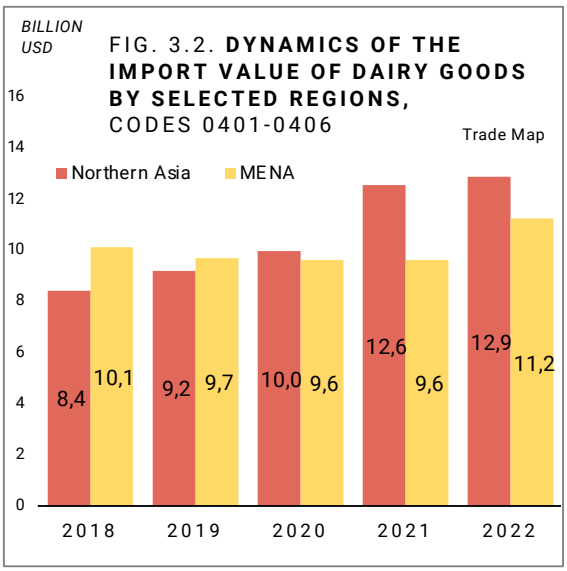


Table 3.4. Comparative dynamics of the import value of goods (codes 0401-0406) by region in 2018-2022, million USD

REGION	2018	2019	2020	2021	2022	CARG, 5 years
Northern Asia	8 415	9 208	9 976	12 557	12 897	8,9%
MENA	10 141	9 698	9 622	9 627	11 247	2,1%
Southeast Asia	5 066	5 435	5 510	6 286	7 870	9,2%
Central and Eastern Europe	4 780	4 922	5 038	6 045	7 202	8,5%
Caucasus and Central Asia	525	561	658	682	950	12,6%
TOTAL	**28 928**	**29 824**	**30 805**	**35 198**	**40 166**	**6,8%**

Source: Infagro calculations based on Trade Map data for selected countries

Import of Butter and AMF

Global trade of butter amounts to over 1 million tonnes. Naturally, it is purchased by countries that have a deficit of raw materials for their own production of butter.

In a regional split, the MENA countries are considered the absolute leaders among importers. However, year after year, the purchase volumes are not stable (CAGR for the period 2018–2022 is -2.6%, Table 3.5). On the contrary, countries in North Asia demonstrate a steady increase in butter imports (CAGR for the period 2018–2022 is +4.9%). Quite large volumes of butter are also imported by Central and Eastern European countries. These purchases are mostly formed by internal import from other EU members.

A small volume but high growth rate is demonstrated by importers from Caucasian countries (CAGR for the period 2018–2022 is +6.3%).

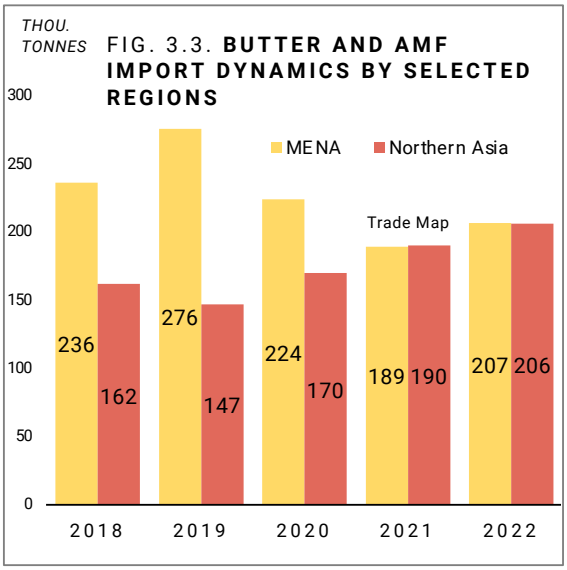


Table 3.5. Comparative dynamics of imports of butter and anhydrous milk fat (code 0405) by region in 2018-2022, thousand tons

REGION	2018	2019	2020	2021	2022	CARG, 5 years
MENA	236	276	224	189	207	-2,6%
Northern Asia	162	147	170	190	206	4,9%
Southeast Asia	127	133	114	124	120	-1,2%
Central and Eastern Europe	105	114	123	138	130	4,3%
Caucasus and Central Asia	29	30	36	31	40	6,3%
TOTAL	**660**	**699**	**667**	**673**	**702**	**1,2%**

Source: Infagro calculations based on Trade Map data for selected countries

Import of SMP

Global trade in skimmed milk powder in quantitative terms is quite extensive and amounts to about 2.6 million tonnes per year. In this, the absolute leader (about 30%) in the import of SMP is the Southeast Asia region.

Quite powerful players in the SMP market are countries of North Asia and MENA, which together import about a third of the volume of world trade in this product.

The EU is considered one of the largest global exporters of skimmed milk powder, but there is a deficit in individual countries.

Central and Eastern European countries purchase annually over 100 thousand tonnes of goods, with CARG growing significantly over 5 years in the region (Table 3.6).

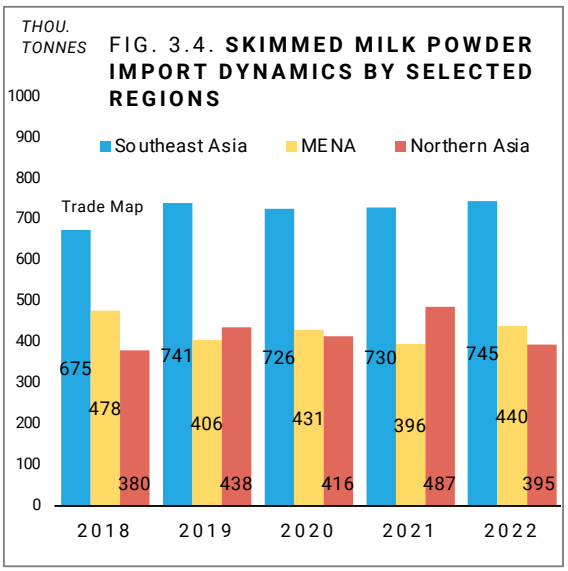


Table 3.6. Comparative dynamics of the import of skimmed milk powder (code 04210) by region in 2018-2022, thousand tons

REGION	2018	2019	2020	2021	2022	CARG, 5 years
Southeast Asia	675	741	726	730	745	2,0%
MENA	478	406	431	396	440	-1,7%
Northern Asia	380	438	416	487	395	0,7%
Central and Eastern Europe	93	124	109	119	147	9,6%
Caucasus and Central Asia	42	38	48	36	48	2,7%
TOTAL	**1 669**	**1 745**	**1 731**	**1 769**	**1 774**	**1,2%**

Source: Infagro calculations based on Trade Map data for selected countries

Import of WMP

To produce fresh dairy products and cheeses, mostly dry whole milk is imported. The annual volumes of global trade in such milk exceed the level of 2.7 million tonnes.

Although China is the largest importer of WMP (whole milk powder), the regional leadership in its purchases goes to the countries of Southeast Asia with a share of approximately 27% of all world trade in this commodity.

Countries of Northern Asia have significantly increased their purchases of WMP in recent years (CARG for the period 2018–2022 is +5.9%, Table 3.7). Although, in perspective, the trend may change as China increases its own production and reduced imports after 2022.

Countries of Southeast Asia consistently buy large volumes of whole milk

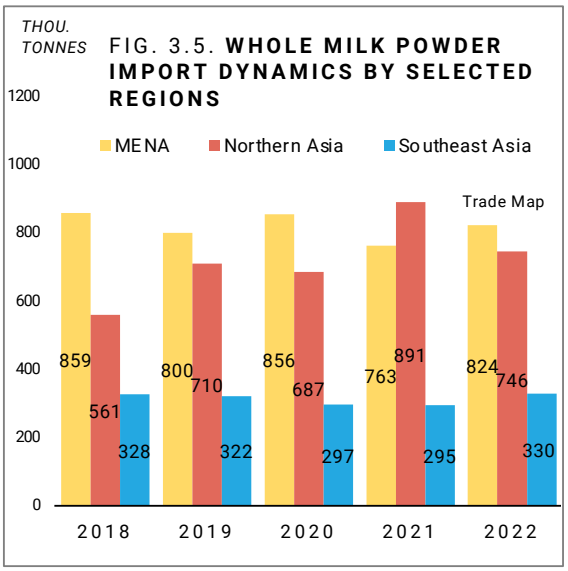


Table 3.7. Comparative dynamics of import of whole milk powder (codes 040221, 040229) by region in 2018-2022, thousand tons

REGION	2018	2019	2020	2021	2022	CARG, 5 years
MENA	859	800	856	763	824	-0,8%
Northern Asia	561	710	687	891	746	5,9%
Southeast Asia	328	322	297	295	330	0,1%
Central and Eastern Europe	36	29	32	33	33	-1,4%
Caucasus and Central Asia	5	5	5	5	6	4,6%
TOTAL	**1 788**	**1 867**	**1 877**	**1 987**	**1 939**	**1,6%**

Source: Infagro calculations based on Trade Map data for selected countries

Import of Whey and SWP

The characteristics of global whey trade differ from those of dry milk trade. Most of this product is used for feed purposes. For example, the largest global importer of whey, China, uses the bulk share of it for pig feed production, which is very significant in the country.

This is why whey imports in Northern Asia are significantly higher than in other regions. Whey consumption, particularly in pig farming, is also increasing in Southeast Asian countries.

In Europe, whey consumption has always been high, but in Central and Eastern European countries, imports are growing very rapidly, with a CARG of +12.5% over 5 years (Table 3.8).

In the Arab world, pork is not consumed, which is why whey imports in MENA countries are quite insignificant.

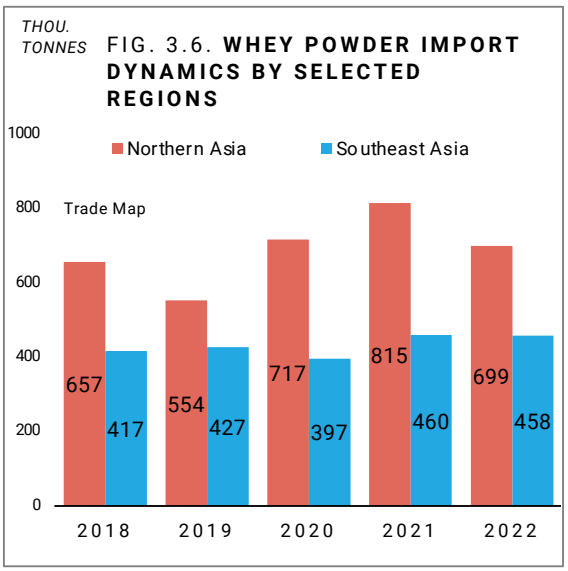


Table 3.8. Comparative dynamics of imports of dry whey (code 040410) by region in 2018-2022, thousand tons

REGION	2018	2019	2020	2021	2022	CARG, 5 years
Northern Asia	657	554	717	815	699	1,3%
Southeast Asia	417	427	397	460	458	1,9%
Central and Eastern Europe	163	183	225	262	294	12,5%
MENA	53	59	62	70	70	5,8%
Caucasus and Central Asia	14	17	21	21	21	8,6%
TOTAL	**1 304**	**1 238**	**1 422**	**1 628**	**1 542**	**3,4%**

Source: Infagro calculations based on Trade Map data for selected countries

Import of Cheese

The volumes of global cheese trade are the largest in terms of types of world trade both by physical volumes and in monetary terms. The annual global import of such goods approaches the mark of 4 million tonnes.

The largest global importers of cheese are EU countries, the United Kingdom, and even Russia. However, significant volumes of goods are also purchased by MENA countries.

Southeast Asia consistently significantly increases the purchase of goods (CARG for the period 2018–2022 is +4.2%, Table 3.9). But the increase in purchases by Northern Asian countries is relatively insignificant.

A high CARG over 5 years for Caucasus and Central Asian countries (+9.6%) is noted, as well as that Central and Eastern Europe increased cheese imports by more than 100 thousand tonnes over this period.

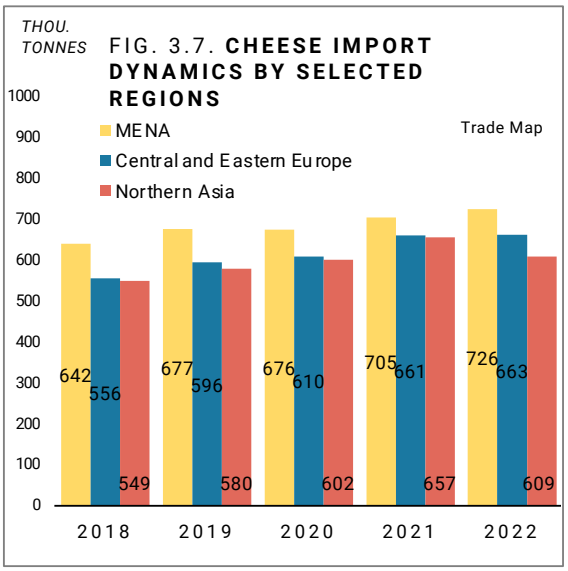


Table 3.9. Comparative dynamics of cheese imports (code 0406) by region in 2018-2022, thousand tons

REGION	2018	2019	2020	2021	2022	CARG, 5 years
MENA	642	677	676	705	726	2,5%
Central and Eastern Europe	556	596	610	661	663	3,6%
Northern Asia	549	580	602	657	609	2,1%
Southeast Asia	137	143	150	162	168	4,2%
Caucasus and Central Asia	38	44	53	56	60	9,6%
TOTAL	**1 921**	**2 040**	**2 092**	**2 240**	**2 225**	**3,0%**

Source: Infagro calculations based on Trade Map data for selected countries

Retail Sales

Retail Market Dynamics and Trends

Last year showed significant growth in the volumes of retail markets for dairy products worldwide. According to Euromonitor International, during 2023, the dairy and dairy alternatives industry recorded a 6% increase in retail sales compared to 2022.

This dynamic is primarily associated with the trend of consumer inflation, the growth of which in 2022–2023 was characteristic of most countries and regions (Fig. 3.8). Thus, the rise in the cost of electricity, gas, and fertilizers led to increased production and processing costs of raw milk.

Consequently, operators had to raise prices throughout the supply chain, which prompted an increase in the final cost of products for retail consumers. According to the analysis of selected import regions, Northern Asia, primarily due to China, occupies a significant share of the retail sales market compared to other regions. Unlike most countries in the world, consumer inflation in China and Japan was minimal or even negative, which also correlates with the dynamics of the consumer market for dairy products and their alternatives. Northern Asia is the only region among the studied ones with a negative CARG over the last 5 years (-0.4%, Fig. 3.9, Table 3.10).

Amid inflationary risks, operators had to focus their efforts on maintaining their competitiveness. This has led to the formation of certain trends for global retail sales of dairy products and their alternatives in recent years. Euromonitor International highlights the following trends:

- sustainability initiatives;
- healthy and functionality;
- consumer attention to dairy alternatives, primarily vegetable.

The listed trends reflect the dynamics of the dairy market and its adaptation to changing conditions and consumer demands, so their understanding is important for predicting the future development of the entire industry.

FIG.3.8. **CONSUMER PRICE INDEX TRENDS** (YOY, MONTHLY), SELECTED COUNTRIES

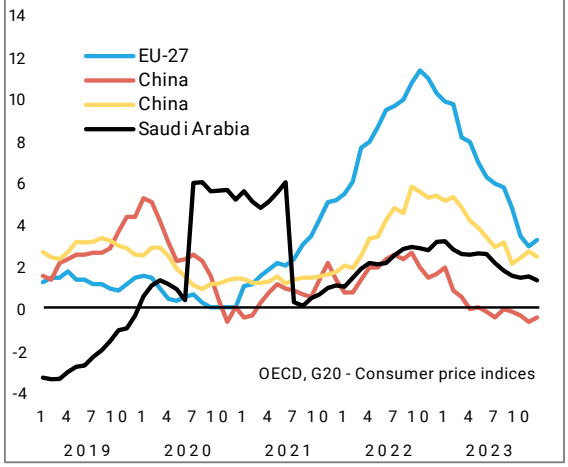
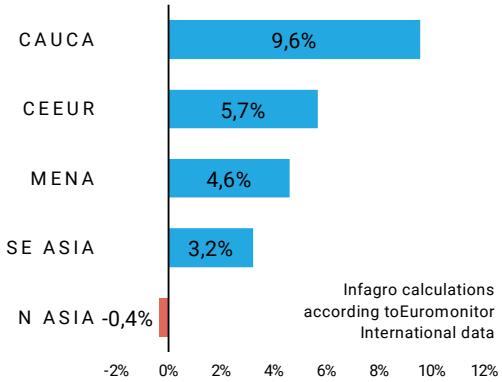


FIG. 3.9. **RETAIL SALES BY REGION, CARG FOR 5 YEARS,** 2019-2023, (DAIRY PRODUCTS AND ALTERNATIVES)



Disclaimer: the analytical partner of the section "Retail market dynamics and trends" is the "The Entrepreneurship and Export Promotion Office"

Table 3.10. Comparative dynamics of retail value of dairy products and dairy alternatives in selected regions, 2019-2023, million USD

REGION	2019	2020	2021	2022	2023	SHARE, 2023	CARG, 5 years
Northern Asia	118 476	119 222	129 589	117 101	116 282	51%	-0,4%
MENA	40 030	44 410	44 859	45 000	50 143	22%	4,6%
Central and Eastern Europe	19 919	21 301	23 155	23 497	26 243	12%	5,7%
Southeast Asia	22 129	22 893	23 674	24 274	25 935	11%	3,2%
Caucasus and Central Asia	5 209	5 239	5 855	7 121	8 221	4%	9,6%
TOTAL	**205 763**	**213 065**	**227 133**	**216 992**	**226 823**	**100%**	**2,0%**

Source: Infagro calculations based on Euromonitor International data for selected countries

Logistics

Logistical Constraints in Ukraine and Worldwide

The full-scale aggression by Russia in Ukraine has completely changed the approaches of Ukrainian businesses in the logistics sector. Due to blockades and shelling, the traditional export channel for Ukrainian dairy products, the Port of Odessa, ceased to be an available option for businesses (even now, when the Armed Forces of Ukraine have unblocked Ukrainian Black Sea ports, container shipping has not yet been restored).

In 2022, when physical shipments abroad were almost impossible, and warehouses with dairy products reached critical levels, the EU's decision to introduce "autonomous trade measures" (ATM*) for imports from Ukraine allowed not only the supply of dairy products to EU countries (for approved export capacities) but also established transit exports to third countries.

Ukrainian dairy producers gained access to the ports of Gdansk (Poland) and Constanta (Romania), through which shipments to the following regions were resumed: the Middle East and North Africa, Northern and Southeast Asia, North America.

While attempts to work with Polish ports proved ineffective, including due to periodic blockades of the Polish-Ukrainian border, the Romanian authorities took advantage of the opportunity to attract investments in port infrastructure and increase capacities and profits from working with Ukrainian goods. Cooperation with Constanta also promoted the development of Danube shipping, resulting in the "feeder" option - delivering cargo to the Romanian port "by water" (mainly from the port of Reni).

New trade routes allow continued sea exports but are undoubtedly more expensive than shipments from Odessa. Due to the current state of war, additional costs for exporters include high cargo insurance rates. An important negative aspect is also the increased delivery time (the route to North Asia takes 2-3 months), which raises requirements for the shelf life of Ukrainian export positions.

Problems with delivery terms have become more complicated at the global level at the end of 2023 due to terrorist attacks by Yemeni Houthis in the Red Sea. The terrorists, who are proxies of Iran, began attacking commercial vessels using drones and ballistic missiles, which led major shipping companies to stop transportation through the Suez Canal (traffic was estimated at 15% of world trade) and reroute ships around Africa.

As a result of these actions, today there is an increase in time and cost of international trade. Thus, the container shipping index in mid-2024 increased more than twice compared to November 2023 (Fig. 3.10).

All these challenges require Ukrainian companies to be flexible in decision-making and improve efficiency to reduce costs. Searching for new export markets may also be an option for improving business profitability.

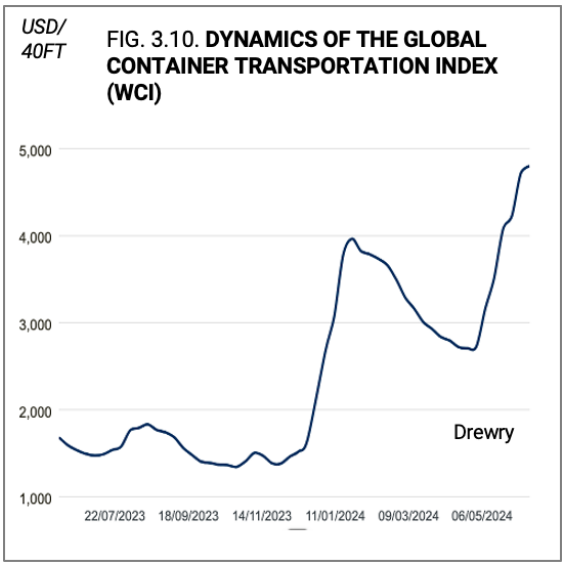


FIG. 3.10. **DYNAMICS OF THE GLOBAL CONTAINER TRANSPORTATION INDEX (WCI)**

Table 3.11. Comparative cost and approximate delivery time of a 40-foot container (25 tons of milk powder) from Central Ukraine to destination points, March 2024

Departure point	Destination (Port 1)	Destination (Port 2)	The cost is 40 feet. container, USD	Cost of logistics of SMP, USD/t	Delivery time, days
Cherkasy, Ukraine	- Gdansk, Poland		3 700	148	3-5
Cherkasy, Ukraine	- Constanta, Romania		2 700	108	3-5
Cherkasy, Ukraine	- Constanta, Romania	- Casablanca, Morocco	4 290	172	20
Cherkasy, Ukraine	- Constanta, Romania	- Jebel Ali, UAE	4 800	192	45
Cherkasy, Ukraine	- Constanta, Romania	- Shanghai, China	3 990	160	75
Cherkasy, Ukraine	- Constanta, Romania	- Port Klang, Malaysia	4 040	162	55

Source: Infagro calculations based on a survey of traders and logistics providers

** - ATM - Autonomous Trade Measures Regulation, introduced by the EU for imports from Ukraine, entered into force for the first time on June 4, 2022 and were reintroduced for another year on June 5, 2023*

4 IMPORTING COUNTRIES

Comparison of macroeconomic indicators, the dynamics of dairy imports and the retail markets volumes for key countries of the dairy importing regions

4.1 Macroeconomic indicators comparison

Macroeconomics

Central and Eastern Europe

In Europe, a high macroeconomic indicators are observed through the region, but not all countries are the same. Even within Central and Eastern Europe, one cannot compare the economies of Baltic countries or Czech Republic with Moldova or Macedonia.

The consumption of dairy products is relatively high in almost all countries. The highest indicator is usually in small Baltic countries, Montenegro (Table 4.1.2). Surprisingly enough, in Albania, with a low GDP per capita (Table 4.1.3), dairy product consumption per capita at 100 kg is higher than in Czech Republic with its strong economy.

Therefore, when choosing a partner for potential export in Europe, guiding only by the level of economy is insufficient. The most important indicator is still considered to be self-sufficiency of this or that country with dairy products of their own production and, of course, volumes of import. Population size also plays a significant role.

The region's largest population is in Poland (Table 4.1.1), and the country's economic indicators are also high as well as the level of dairy product consumption. But the country is one of the largest milk producers in the EU and exports very large volumes of dairy products. Therefore, it makes sense to enter this country only with cheap goods; most often these should be raw material positions.

For exporters of dairy products considering macroeconomic indicators, Czech Republic seems most attractive (Fig. 4.1.1). This country has a developed economy, comparatively large population size, and imports dairy products.

But on the other hand, Romania, which has lower GDP, depends much more on imports since there live 19 million people.

Interesting for exporters are smaller countries, even if their economy isn't very developed yet but self-sufficiency with milk is low.

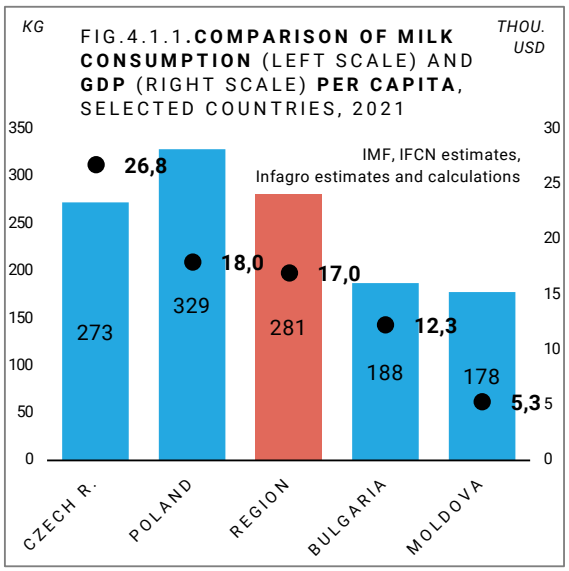


Table 4.1.2. Comparative dynamics of consumption of dairy products in milk equivalent per capita by countries in the region, 2020-2021, kg

COUNTRY	2020	2021	Deviation from the mean, 2021	2021 vs 2020
Montenegro	395	411	130	4,0%
Lithuania	355	389	107	9,4%
Albania	389	377	96	-3,0%
Estonia	341	333	52	-2,2%
Poland	327	329	47	0,7%
Latvia	307	310	29	1,0%
Romania	301	307	26	1,9%
Czech Republic	272	273	-9	0,4%
Slovakia	248	252	-29	1,7%
Croatia	238	245	-37	3,0%
Bosnia and Herz.	240	234	-47	-2,3%
Slovenia	231	229	-53	-1,0%
N. Macedonia	258	221	-61	-14,3%
Serbia	221	213	-68	-3,6%
Hungary	183	190	-92	3,7%
Bulgaria	179	188	-94	4,6%
Moldova	181	178	-103	-1,6%
WEIGHTED AVER.	**279**	**281**	**0**	**0,9%**

Source: IMF, Infagro calculations (blue) based on IMF data

Table 4.1.1. Comparative population dynamics by countries in the region, 2022-2023, million people

COUNTRY	2022	2023	SHARE, 2023	2023 vs 2022
Poland	37,7	37,6	32%	-0,1%
Romania	19,0	19,0	16%	-0,1%
Czech Republic	10,8	11,0	9%	1,6%
Hungary	9,7	9,7	8%	-0,2%
Serbia	6,7	6,6	6%	-0,4%
Bulgaria	6,4	6,4	5%	-0,6%
Slovakia	5,4	5,4	5%	0,0%
Croatia	3,9	3,8	3%	-0,3%
Bosnia and Herz.	3,5	3,5	3%	-0,3%
Albania	2,9	2,9	2%	-0,3%
Lithuania	2,8	2,8	2%	-1,0%
Moldova	2,5	2,5	2%	-1,8%
Slovenia	2,1	2,1	2%	0,3%
N. Macedonia	2,1	2,1	2%	0,0%
Latvia	1,9	1,9	2%	-0,2%
Estonia	1,3	1,3	1,1%	-0,1%
Montenegro	0,6	0,6	0,5%	0,0%
TOTAL	**119**	**119**	**100%**	**-0,1%**

Source: IMF, Infagro calculations based on IMF data

Table 4.1.3. Comparative dynamics of GDP per capita by countries in the region, 2022-2023, USD

COUNTRY	2022	2023	Deviation from the mean, 2023	2023 vs 2022
Slovenia	28 527	32 350	11 822	13,4%
Estonia	28 136	30 998	10 471	10,2%
Czech Republic	26 832	30 475	9 947	13,6%
Lithuania	24 989	28 482	7 954	14,0%
Latvia	21 947	24 929	4 401	13,6%
Slovakia	21 263	24 471	3 943	15,1%
Poland	18 343	22 393	1 865	22,1%
Hungary	18 579	21 076	548	13,4%
Croatia	18 305	20 876	349	14,0%
Romania	15 821	18 413	-2 114	16,4%
Bulgaria	13 821	16 087	-4 441	16,4%
Montenegro	9 820	11 339	-9 189	15,5%
Serbia	9 528	11 301	-9 227	18,6%
Albania	6 658	8 057	-12 470	21,0%
Bosnia and Herz.	7 060	7 778	-12 750	10,2%
N. Macedonia	6 600	7 672	-12 856	16,2%
Moldova	5 726	6 411	-14 117	12,0%
WEIGHTED AVER.	**17 504**	**20 528**	**0**	**17,3%**

Source: IMF, Infagro calculations (blue) based on IMF data

Caucasus and Central Asia

In the post-Soviet countries of Central Asia and the Caucasus, there is a population of about 95 million (Table 4.1.4). In this region, milk consumption is considered quite high, but not all countries are fully supplied with products from their own region.

The only downside is the relatively low purchasing power in most countries of the region. A comparatively high level of GDP is only in Kazakhstan and Turkmenistan. The economies of Armenia, Georgia, and Azerbaijan are developing relatively normally. Other countries demonstrate a low GDP per capita indicator (Table 4.1.6).

The statistics on dairy product consumption look quite good, but there are doubts about their reliability. Industrial product consumption in most countries is insignificant, and figures are high due to theoretically possible consumption of own-produced milk or small trade by households.

Uzbekistan has a large population, but not all residents can afford to buy expensive dairy products in normal volumes (Fig. 4.1.2).

Kazakhstan is considered the most powerful and promising regarding the import of dairy products. The population size is significant, and its income is comparatively high; hence Kazakhstan is considered the strongest importer of dairy products in the region.

Interesting development cooperation with dairy product importers from Azerbaijan, Armenia, and Georgia.

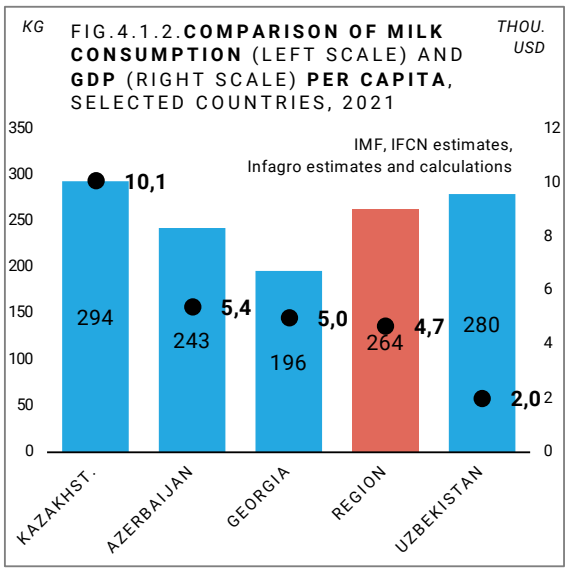


Table 4.1.5. Comparative dynamics of consumption of dairy products in milk equivalent per capita by countries in the region, 2020-2021, kg

COUNTRY	2020	2021	Deviation from the mean, 2021	2021 vs 2020
Turkmenistan	436	439	175	0,6%
Kazakhstan	291	294	30	1,0%
Uzbekistan	281	280	16	-0,4%
Armenia	254	250	-14	-1,6%
Azerbaijan	247	243	-21	-1,8%
Kyrgyzstan	220	219	-45	-0,4%
Georgia	194	196	-67	1,2%
Tajikistan	115	116	-148	0,9%
WEIGHTED AVER.	**264**	**264**	**0**	**0,0%**

Source: IMF, Infagro calculations (blue) based on IMF data

Table 4.1.4. Comparative population dynamics by countries in the region, 2022-2023, million people

COUNTRY	2022	2023	SHARE, 2023	2023 vs 2022
Uzbekistan	35,3	36,0	37%	2,1%
Kazakhstan	19,8	20,0	21%	1,1%
Azerbaijan	10,2	10,3	11%	1,2%
Tajikistan	9,8	10,0	10%	1,8%
Kyrgyzstan	6,8	6,9	7%	2,0%
Turkmenistan	6,2	6,3	7%	1,4%
Georgia	3,7	3,7	4%	-0,3%
Armenia	3,0	3,0	3%	0,0%
TOTAL	**95**	**96**	**100%**	**1,6%**

Source: IMF, Infagro calculations based on IMF data

Table 4.1.6. Comparative dynamics of GDP per capita by countries in the region, 2022-2023, USD

COUNTRY	2022	2023	Deviation from the mean, 2023	2023 vs 2022
Kazakhstan	11 409	12 968	6 857	13,7%
Turkmenistan	12 380	12 934	6 823	4,5%
Armenia	6 587	8 283	2 172	25,7%
Georgia	6 671	8 165	2 053	22,4%
Azerbaijan	7 751	7 530	1 418	-2,9%
Uzbekistan	2 280	2 509	-3 602	10,1%
Kyrgyzstan	1 718	1 830	-4 282	6,5%
Tajikistan	1 067	1 180	-4 931	10,6%
WEIGHTED AVER.	**5 577**	**6 111**	**0**	**9,6%**

Source: IMF, Infagro calculations (blue) based on IMF data

MENA

As already mentioned, MENA countries look quite promising for both local milk producers and global exporters. The population in the region is growing and approaching 550 million (Table 4.1.7). A large number of countries have a high GDP. The consumption of dairy products per capita is significantly higher than in African and Asian countries overall.

The highest consumption of dairy products is in countries with developed economies, although the rankings by consumption and GDP per capita do not entirely coincide (Table 4.1.9).

For example, per capita milk consumption in Egypt, Algeria, Iran, which are not considered particularly wealthy countries, is higher than in Saudi Arabia where GDP exceeds 32 thousand USD per capita (Table 4.1.8). Cultural eating habits and the presence of developed domestic production in Egypt or Iran also play a certain role.

One should also consider the population size in each country. For instance, the demand for dairy products in Egypt and Iran is many times greater than that of many of the wealthiest countries in the region. Together Egypt, Iran, and Turkey have almost 280 million people living there while Bahrain, Qatar, Kuwait, Oman – only have 14.6 million people combined. Therefore, if these wealthy countries even significantly increase their consumption their need for dairy products will remain relatively small.

Thus, when considering entering a market of a particular country one needs to analyze comprehensively considering many factors.

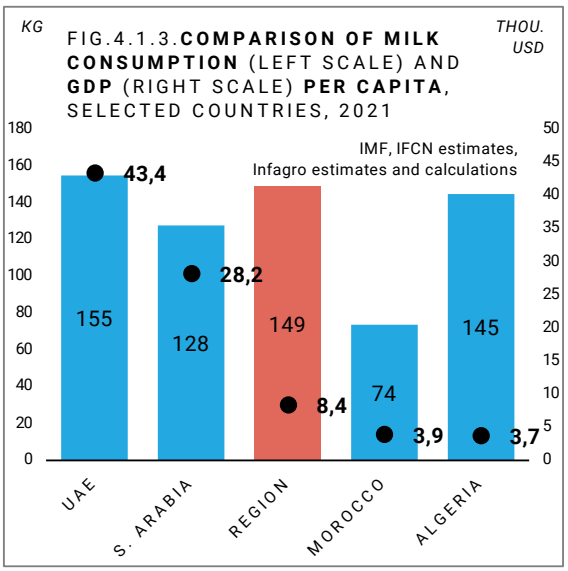


Table 4.1.8. Comparative dynamics of consumption of dairy products in milk equivalent per capita by countries in the region, 2020-2021, kg

COUNTRY	2020	2021	Deviation from the mean, 2021	2021 vs 2020
Turkey	262	266	117	1,7%
Oman	214	216	66	0,9%
Israel	188	189	40	0,6%
Qatar	199	178	29	-10,6%
Egypt	118	158	8	33,4%
UAE	148	155	6	4,9%
Algeria	147	145	-5	-1,4%
Iran	135	129	-20	-4,3%
S. Arabia	132	128	-22	-3,5%
Tunisia	116	114	-35	-1,6%
Jordan	84	82	-67	-1,8%
Morocco	71	74	-76	4,4%
Lebanon	73	63	-86	-13,9%
Yemen	23	22	-127	-3,1%
WEIGHTED AVER.	**142**	**149**	**0**	**4,8%**

Source: IMF, Infagro calculations (blue) based on IMF data

Table 4.1.7. Comparative population dynamics by countries in the region, 2022-2023, million people

COUNTRY	2022	2023	SHARE, 2023	2023 vs 2022
Egypt	103,6	105,7	19%	2,0%
Iran	85,7	86,5	16%	1,0%
Turkey	85,3	86,3	16%	1,2%
Algeria	45,3	46,0	8%	1,5%
Iraq	42,2	43,3	8%	2,6%
Morocco	36,7	37,0	7%	1,0%
Yemen	33,3	34,1	6%	2,2%
S. Arabia	32,2	32,8	6%	2,0%
Tunisia	12,1	12,2	2%	0,9%
Jordan	10,3	10,3	2%	0,1%
UAE	9,9	10,1	2%	2,0%
Israel	9,7	9,8	2%	1,5%
Libya	6,8	6,8	1,3%	1,0%
Lebanon	6,6	6,5	1,2%	-2,0%
Oman	4,9	5,1	0,9%	3,2%
Kuwait	4,9	5,0	0,9%	2,0%
Qatar	2,8	2,9	0,5%	1,5%
Bahrain	1,5	1,6	0,3%	2,5%
TOTAL	**534**	**542**	**100%**	**1,5%**

Source: IMF, Infagro calculations based on IMF data, Infagro estimates (red)

Table 4.1.9. Comparative dynamics of GDP per capita by countries in the region, 2022-2023, USD

COUNTRY	2022	2023	Deviation from the mean, 2023	2023 vs 2022
Qatar	83 521	81 968	71 964	-1,9%
Israel	54 337	53 196	43 191	-2,1%
UAE	51 400	50 602	40 598	-1,6%
S. Arabia	34 441	32 586	22 582	-5,4%
Kuwait	36 092	32 215	22 211	-10,7%
Bahrain	28 781	28 464	18 460	-1,1%
Oman	23 240	21 266	11 261	-8,5%
Turkey	10 622	13 384	3 380	26,0%
Iraq	6 181	5 883	-4 122	-4,8%
Libya	5 577	5 872	-4 132	5,3%
Algeria	4 307	4 875	-5 130	13,2%
Jordan	4 613	4 851	-5 154	5,2%
Iran	4 043	4 234	-5 770	4,7%
Tunisia	3 822	4 191	-5 814	9,6%
Morocco	3 570	3 980	-6 025	11,5%
Egypt	4 587	3 770	-6 234	-17,8%
Lebanon	3 283	3 000	-7 004	-8,6%
Yemen	707	618	-9 387	-12,6%
WEIGHTED AVER.	**9 746**	**10 004**	**0**	**2,6%**

Source: IMF, Infagro calculations (blue) based on IMF data, Infagro estimates (red)

Northern Asia

In North Asia, the highest import figures for dairy products are observed within the studied regions. This should not be particularly surprising, considering that over 1.6 billion people live in North Asia (Table 4.1.10).

All countries in the region have developed economies and relatively high incomes for most consumers. However, despite this factor, consumption of dairy products cannot be called high. Here, food culture and physiological characteristics of the Asian race (lactose intolerance) have their influence.

Of course, such demographic statistics in the region are formed by China, where over 1.4 billion people live. In China, population incomes are lower than in other countries of the region, but milk consumption is approximately half as much. Currently, China is experiencing a certain economic crisis, and it is not advisable to expect further rapid growth in milk consumption as it was in previous years. The country has also significantly increased milk production which may result in reduced volumes of dairy product imports.

Japan, with a population of 125 million, consumes about 10 million tonnes of dairy products in milk equivalent annually, which is not a high figure. The pace of economic growth has slowed down in the country so further increase in imports is unlikely anytime soon.

Korea and Taiwan are catching up with Japan regarding GDP per capita (Table 4.1.12). This factor affects further growth in consumption of dairy products in these countries and may lead to an increase in import volumes.

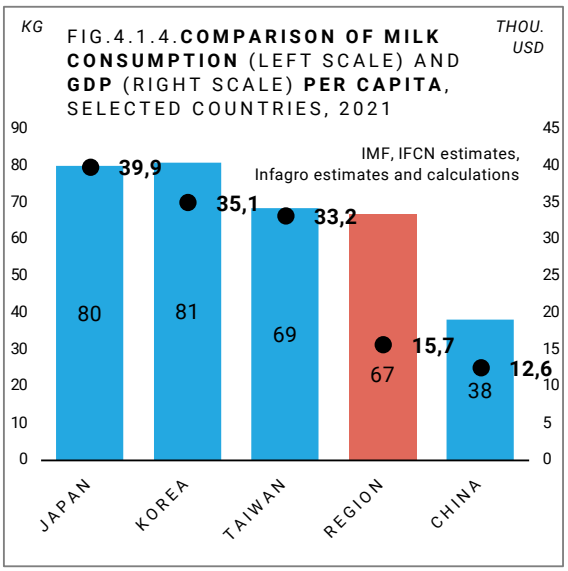


Table 4.1.11. Comparative dynamics of consumption of dairy products in milk equivalent per capita by countries in the region, 2020-2021, kg

COUNTRY	2020	2021	Deviation from the mean, 2021	2021 vs 2020
Korea	78	81	14	3,6%
Japan	80	80	13	0,6%
Taiwan	66	69	2	4,4%
China	36	38	-29	7,6%
WEIGHTED AVER.	**65**	**67**	**0**	**3,4%**

Source: IMF, Infagro calculations (blue) based on IMF data

Table 4.1.10. Comparative population dynamics by countries in the region, 2022-2023, million people

COUNTRY	2022	2023	SHARE, 2023	2023 vs 2022
China	1 411,8	1 411,4	88%	0,0%
Japan	125,2	124,6	8%	-0,4%
Korea	51,6	51,6	3%	-0,1%
Taiwan	23,3	23,3	1%	-0,1%
TOTAL	**1 612**	**1 611**	**100%**	**-0,1%**

Source: IMF, Infagro calculations based on IMF data

Table 4.1.12. Comparative dynamics of GDP per capita by countries in the region, 2022-2023, USD

COUNTRY	2022	2023	Deviation from the mean, 2023	2023 vs 2022
Japan	33 854	33 950	18 807	0,3%
Korea	32 418	33 147	18 004	2,2%
Taiwan	32 687	32 340	17 197	-1,1%
China	12 670	12 541	-2 602	-1,0%
WEIGHTED AVER.	**15 236**	**15 143**	**0**	**-0,6%**

Source: IMF, Infagro calculations (blue) based on IMF data

Southeast Asia

In terms of milk consumption per capita, Southeast Asia ranks among the lowest in the world's regional ratings. However, about 670 million people live there (Table 4.1.13) and its own milk production is poorly developed. Therefore, the region is considered a large global importer of dairy products.

In countries with the largest populations – Indonesia, Philippines, Vietnam – there are the lowest consumption rates per capita (Table 4.1.14).

For example, in Indonesia, according to results from 2023, only 14 kg of dairy products (converted to milk) were consumed per person per year; however, with a population of over 275 million people, the overall need for milk is not so small. The country imports almost $2 billion USD worth of dairy products.

In the Philippines where the economy is less developed than in Indonesia, milk consumption is also low (Fig. 4.1.5). But as the country's population grows quite rapidly and already exceeds 113 million people level; therefore, they import more than $1.5 billion USD worth of dairy products.

Vietnam also has a population of over 100 million people; however, income levels in this country are low and imports of dairy products in monetary terms are half that compared to Indonesia.

The most economically developed countries in the region are Singapore and Malaysia (Fig. 4.1.15), but their populations are relatively small compared to others in their region. Yet imports per capita are many times higher than other countries in Southeast Asia: on average each resident of Singapore annually imports more than $230 USD worth of dairy products; Malaysia – over $40 USD.

FIG.4.1.5. **COMPARISON OF MILK CONSUMPTION** (LEFT SCALE) AND **GDP** (RIGHT SCALE) **PER CAPITA**, SELECTED COUNTRIES, 2021

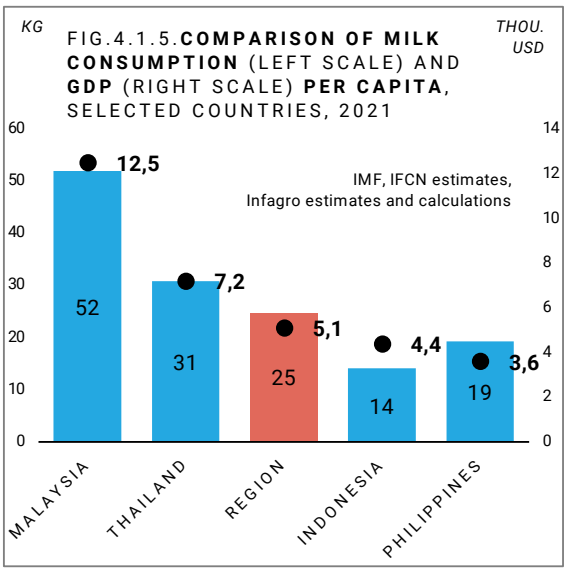


Table 4.1.14. Comparative dynamics of consumption of dairy products in milk equivalent per capita by countries in the region, 2020-2021, kg

COUNTRY	2020	2021	Deviation from the mean, 2021	2021 vs 2020
Myanmar	62	66	41	5,1%
Malaysia	47	52	27	10,0%
Thailand	30	31	6	2,7%
Vietnam	24	24	0	2,5%
Philippines	20	19	-5	-3,0%
Indonesia	13	14	-11	6,8%
WEIGHTED AVER.	**24**	**25**	**0**	**3,8%**

Source: IMF, Infagro calculations (blue) based on IMF data

Table 4.1.13. Comparative population dynamics by countries in the region, 2022-2023, million people

COUNTRY	2022	2023	SHARE, 2023	2023 vs 2022
Indonesia	274,9	277,4	41%	0,9%
Philippines	111,6	112,9	17%	1,2%
Vietnam	99,5	100,4	15%	0,9%
Thailand	70,1	70,2	10%	0,1%
Myanmar	53,9	54,2	8%	0,6%
Malaysia	32,7	33,1	5%	1,2%
Cambodia	16,0	16,2	2%	1,0%
Singapore	5,6	5,7	0,8%	0,4%
TOTAL	**664**	**670**	**100%**	**0,9%**

Source: IMF, Infagro calculations based on IMF data

Table 4.1.15. Comparative dynamics of GDP per capita by countries in the region, 2022-2023, USD

COUNTRY	2022	2023	Deviation from the mean, 2023	2023 vs 2022
Singapore	82 808	87 884	82 164	6,1%
Malaysia	12 466	13 034	7 314	4,6%
Thailand	7 070	7 298	1 577	3,2%
Indonesia	4 798	5 109	-612	6,5%
Vietnam	4 087	4 316	-1 404	5,6%
Philippines	3 624	3 859	-1 861	6,5%
Cambodia	1 802	1 916	-3 805	6,3%
Myanmar	1 228	1 381	-4 339	12,5%
WEIGHTED AVER.	**5 411**	**5 721**	**0**	**5,7%**

Source: IMF, Infagro calculations (blue) based on IMF data

4 IMPORTING COUNTRIES

4.2 Comparison of the dynamics of dairy imports

Dairy import

Central and Eastern Europe: Analysis of Imports in Value Terms

Countries in this European region are steadily increasing their purchases of dairy products. However, it should be noted that most of the goods are moved between countries within the European Union. Therefore, in some cases, it is not quite a pure import, but a kind of 'exchange of dairy goods'.

First, this concerns the largest player in the region - Poland (Fig. 4.2.1). For example, in 2022, the country imported 43.4 thousand tonnes of cheese from Germany, while exporting 37.5 thousand tonnes of the product. There are also re-exports, both domestic and from third countries. As for Poland, it is an exporter of dairy products, with shipments from the country significantly higher than purchases for most items.

Romania, which is next in the ranking, does import relatively large volumes of dairy products, and has significantly increased them for most items (Fig. 4.2.2, Table 4.2.1). Unlike Poland, this country is import-dependent. Romania does not have enough milk to be self-sufficient.

The Czech Republic is third in the ranking of importers, and it is a major exporter of certain products. For example, the country both buys and sells large volumes of cheese and is mainly an exporter of whey.

Slovakia and Hungary are moderately dependent on dairy imports. Bulgaria requires significant imports, increasing them every year (Table 4.2.1). The Baltic States have a surplus of milk for export, but imports of certain categories also take place.

In general, the region demonstrates a steady increase in purchases in monetary terms, and for most products - in volume. The CARG for 5 years is +8.5% (Table 4.2.1).

FIG.4.2.1. **SHARES OF COUNTRIES IN IMPORT VALUE OF THE REGION, 2022,** HS 0401-0406

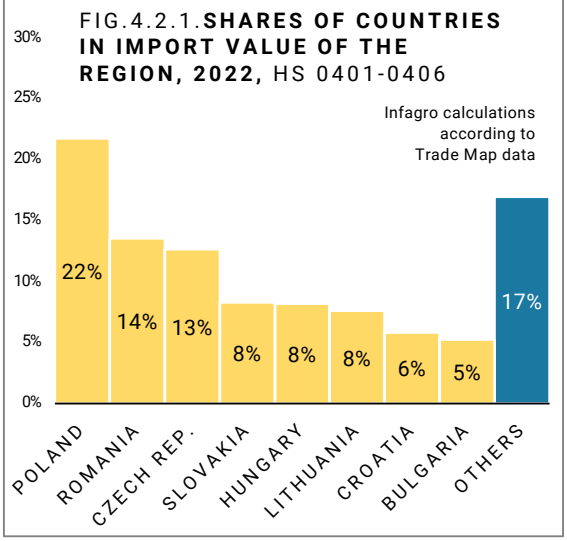


FIG.4.2.2. **TOP-8 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022),** HS 0401-0406

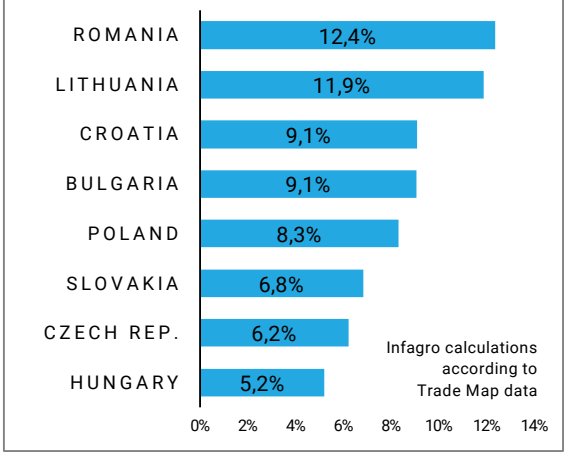


Table 4.2.1. Comparative dynamics of goods import in value terms (HS 0401-0406) by countries of the region, 2018-2022, thousand USD

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Poland	1 050 320	1 066 614	1 054 563	1 333 243	1 565 581	22%	8,3%
Romania	544 460	595 022	667 386	820 099	974 935	14%	12,4%
Czech Republic	672 528	664 502	670 471	789 805	909 376	13%	6,2%
Slovakia	429 313	439 568	449 353	524 998	597 256	8%	6,8%
Hungary	458 509	457 786	484 025	521 899	591 061	8%	5,2%
Lithuania	311 977	321 492	338 183	413 673	546 606	8%	11,9%
Croatia	270 371	284 345	262 028	323 101	417 727	6%	9,1%
Bulgaria	245 296	255 180	258 637	324 947	378 557	5%	9,1%
Latvia	164 534	171 831	181 146	214 986	285 047	4%	11,6%
Slovenia	204 644	191 533	197 760	220 400	242 795	3%	3,5%
Serbia	85 842	108 255	104 705	123 396	191 074	3%	17,4%
Estonia	79 155	74 996	81 243	96 038	122 496	2%	9,1%
Bosnia and Herzegovina	92 636	102 723	92 875	104 945	119 987	2%	5,3%
Moldova	49 762	58 285	70 246	85 994	104 181	1,4%	15,9%
North Macedonia	57 480	64 811	64 077	72 834	79 600	1,1%	6,7%
Montenegro	43 734	45 410	37 142	46 420	69 162	1,0%	9,6%
Albania	17 832	17 603	22 091	26 695	4 324	0,1%	-24,7%
TOTAL	**4 780 411**	**4 921 975**	**5 037 951**	**6 045 494**	**7 201 787**	**100%**	**8,5%**

Source: Trade Map, Infagro calculations based on Trade Map data

Dairy import

Central and Eastern Europe: Butter

The region under study can be called a major importer of butter and milk fat. The general trend in recent years has been upward, except for 2022, when butter prices reached historic records. Almost all countries in the region demonstrate a positive trend in purchases of this category (Table 4.2.2).

The largest importers in the region, with an insignificant difference in shares, are Poland and the Czech Republic (Fig. 4.2.3), which are also each other's trading partners in purchases of this category of goods.

Trends in recent years have been different in the countries. Poland, after a decline in imports in 2022, is only now beginning to recover, but at a rapid pace. Poland itself is a large exporter of butter and often purchases it only to replenish stocks or re-export.

The Czech Republic has been gradually increasing its exports since 2023. Unlike Poland, this country is directly dependent on butter imports, with insufficient domestic production. The Czech Republic buys most of its butter from Poland.

Romania, which is third in the ranking, demonstrates good growth rates in purchases, and the trend continues. This country is also considered to be dependent on imports. The CARG for 5 years exceeds +8% (Fig. 4.2.4).

Slovakia, like the Czech Republic or Romania, is dependent on butter imports, but the volume of imports does not change dramatically from year to year (Table 4.2.2).

Almost all Balkan countries are interesting for butter exporters (Table 4.2.2).

The Baltic countries buy the product, but mostly meet their needs with their own production.

FIG.4.2.3.**SHARES OF COUNTRIES IN THE TOTAL IMPORT OF BUTTER AND AMF OF THE REGION IN 2022**

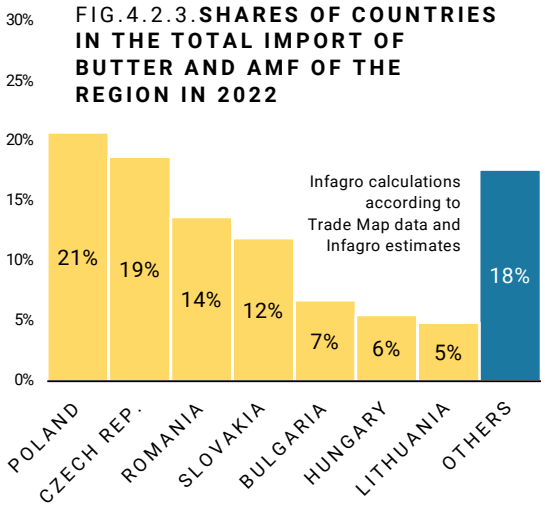


FIG.4.2.4.**TOP-7 IMPORTERS OF BUTTER AND AMF, 5 YEARS CARG (2018-2022)**

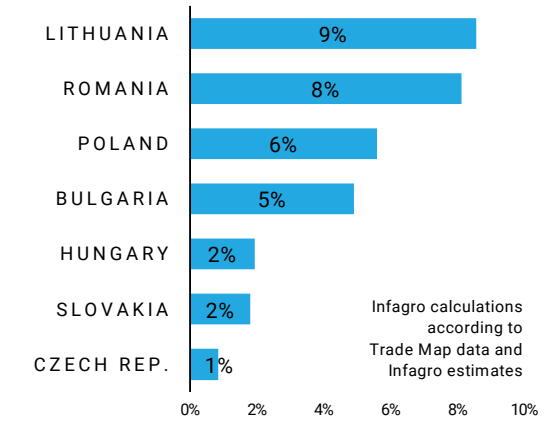


Table 4.2.2. Comparative dynamics of the import of butter and anhydrous milk fat by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Poland	20 571	18 013	19 856	32 308	26 988	21%	5,6%
Czech Republic	23 323	25 181	27 423	25 925	24 331	19%	0,8%
Romania	12 057	14 268	16 743	19 103	17 806	14%	8,1%
Slovakia	14 154	16 091	16 921	15 639	15 477	12%	1,8%
Bulgaria	6 916	8 499	9 061	9 029	8 786	7%	4,9%
Hungary	6 500	6 800	6 850	7 000	7 150	6%	1,9%
Lithuania	4 226	5 081	5 301	6 324	6 370	5%	8,6%
Latvia	3 317	4 098	4 749	4 723	4 465	3%	6,1%
Croatia	2 902	3 515	3 511	3 674	3 835	3%	5,7%
Serbia	2 127	3 154	2 564	3 018	3 700	3%	11,7%
Moldova	2 091	2 449	2 737	3 804	3 095	2%	8,2%
Slovenia	2 265	2 283	2 365	2 482	2 716	2%	3,7%
Estonia	1 231	1 214	1 350	1 442	1 660	1,3%	6,2%
Bosnia and Herzegovina	1 596	1 712	1 779	1 960	1 556	1,2%	-0,5%
North Macedonia	936	875	1 015	1 111	995	0,8%	1,2%
Montenegro	801	891	652	879	914	0,7%	2,7%
Albania	32	49	0	55	0	0,0%	0,0%
TOTAL	**105 045**	**114 173**	**122 877**	**138 476**	**129 844**	**100%**	**4,3%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

Dairy import

Central and Eastern Europe: Skimmed Milk Powder

Poland is the leader in the import of SMP with a big shift among the top five countries. The country has significantly increased the indicator both over the past five years (Table 4.2.3) and in comparison, with 2022 to 2021 (+38%). However, a noticeable decline was already observed in 2023. Germany is the largest supplier of Polish product, accounting for about a third of all purchases. The share of the second-largest supplier, Belgium, is much smaller, about 12%. But in general, the country is considered to be a strong exporter of milk powder, and imports often simply replace the exported product, sometimes it is used for further re-export.

Bulgaria takes the second place in the ranking by a wide margin. The country does not demonstrate a steady trend in imports. However, a decline is recorded both in the five-year measurement and in the comparison of 2022 to 2021 (16%). However, in 2023, the country recovered the indicator for the most part (+11%). Poland and Germany are the country's main trading partners in purchases of SMP. Even Romania (the next importer in the ranking) supplies a certain amount. It is worth noting the growing role of Ukraine in this area of trade. The country's share has increased significantly in recent years, and the trend is continuing.

The third in the ranking of importers, Romania, has shown good dynamics over the five years of the study period (Table 4.2.3), but in 2023 the indicator decreased, and this trend continues.

The best clear growth dynamics, which continues to be observed today, is recorded in Hungary. CARG has grown by more than +25% in five years.

The countries of the Balkan region are considered to be of interest to sellers of SMEs (Table 4.2.3).

The Baltic countries import milk powder but are also exporters at the same time.

FIG.4.2.5. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF SMP OF THE REGION IN 2022**

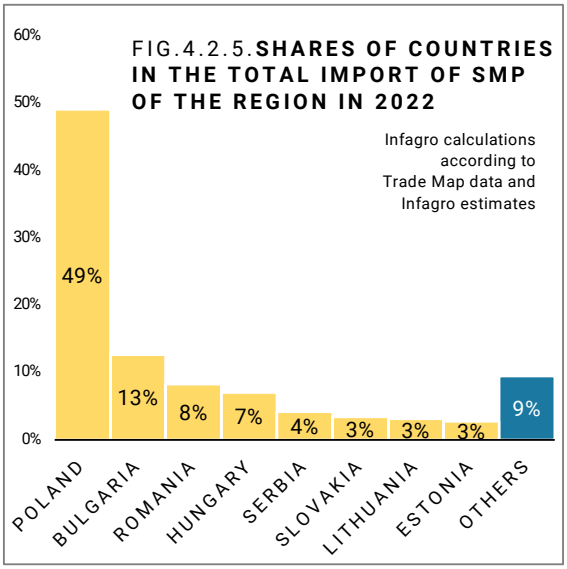


FIG.4.2.6. **TOP-8 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

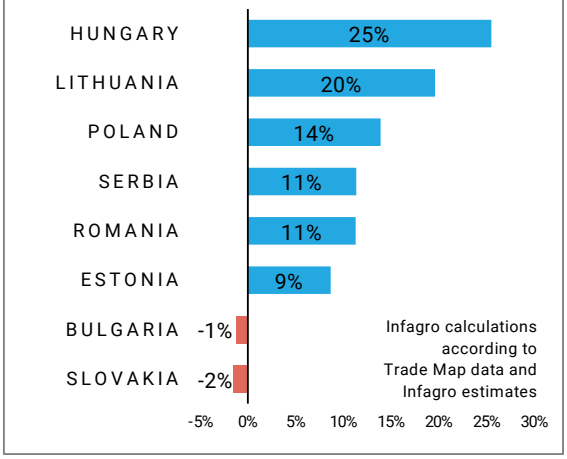


Table 4.2.3. Comparative dynamics of the import of skimmed milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Poland	37 618	52 980	48 528	52 289	72 089	49%	13,9%
Bulgaria	19 795	22 248	16 281	22 227	18 633	13%	-1,2%
Romania	7 114	10 909	10 433	10 887	12 158	8%	11,3%
Hungary	3 328	4 660	4 148	5 301	10 350	7%	25,5%
Serbia	3 572	1 989	3 079	2 499	6 105	4%	11,3%
Slovakia	5 441	7 960	4 393	3 918	5 038	3%	-1,5%
Lithuania	1 879	2 272	2 154	3 488	4 594	3%	19,6%
Estonia	2 643	4 301	7 037	5 000	4 000	3%	8,6%
Croatia	3 171	3 759	2 973	3 400	3 836	3%	3,9%
Czech Republic	1 519	4 938	2 789	2 804	2 612	2%	11,5%
Slovenia	2 775	2 791	2 254	2 934	2 521	2%	-1,9%
Moldova	879	1 094	2 328	1 064	1 879	1,3%	16,4%
North Macedonia	2 101	1 906	1 384	1 289	1 539	1,0%	-6,0%
Latvia	679	1 166	1 079	1 280	1 288	0,9%	13,7%
Bosnia and Herzegovina	372	468	318	118	187	0,1%	-12,9%
Albania	141	110	239	197	37	0,0%	-23,5%
Montenegro	36	44	26	31	22	0,0%	-9,4%
TOTAL	**93 063**	**123 595**	**109 443**	**118 726**	**146 888**	**100%**	**9,6%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

Central and Eastern Europe: Whole Milk Powder

In Europe, the use of whole milk powder is limited, unlike in countries with a clear dependence on imports. The use of WMP is most often in the confectionery industry, rather than for recovery and further production of dairy products.

In the region, only a few countries are considered relatively large importers of WMP (Fig. 4.2.8).

There is no clear trend in the dynamics of imports of WMP in this region, but it is the only commodity that has shown a negative trade result over the past five years.

Poland also holds the lead in purchases of WMP, accounting for more than half of total imports in the region (Fig. 4.2.7). However, as in the case of skimmed milk, exports of this product significantly exceed imports. Germany is also the main supplier of this product.

Slovakia, which is next in the ranking, has been performing well in recent years, and the upward trend continues (Table 4.2.4).

The Czech Republic has a slightly smaller share, also showing growing trends. GARG for 5 years is over +10% (Fig. 4.2.8.).

It is worth noting the active purchases of whole milk by Latvia. Its imports have tripled in five years (Table 4.2.4).

The Balkan countries used to buy more UHM, but recently the volumes have significantly decreased.

FIG.4.2.7. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WMP OF THE REGION IN 2022**

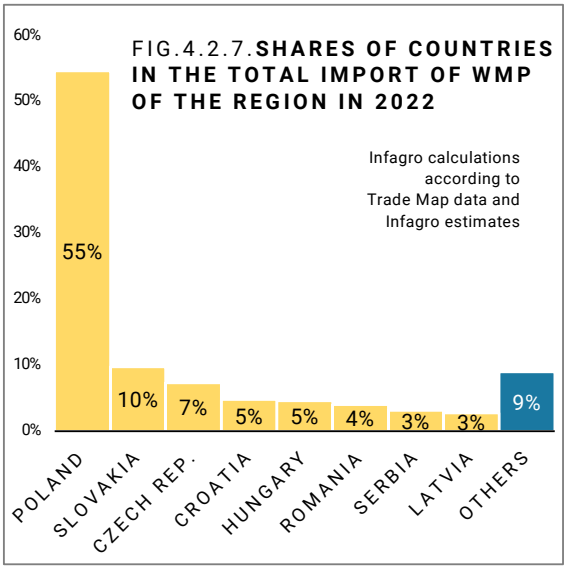


FIG.4.2.8. **TOP-8 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

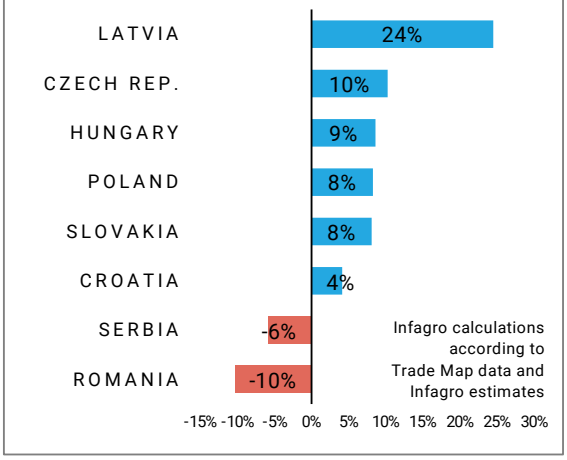


Table 4.2.4. Comparative dynamics of the import of whole milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Poland	12 305	12 371	17 480	18 435	18 294	55%	8,3%
Slovakia	2 208	2 432	1 950	2 651	3 257	10%	8,1%
Czech Republic	1 501	1 616	1 480	1 675	2 445	7%	10,3%
Croatia	1 302	1 682	1 528	1 801	1 592	5%	4,1%
Hungary	1 009	1 313	1 352	1 694	1 527	5%	8,6%
Romania	2 327	2 305	1 798	1 577	1 348	4%	-10,3%
Serbia	1 430	976	853	750	1 059	3%	-5,8%
Latvia	313	515	735	593	936	3%	24,5%
Estonia	881	1 124	845	882	877	3%	-0,1%
Bulgaria	9 729	1 822	1 517	782	607	2%	-42,6%
Lithuania	1 041	724	919	758	476	1,4%	-14,5%
Slovenia	1 043	1 110	870	710	347	1,0%	-19,8%
North Macedonia	251	261	255	207	335	1,0%	5,9%
Moldova	371	420	358	344	199	0,6%	-11,7%
Bosnia and Herzegovin	35	94	45	92	78	0,2%	17,4%
Albania	75	27	10	43	57	0,2%	-5,3%
Montenegro	24	10	11	13	36	0,1%	8,4%
TOTAL	**35 845**	**28 802**	**32 006**	**33 007**	**33 470**	**100%**	**-1,4%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

Dairy import

Central and Eastern Europe: Whey, Concentrated and Powdered

Overall, the whey market in the region has been growing rapidly over the past five years, but this has been driven mainly by individual countries.

It should be noted that statistics in the region do not separately break down whey powder and other types. Within the EU, there is also active trade in condensed whey. Therefore, in some countries there is a significant increase in trade volumes (Table 4.2.5).

Slovakia became the largest buyer of the product in the region in 2022 due to increased imports of condensed whey. The country has significantly increased this figure over the past five years, more than doubling it in 2022 compared to 2021 (Fig. 4.2.10, Table 4.2.5). However, the same significant decline was already observed in the following year, 2023, and the trend is continuing. Therefore, the country will again lose the lead to Poland.

Poland imports large volumes but exports many times more. The country has been showing a negative trend in purchases in recent years. This development is typical now. Whey is now a somewhat problematic commodity, so a large producer will logically avoid accumulating volumes.

The Czech Republic and Lithuania are not far behind in the ranking (Fig. 4.2.9). Both countries have been increasing whey purchases in recent years, with Lithuania increasing significantly (CARG for 5 years is +53%, Fig. 4.2.10, Table 4.2.5). However, last year, a downward trend was observed, which will continue in 2024.

Almost all Balkan countries are considered importers of whey. These countries are supplied mainly with whey powder.

FIG.4.2.9. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WHEY CONCENTRATED AND POWDERED OF THE REGION IN 2022**

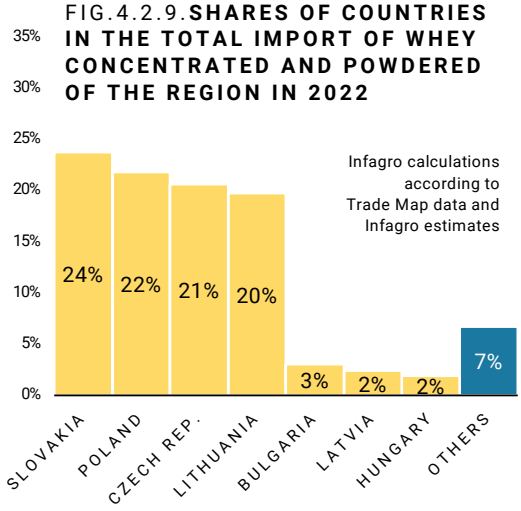


FIG.4.2.10. **TOP-7 IMPORTERS OF WHEY CONCENTRATED AND POWDERED, 5 YEARS CARG (2018-2022)**

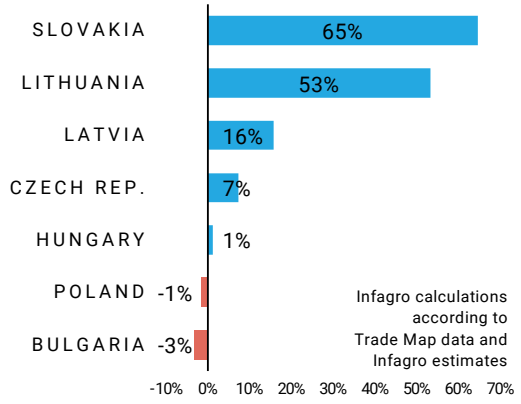


Table 4.2.5. Comparative dynamics of the import of whey concentrated and powdered by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Slovakia	5 779	13 230	25 790	32 594	69 832	24%	64,6%
Poland	69 059	51 554	67 897	77 274	64 103	22%	-1,5%
Czech Republic	42 587	50 629	52 205	57 084	60 546	21%	7,3%
Lithuania	6 862	24 672	35 627	51 558	58 046	20%	53,3%
Bulgaria	10 573	10 810	8 593	9 846	9 004	3%	-3,2%
Latvia	3 419	7 753	10 488	6 889	7 095	2%	15,7%
Hungary	5 310	4 931	5 397	5 834	5 627	2%	1,2%
Serbia	4 645	5 396	4 640	5 027	5 614	2%	3,9%
Romania	4 468	4 470	4 486	4 747	4 721	2%	1,1%
Croatia	2 909	2 826	3 262	2 706	2 035	0,7%	-6,9%
Bosnia and Herzegovina	707	658	1 035	2 488	1 872	0,6%	21,5%
Estonia	2 788	1 492	1 556	1 430	1 156	0,4%	-16,1%
North Macedonia	1 200	1 399	1 416	1 393	1 026	0,3%	-3,1%
Moldova	370	274	407	460	516	0,2%	6,9%
Slovenia	387	384	362	438	496	0,2%	5,1%
Albania	98	113	0	20	149	0,1%	8,7%
Montenegro	134	141	134	114	124	0,0%	-1,5%
TOTAL	**163 313**	**182 751**	**225 315**	**261 923**	**293 984**	**100%**	**12,5%**

Source: Trade Map, Infagro calculations based on Trade Map data

Central and Eastern Europe: Cheese

Both the total volume of cheese imports in the region and the figures for most individual countries are growing. European countries are now actively increasing production of this product category, and they are also actively trading it on their markets and outside the EU. This growth is underpinned by adequate demand.

The top three importers have almost equal shares in cheese purchases (Fig. 4.2.11).

The leader, Romania, is steadily increasing its share, at a high rate compared to other players. CARG for 5 years is +5.5% (Fig. 4.2.12). However, the activity slowed down slightly in 2023 but is increasing again in 2024. Partners - leaders in cheese supply: Germany, Poland, and Italy.

The Czech Republic is also increasing its cheese purchases (Table 4.2.6). There is also an exception to the positive trend in 2022, but it was followed by an even greater increase, the pace of which is maintained in 2024. The main partners in trade are Germany and Poland.

The Czech Republic also buys the most cheese from these countries, which is almost on a par with Romania in terms of imports.

In Poland, the dynamics are not clear, but the trend is generally upward, and in 2023 and early 2024, the pace even accelerated. The main supplier of cheese to the country is Germany. However, it should be noted that Poland exports many times more cheese than it imports.

Hungary, Slovakia, Moldova and most of the Balkan countries are considered import-dependent (Table 4.2.6).

The Baltic countries, except Estonia, produce large volumes of cheese themselves.

Depending on the region, the range of imported cheese varies. For example, Balkan importers prefer to buy 'white' cheeses. Romania buys a wide range, while Czech traders are more interested in semi-hard cheeses.

FIG.4.2.11. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF CHEESE OF THE REGION IN 2022**

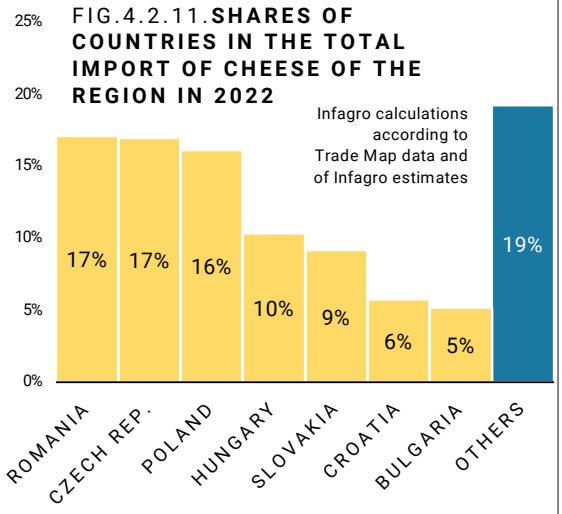


FIG.4.2.12. **TOP-7 IMPORTERS OF CHEESE, 5 YEARS CARG (2018-2022)**

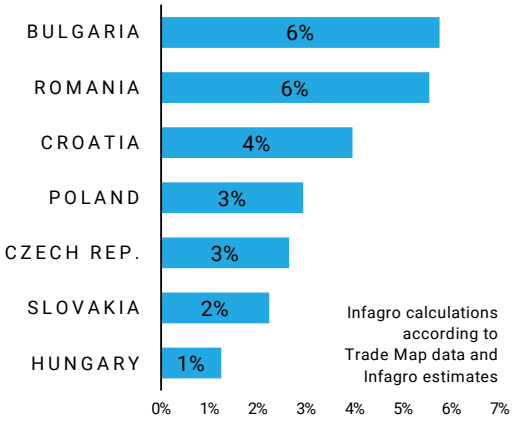


Table 4.2.6. Comparative dynamics of the import of cheese by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Romania	86 700	87 575	96 976	111 935	113 534	17%	5,5%
Czech Republic	98 857	106 519	108 336	112 953	112 642	17%	2,6%
Poland	92 737	104 042	97 633	108 077	107 213	16%	2,9%
Hungary	64 500	66 600	73 400	70 500	68 600	10%	1,2%
Slovakia	54 485	61 878	62 700	64 121	60 850	9%	2,2%
Croatia	31 464	34 595	31 748	36 417	38 199	6%	4,0%
Bulgaria	26 024	27 240	28 139	33 447	34 437	5%	5,8%
Slovenia	26 870	26 746	27 268	29 192	28 183	4%	1,0%
Lithuania	14 541	15 919	17 044	19 829	22 731	3%	9,3%
Latvia	16 027	17 094	17 126	17 793	21 613	3%	6,2%
Serbia	6 035	7 770	9 249	11 523	12 788	2%	16,2%
Bosnia and Herzegovina	12 145	12 350	11 609	13 358	12 046	2%	-0,2%
Estonia	8 186	8 131	9 375	9 479	11 061	2%	6,2%
Moldova	4 621	5 374	6 046	7 527	7 322	1,1%	9,6%
North Macedonia	6 407	7 200	6 965	7 543	6 654	1,0%	0,8%
Montenegro	4 960	4 798	3 748	4 998	5 085	0,8%	0,5%
Albania	1 370	1 700	2 500	2 550	300	0,0%	-26,2%
TOTAL	**555 929**	**595 531**	**609 862**	**661 242**	**663 258**	**100%**	**3,6%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

Dairy import

Caucasus and Central Asia: Analysis of Imports in Value Terms

The Caucasus and Central Asia is an interesting region for a potential seller of dairy products. Imports are steadily increasing in value terms, and volume growth is also typical for most products. For Ukraine, it is a familiar market, but with strong competition from neighbouring countries.

It is interesting for Ukrainian exporters because of long-standing trade relations and the absence of import duties on Ukrainian products in most countries in the region.

However, since the beginning of Russia's full-scale invasion of Ukraine, exports to the region have become significantly more difficult. The possibility of transit through Russia and even via Black Sea ferries to the Caucasus has been lost. For this reason, exports of dairy products to the region have fallen significantly. Ukraine's niche is gradually being filled by Belarusian and Russian suppliers.

Kazakhstan is the largest importer in the region, accounting for almost half of all dairy imports in the region (Fig. 4.2.13), and more than 50% of the volume of certain products. The country has potential for growth. This is facilitated by socio-economic development, insufficient domestic production, and the potential to increase consumption, which is still low per capita.

Azerbaijan also demonstrates good dynamics in the purchase of dairy products (Table 4.2.7). This is a country with great potential for economic development, so it should increase purchases in the future.

A significant increase in imports is typical for Armenia. The country has significantly increased its imports of all key dairy products.

Smaller players in the region are also steadily increasing their purchases, with few exceptions. Uzbekistan demonstrates the best dynamics, with a CARG of almost +34% over 5 years (Fig. 4.2.14).

FIG.4.2.13. **SHARES OF COUNTRIES IN IMPORT VALUE OF THE REGION, 2022,** HS 0401-0406

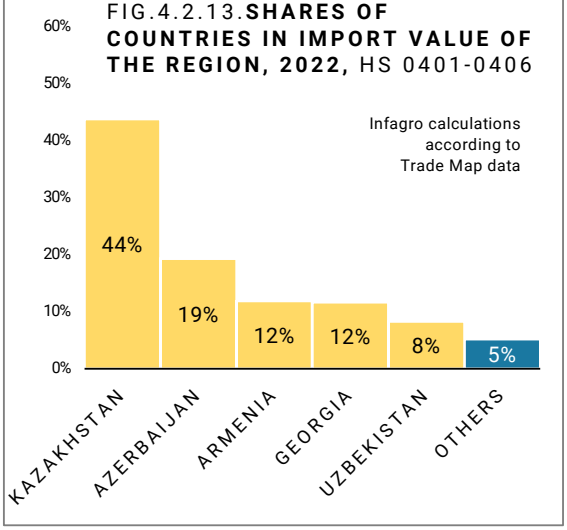


FIG.4.2.14. **TOP-5 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022),** HS 0401-0406

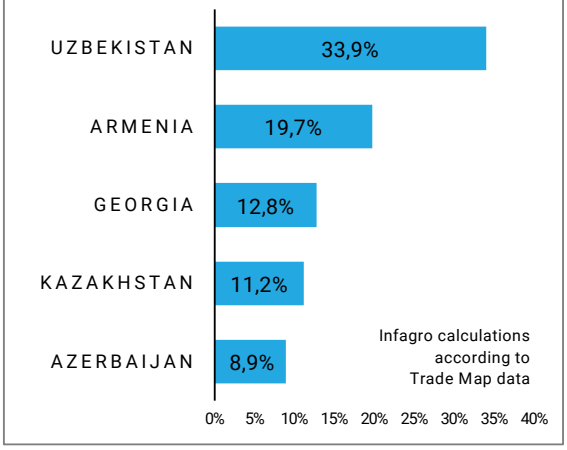


Table 4.2.7. Comparative dynamics of goods import in value terms (HS 0401-0406) by countries of the region, 2018-2022, thousand USD

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Kazakhstan	245 651	252 450	313 656	312 291	417 050	44%	11,2%
Azerbaijan	120 126	130 509	146 763	146 378	183 648	19%	8,9%
Armenia	45 759	47 796	56 066	56 156	112 608	12%	19,7%
Georgia	60 715	70 877	69 969	75 880	110 708	12%	12,8%
Uzbekistan	18 292	28 295	39 011	54 614	78 856	8%	33,9%
Kyrgyzstan	8 701	9 574	11 076	14 866	21 959	2%	20,3%
Tajikistan	9 676	9 723	10 040	11 721	14 942	2%	9,1%
Turkmenistan	16 168	11 623	11 695	10 322	10 422	1%	-8,4%
TOTAL	**525 088**	**560 847**	**658 276**	**682 228**	**950 193**	**100%**	**12,6%**

Source: Trade Map, Infagro calculations based on Trade Map data

Caucasus and Central Asia: Butter

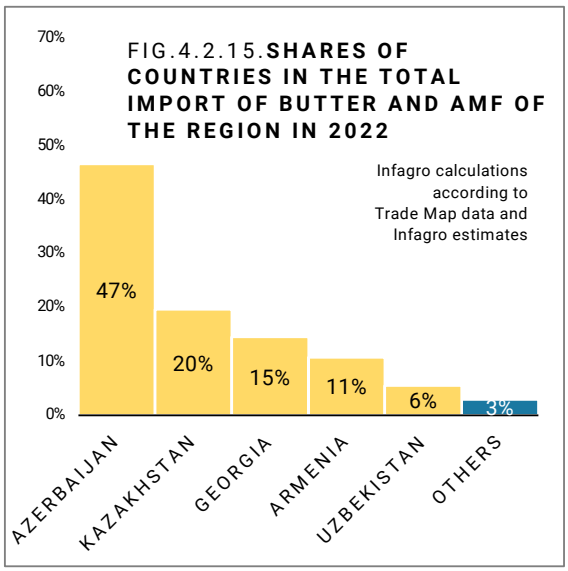
The Caucasus and Central Asia region is increasing its purchases of butter and milk fat on global markets. The overall figure has increased by +6% over the past five years. Most key players demonstrate positive import dynamics (Table 4.2.8).

About half of all butter and fat purchases in the region are made by Azerbaijan (Fig. 4.2.15). The country also continues to actively increase this indicator: over five years, the growth is about +9%, in 2022 - by almost a quarter. The country has prospects for further growth in this indicator.

The next countries in the ranking, Kazakhstan and Georgia, also demonstrate quite good performance, with an increase in imports of about +50% and +25%, respectively, in 2022 (Table 4.2.8).

Attention should be paid to Uzbekistan. The country purchases small volumes of the product, but, as in the case of milk powder, it has demonstrated high growth rates over the past five years (Fig. 4.2.16).

Unlike dried milk products, some Caucasian countries and Kazakhstan still buy Ukrainian butter, but the volumes have decreased significantly. Belarus and Russia remain the main suppliers. From time to time, butter is even imported from Iran.



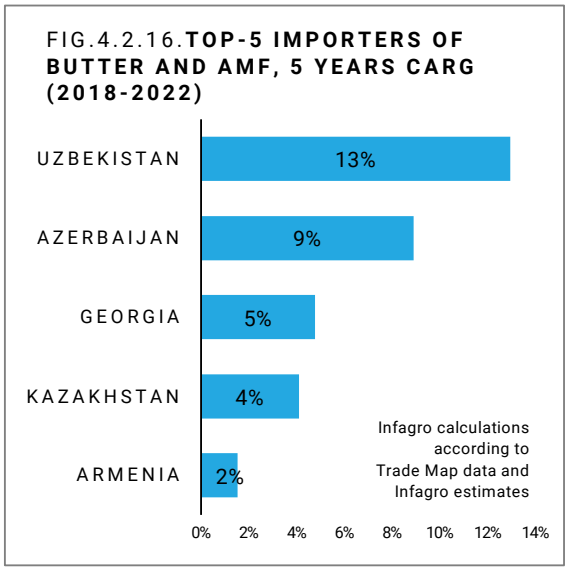


Table 4.2.8. Comparative dynamics of the import of butter and anhydrous milk fat by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Azerbaijan	12 115	14 032	16 806	15 034	18 563	47%	8,9%
Kazakhstan	6 396	4 972	7 183	5 238	7 816	20%	4,1%
Georgia	4 578	4 547	4 535	4 630	5 779	15%	4,8%
Armenia	3 980	3 626	4 575	2 590	4 291	11%	1,5%
Uzbekistan	1 194	1 489	1 675	2 212	2 195	6%	12,9%
Turkmenistan	766	290	556	574	996	3%	5,4%
Tajikistan	254	113	266	263	164	0,4%	-8,4%
Kyrgyzstan	16	464	136	526	9	0,0%	-10,9%
TOTAL	**29 299**	**29 533**	**35 732**	**31 067**	**39 813**	**100%**	**6,3%**

Source: Trade Map, Infagro calculations based on Trade Map data

Dairy import

Caucasus and Central Asia: Skimmed Milk Powder

Countries in the region are not large importers of milk powder, but most of them have recently increased their purchases of milk powder. Some countries have shown a slight increase or even a decrease over the past five years, but the picture is much better in the last two or three years. This is due to the post-COVID recovery and the improvement of the socio-economic situation in general.

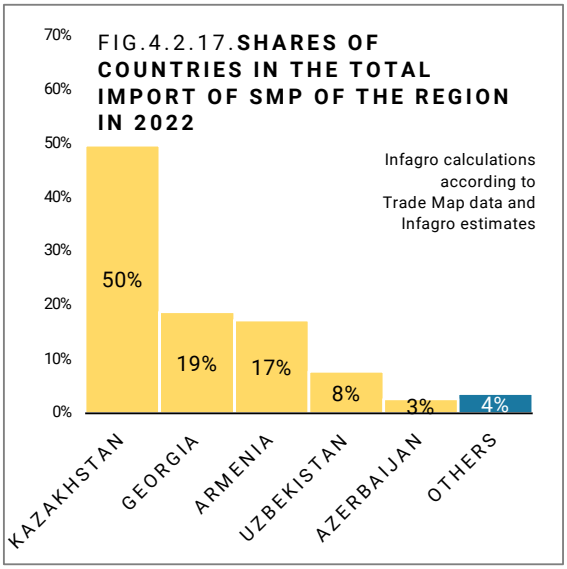
Kazakhstan is the largest importer of SMP in the Caucasus and Central Asia, taking in half of the total volume entering the region. Recently, the country has been increasing this figure and has the potential to increase it. Domestic production of raw milk is underdeveloped.

Georgia and Armenia have almost identical shares in imports, but Georgia is increasing them gradually, while Armenia has significantly increased its share in recent years (CARG for 5 years is +14.5%).

Uzbekistan is significantly increasing its purchases of milk powder (Table 4.2.9). The country is experiencing good economic growth, and demographics suggest a significant increase in dairy consumption.

Azerbaijan may also increase its purchases of milk powder in the future.

Other countries in the region are not very interesting for large exporters due to low demand.



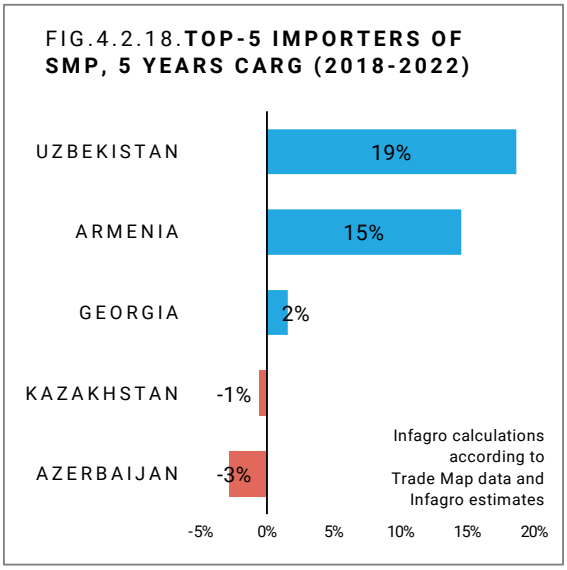


Table 4.2.9. Comparative dynamics of the import of skimmed milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Kazakhstan	24 429	20 156	28 324	20 830	23 751	50%	-0,6%
Georgia	8 306	7 761	7 268	5 971	8 974	19%	1,6%
Armenia	4 206	4 711	5 515	4 725	8 281	17%	14,5%
Uzbekistan	1 592	2 091	2 798	3 261	3 742	8%	18,6%
Azerbaijan	1 464	2 201	2 484	728	1 271	3%	-2,8%
Turkmenistan	1 105	535	897	577	682	1,4%	-9,2%
Kyrgyzstan	214	49	102	25	627	1,3%	24,0%
Tajikistan	469	667	429	346	433	0,9%	-1,6%
TOTAL	**41 785**	**38 171**	**47 817**	**36 463**	**47 761**	**100%**	**2,7%**

Source: Trade Map, Infagro calculations based on Trade Map data

Caucasus and Central Asia: Whole Milk Powder

The countries of the Caucasus and Central Asia account for an insignificant share of whole milk powder imports in terms of global market volumes, but the dynamics of purchases are positive. A number of countries look promising for potential sellers. Some are increasing purchases at a rapid pace, while others have the potential to grow in the future.

As in the case of WMP, the largest importer of whole milk is Kazakhstan, which accounts for more than half of the region's total imports (Fig. 4.2.19). The country is generally increasing its purchases, although in some years it has shown a decline, and has prospects for further growth.

Armenia, which is second in the ranking, purchases much smaller volumes, but also demonstrates growing trends in recent years (Table 4.2.10).

Among the other countries in the ranking, Uzbekistan is worth highlighting, with a +13 per cent CARG over five years.

The supply of WMP is carried out mainly by Belarusian and Russian suppliers. Small volumes of Ukrainian milk are purchased by Caucasian countries, mainly Armenia.

FIG.4.2.19. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WMP OF THE REGION IN 2022**

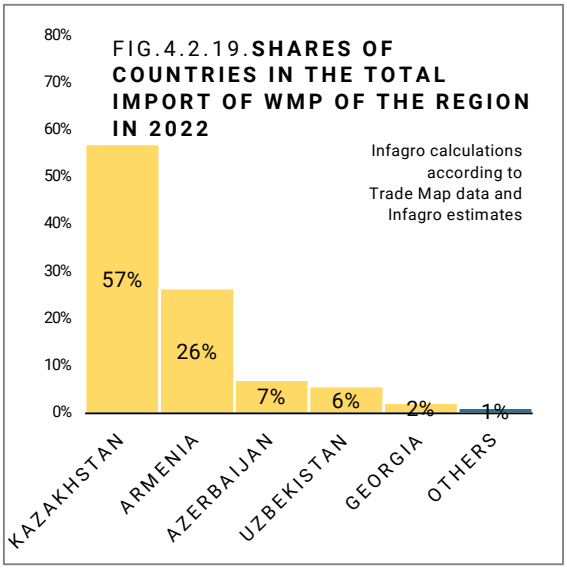


FIG.4.2.20. **TOP-5 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

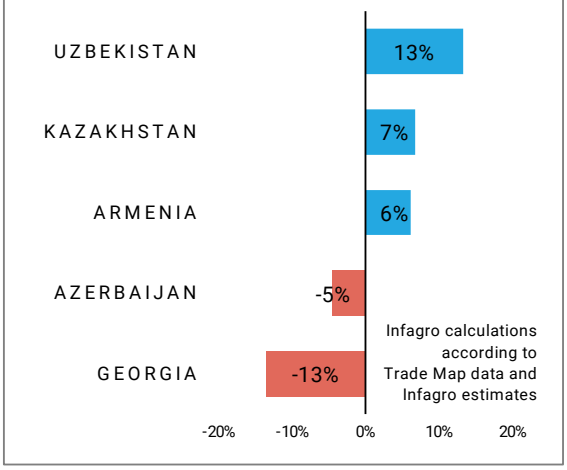


Table 4.2.10. Comparative dynamics of the import of whole milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Kazakhstan	2 612	2 204	2 835	2 476	3 619	57%	6,7%
Armenia	1 248	1 468	1 103	1 137	1 680	26%	6,1%
Azerbaijan	572	885	838	724	454	7%	-4,5%
Uzbekistan	198	164	261	317	369	6%	13,3%
Georgia	295	175	374	377	143	2%	-13,5%
Turkmenistan	61	30	52	60	71	1,1%	3,1%
Kyrgyzstan	73	14	8	10	3	0,0%	-47,2%
Tajikistan	1	2	3	7	1	0,0%	0,0%
TOTAL	**5 060**	**4 942**	**5 474**	**5 108**	**6 340**	**100%**	**4,6%**

Source: Trade Map, Infagro calculations based on Trade Map data

Caucasus and Central Asia: Whey Powder

Imports of whey powder do not demonstrate the same clear trend as other dairy products. The overall trend, after a period of growth, showed a decline in 2022. Opposite trends are also recorded by country.

Kazakhstan leads the region in whey powder purchases, with Uzbekistan having almost the same share. However, the trends in the countries differ. In Kazakhstan, there has been minimal growth over the past five years, and even a noticeable decline in 2022 (-22%). In Uzbekistan, a significant increase in imports is observed, both in the dynamics over five years (CARG +21%) and in 2022 compared to 2021 (+50%). Therefore, it is quite possible that the ranking of key countries will change in 2023.

It is worth noting the same positive dynamics in the next countries in the ranking - Azerbaijan and Tajikistan. Although the countries import relatively small volumes of whey, the figures have increased significantly both over the five-year period (Table 4.2.11) and in the annual comparison from 2022 to 2021, 33% and 44%, respectively.

Kyrgyzstan, next in the TOP-5, has shown the best result in procurement over the past five years, but decreased in 2022 (-12%).

In recent years, Ukraine has stopped supplying whey to the region, and exports have become economically unviable due to expensive logistics.

Countries in the region buy whey from Russia and Belarus.

FIG.4.2.21. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WHEY POWDER OF THE REGION IN 2022**

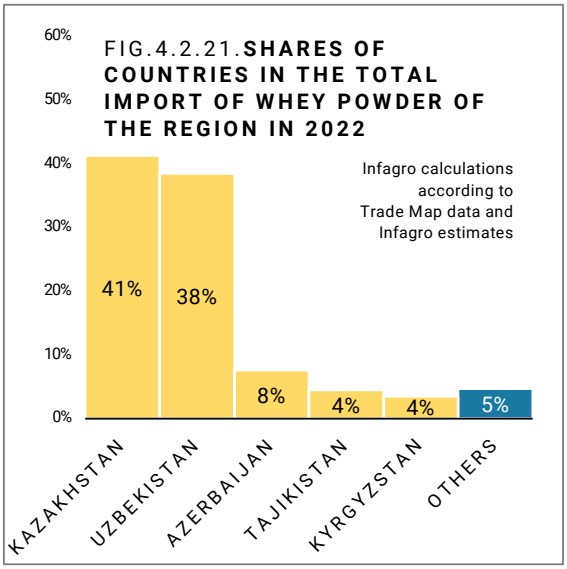


FIG.4.2.22. **TOP-5 IMPORTERS OF WHEY POWDER, 5 YEARS CARG (2018-2022)**

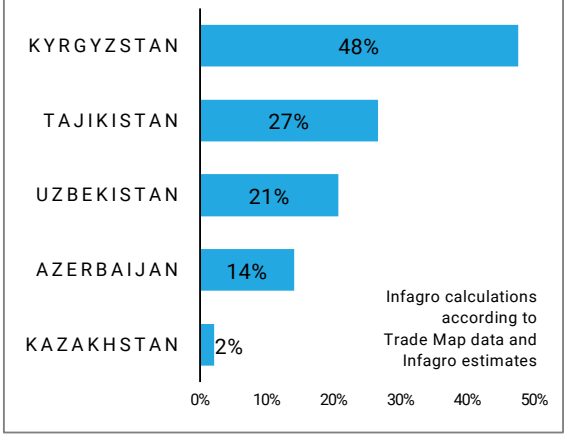


Table 4.2.11. Comparative dynamics of the import of whey powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Kazakhstan	7 771	9 103	10 752	10 991	8 609	41%	2,1%
Uzbekistan	3 133	4 394	6 037	5 344	8 032	38%	20,7%
Azerbaijan	825	932	1 086	1 197	1 593	8%	14,1%
Tajikistan	287	510	544	647	933	4%	26,6%
Kyrgyzstan	105	79	88	837	734	4%	47,5%
Georgia	418	585	501	441	384	2%	-1,7%
Armenia	244	352	354	960	360	2%	8,1%
Turkmenistan	1 032	921	1 356	876	235	1,1%	-25,6%
TOTAL	**13 815**	**16 876**	**20 718**	**21 293**	**20 880**	**100%**	**8,6%**

Source: Trade Map, Infagro calculations based on Trade Map data

Caucasus and Central Asia: Cheese

Countries in the region are showing positive dynamics in their purchases of cheese. This commodity has seen the largest increase among all key imported products over the past five years, with a clear upward trend over the period.

Kazakhstan is again the leader in cheese purchases in the region with a share of almost 60%. In addition to cheese, it purchases significant volumes of cheese products, as do most other countries in the region. The country shows mostly upward trends with exceptions in certain periods and has prospects for further growth.

Azerbaijan, which is second in the ranking, shows similar trends: growth in the overall trend over five years, but a decline in 2022 (Table 4.2.12).

Positive trends are evident in the Uzbekistan market, with clear and significant growth in recent years. CARG for 5 years is +32% (Fig. 4.2.24).

Armenia is becoming an interesting destination for exporters, as it has doubled its cheese imports in five years (Table 4.2.12).

Turkmenistan is the only country in the region that shows a decrease in cheese imports. However, purchases of cheese products remain significant.

Kazakhstan still buys a lot of cheese from Ukraine, and until recently, the volume of imports of cheese products was even higher. Other countries in the region also buy cheese and cheese products, but in small volumes.

Recently, Russia and Belarus have been actively pushing Ukrainian cheese, and especially cheese products, out of the region. Due to expensive logistics and other factors, products from these regions are much cheaper than those from Ukraine.

FIG.4.2.23. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF CHEESE OF THE REGION IN 2022**

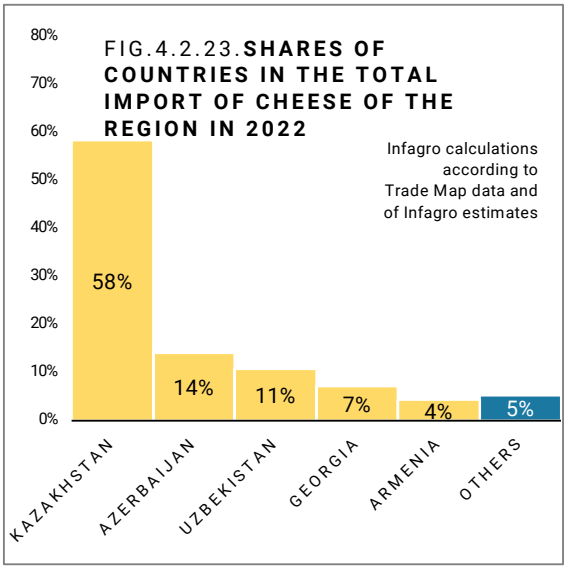


FIG.4.2.24. **TOP-5 IMPORTERS OF CHEESE, 5 YEARS CARG (2018-2022)**

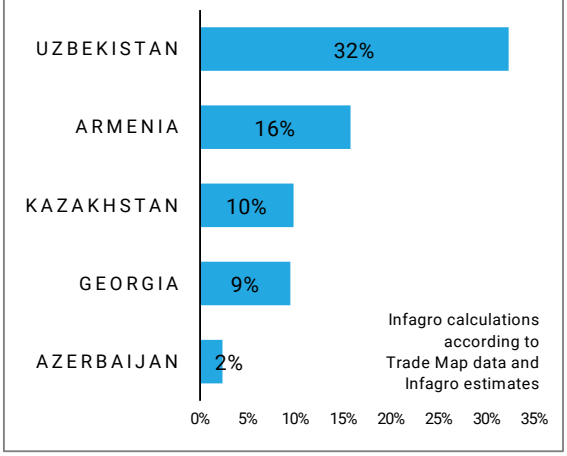


Table 4.2.12. Comparative dynamics of the import of cheese by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Kazakhstan	21 924	25 646	34 209	33 254	34 932	58%	9,8%
Azerbaijan	7 508	8 726	9 292	9 560	8 440	14%	2,4%
Uzbekistan	1 587	2 702	3 135	4 922	6 432	11%	32,3%
Georgia	2 729	3 133	2 927	3 537	4 287	7%	9,5%
Armenia	1 259	1 342	1 521	1 783	2 614	4%	15,7%
Kyrgyzstan	855	730	943	1 333	1 725	3%	15,1%
Turkmenistan	1 685	1 376	813	1 184	1 126	2%	-7,7%
Tajikistan	293	137	205	277	311	0,5%	1,2%
TOTAL	**37 840**	**43 792**	**53 045**	**55 850**	**59 867**	**100%**	**9,6%**

Source: Trade Map, Infagro calculations based on Trade Map data

Dairy import

MENA: Analysis of Imports in Value Terms

MENA countries are actively involved in the global dairy trade. Strong demand from the region largely saved the global market from collapse after China's significant decline in its presence.

The pandemic crisis, of course, also affected the region. However, it has begun to recover quickly, which has a positive impact on trade. For example, after a decline in dairy imports in the post-COVID period, most of the main items have recently seen growth.

In its latest report, the OECD/FAO forecasts a further increase in MENA imports by 2032 for all major product categories compared to 2022: +60% butter, +34% cheese, +33% SMP, +10% WMP.

The bulk of purchases, more than 50% of the regional indicator, in value terms, are made by three countries - Saudi Arabia, the UAE, and Algeria (Fig. 3.2.25). In terms of quantity, the rankings differ, sometimes even significantly, as Algeria imports mainly large volumes of milk powder.

Saudi Arabia and the UAE are leaders in purchasing expensive butter and cheese.

Egypt, Iraq, Oman, Kuwait, Morocco, and Yemen are countries that regularly purchase a wide range of dairy products. In the region, Yemen, Morocco, Israel, and Algeria demonstrate the best dynamics of increasing purchases of dairy products.

A noticeable decrease in imports was observed in countries where military operations took place: Iraq and Syria (Table 4.2.13). Iran has also significantly reduced its purchases of dairy products, but its own production is actively developing.

FIG.4.2.25. **SHARES OF COUNTRIES IN IMPORT VALUE OF THE REGION, 2022,** HS 0401-0406

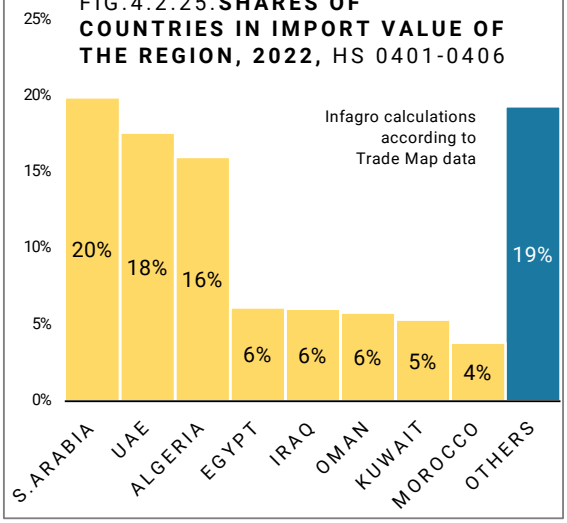


FIG.4.2.26. **TOP-8 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022),** HS 0401-0406

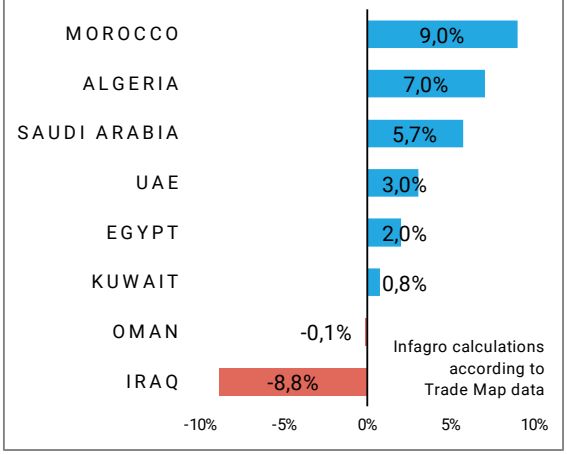


Table 4.2.13. Comparative dynamics of goods import in value terms (HS 0401-0406) by countries of the region, 2018-2022, thousand USD

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Saudi Arabia	1 695 881	1 762 643	1 923 791	1 762 481	2 239 430	20%	5,7%
UAE	1 705 440	1 580 817	1 589 571	1 558 722	1 980 874	18%	3,0%
Algeria	1 279 723	1 116 122	1 267 074	1 309 631	1 799 040	16%	7,0%
Egypt	625 664	617 743	612 869	618 088	691 120	6%	2,0%
Iraq	1 080 117	752 273	731 865	697 954	680 158	6%	-8,8%
Oman	655 782	645 346	687 302	700 753	652 247	6%	-0,1%
Kuwait	576 784	561 807	597 871	528 519	599 007	5%	0,8%
Morocco	280 783	246 265	277 393	312 610	431 662	4%	9,0%
Yemen	212 220	326 813	336 149	389 919	408 303	4%	14,0%
Bahrain	261 776	233 040	254 825	259 825	375 162	3%	7,5%
Qatar	266 777	234 951	231 708	195 574	291 140	3%	1,8%
Jordan	263 042	270 128	284 199	304 243	242 614	2%	-1,6%
Libya	268 945	300 646	183 483	448 046	232 035	2%	-2,9%
Israel	105 134	129 043	167 652	169 025	186 249	2%	12,1%
Lebanon	355 569	295 053	157 520	138 260	173 085	2%	-13,4%
Turkey	88 484	110 096	82 852	52 878	81 253	0,7%	-1,7%
Syria	106 082	87 906	70 740	82 020	66 681	0,6%	-8,9%
Iran	259 285	366 354	113 743	62 020	59 419	0,5%	-25,5%
Tunisia	53 499	61 405	51 436	36 615	57 105	0,5%	1,3%
TOTAL	**10 140 987**	**9 698 451**	**9 622 043**	**9 627 183**	**11 246 584**	**100%**	**2,1%**

Source: Trade Map, Infagro calculations based on Trade Map data

MENA: Butter

Given the level of prosperity and economic development of the countries in the region, Saudi Arabia and the UAE are regional leaders in purchasing expensive dairy products, in this case butter (Fig. 4.2.27).

After the downturn in 2021, both countries are increasing their purchases of butter. However, in addition to butter, the category of cooking fats (largely driven by ghee, for which demand is high due to immigrants), spreads and margarines are also popular and pose a threat to competition. In some years, when prices reached their highest levels, this group of products partially replaced butter. Still, butter accounts for more than 50% of total fat sales, with cooking fats accounting for about a third. The main sellers of butter to the region are New Zealand and the EU, with India increasing its supplies (presumably due to ghee).

Recently, Bahrain has significantly increased its purchases of butter and fats - CARG has increased its purchases by +35% over five years (Fig. 4.2.28), and almost doubled in 2022 (Table 4.2.14). Consumption is growing. But this is a limited market, with a population of only 1.7 million people. With such a high rate of purchases on the global market, even with the development of tourism, butter consumption has reached its maximum value.

Egypt and Morocco are interesting markets for cooperation between sellers (Ukrainian butter used to be supplied to these regions). However, in recent years, these countries have reduced their purchases of this product (Table 4.2.14).

Other, poorer countries in the region, such as Syria, Yemen, Jordan, and Libya, import very little real butter, and they are more likely to consume cheaper margarine.

Turkey and Iran buy little butter due to the development of their own production. Iran even exports significant volumes.

FIG.4.2.27. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF BUTTER AND AMF OF THE REGION IN 2022**

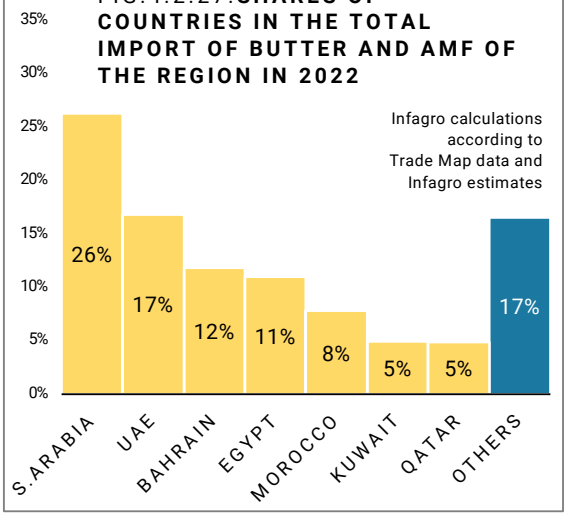


FIG.4.2.28. **TOP-7 IMPORTERS OF BUTTER AND AMF, 5 YEARS CARG (2018-2022)**

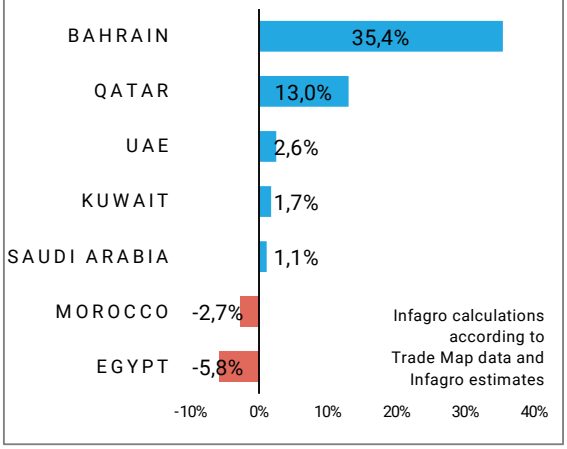


Table 4.2.14. Comparative dynamics of the import of butter and anhydrous milk fat by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Saudi Arabia	51 475	43 477	54 938	50 447	54 284	26%	1,1%
UAE	30 619	39 811	31 566	29 106	34 728	17%	2,6%
Bahrain	5 363	4 612	6 750	12 929	24 423	12%	35,4%
Egypt	30 675	25 933	33 256	24 240	22 760	11%	-5,8%
Morocco	18 465	15 519	16 628	15 400	16 099	8%	-2,7%
Kuwait	9 370	10 122	9 446	10 208	10 202	5%	1,7%
Qatar	5 475	5 383	6 039	6 252	10 098	5%	13,0%
Libya	682	2 241	3 932	4 549	5 450	3%	51,5%
Iraq	3 041	3 120	3 148	4 393	5 354	3%	12,0%
Israel	2 251	5 643	11 209	6 394	4 797	2%	16,3%
Oman	9 317	11 383	11 852	9 912	4 486	2%	-13,6%
Algeria	10 058	8 520	5 209	4 873	3 564	2%	-18,7%
Lebanon	7 083	5 872	2 382	2 214	2 801	1,4%	-16,9%
Jordan	4 333	3 228	3 411	3 486	2 676	1,3%	-9,2%
Syria	2 939	3 031	1 369	1 122	1 644	0,8%	-11,0%
Turkey	10 160	35 775	10 987	2 047	1 380	0,7%	-32,9%
Yemen	981	281	1 107	1 336	1 037	0,5%	1,1%
Tunisia	1 477	1 705	1 203	40	970	0,5%	-8,1%
Iran	32 596	50 234	9 801	423	15	0,0%	-78,5%
TOTAL	**236 360**	**275 890**	**224 233**	**189 371**	**206 768**	**100%**	**-2,6%**

Source: Trade Map, Infagro calculations based on Trade Map data

Dairy import

MENA: Skimmed Milk Powder

In MENA countries, after a decline over several years, the import of SMP began to recover in 2022, and this trend continued into 2023. In many countries, high imports were a result of lower prices combined with an increase in activity of the public catering sector and food industry after the end of market restrictions related to COVID-19.

The main suppliers of dry milk in the region are EU countries, Great Britain, and New Zealand, which account for more than 60% of the total volume.

The largest importer in the region (Fig. 4.2.29.), Algeria is also considered a major player on the global market (about 6% of all global imports). The country is the largest importer of SMP from the EU, and very often this affects European price formation. The country significantly reduced its import volumes in 2019 but has been steadily increasing product purchases in recent years, and it seems that this trend will continue in the future.

Egypt is also considered a large consumer and importer of SMP. But here there is an opposite dynamic – a decrease starting from the pandemic period (Table 4.2.15). Milk production is increasing and more fully satisfies domestic demand; producers focus on producing drinking milk, cheese, butter but practically no production of dry milk.

Yemen was steadily increasing imports. However, volumes significantly fell in 2022. Today this trade direction isn't considered promising by operators considering socio-economic development as well as activities by terrorist groups in the region that hinder global trade threatening shipping.

Morocco notes most significant growth in imports within region CARG over five years at +27% (Fig. 4.2.30).

FIG.4.2.29. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF SMP OF THE REGION IN 2022**

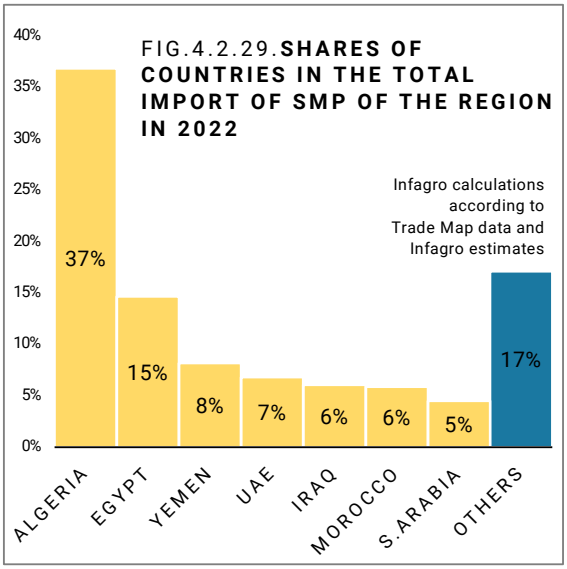


FIG.4.2.30. **TOP-7 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

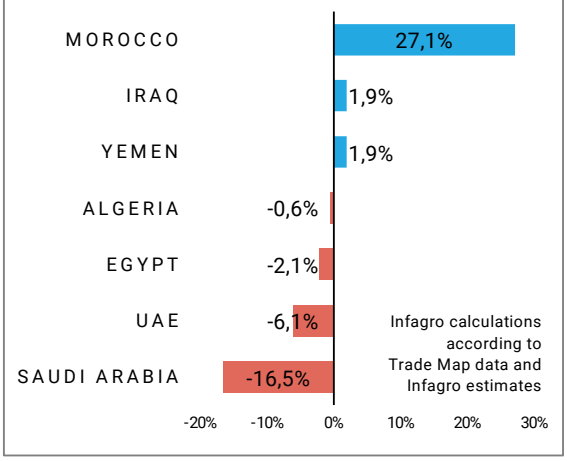


Table 4.2.15. Comparative dynamics of the import of skimmed milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Algeria	166 858	120 306	141 118	135 510	162 078	37%	-0,6%
Egypt	71 704	81 814	74 358	70 132	64 381	15%	-2,1%
Yemen	32 643	41 513	41 434	47 658	35 883	8%	1,9%
UAE	40 971	36 751	28 228	25 705	29 872	7%	-6,1%
Iraq	24 145	15 941	12 190	8 178	26 574	6%	1,9%
Morocco	7 775	6 314	6 411	9 863	25 783	6%	27,1%
Saudi Arabia	48 812	17 431	14 773	15 546	19 793	5%	-16,5%
Libya	4 585	5 653	13 145	17 482	18 616	4%	32,3%
Jordan	19 361	20 183	30 421	23 009	10 809	2%	-11,0%
Syria	15 179	13 485	15 913	12 315	9 003	2%	-9,9%
Oman	1 733	1 062	5 356	6 306	8 513	2%	37,5%
Bahrain	3 432	5 976	5 854	5 792	6 580	1,5%	13,9%
Israel	6 102	6 149	5 647	5 132	5 719	1,3%	-1,3%
Lebanon	10 366	7 144	7 080	5 888	5 329	1,2%	-12,5%
Turkey	56	1 189	4 128	797	3 479	0,8%	128,4%
Tunisia	5 787	7 466	4 657	2 162	3 148	0,7%	-11,5%
Qatar	2 350	2 222	2 992	1 160	1 909	0,4%	-4,1%
Kuwait	13 086	11 857	14 112	2 335	1 101	0,3%	-39,0%
Iran	3 268	3 094	3 318	1 256	1 015	0,2%	-20,9%
TOTAL	**478 213**	**405 550**	**431 135**	**396 226**	**439 585**	**100%**	**-1,7%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

MENA: Whole Milk Powder

The dynamics and trends in purchases of whole milk powder are very similar to the situation with skimmed milk powder. At the same time, the rankings of major importers differ slightly.

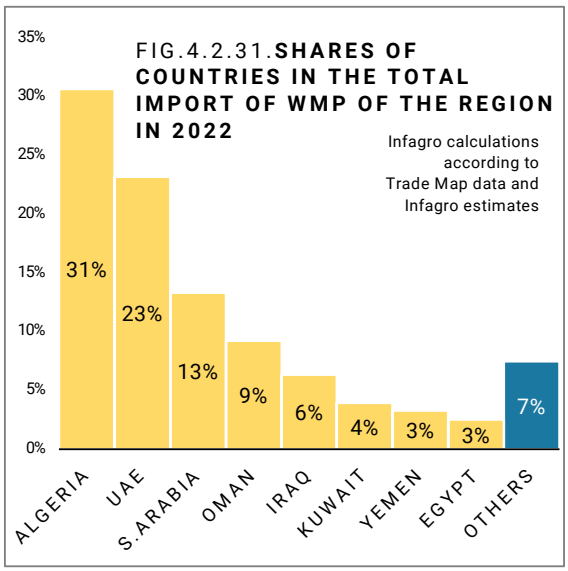
Algeria is also a leader in this market, with almost a third of all purchases in the region (Fig. 4.2.31). The country also belongs to the largest importers of WMP on the global market. Trends are similar to those of skimmed milk – a decline followed by recovery and further rise. Economic growth in the country contributes to increased demand from the food industry sector, including the production of reconstituted milk, which has influenced an increase in imports. The mail share of product deliveries falls on New Zealand, with large volumes coming from Uruguay and Argentina.

Next in the ranking are UAE and Saudi Arabia (Fig. 4.2.31), which prefer whole over skimmed milk powder when it comes to purchases. UAE is a promising market for dairy products. The country's population is growing, high living standards ensure high purchasing power, and a developed tourism sector supports demand for food products. Saudi Arabia is also a country with high income levels and a growing population, hence there are prospects for increasing demand for dairy products here too.

Oman and Kuwait are strong importers of WMP; their economies are quite robust, allowing them to import expensive dairy products. Particularly, Kuwait among MENA countries has significantly increased imports of this commodity, with a CARG of +10% over five years.

Iraq imports much dry milk but has seen negative dynamics recently.

Unlike SMP, low indicators for WMP imports are observed in Morocco and Tunisia (Table 4.2.16).



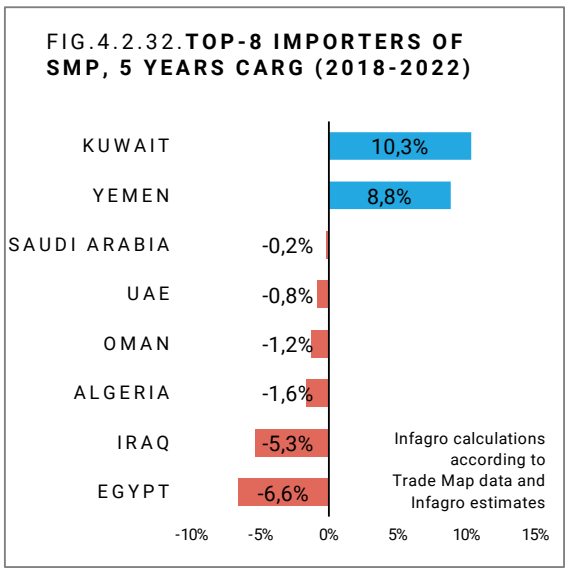


Table 4.2.16. Comparative dynamics of the import of whole milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Algeria	274 119	235 238	239 072	221 499	252 813	31%	-1,6%
UAE	199 179	164 488	195 817	172 458	191 053	23%	-0,8%
Saudi Arabia	110 844	137 351	155 146	107 840	109 751	13%	-0,2%
Oman	80 960	67 997	81 671	79 936	76 056	9%	-1,2%
Iraq	68 521	59 390	61 016	52 863	52 189	6%	-5,3%
Kuwait	19 784	19 640	25 175	16 770	32 365	4%	10,3%
Yemen	17 824	25 179	28 384	35 489	27 225	3%	8,8%
Egypt	29 029	26 713	13 673	14 834	20 667	3%	-6,6%
Libya	8 068	12 345	13 936	20 606	15 738	2%	14,3%
Qatar	10 074	10 990	10 949	8 000	13 539	2%	6,1%
Lebanon	17 163	16 335	9 071	8 087	7 036	0,9%	-16,3%
Israel	4 364	4 819	5 709	5 339	6 069	0,7%	6,8%
Jordan	2 639	3 259	2 634	4 240	5 649	0,7%	16,4%
Iran	2 503	4 108	3 120	4 424	4 814	0,6%	14,0%
Syria	9 345	7 001	7 258	7 841	4 412	0,5%	-13,9%
Bahrain	2 662	2 071	1 640	1 604	2 472	0,3%	-1,5%
Tunisia	1 459	1 978	1 491	657	1 535	0,2%	1,0%
Turkey	65	1 137	10	46	259	0,0%	31,8%
Morocco	256	259	271	468	138	0,0%	-11,6%
TOTAL	**858 858**	**800 298**	**856 043**	**763 001**	**823 780**	**100%**	**-0,8%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

MENA: Whey Powder

The specified region is not a major importer of dry whey. Indeed, the largest buyer – Egypt, which accounts for a quarter of all whey imports by MENA countries, does not even rank in the TOP-10 of global players.

The main reason for the limited import of whey is the absence of a culture of pig farming, as most countries are Muslim (the religion prohibits the consumption of pork). It should be noted that the largest whey-importing countries (including China) use the main share of whey for manufacturing pig feeds.

However, in recent years there has been an increase in the use of whey in manufacturing various products for human consumption worldwide and particularly in the MENA region. That is why the region is increasing its purchases, including its top five importing countries.

Particular attention should be paid to significant increases in indicators in Morocco and UAE (Fig. 4.2.34). Saudi Arabia, Tunisia, and Algeria are interesting for whey exporters (Table 4.2.17). Well, most other countries are quite small importers and not very interesting to large traders.

The main suppliers of whey to the region are EU countries. This is due to advantageous logistics.

FIG.4.2.33. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WHEY POWDER OF THE REGION IN 2022**

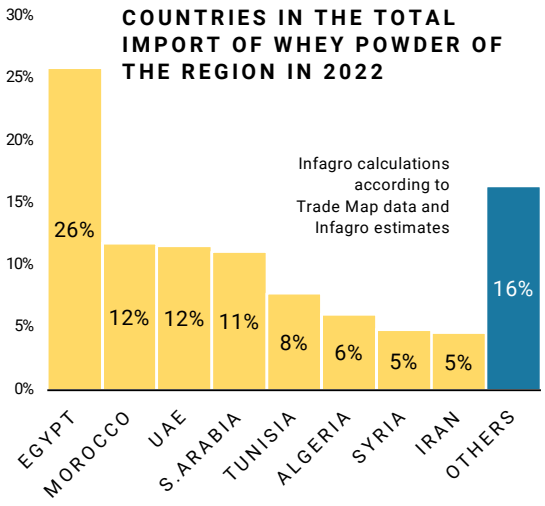


FIG.4.2.34. **TOP-8 IMPORTERS OF WHEY POWDER, 5 YEARS CARG (2018-2022)**

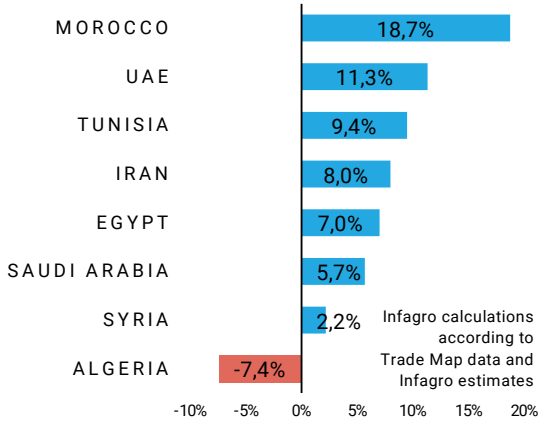


Table 4.2.17. Comparative dynamics of the import of whey powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Egypt	12 972	17 449	13 033	18 667	18 199	26%	7,0%
Morocco	3 527	4 242	5 302	6 135	8 307	12%	18,7%
UAE	4 760	3 902	5 731	5 065	8 141	12%	11,3%
Saudi Arabia	5 945	6 110	8 131	6 464	7 830	11%	5,7%
Tunisia	3 478	4 661	3 646	3 921	5 462	8%	9,4%
Algeria	6 280	4 921	7 397	8 324	4 268	6%	-7,4%
Syria	3 047	5 097	2 513	2 654	3 396	5%	2,2%
Iran	2 212	3 125	5 114	5 019	3 249	5%	8,0%
Jordan	1 980	1 772	1 858	3 263	2 048	3%	0,7%
Yemen	2 156	1 783	2 662	1 781	1 903	3%	-2,5%
Israel	2 082	1 286	1 512	2 106	1 782	3%	-3,1%
Turkey	83	58	1 113	2 536	1 642	2%	81,7%
Iraq	1 206	739	895	923	794	1,1%	-8,0%
Lebanon	756	547	712	725	750	1,1%	-0,2%
Kuwait	490	508	499	379	740	1,1%	8,6%
Libya	799	866	758	1 185	667	0,9%	-3,5%
Bahrain	425	410	512	376	504	0,7%	3,5%
Qatar	353	490	277	389	484	0,7%	6,5%
Oman	524	610	335	281	210	0,3%	-16,7%
TOTAL	**53 075**	**58 576**	**62 000**	**70 193**	**70 376**	**100%**	**5,8%**

Source: Trade Map, Infagro calculations based on Trade Map data

MENA: Cheese

The cheese market in MENA countries is steadily developing. The overall trend in cheese imports is increasing, except for 2020, but even then, the decline was minimal. The leading purchasing countries also show predominantly positive dynamics. Over the past five years, the volume of external cheese purchases in the region has increased by almost +15%. And the share in global imports already reaches 20%.

Therefore, exports to MENA countries are considered strategically important for many exporters. European suppliers, who have long accustomed local consumers to their products, are particularly eager to cooperate in the region. However, sellers from New Zealand and the USA are also trying to trade more actively with the countries of the region.

The largest volumes in the region are accounted for by Saudi Arabia (Fig. 4.2.35), which is a key buyer in the global market (among the top 5 importers). The same factors play a role here as in the case of butter – high income levels, growing population, and consumption. Iraq is considered a fairly strong player in the cheese market. However, this country mainly imports cheaper cheese assortments or even cheese products (including processed cheese from Ukraine).

The UAE is also a major cheese consumer in the region. This product is widely used, considering the high purchasing power of the growing population, the large number of tourists/foreign specialists living in the country. The dynamics have been increasing in recent years. A particularly noticeable increase was in 2022 (almost a quarter compared to 2021). Other countries in the region buy significantly less cheese, but there are very few small importers. The product is in demand everywhere. It should be noted that consumers in most MENA countries prefer to consume "white" cheeses, and many buy processed cheeses.

FIG.4.2.35.**SHARES OF COUNTRIES IN THE TOTAL IMPORT OF CHEESE OF THE REGION IN 2022**

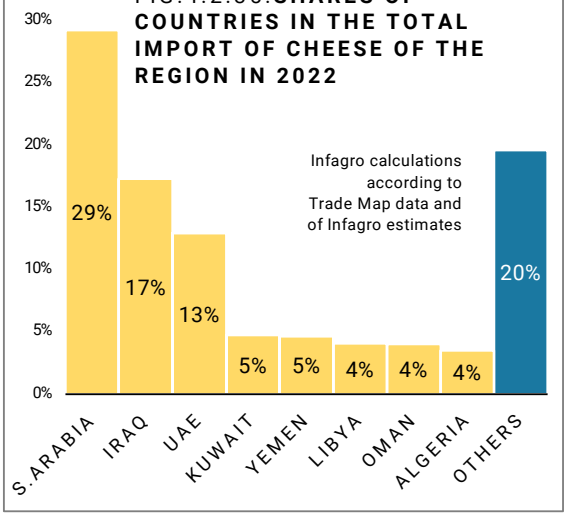


FIG.4.2.36.**TOP-8 IMPORTERS OF CHEESE, 5 YEARS CARG (2018-2022)**

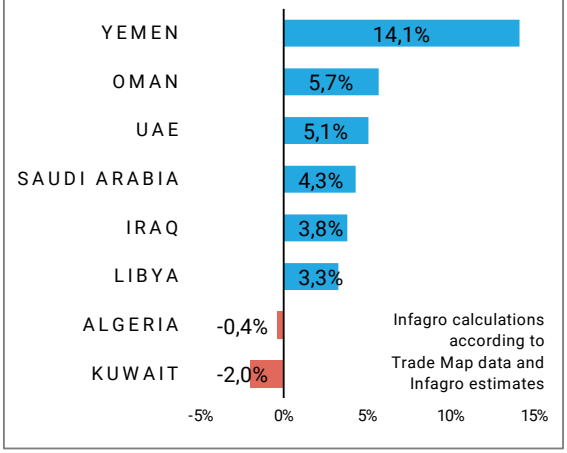


Table 4.2.18. Comparative dynamics of the import of cheese by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Saudi Arabia	171 601	181 613	181 113	191 797	211 790	29%	4,3%
Iraq	103 962	118 096	122 000	127 256	125 340	17%	3,8%
UAE	73 285	77 186	71 762	76 733	93 757	13%	5,1%
Kuwait	38 248	38 282	38 034	38 453	34 554	5%	-2,0%
Yemen	17 410	24 106	32 278	32 016	33 699	5%	14,1%
Libya	25 156	24 561	25 055	29 473	29 555	4%	3,3%
Oman	22 219	23 073	24 738	36 627	29 293	4%	5,7%
Algeria	26 086	24 586	30 018	23 394	25 600	4%	-0,4%
Morocco	24 230	22 425	24 852	26 686	24 606	3%	0,3%
Bahrain	16 840	16 344	21 343	19 364	20 363	3%	3,9%
Jordan	24 664	26 294	24 073	24 694	18 716	3%	-5,4%
Lebanon	36 063	30 167	16 095	14 055	17 032	2%	-13,9%
Israel	10 831	14 194	14 319	16 204	15 564	2%	7,5%
Egypt	22 162	24 412	22 521	23 185	15 555	2%	-6,8%
Qatar	15 958	14 934	12 169	9 799	13 649	2%	-3,1%
Turkey	8 412	10 754	9 525	8 614	9 440	1,3%	2,3%
Tunisia	3 327	3 742	3 823	3 351	3 852	0,5%	3,0%
Syria	1 137	634	197	814	1 205	0,2%	1,2%
TOTAL	**641 591**	**677 422**	**675 935**	**704 536**	**725 592**	**100%**	**2,5%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

Northern Asia: Analysis of Imports in Value Terms

The region of Northern Asia plays a significant role in the global trade of dairy products, with a key player – China, which still holds nearly 70% share in the total dairy import in the region (Fig. 4.2.37.), although it has been reducing trading activity lately. The country is increasing its own milk production, and against the backdrop of deteriorating financial and economic indicators, the recovery of demand is occurring very slowly, especially concerning powdered milk and baby food. The decrease in demand for a key import item - powdered milk - is partially related to domestic production; in the case of baby food – to a decline in birth rates.

Despite New Zealand already being a key trading partner of the region, this year it may strengthen its positions. Now all New Zealand dairy products can be imported into China duty-free; until recently protective taxes were applied to powdered milk unlike other goods.

Japan – second in ranking among importers of the region (Fig. 4.2.37), mainly due to large volumes of purchases of expensive cheeses. The country also buys large volumes of cheap whey. But over recent years, import dynamics have slowed down.

Last year even negative trend is applied to many positions. The main reason – reduction in consumption; domestic production has not particularly increased.

Korea also imports comparatively small volumes of cheap powdered milk and significantly larger ones – butter and cheeses. The country leads in growth rates for purchases thanks precisely to expensive items—CARG over 5 years at +11% (Fig. 4.2.38).

FIG.4.2.37. **SHARES OF COUNTRIES IN IMPORT VALUE OF THE REGION, 2022,** HS 0401-0406

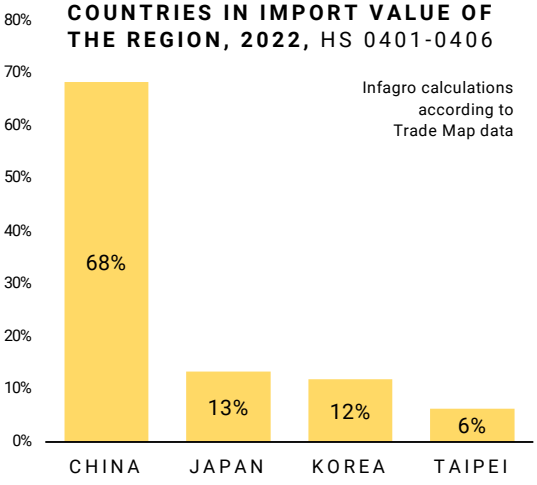


FIG.4.2.38. **IMPORTERS OF SMP, 5 YEARS CARG (2018-2022),** HS 0401-0406

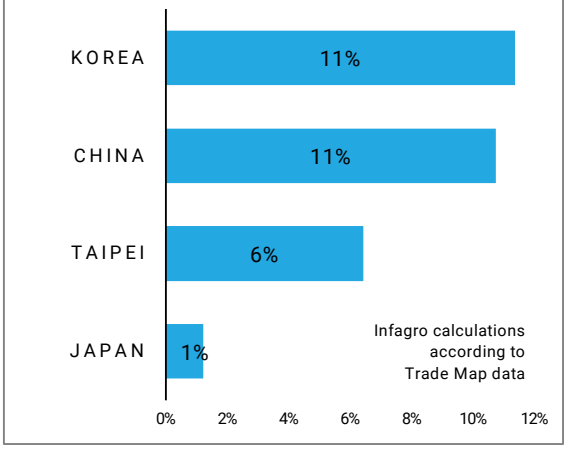


Table 4.2.19. Comparative dynamics of goods import in value terms (HS 0401-0406) by countries of the region, 2018-2022, thousand USD

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
China	5 293 704	5 934 095	6 651 611	9 036 774	8 816 754	68%	10,7%
Japan	1 627 936	1 706 850	1 625 918	1 567 173	1 729 580	13%	1,2%
Korea	896 128	958 418	1 062 250	1 229 277	1 534 946	12%	11,4%
Taiwan	597 615	609 005	636 631	723 992	816 169	6%	6,4%
TOTAL	**8 415 383**	**9 208 368**	**9 976 410**	**12 557 216**	**12 897 449**	**100%**	**8,9%**

Source: Trade Map, Infagro calculations based on Trade Map data

Northern Asia: Butter

The overall import of this category of goods in the region shows predominantly positive dynamics in recent years.

Here, China's share is smaller than in milk powders. Korea and Taiwan look interesting for deliveries. China demonstrated decent import dynamics starting from the post-COVID period (Table 4.2.20). However, the situation changed last year. Accumulated stocks did not find the corresponding demand, which turned out to be less than expected. But still, China is considered the largest global importer of butter.

Korea may be interesting for potential sellers, considering the stable growth of imports at a good pace (CARG over 5 years +23%, Fig. 4.2.40). Korea consistently improves economic indicators. The country belongs to the leading trading partners of Ukraine in Asia, and by 2022 it steadily increased overall trade figures with the country; however, the main export items to the Republic of Korea are grain crops (about 80% in 2022).

Taiwan purchases slightly smaller volumes on the global market and demonstrates predominantly stability in such purchases (Table 4.2.20). A few years ago, Japan actively purchased butter on global markets. Since 2020, this indicator began to decrease rapidly (Fig. 4.2.40, Table 4.2.20). Last year, the indicator increased again; this trend continues into 2024 as well.

It should be noted that even during a significant downturn in purchases, butter consumption in the country did not decrease and even increased. This trend is partially related to still low levels of consumption per capita – 0.75 kg. The main supplier of butter to the region is naturally considered New Zealand. European butter often simply cannot compete on price.

FIG.4.2.39. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF BUTTER AND AMF OF THE REGION IN 2022**

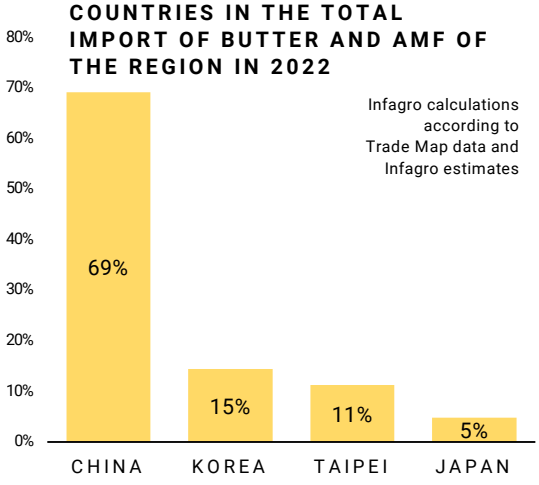


FIG.4.2.40. **IMPORTERS OF BUTTER AND AMF, 5 YEARS CARG (2018-2022)**

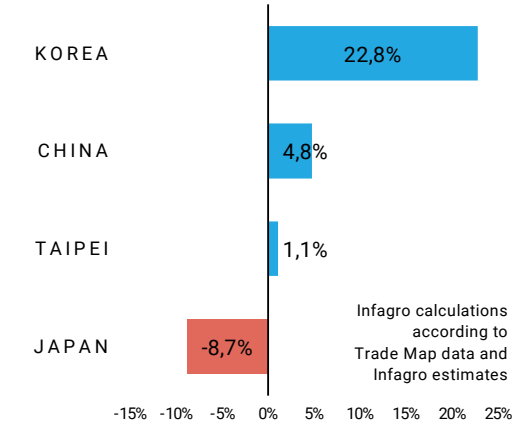


Table 4.2.20. Comparative dynamics of the import of butter and anhydrous milk fat by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
China	113 329	85 507	115 616	131 046	142 932	69%	4,8%
Korea	10 737	14 292	15 291	24 101	29 927	15%	22,8%
Taiwan	21 973	22 627	20 756	23 129	23 199	11%	1,1%
Japan	15 861	24 608	18 184	11 934	10 035	5%	-8,7%
TOTAL	**161 900**	**147 034**	**169 847**	**190 210**	**206 093**	**100%**	**4,9%**

Source: Trade Map, Infagro calculations based on Trade Map data

Northern Asia: Skimmed Milk Powder

There is no clear trend in SMP imports in the specified region in recent years. A decline during the pandemic period, a post-COVID surge, and then a decline again.

Last year, the indicator increased again, mainly thanks to the main buyer of this product in the region, with an 85% share, China (Fig. 4.2.41). The country preferred to purchase specifically skimmed milk powder, choosing to move away from importing whole milk powder and replacing it with domestically produced products (against the background of increasing domestic raw material supply). However, this year China is reducing its indicator again. The recovery of demand is happening slowly.

Until recently, Japan – ranked second among SMP importers – has moved to third place. The country consistently and rapidly reduces its indicator (Fig. 4.2.42). At the same time, domestic production continues to increase steadily but at a slower pace than the decline in purchases on global markets. Therefore, the main reason for such dynamics is weakening demand.

A similar purchasing dynamic is observed in Korea – a consistent decrease in indicators over recent years (Table 4.2.21). Domestic production has decreased over recent years but partially recovered in 2023 after a significant drop in 2022.

Currently ranked second among regional importers – Taiwan – maintains a stable SMP purchasing indicator. Indeed, like China, this country mostly buys whey as raw material for pig feed production. However, when assessing market capacity prospects for this region one should not dismiss risks such as escalating tensions between China and Taiwan and possible deterioration of cargo delivery conditions from Europe to Asia as occurred at the beginning of this year (logistical crisis).

FIG.4.2.41. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF SMP OF THE REGION IN 2022**

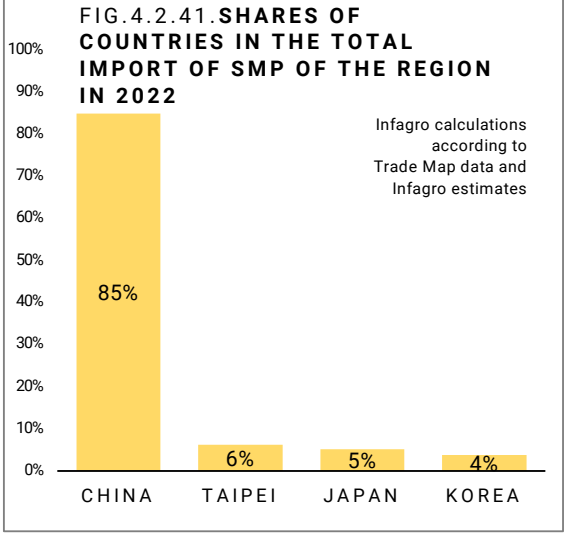


FIG.4.2.42. **IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

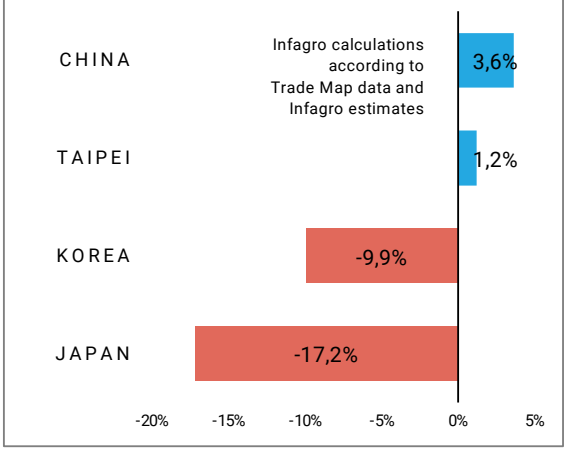


Table 4.2.21. Comparative dynamics of the import of skimmed milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
China	280 459	343 649	335 597	426 054	335 312	85%	3,6%
Taiwan	23 081	23 009	23 921	24 837	24 518	6%	1,2%
Japan	52 073	47 113	38 825	21 789	20 308	5%	-17,2%
Korea	24 775	23 765	17 469	14 510	14 690	4%	-9,9%
TOTAL	**380 388**	**437 536**	**415 812**	**487 190**	**394 828**	**100%**	**0,7%**

Source: Trade Map, Infagro calculations based on Trade Map data

Northern Asia: Whole Milk Powder

The import of SMP in Northern Asia also does not demonstrate a clear trend. The key players are the same as in the case of WMP, with a very similar ranking.

Thus, the main importer of WMP in the region is China, with a 94% share in 2022. It sets the main tone, not only for this market but also globally (about a quarter of the world's imports). There is no clear trend in purchases in recent years. Initially, a decline as a reaction to the pandemic, then recovery and growth, again a decline in 2022 (Table 4.2.22), as a reaction to economic problems, which are intensifying in 2023. This factor, as well as the increase in domestic milk production and it's processing mainly into WMP, led to an even more significant decline in product purchases last year. Statistics for several months of the current year show a slight increase, but the forecasts are still not very optimistic. Stocks are still high, and demand has not fully recovered.

Relatively large and stable volumes of WMP are purchased by Taiwan (Table 4.2.22). The markets of Korea and especially Japan have low capacity, but attention should be paid to the predominantly growing trend in recent years and the clear growth in 2022 (Fig. 4.2.44).

FIG.4.2.43. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WMP OF THE REGION IN 2022**

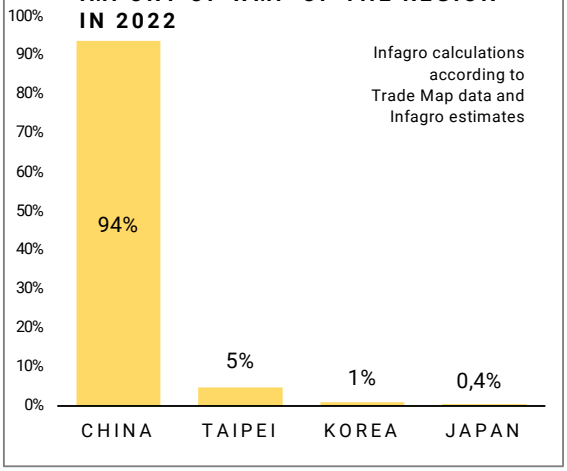


FIG.4.2.44. **IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

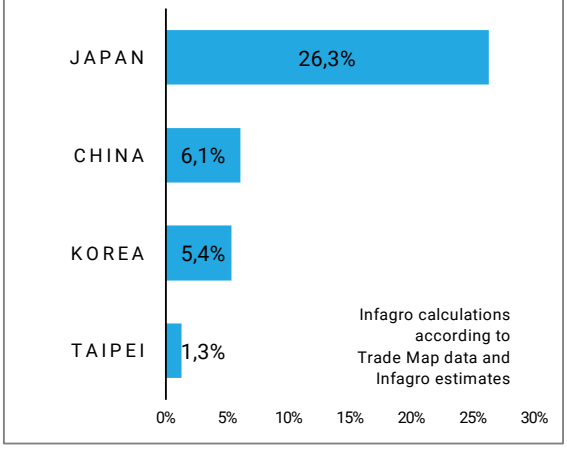


Table 4.2.22. Comparative dynamics of the import of whole milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
China	521 001	671 188	643 742	849 153	699 943	94%	6,1%
Taiwan	33 598	32 288	35 592	35 613	35 803	5%	1,3%
Korea	5 283	5 207	5 515	4 545	6 857	0,9%	5,4%
Japan	950	1 750	1 854	2 158	3 051	0,4%	26,3%
TOTAL	**560 832**	**710 433**	**686 703**	**891 469**	**745 654**	**100%**	**5,9%**

Source: Trade Map, Infagro calculations based on Trade Map data, Infagro estimates (red)

Northern Asia: Whey Powder

The market for dry whey is not experiencing the best times right now. Prices remain at low levels.

This is especially true for feed products. However, food products are also under pressure.

But this does not contribute to the activation of trade. Very often, global market trends are dictated by China, which is considered the largest importer of whey in the world. The situation in the pork market (outbreaks of ASF, decrease/increase in demand for pork and, accordingly, adjustment of livestock numbers) almost directly affects the region's demand for feed products.

The demand for food products depends on the activity of food processing in the domestic market, including the production of baby food. The Chinese are trying to replace the imported product with it, on the one hand, but on the other hand, the demographic situation in the region is deteriorating - the birth rate is decreasing. To date (based on the results of the first months of 2024), China continues to reduce the import of dry whey.

Japan is also considered a major importer of dry whey (it is in the top ten in the world ranking). There is no clear positive trend here. After several years of decline in 2022, a change in trend is observed, but this year was an exception, and in 2023 the trend continued. The country imports both feed (pig fattening and dependence on this market) and food products.

The trend of whey imports in Korea is unstable, literally every year we see changes in one direction or another (Table 4.2.23).

FIG.4.2.45. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WHEY POWDER OF THE REGION IN 2022**

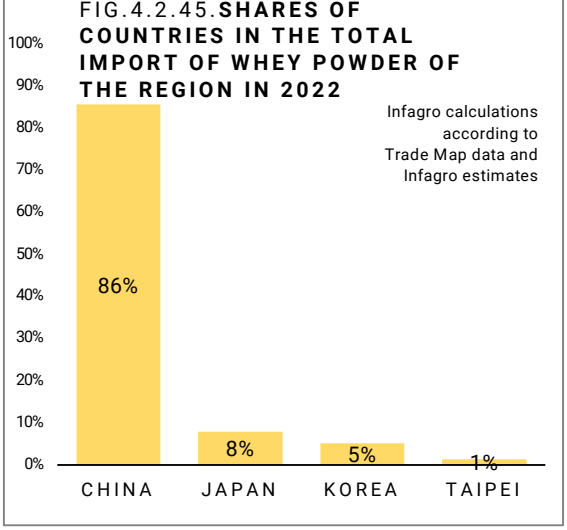


FIG.4.2.46. **IMPORTERS OF WHEY POWDER, 5 YEARS CARG (2018-2022)**

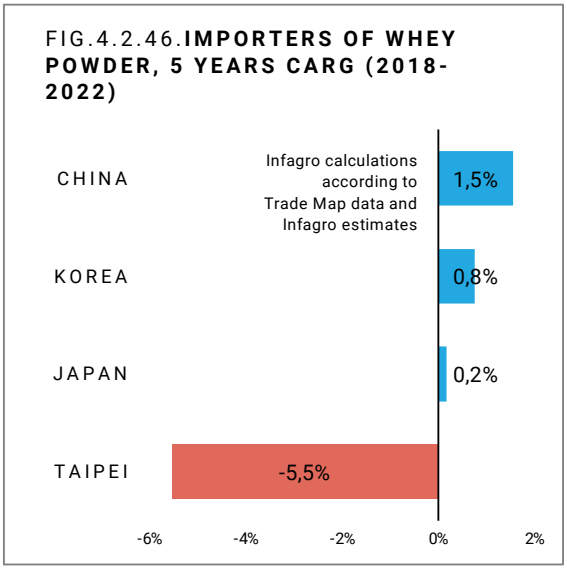


Table 4.2.23. Comparative dynamics of the import of whey powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
China	554 845	450 886	622 497	717 985	599 026	86%	1,5%
Japan	54 542	52 108	50 700	49 348	55 024	8%	0,2%
Korea	34 633	38 372	33 241	37 378	35 959	5%	0,8%
Taiwan	12 493	12 208	10 320	10 483	9 400	1,3%	-5,5%
TOTAL	**656 513**	**553 574**	**716 758**	**815 194**	**699 409**	**100%**	**1,3%**

Source: Trade Map, Infagro calculations based on Trade Map data

Northern Asia: Cheese

In terms of cheese import volumes, the countries of Northern Asia are only slightly behind the figures in the MENA region.

Japan is the largest importer of cheeses in the region with a share of almost 50%, it also ranks among global leaders in purchases of this category (third position). In Japan, dairy products are among the TOP-5 food products that the country imports (in monetary terms). Cheese is the main one among dairy positions both in quantity and, accordingly, in monetary terms. The country's economy has significantly suffered from the pandemic, which also reflected on a noticeable reduction in imports, including cheese. Since 2020, Japan has been reducing imports of this category under the influence of decreased consumption. The country also tries to maintain a balance between imports and national industry under difficult conditions such as labor shortage and weak Japanese currency.

The downward trend continues into this year. South Korea also purchases significant volumes of cheese; it ranks among TOP-10 importers worldwide and gradually increases its purchases (Fig. 4.2.48). Production of this category has been stable over recent years within 45-47 thousand tonnes (according to USDA estimates). Therefore, increased imports are mainly due to rising consumption.

The main trading partners in the region are New Zealand and Australia, due to logistics as well as preferences within free trade agreements, Trans-Pacific Partnership agreements. The USA also supplies large volumes.

European cheeses are also present on the market but in smaller volumes and with a different assortment. In Oceania and USA they mostly buy 'Cheddar', in EU – 'Mozzarella' and aged cheese.

FIG.4.2.47. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF CHEESE OF THE REGION IN 2022**

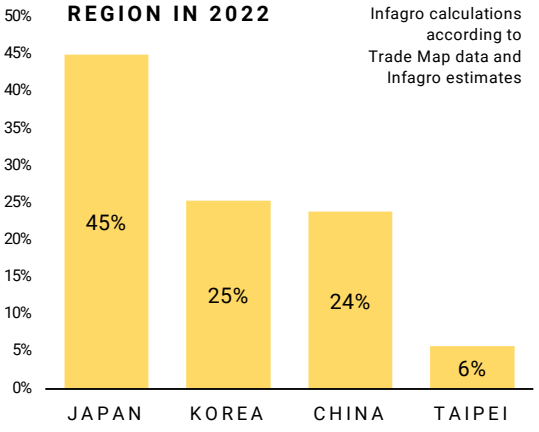


FIG.4.2.48. **IMPORTERS OF CHEESE, 5 YEARS CARG (2018-2022)**

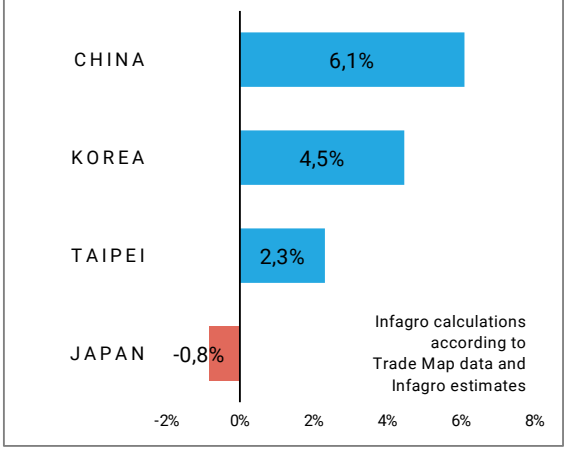


Table 4.2.24. Comparative dynamics of the import of cheese by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Japan	285 701	302 612	291 510	287 722	274 110	45%	-0,8%
Korea	123 850	131 354	148 002	156 522	154 096	25%	4,5%
China	108 278	114 868	129 228	176 152	145 480	24%	6,1%
Taiwan	31 561	30 870	33 596	36 734	35 387	6%	2,3%
TOTAL	**549 390**	**579 704**	**602 336**	**657 130**	**609 073**	**100%**	**2,1%**

Source: Trade Map, Infagro calculations based on Trade Map data

Southeast Asia: Analysis of Imports in Value Terms

The Southeast Asia (SEA) region is an important player in the global trade of dairy products. In terms of value, imports of dairy products are constantly increasing, with almost all countries showing a positive trend.

The region plays a significant role in compensating for China's recently reduced demand. For individual goods, the region is considered the largest importer in the world. At the same time, there are quite a few powerful importing countries in SEA.

The largest importer in the region is Indonesia, accounting for almost a quarter of all purchases in monetary terms. The country also maintains a lead in import growth rates (Fig. 4.2.50). Indonesia also consistently leads in imports of certain products by volume or constantly enters TOP-3 buyers - for others.

The Philippines has only slightly less share of purchases (Fig. 4.2.49). The country also demonstrates good growth rates both overall and for individual products.

Malaysia and Singapore have practically equal shares in imports and are also increasing their indicators (Table 4.2.25.).

Thailand lags slightly behind the regional leaders but shows clear growth in purchases.

Vietnam is considered an important buyer for exporters of various goods.

Countries of the region actively purchase goods from all key export regions - among trading partners are both logistically and economically advantageous Oceania and USA as well as European countries but to a lesser extent.

FIG.4.2.49. **SHARES OF COUNTRIES IN IMPORT VALUE OF THE REGION, 2022,** HS 0401-0406

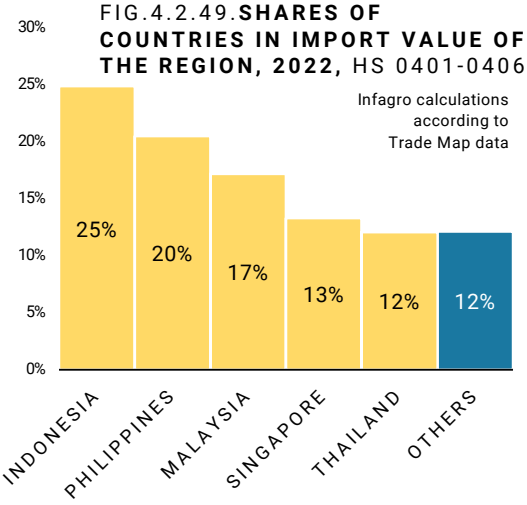


FIG.4.2.50. **TOP-5 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022),** HS 0401-0406

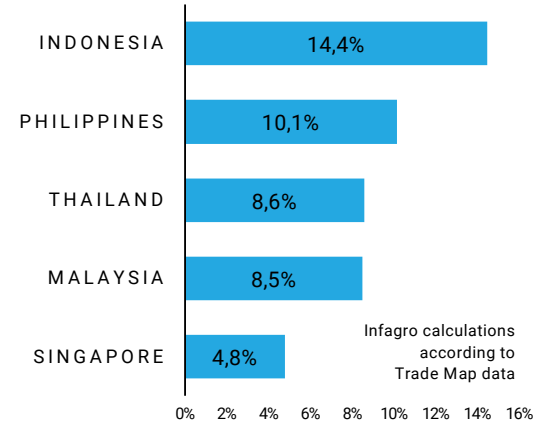


Table 4.2.25. Comparative dynamics of goods import in value terms (HS 0401-0406) by countries of the region, 2018-2022, thousand USD

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Indonesia	995 934	1 120 663	1 119 650	1 350 929	1 955 400	25%	14,4%
Philippines	995 548	1 130 506	1 091 172	1 191 340	1 612 330	20%	10,1%
Malaysia	898 823	945 197	994 456	1 132 004	1 351 231	17%	8,5%
Singapore	829 716	824 197	845 298	943 032	1 047 880	13%	4,8%
Thailand	629 494	661 427	674 392	786 641	949 360	12%	8,6%
Vietnam	620 884	649 128	665 926	754 542	831 757	11%	6,0%
Cambodia	38 092	40 184	51 132	58 080	68 132	0,9%	12,3%
Myanmar	57 433	63 473	68 337	69 329	54 135	0,7%	-1,2%
TOTAL	**5 065 924**	**5 434 775**	**5 510 363**	**6 285 897**	**7 870 225**	**100%**	**9,2%**

Source: Trade Map, Infagro calculations based on Trade Map data

Southeast Asia: Butter

The SEA region is not considered a powerful player in the global butter fat market. In most countries, there is a preference for consuming cheap vegetable fats, most often based on palm oil.

Precisely the countries of the region are considered leading world producers of such goods. The overall indicator of butter imports in the region has been decreasing lately.

Initially, the COVID and post-COVID period, then a sharp increase in prices had the greatest impact on the market for this product. Now countries are gradually recovering indicators.

The largest purchases of butter and butter fat in the region are made by the Philippines (Fig. 4.2.51). The country did not show clear dynamics in recent years. Growth and decline alternated annually. And now the country is again increasing imports in 2024.

Indonesia increased its share of imports in 2022 almost to the level of the regional leader.

New Zealand is a major supplier of this commodity to both countries.

Malaysia has also been steadily increasing its import indicator lately (Table 4.2.26).

The volumes of oil imports by Singapore and Thailand are relatively small, but per capita, the indicator is quite high. This happens due to the highest incomes of these countries' populations within the region.

FIG.4.2.51. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF BUTTER AND AMF OF THE REGION IN 2022**

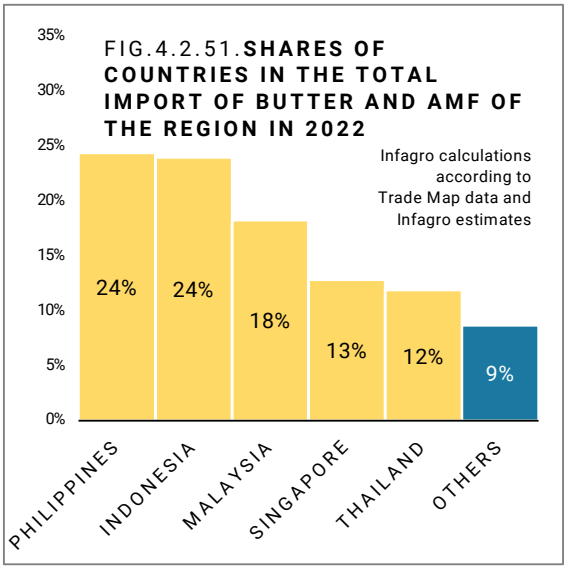


FIG.4.2.52. **TOP-5 IMPORTERS OF BUTTER AND AMF, 5 YEARS CARG (2018-2022)**

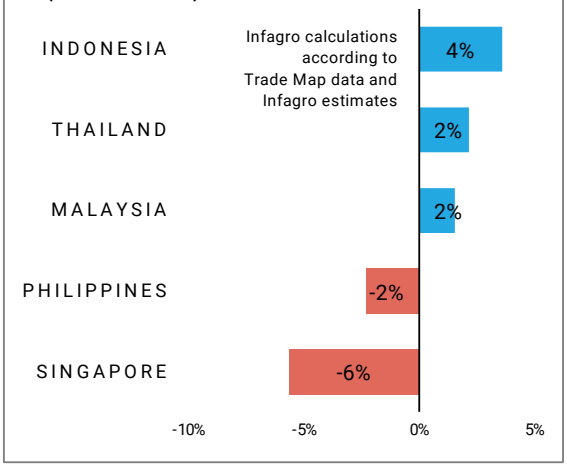


Table 4.2.26. Comparative dynamics of the import of butter and anhydrous milk fat by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Philippines	32 801	37 160	31 356	33 935	29 194	24%	-2,3%
Indonesia	24 068	24 936	18 293	20 007	28 702	24%	3,6%
Malaysia	20 225	19 011	19 915	20 807	21 844	18%	1,6%
Singapore	20 557	18 963	16 873	19 035	15 379	13%	-5,6%
Thailand	12 787	13 339	12 119	13 491	14 215	12%	2,1%
Vietnam	15 097	17 422	13 664	15 079	8 490	7%	-10,9%
Cambodia	876	966	1 170	1 066	1 316	1,1%	8,5%
Myanmar	1 038	1 003	887	691	576	0,5%	-11,1%
TOTAL	**127 449**	**132 800**	**114 277**	**124 111**	**119 716**	**100%**	**-1,2%**

Source: Trade Map, Infagro calculations based on Trade Map data

Southeast Asia: Skimmed Milk Powder

Import of SMP is increasing in the overall indicator and in large purchasing countries. But many smaller importers are reducing it. This trend applies to dry milk in general.

Indonesia carries out the largest volumes of purchases with a share that is already almost reaching a third of all imports. The country also ranks among the largest buyers on the global market (7–8%) and has demonstrated high growth rates over the last five years. The trend continues at present. The USA is the leader in supplying SMP to Indonesia, with large volumes also purchased from New Zealand.

The Philippines purchase significant volumes of SMP on the global market and have also shown an increasing trend in imports over recent years, except for 2021. CARG for 5 years is +4%. The main volume of supplies also falls on the USA with a significant lead over other sellers.

Malaysia, although it showed a negative trend in purchases in recent years, is now rapidly increasing imports of dry milk.

In Vietnam, the volumes of SMP imports are significant but unstable from year to year (Table 4.2.27.). Analysts do not yet predict a substantial increase in SMP imports into the country.

The import of SMP by Thailand and Singapore is characterized by certain stability. At the same time, considering Singapore's scale, per capita import volumes of dry milk are quite significant.

FIG.4.2.53. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF SMP OF THE REGION IN 2022**

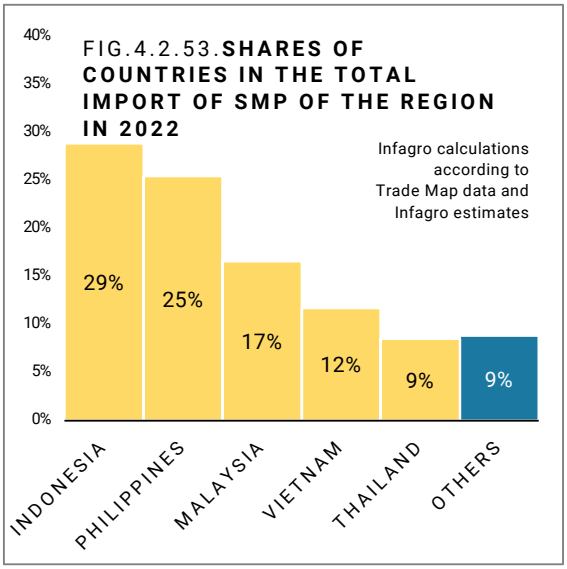


FIG.4.2.54. **TOP-5 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

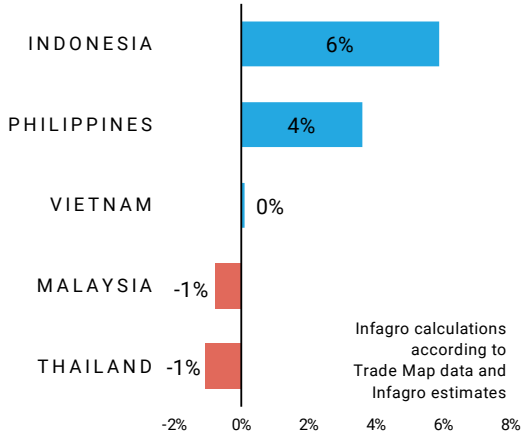


Table 4.2.27. Comparative dynamics of the import of skimmed milk powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Indonesia	161 796	187 607	197 349	199 038	215 201	29%	5,9%
Philippines	159 121	177 229	179 495	168 014	189 870	25%	3,6%
Malaysia	128 631	126 330	117 142	123 838	123 669	17%	-0,8%
Vietnam	86 883	113 039	99 947	105 581	87 273	12%	0,1%
Thailand	66 914	68 337	62 518	64 970	63 443	9%	-1,1%
Singapore	66 355	60 612	61 911	59 857	58 118	8%	-2,6%
Cambodia	2 106	1 730	2 738	3 824	4 524	0,6%	16,5%
Myanmar	3 503	5 755	5 381	5 351	3 324	0,4%	-1,0%
TOTAL	**675 309**	**740 639**	**726 481**	**730 473**	**745 422**	**100%**	**2,0%**

Source: Trade Map, Infagro calculations based on Trade Map data

Southeast Asia: Whole Milk Powder

The region purchases relatively large volumes of WMP on the global market. Indonesia and Thailand are among the top 5 largest importing countries in the world, while Singapore and Malaysia are in the TOP-10.

However, the purchasing dynamics in recent years cannot be called positive. The growth for the region is only +0.1% over five years (Table 4.2.28). By individual countries, most show a "minus" in purchases (Fig. 4.2.56).

The largest importer, Indonesia, although it showed a good result in trade over five years and in the comparison of 2022 to 2021, has now noticeably reduced its activity (Fig. 4.2.55). Almost the entire volume of goods is purchased from New Zealand.

Thailand is almost the only country in the region that shows a consistently positive trend, both during the studied five-year period and today (Table 4.2.28). The key supplier of WMP is New Zealand.

Singapore has been reducing purchases recently, and the trends remain unchanged in 2024.

Malaysia, Vietnam, and the Philippines are particularly noticeably reducing the volumes of WMP imports, and consistently so.

FIG.4.2.55. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WMP OF THE REGION IN 2022**

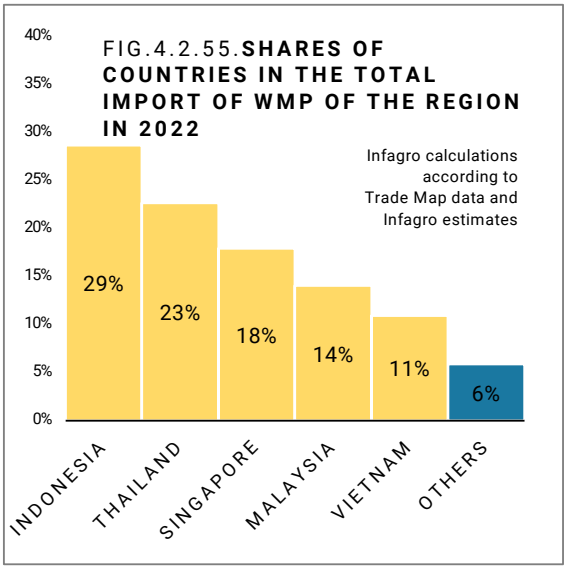


FIG.4.2.56. **TOP-5 IMPORTERS OF SMP, 5 YEARS CARG (2018-2022)**

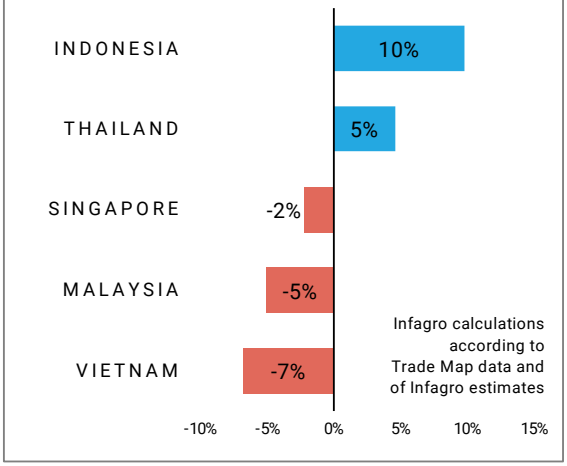


Table 4.2.28. Comparative dynamics of the import of whole milk powder by countries in the region,
2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Indonesia	59 266	54 370	50 895	63 001	94 455	29%	9,8%
Thailand	59 676	58 904	58 023	63 651	74 641	23%	4,6%
Singapore	66 176	68 373	57 094	61 161	59 120	18%	-2,2%
Malaysia	59 866	61 939	49 303	42 738	46 293	14%	-5,0%
Vietnam	51 108	39 257	43 550	36 442	36 042	11%	-6,7%
Philippines	22 861	32 161	28 569	18 528	13 900	4%	-9,5%
Myanmar	7 143	6 123	8 173	7 294	4 019	1,2%	-10,9%
Cambodia	1 752	1 201	1 641	1 735	1 502	0,5%	-3,0%
TOTAL	**327 848**	**322 328**	**297 248**	**294 550**	**329 972**	**100%**	**0,1%**

Source: Trade Map, Infagro calculations based on Trade Map data

Southeast Asia: Whey Powder

The countries of the specified region import a sufficient volume of serum on the global market. Some of them are in the TOP-10 global buyers.

The leader of the region and second in the world ranking, Indonesia imports almost a third of the total volume in the region (Fig. 4.2.57). The country has been increasing this indicator in recent years, with exceptions at certain periods. In the first quarter of 2024, the trend is again upward. The bulk of goods are purchased in Europe or the USA.

The dynamics of purchases in Malaysia look slightly worse with minimal growth over five years and a noticeable decrease in 2022 (Table 4.2.29.).

The Philippines demonstrate good dynamics – significant growth both over five years and especially in 2022 (Fig. 4.2.58.). But now, the pace has slowed down a bit.

Thailand and Vietnam are also considered important partners for leading global exporters of dry whey (Table 4.2.29.).

FIG.4.2.57. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF WHEY POWDER OF THE REGION IN 2022**

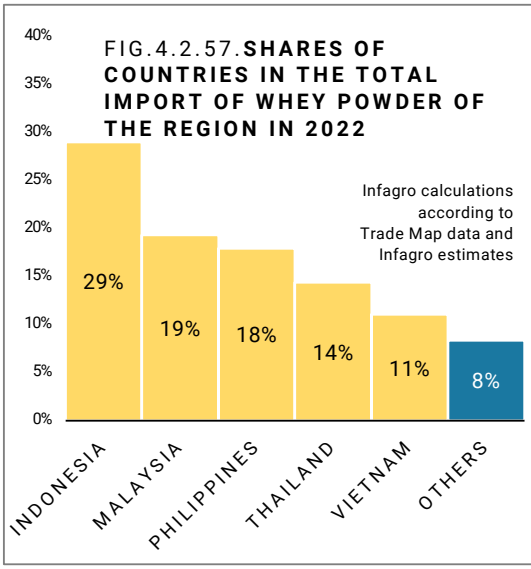


FIG.4.2.58. **TOP-5 IMPORTERS OF WHEY POWDER, 5 YEARS CARG (2018-2022)**

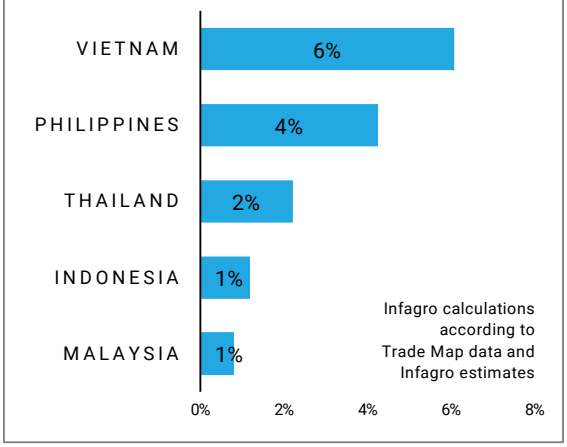


Table 4.2.29. Comparative dynamics of the import of whey powder by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Indonesia	125 028	133 135	113 085	132 429	132 606	29%	1,2%
Malaysia	85 055	84 144	85 414	92 529	88 549	19%	0,8%
Philippines	66 606	71 205	55 947	67 977	82 033	18%	4,3%
Thailand	58 912	65 649	67 284	71 012	65 708	14%	2,2%
Vietnam	37 652	34 388	40 997	59 446	50 572	11%	6,1%
Singapore	34 241	28 094	27 533	25 830	31 353	7%	-1,7%
Myanmar	8 696	9 352	5 948	8 871	5 046	1,1%	-10,3%
Cambodia	1 228	733	637	1 435	1 822	0,4%	8,2%
TOTAL	**417 418**	**426 700**	**396 845**	**459 529**	**457 689**	**100%**	**1,9%**

Source: Trade Map, Infagro calculations based on Trade Map data

Southeast Asia: Cheese

Countries of the SEA are not considered as big consumers of cheese. The population of the region is not wealthy, and cheese is too expensive a product for residents of most countries. And in general, the culture of cheese consumption in the region is still quite weak, with a negligible per capita consumption rate.

However, the cheese market is still growing in many SEA countries, unlike most other stock positions.

Over five years, the total volume of cheese imports increased by 22%. All countries have increased their purchases (Table 4.2.30).

The main importer of the region with a share of about 30% is the Philippines (Fig. 4.2.59). The country consistently increases its purchases, about half of which come from Oceania.

Malaysia has significantly increased its cheese imports over five years (Fig. 4.2.60) but has slowed down its purchasing pace recently.

Indonesia shows a relatively stable trend in purchases with prospects for growth (Table 2.4.30).

Thailand buys cheese mostly for the tourism industry. Singapore is the only country in the region that buys expensive types of cheese in normal volumes.

FIG.4.2.59. **SHARES OF COUNTRIES IN THE TOTAL IMPORT OF CHEESE OF THE REGION IN 2022**

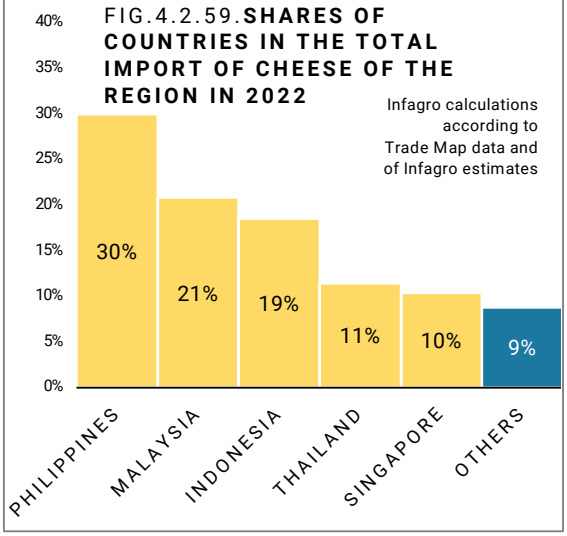


FIG.4.2.60. **TOP-5 IMPORTERS OF CHEESE, 5 YEARS CARG (2018-2022)**

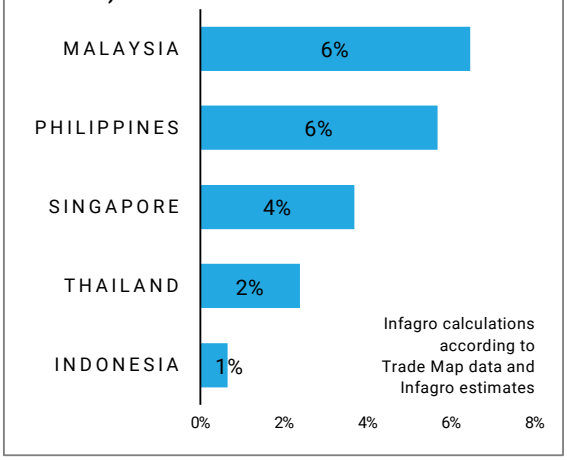


Table 4.2.30. Comparative dynamics of the import of cheese by countries in the region, 2018-2022, tons

COUNTRY	2018	2019	2020	2021	2022	SHARE, 2022	CARG, 5 years
Philippines	38 150	39 619	40 795	49 156	50 270	30%	5,7%
Malaysia	25 561	27 494	35 068	35 833	34 940	21%	6,5%
Indonesia	30 049	30 124	27 379	30 440	31 051	19%	0,7%
Thailand	17 095	16 976	17 440	17 984	19 228	11%	2,4%
Singapore	14 525	15 715	17 344	16 789	17 411	10%	3,7%
Vietnam	9 608	11 352	10 307	9 802	12 838	8%	6,0%
Myanmar	1 219	1 543	1 376	1 129	1 272	0,8%	0,9%
Cambodia	531	656	676	571	640	0,4%	3,8%
TOTAL	**136 738**	**143 479**	**150 385**	**161 704**	**167 650**	**100%**	**4,2%**

Source: Trade Map, Infagro calculations based on Trade Map data

4 IMPORTING COUNTRIES

4.3 Comparison of the retail markets volumes

Retail sales

Central and Eastern Europe

The European Union is the world's largest exporter of dairy products. At the same time, the number of EU countries accounted which are import-dependent on external supplies of goods (needs are covered mainly by internal EU trade), especially countries in Central, Eastern, and Southeastern Europe. Due to the consumer who can pay, geographical neighborhood, and absence of trade barriers, this region is currently very interesting for the supply of Ukrainian dairy products.

If we compare the sizes of retail sales markets for dairy products and their alternatives, Poland occupies the first position with a large margin with a share of 32% (one-third, Fig. 4.3.1) from the total sum of markets selected in the analysis. The value of Polish retail sales is estimated at 8.5 billion USD in 2023 (Table 4.3.1), this size correlates with population size and its purchasing power.

The TOP-5 markets of the defined region by size include Czech Republic, Romania, Hungary, and Slovakia (Fig. 4.3.2). As with other regions, mass growth in market sizes in 2023 is associated both with total growth in overall consumer inflation and with an increase in dairy product prices. The highest rates of consumer price growth were characteristic for Baltic countries which are confirmed by increasing values of dairy production on retail markets in respective countries.

Analyzing changes over recent years for countries with the largest retail sales category sizes illustrate that Romania had the highest CARG over five years (+7.9%), followed by Czech Republic (+6.4%) and Bulgaria (+6.1%).

FIG.4.3.1. **COUNTRY SHARES OF REGION'S RETAIL SALES, 2023** (DAIRY PRODUCTS AND ALTERNATIVES)

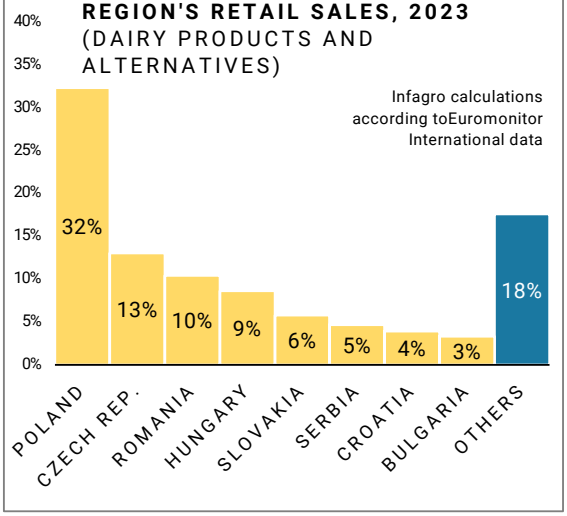


FIG.4.3.2. **RETAIL SALES BY TOP-8 COUNTRIES OF REGION, 5 YEARS CARG,** 2019-2023 (DAIRY PRODUCTS AND ALTERNATIVES)

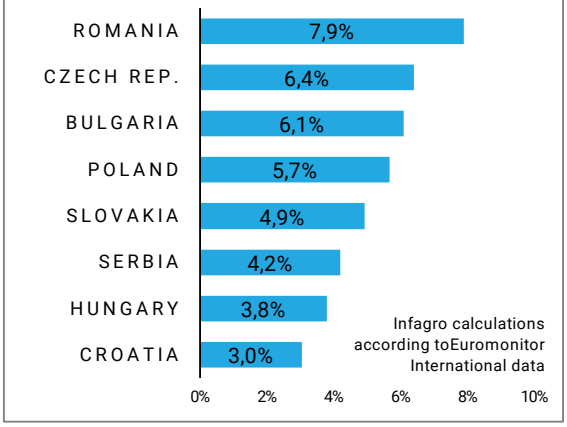


Table 4.3.1. Comparative dynamics of retail value of dairy products and dairy alternatives in counrties of region, 2019-2023, million USD

COUNTRY	2019	2020	2021	2022	2023	SHARE, 2023	CARG, 5 years
Poland	6 444	6 923	7 590	7 415	8 488	32%	5,7%
Czech Republic	2 519	2 682	2 969	3 035	3 435	13%	6,4%
Romania	1 879	2 131	2 299	2 473	2 747	10%	7,9%
Hungary	1 891	1 948	2 101	2 077	2 278	9%	3,8%
Slovakia	1 203	1 298	1 384	1 366	1 530	6%	4,9%
Serbia	995	1 079	1 188	1 170	1 222	5%	4,2%
Croatia	894	917	969	1 002	1 038	4%	3,0%
Bulgaria	655	700	753	840	881	3%	6,1%
Lithuania	603	649	690	794	877	3%	7,8%
Slovenia	536	564	604	580	681	3%	4,9%
Latvia	455	479	507	583	638	2%	7,0%
Albania	434	433	472	488	528	2%	4,0%
Bosnia and Herzegovina	396	420	458	452	518	2%	5,5%
Estonia	330	356	397	438	500	2%	8,7%
North Macedonia	355	373	410	406	456	2%	5,1%
Moldova	243	260	268	280	316	1,2%	5,4%
Montenegro	86	90	98	99	111	0,4%	5,2%
TOTAL	**19 919**	**21 301**	**23 155**	**23 497**	**26 243**	**100%**	**5,7%**

Source: Euromonitor International, Infagro calculations based on Euromonitor International data

Disclaimer: the analytical partner of the section "Retail market dynamics and trends" is the "The Entrepreneurship and Export Promotion Office"

Caucasus and Central Asia

The Caucasus and Central Asia undoubtedly are smaller in size among other regions participating in this analysis. According to Euromonitor International data, the total volume of retail sales of dairy products and their alternatives for 8 countries in the Caucasus and Central Asia region amounted to 8.2 billion USD in 2023 (Table 4.3.2). This figure roughly corresponds to the market of separate countries such as Poland, Turkey, Indonesia.

Despite this, this region remains important for Ukrainian dairy exports considering traditional trade ties and recognition of Ukrainian products.

Moreover, retail trade volume has been steadily increasing in recent years. Thus, the main reason for the surge in 2022–2023 is inflationary processes, but transformation of consumer sentiments and distribution channels is also characteristic of the region. Trends are similar to those observed in Southeast Asia and MENA – economic growth leads to an expansion of product range, development of modern sales channels, changes in consumer attitudes towards choosing healthy food options etc.

Kazakhstan stands out with its market size for retail sales of dairy products considering its leading position in the region by GDP per capita level. The market volume in 2023 was 2.5 billion USD with a share of 31% from the overall regional figure (Fig. 4.3.3).

A decent volume of retail market is noted in Uzbekistan and Azerbaijan. Shares amount to 23% and 21%, respectively, from the overall figure for the region.

CAGR over five years for TOP-5 countries of the region is impressive (Fig. 4.3.4), but such rapid growth as already mentioned is associated with fragility national economies and impact global inflation during years 2022–2023 However organic growth market retail sales dairy goods also persists likely will be characteristic region future.

FIG.4.3.3. **COUNTRY SHARES OF REGION'S RETAIL SALES, 2023** (DAIRY PRODUCTS AND ALTERNATIVES)

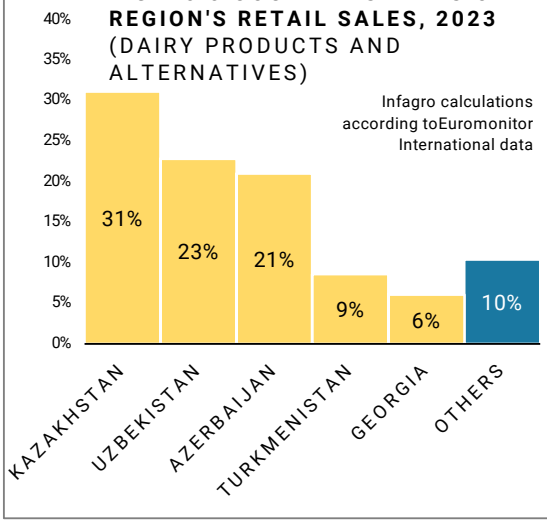


FIG.4.3.4. **RETAIL SALES BY TOP-5 COUNTRIES OF REGION, 5 YEARS CARG**, 2019-2023 (DAIRY PRODUCTS AND ALTERNATIVES)

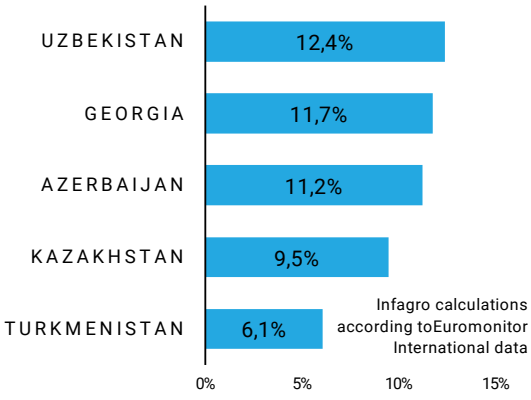


Table 4.3.2. Comparative dynamics of retail value of dairy products and dairy alternatives in counrties of region, 2019-2023, million USD

COUNTRY	2019	2020	2021	2022	2023	SHARE, 2023	CARG, 5 years
Kazakhstan	1 627	1 697	1 817	2 226	2 556	31%	9,5%
Uzbekistan	1 049	1 108	1 322	1 638	1 878	23%	12,4%
Azerbaijan	1 014	1 081	1 282	1 546	1 725	21%	11,2%
Turkmenistan	527	439	489	582	708	9%	6,1%
Georgia	286	283	310	407	498	6%	11,7%
Armenia	264	223	227	255	317	4%	3,7%
Kyrgyzstan	274	252	251	284	312	4%	2,6%
Tajikistan	168	155	159	183	227	3%	6,2%
TOTAL	**5 209**	**5 239**	**5 855**	**7 121**	**8 221**	**100%**	**9,6%**

Source: Euromonitor International, Infagro calculations based on Euromonitor International data

Disclaimer: the analytical partner of the section "Retail market dynamics and trends" is the "The Entrepreneurship and Export Promotion Office"

Retail sales

MENA

The Middle East and North Africa region occupies the second step in analyzed list by the volume of the retail market for dairy products and their equivalents. The share, in total of five regions, amounts to 22%, which corresponds to 50 billion USD in 2023 (Table 4.3.3). The vast majority of countries in the region demonstrate a permanent increase in retail sales volumes of dairy products in monetary terms. Inflation, as well as on a global scale, plays a decisive role here. Thus, CAGR for the region over 5 years is +4.6%, while growth in 2023 is high +9%.

The most striking example is Turkey, where double-digit inflation inherent to the country in recent years distorts the real trend of consumer market size. Due to indicators for 2023, the country has almost doubled its retail sales market size to 10 billion USD, which is the highest indicator for the region. CAGR over 5 years here amounts to 14% (Fig. 4.3.6).

A fairly developed retail market for dairy products is noted in Algeria, Saudi Arabia, Israel, Morocco, and Egypt. Except for the latter which has a negative CAGR over five years; other listed countries grow by an average of +2+5% per year (while not forgetting about inflation factor).

Consumer trends for individual countries of the region differ greatly—some have more developed consumption culture due to high GDP per capita indicators (such as Israel, UAE or Saudi Arabia), others - support through subsidies (Algeria or Egypt). In any case, this region is very interesting from a trade development point of view both with dairy commodities as well as added value “branded” products.

FIG.4.3.5. **COUNTRY SHARES OF REGION'S RETAIL SALES, 2023** (DAIRY PRODUCTS AND ALTERNATIVES)

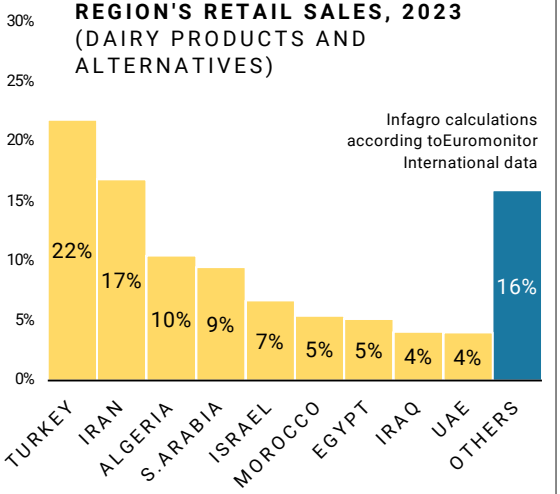


FIG.4.3.6. **RETAIL SALES BY TOP-9 COUNTRIES OF REGION, 5 YEARS CARG,** 2019-2023 (DAIRY PRODUCTS AND ALTERNATIVES)

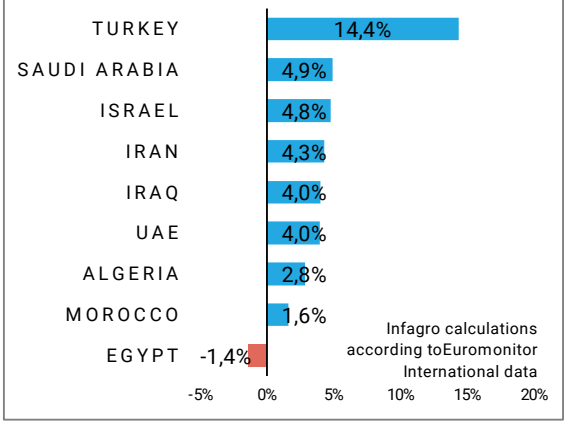


Table 4.3.3. Comparative dynamics of retail value of dairy products and dairy alternatives in counrties of region, 2019-2023, million USD

COUNTRY	2019	2020	2021	2022	2023	SHARE, 2023	CARG, 5 years
Turkey	5 607	5 503	5 721	5 712	10 966	22%	14,4%
Iran	6 866	9 905	10 128	9 436	8 461	17%	4,3%
Algeria	4 565	4 614	4 679	4 856	5 251	10%	2,8%
Saudi Arabia	3 738	4 217	4 249	4 562	4 752	9%	4,9%
Israel	2 669	2 886	3 191	3 254	3 369	7%	4,8%
Morocco	2 509	2 647	2 884	2 659	2 719	5%	1,6%
Egypt	2 755	3 232	3 473	3 164	2 570	5%	-1,4%
Iraq	1 681	1 756	1 651	1 885	2 046	4%	4,0%
UAE	1 658	1 707	1 712	1 844	2 015	4%	4,0%
Libya	1 862	2 284	1 092	1 277	1 452	3%	-4,8%
Jordan	1 306	1 299	1 316	1 356	1 400	3%	1,4%
Kuwait	963	951	1 032	1 078	1 121	2%	3,1%
Tunisia	641	739	830	785	911	2%	7,3%
Syria	814	798	787	822	823	2%	0,2%
Qatar	552	592	636	693	742	1,5%	6,1%
Oman	592	587	629	682	727	1,4%	4,2%
Yemen	277	284	363	386	391	0,8%	7,1%
Bahrain	242	245	249	261	278	0,6%	2,8%
Lebanon	733	166	238	288	150	0,3%	-27,2%
TOTAL	**40 030**	**44 410**	**44 859**	**45 000**	**50 143**	**100%**	**4,6%**

Source: Euromonitor International, Infagro calculations based on Euromonitor International data

Northern Asia

Northern Asia is the largest market for retail sales of dairy products and their alternatives among the other regions in the analysis. This advantage is primarily due to the size of the Chinese market - according to Euromonitor International, in 2023, the size of the retail sales market for dairy and alternatives in China was USD 90 billion, with a 78% share for the region (Fig. 4.3.7). At the same time, CARG has shown almost zero growth over the past 5 years, which may be negative as early as next year - the severe restrictions associated with the COVID-19 pandemic, as well as the systemic economic crisis inherent in the country for the past 3 years, have led to a reduction in consumer activity within the country. Therefore, it is not surprising that compared to the peak of 2021, retail sales of dairy products in China in 2023 decreased by 10%. This trend correlates to some extent with the dynamics of dairy imports.

The most negative CARG for 5 years (-2.8%) is inherent in Japan (Fig. 4.3.8), the retail sales market of dairy products and their alternatives is USD 19 billion, with a share of 16% for the region. The downward trend is primarily due to the demographic situation in the country, as well as negative economic trends.

The special attention should be payed to Taiwan. Despite its small share in the region, the retail dairy market is worth USD 2 billion, which, for example, is higher than in Malaysia or Uzbekistan. The country's CARG for 5 years demonstrates the potential for further growth, which correlates with the dynamics of GDP per capita (although we see certain limitations in 2023).

Overall, the region has been undergoing a transformation over the past decade. Even though the majority of the population is lactose intolerant, dairy consumption is growing due to increased disposable income, food innovations and growing health awareness. Consequently, the dairy industry, once dominated by traditional dairy products, is changing along with consumer preferences. An increase in demand for modern fermented dairy products is observed, such as yoghurts and desserts with a combination of flavours. Cheese, which has long been actively imported and consumed in Japan and Korea, continues to gain popularity in China. Fatty products, such as butter, are showing similar trends.

FIG.4.3.7. **COUNTRY SHARES OF REGION'S RETAIL SALES, 2023** (DAIRY PRODUCTS AND ALTERNATIVES)

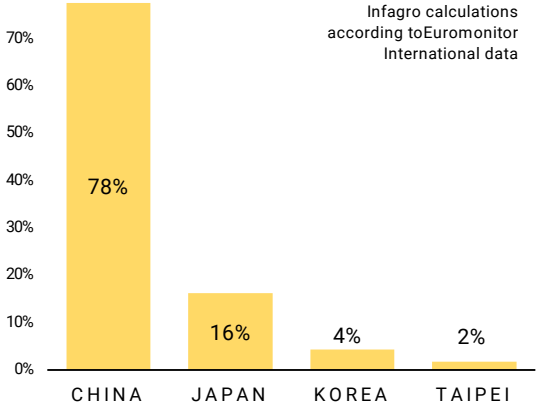


FIG.4.3.8. **RETAIL SALES BY COUNTRIES OF REGION, 5 YEARS CARG,** 2019-2023 (DAIRY PRODUCTS AND ALTERNATIVES)

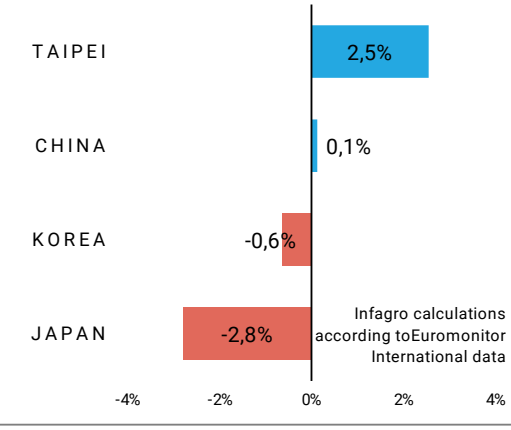


Table 4.3.4. Comparative dynamics of retail value of dairy products and dairy alternatives in counrties of region, 2019-2023, million USD

COUNTRY	2019	2020	2021	2022	2023	SHARE, 2023	CARG, 5 years
China	89 627	88 887	100 318	91 750	90 217	78%	0,1%
Japan	21 810	23 097	21 674	18 365	18 943	16%	-2,8%
Korea	5 202	5 269	5 458	4 919	5 040	4%	-0,6%
Taiwan	1 837	1 969	2 140	2 067	2 082	2%	2,5%
TOTAL	**118 476**	**119 222**	**129 589**	**117 101**	**116 282**	**100%**	**-0,4%**

Source: Euromonitor International, Infagro calculations based on Euromonitor International data

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Southeast Asia

The retail dairy market in Southeast Asia is similar in size to that of Central and Eastern Europe, with a population difference of almost 6 times (in favour of Southeast Asia, of course). This, on the one hand, indicates a low level of retail sales per capita, but on the other hand, it shows the future potential of the region.

Thus, according to Euromonitor International, in 2023, the retail sales market for dairy products and their alternatives amounted to USD 26 billion, with a CARG of +3.2% over 5 years, which confirms the development of the channel.

Among the most developed consumer markets, we note Indonesia, which holds a 31% share of the regional market (USD 8 billion) in 2023 and demonstrates the highest growth rate (CARG for 5 years is +5%, Figures 4.3.9 and 4.3.10).

Geographical neighbours Vietnam and Thailand are among the region's TOP-3 countries in terms of retail sales of dairy products. However, while Vietnam is showing steady market growth, Thailand is still recovering from the shocks of the COVID-19 pandemic (it is highly likely that in 2024 it will be possible to catch up with the indicators of 2019, the peak for the last 5 years, Table 4.3.5).

The retail market in the Philippines is also quite developed. The volume is at the level of Thailand, i.e. USD 4 billion, but CARG illustrates more interesting prospects for development (+4% for 5 years).

Similar to China, Southeast Asian countries are characterised by rapid changes that have been observed over the past 10 years. They are primarily associated with the region's economic growth and, consequently, improved dietary diversity. However, unlike China, the economic and demographic outlook here is positive, so there is still plenty of room for retail sales development, particularly through increased imports, of dairy products.

FIG.4.3.9. **COUNTRY SHARES OF REGION'S RETAIL SALES, 2023** (DAIRY PRODUCTS AND ALTERNATIVES)

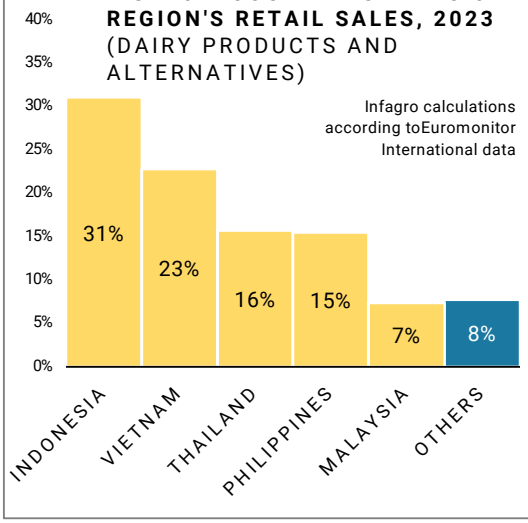

FIG.4.3.10. **RETAIL SALES BY TOP-5 COUNTRIES OF REGION, 5 YEARS CARG,** 2019-2023 (DAIRY PRODUCTS AND ALTERNATIVES)

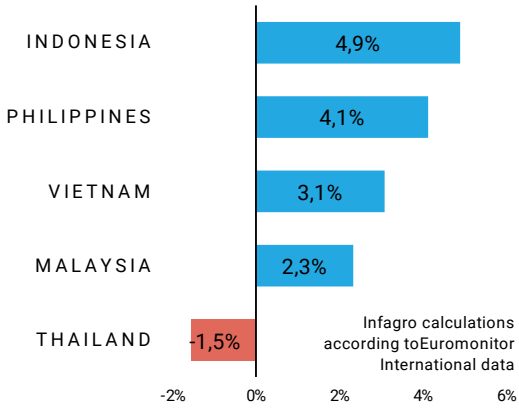

Table 4.3.5. Comparative dynamics of retail value of dairy products and dairy alternatives in counrties of region, 2019-2023, million USD

COUNTRY	2019	2020	2021	2022	2023	SHARE, 2023	CARG, 5 years
Indonesia	6 336	6 585	7 152	7 578	8 043	31%	4,9%
Vietnam	5 077	5 328	5 531	5 712	5 908	23%	3,1%
Thailand	4 395	4 050	3 746	3 699	4 065	16%	-1,5%
Philippines	3 275	3 659	3 830	3 755	4 008	15%	4,1%
Malaysia	1 701	1 710	1 783	1 798	1 908	7%	2,3%
Myanmar	489	634	630	644	802	3,1%	10,4%
Singapore	589	633	656	665	734	2,8%	4,5%
Cambodia	267	294	347	423	467	1,8%	11,8%
TOTAL	**22 129**	**22 893**	**23 674**	**24 274**	**25 935**	**100%**	**3,2%**

Source: Euromonitor International, Infagro calculations based on Euromonitor International data

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Outlook

Potential Target Markets for Ukrainian Dairy

2024