

IMPACT OF COVID-19 ON THE MILK AND DAIRY MARKET IN ROMANIA AND OTHER EU COUNTRIES

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Abstract

The aim of studying the impact of COVID-19 on the milk and dairy market in Romania and other EU countries is to understand the effects of the pandemic on this industry and to analyse the changes and challenges it has faced, in Romania, compared to other countries in the European Union. The COVID-19 pandemic has had a significant impact on the milk and dairy market in Romania and other EU countries, disrupting supply chains, changing consumer demand, shifting distribution channels, posing export challenges, and raising health and safety concerns. The long-term effects of the pandemic on the milk and dairy market will depend on how the situation evolves and how the industry adapts to the changing landscape. The COVID-19 pandemic has caused a significant reduction in demand for milk and dairy products from the EU and non-EU countries. This represents a serious threat to the Romania and EU dairy sector and for the HoReCa market. It is estimated that the European dairy sector is currently losing EUR 120 million. This study provides a comprehensive analysis of the evolution of milk and dairy product prices in both Romania and other EU countries, using official statistics.

Introduction

The COVID-19 pandemic has caused significant disruptions across various industries, and the milk and dairy market in Romania and other European Union (EU) countries has not been spared from its effects. The pandemic has led to profound changes in consumer behaviour, supply chain dynamics, and overall market conditions, creating both challenges and opportunities for the milk and dairy industry.

One of the primary impacts of COVID-19 on the milk and dairy market has been the shift in consumer demand patterns. During the pandemic, there has been an increased focus on health and wellness, leading to a surge in demand for nutritious food products, including milk and dairy. The milk and dairy industry heavily relies on complex supply chains involving farmers, processors, distributors, and retailers. The pandemic has disrupted these supply chains, causing challenges in maintaining the flow of raw milk and finished products. The milk and dairy market has experienced price volatility due to the COVID-19 crisis. Fluctuations in demand and supply, coupled with uncertainties in global markets, have influenced milk and dairy prices. The COVID-19 pandemic has had a profound impact on the milk and dairy market in Romania and other EU countries.

Material and method

This study was carried out by consulting a number of 20 bibliographic sources from the specialized literature, both from the country and abroad (scientific works, books and book chapters from national and international databases - *Web of Science, Science Direct, Scopus, Google Scholar, Enformation, CabiDirect*, etc. Statistical databases, national statistical institutes in the milk industry - Food and Agriculture Organization, National Institute of Statistics, Europe-EU, etc., were also consulted.

Results and discussions

The COVID-19 pandemic has not only affected people's health, but also almost the entire economic system worldwide. The processors of milk and dairy products were forced to close the factory doors, to send employees out of work (Dumitras D.E., 2021).

The milk sector in the European Union is facing great difficulties following the pandemic. There are currently several issues destabilizing the EU dairy market following the COVID-19 outbreak. The closure of the food service industry forced dairy products consumed at this level to be redirected to retail. Labor is also another major cause of concern. In the countries most affected by the COVID-19 outbreak, people involved in the collection and processing of milk are falling ill or in quarantine. Last but not least, feed prices, but also export prices have increased (*agriculture.ec.europa.eu*).

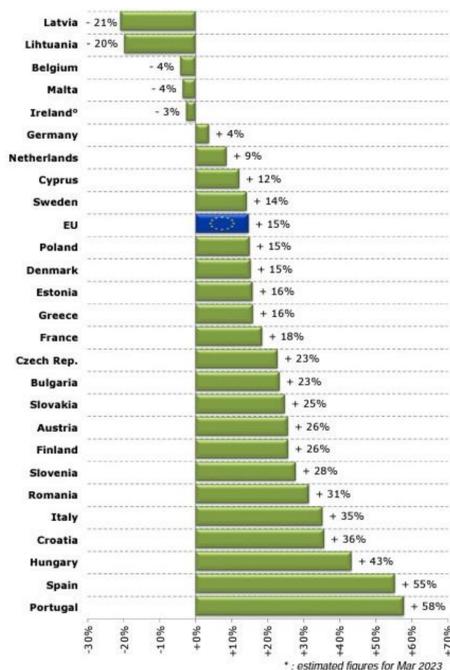


Figure 1. Raw Milk Price evolution in March 2023 compared to March 2022 (Member States (Reg. (EU) No. 2017/1185-Annex II.4(a)))

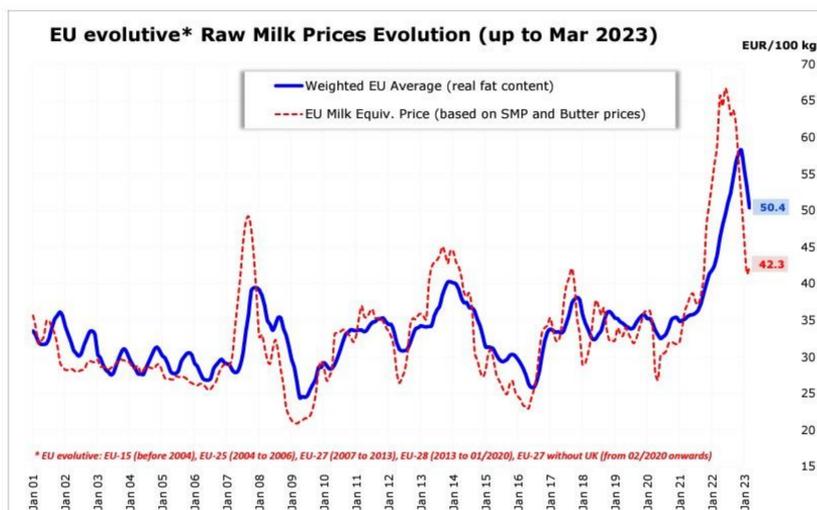


Figure 2. EU evolutive* Raw Milk Prices Evolution (up to Mar 2023) (EUR/100 Kg) (MS' communications under Reg. (EU) No 2017/1185-Annex II.4(a))

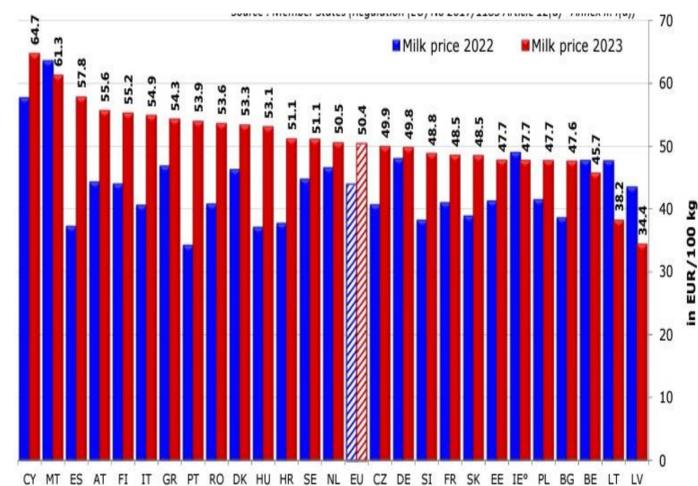


Figure 3. EU milk prices, Mar 2023 vs Mar 2022 (EUR/100 Kg) (Member States (Regulation (EU) No 2017/1185-Annex II.4(a)))

EU milk deliveries decreased in January-April (-1% vs. 2020) due to lower temperatures. The precipitation in May had a positive impact on the quality and availability of food. The prices of dairy products in the EU increased from 2% in May-June to 1.5% in December. As a result, the annual increase would be 0.8% in 2021. The prices of dairy products in the EU continued to increase, benefiting from the high prices at the global level, determined by the demand from China, as well as the tight supply, in the case of butter. In April, the EU butter price was around EUR 4,000/ton (+5% above the 5-year average) and the EU skimmed milk powder price reached EUR 2,500/ton (+44% above the 5-year average). This should translate into better EU raw milk prices, after exceeding EUR 35/100 kg in April and bucking seasonal trends. Despite the decrease in milk deliveries from the EU, cheese production increased in the January-April period (+3% vs. 2020). This led to less availability of milk fat for other dairy products, and EU butter production fell below last year's level (-2%). With the expected increase in milk production, more quantity could be channeled to butter (+1% annual increase), and the increase in cheese production could slow down (0.8% annual increase) (*agriculture.ec.europa.eu*).

Conclusions

The COVID-19 pandemic has had a profound impact on the milk and dairy market in Romania and other EU countries. It has led to shifts in consumer demand, disruptions in supply chains, price volatility, and government interventions. However, the industry has also witnessed opportunities for innovation and adaptation. As the world continues to navigate the uncertainties of the pandemic, the milk and dairy market will continue to evolve, with players in the industry finding new ways to meet consumer needs and ensure the resilience of the sector.