



BARRY WILSON'S DAIRY INDUSTRY NEWSLETTER

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China

MARCH IMPORTS STRONG (except infant formula)

With much of global trade and commodity prices relying on China's continuing buying power, milk powder imports remained strong in March, with WMP imports up 77% from a year earlier, when the impact of Covid began to take effect, to 82,800t and SMP imports were up 27% at 31,600t. March's WMP imports were 11% from 2yrs ago, and SMP imports 53% higher. Infant milk formula was the only product to see a year-on-year decline, down 20% at 23,800t. Butter imports were up 42% from last year to 11,600t; AMF up 53% at 2,900t; cheese up 74% at 20,300t; whey products up 77% at 75,700t; and lactose up 21% to 8,300t.

NZ's March WMP exports, mainly to China, were up 23% from last year at 167,500t, and up 11% in the year to date. The combined value of NZ milk powder, butter and cheese exports was up NZ\$58m, according to StoneX, with WMP, butter, AMF and cheese all seeing strong year-on-year gains.

CHINA DAIRY IMPORTS

tonnes	Mar 2021	v. '20	YTD
WMP	82,800	+77%	+21%
Whey prods.	75,700	+77%	+59%
SMP	31,600	+27%	+34%
Infant form.	23,800	-20%	-17%
Cheese	20,300	+74%	+47%
Butter	11,600	+42%	-5%
Lactose	8,300	+21%	+23%
AMF	2,900	+53%	+6%

NZ DAIRY EXPORTS

tonnes	Mar '21	v. '20	YTD
WMP	167,500	+23%	+11%
SMP	32,100	-5%	-19%
Cheese	38,600	+30%	+16%
Butter	25,800	+24%	+2%
AMF	20,100	+15%	+3%
Infant form.	9,100	-30%	-22%

MEAD JOHNSON INFANT FORMULA UNIT CLOSE TO SALE?

Private equity giant Carlyle are reported to be among the suitors vying to buy Reckitt Benckiser's Mead Johnson infant nutrition business in China which is valued at around \$2bn. Yili are also thought to be interested. Under former CEO Rakesh Kapoor, RB paid nearly \$18bn for Mead Johnson in 2017. Successor Laxman Narasimhan said in February that he was initiating a strategic review of the Mead Johnson business in China. The Chinese infant formula business accounts for about 6% of RB's group revenues.

• **YILI**—China's biggest dairy company Yili have posted 2020 sales up 7.4% to 96.9bn yuan (US\$15.0bn) and net profit up 2.2% to 7.1bn yuan (\$1.1bn).

US

US DAIRY EXPORTS HIT NEW RECORDS IN MARCH

The US reports increases in exports of all major dairy product categories in March with a record 215,550t of dairy products in milksolids equivalent. The value totalled \$688m, the highest since 2014. NFDMS/SMP exports were an all-time high at 86,530t and whey exports were a record 57,180t. Cheese exports posted their second-best month ever at 36,920t. Mexican imports have bounced back strongly from dual setbacks of recession and pandemic that depressed trade in 2020. US milk powder exports to Mexico were up 29% at 26,760t in March and NFDMS/SMP up 16% in the first quarter of 2021. Cheese shipments to Mexico were up 11% at 9,700t in March.

NZ

FONTERRA NEW SHARE-HOLDING PLAN

Last week, in their long-awaited capital restructure options, Fonterra have proposed a shake-up in the way their shares are traded in order to guarantee that farmers do not lose control of the business but also secure the company from a "redemption risk" whereby the company could not pay out retiring or existing farmer shareholders. At present farmer shareholders must hold one share for every kg of milksolids produced annually; the proposed change is that this requirement is reduced to one share for every 4kg MS. Another option is to remove the capital fund entirely (it has a current market capitalisation of close to NZ\$500m)—it is not explained how this buyout would be financed—or to cap the number of listed shares in the fund. Among other options are dual share structures to allow outside investment, splitting the co-op between supply and processing businesses with different classes of shares. Chairman Peter McBride said: "Our financial sustainability relies on our ability to hold a sustainable NZ milk supply and protect farmer control." A major concern is a decline in the size of Fonterra's NZ milk pool and/or a decline in NZ milk production (see I HEAR p7).

South Korea

NAMYANG DAIRY BOSS QUILTS

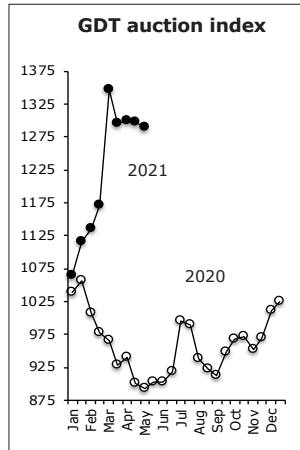
The chairman of South Korean Namyang Dairy Hong Won-sik quit last week after police launched an investigation into the company's claims that their Bulgari yogurt drink was effective in fighting Covid-19. Won-sik holds a 53% stake in Namyang. Hong's resignation and public apology came 3wks after the company made the claims. South Korea's Ministry of Food and Drug Safety subsequently issued a statement saying that Namyang had no evidence to support its claim. Police raided the headquarters of a Namyang Dairy in Seoul as part of a probe. The municipality of Sejong have notified the company they would be banned from operating in the city for 2mths if they are found to have violated food labelling rules.

Ireland

KERRY GROUP: NO COMMENT

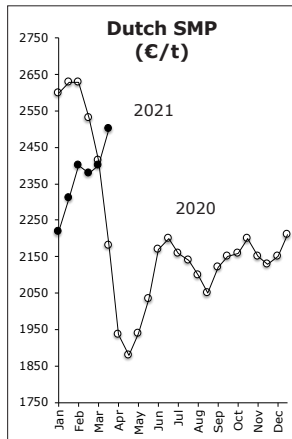
At their agm, Kerry CEO Edmond Scanlon said it would be "inappropriate" to comment further on any likely future talks with the Kerry Co-op over a transfer of ownership of the dairy processing business. Kerry announced on April 15 that the talks had been suspended. No further details were given but it is understood that Kerry viewed the offer for the dairy unit as too low. There were rumours of third party interest but these have not materialised to date (see p5).

In this issue		Barber's Cheesemakers		Crema		FrieslandCampina		Milk Exchange		Silver Pail Dairy	
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Acorn Dairy	7	Bel Group	4	DOC Kaas	4	Kerry	1,5	Namyang Dairy	1	Valio	5
Arrabawn Co-op	5	Belton Cheese	6	Ekosem-Agrar Group	5	Lakeland Dairies	5	Nestlé	4	Yew Tree Dairy	6
Aurivo	5	Carbery	5	First Milk	6	Mead Johnson	1	Ornu	5	Yili	1
		Chobani	7	Fonterra	1,7	Meadow Foods	6	R. L. Clapp & Sons	6	Züger	4



APRIL FREEZE PROPS UP THE MARKET

If ever the dairy market was in a weather market it's now. In the UK, where exports are still bogged down by post-Brexit bureaucracy (see p6), the big April freeze (the coldest since the 1920s), twinned with dry weather, has undoubtedly taken the edge off flush volumes, which normally peak about now. Volumes aren't as high as they otherwise would have been, and manufacturers have coped without any distressed milk or concentrate being destined for digesters. This is despite a major drying facility being out of action for a few days at a critical moment, with other factories also momentarily buckling under the strain. But while the weather may be a bonus for processors now, it may bite later in the season as the cold has effectively eliminated first crops of silage for many farmers. They won't get anywhere near the quantity or quality from subsequent cuts. At least the rain came just in time for maize planting, although as it germinates it won't be relishing the icy blasts whistling across Europe. The forecasts are still for temperatures well below average. Despite high, indeed record UK volumes—with April 24 reaching a new milestone of over 46m litres produced in the day, spot milk prices (not a great barometer of milk valuations but perhaps the best there is) have managed to stay above 20ppl. Cream valuations have also stabilised at £1.30-£1.35/kg. In contrast, EU cream prices are starting to rise slightly, having succumbed to a brief dip during April. They are now around €4,600/t, a rise of €100 on last week. Butter is following suit, and is back up to €3,900/t, which is also where the Dutch Dairy Board quoted it last week. French origin butter is still out on a very long limb at €4,230/t, which is keeping the average EU price at just over €4,000/t. Butter buyers looking for bargains won't get much cheer from the futures either—June to October prices are all just under or slightly over €4,100/t so the direction of travel is more upwards than down. These prices are before traders who use the platform will have digested the implications of that lost forage crop.



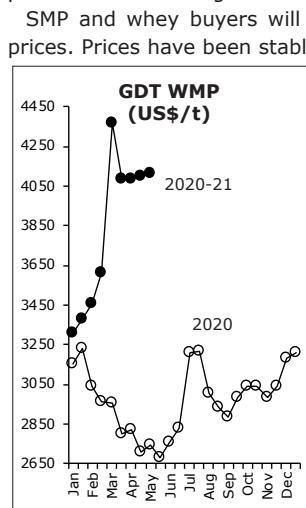
LATEST GDT RESULTS

	\$/tonne	Change in 2021
WMP	4,115	+24.5%
SMP	3,433	+12.8%
Butter	5,035	+11.2%
AMF	5,730	+24.5%
Cheddar	4,274	+4.8%
Lactose	1,236	+12.5%
BMP	4,222	+46.8%
Index	1,290	+21.1%

GDT world markets

PRICE INDEX -0.7%

The overall price index at last week's GDT auction was down 0.7%. WMP and SMP indices saw the only increases—WMP up 0.7% based on an average price of US\$4,115/tonne (and up 25% from the beginning of the year) and SMP up 2.0% at an average \$3,433/t. The Cheddar index was down 4.5% at \$4,274/t, butter was down 12.1% at \$5,035/t; BMP was down 14.4% (from a month ago) at \$4,222/t; AMF was down 4.2% at \$5,730/t; and lactose was down 2.0% at \$1,236/t. A total 22,020t of product was sold, 12.1% less than last time and 34% up on a year ago. There were 148 participating bidders, down from 157 and the lowest number this year so far.



SMP and whey buyers will also be unhappy at current and future prices. Prices have been stable for weeks now at around €2,500/t and over €1,000/t respectively, and the signs are that these are strengthening rather than weakening. SMP is up to €2,600/t for feed grade, with the latest futures all being within shooting distance of the same price. Whey futures are also showing no signs of wavering from their €1,050/t level.

At least those buyers should know the market. Spare a thought for foodservice cheese buyers who might have been out of the market for a year and are returning, with indoor dining allowed in the UK from May 17. Last time many of them 'bought big' the mild price was £2,900/t with Irish cheaper still. It's £3,000/t now, and on the way up again, say traders, with added demand, limited supplies and rising farmgate milk prices (with expectations for more!). Edam and Gouda had been weakening in Europe in line with butter and cream, but they are also reported to be strengthening again, and whereas they were €2,850/t they are nearer to €2,950/t now. Mozzarella is stable at €3,100/t and £2,700/t in the UK, with expectations positive for another post-lockdown induced boost.

Weekly market prices @7.5.21

EU OBSERVATORY PRICES

(€/t)	May 5 v. Apr 23	2021	2021
		high	low
Butter	4080 +2.0%	4080	3350
WMP	3130 -0.9%	3190	2710
SMP	2510 +0.8%	2510	2190
Cheddar	3120 +0.6%	3120	3080
Whey powder 990	+3.10%	990	780

US QUOTES, CHICAGO MERC.*

(\$/t)	May 7 v. Apr 25	2021	2021
		high	low
Butter (AA)	3860 -2.4%	4060	2835
SMP (grdA)	2950 +7.6%	2950	2470
Cheddar			
-40lb blcks	3930 -0.6%	4215	3505
-500lb bar.	3960 +0.3%	3960	3075

*Conv. from US ¢/lb@1 tonne = 2,205lb

EU market indicators

DUTCH SMP PRICES UP

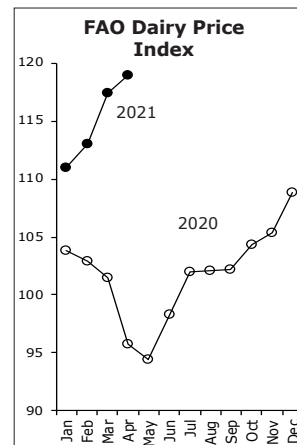
The Dutch Dairy Board/ZuivelNL increased three of their official dairy commodity prices last week: both food and feed SMP were up €30, both to €2,540/t, and whey powder was up €10 to €1,020/t. The official butter price was unchanged at €3,920/t and WMP was also unchanged at €3,130/t.

The German-based IFE institute's estimated average EU raw milk value was up 0.1c last week to 36.0c/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 all three countries was down €25 to €4,017/t and the SMP average was up €23 to €2,560/t.

Australia Milk Exchange

NO SALE YET AT NEW ONLINE MILK AUCTION

Bidders on a new online trading platform for milk, in development for the past 5yrs, came in too low for a sale at the first two auctions on April 21 and May 5. Milk Exchange offered 89.8m litres of new season milk from farmers in Victoria and NSW at the first auction. Two bids were received, of A\$6.65/kg for 2.7m litres from Gippsland (seeking offers over \$7.20/kg) and \$6.55/kg for 5.3m litres from Victoria's south-west (asking price \$7/kg+). The exchange said almost all the major milk buyers participated, and bidder activity increased almost fivefold at last Wednesday's sale. Bids ranged from \$6.60-\$6.80/kg, for 65% of the milk on offer (up from 9% at the first auction). Manager Richard Lange said it was a step forward in understanding how the technology could add transparency and market choice for farmers.



FAO price index

DAIRY INDEX UP 1.2%

The FAO Dairy Price Index, based on five dairy commodity groups, averaged 118.9 points in April, the 11th consecutive increase. It is 24% above the same month last year. Butter quotations rose, underpinned by solid demand from Asia, and despite weaker markets in Europe. SMP and cheese prices were also higher, supported by a surge in imports in Asia, shipping delays and limited supplies from Europe and Oceania. WMP quotations declined slightly.

US**ORGANIC DAIRY TO POWER BMW ELECTRIC CARS**

California's Strauss Family Creamery are working with BMW to power the car maker's electric vehicles with ultra-low carbon intensity electric fuel produced from biogas technology on their organic farm. BMW invested in developing the technology to generate 2-4 times more revenue than they would in selling the electricity to the power grid; about 250MW of renewable electricity will be generated this year. Strauss say the technology will help make methane biogas more affordable for smaller farms.

- **LACTOFERRIN MOVE**—Whey and milk protein producer Milk Specialties Global have announced they are entering the lactoferrin market with a multi-million-dollar investment at their Fond Du Lac, Wisconsin, facility. The move is due to be completed this month.

- **FOREMOST SELL ASSET**—Foremost Farms have sold their Baraboo headquarters in Wisconsin, along with its milk testing and microbiology lab, to long-time partner Cherney Biological Services, a food testing laboratory also based in Green Bay. Foremost will continue to occupy it on a lease and will invest in expanding Cherney's lab operations over the next 2yrs. The milksolids processing co-op has occupied the building for 26yrs, employing 200 people.

- **LACTALIS OPEN NEW HQ**—Lactalis Heritage Dairy, the US subsidiary of French Lactalis Group, have taken a multi-year lease on a 35,000sq ft Midwest headquarters in West Madison Street, Chicago. The move follows their acquisition Chicago-based Kraft Heinz's portfolio of natural, grated, cultured, and specialty cheese businesses in a transaction that is expected to close later this year. Lactalis are also moving into 14,750sq ft of office space in Manhattan, NY, this autumn.

India**MOTHER DAIRY IN RAILWAY LINK TO DELHI**

Central Railway and Mother Dairy have struck a deal to transport up to 40,000 litres of excess milk a day from Nagpur, in the central Indian state of Maharashtra, to Delhi for further processing. The Nagpur plant processes about 250,000 litres of milk a day; local demand is for about 50,000 litres. From Delhi, the milk will be dispatched to various factories for converting into milk powder.

CREAMY FOODS INTO UHT

Uttar Pradesh dairy company Creamy Foods, who manufacture a wide range of dairy products at their factory in Khurja, are building a UHT plant. Expected to be one of the largest of its kind in India, it will have processing capacity of 120,000 litres/day. The line is being designed and supplied by GEA, Germany.

- **CORRUPTION**—Gopala Krishna, 65, one of three recently arrested in connection with India's Sangam Dairy corruption scandal, has tested positive for Covid-19 in jail. His condition was reported to be serious and he has been transferred to another hospital.

PANDEMIC HITS MILK SALES

Milk sales have fallen by 20% in some parts of India in the past two weeks during the pandemic peak adding pressure to turn more milk into powder.

US**HILMAR TO BUILD CHEESE PLANT IN KANSAS**

Hilmar Cheese are to build a new state-of-the-art cheese and whey protein processing plant in Dodge City, Kan. The new plant will create 250 jobs and represents a capital investment of \$460m. Hilmar expect the plant to be fully operational by 2024.

NZ**RURAL LAND OFFER \$114m FOR VLD FARMS**

NZ Rural Land Co announced they had signed a conditional deal to buy all 14 South Canterbury and North Otago dairy farms (6,350ha) from Van Leeuwen Group and its lenders for NZ\$114m. VL Dairy, the big dairy farming operation where Mycoplasma bovis was first detected in 2017, went into receivership at the end of April. Newly listed NZRL, who were set up by Elevation Capital manager Chris Swasbrook with Allied Farmers owning 50%, said the deal would be funded by \$70m in cash plus new debt. The transaction would increase their internal debt to about 40% of total assets, above their declared policy of 30%, which requires approval from shareholders.

NZ/China**FONTERRA FOODSERVICE HUB**

Fonterra have invested in a new foodservice application centre in Guangzhou, Guangdong province, to test innovations like cream cheese lollipops and tea macchiato (a touch of cream cheese/cream added to tea). "Nothing is off the table," said Justin Dai, Fonterra's vice president of foodservice in Greater China. "There's nothing we won't try." Fonterra have added a beverage area to the centre, alongside dining and bakery areas. Greater China was Fonterra's main performer in the 6mths to January, with foodservice taking products developed at the Palmerston North research facility. New products include cream cheese pastry, steamed dumplings with Mozzarella, cream that doesn't require refrigeration and single serve pizzas that are ready in one minute.

Fonterra also have application centres in Shanghai, Beijing and Chengdu and plan to open an additional centre in Wuhan this year.

NZ**MARCH MILK +9.8%**

NZ milk production totalled 1.84m tonnes (1,791m litres) in March, up 9.8% on last year. First-quarter production was up 4.0% and season-to-date production up 1.8% at 19.9m tonnes. On a milksolids basis, March production was up 8.7% to 175.6m kg MS.

Italy/US**CASTELLI PLANT BACK IN ITALIAN HANDS**

An Italian investment group has acquired the former Castelli America facility in Harmony, NY. The newly formed company, Vittoria Dairy Inc., said in US Bankruptcy Court documents they plan to revive cheese processing at the plant after their \$1.4m bid for the facility and its equipment was approved last September. The sale was finalised in February but Covid is delaying plans for the investors to travel from Italy. Castelli's parent company, the Italy-based Nuovo Castelli Group, bought the former Empire Specialty Cheese manufacturing plant in 2016 but ran into difficulty, despite low-interest loans and grants and more than \$8m spent on improvements. It closed with the loss of 67 jobs in December 2019.

Australia**BESTON LACTOFERRIN GETS GOING**

South Australian processor Beston Global Food Co have commissioned the first stage of their high grade lactoferrin production from their Jervois factory. The company said they had demonstrated they could produce the high value protein with a purity of more than 95% as a result of the \$15m investment. The second stage of commissioning is focusing on further refining of the extraction process to optimise yield. Beston plan to ramp up capacity from 3t to 25t per annum by extracting the lactoferrin from skim milk rather than from the whey from their Mozzarella cheese production. They said they would need 180m litres of milk to produce 25t of lactoferrin; current milk supply is 146m litres pa. With lactoferrin selling for A\$1,000-\$1,500/kg and a gross margin of 60%-80%, the new equipment has a payback period of 2yrs, Beston say.

DAIRY COMPANIES OFFER FUNDING FOR D/A

Plans to create a single dairy organisation in Australia that would function as a lobbyist and advocate as well as provide industry services have been shelved. Proposed more than a year ago, it was the main administrative objective outlined by the Australian Dairy Plan. A joint statement from Australian Dairy Farmers, the Australian Dairy Products Federation and Dairy Australia said the whole-of-industry concept had been "ambitious". However, last week major Australian milk processors Saputo, Fonterra, Norco, Bega said they had agreed to help fund Dairy Australia. Farmers contribute about A\$30m pa in levies to fund DA matched by about \$20m from the federal Government, who have long criticised the lack of processor contribution.

- **No-go for 'Fair Go'**—The Australian Dairy Products Federation has lodged an application with the Australian Competition Tribunal seeking to set aside the ACCC competition authority's authorisation of Queensland's 'Fair Go Dairy' scheme. The scheme is aimed at providing transparency to consumers about the origin of milk and ensuring farmers are paid a fair price. Larger milk processing companies in Qld (Norco, Lactalis/Pauls, Bega) are resisting this, according to organisers.

LTO MILK PRICE LEAGUE TABLE SUSPENDED

As a result of the discontinuation of the co-operation with EDF, ZuivelNL (Dutch Dairy Board) will cease compiling the long-running monthly LTO European and world milk price comparison "for the time being". ZuivelNL said: "We are sorry for the inconvenience this may cause. LTO, in co-ordination with ZuivelNL, is currently exploring options for continuing the LTO milk price comparison in a different setting."

Netherlands**F/C CALLED OUT OVER INTEREST RATE DEAL**

The more sustainable F/C become in their operations, the lower the interest rate they pay on their €300m ING bank loan. Thus an unobjective element creeps into the discussion about rules for improving sustainability on member farms, Dutch agri-news provider Boerderij report. Theoretically, according to Boerderij, F/C could even receive money from ING. It is not only about the sustainability of F/C but also about farm sustainability. The question then is, how does the farmer benefit? Targets are unclear, according to Boerderij and members may never know what they get out of the deal. Boerderij say: "This will definitely be more motivating than a shadowy interest deal in which the farmers are a part but not involved."

Netherlands**F/C UP TO 37.5c/kg**

FrieslandCampina have put their guaranteed milk price for May up 1.5c/kg to 37.5c/kg, with expected reopening of restaurants and cafés and lagging milk supply contributing to higher demand. This price includes an upward correction of 0.2c as a result of higher reference prices in April and is 14% higher than May 2020. The protein value is put at 60.164c/kg, fat is 30.082c/kg and lactose 0.6016c/kg. F/C also increased their May organic price by 0.25c to 48.75c/kg.

- Arla Foods' 1.5c increase for May, the third in a row, took their price 9% higher than a year earlier. There have been two price cuts and six increases for Arla in that time, compared with three price cuts and seven increases for F/C.

F/C & ARLA MILK PRICES

c/kg	F/C	Arla
May 2020	33.00	33.32
Jun	32.50	33.35
Jul	33.00	32.56
Aug	34.00	32.56
Sep	33.75	32.56
Oct	34.25	33.05
Nov	34.25	34.05
Dec	35.19	34.05
Jan 2021	34.25	32.85
Feb	35.00	32.85
Mar	35.25	33.35
Apr	36.00	34.85
May	37.50	36.36

Brussels update

GI review—Members of the European Parliament's agriculture committee want to see a simpler system of registration for Geographical Indications (GIs), particularly to make small changes easier and quicker. At their meeting on April 22, they also stressed the need for promotion, to make sure that consumers are aware of quality schemes, as the Commission reviews the working of the system.

PGI added—The Commission has approved the inclusion of 'Cașcaval de Săveni', a ripened cheese from Botoșani in north east Romania, in the register of protected geographical indications (PGI). It is ripened for 60 days, giving it a smooth and homogeneous consistency, with nutty tones and a slight bitterness.

Exports down—EU butter exports to Third Countries in the first 2mths of this year were down 22% from 2019 (excluding trade with UK; according to the Commission, this data was "incomplete") to 26,300t and cheese exports were down 2% to 145,200t, with the US taking less product in both categories. SMP exports were down 9% to 1% at 126,300t. WMP exports were up 2% to 47,700t; sales to Oman, the top buyer, were up 38%. Butter imports jumped 83% higher last year, with 196t imported from NZ.

Switzerland**NESTLÉ'S PLANT-BASED LAUNCH**

Nestlé announced last week that they are planning to launch plant-based milk products in Europe, starting with a pea-based milk called 'Wunda', to be distributed initially in Portugal, France and the Netherlands. The brand's yellow peas will be sourced from France and Belgium. There will be three varieties: unsweetened, original and chocolate. Other dairy-free products are expected to follow. The move will take them into direct competition in Europe with Danone's Alpro brand and Oatly. Danone have been expanding into vegan cheese and mayonnaise with a goal to more than double their plant-based revenue to €5bn by 2025. Nestlé already sell milk substitutes in Brazil under their Nesfit brand. The company's global sales of plant-based food products amounted to about CHF700m in 2020.

- **HOCHDORF**—Swiss company Hochdorf posted sales down 33% to CHF306.2m in 2020, and milk intake down 14% to 335.8m kg due to the sale of Uckermärker Milch. A total 57,500t of finished product was manufactured. Gross profit was up 53% to CHF94.3m, an outcome Hochdorf say was down to their new strategy and rationalised portfolio. The company has established a whey competence centre in Sulgen to develop functional ingredients for baby care and high protein products.

- **CREMO CLOSURE**—Swiss dairy Crema are closing their Steffisburg powder plant near Thun. The site will be sold, with some 50 employees affected. Crema said the closure is expected to bring a €m-recurring benefit to the business. The plant also produces Bernese 'Bio-Mutschli' and Edam cheese. Production of Mutschli will be discontinued and Edam production will be partially transferred to another site. Milk powder production will be concentrated at Villars-sur-Glâne. Crema took over the Thun site in 2002 from the bankrupt estate of Swiss Dairy Food.

- **MILK SALES GROW**—Consumption of liquid milk in Switzerland increased by 4% in 2020, according to the Swiss Farmers' Union, with semi skimmed UHT milk seeing the biggest growth. Cheese consumption also increased but sales of goat and sheep cheese were down.

Switzerland/Germany**ZÜGER MOVE INTO A2 MILK**

Private dairy Züger have started processing a2 milk via their subsidiary in Kisslegg, Germany. The first product to enter the market is a2 Mozzarella, to be followed by liquid milk and yogurt. Züger are Switzerland's 5th biggest dairy with sales of CHF200m.

Germany**RETAIL BUTTER CONTRACT CLOSE TO €4/kg**

Negotiations on new butter contracts between dairies and retailers have been settled amicably. A selling price of €3.94/kg was negotiated but only for one month. Retailers had earlier cut prices but this was well out of line with the market and this was quickly reversed. The current contract is just short of €4/kg.

Germany—Bauer dairy named **Heiko Modell** as chairman of the executive board, with **Florian** and **Markus Bauer** chairing a new supervisory board. **Florian Kellner**, previously head of commercial administration for the Bauer Group, is now CFO. **Michael Janker** was announced as COO.



business, with **Reetta Tikanmaki**, former category manager, appointed COO and **Petteri Leskinen**, former SVP of business development, as CFO.

UK—**Justin Beckett** has notified Companies House that he has bought out his four siblings from the Belton farm and cheese businesses.

Germany—Private dairy Rucker (800m kg milk intake) have named **Frank Völkner**, 55, CEO (sales) and a member of the board. He follows **Bernhard Anslinger** who left the company.

UK—**Peter Rees** has been appointed as interim chair of AHDB's dairy sector board pending the outcome of a review of the agency's governance. Rees, whose family run a 300-cow dairy farm, is co-owner of a touring caravan park. Rees replaces **Richard Soffe**, who completes his interim term at the end of March. Rees will receive non-pensionable pro-rata remuneration of £307.69 per day.

Switzerland—As part of long-term succession planning at Emmi, **Thomas Oehen-Bühlmann**, vice-chairman of the board of directors, and **Franz Steiger**, a board member, will not be standing for re-election at the 2022 agm.

UK—Independent consultant and specialist in livestock farm sustainability **Dr Jude Capper** is the 2021 recipient of the British Society of Animal Science's Sir John Hammond award, re-launched this year with the British Cattle Breeders Club.

Italy—Centrale del Latte d'Italia have appointed **Fabio Fazzari**, 43, corporate accounting officer.

Finland—**Niko Vuorenmaa**, senior vice president of Valio's food business unit, has been appointed CEO of their new Oddlygood Global

Russia/China

EKOSEM-AGRAR PUSH CHINA EXPORTS

Ekosem-Agrar Group are expanding exports of their dairy products from Russia to neighbouring China. Since the beginning of 2021, three containers with a total of around 70t of EkoNiva UHT milk have been shipped—an amount similar to the total volume exported by Russia to China last year. EkoNiva say the first deliveries met with a high level of interest among Chinese consumers, resulting in more extensive contracts with wholesalers. The first orders for UHT milk in the 3.2% and 3.5% fat grades, which have now been arranged, comprising 13 containers with a total of about 295t, which are to be shipped to the ports of Dalian, Shanghai, Tianjin and Nansha by mid-May. With this, the Ekosem-Agrar Group are expanding their sales to the entire east coast of China. The first shipment, in August 2020, only reached individual cities in northeast China. Chinese customers are both retailers and foodservice. Further contracts are expected in the coming months. Deliveries are currently only via a cost-effective sea route. However, preparations are being made to include rail freight transport, which would considerably shorten delivery times for fresh products.

Finland

VALIO ACQUIRE FOODSERVICE WHOLESALER

Finnish dairy company Valio agrees to acquire local foodservice wholesaler Heino Tukko, in expectation of out-of-home eating returning to growth. Valio are also spinning off their plant-based Oddlygood business into Oddlygood Global, who will seek to accelerate growth by creating a network of partnerships (see People, above).

Ireland

ARRABAWN POST 2020 PROFIT UP 37%

Arrabawn co-op posted turnover up 4.8% to €278.4m for 2020, and EBITDA up 37% to €10.4m. Operating profit more than doubled to €2.68m; this was before an exceptional charge of €1.1m due to a product recall. Milk supply was up 6% to 437m litres.

• **LAKELAND**—As part of their takeover of LacPatrick, Lakeland Dairies are to cut their board from 22 to 13, eight in the Republic and five in NI.

Irish milk price league table

AURIVO GO TOP

Despite milk heading for the spring peak, 10 Irish co-ops increased their March milk prices, by 0.5c-1.1c/litre, according to the IFJ monthly milk price league table. Only four—Dairygold, Glanbia, Centenary and North Cork—cut their prices. Aurivo moved to top the league, with a 0.9c increase, with Lakeland and Dairygold close behind. Glanbia and Centenary's price cuts pushed them from top of the league last time to fifth and sixth places. Boherbue were bottom with 31.40c.

IRISH MILK PRICE LEAGUE TABLE

	Mar	v. Feb
Aurivo	33.81	+0.89
Lakeland	33.57	+1.00
Dairygold	33.52	-0.53
Drinagh	32.87	+1.01
Glanbia	32.86	-1.58
Centenary	32.77	-1.41
Arrabawn	32.73	+0.95
Bandon	32.67	+0.98
Barryroe	32.67	+0.98
Lisavaird	32.67	+0.96
North Cork	32.45	-0.05
Kerry	32.30	+0.95
Tipperary	32.05	+1.13
Boherbue	31.40	+1.00
AVGE	32.74	+0.51

Source: IFJ

Ireland

KERRY TO TERMINATE ALL MILK CONTRACTS

As the row over their "leading milk price" offer escalates, Kerry have written to all their milk suppliers giving notice that they are to terminate all existing milk contracts, the Irish Farmers Journal reports. Kerry suppliers will have to negotiate a new contract as of April 2026. The move by Kerry Group is in response to Kerry Co-op's public statement last week that the co-op were re-entering arbitration, IFJ say. Kerry published a note in their April agribusiness newsletter declaring they had paid the "leading milk price" since 2015 on a like-for-like basis and no further money was due to farmers. A 2019 arbitration ruled otherwise, ruling that the high-paying west Cork co-ops should have been included as comparators. Kerry Co-op Creameries say they have been left with no choice but to "go back to arbitration" in the ongoing milk price issue. Kerry Co-op said they were "disappointed".

Ireland

ORNUA PPI UP 2.2% IN APRIL

Ornua's Purchase Price Index (PPI) for April, measuring value paid to member co-ops for products marketed by Ornua, was 115.1c/litre, up 2.2% from March. This converts to 34.2c/litre at the farmgate level—up 0.9c from March. This price includes VAT, based on Ornua's product purchase mix and assumed costs of 7c/litre.

SILVER PAIL WIN TESCO DEAL

Silver Pail Dairy, Fermoy, Co. Cork, have won a €1.4m ice cream contract with Tesco. The entire Tesco own-label range of ice creams will now be manufactured in Fermoy.

CARBERY BUY INNOVA FOODS

Carbery have agreed a deal to buy US flavouring supplier Innova Foods from Griffith Foods Worldwide to be added to Carbery's Synergy ingredients division. Innova's manufacturing plant is close to Chicago.

Irish trade

BIG INCREASE IN POWDER, BUTTER EXPORTS

Irish exports of SMP increased by 149% in the 5yrs to 2020, to 157,000t, with WMP exports up 124% to 74,000t, and whey products up 98% to 119,000t. China has been a rapidly growing market, especially for specialised nutritional powder, which accounted for 77% of the value of all exports to that destination, and 47% of the overall €956m value of SMP (although there was a dip in 2020). Fat filled milk powder was worth €956m in 2020, Ireland's third largest export category. There was also 50,000t of casein exported. Butter exports exceeded 300,000t for the first time in 2020, up by 100,000t since 2016 (incl. spreads and butteroil). The UK took only 15% of these exports in 2020 compared with 31% in 2015. Exports to EU countries reached 197,000t, nearly doubling since 2016. Most went to the Netherlands (up from 46,000t to 111,000t in 4yrs)—much for re-export. Exports outside the EU (excl. the UK) reached 57,000t, including 31,000t to the US where Kerrygold is the number 2 brand. (See back page for Ireland trade analysis.)

UK wholesale prices**APRIL CREAM PRICE DOWN 4%**

AHDB Dairy have reported an average weighted wholesale price of bulk cream in April down 4% (or £66) from March to £1,405/t—56% higher than last April's collapse during lockdown—based on an average price for agreed spot trades and volumes traded in the reporting period. AHDB have estimated an average butter price up 1% (+£20) from March to £3,450/t (44% higher than a year earlier), SMP up 2% (+£50) to £2,150/t and mild Cheddar up 1% at £2,980/t. AMPE was up 2% at 33.11ppl and MCVE was up 1% to 33.45ppl. Cream income to a liquid milk processor was down 4% from March to 8.05ppl—58% up on the same month last year.

Brexit**DAIRY TRADING 'HARDEST HIT'**

As 2021 progresses it begins to look as though the dairy trade could be one of the worst UK sectors hit by Brexit. Groupage loads, in which products from different exporters for different customers are shipped together in one load, are causing major post-Brexit problems for many small exporters. A cheese shipment by Neal's Yard was delayed for a week because another company had incorrectly filed paperwork and the lorry was forced to return to London to remove one product. Figures published by the AHDB showed that just 131t of milk and 436t of cream were exported by the UK to the EU in February 2021 compared with 76,500t of milk and 901t of bulk cream in February 2020. Buttermilk and yogurt exports were also down 91% in February, while butter exports plummeted by 89%, milk

powder trade was down 86%, whey exports fell 83% and cheese exports were down 75%. The Cheshire Cheese Co said they could no longer sell barrels of cheese directly to consumers in the EU because of Brexit red tape, forcing them to consider setting up an office in France. One headache for UK exporters now that they are outside the bloc is the EU Rules of Origin legislation which put a limit on how much of a Third Country's ingredients—for example those of the UK—can be used when producing goods in the EU. Stilton cheesemaker Hartington Creamery in Pikehall, Derbys, have seen 20% of their online sales wiped out because of post-Brexit restrictions.

Not everyone is concerned. Dairy UK say export data will improve over the coming months. "The normal patterns of trade are resuming; national statistics should shortly catch up with the short-term changes."

Andrew Kuyk, director general of the PTF disagrees. He fears the dairy sector's difficulties are not just teething problems. "You cannot run a viable business on the basis that four in five loads will get through unscathed. Trading margins are narrow."

Dairy trading**LANGSLOW SPELLS OUT DANGERS**

Senior executive at County Milk, and spokesman for the PTF, Phil Langslow tells DIN: "In many instances EU customers are discounting UK product for a number of reasons: Provenance: why buy British when they can buy French/German, etc, and avoid paperwork to prove the 'EU-ness' of finished products. EU customers are now avoiding UK product or buying only if attractively discounted. Prices are discounted further to accommodate the EHC costs. Inflated haulage costs resulting from delays and/or returning empty. So we have a two-tier pricing system, which means exporting is much less viable; UK suppliers are not willing to gamble, hence they keep the product in the UK even if selling domestically at lower prices. UK lobbyists are pushing UK authorities to be practical when import protocols are introduced later this year, and vice versa. We have also asked UK authorities to get their act together on discrepancies on things like Rules of Origin," said Langslow.

NI/GB**TRADE SLOWDOWN**

With the change in customs regulations between the UK and Ireland at the beginning of 2021, only 2,000t of dairy products were imported from GB to NI and 6,000t was exported from NI to GB in the first 2mths, according to Eurostat. Ireland's imports from Northern Ireland reached 137,000t, mainly liquid milk, and exports to NI totalled 8,000t. Comparable 2020 data is not available (see back page).

Northern Ireland**STRATHROY SALES DOWN TO £81m**

Northern Ireland's biggest liquid milk processor, the Cunningham family's Strathroy Dairy—who have substantial markets in the Irish Republic, mainly in the Dublin area—report sales down 3% to £81.0m for the year to July 2020 and operating profits down marginally to £0.7m, boosting average operating margin from 0.4% to 0.9%. After borrowing costs up 16% at £360,000 they report pre-tax profits up 12% at £580,000. Their tax charge was up 50% at £173,000. Shareholder funds were up 5% at £7.8m. They paid no dividends and directors' emoluments were unchanged at £369,000. Staff numbers were down from 151 to 145. No comment was made about the impact of Brexit on their business but they have already announced that they are preparing to source more of the milk in the Republic.

Andrew and Susie Howard's 30-year-old Bucks-based specialist ice cream maker **Beechdean Dairies** have reported sales virtually unchanged at £22.2m for the year to April 2020 but pre-tax profits of £543,000 were reversed into losses of £6,000. They said the Covid pandemic had seen an immediate 80% loss in sales to hospitality and leisure outlets in the last 2mths of the financial year. Staff numbers, including directors, were unchanged at 13. Equity was unchanged at £3.7m.

The Clapp family's Glastonbury, Somerset-based **R. L. Clapp & Sons** (Cheesemakers)—founded in 1958, who also trade as Brue Valley Farms—reported sales up marginally to £11.6m for the year to September 2020. Operating profits were up 6% to £471,000, maintaining their average operating margin at 4.1%, and pre-tax profits were up 31% at £375,000 after finance charges down 9% at £96,000. Dividends were unchanged at £133,000. Staff numbers were unchanged at 34. Of their total sales, 64% was accounted for by butter and cream and 32% by milk sales. Sales of Mozzarella cheese totalled £199,000.

UK milk prices**PRE-FLUSH PRICE INCREASES**

In an era of seemingly ever-increasing farmgate milk prices in the UK, and on the cusp of the UK's biggest milk production month of the year (May), **Müller UK** announced a 1ppl increase to their farmgate milk price for non-aligned suppliers, their first price change since November. This price is for farmers who meet the conditions for the Müller Advantage programme, requiring them to adhere to certain management initiatives and which last year introduced a 1ppl premium, paid annually in arrears, for those who comply. Müller said the increase reflected strong demand for liquid milk products, and lower spring milk volumes due to the colder weather.

Skelmersdale, Lancashire, doorstep delivery business turned processor **Yew Tree Dairy** have increased their milk price for their farmer suppliers by 2ppl for June, the biggest price increase announced so far. **Belton Cheese** are increasing their June milk price by 1.3p to 28.87ppl (for the DIN/AHDB standard litre) and **First Milk** are raising their June manufacturing price (now their single contract) by 0.5p to 29.04ppl, their second successive 0.5p monthly increase. **Barber's Cheesemakers** have increased their farmgate milk price for July by 1ppl, their third 1ppl increase since September, to 30.2ppl for the DIN/AHDB standard litre. **Meadow Foods** are increasing their farmgate milk price for June by 1.25ppl, taking their standard A litre milk price to 28.25ppl. Meadow Foods process about 550m litres of milk.

NESTLÉ TO CLOSE FAWDON

Nestlé announced plans last week to close their Fawdon confectionery factory in Newcastle. The factory will be closed by the end of 2023, putting 475 jobs at risk, with production moved to York and Halifax. A further 98 jobs are to go at the York factory, despite Nestlé's plans to invest £20m there.

UK milk prices**MARCH AVGE = 29.72ppl**

Defra announced a provisional average UK farmgate milk price for March of 29.72ppl, down 0.20ppl on February and 4.0% up on the same month last year. The average price in Jan-Mar was 29.79p, 3.8% up on 2020.

March milk volumes are estimated 2.2% lower than last year at 1,336m litres.

Müller move**MILK & MORE MOVE ONLINE UNDER FIRE**

Müller appear to be losing the PR battle over moving their Milk & More doorstep delivery business online from April 24. More elderly, vulnerable or disabled customers, many of whom have relied on the milk deliveries (formerly Dairy Crest) for decades and are unwilling or unable to use the website, are complaining of abandonment to local media. Milk & More say they are helping these customers, where possible, to find alternatives.

Queen's Award**ORGANIC DAIRY WIN**

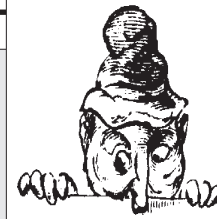
Tees Valley organic dairy farm Acorn Dairy, with 500 Dairy Shorthorn cows, has won a Queen's Award for Enterprise. Acorn Dairy, near Darlington, were praised for their efforts in sustainability, innovation and showing how businesses can remain profitable when switching to organic methods. Run by brother and sister Graham Tweddle and Caroline Bell, the business employs 32 people. It processes milk from six local farms and supplies retail customers including Morrisons and Waitrose as well as doorstep delivery to more than 4,000 people in the North East. The farm converted to organic status in 1998.

ORGANIC CHANGES

Profitability from organic dairy has dipped below conventional in the past few years, partly due to high feed costs, according to the Soil Association's new report 'Organic Farming and Growing: Does it Stack Up?' However, innovation is helping to address this. Organic milk production accounts for less than 4% of total UK milk production, but dairy products account for a quarter of the UK's organic market, according to the SA. The impact of the closure of foodservice has been more than compensated in the last year through the drive in sales through supermarkets, home delivery and direct sales, including the growth in milk vending machines, the association says. Public perception in plant-based diets is expected to lead to a "less but better" approach to milk and dairy products, offering a range of routes to market for farmers. Globally, the organic market for milk is valued at \$18bn, with an annual growth rate of 8%. UK organic dairy is a substantial net exporter, mainly to the EU.

All change at Fonterra—As trading reopened last Friday, reaction to Fonterra's restructure proposals was hardly positive, but months of consultation lie ahead. Concerned at forecasts of falling milk supply at Fonterra—either via defections or retirements or a general decline in milk production in NZ, now seen as likely—the board are proposing sweeping changes to the NZX-listed Fonterra Shareholders' Fund and ownership. This all dates back close to 20yrs when activist chairman Henry van der Heyden was stymied in his attempt—heavily disguised—to have the newly created Fonterra offer a limited number of shares to be listed on the NZ stock exchange. This created a bloody but heavily guarded conflict in the boardroom which inevitably produced a bastardised system erroneously tagged "Trading Among Farmers" when it actually allowed farmers to sell their shares to outside investors. Dairy co-ops around the world used to operate under a system whereby investment was funded by deductions from milk cheques and when a farmer died he left it to his son or got nothing. But as more and more dairy farmers learnt to read and write and, more importantly, to add up, they have demanded, and now generally get, a payout when they leave or die. Inevitably this leads to "redemption risks", the risk that a co-op runs out of resources to pay off exiting shareholders, which can lead to corporate takeover. Fonterra thought they had faced this clearly. But not so. They now face a clear redemption risk with the apparent only option of farmers losing control. This is not an easy circle to square, as shareholders are already discovering as they examine the options. Chairman Peter McBride says closing or capping the shareholders' fund would keep the balance of power in farmers' favour. It would also ensure the share price is more affordable for new members. At the moment, the shareholder fund holds only about 6.5% of the company's total shares, albeit without voting or ownership rights. But if this was allowed to increase, McBride says, "from our perspective that would put farmer ownership and control at risk—a slippery slope to corporatisation". Analysts say the cost for farmers to buy into Fonterra could fall by up to 25% if the new proposals get the go ahead. If farmers approve a buyback, Fonterra have the capacity to pay out unitholders to the tune of about NZ\$500m-\$600m. And is all this going to prove a more attractive proposition than paying off debt and improving the balance sheet?

Spilt milk—A new anti-food waste law in China will heavily fine individuals and organisations that encourage customers to buy more food than they need. Step forward China's Mengniu, who have been caught out running a promotion that led to milk being dumped. They issued a grovelling apology last week for the "negative impacts" of a marketing campaign run in partnership with a variety show 'Youth with You' which involved a QR code hidden inside milk caps that gave purchasers extra votes for their favourite contestants. The video, which went viral in late April, showed hundreds of boxes of milk being dumped into drains, implying that they had been purchased by viewers who wanted the extra votes. "We deplore the waste of milk and oppose all forms of food waste," Mengniu said. "We will deeply reflect on the case and earnestly fulfil our social responsibilities."

**I hear....**

Chobani—Chobani's Hamdi Ulukaya, who grew up in a nomadic, agriculture-reliant community in mountainous eastern Turkey, and has made a \$2bn fortune in the US in 15yrs, has made another bold move in the US. He says he was inspired to raise the standards on farms after a visit to his Idaho plant, which employs around 900 people. There,

he heard more about the plight of 'undocumented' workers, who are claimed to make up about 50% of the dairy workforce in the US. Many of these workers dread daily tasks, such as going to the supermarket, out of their fear of deportation. So, too, farm workers: "How do they get paid? What are the conditions they live in? What kind of safety measures do they have?" Ulukaya approached Fair Trade USA for help in implementing these standards in the farming community. Their Idaho farmers are now required to follow FT rules, whether workers are documented or undocumented. The certification scheme has been almost 2yrs in the making. Will this endear him to other dairy processors?

Will LTO die?—Many countries publish official farmgate milk price stats but none—as far as we know—publish figures comparing milk prices paid by different milk buying companies. Why not? Because the milk buying companies would object. People like us want info like this because we are nosy and know our readers want the data. Most importantly, dairy farmers want this information because they want to know if their buyer is paying a competitive price. Two of the earliest milk price league tables were published by farming journals in Denmark and NZ in the 1980s. By the end of the last century these two countries had virtual dairy company monopolies—MD Foods/Arla in Denmark and Fonterra in NZ. These near-monopolies were at least partly the result of the milk price comparisons: farmers insisted that their milk buyer pay a competitive milk price or they'd move their milk to someone who did, or the companies were forced to merge. There was no such competition in the UK while the milk boards existed: all dairy farmers were paid the same milk price. When the MMBs died in 1994, DIN established the UK's first milk price league tables; 10yrs later we handed this onerous task to DairyCo, now AHDB Dairy. In 1999 European Dairy Farmers (LTO) commissioned the Dutch dairy Board (ZuivelNL) to analyse milk prices paid (currently) by 17 major milk buying companies in 10 countries plus three international comparisons. The LTO announced last week that they are killing their milk price analysis, with Dutch compiler Willem Koops recuperating from open heart surgery; he says the work has taken him 2-3 days/month. ZuivelNL say they can no longer afford to pay the LTO the €25,000 cost of collecting the information. The Dutch government have outlawed obligatory producer levies but ZuivelNL currently collect €9m/year voluntarily from farmers to fund research and animal health activities. The LTO are keen to continue the milk price league table and they are looking for alternatives. Dairy farmer groups throughout the EU should be keenest of all to make sure this milk price survey survives; it will be difficult to revive if it is killed off now.

Medina—While the financial summary table in DIN last time was correct, we unintentionally over-egged Medina's operational losses in 2019—the correct figure was a loss of £8.7m.

IRELAND DAIRY PRODUCTION						
£m	2015	2016	2017	2018	2019	2020
Milk prod. (m lit)	6,395	6,654	7,263	7,585	7,986	8,293
Milk imports (m lit)	594	813	803	811	711	na
Total milk (m lit)	6,989	7,467	8,066	8,396	8,697	na
Liquid milk (m lit)	508	527	538	537	533	528
Cheese ('000t)	207	205	259	269	278	285
Butter ('000t)	188	199	224	238	251	263
SMP ('000t)	99	118	118	134	143	149

Source: CSO Ireland

MILK SUPPLIES UP BY 30% IN SIX YEARS

Irish milk supplies have grown rapidly, up by 30% between 2015 and 2020 following the abolition of quotas. This compares with a 5% increase in the EU as a whole over the same period. Although milk prices in Ireland are below other major producing member states, profit margins on farms are higher due to their reliance on grass, according to a recent study by the Cork Institute of Technology and Teagasc. However, processing costs are higher due to lower utilisation of processing capacity, contributing to price differences. The gap between the peak and trough months of milk supply has increased as milk supplies have grown.

MILK PROCESSING CHANGES

With liquid milk production little changed, milk product manufacture has grown rapidly with cheese production up by 38% between 2015 and 2020, butter +40% and SMP +50%, boosted by increased fat and protein content in milk supplies. Irish milk prices are largely determined by bulk commodity returns. Imports from Northern Ireland, accounting for 9% of total milk supplies in 2019, have also contributed. It is likely that the growth in milk production will slow, partly due to environmental restrictions, with the agriculture ministry targeting a 10% cut in methane from livestock by 2030 and aiming for climate neutrality by 2050.

EXPORTS TO UK DOWN TO 27% OF TOTAL VALUE

As Irish dairy consumption is virtually static, the increase in milk supplies has also resulted in a rapid rise in dairy exports. The value of Irish exports grew by over 70% between 2015 and 2019 to reach over €3bn, with a slight dip in 2020 as the pandemic affected trade. Probably around 85% of Irish milk production is exported. The UK has become less important in the past 5yrs, with the proportion of exports by value falling from 43% in 2015 to 27% in 2020 although the UK remains Ireland's biggest partner with trade valued at €791m. Northern Ireland, still in the Single Market, accounts for an estimated 15% of the value of exports to the UK. Exports to the Netherlands trebled over the same period to €514m, although much of this was re-exported. Direct exports outside the EU (excl. UK) more than doubled with exports to Asia worth €874m (China alone worth €117m), Africa €662m, the Middle East €339m and North America €468m, all growing rapidly over the past 5yrs with Africa the fastest growing region. Cheese and butter each accounted for 35% of the total value of Irish exports in 2020, and powder nearly 20%. Affected by the pandemic, with one third of cheese in the EU going to foodservice, Irish cheese exports dipped in 2020 after reaching a record 305,000t in 2019. Cheddar, at 223,000t, accounted for 80% of the total, with the UK taking 99,000t—a little below the 105,000t recorded in 2019. Overall the UK took nearly 50% of Irish cheese exports by volume. Exports outside the EU grew to 72,000t, including 15,000t

IRELAND DAIRY IMPORTS			
'000t	2015	2019	2020
Milk	532	699	645
Cream	5	6	7
SMP	48	40	26
WMP	3	17	12
Condensed	9	3	4
Yogurt	45	32	32
Fermented milks	13	42	36
Whey	41	40	39
Butter	10	12	20
Cheese	57	76	82

Source: Eurostat

to Japan. Germany imported 26,000t, up by 14,000t in 4yrs, with Cheddar reaching 19,000t. A total 7,600t of Mozzarella was exported. Imports were valued at only €0.8bn, with an estimated 45% of that coming from GB and about 35% from Northern Ireland. Trade with NI is substantial because of raw milk flows, with Lakeland and Glanbia manufacturing both sides of the border, and NI's Strathroy with substantial markets in the south. Nearly 30% of imports by value were liquid milk, and 34% cheese, mainly over the land border. Imports are mainly bulk milk but 59,000t of packaged was imported, amounting to over 10% of the Irish liquid milk market. Yogurt imports have been pretty stable at 32,000t. Cheese imports reached 82,000t in 2020, up by 50% in 5yrs.

IRELAND DAIRY EXPORTS			
'000t	2015	2019	2020
CHEESE	200	305	281
- EU	45	96	78
-- Germany	8	23	26
-- Neth.	11	39	22
- Non-EU (excl. UK)	40	69	72
- UK	115	139	131
Cheddar	114	226	223
- EU	26	60	59
-- Germany	5	19	19
-- Neth	8	20	19
- Non-EU (excl. UK)	33	60	65
- UK	86	105	99
Fresh	13	7	8
Processed	9	12	10
Other cheese	64	60	40
BUTTER	201	271	301
- EU	114	164	197
-- France	18	18	19
-- Germany	39	32	24
-- Neth.	34	85	111
- UK	31	56	47
- Non-EU (excl. UK)	22	52	57
MILK	112	68	84
CREAM	8	15	17
SMP	63	168	157
- EU	23	70	60
- Non-EU	39	98	97
WMP	33	57	74
- EU	10	26	29
- Non-EU	23	30	44
WHEY	60	114	119
- EU	19	36	36
-- Neth.	10	22	24
- UK	15	33	35
- Non-EU (excl. UK)	26	44	48
-- China	15	24	23

Source: Eurostat

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