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**NZ**

**SYNLAIT SEEK TO RAISE \$200m**

NZ's Synlait Milk have launched a NZ\$200m share placement and purchase plan to raise funds for processing and packaging equipment and provide cash flow. In a U-turn from their September forecast, the company last week issued a flat to lower profit warning for their 2021 financial year, blaming weak demand for consumer-packaged infant formula. Synlait, who are 39% owned by China's Bright Dairy and 19.8% by the a2 Milk Company, said product demand was likely to be weak in the first half of the year but could improve as stocks clear, subject to the Covid-19 pandemic, with consumer behaviour, channel dynamics and supply chain disruptions all subject to change. Synlait earlier announced a major new manufacturing supply agreement for an unnamed 'global category leader' starting 2023. They said they would invest NZ\$70m over the next 2yrs to prepare for it. Synlait have also sold their Deep South brand—part of Dairyworks, acquired last year—and their ice cream operations to Talley's for an undisclosed sum.

**Australia**

**BEGA FRONTRUNNER FOR LION DAIRY**

As DIN went to press, unconfirmed reports were suggesting ASX-listed Bega Cheese were poised to acquire Japanese-owned Lion Dairy & Drinks in Australia for an estimated A\$500m, beating rival bids from Canada's Saputo and John Wylie's alternative asset management company Tanarra Capital. The acquisition of the business, which employs 2,300 staff across 11 manufacturing locations, would bring a swathe of Australian brands back into domestic ownership. Bega are valued at A\$1.1bn but reported \$236m net debt as of June 30. Both other bidders were serious contenders: Tanarra Capital's private equity arm agreed a \$50m deal to buy a significant stake in dairy products producer Barambah Organics last month, while Saputo acquired Lion's speciality cheese business last year. A \$600m agreed sale to China Mengniu Dairy was blocked by Treasurer Josh Frydenberg on national interest grounds in September.

**Netherlands/Belgium/Germany**

**FRIESLANDCAMPINA TO CUT 1,000 JOBS**

Struggling Dutch co-op FrieslandCampina will cut around 1,000 jobs by the end of 2021, most of them in the Netherlands, Belgium and Germany. They have announced plans to slash more than €100m of costs from the business from the 2022 financial year onwards, from production, administration, support services and functions. Restructuring costs of €150m-€175m will largely be charged to the 2020 accounts, and there will be no bonuses for senior management this year. The sale of non-core activities is also being mooted. As a consequence of the pandemic, F/C are accelerating the implementation of their strategy launched in 2018. Despite better returns in food retail, profitability is under severe pressure due to the direct or indirect consequences of the lockdowns.

- According to a report by the Dutch farming news service Boerderij, F/C are reserving judgement on whether they will be able to pay their members a final performance payment, or annual bonus, this year. They paid an interim payment of 0.22c/kg in August. The job cuts are taking place to enable F/C to maintain the best possible guaranteed price, CEO Hein Schumacher said.

**EU/US**

**EU TARIFFS FOR THE US**

EU tariffs valued at US\$4bn have been slapped on US goods in the latest development in the trans-Atlantic trade spat over airline subsidies. The tariffs were approved by the World Trade Organisation last month in connection with US subsidies for Boeing after attempts at negotiations failed to resolve the issue. The US has had \$11bn of retaliatory tariffs in place on a wide range of European products, including dairy, since October 2019 as a protest against European subsidies for Airbus. The new EU tariffs were approved by the WTO last month in connection with subsidies for Boeing and include a 25% tax on US cheese and tariffs on concentrated milk protein imports. The value of US dairy exports to the EU was \$116m in 2019, down from \$145m in 2018, according to the IDFA.

**France/US**

**DANONE N.A. SUE LAND O'LAKES**

Litigation surrounding the sale of Dean Foods assets to DFA in May took a new turn last week. Danone North America (WhiteWave Foods until 2017 when Danone bought the business from Dean Foods) took legal action against dairy co-op Land O'Lakes for infringing on their trademarks since May. In a complaint filed in the US District Court of Colorado, Danone/WhiteWave refer to an agreement signed with Land O'Lakes in 2013 to license the right to sell some chilled cream products throughout North America, including 'half-and-half'. The complaint alleges that a concurrent agreement allowed Dean Foods to sell the same products in eight states from 2002 to this May. Danone claim such agreements were made null and void by Dean's bankruptcy and sale.

**WDS 2020**

**MODEST 2019 GAINS FOR WORLD TRADE**

World trade in dairy products in 2019 grew modestly by just over 1% to about 82.1m tonnes in milk equivalent, according to the International Dairy Federation's latest World Dairy Situation report. This represented over 9% of global milk production. Trade increased by 2.8% for cheese, driven by EU and Belarus exports. Butter and butteroil exports were up 3.9% on the back of firm demand from China. The outcome was less positive for SMP (-0.8%) despite substantial EU and NZ exports. The EU remained the world's largest dairy exporter with a 29% share with a leading position in cheese and SMP, followed by NZ with a 25% share including a leading position in WMP and butter/oil. The OECD and FAO expect further expansion of dairy trade in 2020, although at a slower pace than in the past for SMP and WMP (see also back page).

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**MARKETS 'NERVOUSLY FINELY BALANCED'**

Dairy commodity prices defied expectations during the first lockdown, and despite predictions of Armageddon held at reasonably firm, if not spectacularly high, levels. Now, 2wks into lockdown 2, the jury is still out. There's weakness for sure—on cream, and on Mozzarella. But there's relative stability too—on butter, SMP, skim concentrate and the likes of mild Cheddar, Edam and Gouda. There's even a positive tone on medium and mature Cheddar. 'Nervously finely balanced' is probably the best description of the UK market. Cream is the most pressured commodity. It is now around £1.35/kg, having been over £1.50/kg a few weeks ago. But it was £1.30/kg at the start of last week, and received a small seasonal tonic from the Continent as the run-up to the Christmas period starts.

**LATEST GDT RESULTS**

	\$/tonne	Change in 2020
WMP	2,985	-3.7%
SMP	2,722	-5.1%
Butter	3,822	-1.6%
AMF	4,002	-17.8%
Cheddar	3,786	-2.1%
BMP	2,617	-8.0%
Index	952	-5.8%

**GDT auction**

**AVERAGE PRICE INDEX DOWN 2%**

The overall average price index was down 2.0% at the latest GDT auction for Fonterra. The WMP index was down 2.0% at \$2,985/tonne, the SMP index was down 4.4% at \$2,722, the AMF index was down 2.6% at \$4,002 and the Cheddar index was down 0.8% at \$3,786. The butter index was up 3.9%—the only increase—at \$3,822 and the BMP index was down 1.2% at \$2,617/tonne. The lactose price and index were not disclosed. A total 35,418t of product was sold, up 2.2% from the previous auction but 8.4% less than a year earlier.

**FAO price index**

**OCT INDEX +2.2%**

The FAO Dairy Price Index averaged 104.4 points in October, up 2.2 points (2.2%) from Sept and the fifth consecutive monthly increase. Price quotations for all dairy products represented in the index rose, led by cheese, mainly attributable to tightening supplies.

**IFCN EST. WORLD PRICE UP 1.8%**

The German-based IFCN consultancy estimate that the world farmgate price of milk, based on the value of dairy products worldwide, should have been 34.5 US cents/kg in September. This was 1.8% or 0.6¢ up from an amended August figure. The price of animal feed in a milk price equivalent was 22.3¢/kg.

The price drop was expected—fat values were far too ahead of butter to be sustainable, especially in the current hand-to-mouth butter buying environment. Mozzarella is next in the commodity pressure cooker, taking a £100/t hit to £2,550/t last week. But, like cream, this was not a surprise as Europe has been awash with Mozzarella for several weeks and traders have been signalling a downturn.

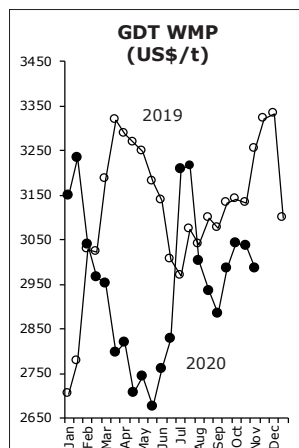
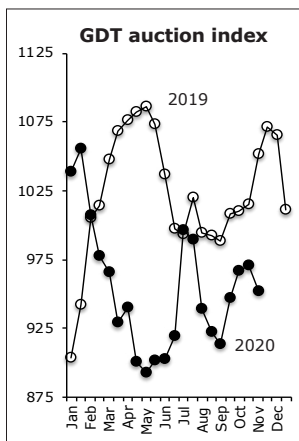
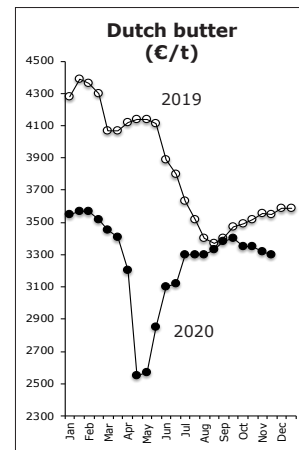
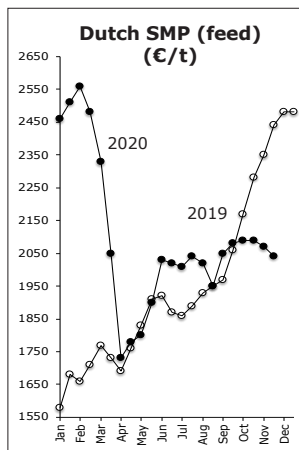
Butter had a decent week, all things considered. While the Dutch price dropped slightly to €3,300/t, German and French remained unchanged at €3,450 and €3,320/t, but some say this is €50 to €100/t higher than the real market price. Butter stayed level in the UK too, with fresh still around £3,000 and older £100/t less. It was left up to currency to decide if the sterling price was above or below £3,000/t.

SMP also dropped in Europe, by an average of €30/t to €2,160/t, resulting in a like-for-like exchange rate price of £1,930/t in the UK. But UK traders are slightly more bullish, calling up to £1,975/t. SMP prices are being held up by decent skim concentrate demand, but there is uncertainty for the first quarter of 2021, not least because of the stock situation. Traders are hoping Algeria will reappear to inject a bit more life into proceedings. French WMP was the only commodity to increase last week, but only by €20/t to €2,700/t. German dropped €25 to €2,750/t, and Dutch stayed at €2,710/t. Whey continues to bobble around €700/t. Edam and Gouda are stable at €2,750-€2,800/t, but still down off their recent €2,950 peak. There are concerns here as well, if SMP drops further and manufacture shifts from that sector.

**CHEDDAR PERSISTENTLY POSITIVE—BUT NOT IN THE US**

If there's one area of persistent positivity it has been UK Cheddar. Manufacturers were in a strong position beforehand, and strong consumer demand throughout lockdown, robust exports (even to the US) and other factors have all served to strengthen their hand. Mild Cheddar has stayed at £2,950/t, supported by an equally stable curd price of £2,850/t. Medium and mature prices have increased by £50/t to £3,400/t, because profiles are all over the place, and there are now extremely tight supplies. This situation looks unlikely to change in the short term, with mild at a decent enough price to make it tempting to have money maturing in the bank rather than cheese maturing in a store.

It's all change in the US, however. Traders were expecting bears, and bears have appeared in force. CME spot Cheddar blocks last week followed barrels' tumble, after a spectacular rally, as orders for USDA's food box programme wind down and supplies ramp up. US cheese manufacture was up 1.1% from last year in September, with Cheddar up 7.7% to the highest Sept volume on record.



**Weekly market prices @13.11.20**

**EU OBSERVATORY PRICES**

(€/t)	Nov 11 v. Oct 28	2020	2020
		high	low
Butter	3480 +0.9%	3720	2880
WMP	2740 +0.7%	3070	2610
SMP	2140 -1.4%	2620	1910
Cheddar	3090 +1.6%	3190	2960
Whey powder 720	+1.4%	830	710

**US QUOTES, CHICAGO MERC.\***

(\$/t)	Nov 13 v. Oct 30	2020	2020
		high	low
Butter (AA)	3160 +1.0%	4300	2540
SMP (grdA)	2395 -2.0%	2850	1800
Cheddar			
-40lb blcks	4740 -22%	6245	2275
-500lb bar.	4415 -19%	5460	2260

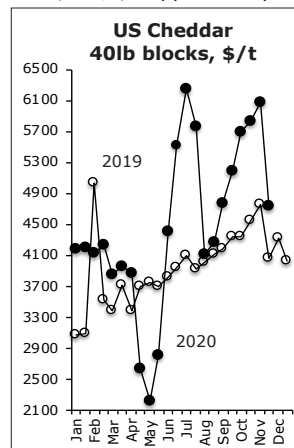
\*Conv. from US ¢/lb@1 tonne = 2,205lb

**EU market indicators**

**DUTCH MARKETS WEAKEN**

The Dutch Dairy Board/ZuivelNL have cut four of their five official dairy commodity prices. The butter price was cut by €20 to €3,300/t, the SMP (food) price has also been cut by €20 to €2,130/t, the SMP (feed) was cut by €30 to €2,040/t and whey powder was down €10 to €710/t. The WMP price was left unchanged at €2,710/t.

The Kiel-based IFE institute in Germany has last week estimated an average EU raw milk value down 0.3c to 29.5c/kg at the farmgate level, based on the official prices of butter and SMP in Germany, France and the Netherlands. The price has been within the 29c-30c/kg range since mid-August. The average SMP price in all three countries was down €27 to €2,158/t and the butter average was down €7 at €3,357/t.



**China****WHEY VOLUMES DRIVE HIGHER IMPORTS**

China's imports of the main dairy categories were up 25% in volume from last year at 270,000t in September, largely fuelled by predominantly US-sourced whey volumes on extended tariff exemptions as China continues to rebuild its pig herd. Total imports of whey products were up 40% to 55,200t, WMP up 7.4% from last year to 23,000t and SMP

CHINA DAIRY IMPORTS			
tonnes	Sept '20	v. '19	YTD
Milk/cream	103,000	+20%	+8.3%
Whey prods.	55,200	+40%	+35%
Infant form.	30,200	+6.5%	-1.8%
WMP	23,000	+7.4%	+18%
SMP	35,400	+29%	-6.2%
Cheese	8,800	+68%	+14%
Butter	3,800	+112%	+47%

imports up 29% to 35,400t. Milk and cream imports were up 20% to 103,000t. Cumulative imports for the year to date now total 2.43m tonnes, up 9.0% from Jan-Sept 2019.

- Yili have made their first money-raising foray into the offshore bond market, issuing a US\$500m bond.

**China/NZ****BUOYANT CHINESE ECONOMY GOOD FOR NZ DAIRY**

A surging Chinese economy is helping boost returns for the NZ dairy industry. Two banks, BNZ and Westpac, who follow Fonterra, are lifting their forecast milk price for the current season. Westpac have lifted their forecast price by 50c to \$7/kg of milksolids, 20c above Fonterra's latest forecast range. The Chinese economy is on track to post modest growth over 2020, the only major global economy likely to do so. China and some other Asian dairy markets are faring better than expected.

**Australia****FREEDOM FOODS TURN TO HEDGE/CREDIT FUNDS**

The Perich family's Freedom Foods are reportedly in talks with distressed debt hedge funds and credit funds as they seek options for recapitalising with about A\$200m in cash. It is understood a handful of funds including global giant Oaktree Capital Management, NY-based Anchorage Capital Group and Sixth Street Partners have lobbied or are in the process of preparing proposals, with Anchorage reportedly in pole position. The Perich family have said they would contribute the first \$100m.

**Australia****GROWTH SLOWS**

September milk production in Australia is estimated by Dairy Australia up 0.2% to 859.8m litres, with year-on-year increases slowing as production ramps up. Production was up in all states apart from Qld (-6.2%), with biggest producer/exporter Vic up 2.2%. Production for season to date was up 2.0%.

- Australia's first-quarter exports were up 11.6% (at 194,500t), and up 5.5% in value from 2019's negative trends, partly due to higher tariffs due to be imposed by China. Milk volumes were up 12%, SMP +50%, whey +17% and butter +78%. Cheese exports were down.

**NORCO SALES TOP \$680m**

Norco, Australia's oldest dairy co-op, operating in Qld and NSW, posted 2019-20 operating profit of A\$5.4m on turnover of \$680m. They processed 214m litres, 10% more than the previous year. Suppliers are getting an average of about 70c/litre for their milk.

**BENDIGO STRIKE**

Around 140 workers at Lactalis' Bendigo plant in Victoria have been on strike since Nov 5, seeking better working conditions and pay parity with Lactalis employees in other regions. The United Workers Union are calling for a commitment from Lactalis that, if they leave the factory, it would not be mothballed but left open to expressions of interest by competitors.

- Lactalis plan to double their investment in India to Rs100 crore (US\$13.4m) in the next financial year.

**THIRD BOSS IN A YEAR FOR WATTLE HEALTH**

In the latest twist for troubled organic milk infant formula manufacturer Wattle Health Australia, managing director Tony McKenna quit on Nov 6, leaving the company with its third boss in less than a year. Dr McKenna said recent developments with the demise of Organic Dairy Farmers of Australia and joint venture partner Corio Bay Dairy Group had "taken the heart out" of his plans to lead the company's new focus on producing organic formula for China (see People, p7).

**US****ON TRACK FOR RECORD EXPORTS—USDEC**

US dairy export volumes (milk powder, whey, cheese, butter and lactose) were up 14% to 1.7m tonnes in the first 9mths of 2020, according to the US Dairy Export Council. That puts exports on track to exceed 2018's record year of 2.2m tonnes exported. Whey products have been driving 2019's increase, as China renewed demand post-African Swine Fever and extended tariff exemptions: Jan-Sept whey exports were almost double 2019 levels. Cheese exports to Asia-Pacific markets were also "better than expected" despite US Cheddar prices above world market levels since May. Lower exports of NFD/SMP in September were mainly a result of lower imports by Mexico; exports to SE Asia, Latin America and China all increased.

- US dairy farmer received more than \$943m through the Coronavirus Food Assistance Program 2, in addition to the \$1.77bn claimed in the first programme. Dairy farmers in Wisconsin have so far claimed \$194.9m in CFAP-2, California \$125.3m and NY dairy farmers \$99.7m. Farmers can apply until December 11.

**PRODUCERS ACQUIRE UMPQUA**

Fresno, California-based Producers Dairy are venturing out of their west-coast territory with the acquisition of Umpqua Dairy of Roseburg, Oregon, an independent processor set up 85yrs ago and the largest family-owned dairy in southern Oregon. Earlier this year, Producers won the auction for Dean Foods' Reno plant over the border in Nevada, and also acquired the intellectual property of Berkeley Farms (originally based in the San Francisco region) from the Dean receiver. Third generation Umpqua CEO Doug Feldkamp plans to stay in his current role for the next 3yrs and COO Steve Feldkamp will stay for at least another year.

- Hispanic cheesemaker **Nuestro Queso** have expanded and upgraded their facility in Kent, Illinois with a \$15m investment. The company sells Mexican, Caribbean and Central American cheeses and Cremas.

**Canada****SAPUTO PROFIT SLIPPING**

Saputo posted second-quarter net profit down 2.3% from last year to C\$170.8m as sales in the foodservice sector continued to lag. Revenues were up 0.8% to \$3.7bn in the 3mths to Sept with a continuing shift to retail stores. Adjusted profit was down 7.2% to \$184.1m. Lino Saputo, Jr., Saputo's board chairman and CEO, said the pandemic continued to influence the business, with the US division impacted the most with lower sales volumes as a result of shifting consumer demand.

**India****AMUL SMP STOCKS MOUNT**

Amul, India's biggest dairy co-op, are sitting on close to 100,000t of SMP stocks while facing complaints from farmers who say their milk prices barely cover costs. Exports have been suspended due to Covid-19, although the co-op is expecting \$20m export incentives to help move surplus powder next year. Amul managing director Dr R.S. Sodhi says stocks are "not worrying"—some 40,000t will be needed for their own requirements. Amul bolstered their supply chain and markets to meet a surge in home demand this year, leading to an expected 16% increase in lockdown revenue. They also took on supply from private dairies unable to operate, with much of the extra milk being processed into milk powder. The co-op has invested heavily to manage the impact of the pandemic and maintain supplies, including relocating workers and placing them on 12-hour rotating shifts in order to meet regulations that allow only 50% of workers on site.

- A new USDA Foreign Agricultural Service GAIN report projects **India's cow milk production** will rise 2% in 2020 (to 93.8m tonnes), with 2.3% growth next year (to 96m tonnes). SMP exports are forecast to rise to 20,000t in 2021, up from just 6,000t this year.

**South Korea****MILK SALE REVIVAL**

Plunging milk consumption in South Korea was reversed in the first half of this year, according to the Korea Agro-Fisheries and Food Trade Corp. Retail sales of milk totalled 822.4bn won (US\$729m)—up 3.3% from Jan-June 2019. Seoul Dairy Co-op, who have 40% of the domestic market, reported strong demand at malls and convenience stores.



**VLOG milk****VLOG MILK PREMIUMS DISAPPEARING**

Milk price bonuses which were originally paid for VLOG cheese and other dairy products when the GMO-free milk stream was set up in 2017 are now disappearing fast. Production to VLOG standards is compulsory in Germany—but the range on offer is now said to have become too large to be distinguishable, and companies are making increasing demands. Bavarian dairy companies want only Bavarian VLOG milk and a Saxon cream processor only accepts VLOG cream from the same federal state. Last summer, Belgian dairy Milcobel was one of the first milk processors to stop processing VLOG milk because it did not generate added value. FrieslandCampina have stopped buying VLOG milk from more than 80 Frisian farms. A-ware also pointed out in a recent letter to members that the company sees less and less added value in VLOG.

**Germany/Austria****JÄGER + GMUNDNER IN JOINT VENTURE**

The private Jäger dairy in Haag, Upper Bavaria, and the Gmundner dairy co-op, who operate in the Salzkammergut region of Austria, have agreed to collaborate in a 30-year initiative at Gmunden. Around €37m will be invested in modernising the site. Construction of a new cheese plant, initially to produce pasta filata for Jäger, is already under way. Joint production from the site is scheduled to start at the end of 2020. New Italian varieties will also be produced.

**Germany****SECTOR PROMOTION PLANNED FOR 2021**

Collaborative promotional communications by the dairy sector will start next year following successful initial funding by the dairy industry (MIV), farmers and co-ops. Core funding has been achieved by means of a levy on 80% of German milk deliveries (€15/t), with money also coming from a national Milk Promotion Fund (also fed by farmer money). The budget will be around €4m pa.

- Latest bi-annual contract negotiations between dairies and retailers for liquid milk prices have been completed. It was agreed that the liquid milk price would be cut by 1c-2c from Jan 1, 2021.

**Germany/France****GEA SELL MILK COOLING COMPANY**

GEA have signed an agreement to sell their milk cooling technology business GEA Farm Technologies Japy, based in Dijon, France, and their Dutch-based barn equipment business to private equity firm Mutares for an undisclosed sum. The two companies generated revenue of about €50m in 2019. GEA will retain access to the product portfolios and focus on automation and digitalisation of milking installations and processes.

**Brussels update****FUNDING TO BE TIED TO EU 'VALUES'**

European Parliament and Council negotiators reached a deal on Nov 5 on new rules which would make it possible to cut the flow of EU funds to Member States which "disrespect the rule of law". Co-rapporteur Petri Sarvamaa (EPP, FI) called the agreement "a milestone for protecting EU values". The Parliament also succeeded in reducing the time in which EU institutions can take action against a Member State from the 12-13mths requested by the Council to 7-9mths. This will now have to be formally adopted by the EU Parliament and Council [AGRAFACTS].

The **average weighted farmgate milk price** in the EU-27 (excluding the UK) in September was up 2.9% from the previous month to 33.95c/kg, with only Ireland left to report, according to latest European Commission data. This was the biggest month-on-month increase since October 2018. The Irish average was estimated at 8.0c higher than in August, while the German average was up 3.8%, Belgium +3.7%, France +3.7%, Netherlands +3.0%, Poland +1.7%, Denmark +1.3% and Italy +1.2%. The average in Spain was down 1.2%. The Commission are expecting a small increase for October. The **spot milk price** in Italy was up slightly to 34.8c/kg last week.

**Netherlands****A-WARE TO PAY 2c PASTURE PREMIUM**

Dutch A-ware plan to pay a seasonal premium of 2c/kg for pasture milk payable next year in May, June and July. The company sees volume growth and opportunities for grass-milk cheese, a Dutch specialty. The premium will apply only to pasture milk, not to organic or the (extra sustainable) milk being supplied in increasing volumes to retailer Albert Heijn. A-Ware say they have a number of dairy farmers on the waiting list to join the AH programme and are also looking for additional organic suppliers.

- **DOCKaas** are increasing their Oct milk price by 1.07c to a maximum of 35.40c/kg including all bonuses. **Cono Kaasmakers** are increasing their Oct milk price by 0.61c to 34.45c, taking their maximum milk price to 38.95c/kg including all possible bonuses. **A-ware** are holding their base price at 33.23c with a maximum payable of 38.98c.

**VREUGDENHIL POST 2019 PROFITS UP 64%**

Vreugdenhil Dairy Foods have reported profit up 64% to €17.9m in 2019 on sales up 5% to €768m. The company has not submitted projections for 2020 but says that the pandemic has created new momentum for the dairy sector, especially in the powder market. They say they will not

be adjusting their business strategy. More than 800 Dutch dairy farmers supply Vreugdenhil. In 2019 the company processed around 1.3bn kg of milk, paying up to 36.35c/kg including all bonuses. They have invested over €230m since milk quotas were lifted in 2015.

**France/Netherlands****BIG NEW DEPOT FOR DANONE**

Danone have signed an agreement with VolkerWessels Logistics Development for a new, all-electric global distribution centre in the southeast of the Netherlands. Construction of the new 56,000sq m state-of-the-art centre will begin in Cuijk this month. It is expected to be operational in the fourth quarter of 2021.

**Netherlands/Belgium****MTC DELIVER 3c MORE**

The Milk Trading Company say they have achieved an average premium of 3c/kg of milk on the futures markets since their foundation in 2017. MTC hedge a milk price against market fluctuations, currently with 230 members—150 in Belgium and 80 in the Netherlands, accounting for 325m kg of milk delivered. Price risk is buffered for 80m kg via commodity futures contracts. MTC estimate a net margin of 1.68c/kg of milk for 2019, including fees and costs.

**Netherlands/US****RELCO ACQUIRED BY KSS**

Netherlands-based Relco, run by Mark Litchfield, who supply process technologies for companies in the dairy and food industries, including cheesemaking systems, evaporators, drying systems and powder handling systems, have been acquired by Koch Separation Solutions in the US.

**Denmark****ARLA DROPPING PLASTIC TOPS**

Arla are to stop using plastic screw tops on their one-litre organic milk cartons. Much of Arla's packaging, including the 1-litre cartons, is already produced from renewable materials. By dropping the plastic caps, the co-op says it can reduce the CO2 footprint of each carton by 30%.

**Italy****BOOST FOR CENTRALE DEL LATTE D'ITALIA**

Centrale del Latte d'Italia have posted a €3.2m profit in the first 9mths of this year, compared with a loss of €4.2m in the same period in 2019. Revenues were up 3.3% to €135.3m. Debt was cut by €12.4m to €64.9m.

**SALES CAMPAIGN LAUNCHED IN CHINA**

Italian dairy association Assolatte have initiated an advertising campaign for Italian dairy products in Shanghai. The campaign, which the EU is helping to finance, will run for 3yrs. Italian dairy exports to China increased from €1m in 2015 to €20m (3,700t) in 2019, and were up 3.6% in the first 7mths of 2020 in value and up 8.2% in volume.

NZ—**Richard Wyeth** has resigned from Miraka Dairy to be become CEO of Westland Dairy Co. Wyeth will take up the role vacated by **Toni Brendish** a year ago in Feb 2021. Interim CEO **Shinqing Jian** will remain resident director of both Westland and Oceania Dairy for the Yili Group, which bought and renamed Westland Milk Products in 2019.



executive director. Dr McKenna joined WHA in January, replacing co-founder and major shareholder **Lazarus Karasavvidis**, who was sacked by the board.

Germany—Müller Group have promoted **Michael Singer**, 45, to the role of COO, replacing **Hansjörg Herrmann**, 47 (not as stated in DIN last time).

Previously with Open Country, Wyeth has been CEO of Miraka since its founding in 2010. He earlier held commercial roles at Coca-Cola Amatil and DB Breweries.

Germany/Japan—Morinaga have named **Yasutaka Saigo** as the new CEO (Plant Operations, Technology and Engineering) of their German subsidiary MILEI. **Takahiro Yanagida** is returning to Japan but will remain a member of the board. CFO **Jens Kutschera** will be the board speaker.

NZ—**John Monaghan** has signed off after 2yrs as chairman of Fonterra, and is replaced by **Peter McBride**, the former Zespri chairman. Shareholders have re-elected incumbent director **Brent Goldsack** and elected new director **Cathy Quinn**, a corporate lawyer who narrowly missed out last year, to the two vacant places on the Fonterra board. **Nicola Shadbolt**, a past director, and former agriculture minister **Nathan Guy** were among those not elected. Shareholders **John Gregan** and **Glenn Holmes** were elected unopposed to the remuneration committee. **Grant Coombes** and **Nacre Maiden** have been elected new shareholder councillors.

Italy—The International Dairy Federation has appointed **Piercristiano Brazzale**, co-owner of Italy’s oldest dairy processing company, as its new president.

Australia—**Tony McKenna** has been replaced as CEO of Wattle Health Australia by CFO **George Karafotias**, who took on the new title of

Ireland/UK—Glanbia have appointed Slimfast managing director **Miles Worne** as general manager for SlimFast Europe as part of the integration of the US-based business into their nutrition performance division. Finance director **Stephen Parsons** and international vice president **Richard Moore** have left. The combined GPN business will be led by **Ronak Mashru** as general manager for UK & Ireland. Mashru has been heading up the sports nutrition business for the past year.

**Russia**

**F/C TAKE ON VALIO PRODUCTION IN MOSCOW**

Russian Dairy News reports that FrieslandCampina are producing fresh dairy products for Finnish dairy company Valio in Moscow region. The F/C plant in Stupino, Russia, is used mainly to produce yogurt. From this month, Valio Clean Label cottage cheese with fruit and berry filling will go on sale, manufactured from farms inspected in a “multi-stage audit” by Valio. Contract manufacturing for their branded products is used widely by Valio in Russia.

**Ireland**

**BARRYROE COME TOP AGAIN**

West Cork co-op Barryroe is top of the IFJ/KPMG annual milk price review for the second year in a row with a 2019 milk price of 35.29c/kg excluding VAT (for milk with 3.52% prot. and 4.12 b/fat). The four West Cork co-ops took four of the top five positions, joined by Kerry who paid out a 2.85c/litre goodwill payment to all farmers in the ongoing row over their “leading milk price”. Lakeland Dairies were last with 31.73c (3.44% prot., 4.07% fat). The league does not standardise milk supply. Arrabawn and Aurivo co-ops did not participate.

**GLANBIA SHARE BUY-BACK SCHEME STARTS**

Glanbia have launched a €50m share buy-back scheme, seeking to buy back up to 10% of the issued share capital of the company. All shares repurchased will be cancelled. Glanbia say this will not affect the percentage of Glanbia shares held by the Co-op. The company has entered into an agreement with J&E Davy to act as principal, independently of Glanbia. The scheme will run until Glanbia’s next agm, due to be held in April 2021, unless otherwise terminated.

**CARBERY LAUNCH FIXED PRICE SCHEME**

Carbery Group have announced a fixed milk price scheme of 33c/litre, enabling suppliers to fix prices on 20% of supply for 3yrs.

**KERRY REVENUE SLIDES, BIO-K ACQUIRED**

Kerry Group reported revenue down 4.5% in the 3mths to September, reflecting a volume reduction of 4.7% as a result of the closure of foodservice outlets; increased pricing of 0.3%; an adverse currency impact of 1.1%; and contribution from acquisitions of 1.0%. Kerry also announced the acquisition of Canadian probiotic company Bio-K Plus International, headquartered in Quebec, Canada. The company has 134 employees and operates two facilities, in Quebec and California.

**DUNLAVIN PRODUCTS RECALLED**

The Irish Food Safety Authority last week issued a recall notice for all dairy products from Dunlavin Dairy, saying they may have been produced in an “unapproved establishment”. Dunlavin, who produce both pasteurised and raw milk products, say they are in dispute with authorities responsible for regulating and overseeing the processing plant.

**Ireland**

**PPI UP 1.3%**

Ornua’s Purchase Price Index (PPI), measuring value paid to member co-ops for products marketed by Ornua, was 102.8, up 1.3 points and 1.3% in October. This converts to 30.2c/litre incl. VAT (32.7c/litre including the new Ornua Value Payment), based on Ornua’s product purchase mix and assumed costs of 7c/litre.

**LTO league table (updated)**

**SEPT AVERAGE = 32.99c**

A glitch in our table of the Dutch-based LTO EU milk price league table last time led to September prices for half the companies being overstated. The correct figures and ranking are below.

**LTO LEAGUE TABLE MONTHLY MILK PRICES**

(c/kg)	Sept	v. Aug
Granarolo (It)	37.87	=
Danone (Fr)	36.70	0.20
Valio (Fin)	35.88	=
Sodiaal (Fr)	35.83	0.04
Savencia (Fr)	33.97	-0.19
Lactalis (Fr)	33.94	-0.10
Hochwald (Ger)	33.62	0.99
F/C (Neth)	32.72	-0.23
Dairygold (Ire)	31.87	1.07
Arla (Den)	31.84	0.02
Kerry (Ire)	31.72	0.03
Glanbia (Ire)	31.15	0.37
Müller (Ger)	31.08	0.40
DMK (Ger)	30.91	=
Saputo UK	30.05	1.86
Milcobel (Bel)	28.73	=
<b>Average</b>	<b>32.99</b>	<b>0.28</b>
Capsa (Sp)	31.69	=
Emmi (Switz)	54.92	-0.19
Fonterra (NZ)	28.77	1.64
US Class III	34.48	-6.70

Source: ZuivelNL LTO, ranked on Sept prices. The prices are exclusive of all supplementary payments, for milk standardised to 4.2% b/f and 3.4% prot., and delivery of 1m kg.

**Switzerland/US/UK**

**NESTLÉ ACQUISITIONS**

Nestlé have agreed a US\$1.5bn deal to acquire Freshly, a US start-up company that specialises in home delivery of pre-cooked healthy meals founded in New York in 2015. Nestlé also last week agreed to acquire a majority stake in London-based meal kit firm Mindful Chef, in a move to strengthen their direct-to-consumer offerings in the UK and Ireland.

**Switzerland**

**EMMI UPGRADE EMMEN**

Emmi have announced they are strengthening their Swiss base and investing CHF50m at Emmen, Lucerne. A new wing will replace the more than 40-year-old cheese dairy building, upgrading production facilities and creating additional capacities. Construction work is starting this week, with commissioning planned for the end of 2022. The first products were launched under the Emmi brand in Emmen in 1947. The plant dates from 1927 when the predecessor of today’s Central Switzerland Milk Producers Cooperative (ZMP) and Emmi’s majority shareholder bought the Neuhüsern Sbrinz cheese dairy, converting it into a pilot plant for soft and semi-soft cheese in 1945.

**Organics****OMSCO MEMBERS VOTE IN FAVOUR OF LEVY**

Omsco, the UK's largest organic dairy group/co-op, has won "overwhelming" approval from members over proposals to put in place a new business structure and mechanism that will allow them to raise a levy to support the future growth and development of the business. After 5wks consulting online with groups of their members, Omsco said 96% of the membership voted and, of those who did, 98% were in favour of the resolutions. Omsco say the proposals, which were unanimously endorsed by the board, chaired by Neil Kennedy, will help them secure funding to develop their value-added strategy, which will need investment in processing, products and brands. Any levy will not be introduced immediately, and would only occur when there is a value-added project that requires it. Kennedy said: "We have been delighted with the high level of engagement, interaction and positivity shown by members towards the proposals. We strongly believe that their endorsement is an important step forward for Omsco and will underpin our ongoing growth and development." (See I Hear, facing page.)

**UK trade****BREXIT OVERSHADOWS LOCKDOWN CHALLENGE**

Dairy processor members had not expressed logistical concerns about the second lockdown implemented across the England, according to DairyUK CEO Judith Bryans. Processors supplying supermarkets had seen spikes in demand following the announcement at the beginning of the lockdown week but, despite restaurant and cafés closing to all but take-away trade, liquid milk supplies are at expected seasonal levels and processors are expecting increasing Xmas demand. More pressing, Dr Bryans said at an online seminar in last week's RABDF policy conference, there were still significant unresolved issues for the sector relating to how dairy goods will move between the UK and the EU in 2021, with or without a trade deal—including labelling. UK exporters send shipments of dairy products to Third Countries labelled with the current ID marks to comply with existing regulations. If they do this in December, and for any reason the shipment is delayed in transit and arrives on Jan 1, 2021, those ID marks will no longer be valid. As a result, the shipment may be rejected by the enforcement authorities—putting unnecessary cost on suppliers back in the UK and disrupting trade. The industry is looking to Government for guidance on how to avoid this. Defra farming minister Victoria Prentis said the department would have a response by the middle of this month.

- While the UK has cleared EU organic products for entry post-Brexit, the EU has not yet reciprocated for UK produce going to Europe.

**TREWITHEM BUY LILLIE BROS**

Trewithen Dairy (Cornish Farm Dairy), based in Lostwithiel, Cornwall, have bought Lillie Brothers of Falmouth. This is part of expansion plans announced by Trewithen which include creating a wholesale division and opening a new distribution centre at St Columb. Jack Lillie, founder and managing director of Lillie Brothers, said: "We have worked with Trewithen Dairy and the Clarke family for over 15yrs and, as I retire, I am delighted to see them taking on the business." Trewithen have grown from a smallscale setup on the Clarke's family farm in 1994 to a business supplied by 35 Cornish dairy farms, posting annual sales of more than £55m with more than 200 staff.

**MOZZARELLA SELF-SUFFICIENCY STILL INCREASING**

Mozzarella self-sufficiency in the UK is estimated to have increased from 64% in 2017 to 77% in 2019; this is mainly because UK exports of Mozzarella have increased, mainly by Irish cheesemaker Glanbia Cheese, who produce mainly for export from their factories in Northern Ireland and Wales.

**UK/Ireland****ORNUA UK INVEST £3m AT LEEK**

Ornuu Foods UK, who supply cheese and butter to leading UK retailers, have announced a £3m investment in state-of-the-art cutting and packing equipment at their Leek facility in Staffordshire. This will add an additional high-speed cheese slicing line as well as further expanding their cheese grating capabilities. Overall, the new equipment will result in an additional 7,000t of capacity, taking total annual production to over 110,000t. The company reports strong growth in both branded and own label cheese, with sales through major UK retailers increasing by 15% to date in 2020, partly linked to the Covid-related change in consumer buying patterns. Ornuu's Pilgrims Choice has further established itself as the No. 2 Cheddar brand in the UK, growing by 25% in the past 52wks and outperforming the category by 10%.

**BRANDED TRUCKS FOR BRIDGE CHEESE**

Telford, Shropshire-based Bridge Cheese, established 2yrs ago by ex-Meadow Cheese/Ornuu Ingredients' directors Michael Harte and Martin Bowden, say they are extending distribution across the UK in a partnership with local transport firm Dale Brothers, using Bridge Cheese-branded trucks. "The partnership with Dale Brothers is a significant milestone for Bridge Cheese," Harte said. Bridge Cheese are offering a range of cheese and dairy products for food manufacturers, wholesalers and for export. Dale Brothers have a fleet of more than 70 refrigerated lorries, and this year the company has invested in eight new trailers.

**Company reports****PAKEEZA SALES & PROFITS SOAR**

Rochdale, Lancs-based Pakeeza Dairies/Lancashire Farm Dairies—set up by the Zouq family 15yrs ago to produce natural yogurt but who have now diversified into a range of yogurts and fruit-flavoured lassi yogurt drinks—have reported sales up 19% to £45.0m for the year to January 2020 and operating and pre-tax profits up from £1.29m to £3.03m, increasing their average operating margin from 3.4% to 6.7%. Shareholder funds were up 40% to £9.6m. Staff numbers were up from 221 to 223. Annual dividend was unchanged at £45,000 and directors' remuneration and pension contributions were up marginally at £57,000. Their tax charge was up from £175,000 to £333,000.

**Dairygold Food Ingredients (UK)**, a subsidiary of the Irish Dairygold co-op, who have been active in the UK cheese processing industry for more than 20yrs—acquiring Horlicks cheesemakers in Somerset; cheese traders Rowson & Co; leading cheese grater Haslington Cheese; and more recently Dan Dairies and Sunnyvale Dairy Products—have reported sales down 8% to £105m for calendar year 2019 but operating profits up from £1.9m to £3.1m, lifting average operating margin from 1.7% to 2.95%. Pre-tax profits doubled to £2.6m. Shareholders' funds were up from £9m to £11.2m. Just over 90% of their sales were in the UK, ensuring the Irish parent company somewhat from any Brexit fallout. Staff numbers were down from 158 to 155. Once again no dividends were paid to the parent company.

**Wales****VILLAGE DAIRY EXTEND MORRISONS CONTRACT**

A dairy farm producing yogurt on the Denbighshire-Conwy border has won a deal to supply 54 Morrisons stores in south-west England, doubling their contract with the supermarket. The Llanefydd farm—Llaethy Llan/Village Dairy—produces yogurts in 14 flavours and varying sizes. The new deal involves reducing their sugar content and more easily recycled pots. They make around 100t of yogurt a week.

**Northern Ireland****DALE FARM LAUNCH FIXED PRICE CONTRACT**

Dale Farm have launched a fixed price contract for their suppliers in Northern Ireland from January 1, 2021. The three-year contract option will offer a base price of 26ppl from April to September and 29ppl from October to March for milk with 3.85% butterfat and 3.18% protein. The milk will be eligible for quality bonus payments. Producers can offer 10%, 15%, 20%, 25% or 30% of their supply for each of the 12mths from Oct 2019-Sept 2020 as an agreed monthly volume.

**UK milk prices**

**SEPT AVGE = 28.72ppl**

The latest official Defra milk price is 28.72ppl for September. This was up 2.9% from August and down 1.7% from September 2019. **September milk volumes** were estimated 0.8% higher than a year earlier at 1,165m litres.

**Cream income**

**CREAM INCOME EDGES DOWN**

Cream income for a liquid milk processor is estimated by AHDB Dairy at 8.3ppl for October, level with October 2019 and 0.4p down from September, which was the highest this year so far.



**UK trade****PANDEMIC HITS EXPORTS**

In the first 6mths of this year, UK dairy exports fell by more than 12%, or £100m, to £803.4m, according to HRMC. As restaurants and cafés shut across the EU, which accounts for 80% of sales, there were declines in all categories. Total cheese exports were down 0.9%, butter exports down 26%, and milk and cream down 6%. Exports to the US were down 25%, and to China down 35%.

**Advertising****DAIRY TV FUELS LIQUID MILK CONSUMPTION**

The first national dairy TV campaign for 20yrs helped drive an estimated 11.2m litres of additional liquid milk sales in the 12wks to mid-August. The campaign was launched just before lockdown started to be lifted, and raised £100,000 for mental health charities. According to Kantar, the UK-wide 'Milk Your Moments' campaign resulted in an additional 212,000 consumers buying milk. Working with Dairy UK, processors helped to bring multiple retailers on board with the campaign through social media. Every £1 spent on the recent national dairy TV campaign converted into just under £14 of retail sales, DairyUK say. The campaign was funded with £1m from AHDB, DairyUK, Defra and the Scots, Welsh and NI governments.

**Retail****YEO VALLEY LAUNCH SWEET CRÈME FRAÎCHE**

Yeo Valley have launched sweetened crème fraîche, which they say offers a healthier alternative to double cream, in salted caramel and vanilla flavours. The products go on sale in Sainsbury's (rsp: £1.40/200g) on November 21.

**COLLECTIVE LAUNCH RANGE FOR VEGANS**

Live NZ yogurt brand The Collective are launching Collective Plant, a range of four 'vegan-friendly Greek-style yogurt alternatives'. Made in the UK from a blend of oats, coconut and rice, the range will launch in all major retailers in natural, raspberry, passion fruit and fudge flavours. It follows a roll-out of a locally made range in NZ.

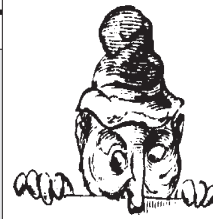
**DAIRY-TECH ONLINE**

The RABDF have announced that Dairy-Tech 2021 will be an online event spread across 2wks from Feb 3-17, including demonstrations, workshops, conferences, new product briefings and debates.

**India**—Competition in India's burgeoning milk chain is hotting up again. Lactalis, who now own three dairy companies giving them pan-India reach, are among those announcing plans to ramp up procurement but ambitious, alternative hi-tech competitors are also emerging. A slew of tech startups are also chasing the many 'unorganised' milk producers by leveraging technology including 'internet of things' (IoT) and data analytics. IoT assimilates data on milk production, milk procurement and cold chain management on a cloud platform, analyses it and provides real-time, actionable intelligence to all stakeholders via mobile devices. These allegedly help small farmers to increase productivity and milk quality and, hence, income, while also organising them into a coherent supply chain. The start-ups are backed by venture capital companies, who are taking on managers with agribiz experience in India, Europe and the US. Country Delight, for example, deliver milk and dairy products directly from the farm to customer, building a fresh food brand using milk as the point of entry to the customer's doorstep. They operate their own integrated cold chain. How many survive in the highly politicised, competitive and rapidly diversifying dairy industry environment remains to be seen.

**F/C members losing faith**—Farmers are generally disgruntled about something, but Friesland-Campina appear to have more than a small problem with keeping members on board—or would have, if they had anywhere else to go. A member survey carried out by the Dutch National Co-op Council on behalf of F/C, with all members contacted and 3,200 (22%) responding, found that although 78% purported to be 'satisfied' with the co-op, strong dissatisfaction was bubbling below the surface. A majority said they would consider leaving if they could. Only a small minority said they would not consider doing so. Member engagement is seen as low, certainly in comparison with other co-ops. A majority (67%) feel remote and neglected, according to the NCR research, with 60% blaming lack of engagement with the board; 40% expressed little confidence in the board. Discontent was expressed less about the milk price than about frustration with the culture of the co-op, lack of pride in being part of it, and lack of communication. Of course, social media heightens a sense of exclusion as much—sometimes more—than the opposite, which can increase the sense of distance between a large company and shareholders, and any shared sense of purpose. German members were more positive (maybe also to do with the competitive milk price in Germany).

—What will F/C seek to do as part of their major ongoing structural review (see p1). In the board's opinion, exchanging these for 'certificates' would go some way towards addressing financing issues. Members are being lobbied for their views and F/C are considering converting the €1.64bn in registered member bonds—accounting for half of shareholders' equity and 18% of the total balance sheet—into share certificates. These would be linked to milk volumes supplied, according to a presentation by CEO Hein Schumacher and board chairman Frans Keurentjes. Details are still unknown, but a value of 10c/kg of milk has been mooted. It's an issue that needs tackling, as fewer and fewer members are prepared to invest in member bonds, and it is becoming increasingly

**I hear....**

difficult to sell bonds for discontinued members—threatening the value of these bonds. F/C bought back some marketable bonds last year and increased the volume held by Rabobank of bonds yet to be offered. Around 45% of member bonds are in the hands of inactive members and are therefore freely redeemable.

However, there are also drawbacks, especially for farm successors. They have to buy all over again, up to a value of 10c/kg of milk, which in turn increases financing costs.

**Disclose disclosure**—French collective of investigative journalists Disclose's revelation of French dairy giant Lactalis's "tax planning strategies" (see last DIN) rather buried other damaging revelations concerning Lactalis's alleged river polluting practices, which caused a much bigger public stir in France where no fewer than 3,500 associations are set up purely for environmental protection. Following the disclosures, a mass joint complaint was filed against pollution of the Riom river by Lactalis factories. Another group has called for the opening of a judicial inquiry. A spokesman for the group said: "This company seems to enjoy a certain impunity which we must stop." Fishing group leader Claude Roustan said: "The disgust of the recreational fishing world following the survey is widespread." Communist Senator Fabien Gay wrote to the Minister of the Economy, Bruno Le Maire: "It is intolerable that public money is awarded to the polluters. Does the government plan to demand the reimbursement of public aid paid by the water agencies to the Lactalis group?" A petition has already been signed by 22,700 citizens who have pledged to boycott Lactalis products. Lactalis say: "We cannot let it be said that 38 of our 60 production sites do not comply with the regulations." They claim that there are "no more pollutant discharges" linked to their Retiers and Etoile du Vercors sites, accusing Disclose of returning to controversial accusations going back more than 3yrs.

**Omsco levy**—The UK's biggest farmer-owned organic dairy company, Omsco, are undergoing major structural changes which they say are focused on a mechanism for an ad hoc levy on their 200+ members to raise capital for investment (see p6). Although they call themselves a co-op, technically Omsco are not a co-op at all but a PLC. But now they want to set up members' capital accounts, with half of any levies raised to go into individual members' capital accounts, repayable, in three equal amounts, following the 3rd, 4th and 5th anniversaries of termination of a member's milk supply contract (including retirement or resignation), with the other half to be directed into general reserves. These moves are the latest in a series of moves in recent years to turn a somewhat inflexible, supply-driven and market-risky pool of organic milk into more flexible, storable, marketable and transportable products. Most notable has been their success in exporting to the US, even with a 25% US tariff. All this requires capital and investment. How far it requires changes to Omsco's corporate structure remains to be seen.

**Medina**—Medina Dairies say that we were incorrect to suggest (DIN, Nov 3) they had paid only 50% of the outstanding amount due to their Sainsbury's suppliers following the closure of Watson's Dairy. They say these suppliers were paid in full as at Oct 29.

**PRODUCTION GROWTH SLOWS**

The growth in world production of cows milk, which accounts for over 80% of total milk production, slowed in 2019—the total was up 0.7% to 714m tonnes, compared with growth of +2.1% in 2018 and +2.2% in 2017, according to the IDF's latest World Dairy Situation report. This was well below the combined annual growth rate of the past decade (+1.9%). While some low-cost regions continue to buck the trend, a cocktail of climate change, environmental limitations, succession challenges, increasing production costs and lack of funding is constraining the appetite for growth—except in Asia. The growth rate in Asia continues to accelerate—up 4.8% last year to 224.8m tonnes (with India up 7.8%) despite significant downward revisions to China data in the past few years. EU growth slowed to +0.4%, North and Central America +0.5% while Oceania was

**PRODUCER MILK PRICES**

	2019	v.'18
US ¢/kg	2019	v.'18
China	52.83	-4.2%
India*	44.48	+5.6%
Russia	38.42	+5.4%
NZ	34.67	-12%
US	41.01	+14%
EU	38.64	-4.1%
—France	38.14	-1.7%
—Germany	37.73	-7.1%
—Neth	42.29	-4.2%
—Poland	34.21	+5.5%
Brazil	37.81	-2.6%
Argentina	29.68	+17%

\* Cow and buffalo milk (co-ops)

**COWS' MILK—TOP PRODUCERS**

'000t	2019	v. '18	CAGR '10-'19
World	714,000	+0.7%	+1.9%
Asia	224,800	+4.8%	+4.0%
—India*	96,900	+7.8%	+6.5%
—China	32,000	+4.1%	+0.6%
—Turkey	20,800	+3.7%	+5.9%
—Pakistan**	18,000	+3.8%	+3.8%
EU-28	167,600	+0.4%	+1.3%
—Germany	33,100	=	+1.2%
—France	24,900	-0.5%	+0.4%
—UK	15,700	+1.6%	+1.4%
—Poland	14,500	+2.2%	+1.9%
—Netherlands	14,000	-0.6%	+1.9%
N/Cen. Amer	127,300	+0.5%	+1.4%
—US	99,100	+0.4%	+1.4%
—Mexico	12,600	+2.3%	+1.6%
—Canada	10,100	-0.7%	+2.0%
S. America	66,500	+1.8%	+1.1%
—Brazil	35,600	+2.3%	+1.3%
—Argentina	10,700	-1.7%	0.0%
Other Europe	57,900	+0.2%	-0.2%
—Russia	31,300	+2.4%	-0.1%
Africa	39,000	+0.7%	+1.4%
—Egypt	4,700	+1.3%	+5.2%
—Kenya	4,100	+8.0%	+1.2%
Oceania	30,900	-1.0%	+1.7%
—NZ	21,900	-1.3%	+2.7%

\*Year to Mar 2020; \*\*Year to June 2020

down 1.0%—all well below their 10-year average growth rates. The increase for all milk globally was 2.2%, to 881.5m tonnes, boosted by a 4.6% increase in buffalo milk (mainly in India but also in Pakistan, Nepal, Egypt, Italy and Turkey). The growth of cow and buffalo milk in India accounted for more than 60% of the total growth in volume last year.

Goat milk was up 2.0% last year to 19.8m tonnes, and sheep milk up 0.8% to 10.6m tonnes.

The total number of dairy cows was up 0.4% to 274.1bn, with the biggest increases in South America (+3.9%) and Asia (+2.3%). Milk yield increases were muted, with the notable exception of South America (+6.0%). China posted an increase of +4.1%. Average global per capita consumption of dairy products was up 1.2% in 2019 to 114.7kg.

*The World Dairy Situation report produced annually by the International Dairy Federation, based on more than 50 countries covering over 75% of real global volumes. Produced by a team from ZuivelNL (Neth) and CNIEL (France).*

**SELF-SUFFICIENCY RATES**

Region	2010	2019
Oceania	311%	329%
Europe	105%	111%
—EU	107%	114%
—Non EU	100%	101%
N. America	102%	109%
S. America	102%	102%
Asia	93%	90%
Africa	88%	85%
Cent. America	82%	76%

**BUTTER PRODUCTION ON THE INCREASE**

Butter and butteroil production was up 3.0% to 11.1m tonnes, with the biggest increases shown for India (+4.5% to 5.9m tonnes), NZ (+2.7% to 762,000t) and the EU-28 (+2.4%). Increases in the EU were dominated by Ireland (+5.5%), Poland (+3.7%) with a sharp increase in the UK (+23%). World cheese production has increased by 21% in the past decade, butter/oil by 30%.

Global cheese production also increased—up 1.4% to 21,700t. Output was steady for SMP and down 2.3% for WMP.

**WORLD CHEESE PROD.**

'000t	2019	v.'18
World	21,709	+1.4%
EU-28	9,578	+1.2%
- Germany	2,389	+2.1%
- France**	1,742	+0.8%
- Italy**	1,111	-2.6%
- Neth**	923	+4.9%
- Poland	835	+1.2%
- Denmark	457	+1.0%
- UK	418	-1.2%
US	5,959	+0.8%
Brazil	1,001	+2.4%
Turkey	707	-6.1%
Mexico	477	+14%
Argentina	448	-2.5%
Egypt	438	+11%
Canada	427	-3.8%
Russia	401	+13%

\*\* Cows' milk cheese only

**WORLD PRODUCTION**

'000t	2019	v. '18
<b>BUTTER/OIL</b>		
World	11,124	+3.0%
India	5,850	+4.5%
EU-28	2,392	+2.4%
—Germany	497	+2.7%
—France	405	-0.2%
—Ireland	251	+5.5%
—Neth	238	-4.9%
—Poland	230	+3.7%
—UK	188	+23%
—Belgium	119	-1.9%
US	904	+1.3%
NZ	762	+2.7%

SMP	2019	v. '18
World	4,819	+0.1%
EU-28	1,673	+0.4%
—France	420	+8.2%
—Germany	393	-5.2%
—Belgium	164	-4.4%
—Poland	160	-8.6%
—Ireland	143	+6.5%
US	1,107	+3.7%
India	630	+5.0%
NZ	375	-8.5%

WMP	2019	v.'18
World	4,677	-2.3%
NZ	1,500	+3.4%
China*	870	-13%
EU-28	851	-0.1%
—Germany	289	+0.3%
—Neth	174	+11.2%
—France	109	-6.0%
Brazil	450	+4.6%
Argentina	209	-2.3%
Mexico	122	+2.4%

WHEY PO.	2019	v.'18
Total selected	3,182	+2.4%
EU-28	2,210	+4.0%
—France	525	-3.5%
—Poland	315	-1.6%
—Germany	310	-1.8%
—Italy	251	+12%
—Neth	165	+13%
US	443	-2.2%
Russia	151	+7.2%

\*incl. infant formula

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