



BARRY WILSON'S DAIRY INDUSTRY NEWSLETTER

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China/Netherlands

YILI + AUSNUTRIA?

Inner Mongolia Yili Industrial Group, China's biggest dairy producer, are looking at a potential takeover of Dutch infant formula maker Ausnutria Dairy, Bloomberg report. Yili have been talking to banks about financing a possible acquisition of Hong Kong-listed Ausnutria, valued at about HK\$13.8bn (US\$1.8bn), who have production facilities in the Netherlands. Other players are expected to show rival interest. In 2018, Citic became Ausnutria's biggest shareholder, with 22%.

NZ

SYNLAIT SLUMP INTO MAJOR LOSSES

NZ's Synlait Milk, a key supplier to a2 Milk Co, announced their first-ever losses in the year to July 2021, on revenues up 5% to NZ\$1,367m. EBITDA was down 78% to \$37.3m and they reported a post-tax loss of \$28.5m, following a profit of \$74m the previous year, blaming the impact of Covid, which hit them "hard and late". They took a big hit from a2's China woes—producing large volumes of infant formula base during the peak milk season to meet growing market expectations, only to have demand, including from 22% stakeholder a2 Milk, fall. Sales volumes of infant formula were down 36%, with revenue down 30% and gross profit per tonne down 60%. Synlait were forced to turn much more milk into lower-value dairy ingredients. While nutritional volume sales were down 45% to 34,400t, ingredient sales were up 29% to 125,900t and their B2C subsidiary Dairyworks, acquired in 2019, posted sales up from \$92m to \$229m. Synlait announced an average milk payment for 2020-21 of \$7.55/kg of milksolids, plus \$0.27 of incentives—the second highest they have ever paid. Their forecast milk price for 2021-22 is \$8.00/kg MS. During the year CEO Leon Clement and CFO Angela Dixon resigned (see p5). There are no further details of the 200 job cuts announced in November but Synlait say a recovery plan—including a big contract with an unnamed 'international player'—will see them return to profit. They are talking of a one-off gain of \$17m from a property sale in Auckland.

Australia

INVESTORS SUE a2

Investors who bought shares in The a2 Milk Company during the 9mths when they issued multiple earnings downgrades are suing the company in Australia. Shares in a2 Milk, who are listed in both Australia and NZ, plunged 62% between Aug '20 and May '21, and fell 5.3% to NZ\$6.45 on the news that Slater & Gordon had filed a class action lawsuit in Victoria. They closed at \$6.31 on Friday, down 48% since January. The lawsuit alleges that a2 Milk, whose daigou channel to China was severely disrupted by the pandemic amid Australia's souring relations with China, engaged in misleading or deceptive conduct in breach of the Corporations Act, and breached continuous disclosure rules in four downgrades in Sept '20 and May '21.

UK

NIJJARS STRUGGLE IN TURBULENT YEAR

Major London-based liquid milk supplier Nijjar Group Holdings (Freshways) battled a tough trading year in 2020 but report operating profit for 2020 up from £2.3m to £11.6m and pre-tax profit up from £1.0m to £10.5m for calendar year 2020. However these very large increases are almost solely attributable to property sales, listed at £15.9m, which hint at actual operating losses of £4.3m. Nijjar Group significantly strengthened the balance sheet and report retained earnings/shareholders funds up from £11.4m to £19.8m; current assets up from minus £10.6m to plus £10m. Banks loans/overdraft were down from £25.2m to £13.0m. Staff numbers were up from 548 to 564. Total dividends were down marginally at £147,000 and directors' salaries were up 57% at a combined £144,000 (*con't. on p6*).

- **ORGANIC PRICE CUT**—Omsco, the UK organic dairy co-op, announced a shock 2ppl farmgate price cut (see p6).

US

BIG EXPORT BOOST

With the US continuing their bumper exports, the NMPF report that Co-ops Working Together accepted 40 bids for export assistance from member co-ops in Sept to sell 1,043t of American-type cheeses, 2,495t of WMP, 257t of AMF and 404t of cream cheese—a total 4,200t of dairy products. The contracts took the CWT-assisted export totals for 2021 to date to 17,100t of American-type cheese, 5,760t of butter, 2,767t of AMF, 4,717t of cream cheese and 10,886t of WMP.

- **US dairy exports** in August were up 13% in volume, according to USDEC, with gains for all major product categories. The biggest increase was for NFDM/SMP (+15% to 78,900t). Cheese export were up 18%, whey +9.2% (WPC80+22%), WMP +27% and butterfats +150%.

Egypt

JUHAYNA FOUNDER IN SOLITARY

Egyptian authorities are holding the founder and former CEO of Juhayna, the country's largest dairy products and juices producer, and his son in solitary confinement, because of their refusal to "cede their assets". The arrests of Safwan Thabet in December, and of son Seifeldin 2mths later, shook the business, although it continues to operate. The authorities accuse the two men of belonging to and financing a terrorist group—commonly a reference to the outlawed Muslim Brotherhood, which the Thabet family deny.

DIN conference

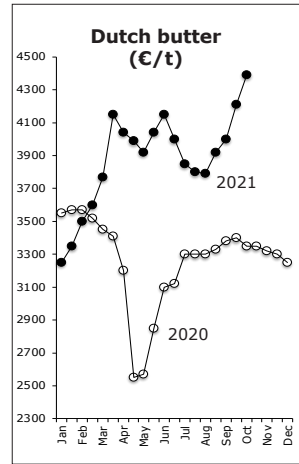
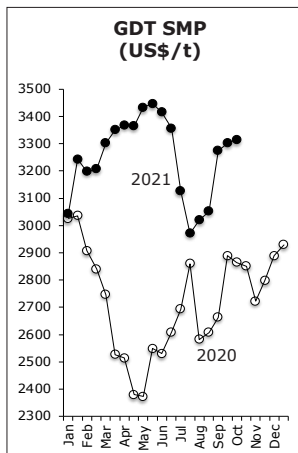
SAVE THE DATE—MAY 26-27, 2022

We have booked, with much more optimism this time, our next conference for May 26-27, 2022, in London, obviously a totally in-person event, with an all-star line-up of speakers and an abundance of pregnant issues to be discussed: details to follow. Contact: Carolyn Moore (carolyn@dairyindustrynewsletter.co.uk).

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EUROPEAN BUTTER/CHEESE PRICES GO MAD

Fireworks hit Europe's dairy markets last week. While the GDT auction went off like a damp squib—with the index static but with the overall average price dropping below \$4,000/t again—and while official butter quotations in Europe 'crept' up by an average of nearly €130 to €4,400/t, it was the real traded market which took off with the most spectacular week-on-week increases in butter and cream prices for at least 10yrs and possibly ever! Two weeks ago European butter was trading at €4,200/t, and a week ago prices were nearer €4,350/t. At the end of last week there were traders who wouldn't sell for €4,700/t, and top-end prices are being listed by traders at €5,000/t. These are the highest prices for nearly 4yrs when the market was still skewed by SMP intervention stocks. At current exchange rates €5,000/t converts to £4,250/t which looks a bit top-heavy as few



Weekly market prices @08.10.21

EU OBSERVATORY PRICES

(€/t)	Oct 6 v. Sep 22	2021 high	2021 low
Butter	+2.9%	4270	3350
WMP	+2.1%	3330	2710
SMP	+2.3%	2690	2190
Cheddar	+0.3%	3270	3080
Whey powd.	+1.0%	1010	780

US QUOTES, CHICAGO MERC.**

(\$/t)	Oct 8 v. Sep 24	2021 high	2021 low
Butter (AA)	-2.6%	4085	2835
SMP (grdA)	+5.3%	3155	2470
Cheddar			

—40lb blcks 3985 +4.8% 4215 3265
 —500lb bar. 3935 +11.9% 3960 3075
 **Conv. from US ¢/lb@1 tonne = 2,205lb

GDT

PRICES HEADING FOR 7-year HIGH

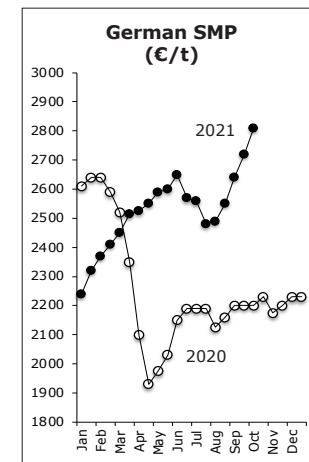
The GDT index was unchanged last week, after a slight increase at the previous auction, but all product indices apart from WMP still made some small gains. This may prove a tipping point, but market sentiment shows little sign of any real pessimism. The price index is now up 5% since early August after the 10% dive between March and the end of July. It is still on course to achieve the best average annual prices since the 2013-2014 boom years when the index averaged around 1400, close to 15% higher than now.

GDT ANNUAL AVERAGE PRICES

US\$/t	WMP	SMP	Butter	AMF	Cheese
2015	2420	2120	3,040	3330	2960
2016	2460	2010	3,260	3920	3030
2017	3500	2060	5,225	6300	3830
2018	2990	1950	4,830	5740	3610
2019	3120	2570	4,480	5420	3860
2020	2980	2720	3,830	4180	3910
'21 (oct)	3824	3252	4,979	5722	4228

if any UK traders are quoting above £4,000/t but they are certainly talking about £3,850 to £3,900/t—not least because the cream price of £1.85-£1.90/kg values butter in that order. Indeed there's talk that the Irish are saying their selling price is no less than £4,250/t. Cream prices on the Continent are at €6,300-€6,500/t, equivalent to £2.15-£2.20/kg in UK terminology.

It's not only the fat market that is sizzling, two weeks ago the Cheddar market moved from its long-held £3,000/t



base line to £3,050/t. The upward momentum from both the fat market and curd sent it even higher to £3,150/t last week. And still that price isn't attractive to some sellers, as curd is now up to €4,000/t, or £3,400/t. Sellers also know that Q1 next year will see a pretty desperate stock situation on the back of the low milk volumes being produced now, and because UK Cheddar imports are still down. Sellers also

EU market indicators

DUTCH BUTTER UP

The Dutch Dairy Board / ZuivelNL's official butter price jumped €110 last week to €4,390/t, the highest since Jan 2019. WMP was increased by €60 to €3,400/t, SMP (food) was up €30 to €2,740/t and SMP (feed) up €50 to €2,690/t. Whey powder was left unchanged at €980/t.

The German-based IFE institute's estimated average EU raw milk value was up 0.9c last week to 39.6c/kg at the farmgate level—the highest in 2021, and 32% higher than the same time last year—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 up €128 at €4,405/t and the SMP average was up €40 to €2,747/t.

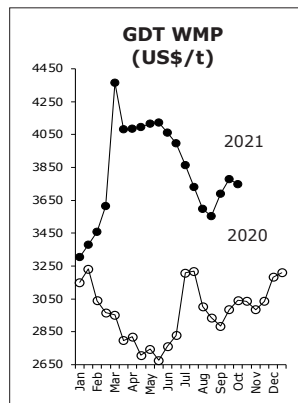
EEX—September's dairy derivatives contracts were up 29% to 2,293 lots. EEX butter futures contracts were up 25% and SMP up 24%.

Italian spot milk prices have moved over 40c/kg again, to average 41c/kg last week, 5c above the average EU farmgate milk price and about 20% higher than the same time last year.

GDT auction

GDT INDEX LEVELS OUT

The overall price index at last week's GDT auction for Fonterra was unchanged from last time, with the index up 20% since January, on an average sale price of US\$3,977/t. The WMP index was down 0.4% with an average price of US\$3,749/t, following increases at the last two events. Indices for all other product groups were up—SMP was up 0.5% with an average price of \$3,315/t; AMF was up 0.4% at \$5,984/t; butter was up 0.4% at \$4,878; Cheddar up 0.7% at \$4,297; and lactose up 0.4% at \$1,188/t. The BMP index was up 9.7% from a month ago at \$3,688/t. A total 28,667t of product was sold, 17% more than last time and 18% less than a year earlier. There were 126 winning bidders, the second highest number so far this year.

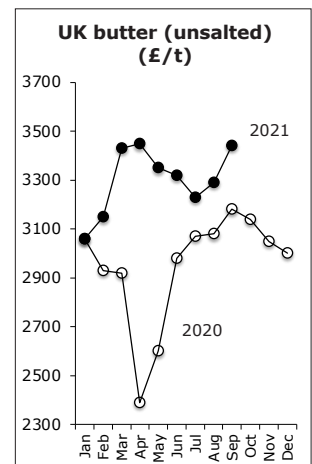


LATEST GDT RESULTS

	\$/tonne	Change in 2021
WMP	3,749	+16.7%
SMP	3,315	+13.1%
Butter	4,878	+15.5%
AMF	5,984	+37.2%
Cheddar	4,297	+10.3%
Lactose	1,188	+16.0%
Index	1,229	+20.0%

know that production costs could currently be up by £100/t. On the Continent, Edam and Gouda are also flying high at up to €4,000/t after a €200/t surge last week. Mozzarella remains the laggard at €3,300/t and £2,850/t in the UK. There will be significant upward pressure on this sector, however, as other more profitable outlets will quickly grab limited volumes of milk. If fat and cheese have been the firecrackers this week milk powders have been the hand-held sparklers: WMP and SMP were both up but only by €50/t or so to €3,400/t (€2,800 to €2,850/t). Whey didn't move at all and remains on the border of €1,000/t.

UK spot milk prices are all over the place on the back of very limited availability. Quoted prices vary from 34p-36ppl, to prices well into the 40p zone with volumes traded small. Some buyers have been desperate for an extra load with sellers able to name their prices.



US**LEPRINO TO BUILD MAJOR PLANT IN TEXAS**

Leprino Foods and the Lubbock Economic Development Alliance (LEDA) are planning to build a new 850,000 sq ft Mozzarella cheese and nutrition manufacturing facility in East Lubbock County, Texas, to process about 8m lb of milk per day into Mozzarella and nutrition products—about 130,000t of cheese pa. The finished products will be distributed throughout the US and exported. Leprino will enjoy tax breaks for 10yrs. Construction is expected to begin in summer 2022 and commercial operations in January 2025.

US**CHOBANI REPEL NUTRITION ATTACK**

Greek yogurt giant Chobani have urged an Illinois federal judge to throw out an Illinois consumer's proposed class action accusing the company of falsely implying one of its yogurts provides "complete nutrition". Chobani argue that she has no claim because each statement she's challenged "is literally true".

- GrubMarket, a San Francisco-based food technology company, have acquired SGS, a produce and dairy provider in Los Angeles, set up in 1907 and run by five generations of the same family.

CONSUMPTION STILL GROWING

Since USDA began tracking dairy consumption in 1975, per capita consumption has grown 22% to 655lb (almost 300kg) in 2020, up 3lb (1.4kg) from 2019. Ice cream consumption was up 4%, yogurt +3% and butter +2% last year.

- USDA announced a new \$10m grant to bolster research into algae-based feed supplements that could increase environmental sustainability in dairy herds while improving milk production. The 5-year grant will support a research team at Bigelow Lab for Ocean Sciences and Colby College.

US/India**DAIRY.COM ACQUIRE MR MILKMAN**

US-based dairy technology, services and intelligence provider Dairy.com have acquired Mr Milkman, India's leading last-mile dairy supply chain SaaS platform. The two companies will use their combined technologies, development resources and expertise to provide dairy supply chain solutions in India and abroad.

INDIA—Private dairies are procuring more milk than co-ops in eight of the 12 top milk-producing states in India that account for 88% of milk production, according to a study commissioned by Hatsun Agro. It claims Gujarat, Bihar, Karnataka, Maharashtra and Uttar Pradesh are among them.

US/China**MENGNU+COCA-COLA JV LAUNCH FAIRLIFE**

KeNiuLe Dairy, a joint venture between Coca-Cola and China Mengniu Dairy established in 2020, have launched Fairlife in China, the JV's first brand in China's chilled milk market. KeNiuLe have built a modern dairy plant in Bengbu, Anhui province.

Brazil**BETANIA + EMBARE TO MERGE?**

Two Brazilian dairy producers, Betania and Embare, are in talks for a potential merger that would create the country's second largest dairy producer, Brazilian newspaper Valor Economico reports. US private equity fund Arlon Group, who invest capital for Continental Grain in Latin American companies, are negotiating the merger. Arlon have owned a 20% stake in Betania since 2017.

Egypt**ARAB DAIRY SEEKING MORE FUNDS**

Arab Dairy (Panda) are seeking to raise the company's issued and paid-up capital to 290m Egyptian pounds (US\$18.5m). The EGP130m (\$8.3m) increase will be distributed over 130m shares at a nominal value of EGP1 per share.

NZ**ANALYSTS BULLISH WITH MILK PRICE FORECASTS**

ANZ have raised their forecast for Fonterra's farmgate milk price this season by 50c to NZ\$8.20/kg of milksolids as dairy commodity prices push higher. "Often prices weaken at this time of the season, but this season prices have instead firmed," the bank's agricultural economist Susan Kilsby said. "While we don't see further upside in these prices in the immediate term, they are now at a level that delivers a healthy return back to our farmers." However she said global dairy demand was fragile as Asian economies suffered from the pandemic and concerns over an impending slowdown in China's property development sector. Most analysts are now forecasting payments above \$8/kg, with Westpac up to \$8.50, ABS at \$8.20 and BNZ \$8.30 as tight global milk supplies are supporting the market. However Rabobank last month lowered their forecast to \$7.80/kg MS, citing high stock levels in China.

- After posting strong gains in July, Fonterra's August deliveries in NZ were down 4.2% after cold, wet weather, compared with last year's warmest winter on record. Cumulative deliveries for the first 3mths of the 2021-22 season were down 2.8%. Their July deliveries in Australia were down 3.9%, with August expected to be even lower.

- Fonterra's NZ dairy exports were down 12.9% in August, with lower shipments of WMP and cheese to China. Exports from Australia were up 51% in July with high volumes of fluid milk products as well as SMP and cheese to China, and higher demand for SMP from Kuwait and cheese from Japan.

Canada/US**AGROPUR TO EXPAND IN US MIDWEST**

Canadian dairy co-op Agropur have announced they will invest C\$168m to expand their cheese facility in Little Chute, Wis. It will be Agropur's second largest investment in the US after expansion of the Lake Norden facility in 2018. The 210,000 sq ft expansion is expected to increase milk processing volume from 300m lb to 750m lb (about 330m litres) pa and expand production of cheese and ingredients. A new waste-water treatment facility will generate energy. The expanded plant is expected to be operational by early 2023, creating up to 54 new jobs. State authorities have awarded Agropur, who own the local Simons Cheese brand through their purchase of Trega Foods in 2008, a total \$4.5m in business tax credits for the expansion.

France/US**NEW PLANT-BASED LINES FOR DANONE**

Danone North America are preparing to debut two plant-based milk lines branded 'Silk Nextmilk' and 'So Delicious Wondermilk' comprising an oat, soy and coconut-based milk blend, in January. The blended approach "allows Danone to achieve a plant-based milk that mimics the texture and all the flavour profiles of dairy milk", according to the company.

MATAURA RAMP UP AMBITIONS

Mataura Valley Milk say they are looking to increase their 100-strong workforce substantially over the next 2yrs, and called for workers to move south to Southland. The a2 Milk Company acquired a 75% stake in the company 2mths ago, sparking an ambitious development plan which includes a laboratory for their new purpose-built plant, and new products to add to their premium milk powder, infant formula and bespoke nutritional powders.

Australia**ACCC GET TOUGH OVER CODE**

Australia's Dairy Farmers Milk Co-op have paid a penalty of A\$11,100 for infringing the mandatory dairy code of conduct. They admitted being an hour late in publishing details of their milk contract terms and prices for the new season by the required time on June 1, and were fined by the Australian Competition and Consumer Commission.

- **No cash for a fight**—Queensland dairy farmers say they have been "bullied" by processors into dropping plans for 'Fair Go' label milk. Processors appealed an ACCC ruling that approved the labelling in March, and the farmers say they can't afford to fight a new case. The logo, set to be launched this year, was designed with the state government to help consumers identify processors and brands paying farmers a sustainable price for milk.

China/Pakistan**BUFFALO MILK FOR PAKISTAN**

Royal Group of China plan to establish a buffalo milk production enterprise in Pakistan. They say they will establish six laboratories in different cities for the production of buffalo embryos via IVF, and a bull semen production unit. A farm will be set up to produce the milk, which will be processed into powdered milk and Mozzarella.

Netherlands

F/C LOSE 270m kg OF MILK

A wave of member resignations is increasing FrieslandCampina's problems with overcapacity at plants. From January 2022 the co-op will lose 270m kg of milk as 239 members leave (see I HEAR p7).

Germany

DMK TO CUT FUDE+SERRAHN SHAREHOLDINGS

DMK Group intend to reduce their majority (51%) shareholdings, held by DMK Deutsches Milchkontor, in two units of Fude+Serrahn. F+S Vermögensverwaltungsgesellschaft will take over around 41%, increasing their shareholding to around 90%. DMK will retain around 10%. A contract to this effect was signed by both parties on Sept 30, with the transaction expected to close in the first quarter of 2022, subject to official approvals. Fude+Serrahn, based in Hamburg, have been operating as a dairy production and trading company at several locations since 2001. The terms of the deals have not been disclosed.

MÜLLER START NEW HQ BUILDING AT ARETSREID

Molkerei A. Müller, part of Unternehmensgruppe Theo Müller, have started building a new administrative centre at the Aretsreid plant in Germany. The new building will be energy-saving and offer 300 work-places, equipped with a continuous heating and a cooling ceiling system that will provide a consistent working climate.

ALMIL TO CLOSE BÜTZOW

Almil, a subsidiary of Hochwald, are to close their drying plant in Bützow, east Germany. About 70 jobs are affected. The plan surfaced in a Twitter message.

ICE CREAM SOLD

As a strategic expansion of their product range, WS Warmsener Spezialitäten, part of the Uelzena Group, are investing in the production of liquid mixes for soft ice cream and milkshakes. They will take over the production facilities and registered trademark 'Paradise' from Elsdorfer Molkerei & Feinkost, a subsidiary of private dairy Bauer, and move the production technology from Elsdorfer to Warmsen at the end of this year.

France

LACTALIS DOWNGRADE ORGANIC MILK

Lactalis Group's organic milk supply has increased by 12% in the past year, however demand is not keeping pace. Sales of organic milk have fallen by 2% in the same period, forcing the group to stop further conversion of farms or accepting new suppliers. Lactalis said: "We have decided to stop accepting new organic farms because we fear that we will not be able to sell their milk." One in five litres is being diverted into the conventional sector, although Lactalis continue to pay their suppliers the organic premium.

SODIAAL BUTTER BRAND LAUNCHED

Sodiaal, France's leading dairy co-op, are launching a new butter brand, Nature de Breton, in mild and semi-salted variants as part of a new focus on products under their own Candia brand. Private label currently accounts for a third of their turnover. The butter is produced in Quimper, Brittany, from Breton cream on a Benhil machine that has a distinctive way of folding the packaging, using 96% recyclable paper. Sodiaal say they hope to achieve a 1% national market share—around 2,000t—with it, and plan to launch other products under the Candia brand from 2022.

- Sodiaal's Les Laitiers Responsables label, launched in 2019, will support young farmers with a liquid milk range available from November. For every litre of 'Candia helps young farmers' milk sold, 5c will help finance projects undertaken as part of a farm succession plan.

Italy

MILK ORIGIN DISCLOSURES ENFORCED

Italy has published a new regulation requiring milk processors to declare the origin of raw materials. Milk processors must inform the ministry of agriculture by the 20th of each month of the exact origin of all the milk and semi-processed products such as cream they have collected and processed from the previous month, with relevant dates.

- A national round table organised by the Italian ministry of agriculture has agreed to set up a body to monitor increases in milk production costs. Farmers' association Copagri say farmers' costs have risen by 2.4c/litre so far this year—equivalent to a loss of €250m in milk money. Coldiretti have long been calling for an increase in the minimum price for milk ex-farm, while Confagricoltura are seeking to cut VAT and promote innovation and research for new products. On the other side of the table, processors are calling for regulatory simplification that would allow producers and processors to make significant savings, and suspension of the plastics and sugar taxes that will come into force in January and are expected to have a negative impact on market prices. Assolatte have warned that dairies will have to bear the cost increase in energy (+18.4%), plastics (+61.4%), wood (+62%), cardboard (+22.1%) and freight for export (+214%).

Netherlands

FARMELE BUY VECO ZUIVEL

Dutch dairy company Farmel, based in Emmeloord, are taking over a majority stake in Veco Zuivel in Zeewolde. This will extend the existing co-operation between the two companies. The acquisition of a majority shareholding is subject to approval by the authorities. Farmel have been active as a purchaser of milk for over 15yrs and are supplied by more than 250 farms, mainly in the Netherlands and Belgium, but have no processing facility of their own. Veco Zuivel process milk into a wide range of dairy products which are mainly sold to supermarkets in the Netherlands, requiring consistent high-quality milk supplies.

Germany/UK

SAPUTO & HOCHLAND IN SALES DEAL

Saputo Dairy UK (formerly Dairy Crest) and Hochland Deutschland have agreed on a long-term, exclusive partnership for Cathedral City, the UK's no. 1 Cheddar brand, in Germany and Austria. Hochland will take over responsibility for the brand in the German and Austrian markets from January 2022 and will expand distribution nationally in both countries as well as further developing the brand.

Netherlands

F/C UP TO 39.5c/kg

FrieslandCampina have increased their guaranteed farmgate milk price for supplying members in October by 1.5c to 39.5c/kg (excl. VAT) for milk with 3.57% protein and 4.42% butterfat and annual delivery of 850,000kg. The price includes a correction of +0.50c/kg due to reference milk prices being higher than forecast in recent months. Constituent values for October are: protein 63.372c/kg, butterfat 31.686c/kg and lactose 6.337c/kg. F/C's organic milk price for October has been increased by 0.25c to 50.50c/kg. The average price for the year to date is down 6.8% at 43.9c/kg. Both prices have been cut once this year.

F/C's average milk price for the year to date is 36.9c/kg, up 7.2% from Jan-Oct 2020. This puts them 4.5% above Arla's average for their standard manufacturing litre of 35.3c/kg so far this year.

F/C & ARLA MILK PRICES

c/kg	F/C	Arla
Jan 2021	34.25	32.85
Feb	35.00	32.85
Mar	35.25	33.35
Apr	36.00	34.85
May	37.50	36.35
June	38.00	36.85
July	37.50	36.85
Aug	37.75	36.85
Sept	38.00	35.85
Oct	39.50	36.35
Avge	36.9	35.3

Brussels update

EU MILK PRICE AVGE UP 10% FROM LAST YEAR

At 36.4c/litre, the average August farmgate milk price in the EU was up 1.1% from July and 10% higher than in August 2020, according to the European Commission. The average milk price has increased every month since January; this was the biggest increase so far. The Sept average is estimated as up 1% to 36.8c/kg. Milk prices in August were higher than or unchanged from July in all member states, and all were higher than in 2020, including Belgium (+21%), Ireland (+16%), Germany (+14%), Netherlands (+12%).

—The highest organic milk prices in August were in the Netherlands (50.3c/kg), Germany (49.1c/kg) and France (47.3 c/kg).

Denmark/Netherlands

ARLA EXPAND

Arla Foods are looking for new milk producers to meet expected growth in the Netherlands, especially for pasture milk.



Grant Watson

NZ—Synlait Milk announced the appointment of **Grant Watson** as their next CEO, succeeding **John Penno**. Watson is currently CEO of Miraka Dairy and previously spent 10yrs at Fonterra. **Robert Stowell** has been appointed CFO after 5mths in the role on an interim basis. Penno will be appointed chairman of the board when **Graeme Milne** retires at the end of the year (requiring a temporary amendment to the company's constitution for the chair to be an independent director). Milne will be retained for 1yr as board advisor. **Paul McGilvary**, whose previous roles include CEO at Tatura Dairy and managing director of Fonterra (Europe), will be appointed as an independent director in 2022.



Germany—Zott have appointed **Frank Uszko**, who joined from Müller in 2019, as their new CEO. Company owner **Christine Weber** will chair the board of directors. **René Roth**, also ex-Müller, replaces Uszko as executive director of sales & marketing.

US—**Gary Kaneb** has become CEO of independent dairy company HP Hood, after his father, **John Kaneb**, died last month at the age of 86. HP Hood and their 3,400 employees have been celebrating the 175th anniversary of the company. The business, founded 175yrs ago, generated \$2.7bn in revenue last year—a fivefold increase since the Kanebs acquired it in 1995, and has increased from six to 13 plants.

US—Dairy Management, the dairy checkoff programme, has announced **Tom Gallagher** will step down after 30yrs as CEO. **Barbara O'Brien**, president of DMI and CEO of the Innovation Center for US Dairy, has been named as his successor.

Germany—**Matthias Rensch**, 50, COO of the DMK Business Unit Brand, where he has worked since 2013, in particular developing the Milram brand, is leaving the company at the end of March 2022. **Carsten Habermann**, 44, will succeed him. Habermann has held various positions at DMK Group since 1998, currently as sales director of Brand Retail.

Germany—7mths after joining private dairy Ehrmann as CEO of sales and marketing (Germany/Austria/Switz), **Christian Oppitz**, 51, has left the company. Sales director **Thomas Henneberger**, 45, and group CEO sales, **Jürgen Taubert**, are sharing his responsibilities.

Germany—**Juklia Demmer** has taken over as sales director for Germany, Austria and Switzerland at FrieslandCampina. She follows **Guido Köhne** who was named MD of F/C Germany/Austria/Switzerland as of Sept 1. The new director, customer supply chain, for the region will be **Roy van Loon**, effective Nov 1, replacing Demmer.

Netherlands—Publishers Misset have appointed **Marc Klumper**, 55, as international division publisher, including Dairy Global.

UK—**Neil Kennedy** and **Alastair Jackson** have stepped down as directors of Ornuu UK. Jackson, previously managing director of Adams Butter before the business was acquired by Ornuu, had been a director since May 2017 and Kennedy since June 2015.

UK—Dorset farmer **Sophie Gregory** was announced the winner of this year's Dairy Woman of the Year Award, sponsored by HSBC UK, at the Women in Dairy Virtual Conference. **Mark Larwood**, who farms in Norfolk, is the 2021 Farmers Weekly Dairy Farmer of the year.

UK—Banbridge dairy farmer, **Norman Thompson**, has been elected chair of the Dairy Council for Northern Ireland, and **Dermot Farrell**, general manager of Lakeland Dairies' food service division, has been elected vice chair. Both positions are for 2yrs.

EU

GREEN TARGET IMPACT

EU green targets may lead to a drop in milk production of up to 12%, depending on region, and an increase in milk prices of up to 36%, according to Prof. Roel Jongeneel of Wageningen University. The EU's key challenge will not be environmental sustainability, he told the European Dairy Association annual meeting, but the effect of the EU's green policy on cow numbers. Analysing probable consequences of the Green Deal for the EU dairy industry, he said some 15 'hot spots', where dairy is concentrated, could be seriously affected.

Europe

GREEK YOG HOPES

The European market for Greek/Greek-style yogurt is estimated to increase at a rate of 8% pa over the next 2yrs, according to Mordor Intelligence. Euromonitor data sees sales of fermented dairy products reaching €3bn in 2023.

Qatar/Ukraine

BALADNA IN UKRAINE

Baladna, Qatar's biggest agribusiness are planning to develop a 10,000-cow dairy farm in Ukraine. The move follows a similar deal with a state-owned company in Malaysia, where Baladna also plan to build a 10,000-strong herd and produce 100m litres of milk a year. They have 20,000+ cattle in Qatar, where they control 86% of the market for fresh milk. Further local expansion for Baladna is limited by Qatar's small population of 2.6m people.

Ireland

FIRE DESTROYS GLENISK YOGURT FACTORY

Milk production resumed at the Glenisk goats milk processing plant in Killeigh last week in a section of the factory that was somehow left untouched by a massive fire that gutted the premises only five days earlier. The milk processing unit was the only section of the manufacturing plant that remained unscathed, and once electricity and water was restored, production was able to resume. There have been no job losses, no layoffs, and no redundancies, according to the company. Glenisk are continuing to collect milk from all 50 organic dairy farmers that supply them. They hope to rebuild the plant. Established in 1987 by Jack Cleary, and now run by Vincent Cleary, the company has the no.1 position in the yogurt market in Ireland with a 19% share.

Ireland

ORNUA PPI UP 3.1%

The Ornuu Purchase Price Index for September was 121.8, which converts to 36.6c/litre, incl. VAT, based on their product purchase mix, assuming member co-ops' processing costs of 7c/litre and excluding member margin. This was 3.1% up on the month and 18.5% higher than September last year. In addition, the Ornuu Value Payment payable to member co-ops for June is €9.66m, 7.4% of gross purchases in the month.

FARMER EXPANSION PLANS

More than half (55%) of farmers surveyed at the recent Teagasc Moorepark open days intend to increase cow numbers by up to 20% over the next 5yrs, with 22% planning to increase cow numbers by more than 30%. Two-thirds expect they will need to build additional slurry and dirty water storage as a result of proposed changes to the Nitrates Directive; 80% said that under current rules they had enough storage and do not have to spread slurry during the closed period.

KERRY DIVE AS JULY BONUS DISAPPEARS—AS LEAGUE TABLES DIFFER

Kerry have dived in the IFJ milk price league table from top in July (paying 34.24c/litre) to second from bottom in August (at 33.24c) with the ending of the July bonus. Lakeland, second in July (34.1c), go top in August (34.56c). North Cork stay close to the top as do Dairygold. Boherbue stay bottom. Irish farmgate milk prices for August expose major discrepancies between the IFJ league table and the Agriland milk price tracker, although both compare prices paid for milk with 3.6% butterfat and 3.3% protein (see right). According to the Irish Creamery Milk Suppliers Association, who compile Agriland's tracker, their prices include VAT as, they say, most Irish farmers are not VAT registered so that is the price they get. Also, in some cases, IFJ will include the SCC or similar bonus. IMSCA publish two prices, one with all bonuses, the second (shown right) with none.

AUG MILK PRICES		AUG MILK PRICES	
	c/litre	IFJ	c/litre
Agriland	36.50	Lakeland	34.56
Lakeland	36.09	Arrabawn	34.37
Arrabawn	35.83	North Cork	34.21
Tipperary	35.77	Dairygold	34.18
Drinagh	35.75	Tipperary	33.95
Boherbue	35.67	Drinagh	33.87
Aurivo	35.61	Glanbia	33.80
Lisavaird	35.56	Centenary	33.77
Dairygold	35.52	Lisavaird	33.72
Bandon	35.52	Aurivo	33.65
Barryroe	35.18	Bandon	33.63
Glanbia	35.13	Barryroe	33.63
North Cork	35.00	Kerry	33.24
Kerry	33.47	Boherbue	32.78
Centenary			

Company reports**DAIRY PARTNERS HIT BY BREXIT/COVID**

Glos-based **Dairy Partners**—who now operate cheese shredding at Stonehouse, Glos, and Mozzarella cheesemaking at Newcastle Emlyn in south Wales—have reported total turnover down 6% at £83.2m for calendar year 2020 with operating profits down 29% at £2.4m, cutting average operating margin to 2.8%; pre-tax profits were down 35% at £2.0m. The company say they were hard hit by a combination of Brexit and Covid, with sales volumes down by 20%. Finance costs were up by 50% at £330,000. They say the big loss of turnover occurred in their second quarter which was followed by some recovery but this was not sustained as the lockdown returned. Exports continued as a major part of their business, amounting again to 23% of sales. Staff numbers were up from 160 to 167. No interim dividend was paid compared with a final dividend of £1.2m in 2019.

Volac International have reported turnover for calendar 2020 down 9% at £236.2m and operating profits down 7% at £7.6m. But at the end of 2020 they exited their joint venture with Dutch cheesemaker DOC and German dairy company DMK and their continuing operations recorded operating profits of £9.9m on sales of £193.9m in 2020, an operating margin of 5.1%. The company reported strong growth in milk replacers and lactose output at Felinfach where their new drier was fully commissioned. They also increased the scale and term of their banking facility. The disposal of their Dutch operations also resulted in staff numbers being cut from 442 to 368. Directors were paid £1.28m and the highest paid director was paid £506,000 (up 25%).

NIJJARS (cont. from p1)

All ongoing and completed mergers and acquisitions that have been finalised will give Nijjars total liquid sales of about 450m litres, making them the third biggest liquid milk supplier in the UK; their off-farm milk supply base is about 250m litres. The business was seriously affected by Covid but they say the lockdown gave them an opportunity to review their cost base to save £1m. They say they have now established a new management team "with a wealth of experience" to guide them through "these difficult times".

Company news**OFFENCES AT DAVIDSTOW**

Saputo pleaded guilty at Plymouth Magistrates Court last week to 27 offences for breaches of the Environmental Permit at their Davidstow Creamery dating from 2016, when the site was still owned by Dairy Crest. The offences arose after DC commissioned processes new to the UK—their galacto-oligosaccharide venture—subsequently polluting the River Inny and creating "unacceptable levels of odour".

Company report**ARLA PROSPER ON BRANDED SALES GROWTH**

Remarkably in view of the Covid pandemic, **Arla Foods**, Arla's UK subsidiary, have reported results for calendar year 2020 almost identical and even marginally better than 2019. Turnover was up 0.4% at £2,479m—29% higher than the UK's no.2 dairy company, Müller. Arla's operating profit was up 16% at £52.3m, an operating margin up from 1.8% to 2.1%—more than double Müller's 0.9%. Pre-tax profits were up 22% at £46.9m. Arla report that sales of branded products surged during the pandemic in 2020, up as a category by 13.1% in terms of Volume Driven Revenue Growth (VDRG), which they define as net revenue growth derived from volume changes at constant prices. Of their brands, top-ranked were: Starbucks (VDRG at 31.9%), Cravendale (23%), Lurpak (14.9%) and Anchor (8.9%). Strong growth was also recorded by new brands Arla BOB (16.5%), Yeo Valley (30%) and Lactofree (10.5%). Other brands reduced or ceased sales: Arla Big Milk (-5.1%), Skyr (-12.9%), Arla Pro (-6.1%) and Organic (-36.4%). They say Private Label and Industry Sales continue to be highly competitive. Arla report that their commodity trading was down to 11% of total sales—compared with 14% in 2019 driven by reduced availability and the surge in demand for branded products. They say this trading is usually done at low or loss-making margins. Their investment income was down from £9.0m to £3.5m offset by lower finance costs, down from £15.5m to £10.9m (see I HEAR p7).

COUNTY MILK CASH IN ON BRAEFORGE

The Langslow family's Wilmslow-based dairy trading and milk brokering operation **County Milk Products** have reported sales down 6% at £246.0m for calendar year 2020—making them the 10th biggest dairy company operating in the UK—and operating profits of £844,000 reversed losses of £724,000 the year before—an average operating margin of 0.34%. The 2019 loss was mainly down to a write-down of £740,000 of their shareholding in Braeforge/Pensworth. The sale was completed in February 2020 and the proceeds were declared along with a gain on disposal of £1.15m. Shareholders funds were up 14% at £13.4m. Staff numbers were up from 107 to 108, with average wages at £36,800. Remuneration for the highest paid director was up from £119,000 to £164,000.

Wolverhampton-based liquid milk business **Johal Dairies** report sales up 3.6% to £34.3m for the year to September 2020 and operating profits were up 36% to £2.1m, raising their overall operating margin from 4.6% to 6.0%. Pre-tax profits were also up 37% at £2.0m. Staff numbers during the year were up from 38 to 39.

Specialist yogurt producer **Rachel's Dairy**, based in west Wales—a wholly-owned subsidiary of Lactalis Nestlé Chilled Dairy since 2012—have reported sales for calendar year 2020 down 11.5% at £24.2m and operating and pre-tax profits were up 70% at £2.5m, lifting operating margin from 7% to 10.7%. Again no dividend was paid.

Milk prices**OMSCO'S 2ppl PRICE CUT**

Omsco, the UK organic dairy co-op, have announced a shock 2ppl price cut for their 200 members for October in a letter that referred to challenges "that are driving seismic change", leaving them potentially with insufficient funds to cover short-term cost inflation (see I HEAR, facing page).

Müller are increasing their farmgate milk price for November by 1.0p to 30.0ppl, according to Müller (29.27ppl (for the DIN/AHDB Dairy standard litre), payable to the 600-odd Müller suppliers who are not on supermarket contracts, subject to compliance with the Müller Advantage scheme to which 99% of members have committed. **Medina Dairy** are increasing their Watsons farmgate milk price by 1.7ppl for Oct, taking their liquid standard litre price to 29.8ppl; their price has increased by a net 3.4ppl this year. **Barber's** were the first UK cheesemaker to announce an increase to their November milk price, of 1ppl, their fourth 1ppl increase since September 2020, to 31.2ppl for the DIN/AHDB standard litre.

UK markets**WHOLESALE MARKETS SOAR**

AHDB Dairy have reported bulk cream up 6% at £1,656/t in September based on agreed spot trades and volumes traded. Butter was up 4.6% to £3,440/t, SMP was up 4.7% at £2,230/t and the mild Cheddar was up 2.3% at £3,070/t. AMPE was up 5.5% to 33.85ppl, and MCVE was up 2.9% to 34.43ppl. Cream income for a liquid processor was up 6.1% to 9.56ppl, up 47% in 9mths.

AHDB**MISSING OUT ON MILK CONSTITUENTS**

Milk delivered below buyer specifications for butterfat and protein could be costing dairy farmers as much as 0.44ppl, according to AHDB. Last season, over 40% of the milk destined for the liquid market was delivered with a b/f level less than the 4% base level, and around 55% of the milk delivered for manufacturing fell below the target level of 4.2%. Farmers supplying the liquid milk sector do not achieve any benefit from producing additional protein, and could incur costs—yet over 40% of the milk delivered to liquid markets exceeded the typical 3.3% base.

Wales**NEW £12.5m BOTTLING PLANT FOR WEST WALES**

Pembrokeshire Creamery, a new business backed by Puffin Produce, have started construction of a 3,000 sq m liquid milk bottling centre in Haverfordwest, Pembrokeshire, West Wales, to bottle Welsh milk for Welsh customers. The £12.5m investment is supported by £5m of funding from the Welsh Government European Agricultural Fund for Rural Development – Food Business Investment Scheme. The facility is scheduled to start in December 2022 with the capacity to bottle 1m litres of milk per week in its first phase. They say it will be the only BRC Standard facility to offer Welsh milk which is also bottled in Wales, and will reduce food miles, increase supply chain efficiency and support local farms and communities. Board members include Martyn Mulcahy and David Dobbins, previously PLC board directors of operations and commercial at Robert Wiseman Dairies.

CASTELL GWYN EXPANDING

Award winning artisan cheese-maker Jackie Whittaker of Castell Gwyn is expanding with a £13,000 investment in her micro-dairy in Rhuddlan, north Wales. The Development Bank of Wales are providing the loan, which will buy a 500-litre cheese vat and cheese press to scale up production of soft cheeses and start producing hard cheeses. Castell Gwyn supply local delis, speciality cheese shops, farm shops and restaurants including the Gwinllan Conwy Vineyard and Bryn Williams' bistro in Porth Eirias. The cheeses are also available online. Jackie started making cheese at the Food Technology Centre, Anglesey, then rented a dairy in Llandudno before setting up on her own.

Company news**SLATE CHEESE WINS**

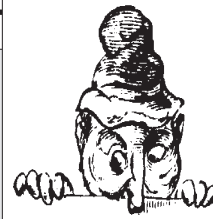
Suffolk-based specialist cheese retailer Slate were awarded the prestigious Independent Retailer of the Year Award at the Speciality & Fine Food Fair in London. The award was presented to them in acknowledgement of their pioneering role as a retailer at the heart of their community, providing outstanding customer service. Slate run two shops, in Aldeburgh and Southwold, and demonstrated exceptional commitment to customer care during the pandemic. They also pivoted their product range to include ready-prepared meals and seasonal homemade soups, and raised money for the Got Milk Fund.

Fonterra—NZ co-op giant Fonterra, under their new, 'listening' leadership, are pulling out all the stops to get structural ownership changes approved by members—pushing the annual meeting, normally held in November, back to December to allow more time for farmer consultations amid Covid restrictions. The board are saying they are still open to "tweaking" the proposals announced last month (DIN, Sept 28), but, as chairman Peter McBride said: "It's hard to accommodate everybody". One loose cannon is still how to appease non-farming investors who have been encouraged over the past decade to buy into the co-op. The introduction of Trading Among Farmers (TAF) in late 2012, allowing farmers to buy and sell shares, also introduced through the Fonterra Shareholders Fund (FSF), which enables anyone to trade in Fonterra units, but is now to be capped under the new proposals. The fund had a constitutional limit of 1.6bn shares, about 20% of the total. But with contracting milk supply, a growing proportion of 'dry' shares would start pushing against that limit. Fonterra have to stop this flow. It is highly likely that they will keep it permanently capped at its current 111m shares (less than 7% of the total). That will impact the unit price, maybe discounting it by as much as 25%, but what's important to Fonterra is protecting the milk price: the board argue that the milk price, not the share price, should drive balance sheet value. But it's a fraught argument.

World cheese production—Ireland has more than doubled cheese production in the past decade, moving away from SMP and butter and hugely expanding milk production since the end of quotas. It is expected to increase production by another 37% in the next decade, according to the excellent new, typically wide-ranging, 900-page report on world cheese markets by the indefatigable Preben Mikkelsen's PM Consulting, while growth in other major cheese-producing Member States—Germany, Netherlands, Spain, Belgium etc,—is seen at between 53% and 82% over the next decade (see back page analysis). And prospects for the UK? An increase of 15.5% over the next decade is projected. Not too daunting a prospect for the big boys, then.

—And who would have guessed that Germany exports 1.8m tonnes of cheese, nearly twice as much as the US, and neither can even get into Ukraine these days, thanks to sanctions!

F/C members quitting—A wave of member withdrawals is not helping FrieslandCampina's problems with overcapacity at their plants, let alone how they contend with fleeing members. On January 1 next year the co-op will lose 272m litres of milk—about 2.5% of total supply—as 239 members leave. The number of withdrawals has escalated since F/C introduced their new member financing requirements, which come into effect in January. Farmers who didn't want to be part of this had until October 1 to serve notice. Not that F/C's own supplies will be too affected—around 700m litres of F/C milk is supplied to Arla Foods and De Graafstroom via the Dutch Milk Foundation, and the milk that the departing members are now taking with them will be deducted from this. No wonder Arla Foods are looking for new suppliers in the Netherlands (see p5).

**I hear....**

Arla—Regular readers might have noticed that we are not enthusiasts for handing out bouquets on our cynically-inclined pages. But here we go. A big bunch of flowers for Arla Foods UK and their senior staff who we are happy to commend over their latest accounts at Companies House for 74 pages of the most detailed description of their remark-

ably successful operations during calendar year 2020 where they appear to have actually prospered during the pandemic, with more milk, more sales and more profits (see p6). We are happy to recommend that some other companies we follow on these pages take a look at Arla's latest report and maybe learn some lessons in commendable disclosure.

—In many ways the Arla business model seems to be working better than Müller's in the UK—with Arla's operating margin more than double Müller's (see facing page): remarkable for a co-op to beat a corporate. And currently Arla pay their milk suppliers 31.0ppl, 1.7p ahead of Müller, although Müller are catching up this year, +3.0p so far against Arla's +1.9p—and of course two-thirds of Müller suppliers are on supermarket contracts.

Omsco hit a wall—Omsco's 2ppl price cut will have shocked but not entirely surprised members. It had been a long time coming. The co-op have been open about the impact of Brexit on their European exports, and on essential processing arrangements on the Continent, for at least 2yrs. This was compounded by Covid and the lockdown hits to their foodservice related business—much of the milk that goes into UK cafés and coffee shops is now organic. Just as things started to look up, rapid inflation in costs in relation to the distribution of their products, energy and packaging, compounded by difficulties in securing the containers they need for core US exports, blindsided the business. Omsco say that they are well aware of the difficulties for their members, especially given the cost pressures farmers are also facing, and, says chairman Neil Kennedy, they are "focused on addressing these challenges and in particular making progress in recovering the increase in costs from our customers". A tough call. Omsco rarely change their milk price, which they don't disclose but has historically been over 40ppl: the last time they cut their members' milk price was in April 2019, a cut of 1ppl. They increased it again by 0.5ppl in Oct 2020. In July they also reduced the premium payable over and above the base price, paid to those members who produce premium milk to an enhanced standard. Meanwhile, the departure of Richard Hampton has gone almost unnoticed, barely a month after staff at Omsco's Worle offices were told of his departure—surprisingly short notice, perhaps, for a managing director who has been with the business for 18yrs, during which time it has grown from a small on-farm operation selling less than half of its 40m-litre pool to two customers, to more than 200m litres of milk destined for a range of customers in multiple sectors. Hampton was edged sideways in March to accommodate a new CEO—David Williams, a breath of fresh air, apparently, from Arla—and yet another ex-Milk Link colleague for Kennedy in his multiple board roles.

Crediton Dairy—Another set of creditable results from dairy drinks business Crediton Dairy in Devon, but is trouble looming? It is the shelf space in supermarkets formerly occupied by UHT milk that is increasingly being taken over by 10,001 varieties of plant-based alternatives.

WORLD CHEESE PROD. TO INCREASE 30% BY 2030

World cheese production almost doubled in 1980-2000 to 16m tonnes, reaching 20mt in 2011 and about 24.8m tonnes in 2020. It is expected to increase by another 30%, or 7.5m tonnes, over the next decade, utilising 70m-75m litres of milk, according to a new report*. This estimate, which would account for 40% of the expected growth in world milk production, includes all natural cheeses except processed cheese. Cow's milk accounts for 80% of global natural cheese production. The EU and US accounted for 65% of all cheese production in 2020, and are expected to contribute 70% of the growth in the next decade. Increases have been more rapid in the past 20yrs in CIS countries—especially Belarus (stimulated by Russia's embargo)—and in Middle East/Africa (mainly Turkey and Egypt, and fuelled by investments by companies including Lactalis, Bel, Savencia, Arla and FrieslandCampina) and South America. Production is expected to show dynamic growth until 2030, to 32.3m tonnes, but the relative share of EU and US is expected to increase to 69% as more milk is made available for cheese production. A large part of the extra cheese will be exported. Production growth is forecast at +20% for the EU, US +49%, CIS +28%, other Europe (incl. UK) +14%, South America +21%, MEA +38%, Asia +57% and Oceania +24%. The share of EU production is expected to

MAIN WORLD CHEESE PRODUCERS			
'000t	2020	2030	change
1. US	5,984	8,900	+49%
2. Germany	2,620	3,250	+24%
3. France	1,820	2,020	+11%
4. Italy	1,257	1,450	+15%
5. Turkey	767	1,350	+76%
6. Egypt	890	1,230	+38%
7. Netherlands	952	1,220	+34%
8. Poland	909	1,120	+23%
9. Brazil	760	910	+20%
10. Russia	538	750	+40%
11. UK	476	550	+16%
12. Argentina	420	595	+42%
13. Denmark	468	590	+26%
14. Canada	510	540	+6%
15. Spain	429	535	+25%
16. Mexico	376	525	+40%
17. NZ	360	480	+33%
18. Australia	318	440	+39%
19. Belarus	320	405	+26%
20. Iran	288	389	+35%
21. Ireland	205	280	+37%
22. Austria	189	225	+19%
23. Greece	203	215	+6%
24. Switzerland	185	205	+11%
25. Ukraine	162	194	+20%
26. India	80	202	+152%
27. Israel	142	167	+18%
28. South Africa	98	160	+63%
29. Czech Rep.	129	155	+20%
30. Belgium	106	125	+18%

decline from 48% in 2000 to 38% in 2030, with the US share increasing to 31%.

CHEESE CONSUMPTION

2019	kg/head
Greece	28.5
France	26.8
Iceland	26.0
Finland	25.6
Netherlands	25.5
Germany	25.0
Estonia	24.4
Italy	23.2
Austria	22.6
Lithuania	22.5
Denmark	22.3
Switzerland	22.0
Selected others	
US	17.5
Australia	13.5
Canada	13.8
Argentina	8.7
NZ	7.9
Russia	5.1
Mexico	4.3
Japan	2.6

***WORLD CHEESE MARKET REPORT—2000-2030**, published by PM Food & Dairy Consulting: more than 900 pages of valuable information and analysis of the world cheese markets, focusing on eight regions and 80 countries. Order from: PM Food & Dairy Consulting, Hestehavevej 17, 8270 Højbjerg, Aarhus S, Denmark, tel:+45 4028 6560, email: mikkelnsenpreben@hotmail.com. Price: €4,000/\$4,700

TRADE TRENDS

Fresh (unmatured) cheese is the cheese of the future, according to the report, overtaking hard/semi hard cheese, with growth potential everywhere in the world, especially for Mozzarella. Production of fresh cheese is expected to reach 14m tonnes by 2030, an increase of 45% over the next decade, while growth in processed cheese slows to around 30%. With more than 2.6m tonnes exported, global cheese trade increased by 2% in 2020, with the EU increasing exports by 7% and accounting for more than a third of the total volumes shipped last year.

In the past decade, the world export market has expanded by almost two-thirds to 3.3m tonnes—excluding intra-EU trade. Brexit means the EU's exports to Third Countries have effectively been boosted by 500,000t, and the UK's shipments to the EU by 190,000t, which collectively add another 700,000t to 2020 world trade data. From 2020 to 2030, the export of cheese is expected to grow by 52% (+1.8m tonnes) to 5.4m tonnes. The EU and the US will contribute 1.1m tonnes.

CHEESE EXPORTERS

'000t	2030	v. '20
1. Germany	1,770	+35%
2. Netherlands	1,110	+20%
3. US	890	+147%
4. France	780	+19%
5. Italy	640	+38%
6. Denmark	510	+28%
7. NZ	460	+41%
8. Poland	380	+44%
9. Belarus	375	+37%
10. Ireland	355	+20%
(12. UK	240	+15%)

Biggest cheesemakers

LACTALIS STAY TOP

The top 20 cheese producers in the world produced nearly 50% of total world production in 2020, and account for all the international cheese brands and most of the exports. The North American companies dominate, but come nowhere near Lactalis of France, which overtook Kraft Foods in 2012 as the world's biggest cheese producer and has continued to expand globally through acquisitions. A further three French companies are in the top 20. NZ, Netherlands, Denmark and Ireland have one company each. Germany has two. Saputo have gained a strong presence in the US, Argentina, Australia, where they are now the biggest dairy company and cheese manufacturer and now the UK. Leprino are third, manufacturing in Ireland and UK with Glanbia, making them the biggest Mozzarella producer in Europe.

MAIN WORLD CHEESEMAKERS

'000t	*2020
1. Lactalis (Fr)	1,600
2. Saputo (Can)	920
3. Leprino Foods (US)	870
4. FrieslandCampina (Neth)	750
5. Glanbia (Ire)	680
6. Agropur (Can)	650
7. Arla Foods (Den)	520
8. Savencia (Fr)	490
9. Schreiber Foods (US)	480
10. Fonterra (NZ)	460
11. DMK (Ger)	450
12. Bel Group (Fr)	440
13. Kraft Heinz (US)	425
14. Sodial (Fr)	420
15. Hochland (Ger)	405
16. DFA (US)	370
17. Hilmar Cheese (US)	360
18. Foremost Farms (US)	310
19. AMPI (US)	270
20. Great Lakes (US)	240
Total Top 20	11,170

*Most volumes are estimated

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