

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## DEVELOPMENTS ON THE MARKET IN MILK PRODUCTS AND COMPETING PRODUCTS

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Second Commission report to the Council drawn up  
pursuant to Article 4(3) of Regulation (EEC) No 1898/87

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## 1. INTRODUCTION

Under Article 4(3) of Regulation (EEC) No 1898/87 the Commission must report to the Council each year before 1 March on developments on the market in milk and competing products in the context of the implementation of that Regulation. The report must be based on reports prepared by the Member States.

The first Commission report was sent to the Council on 5 October 1989.

As the first report was so recent and as the Member States were late sending in their reports, this second Commission report is being sent to the Council after the deadline set by Regulation (EEC) No 1898/87.

This report first of all analyses the market in yellow fats (a market in which imitations have attained a greater share), then goes on to look at the market in cheese and cheese imitations and, lastly, other milk products and their competing products.

THE MARKETS IN YELLOW FATS

The downward trend in consumption of butter mentioned in the first Commission report was confirmed in 1989.

Only Spain and Portugal, where per capita consumption of butter is still very low, saw an increase in their total consumption (3.6% for Spain and 2.1% for Portugal).

Butter consumption in the twelve Member States fell by 8.8% in 1989. The United Kingdom (- 19.2%), Germany (- 10.5%), Ireland (- 8%) and France (- 5.1%) report larger drops.

The decline in consumption is to be seen particularly in private households. The appearance and development in this sector of mixtures of milkfats and vegetable fats and "light butters" are doubtless among the main reasons for this drop.

The high price level and the general trend of consuming less fat are also factors in this decrease.

In Germany (see Table I), consumption of butter rose during the 80s up to 1989. The special measures for the disposal of butter, the ban on the manufacture of imitation butters and the protection of the image of butter are the reasons given in the German report to explain the positive trend up to 1989. Imports of imitations, which began in 1989, totalled only 500 tonnes last year. Nonetheless very high rates of increase are expected in the next few years.

In the United Kingdom, Ireland and France, household consumption of butter has continued to fall, and the market share of imitations has been steadily increasing.

In the United Kingdom (see Table I), mixtures of vegetable and animal fats and "light butters" reached the 40 000 tonnes mark in 1988 (25% increase on 1987). In Ireland (see Table III), spreads account for 36% of the market in yellow fats. In France (see Table IV), where butter still holds the lead, consumption of spreads almost doubled between 1986 and 1988 (from 15 940 to 28 510 tonnes).

The increase in consumption of imitations has been essentially at the expense of butter consumption. Consumption of margarine is stable in most of the Member States or shows a slight downward trend, as a consequence of a general drop in consumption of yellow fats.

It is predicted that the trend of expansion of imitations will continue in the countries in which these products are already available and that they will be introduced in those countries in which they are not yet on the market.

As stated in the first Commission report, the introduction of butter imitations could create great confusion as to the names of the products, their fat content and their proportions of butterfat and vegetable fat.

### 3. THE MARKET IN CHEESE AND CHEESE IMITATIONS

Consumption of cheese in the Community continues to increase. In 1989 a rise of 1.5% was recorded.

Consumption of cheese imitations is very recent. In the United Kingdom consumption is estimated at 10 000 t a year. There are also cheese imitations on the market in France, Germany and Belgium.

Consumption of these imitations is expected to increase as a logical consequence of the efforts of industry to develop new products.

At the various events, such as ANUGA in Cologne, in 1989, a multiplication of cheese imitations was in evidence. These products may increase their market share in the future, especially among health-conscious consumers, the target group on which manufacturers are concentrating their advertising.

#### 4. OTHER MILK PRODUCTS AND COMPETING PRODUCTS

The other milk products are not yet seriously threatened by competition from imitations. Sales of liquid milk and fresh milk products have stabilized (+ 0.4% in 1989), and marketing of competing products has not yet reached a high level.

In the United Kingdom consumption of cream imitations has stabilized at 10 000 t, coffee whiteners at a similar level and imitation whole-milk powders at about 4 000 t.

In the Netherlands, condensed milk imitations do not exceed 15 000 t.

A slight increase has been recorded in Denmark for cream imitations, consumption of which rose from 1 100 t in 1987 to 1 300 t in 1989.

France has seen a relatively large increase in consumption of soya products competing with milk products and animal proteins in general. Soya juice (tonyu) consumption rose from 5 000 t in 1986 to 7 000 t in 1988.

**5. CONCLUSIONS**

1. The trends already reported in the first Commission report have been confirmed; i.e.:
  - (a) drop in household consumption of butter;
  - (b) risk of confusion on the market about the names of milk products;
  - (c) substantial increase in consumption of butter imitations;
  - (d) multiplication of other imitation products although these have not yet reached significant marketing levels.
  
2. There is still a serious lack of reliable figures for the market in competing products.

In this connection it is hoped that the research measures announced in the 14th communication to the Council<sup>(1)</sup> concerning the utilization of co-responsibility funds will help provide more and better data.

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(1) SEC(90) 131 final, page 8.

TABLE I

Consumption of Yellow Fats in Germany<sup>(1)</sup>

PRODUCT/TONNES	1987	1988	1989
Butter	497 900	506 000	460 000
Margarine	453 300	453 100	445 000
"Light butters" and "half-fat butters"	-	-	-
Mixtures of milk fats and non- milk fats	-	-	-

(1) Figures taken from the German report on Regulation (EEC) No 1898/87.

TABLE II

Household consumption of yellow fats in the United Kingdom<sup>(1)</sup>

<u>Product / Tonnes</u> <u>% of margarine</u>	<u>1987</u>	<u>%</u>	<u>1988</u>	<u>%</u>
Butter	172 000	(29,6)	162 000	(28,0)
Soft margarine	166 000	(45,8)	270 000	(46,7)
Hard margarine	55 000	( 9,5)	36 000	( 6,2)
Spreads not containing butterfats	56 000	( 9,6)	70 000	( 6,9)
Spreads containing butterfats <sup>(2)</sup>	32 000	( 5,5)	40 000	(12,1)

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(1) Figures taken from the United Kingdom report on Regulation (EEC)

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(Source: National Food Survey)

(2) Including light butters and half-fat butters.

TABLE III

Household Consumption of Yellow Fats in Ireland<sup>(1)</sup>

<u>Product / Tonnes</u> <u>% of market</u>	<u>1987</u>	<u>%</u>	<u>1988</u>	<u>%</u>	<u>1989</u>	<u>%</u>
Butter	20 500	(42)	16 500	(33 )	13 200	(27,5)
"Light butters"	2 000	( 4)	2 900	( 6 )	1 850	( 4 )
Margarine	14 900	(31)	15 000	(30,5)	15 700	(32,5)
Mixtures of milkfats and non-milk fats	11 000	(23)	15 000	(30,5)	17 500	(36 )

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(1) Source: Irish Report on Regulation (EEC) No 1898/87.

TABLE IV

Consumption of Yellow Fats in France<sup>(1)</sup>

(tonnes)	1986	1987	1988	1988/87
Butter	490 000	482 000	477 000	- 1,0 %
(of which by households)	312 500	299 900	280 600	- 6,5 %
Cream (ave. 30% fat)	152 400	157 100	173 600	+10,5 %
Spreads (equivalent to butter)	15 940	20 970	28 510	+36,0 %
Margarine	117 550	123 660	121 760	- 1,5 %
Oil	346 970	336 740	327 450	- 2,8 %
Other fats	10 810	10 810	10 150	- 6,1 %
TOTAL	849 470	839 210	829 560	- 1,1 %

(1) Sources: CNIEL, SECODIP, oil and margarine trade associations.