The Milling Industry Structure in Key Regions

Global wheat consumption in the current 2016/17 season is forecast to reach a record-high 736m tonnes, showing a growth of 25% in the last 15 years. This raises the question which outlets the wheat is going into, what the growth of these outlets is, which regions or countries have grown the most and where we see future potential. In the final article of this series, we discuss the structure of the milling industry in key regions.

China is the largest wheat milling country in the world, and it uses 88m tonnes of wheat for food. The country has an estimated milling capacity of about 250m tonnes and therefore a significant overcapacity. There are almost 5000 flour mills in the country with the majority (2000 to 3000 flour mills) having a capacity of less than 200 tonnes per day, another 500 to 1000 mills capable of milling 200 to 400 tonnes per day and about 350 mills having a large capacity of more than 400 tonnes per day. The largest flour milling companies in the country are Wudeli Flour Mills, Wilmar and Cofco.

India, with its strongly growing flour demand, also has a very fragmented milling industry and almost two third of the flour is produced in small stone mills or chakki. The roughly 700 organised larger stone mills produce another 10 to 15 percent of the flour. The number of roller flour mills with a capacity of at least 100 tonnes per day has grown and is estimated at about 1100, producing about one fourth of the Indian flour. We expect the growth and consolidation in Indian flour industry to continue.

US flour milling capacity has grown slightly over the last ten years to 78m tonnes per annum, while the number of mills has been almost stable at 170. The sector is dominated by Ardent Mills and ADM Milling, which together own about half of the US wheat milling capacity. Another 25 percent of the capacity is owned by four companies: Grain Craft, Bay State Milling, General Mills and Miller Milling (see Figure 1). To find out more about US milling, read Grist for the Mills: Opportunities in the U.S. Flour Milling Sector.

Figure 1: US flour milling market shares as of 2015

Source: Grain & Milling Annual (Gosland), Rabobank 2015
In the EU, about 2,000 companies mill an estimated 45m tonnes of wheat for flour and another 8m tonnes of durum for the pasta industry. The number of mills has steadily declined over the last years, but, with the exception of a few countries, the European milling sector is still very fragmented (see Figure 2 for an overview of the sector in 2012). Please also see our 2012 report European Flour Milling Industry: A Miller’s Tale.

Figure 2: European wheat production and key millers, 2012

We will conduct an in-depth analysis on the EU flour milling sector later this year.

This is the third article in our three-part series on global wheat consumption. The introductory article on wheat used for feed production can be found [here](#), and the second article on global wheat use for food, seed and industrial purposes is [here](#).