



BARRY WILSON'S DAIRY INDUSTRY NEWSLETTER

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Singapore/China/NZ

JAPFA BUY FONTERRA FARMS IN CHINA

Singapore agrifood company Japfa have acquired Falcon Dairy Holdings with two dairy farms in Shandong, China, that are 51% owned by Fonterra of NZ. The farms carry about 16,000 cows in total. The acquisition, for US\$115.5m plus cash on completion, taking the total to \$123.4m, will be made through Japfa's 75%-owned subsidiary AustAsia Investment Holdings, who operate their dairy and beef farming businesses in China, including a major dairy hub nearby. Fonterra's 51% share of the proceeds will be NZ\$88m. Japfa said the acquisition will enable them to take advantage of the current

Germany/UK

MÜLLER TURNOVER UP TO €7bn

The Theo Müller group of companies is expecting their latest acquisition to boost annual turnover to over €7bn, according to CFO Marcus Almeling. Turnover for their logistics subsidiary Culina will double to around €2bn a year with the takeover last week of British logistics company GreenWhiteStar Acquisitions. GWSA own Eddie Stobart, Eddie Stobart Europe, I-Force, Pallet Network and Logistics People. With 22,000 employees, 5,500 vehicles and 2m sq metres of warehouse space, Culina are now the third largest logistics company in the UK after DHL and XPO Logistics.

UK/Canada

SAPUTO BUY WENSLEYDALE

After speculation in the UK since early April, reported by DIN, Canada-based Saputo, who own Dairy Crest and Bute Island Foods in the UK, last week confirmed they have acquired iconic territorial cheese business Wensleydale Dairy Products in North Yorkshire for £23m/ C\$39m (see p6).

high raw milk prices in China arising from a supply shortage in the Chinese market. It will also boost AustAsia's capacity and accelerate their expansion in China. The group is aiming to become the leading independent raw milk supplier in China.

With their two wholly-owned China farming hubs in Shanxi and Hebei provinces sold in April to Inner Mongolia Youran Dairy for \$552m, Fonterra's total proceeds from selling their China farms amounts to \$640m. Fonterra chief executive Miles Hurrell said the sale was "another important milestone" for the co-op and in line with their strategy of prioritising NZ milk.

China

MENGNUI BUILDING 100,000-COW UNIT

China's Mengniu Dairy have started construction of a large-scale dairy production and processing facility in north China's Inner Mongolia region. Mengniu are investing 4bn yuan (about US\$620m) in the high-end milk production complex for up to 100,000 cows, covering an area of about 870ha in Bayannur City. The complex is expected to produce 550,000t of fresh milk a year, supplied by about 40,000 herdsman and farmers in the region.

China

MAY IMPORTS SET NEW RECORDS

China's imports of dairy products continued strong in May, up 59% year-on-year on a milk equivalent basis, albeit from a lower base in 2020 as the Covid pandemic took a grip on trade. Infant milk formula imports were the only exception—down 13% from last year in May to 25,300t and down 23% for the year to date. New import records for the month were set by all other main dairy products except for butter—and butter imports were up 129% to 10,400t. May imports of WMP were up 72% to 74,400t, with 91% coming from NZ and 3% from Uruguay, the second biggest supplier; total Jan-May imports were up 24%. SMP imports were up 110% from last year at 42,600t—NZ accounted for 32% and Australia 26%. Cumulative SMP imports were 47% higher than the same period last year. Imports of whey products were up 40% in May, with 34% supplied by the US, and up 56% for the year to date. Cheese imports were up 180% from May 2020, and up 15% from the year to date.

CHINA DAIRY IMPORTS

tonnes	May '21	v. '20	YTD
WMP	74,400	+72%	+24%
SMP	42,600	+110%	+47%
Whey prods.	73,400	+40%	+56%
Infant form.	25,300	-13%	-23%
Cheese	16,400	+180%	+66%
Lactose	10,700	+22%	+41%
Butter	10,400	+129%	+15%

NZ DAIRY EXPORTS

tonnes	May '21	v. '20	YTD
WMP	133,900	+21%	+10%
SMP	34,200	+5%	-16%
Cheese	36,500	+28%	-2%
Butter	20,500	+28%	+4%
AMF	14,000	-36%	-15%
Infant form.	11,300	-18%	-22%
Casein	8,700	+185%	+17%
Lactose	3,500	+75%	+33%

• The combined value of NZ milk powder, butter and cheese exports increased by NZ\$154m (+12%) in May. WMP, SMP, butter and cheese all showed year-on-year gains while IMF and AMF were down.

US

CHOBANI FILE FOR IPO

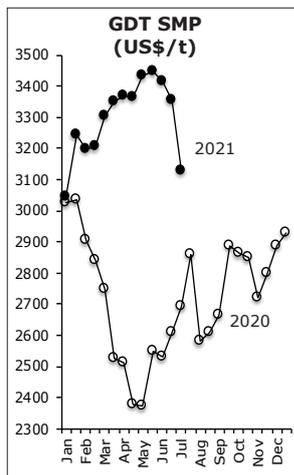
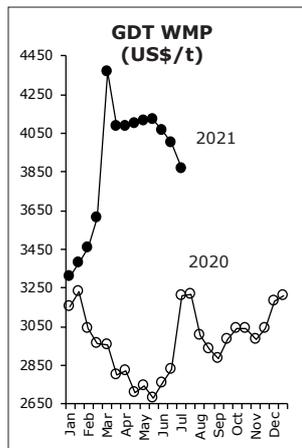
Greek yogurt maker Chobani have filed a confidential registration statement with the Securities and Exchange Commission for a potential initial public offering. Chobani have long been rumoured to be considering an IPO, with *The Wall Street Journal* reporting potential valuations of \$7bn-\$10bn earlier this year.

• Seattle-based **Darigold**, the processing arm of Northwest Dairy Association co-op, have settled on Pasco, Washington, for their new \$500m plant. It will manufacture specialised protein powder and butter, more than half of which will be destined for export, mainly to Pacific Rim countries. Darigold have yet to close a deal with the Port of Pasco on the site, with up to 6mths left to do so, contingent on several deadlines.

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ALL MARKETS NOW HEADING SOUTH

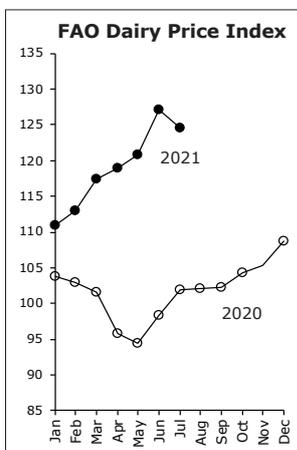
'Dip' 'ease', 'correction' 'drift': it doesn't matter which words manufacturers or traders use to spin the current market sentiment instead of using the obvious one—"down"—they can't mask the direction of travel for commodities, once again encapsulated last week by the GDT after the second biggest drop since last August. Six auctions in a row have now been down—the longest run of losses since 2018 with seven out of eight also negative. To put a positive tone on it, though, average prices are 'only' 7% down—which isn't a lot given previous swings. But significant thresholds have been crossed on the way down: the average price has dropped below \$4,000/t for the first time since February; WMP is down over 10% from peak to below \$3,900/t for the first time since then too and SMP is down slightly less than that to hover only just above \$3,100/t. But butter is where the major rout is being seen—it's now below \$4,500/t, having been at an outrageous \$5,800/t at peak (30% higher than the five-year average). That's almost a 25% decline! This all means the fear has gone out of buyers' minds, to be replaced by an expectation of further price drops.



Thus they are sitting on their hands and the market has stagnated at the worst time with the holiday period coming early, new destinations opening, and many traders going up, up and away to leave the market down, down and idle. An analysis of GDT prices between mid-year and year-end shows that the average price and the WMP price for normal years generally moves within a 10% range; 2017 and 2018 saw modest price falls between July and December, while 2019 and 2020 saw modest increases. European prices echoed the GDT's mood last week, with not a single positive price move. EU butter dropped again across every source, with Dutch origin having fallen €150/t in 2wks to €3,850/t. Traders say that's still over the traded market value, which is €3,750-€3,800/t, and £3,200-£3,250/t in the UK. There's no sign of a turnaround on the futures either—there hasn't been a single positive price move of any note for 5wks now and all butter contracts remain well ahead of the real market at above €3,900/t until October, and below after. Cream has dropped off in the EU again after a rally in late June, and is at €4,600/t or £1.60/kg equivalent. That's also where UK cream is put, with a major shortage being reported in the UK due to a quick drop off in milk volumes and some processors switching out of SMP to WMP as it is more profitable. One trader reported cream orders being cancelled due to a lack of availability. This may tighten butter availability later, though, as no processor is going to buy cream to churn into butter. SMP had been holding its head above €2,500/t, but sellers are finding it tough to get interest at that level and discounting to €2,400/t is taking place. UK supplies will also tighten soon, due to that move to WMP by some processors and those in Northern Ireland ditching their balancing manufacture after the flush. EU futures are all below €2,500/t from August. WMP remains above €3,000/t, but whey's ten-week sojourn over €1,000/t is now over, with the average now €950/t. Cheese is also under pressure, with some slight slippage for curd from €3,500 down to €3,450/t and Mozzarella from €3,025 to below €3,000/t. Mild Cheddar in the UK remains stable at £3,000/t with sellers frustrated at its lack of movement, and now even more up against it with other commodities falling back. Thanks to drying-up UK milk volumes, spot milk has crossed the 30p threshold again, and is now as high as 34ppl.

LATEST GDT RESULTS

	\$/tonne	Change in 2021
WMP	3,864	+16.9%
SMP	3,126	+2.7%
Butter	4,458	-1.5%
AMF	5,632	+22.3%
Cheddar	3,949	-3.2%
Lactose	1,238	+12.6%
BMP	3,298	+14.7%
Index	1,214	+14.0%

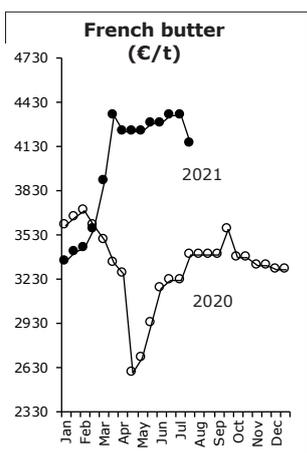


GDT world markets

INDEX DOWN 3.6%

The index at last week's GDT auction was down 3.6%, the biggest fall since March and the sixth cut in the a row. The WMP index was down 3.0% at US\$3,864/tonne—but is still 17% higher than at the start of the year. SMP was down 7.0%, its biggest fall since March 2020, at \$3,126/t, butter was down 3.2% at \$4,458/t, AMF was down 0.9% at \$5,632/t and Cheddar was down 9.2% at \$3,949/t. A total 24,278t sold, up 12.8% from last time.

VOLUME CUT—Fonterra informed the NZX last week that they were cutting the volume of WMP to be offered at the next GDT event, probably supportive of prices. They are reducing the total offer quantity by 9,240t for the period between Aug 2021 and Jan 2022. Futures market prices were weakening going into the new season, which started on June 1, but increased last week following the announcement. Fonterra said they were making the change due to strong demand for the next 6mths outside the GDT platform.



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Weekly market prices @9.7.21

EU OBSERVATORY PRICES

(€/t)	July 7 v. Jun 23	2021 high	2021 low
Butter	4000 -2.4%	4130	3350
WMP	3190 -0.6%	3220	2710
SMP	2550 -1.2%	2600	2190
Cheddar	3160 +0.6%	3160	3080
Whey powd.	1000 =	1010	780

US QUOTES, CHICAGO MERC.**

(\$/t)	Jul 9 v. Jun 25	2021 high	2021 low
Butter (AA)	3765 -1.8%	4085	2835
SMP (grdA)	2725 -1.7%	2860	2470
Cheddar			

—40lb blcks 3430 +4.8% 4215 3265
 —500lb bar. 3730 +14% 3960 3075

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

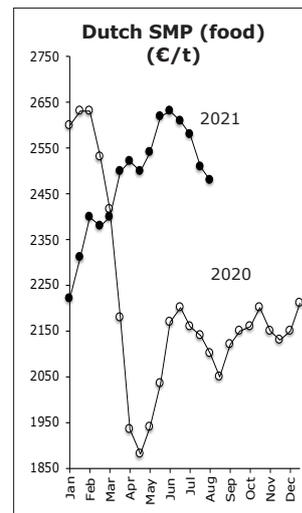
EU market indicators

BUTTER, SMP AND WHEY POWDER PRICES CUT

The Dutch Dairy Board/ZuivelNL cut all but one of their official dairy commodity prices last week. The butter price was cut by €70 to €3,850/t, WMP was down €20 to €3,160/t, SMP (food) down €30 at €2,480/t and whey powder down €30 to €960/t. SMP (feed) was left unchanged at €2,420/t.

The German-based IFE institute's estimated average EU raw milk value was down 0.6c last week to 35.0c/kg at the farmgate level, based on the official prices of butter and SMP in Germany, France and the Netherlands. The average price of butter in these three markets was down €97 from the previous week at €3,957/t and SMP was down €17 to €2,537/t.

Spot milk prices have risen to their highest level in Italy since the start of the pandemic. The average monthly price for June was over 37c/kg, about 6% higher than this time last year, and about 5% above the European Commission's average EU farmgate milk price.



India**AMUL TRAILING TARGET TURNOVER**

Amul turnover increased by 2% to Rs39,200 crore (US\$5.3bn) in the year to March 2021 as household consumption of milk and other dairy products remained strong, offsetting the severe effect of the closure of hotels and restaurants. In 2016 GCMF, who market Amul, announced plans to reach Rs50,000 crore in 2020. They posted turnover up 17% in 2020 but Rs11,500 crore short of their target. Managing director RS Sodhi said that growth had slowed but he expected sales to bounce back to double digit growth in the current financial year. GDMF do not divulge data on profitability.

- After no change for over 18mths, Amul increased the price of their milk by Rs2/litre (2.3 eurocents per litre) from July 1 across all brands. According to Sodhi, packaging costs had increased by up to 40%, and transportation and energy by 30% each.

India**SPARKLING DEBUT FOR DODLA**

Shares in South India's Dodla Dairy peaked at Rs648 (about US\$8) per share on the NSE, India's national stock exchange, on their June 28 debut day—a premium of 51% over their issue price of Rs428. Shares closed at Rs609, (and closed at Rs590 on Friday). On the BSE (Bombay Stock Exchange), the stock opened at Rs528, 23% above the IPO issue price. Market cap rose to over US\$470m on both exchanges.

- **Hatsun Agro Product** have launched paneer under 'Arokya' brand in Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Goa, Maharashtra and Pondicherry. The Tamil Nadu-based company posted 2020 net profit of Rs246.35 crore (US\$3.3m) on Rs5,575.50 crore (\$745m) turnover.

NZ/China**OIO APPROVE A2'S MATAURA ACQUISITION**

The a2 Milk Company has been given a green light by the NZ Overseas Investment Office for their acquisition of Mataura Valley Milk. A2 are buying a 75% stake in the Southland dairy company, who manufacture milk powder for nutritional products, from majority shareholder China Animal Husbandry Group, who will retain the remaining 25%. CAHG are a wholly owned subsidiary of China National Agriculture Development Group, who also own a2's logistics and distribution partner in China, CSFA Holdings Shanghai (China State Farm). Completion is expected at the end of this month.

NZ/Australia milk supply**FONTERRA MILK +1.5% IN NZ, -1% IN AUSTRALIA**

Fonterra NZ saw a strong finish to their 2020-21 season, with May deliveries up 7.7% from last year, driven by a sharp increase in NI cumulative production for the full season (June-May) was 1,539m kg of milksolids, up 1.5% from 2019-20. Production in the NI was up 3.9% and in the SI it was down 1.8%.

Fonterra estimate Australia deliveries down 1.0% to 99.9m kg MS for the season to date.

- **NZ's total milk production** in May was 974,000t (946m litres), up 7.6% from last year, and up 9.3% in MS at 99.7m kg, according to DCanz. Total production for the 2020-21 season was up 2.6% in volume to 22.34m tonnes (21,691m litres) and up 2.7% in MS to 1,948m kg.
- **Dairy Australia** have estimated May milk production up 2.8% from last year at 670.6m litres, with Vic production up 2.8%, NSW +2.5%, QLD +4.4%, SA +3.4%, WA +2.5% and Tas +0.5%. With 1mth left for the 2020-21 season, cumulative production was up 0.8%.

Australia**BROWNES FINED**

WA dairy processor Brownes Dairy have been fined A\$22,200 by the Australian Competition and Consumer Commission for breaching the Dairy Code of Conduct last year. Brownes published two standard form milk supply agreements on their website which failed to specify key terms and allowed the company to vary terms unilaterally. The Code requires the agreements, which have to be published by June 1 every year, to cover all the circumstances in which processors intend to purchase milk in the next financial year. Brownes have addressed their breaches in the 2021-22 agreements.

Argentina**ARGENTINE PRODUCTION STAYING STRONG**

Farmgate milk prices in Latin America continue to rise, in some regions to record highs, as processors try to motivate additional production, especially in the exporting countries, and farmers brace themselves for higher feed costs. Exports, especially to Algeria, have been picking up in the past couple of months, while Brazil's imports have remained relatively light, although this is likely to change in coming weeks due to currency dynamics. The pandemic continues to grip the region. Argentinian milk production was up 3.4% from last year in May to 900.2m litres—a six-year high for the month. Five consecutive months of strong y/y gains take cumulative production 4.3% up from the first 5mths of last year. Argentine dairy exports were up 16.8% from last year in Jan-May (SMP +25%), according to Quarterra data. Milk production in Uruguay was up 6.2% in May and up 6.7% in the year to date, with exports up 10.2% in Jan-May (SMP +22%).

- A La Niña weather front is expected to return to the region late this year, potentially bringing dry weather to key dairy areas.

US**CALIF. QUOTA REFERENDUM FAILS**

California dairy producers voted by a slim margin to keep the state's controversial quota programme

in a referendum conducted by the California Department of Food and Agriculture. Almost 79% of the 933 eligible producers voted, with 49% voting for the Quota Implementation Plan, approved through a referendum in late 2017, to be abolished—just short of a required 51% to terminate it. The referendum was a result of a petition to end the programme by March 1, 2025. It has been a contentious battleground since Calif. producers joined the federal milk marketing order system in 2018 on the condition that their quota system was maintained.

- **Marin French Cheese Co** have rebranded to highlight their identity as the US's 'oldest artisan cheesemaker'. The company started in 1865 when the pioneering Thompson family began making soft-ripened cheeses using French techniques in California's coastal terroir of Marin County. The cheese is handcrafted in small batches with top-quality milk from Holstein, Jersey and Guernsey cows pastured at local North Bay dairies. The business passed to Jim Boyce in 1995 and to the Triballat family, fourth-generation French cheesemakers, in 2011.

- **A2 expansion**—Argyle Cheese Farmer, who have been making cheese with A2 milk since 2007, have started production at a new 7,000 sq ft facility with a retail store in Hudson Falls, NY state.

- **TreeHouse Foods**, who split from Dean Foods in 2005 and produce private label packaged foods and beverages, reported net profits of \$13.8m in 2020, up from a \$361m loss in 2019 (see also People, p5).

Uganda**PEARL DAIRY ADD NEW UHT MILK LINE**

Pearl Dairy Farms, who process the Lato Milk brand, and who axed 1,500 employees in March after exports to Kenya were stopped, have opened a new Shs9.25bn (US\$2.5m) Tetrapak Edge production line for UHT milk at their Mbarara facility. With capacity to produce over 130,000 litres a day, the company said the new line will allow them to procure more milk. Pearl have total capacity to process over 800,000 litres of milk a day into a range of products.

EU-Mercosur**DAIRY TRADE DEAL STALLING**

The EU-Mercosur trade agreement with the key South American countries (Argentina, Brazil, Paraguay and Uruguay), signed 2yrs ago after decades of negotiation, has stalled. In the case of dairy, the agreement called for reciprocal tariff rate quotas of 30,000t for cheese, 10,000t of SMP and 5,000t of infant formula, phased in over 10yrs. The next step would be ratification by each EU member state and the Mercosur countries—but this is looking less and less likely, according to analyst Monica Ganley of Buenos Aires-based Quarterra. EU member states have expressed environmental concerns in relation to the agreement, with Mercosur doing little to quell these fears, and leadership changes, especially in Argentina, reducing the likelihood of agreement. "Differences of opinion between Mercosur countries are so great there has been talk of dissolving the bloc," says Ganley.

Brussels update**CRISIS SUPPORT SCHEME SLAMMED BY AUDITORS**

EU auditors have slammed the administration of the Commission's 2014-16 emergency market measures that followed Russia's food import ban. The European Court of Auditors report has concluded the €360m of support measures for dairy farmers during the 2014-16 milk market disruptions was "insufficiently targeted" and individual applications inadequately assessed, with farmers simply transferring cows between herds while getting paid to cut milk supplies. Ireland was the member state with the highest participation rate in the €150m voluntary milk supply management scheme, with almost a quarter of dairy farmers claiming the payments. Some member states would have been reducing deliveries even without the scheme, in response to historically low milk prices in 2016, the report says. The auditors also said that while the high quantities of SMP bought in under public intervention managed to smooth the price decline, the stocks then weighed on the global market, delaying price recovery. Nikolaos Milionis, member of the ECA responsible for the report, said the EU must be better prepared in the future to respond more efficiently to potential crises in the dairy sector.

The **average EU farmgate milk price** was 35.7c/litre in May, up 0.9% from April and the fourth consecutive monthly increase, according to the Commission's Milk Market Observatory. The biggest increases were in Ireland (+2.4%) and the Netherlands (+4.2%). The average for June is estimated up 0.6% to 36c/kg.

Netherlands**F/C LOSE 439 MEMBERS TO DATE**

A total of 41 FrieslandCampina members with a combined 54m kg of milk switched to another processor between in 2020-21, receiving a departure bonus of €5 per 100kg of milk. Another 13 F/C members are seeking to leave with a bonus. Since the introduction of the exit scheme in July 2009, 439 F/C members with 512m kg of milk have left. The exit scheme was a condition of the F/C merger in 2008. The European Commission ruled that the merged company would make up to 1.2bn kg of milk available to competitors; to date 43% of this 1.2bn kg have migrated from F/C.

• **F/C's new financing structure** could spur competition for raw milk at the company's expense as farmers with limited financial resources are seen as likely to offer their milk to other buyers. With A-ware now

processing milk, more options have opened up. While this could lead to F/C paying a higher milk price in the short term, the volume of milk available in the Netherlands is expected to decrease in the longer term.

• **NOVEL AWARD**—The team 'Cultivated' won the Rethink Protein Challenge run by Wageningen University & Research in the prototyping category. Students Julia Martin and Tomas Turner won the award with their two-year project on the fermentative production of milk fat components. The yeast cells used are fed with by-products. The students are now looking for investors to capitalise on the idea.

Netherlands**A-WARE SUPPLIERS SET UP GROUP**

A-Ware milk suppliers have set up their own suppliers' group. Organisers Eric Riphagen and Annemarie Olsman said attendance was 'moderate', and A-Ware were 'highly regarded' but there were also concerns about the pressure on milk prices.

Croatia**MILK DECLINE**

Croatia produced 434,230t of milk in 2020, down 0.3% from 2019. The country's milk production has been declining for years, with the biggest drop so far recorded in 2017 (-4.9%). In 2020, fluid milk production was down 5% to 281,800t, cream down 6.7% to 33,000t, butter down 17.4% at 3,500t.

France**ORGANIC DAIRY STRUGGLING**

Although the French organic milk sector is still growing, producers are concerned at market trends. In 2020, 1.1bn litres of organic milk were produced—4.6% of the total milk volume. This is expected to reach 1.2bn litres, or 5% of national milk production in 2021. Sales of organic dairy products are at €1bn, but growth is slowing and some dairies have stopped further conversion. It is estimated some 50% of organic product purchases are accounted for by 15% of consumers, who will not necessarily buy more. Targeting more buyers is seen as difficult because the conventional milk offer is improving, including guarantees on origin, animal feed, traceability, grazing and sustainability.

TOP DAIRY PRODUCERS LIFT MARKET SHARES

The three largest dairy producers account for more than 50% of volumes in each of the main dairy categories except hard cheese, according to a recent study by FranceAgriMer. The study, 'Changes in French milk processing from 2010 to 2019', found Isigny Sainte-Mère, Nestlé and Sodiaal accounted for 73% of infant milk powder production, adding 14 percentage points in the ten-year period. For processed cheese and Mozzarella, Eural, Lactalis and Compagnie des Fromages & RichesMonts had a 99.6% share (+9.3 points). France's milk production increased by 4.1% to 23.8bn litres in 2010-2019.

Belgium**MILCOBEL REPORT BIG LOSSES IN 2020**

Belgium's biggest dairy co-op Milcobel reversed a €2.5m profit the previous year into a net loss of €21m for 2020, on turnover up 0.5% to €1,235m. Financial reserves were down 25% to €66m. Their financial statement does not divulge milk price or processing results. The pandemic hit Milcobel hard, especially in Mozzarella production, with reduced demand forcing a switch to Cheddar. Dairy accounted for about three quarters of total turnover (€939m) and the remainder (€296m) by IJSCO (ice cream). Milcobel processed 1.7bn litres in milk from 2,400 farmer members, down 125 in the year.

Germany**ALDI LIFT MILK PRICE BY 'ONLY' 1c/litre**

Aldi raised their price of liquid milk in Germany last week, the first time in almost a year, up 1c/litre. They could have justified an increase of up to 10c; so producers continue to suffer.

• **Molkerei Ammerland** have posted turnover up 1.4% to €1,012.9m in 2020, with milk intake up 3% to 2,025.0m kg. Some 73% of milk was processed into cheese but production was down 0.6% to 163,500t.

• **Homann sale**—After protracted negotiations, Theo Müller Group are selling the loss-making Homann delicatessen salads brand to Signature Foods, parent company of the Dutch salad producer Johma, who were acquired by London's Pamplona Capital Management last year. The main site in Dissen will be closed; a second plant in Bottrop has been acquired by the Wernsing Group, part of Popp Feinkost.

• **Schwarzwaldmilch** have reported turnover up 5.6% to €220m in 2020, organic milk sales were up 32%. Milk price was 40.32c/kg.

Austria**SALZBURGMILCH HIT BY CYBER ATTACK**

Austria's SalzburgMilch took eight days to get back to normal after a recent cyber attack which caused extensive damage to their IT infrastructure. All areas of the company were affected. The identity of the 'dark net' cyber attackers is still unknown.

Switzerland/France**TETRAPAK PUT €100m INTO TETHERED CAPS**

Last week Tetra Pak announced a €1bn investment programme for their Châteaubriant factory in France, which specialises in the production of caps. The project will support the plant's transition to the production of tethered caps, which helps to reduce litter, by 2024. Tetrapak have committed to investing about €100m pa over the next 10yrs to develop more sustainable packaging solutions.

• The EU's Single-Use Plastics Directive includes a requirement for all single-use beverage containers to come with their caps attached by July 2024.



Australia—Dairy Australia announced last week the three industry-selected, board-endorsed nominees for the board election to be held in November: current chair **James Mann**, former Australian Dairy Farmers president **Simone Jolliffe** and former executive with both Murray Goulburn and Fonterra, **Russell Abotomey**.

US—Beverage and ice cream maker Turkey Hill have appointed **Andy Jacobs** as their new CEO and **Paul Gagliano** as chief customer officer.

US—TreeHouse Foods Inc. have named **Kristy Waterman** as their next general counsel and vice president. Waterman joins the Oak Brook, Ill., company from DFA's Dairy Brands division.

India—**Meenesh Shah**, executive director of the Anand-based National Dairy Development Board has been appointed chairman after **Varsha Joshi's** interim post ended on May 31.

Sri Lanka—Dairy products company Kōtmale, in which Cargill took an 82% stake last year, have reconstituted a new board to be chaired by former Nestlé Sri Lanka managing director **Stuart Young**. All former directors, except for current CEO **Jude Fernando** resigned.

The new board comprises **V. R. Page**, **Abdul Wahid**, **P. S. Mathavan**, **Sunil Mendis** and **A.T. P. Edirisinghe**.

UK—The Food & Drink Federation have appointed **Karen Betts**, of the Scotch Whisky Association, a former lawyer and diplomat, as their new CEO to succeed **Ian Wright**. Betts is an adviser to the UK government's Board of Trade.

Germany—**Hans Holtorf**, 65, and **Lars Schäkel**, 60, are stepping down from the management of frischli dairy. **Timo Winkelmann** remains managing director, technology and production. Former CMA managing director **Markus Kraus**, 56, joins the executive board in August.

Belgium—Milcobel have appointed **Robert Taks** as interim director of milk and farms for 1yr. He has previously managed their plants at Kallo and at Schoten, where he guided its closure.

Obit.—**Joseph 'Bill' Honeycutt Jr.** of Cabool, Texas, has died in St. Louis aged 90. Honeycutt's business, Western Dairy Transport is now the largest dairy haulier in the US, moving more than 500 truckloads of milk/day.

Switzerland

INTEREST REPAYMENTS EXTENDED FOR HOCHDORF DEBT

A consortium of banks led by UBS have agreed to grant Hochdorf Group an extension on interest repayments due on June 30 for a hybrid bond set up in 2017. Financial ratios would remain unchanged to the end of 2021, Hochdorf said, on the assumption they would be able to meet the financial covenants required at that time. Shareholders have not received any dividends for 3yrs.

CREMO REPORT 2020 LOSSES

Swiss dairy Cremo's turnover increased by CHF1.6m to CHF493.4m in 2020. The cost of new production facilities and value adjustments made for financial investments resulted in a loss for the year of CHF3.1m. Cremo processed 363m kg of their own milk in 2020, down 7.6% from 2019, but bought in more raw materials, including 31m kg of cream. The equity ratio rose to 57%, and debt was also reduced. Cremo process milk at Villars-sur-Glâne (Fr), Düdingen (Fr), Le Mont-sur-Lausanne Switz.), Meyrin (Germany), Lucens (Switz.), Thun (Belgium), Lyss (Belgium), Kriechenwil (Belgium) and Sierre (Switz.). In April, the closure of their Steffisburg plant in Bern was announced.

Ireland

WEST CORK CO-OPS PULL OUT OF MILK PRICE COMPARISON

The four West Cork co-ops—Drinagh, Lisavaird, Barryroe and Bandon—have pulled out of this year's annual KPMG milk price comparison because KPMG refuse to include the trading bonuses in the milk price. Trading bonuses are based on the amount of trading individual farmers do with their co-op. This bonus usually varies between 0.5c-1.0c/litre. The four West Cork co-ops join Arrabawn and Aurivo who pulled out of the KPMG price comparison because it does not include bonuses paid to farmers who produce milk for liquid processors.

WEST CORK CO-OPS LOSE MORE GROUND

The West Cork co-ops lost more ground in the monthly milk price league table compiled by the IFJ for May, with their average at 33.7c/kg which would place them 6th if they reported as a single co-op. Lakeland were top at 34.1c/kg, Aurivo were second at 34.0c/kg but these positions were reversed if they were compared on the basis of €/kg of milksolids. Boherbue were bottom at 32.50c and Tipperary were second last at 32.53c but again these positions were reversed if the prices were in terms of €/kg of milksolids.

MAY MILK PRICES

	c/litre
Lakeland	34.10
Aurivo	34.00
Arrabawn	33.90
Drinagh	33.87
Glanbia	33.80
Centenary	33.77
Lisavaird	33.72
Bandon	33.63
Barryroe	33.63
North Cork	33.39
Kerry	33.24
Tipperary	32.53
Boherbue	32.50

Source: IFJ

MAY MILK UP 6.1%

Irish milk production in May was up 6.1% from last year at 1,183.6bn litres. Year-to-date production was up 8.3% to 3,608.4m litres, according to CSO data. Butter production in May is estimated at 31,000t, up 4.0%.

CALF INCREASES SLOW

Irish dairy calf birth registrations fell behind last year at the end of June, for the third consecutive week. Cumulative registrations for the year-to-date total 1,420,413 head, 3.4% up on the same period last year after an increase of over 10% was posted in the first 2mths.

Ireland

PPI +2.6%

The Ornuia Purchase Price Index for the month of June was 119.9 (35.9c/litre, incl. VAT)—up 2.6% from May—based on Ornuia's product purchase mix and assuming member co-ops' processing costs of 7c/litre and excluding member margin. The Ornuia Value Payment payable to member co-ops for June is an additional €9.67m, equating to 5.1% of gross purchases in the month (year to date 5.6%).

LTO

MILK PRICE SURVEY NEARLY AXED

The Netherlands-based LTO monthly milk price league table, after completing its 21st year in 2020, seems to have been axed. In March this year the survey was put into abeyance when its compiler, Willem Koops, was taken seriously ill and even then doubts were cast on whether it would continue due to serious funding problems despite the fact that full funding apparently amounts to less than €100,000 pa. The last monthly survey was for February this year and the final analysis for 2020, which includes all final add-ons, has now been abandoned (the table facing is for the simple average of monthly payments made during last year). A total of 16 companies were included in 2020 and 20 participated during its 21yrs from nine EU Member States, plus some major international comparisons (see I HEAR p7).

LTO MILK PRICE LEAGUE TABLE—2020

	c/kg
Granarolo (It)	38.3
Valio (Fin)	35.9
Danone (Fr)	34.8
Sodiaal (Fr)	34.8
Lactalis (Fr)	34.3
Savencia (Fr)	34.3
Fries/Camp (Neth)	33.4
Hochwald (Ger)	33.0
Arla Foods (Den)	32.5
DMK (Ger)	31.8
Kerry (Ire)	31.6
Glanbia (Ire)	31.4
Dairygold (Ire)	31.2
Müller (Ger)	31.2
Saputo (UK)	30.7
Milcobel (Bel)	29.6

Ukraine

UKRPRODUCT BREACH LOANS

Ukrproduct announced they have been unable to meet several provisions of their loan agreement with the European Bank for Reconstruction and Development since June 1. They are in discussion with the bank to restructure the repayment schedule, citing pressure on working capital requirements. They also failed to repay part of their quarterly loan due on June 1, and are seeking to increase their working capital facility.

Uzbekistan

TILLO DOMOR LOANS TOPPED UP

A loan of up to €0.5m will be made to Urgench-based dairy producer Tillo Domor, with 65% of the risk shared by the EBRD in a partnership with local Hamkorkbank. A total €1.5m has been loaned to the company since 2019.

Canada/UK**AFTER MONTHS OF TALKS SAPUTO SNAP UP WENSLEYDALE FOR £23m**

After months of negotiations, Saputo of Canada last week sealed a deal to buy Hawes-based Wensleydale Dairy Products for £23m, subject to UK regulatory clearance. It is their third acquisition in the UK in 2yrs, after an aborted run-in with the Dansco Mozzarella plant in Newcastle Emlyn

in 2006, which was then rescued by Dairy Partners. Saputo announced last week that their acquisition of Wensleydale is on a cash-free and debt-free basis and will be paid in cash at closing. Wensleydale manufacture, blend, market and distribute a variety of specialty and regional cheeses, including Yorkshire Wensleydale and a range of other Yorkshire-branded cheeses, which Saputo say will complement and broaden their existing range acquired with Dairy Crest in 2019. That same year Wensleydale announced they were investing £17.9m, their biggest investment since their founding almost 30yrs ago, with funding from HSBC, to expand their cheesemaking capacity to 6,000t. The business will now be part of Saputo Dairy UK, currently making 60,000t of cheese—nearly all Cheddar.

Wensleydale operate two facilities in North Yorkshire, sourcing milk from 40 local farms, and employ about 260 staff. They reported sales of £34.8m for the year to March 2021, and their first operating loss of £1.18m and pre-tax loss of £1.54m; their losses were partly attributable to the start of the Covid-related enforced closure of their Visitors Centre, which has attracted over 350,000 visitors a year. Saputo say this was one of the attractions of the acquisition. Speculation is now focusing on the potential for the company to set up a similar centre at Davidstow, which sits on a vast disused airfield with main road access close to the Cornish coast—as an attraction for the rapidly increasing number of visitors to the county, as an alternative route to market and to showcase their growing range of cheeses made through the acquisitions of Bute Island Foods and Wensleydale. Both these businesses also have tried and tested online/mail order direct sales operations, which Saputo have struggled to develop for Davidstow.

UK trade**SMALL TRADE RECOMPENSE FOR CHEDDAR**

With imports taking a bigger hit than exports, UK Cheddar trade with the EU for January-April moved into surplus—by 470t—for the first time for more than 20yrs, according to AHDB Dairy analysis. Exports to EU member states were down 39% at 12,000t. Total Cheddar exports were

UK-EU CHEDDAR TRADE, JAN-APR			
tonnes	2020	2021	v.'20
UK exports to:			
EU (total)	20,700	12,675	-39%
- Ireland	6,700	2,504	-63%
- Germany	2,745	932	-66%
- Denmark	2,693	2,551	-5%
- France	2,604	2,538	-3%
- Neth.	2,246	2,354	+5%
- Spain	1,124	554	-51%
UK imports from:			
EU (total)	23,106	12,205	-47%
- Ireland	20,403	11,815	-42%

Source: HMRC

down 28% at 19,600t. If trade with countries outside the EU is included, the surplus moves up to 7,400t, as exports account for the vast majority; this surplus was 4,000t in the same period last year but reversed into deficit by the end of the year on the back of substantial pre-Brexit Cheddar imports in December. The UK's imports (mainly from Ireland) were down 47% in Jan-Apr at 12,200t.

Milk prices**JUNE MILK PRICE = 30.11ppl**

Defra have announced a **provisional average milk price for May** of 30.1ppl, 2.4% higher than in April and 13% up on May 2020. May milk production is estimated at 1,403m litres, up 1.5% from a year earlier. The Jan-May average was 29.8ppl, 1.77p higher than in 2020.

Saputo Dairy UK are increasing their August milk price by 0.5ppl. **Tesco** have increased their farmgate milk price for aligned suppliers by 0.53ppl for August. **Wensleydale** have increased their July farmgate milk price by 0.5ppl. **First Milk** are increasing their August price by 0.50ppl. **Freshways** have committed to paying their 'A'-litre price for any 'B' litres produced between July and December 2021. And struggling **Pensworth** lift their August price by no less than 3.00ppl.

UK policy**CCC PRESS FOR 20% CUT TO DAIRY CONSUMPTION**

Defra has been urged to back the UK's Climate Change Committee recommendation for meat and dairy consumption to be cut by 20% by 2030, to keep the country on track to meet climate change targets. Two progress reports published by the CCC showed the UK lagging behind on its key goal of reducing greenhouse gases by 78% by 2035 and offered recommendations on how to get back on track. Strong recommendations to Defra also included planting 2% of farmland with trees and extending hedgerows by 20% by 2035. The report stated: "Progress in agriculture and land use has repeatedly failed to meet the indicators outlined in the Committee's progress reports in recent years. There are signs of potential consumer willingness to shift towards less carbon-intensive diets, but this has not yet translated to reduced meat consumption or been backed up by policy to support the change." Farming lobby groups have complained that the CCC is using science that is 30yrs out of date and said grazing livestock was a major part of the solution in terms of preserving and growing soil carbon as well as controlling vegetation and contributing "massively" to improving biodiversity. The NFU urged caution that the Government's new global trade agenda doesn't undermine the climate efforts of UK farmers: "It is vital that our climate policy is aligned with our trade policy and that we hold any agri-food imports to the standards legally required of our own farmers," said NFU deputy president, Stuart Roberts. "Otherwise we will simply be exporting our carbon footprint abroad which will do nothing to help the global charge against climate change."

UK company reports**KENT FOODS PROFIT HALVED**

John Dagleish's Paisley, Scotland-based Kent Foods dairy trading group—who supply dairy ingredients to food manufacturers and foodservice industries—have reported sales up 2.8% to £204.0m for calendar year 2020; the increase in sales was mainly attributed to higher commodity prices. Operating profits were halved at £1.5m, cutting their average operating margin from 0.75%. Pre-tax profits were down to £1.56m. Staff numbers were down from 208 to 190. No dividend was paid (2019: £5.0m).

The Lloyd family's Caerphilly-based **Castle Dairies**, who make and pack Welsh butter using Welsh milk, as well as a range of salted and unsalted organic butters and spreads, have reported sales down 7% to £33.3m for the year to October 2020, with operating profits almost doubled at £2.1m—an average operating margin more than doubled to 6.3%—and pre-tax profits were also doubled at £2.07m. Shareholders funds were up 30% at £6.9m. Dividends were reduced by 30% at £121,000. Staff numbers were down from 75 to 73.

Glos-based **Futura Foods**—in which Nordex Foods of Denmark, who supply Continental cheeses to the UK and Ireland, acquired a 44% stake

UK wholesale prices**CREAM PRICE UP**

AHDB Dairy have reported an average weighted wholesale price of bulk cream in June up 6.3% from May to £1,433/t, based on agreed spot trades and volumes traded. The wholesale butter average price was estimated down 0.9% to £3,320/t and SMP was estimated down 2.7% (the first fall this year) to £2,150/t. Mild Cheddar was unchanged at £2,980/t. AMPE was down for the first time this year, by 2.2% to 33.46ppl and MCVE was up 0.2% at 33.62ppl in June. Cream income to a liquid milk processor was up 6.6% from May to 8.24ppl.

in 2013 and increased this to 91.5% in 2018, and are now effectively owned by the Pedersen family in Denmark—have reported sales for calendar year 2020 up 9% to £81.1m and operating profits down marginally to £1.78m, an average operating margin of 2.2%. Staff numbers were up from 29 to 35. In October 2019, the company established a wholly owned subsidiary, Futura Foods Wales, to operate a processing facility in North Wales acquired out of administration from GRH for £1.5m.

Northern Irish co-op **Dale Farm** last week reported turnover up 3.8% to £524m in the year to March 2021. Group operating profit was up 14.8% to £14.0m, and down 19% after (undisclosed) exceptional items at £9.9m. Pre-tax profit was down 16% at £8.2m. EBITDA was up 7.8% at £20.8m. Nick Whelan, CEO, said: "Additional operating costs were incurred due to Covid-19."

Company news**ORNUA INVEST £500,000**

Nantwich-based blending and packaging business Ornuia Ingredients Europe have invested more than £500,000 at their Staffordshire Moorlands factory after securing a long-term supply partnership with nutritional supplements specialist Aymes International. The new deal means that several million sachets of Aymes' shake powder will now be produced at Ornuia's major processing facility in Leek.

RAW MILK WENSLEYDALE

Aysgarth-based The Home Farmer are manufacturing a raw milk version of classic Yorkshire cheese Wensleydale. The farm has long supplied Wensleydale Creamery with milk and started cheese-making itself in 2016, with the encouragement of the late David Hartley. They launched a raw-milk, cloth-bound Wensleydale called Old Roan in 2019—the first for many years—and are now producing 4,000t pa, with capacity for more, sourcing milk from 40 local farms as well as their own 100-strong Friesian herd.

ORGANIC CHEESEMAKER FOR DORSET

Hollis Mead Organic Dairy in Hooke, Dorset, have opened their new cheese room to expand cheese manufacture and selling, using their own milk. Boss, Oliver Hemsley, said they were now experimenting with their cheesemaking and plan to produce Brie this month and Cheddar by Christmas, mainly for local farm shops and similar outlets.

Retail alternatives**SAPUTO LAUNCH VEGAN MOZZARELLA**

Saputo have launched their first new Bute Island Foods product since acquiring the Scottish business in May. It is a Vegan & Vegetarian Society-accredited plant-based mozzarella-style cheese, made from a coconut base, which will be sold under the Vitalite brand.

MÜLLER MOVE TO KEFIR

Müller have launched their first kefir product, Müller Kefir Smoothie, in Raspberry & Pomegranate and Mango & Orange flavours.

NORSELAND EXPAND VEGAN RANGE

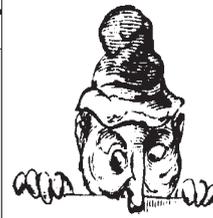
Norseland have introduced a new mature vegan cheddar cheese and vegan blue cheese alternative under their Ilchester brand.

LTO shenanigans—Just over 7yrs ago the Dutch organisation ZuivelNL, was set up to replace a government body, Productschap voor Zuivel, which administered much of the Dutch dairy industry. ZuivelNL is a constituent body comprising NZO (which represents dairy companies), LTO, the main farmers organisation, and a small dairy farmer group NMV. It is being funded by a small farmer/milk levy but when it was set up it was gifted reserves totalling €30m, enough to permit it to fund wide ranging activities—including the first Euro-wide milk price league table (called the 'LTO'), by now sorely needed with the disappearance of national milk price league tables and the emergence of near-milk monopolies in a number of Member States. This milk price survey was the creation of European Dairy Farmers, set up 30yrs ago at Stoneleigh in the UK—a cabal of elite dairy farmers, with 200-300 in the Netherlands and UK and smaller numbers in other Member States, led by Dutch farmer Bram Prins. Earlier this year, without warning, the LTO milk price league table was abruptly closed down, ostensibly for lack of funds; hard to believe because the whole thing apparently costs less than €100,000 pa to run. The LTO say they are keen to revive the league table. Their partners in the enterprise, the NZO (representing all of the big co-ops, including FrieslandCampina) are, unsurprisingly, less keen. Those concerned are believed to be still searching for a funding solution, but after many months it seems that some in the organisation are less keen than others. The finger inevitably points at FrieslandCampina. F/C have refunded themselves and their milk price via farmer funding of a one-off contribution of €8/100kg of milk, raising upwards of €500m over the past few years. Despite well-publicised major financial problems in recent years, F/C have continued to pay a very generous milk price, close to the top of the LTO league table. It would be unfair to blame F/C for the death of the LTO league table (if indeed it does die) but funding is tight and F/C are not breaking their necks to save it.

Cheese stringers—Wisconsin is obviously famous for cheese, and one of its dairies is claiming a new feat. Weyauwega Star Dairy last week unofficially broke its own record for the world's longest piece of string cheese at 3,832 ft. Gerard Knaus' 85-year-old father, Jim, set the original record in 1995, and the family beat this in 2006 with a piece about 2,000 ft long. "We're just adding onto his record," Gerard Knaus said. "That's all we're doing." Is there no end to such feats?

—Fat? Fudge? The NY woman who filed a class action against Froneri last year for using misleading labelling is at it again. Jessica Spurck has sued Stamford-based DeMet's Candy Co., seeking unspecified damages for herself and other NY "fudgeaholics" who say they expect more milk fat from their fudge. She claims their white fudge covered pretzels description is "false, deceptive and misleading" because it "lacks the amount and type of ingredients consumers expect in fudge." As in the Froneri action, she is represented by Nassau County attorneys Spencer Sheehan and Abraham Kleinman. Sheehan voluntarily dismissed the Froneri action in April. Does he think this is a winner?

Wensleydale—In 1992, Dairy Crest were clearing the decks for a stock market float (which finally

**I hear....**

happened in 1996) and one small item was closing their creamery at Hawes in the Yorkshire Dales where they made branded Wensleydale cheese; DC planned to move production to one of their creameries in Lancashire, with the loss of 59 jobs. As soon as the plans were revealed there was a local outcry: making Wensleydale in Lancashire, perish the

thought! The production manager at Hawes, David Hartley, then just 29, saw an opportunity: why not a management buyout?! The problem was they didn't have any money. DC management in London, alert to the strong local resistance to closure and widespread publicity given to the campaign, offered the creamery to the Hartley group for £500,000; but they could raise no more than £300,000. Up stepped John Gibson, a local entrepreneur, who offered to back them anonymously with £80,000. This pushed them over the top and DC agreed a deal (not disclosed). So Wensleydale Dairy Products was born, with Gibson taking a 48% stake (later much reduced) and four working directors taking equal shares in the remaining 52%. They spent £500,000 updating it in the first year. The business has prospered. Until the last year (to March 2020) the company made profits for the previous 20yrs, averaging an operating profit of £820,000 (4.0%). Last year's £1.2m loss is not explained but subsequent Covid cuts to the average annual 350,000 attendance at their Visitors Centre will not have helped. Speculation about a sale of the business was stirred by the curious paragraph in their latest annual report: "Directors do not consider there to be an ultimate controlling party". This also coincided with the untimely death of David Hartley at only 57 last December. Takeover by Saputo (p1 & 6) may have been complicated by the large gap in the leadership of the business since then. Total net debts of the business are hard to work out but may be close to £19m which would leave circa £4m to be shared out between Hartley's estate and shareholding directors John Gibson, head cheesemaker Richard Clarke, Richard Webster, Philip Jones (who returned to the business from Belton Farm in 2015), accountant Paul Birnie and his wife Linda Birnie.

UK output on the slide?—The latest annual outlook report from the UN Food and Agriculture Organisation and the Organisation for Economic Co-operation and Development, published last week, looks at milk production, trade and consumption over the next decade (see back page for full analysis). One standout is their projection that the UK will be producing less milk in 2030 than now. A total 14.4m tonnes (14bn litres) is forecast for 2030, down around 5% from current levels. It is one of the few named countries expected to produce less milk in 2030 than now—alongside, Russia, Ukraine, Japan, Korea and Australia. So where will the milk come from for Australia to sell 48,000t of cheese to the UK?!

Driver shortages—Covid, Brexit and now driver shortages are crippling EU and UK (and US) industry. UK food industry bodies, hauliers and logistics firms have now issued Prime Minister Boris Johnson with a joint warning about pressure on the supply chain, saying the shortage is at "crisis point" and warning of "critical supply chains failing due to the significant shortage of HGV drivers". A shortage of an estimated 60,000 prior to the coronavirus pandemic has leapt to more than 100,000.

TOP MILK PRODUCERS BY REGION

m tonnes	'18-'20*	2030	v.'18-'20
Asia	359.5	477.6	+33%
Europe	226.0	233.9	+4%
N.America	110.2	125.1	+14%
Lat. America	80.9	95.8	+18%
Africa	43.5	56.0	+29%
Oceania	30.9	31.3	+1%
- Developed	403.9	436.0	+8%
- Developing	447.1	583.7	+31%

*Avge, 2020 est.

TOP MILK PRODUCERS BY COUNTRY

m tonnes	'18-'20*	2030	v.'17-'19
World	851.0	1,019.7	+20%
India	191.5	266.7	+39%
EU**	152.2	161.0	+4%
US	99.6	113.1	+14%
Pakistan	47.2	67.1	+42%
Brazil	35.8	44.0	+23%
China	36.5	40.5	+11%
Russia	31.3	30.9	-1%
Turkey	21.9	27.3	+25%
NZ	21.6	22.2	+3%

*Avge, 2020 est. ** excl. UK

DAIRY RIDES OUT COVID PANDEMIC—SO FAR

The impact of the Covid-19 pandemic on the dairy sector was relatively modest in 2020, despite initial concerns that dairy would be particularly vulnerable. The biggest effect was on world butter prices due to the loss of demand for milk fat from the hospitality sector, the latest OECD/FAO Outlook report for 2021-30 shows. WMP prices fell to a lesser degree and SMP and cheese prices increased. After years of growth, global trade remained flat in 2020, hampered by transportation slowdowns, disruptions in the value chain and less demand. Overall, however, the sector adapted quickly and mitigated many of the initially drastic effects seen in the earlier months of the pandemic. World milk production (roughly 81% cow milk, 15% buffalo milk and 4% goat/sheep/camel milk) increased by 1.4% to about 861m tonnes in 2020 and is projected by OECD/FAO to grow at 1.7% pa to 1,020m tonnes by 2030—faster than most other agricultural commodities. India and Pakistan will continue to contribute more than half of this growth over the next 10yrs (India +39% and Pakistan +42%), and will account for more than 30% of world production. India increased by 2.1% in 2020 but this had little impact on the world market as it trades only marginal volumes of milk and dairy products and any excess milk was processed into milk powder. The US is expected to increase milk production by 14% over the next decade; China is expected to increase by 11%. Production in Brazil is expected to overtake that of China by 2030, accelerating faster than previously accounted for. Expectations for Russia and Turkey, meanwhile, have dimmed somewhat, and growth is likely to be limited for the EU and NZ.

MAJOR DAIRY IMPORTERS

'000t	'18-'20*	2030	v.'18-'20
WMP	2,699	2,903	+8%
China	617	648	+5%
S.Arabia	128	176	+38%
Nigeria	49	77	+57%
Thailand	58	62	+7%
Brazil	63	55	-13%
Malaysia	57	49	-14%
SMP	2,632	3,059	+15%
China	321	367	+14%
Mexico	336	383	+14%
Indones.	181	249	+38%
Philippi.	158	163	+3%
Malaysia	126	138	+10%
BUTTER	1,057	1,145	+8%
China	115	148	+29%
UK	108	99	-8%
Russia	114	121	+6%
Philippines	34	43	+26%
Egypt	33	40	+21%
S.Arabia	48	56	+17%
EU**	52	55	+6%
Mexico	27	38	+41%
Australia	37	36	-3%
US	38	35	-8%
Iran	24	35	+46%

*avge, 2020 est. **excl. UK

SMP TRADE PROJECTED TO OVERTAKE WMP

Global imports of SMP are expected to overtake WMP by 2030. Among the lower volume importers, strong increases are expected from Egypt (+41%), Nigeria (+98%), South Africa (+67%) and Vietnam (+22%). The trade share of WMP and SMP is over 50% of world production. The EU, NZ and the US are projected to account jointly for around 70% of WMP, 83% of SMP, 62% of cheese and 76% of butter exports in 2030. Argentina, an increasingly important dairy exporter, is projected to account for 5% of world exports by 2030.

About 7% of world milk production is traded as fresh milk, particularly through escalating imports of liquid milk by mainland China, mainly from the EU and NZ as UHT. China, expected to remain the world's biggest dairy importer, increased milk production by 6.6% in 2020. China's cheese imports are seen growing by 43% to 169,000t by 2030 and Korea by 32%. The EU is projected to remain the biggest cheese exporter, accounting for around 46% of world cheese exports by 2030, sustained by the CETA agreement with Canada and a bilateral agreement with Japan. The UK, Russia, Japan, the EU and Saudi Arabia are projected to be the top five cheese importers in 2030, with trade expected to increase the choice of cheeses for consumers. Japan, SE Asia, Russia, Mexico, the Near East and North Africa will continue to be other important net importers of dairy.

MAJOR CHEESE TRADERS

'000t	'18-'20	2030	v.'18-'20
EXPORTS	3,262	3,857	+18%
EU**	1,325	1,764	+33%
US	352	389	+11%
NZ	330	337	+2%
UK	187	167	-11%
Australia	166	168	+1%
Turkey	56	116	+107%
S. Arabia	81	76	-6%
IMPORTS	3,243	3,857	+19%
UK	525	560	+7%
Japan	291	363	+25%
Russia	268	343	+28%
EU**	209	217	+4%
S. Arabia	175	195	+11%
Korea	133	175	+32%
China	118	169	+43%
Mexico	125	165	+32%
US	133	127	-5%
Australia	98	105	+7%
Ukraine	30	95	+++

*avge, 2020 est. ** excl. UK

MAJOR DAIRY EXPORTERS

'000t	'18-'20*	2030	v.'18-'20
WMP	2,645	2,903	+10%
NZ	1,439	1,547	+8%
EU**	336	402	+20%
Argent.	115	145	+26%
SMP	2,669	3,059	+15%
US	742	1,067	+44%
EU**	868	1,060	+22%
NZ	406	414	+2%
Australia	154	105	-32%
India	18	3	-83%
BUTTER	1,033	1,145	+11%
NZ	452	463	+2%
EU**	277	375	+35%
UK	45	41	-9%
US	20	34	+70%
Australia	19	12	-37%
Ukraine	20	8	-60%

*avge, 2020 est. ** excl. UK

Source: Dairy Outlook 2021-30: The Organisation for Economic Co-operation and Development (OECD) and the UN Food and Agriculture Organisation (FAO). <http://www.agri-outlook.org>

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