



BARRY WILSON'S DAIRY INDUSTRY NEWSLETTER

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NZ

SYNLAIT TO SLASH STAFF & DIVE INTO LOSSES

said they had doubled their money on the sale of their Auckland property, bought 4yrs ago with the proceeds to go to paying off debt. The company told the NZX last week that they had confirmed a sale-and-leaseback of their premises at Mangere for \$30.05m with an initial lease term of 10yrs. When Synlait acquired the property it was valued at \$12.4m.

Last week struggling Synlait Milk announced a major restructure involving staff cuts of up to 200 at a saving of \$10m-\$12m; this was the first in a succession of leaks about the dire state of the business which surfaced last week. Synlait also

The leaked documents also predicted a \$100m fall in post-tax profits triggered by plummeting demand for a2 milk, leaving them with losses of at least \$25m compared with profits of \$75.2m in 2020. John Penno, who was brought back as CEO after Leon Clement resigned in April, said the drop in demand for a2 milk was "significant and sudden". Synlait has been hit hard by Covid-19, particularly in a2 milk powder sales, because of shipping delays and lower prices.

NZ

2021-22 MILK PRICE TIPPED AT \$8.30

Farmgate milk prices in NZ could average \$8.30/kg milk solids for the 2021-22 season (ending next May), Bank of NZ economists believe. BNZ senior economist Doug Steel attributes this to the latest GDT auction last week which saw the index jump 4%. Fonterra, whose opening forecast for the 2021-22 season was \$7.25-\$8.75/kg, are expected to update their forecast when announcing their annual results on Sept 23. Fonterra will also announce their final 2020-21 payout, currently tipped at \$7.55/kg.

- Prices leaped at last week's GDT auction, the index was up 4% and +19% this year (see p2).

KOTAHI BIG BOOST TO EXPORTS

Fonterra exported a record volume of more than 2.59m tonnes of dairy products in the year to July, 4% up on the year before despite haulage problems associated with the Covid pandemic. Reliability of container ship schedules was up to 80% for several months but by the end of July this year it was below 35%. Fonterra say they were able to circumvent these problems via participation in the NZ Kotahi logistics joint venture which brings together volumes of export products from more than 50 NZ companies which allows large ships to be deployed on a shared basis. The Kotahi partnership ensure that sufficient containers are available for NZ exporters. A total of 3.6m tonnes of dairy products were exported from NZ in the year to July.

India

HIGH COURT RELEASES SANGAM DAIRY

The Indian High Court last week dismissed a prior order to suspend the operations of Sangam Dairy. In its latest order, the court ruled that Sangam Dairy could continue to carry out their day-to-day activities but not create any further charges on their properties and that all future transactions must be done only with the prior permission of the court.

China

YILI HALF-YEAR NET PROFITS +43%

Chinese dairy giant Inner Mongolia Yili Industrial Group Co posted a 43% year-on-year net profit growth for the first half of the year to June last week. The firm's net profit reached 5.32bn yuan (about US\$822m) on revenue up 19% at 56.5bn yuan. The revenue contributed by the e-commerce sector increased by 22% year on year, the company said. Yili shares moved up 2.7% to close at 34.01 yuan.

Russia

EKONIVA REPORTED TO BE IN SERIOUS FINANCIAL TROUBLE

Ekoniva, the largest Russian milk producer, are reported to be in serious financial difficulties. The company, owned by German-born Stefan Dürr, have accumulated the equivalent of around €1.3bn in debt with 86% of this said to be held by the Russian agricultural bank Rosselchozbank. According to reports in the Russian business press, Ekoniva can no longer meet their credit obligations, which Dürr denies. Ekoniva now have to go to court to prevent the bank from exercising pre-emption rights. In the meantime, this has been achieved by means of an interim injunction.

South Korea

SALE OF NAMYANG CALLED OFF

The sale of South Korea's no.2 dairy operation Namyang Dairy Products fell through last week when they renounced a contract to sell a controlling stake to Seoul-based buyout firm Hahn & Co. Hahn have now filed a lawsuit against Namyang for failing to abide by a contract to sell their controlling shares to Hahn. The stock transfer deal would have allowed Hahn & Co to take a 52.6% controlling stake in scandal-ridden Namyang Dairy and to name a new board and chairman. Namyang chairman Hong Won-sik said last week that he and other shareholders had scrapped the stake sale deal with Hahn and were considering holding Hahn & Co legally accountable for the collapse of the 320bn Won (\$280m) deal. Hong said: "I will not hand over Namyang Dairy that my father built up over 57yrs to an immoral private equity fund."

Netherlands

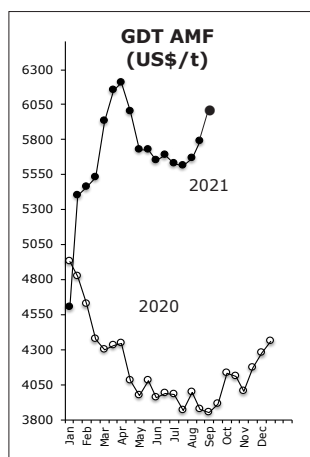
DSM BUY FIRST CHOICE

Dutch specialist food group Royal DSM are to acquire First Choice Ingredients, a US-based supplier of dairy-based flavourings, for a reported \$453m. First Choice Ingredients blend natural dairy products with cultures and enzymes and also work as an innovation partner with food producers and foodservice suppliers in supplying snacks, prepared meals and dairy products. DSM say they will be able to accelerate F/C growth by offering solutions outside the US.

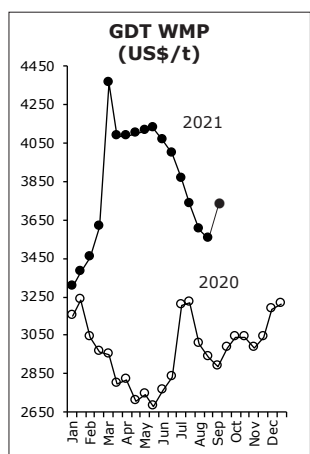
In this issue											
a2 Milk	3	DMK	5	GDT	2	Medina	7	Parkham Farms	6	Terra Lacta	4
Arla	4,5	DSM	1	Glanbia	5	MEG Milch	4	Primula	6	Tine	5
Ash Manor	5	Ekoniva	1	Hahn & Co	1	Milcobel	4	Promar	7	Unilever	7
Athenos	4	Emmi	4,5	Heinz	3	Miyoko Creamery	3	Sangam Dairy	1	Vijaya Dairy	3
Bega	3	Eurofins DQCI	3	Hochdorf	5	Morrison's	5	Saputo	3,6	Vreba	4
Butlers	6	First Choice	1	HP Hood	5	Muller	6	Schwälbchen Molkerei	4	Vreugdenhil	4
Carolina Dairy	3	Fonterra	1	Kavli	6	Namyang	5	SE Milk	3	Wensleydale	7
Dairygold	5	FrieslandCampina	4,5,7	Kerry	5	Nijjar	7	Sodiaal	4	Yeo Valley	7
		Friso	4	Kotahi	1	Oatly	6	Suu Milk	3	Yili	1
		Fromacoer	4	Lactalis	3	Ornu	6	Synlait	1		

GDT GIVE CONFUSING SIGNALS

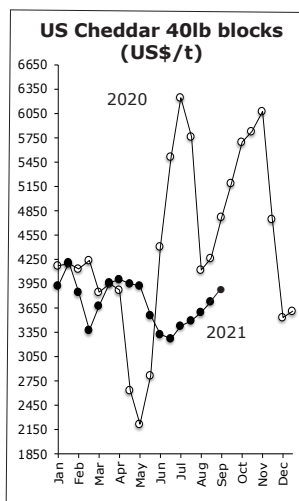
The early September GDT followed the general upturn in market sentiment and posted its biggest rise since March. Prices are still way down on their spring levels, though, with the overall commodity value of \$3,927/t being \$300/t still off that pace.



How sustainable the auction will be at current levels is debatable, though, with Rabobank throwing some not so cheery analysis into the mix: "a slowdown in import demand from China is expected to begin in the second half of 2021 and could weigh on global dairy commodity prices. Supply is outpacing demand in China, with domestic production growth combined with growing inventories. These factors point to the potential for a period of destocking later this year and into 2022." Nevertheless, the auction did more than bolster prices and strengthen seller's arms. There had been a three-week gap since the previous one and buyers had been waiting on the metaphorical trading quayside to see what the outcome might be.



While they watched and navel gazed, though, the commodity ships were already setting off to pricier places. And butter, cream and young cheeses have positively surged over the last two weeks. Or at least they have if some quotations are to be believed—EU butter is listed as high as €4,350/t, for example, equivalent to £3,700/t in the UK, but there are precious few buyers biting at €4,100/t say traders, let alone at higher prices. UK sellers say the real price is around £3,400/t, and believe there is still plenty of business to be done for the fourth quarter. EU Cream is certainly high at €5,600/t, with the fresh market driving the valuation. The price equates to the very high £1.80's/kg to £1.90/kg in the UK, and that is way ahead of the UK market which is in the mid to high £1.60's/kg. As in Europe it is still out gunning butter on a fat valuation basis, though, and this might provide a further boost to butter next week. In July, Gouda was struggling to hold its head above €3,000/t, but managed to climb to €3,100/t by August. Now, though, quotes are as high as €3,500/t, no doubt buoyed by a lack of milk that has also propelled the curd price to its highest price for 4yrs, at €3,600/t. This should equate to a mild Cheddar price of £3,150/t in the UK, and indeed that's where the GDT Cheddar price settled at, but manufacturers have yet to break through the £3,000/t threshold in earnest. Efforts continue, and tight stocks, low milk volumes, and an expected boost in demand from schools reopening is likely to strengthen their case. Mozzarella is said by traders to be at €3,100/t, but that's a price which will be laughed at by sellers in the UK, who are selling at £2,850/t for Oct-Dec, equivalent to €3,300/t. Powders have been on a positive run too. The Dutch Dairy Board increased their prices across all powder categories last week, with SMP now officially at €2,580/t and thus back to June levels, but with the real market higher still at over €2,600/t. Supplies are tight, report traders, and as a result Skim Concentrate prices are also strong, at an equivalent value to powder. WMP is at €3,180/t now, again back to early summer levels. Whey is cited at €970/t, but this is also behind the real market which is closing in on €1,000/t again. Spot prices continue to be in the mid 30p's, with prices inflated by low volumes due to the trough.



Weekly market prices @10.09.21

EU OBSERVATORY PRICES

(€/t)	Aug 10 v. Aug 3	2021	2021
		high	low
Butter	4010 +2.0%	4130	3350
WMP	3180 +0.6%	3220	2710
SMP	2570 +3.6%	2600	2190
Cheddar	3260 +0.6%	3260	3080
Whey powd.	960 NC	1010	780

US QUOTES, CHICAGO MERC.**

(\$/t)	Aug 10 v. Aug 3	2021	2021
		high	low
Butter (AA)	3940 +1.1%	4085	2835
SMP (grdA)	2867 -3.7%	2867	2470
Cheddar			
—40lb blcks	3886 +2.6%	4215	3265
—500lb bar.	3235 +6.1%	3960	3075

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

LATEST GDT RESULTS

	\$/tonne	Change in 2021
WMP	3,691	+15.3%
SMP	3,274	+11.7%
Butter	4,948	+17.2%
AMF	5,970	+36.9%
Cheddar	4,328	+11.2%
Lactose	1,167	+14.0%
Index	1,217	+18.8%

GDT auction

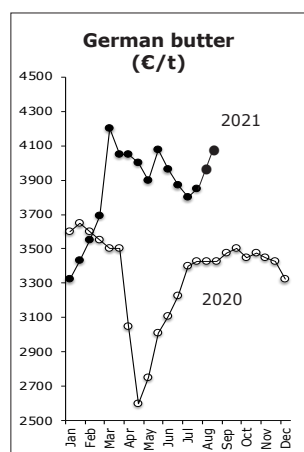
GDT INDEX LEAPS BY 4.0%

The overall price index at the latest GDT auction for Fonterra was up 4.0% at 1217, the biggest increase since the 15% increase in early March; since then the index had moved steadily down, by a cumulative 13% until now. The biggest increase was the 7.3% increase in SMP to \$3,274/tonne. WMP was up 3.3% to \$3,691. Butter was up 3.7% to \$4,948. Butteroil (AMF) was up 3.1% to \$5,970. Cheddar cheese was up 3.6% to \$4,328, BMP was up 3.0% to \$3,287 and lactose was up 6.4% at \$1,167/t.

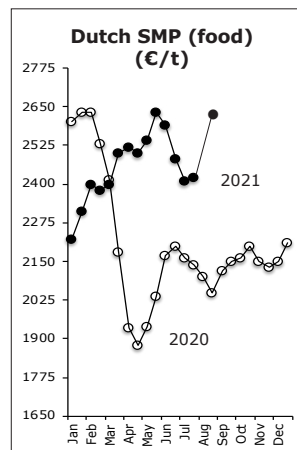
Germany

BUTTER DISCOUNTING ANGERING TRADE

The increasingly massive discount campaigns by retailers, especially in the dairy segment, are infuriating the trade and farmer groups. Currently, German brand butter is being hit hard despite a completely different trend in wholesale markets. In the new contract for "Deutsche Markenbutter", dairies were able to push through a price increase of 10c/kg.



In return grocers, led by Aldi, cut their sale prices by 14c/250g. Last week's quotations of the South German Butter and Cheese Exchange saw the largest quantity of moulded brand butter go to wholesalers for €1.14/kg. At the end of last week the Kaufland retail chain (part of Schwarz/Lidl) were offering their own brand butter 'K-Classic' at a significantly reduced price, still at €1.49/250g, the level before the price cut initiated by Aldi last week, back to €1.35/250g. But that's not all from Schwarz: this week, 250g "best butter" from "Frau Antje" (Dutch butter) will be on Lidl shelves at €1.11, 53% below the regular price.



EU market indicators

BUTTER UP TO €4,000/t

The Dutch Dairy Board/ZuivelNL last week increased four of their official dairy commodity prices: butter was up €40 to €4,000/t, WMP was up €10 to €3,110/t, SMP (food) up €20 to €2,550/t, SMP (feed) up €20 to €2,510/t. Whey powder was unchanged t €950/t.

The German-based IFE institute's estimated average EU raw milk value was up 0.7c last week, the fifth consecutive increase, to 36.6c/kg at the farmgate level—the highest for 10 weeks—based on the official prices of butter and SMP in Germany, France and the Netherlands. The average price of butter in all three markets was up €27 at €4,068/t and SMP was up €53 to €2,590/t.

China/Australia

a2 SHARES CRASH—AGAIN

The a2 Milk Co's struggles in China have seen their share price fall 11% to \$6.35, having retreated from \$20-plus over the past 12mths. The sharemarket fell as investors pummelled The a2 Milk Co for reporting results at the bottom end of their guidance with an uncertain outlook. The benchmark S&P/NZX 50 Index dropped 120pts, or nearly 1%. A2's profits were down close to 80% at \$80.7m for the year to June on revenue down 30% at \$1.21bn. The company warned of a challenging and volatile year ahead as it grapples with disruption in their key Chinese market, and broke with tradition by not providing specific guidance. A2 shares fell 11% to \$6.35 and this weakness spread to their manufacturing partner Synlait Milk, which fell 6% to \$3.28.

Australia

BEGA SALES +39%

Bega Cheese have posted a 24% increase in normalised net profit to A\$39.6m in the year to June after doubling in size with their \$528m acquisition of Lion Dairy and Drinks from Japanese alcohol giant Kirin in November. Revenue was up 39% to \$2.07bn. Net debt increased by \$94m to \$325m. The number of employees increased from 2,050 to 4,150. Milk intake was increased through the Lion acquisition, but some supply was lost in Victoria due to the end of the two-year Koroit supply guarantee with Saputo, as well as strong competition for milk and supplier exits.

Australia/UK

TRADE DEAL UNDER ATTACK

Australia are under fire for watering down climate change references and temperature targets in their UK trade deal. The UK government have apparently agreed to "drop both of the climate asks" including a reference to Paris Accord temperature goals to get their pending trade deal with Australia over the line. While specific references to temperature commitments are gone, a leaked email notes the Paris Agreement still gets a mention in the yet-to-be-inked deal. Prime Minister Scott Morrison has defended the move, saying the agreement with the UK "is about trade, not climate". Coal and gas are among Australia's top exports. Morrison said: "Australia will keep mining as long as we can export our resources".

India

MAJOR HYDERABAD DAIRY TO BE BUILT

The State government at Hyderabad in south central India are to encourage small and marginal dairy farmers in Telangana through the state-owned Vijaya Dairy. Vijaya, who were making big losses before the state took over, has been transformed into a profit-making company. They have increased milk procurement by nearly 5-fold. They recently started work on a mega dairy in Rangareddy which will be set up in 32 acres with an expenditure of Rs246 crore (\$34m) to be completed in 2yrs.

Mongolia

EBRD TO FUND SUU MILK

The European Bank for Reconstruction and Development and local lender Khas Bank are to fund expansion of the country's biggest dairy company Suu Milk, founded in 1958. Khas Bank are providing a local currency loan equivalent to \$4.8m to Suu Milk with 65% of the risk to be carried by the EBRD. The funds will be used to finance the expansion of production capacity. New ice cream, dairy production and packaging equipment will widen their product range.

Australia

MILK PRODUCTION DOWN 3.5%

Australian milk production in July was down 3.5% at 606.9m litres. Production in the biggest milk producing state, Victoria, was down 4.5% at 403.2m litres (66% of the total) while production in the second biggest producing state, NSW, was up 1.8% at 92.3m litres. Production in all other states was down: Tasmania by 6.5% at 22.3m litres, WA by 4.2% at 29.1m, SA by 3.5% at 34.0m and Qld by 2.8% at 26.0m.

US/Canada

SAPUTO BUY CAROLINA DAIRY COMPANIES

Saputo of Canada announces today that they have completed the acquisition of the Carolina Aseptic and Carolina Dairy businesses formerly operated by AmeriQual Group Holdings. These businesses are conducted at facilities in North Carolina and employ 230 staff. The purchase price is US\$118m, on a cash-free and debt-free basis. Carolina Aseptic develop, manufacture, package, and distribute aseptic shelf-stable food products and beverages out of a facility in Troy, North Carolina. Nearby, Carolina Dairy manufactures, packages, and distributes refrigerated yogurt in spouted pouches in Biscoe, North Carolina. These acquisitions will better position Saputo to capture the growing demand for aseptic protein beverages and nutritional snacks.

MIYOKO'S CREAMERY WIN TERMINOLOGY CASE

Miyoko's Creamery won a lawsuit filed on their behalf in California by an animal rights organisation about their right to use of terms such as 'butter' and 'dairy' on vegan products. The California Dept. of Food and Agriculture had demanded they stopped using these terms on their packaging and that Miyoko's cease using the term 'cruelty-free' to describe their vegan butter. The CDFA were found to have been misapplying federal regulations and violating the company's constitutional right to free speech.

HEINZ 'ADMIT' ACCOUNTANCY 'MANAGEMENT'

The US Securities and Exchange Commission have charged Kraft Heinz with engaging in long-running accountancy fiddling involving "management" of expenses. The regulator said the scheme resulted in the company reporting inflated adjusted EBITDA and restating several years of financial reporting. The SEC also charged Kraft's former COO Eduardo Pelleissone and their former chief procurement officer Klaus Hofmann for their roles. Without admitting or denying the SEC's findings, Kraft have agreed to pay a civil penalty of \$62m and to cease from future violations. Pelleissone and Hofmann have also agreed to pay civil penalties.

SE MILK + EUROFINS

Eurofins DQCI last week announced a partnership with Southeast Milk Inc. in which the former will assume operational responsibility of the Belleview, Florida plant. This relationship with Eurofins, the largest food and feed analytical laboratory company in the world, will allow major cost savings for SE Milk.

US

DAIRY EXPORTS LEAP IN JULY

Exports of US dairy product exports in milk solids equivalents were up 7% in July despite port congestion, marking the 6th straight monthly increase. Gains of nearly 10,000t of exports to China and nearly 9,000t to Mexico made up for reduced shipments to Southeast Asia. A surge in higher-value products (including cheese, WPC80+ and butter/AMF) helped boost US export value by more than 20% to \$670m in July.

Canada

LACTALIS LAUNCH ONLINE CHEESE SHOP

Lactalis Canada have launched cheeseworld.ca, a new online specialty cheese store. Cheeseworld.ca's offering features a wide variety of cheeses as well as hard-to-find varieties from around the world, all delivered. Cheeseworld.ca subscribers will also have access to special content from chefs, artisans and expert cheese makers including recipes and tips on creating cheeseboards. At the moment, cheeseworld.ca is available only to consumers in Toronto and Montreal.

Latin America

MILK PRODUCTION UP EVERYWHERE

June/July milk production in Latin America was up everywhere except in Colombia. Production year-to-date was up 6.1% in Uruguay, +4.6% in Argentina, +2.4% in Mexico and marginally in Brazil and Chile

LATIN AMERICAN MILK PRODUCTION*

m litres	June	July	YOY	YTD
Brazil	1,915	-	-1.3%	+0.8%
Mexico	-	1,117	+1.2%	+2.4%
Argentina	921	-	+3.0%	+4.6%
Colombia	259	-	-8.3%	-3.5%
Uruguay	-	190	+6.5%	+6.1%
Chile	136	-	-2.2%	+0.5%

*Source: Quatterra

Belgium**CONFUSION OVER MILCOBEL EXIT RULING**

A court in Ghent has rejected the appeal of Belgian dairy co-op Milcobel against a ruling of a district court over farmer exit rules. In April this year, Milcobel imposed a ban on farmer resignations because too many members had quit in the previous months. The ban lasted until July but then new rules for membership termination meant members could not leave until April 2022. Then 14 members initiated proceedings against this new rule and the Enterprise Court in Dendermonde has now suspended the ban after Milcobel's appeal against the ruling. This appeal has now also been dismissed. However, the Ghent judge ruled that, legally, Milcobel's board do have the power to refuse resignations "if the co-op's financial security is at risk".

France**SODIAAL SLASH ORGANIC MILK PRICES**

Sodiaal are to pay for 10% of their organic milk supplies only at the non-GMO milk price for a period of 12mths as of August

France**TERRA LACTA + FROMACOEUR**

French co-op Terra Lacta have acquired Fromacoeur, a supplier of dairy-based aperitifs. Financial terms were not disclosed. Fromacoeur, based in Charente in western France, close to Terra Lacta's headquarters in Surgères, supply products including goat's milk, cheese balls and mini raclettes, with an annual turnover of €8m and 50 staff. Terra Lacta co-op have 1,500 members.

this year. As a result, 90% of deliveries of organic milk to Sodiaal will be paid for at a price set at the beginning of the year: that is, for Aug/Sept 47c/litre and 50c/litre; 10% of raw milk is paid for at the price of GMO-free milk: 35.7c and 38.7c respectively. Sodiaal describe their decision as a "difficult economic balance for our organic sector". Organic milk deliveries have far exceeded the co-op's expectation as demand for organic products has slumped in the past year.

Italy**SPOT MILK PRICES SURGE**

Spot market milk prices in Italy have increased by 12%+ so far this year, according to Lodi quotations, which show a peak of 41.24c in August. More than 40% of Italian milk production goes to make PDO cheese including Grana Padano, for which quotations on the Mantova exchange in August were 15% higher than a year earlier.

Switzerland/US**EMMI BUY FETA MAKER ATHENOS**

The Emmi Group have acquired Athenos, no.1 in the US Feta cheese market, for an undisclosed price, strengthening the strategically most important speciality cheese in Emmi's biggest foreign market; Athenos are currently owned by Lactalis. In 2020, Athenos achieved sales of close to \$90m and, with their Feta range, complement the range of speciality cheeses in Emmi's North American business. The Athenos business will be managed by Emmi Roth US, part of the Emmi Group since 2009. Athenos was sold by Kraft Heinz to Lactalis US in 2020.

Germany**MEG MILCH ACCUSE ARLA OVER PRICE CUT**

German dairy company MEG Milch have submitted a petition to the German competition authorities concerning this month's milk price cut by Danish giant Arla. According to MEG Milch, Arla blame the 1c/kg milk price cut on increased general inflation. MEG Milch say this is anti-competitive behaviour: dairy farmers are also hit by inflation.

- **Schwälbchen Molkerei's** fresh food delivery business, hard hit by the pandemic, have recorded an 11.4% fall in turnover to €30m in the first half-year.

Netherlands**VREBA MUST STOP MILK PROCESSING**

The largest Dutch dairy farm, Vreba, are to cease processing milk at their Vredepeel plant after instructions from the Venray local authority. Vreba have been given 2mths to stop processing at the plant. Vreba have been processing their own milk for many years, separating it into skimmed milk and cream. The cream goes to confectionery manufacturers and other food producers.

VREUGDENHIL WANT A LOT MORE MILK

Dutch dairy company Vreugdenhil Dairy Foods are looking for 50m-100m kg of milk from new suppliers. Vreugdenhil currently process 1.4bn kg, of which only 700m come from their own suppliers. The company want to make themselves less dependent on the spot market.

- Vreugdenhil Dairy Foods have reported turnover for 2020 little changed at €781m with gross profit marginally up at €20.8m. The company invested around €15m in 2020. Last year, Vreugdenhil paid milk suppliers an average milk price of 36.77c. The company processed around 1.4bn kg of milk. They employ total staff of around 500.

F/C STARTING NEW MEMBER FINANCING MODEL

In an interview with the Dutch website of publication Boerderij, FrieslandCampina CEO Hein Schumacher says the co-op will have 25% fewer members in 10yrs, due mainly to the normal annual retirement of 2%-3% of farmers. Against this background, F/C have adjusted their member financing model to separate it from the individual and tie it more to milk production.

Milk certificates amounting to 8c/kg of milk supplied are now being used for financing the co-op, although Schumacher says adjustments might be made in the future if 8c is found not to be enough. At the moment, F/C are not looking for new suppliers, but Schumacher says this might change. He categorically denies the widespread assumption that F/C wants less milk and fewer suppliers. "This is not true," he said.

- **PLANT-BASED BOOST**—F/C CEO Hein Schumacher sees opportunities for agriculture in the emergence of dairy alternatives. Schumacher says some co-op members will stop milking and switch to growing plants. He cites Scandinavia where livestock farmers are swapping cows for growing oats. He cites margarine which won the battle for fats market share in the 1900s. If dairies themselves had launched margarine "things would be very different".

ORGANIC DAIRY FARM INCOMES IN DECLINE

Larger Dutch organic dairy farms (average: 119 dairy cows) achieved similar incomes to larger conventional dairy farms (143 cows) in 2017-19. In contrast, smaller organic farms (51 cows) recorded slightly lower incomes than their conventional counterparts (60 cows), according to Wageningen Economic Research based on figures from the Farm Information Network. The organic milk price averaged around 50c in 2017-19 while conventional milk prices ranged from 38c-40c. In 2015-16, when conventional milk prices were low, the income of conventional dairy farms was 50%-75% lower than organic farms.

DUTCH MILK PRICES ALL ON THE RISE

The FrieslandCampina guaranteed farmgate price for September is up 0.25c/kg at 37.75c/kg. Bel Leerdammer are increasing their September farmgate milk price by 0.58c to 36.78c with a maximum of 40.63c. DOC Kaas are increasing their milk price by 0.54c to 37c/kg for July (a max. of 40.25c). Cono Kaasmakere are lifting their August price by 0.33c to 38.06c/kg, with a max. 42.46c.

Netherlands**FRIESLANDCAMPINA RELAUNCH FRISO**

After 7yrs, FrieslandCampina's infant nutrition brand Friso is being relaunched in the Netherlands via Dutch online retailers Bol.com and Friso.nl. This is seen as an important development for the brand which is a big seller in Asia. F/C granted rights to sell Friso in the Benelux area, but only in pharmacies, to Swiss group Hero for 7yrs. F/C have now retained rights to Friso in Benelux and they are promising a major marketing campaign.

Netherlands**ORGANIC MILK PRICES STILL GOING DOWN**

Eko Holland are holding their organic price unchanged for September at 52c/kg. As of the end of this month, their 2021 milk price will average 51.03c/kg. Arla have cut their organic price for September by 0.44c to 49.37c/kg, while FrieslandCampina have cut their organic price by 0.25c to 50.49c/kg.

International—CEO of FrieslandCampina, **Hein Schumacher**, has been appointed chairman of the recently somewhat moribund international dairy company organisation Global Dairy Platform.

Australia—**Niall Blair**, former deputy leader of the NSW National Party, has been appointed chair of Dairy UP, a new collaborative dairy research and development program led by the University of Sydney's Dairy Research Foundation.

Germany—**Alexander Godow**, 55, COO of DMK Industry, will leave in October. He joined DMK in 2016 as sales director ingredients and took over as COO of the business unit industry in 2017.

Northern Ireland/N. Wales—**Dr Keith Agnew** is the new director/



secretary of Ash Manor Cheese in north Wales, a subsidiary of Dale Farm in Northern Ireland. Directors **Stephen Cameron** and **Anthony Dawson** step down.

Netherlands—Last week **Frans van den Hurk** controversially stepped down as member of the FrieslandCampina Co-op board (see I HEAR p7).

Switzerland—After 12yrs as chairman at Emmi, **Konrad Graber** is standing down in 2023 and the company have nominated **Urs Riedener**, CEO since 2008, as his successor.

US obit.: **John A. Kaneb**, 87, longtime CEO of the Boston-based HP Hood dairy business, who survived the fluid milk takeover mania of recent years, and thrived, died at the end of August.

Russia

MANDATORY 40-DAY LABELLING BEGINS

Mandatory labelling of dairy products with a shelf-life of more than 40 days started in Russia this month. Producers of dairy products with a shelf-life of more than 40 days are connected to the labelling system. Since January, 92% of manufacturers producing products with a shelf-life of more than 40 days have joined the "Honest mark" system which helps to control the quality of products and allows consumers to see when products are produced. The largest milk processor, Ekoniva began labelling products from two sites with an expiration date of more than 40 days.

Norway

TINE BOOST WHITE MOULD CHEESE PRODUCTION

Norwegian dairy giant Tine are taking up the fight against imported white mould cheese by investing Nok55m in a new facilities at Dovre to double production of Norwegian Camembert and Brie, rebranding them as 'Dovre Ysteri'. Around 90% of white mould cheeses sold in Norway are currently imported. Last week Tine opened a new production facility for white mould cheese at Dovre as part of the traditional Dovre Ysteri. The dairy has been in operation since 1918, but it will now see a sharp increase in cheese production.

Switzerland

HOCHDORF PROPOSE MAJOR RESTRUCTURE

The Hochdorf group have initiated a far-reaching restructuring of the group. Production is to be concentrated at the Sulgen site by the end of 2023 while headquarters and administration will remain in Hochdorf. The proceeds from the planned sale of the land and buildings at Hochdorf will relieve the balance sheet. The company currently employs twice as many staff at Sulgen as at Hochdorf. The Sulgen plant is modern in the area of baby care equipment and has sufficient spare capacity for future development. Relocation of more activities at the Sulgen plant will make it more profitable in all areas. In contrast, considerable investments would be necessary at Hochdorf over the next few years. Thanks to the planned site optimisation, Hochdorf expects annual cost savings of CHF7m-9m by 2024.

Sweden

ARLA TO SPEND €30m IN ORGANICS

Arla are to invest 300m Swedish krona (€30m) at their dairy facility in Götene, Sweden, as they aim to expand their organic range. The investment will see the site's capacity for handling organic milk doubled. This follows the news of a €9.3m investment at Götene to expand butter production capabilities there. "We are constantly looking to find greener and better solutions to deliver sustainable products. With this investment, we can contribute to continued growth of the organic range," said Marika Lifbom, site director at Götene. She added: "The investment will help us work more efficiently and in larger volumes. The expanded organic production is expected to start in spring 2023.

Ireland

FARMERS ADVISED TO BUY OUT GLANBIA PLC

Glanbia suppliers should "at least" look at buying out Glanbia PLC's interest in Glanbia's Irish milk processing assets, former IFA president and Glanbia supplier Padraig Walsh said last week. Walsh said dairy farmers have benefited "quite well" over the years from having control over processing assets. "As farmers, we are very concerned about the 3.3pc margin that it is continually insisted that the PLC has to make on their investment in the milk processing business here in Ireland," he said. "I never agreed with Glanbia co-op going below 50% of the PLC while the PLC still controlled the milk processing assets here. I argued very strongly at the time that we as farmers should take back control of the processing assets. Maybe the time has come where we should look at buying the PLC out of those assets altogether." Walsh said Glanbia would come under the same 'pressure' as Kerry did to reduce the shareholding of the farmer-controlled co-op "because it will be seen as a hangover on the shares and that Glanbia PLC will not be attractive to investors. I can see that day coming at some stage". Earlier this month, Glanbia PLC reported wholly-owned revenues for the first half of this year up 20% to €2bn. Glanbia PLC reported their EBITA nearly doubled at €159.9m.

Ireland

DAIRYGOLD TO SELL CHEESE IN THE US

Dairygold are to market cheese under their 'Pastureland' brand in the US, in direct competition with Ornuia in which D/G are a large shareholder. This is being done via D/G's association with major Norwegian co-op Tine and their US distributor Norseland.

KERRY SHAREHOLDERS SELLING SHARES

It has emerged that the Kerry Co-op board are signing off an increasing number of shareholders exiting or reducing their shareholding in the co-op, some shareholders making €millions deals at €690/share in the co-op's redemption scheme and up to €580 on the grey market. One shareholder is reported to have sold 6,000 shares. These transactions are attributed to the Co-op's failure to complete the proposed joint venture with Kerry PLC.

ROW OVER NEW NITRATE REGULATION

As with the Netherlands, Ireland has been granted a derogation from the European Nitrates Directive. In order to maintain this exemption, which expires at the end of 2021, the Irish government is proposing drastic measures: The two largest farmers' organisations in Ireland strongly criticise the government's proposed tightening of nitrate regulations. One of these is the ban on the discharge of waste water from stables and milking parlours during winter. The Irish Farmers' Union estimates that this could cost many farmers up to €30,000, as stacking capacity will have to be increased six-fold in some cases.

Irish milk price league table

KERRY GO TOP

Kerry have gone top of the July Irish milk price league table after increasing their price by 1c/litre to go to 34.24c/litre, the first time Kerry have been top for a long time. North Cork are the only co-op to raise their price, by 0.45c to go to 33.85c. All the others are unchanged except for Aurivo (-0.2c) and Boherbue (-0.28c).

JULY MILK PRICES

	c/litre	€/kg milksolids
Kerry	34.24	4.82
Lakeland	34.10	4.78
Arrabawn	33.90	4.75
Drinagh	33.87	4.78
North Cork	33.85	4.77
Glanbia	33.80	4.74
Lisavaird	33.72	4.76
Dairygold	33.70	4.75
Bandon	33.63	4.75
Barryroe	33.63	4.75
Centenary	33.47	4.73
Aurivo	33.40	4.72
Boherbue	32.78	4.64

Ranked on c/litre; source: IFJ

Retail

GLASS BOTTLE TRIAL 'GOES WELL'

Morrisons have received positive feedback from their recent glass milk bottle trial in seven stores across Kent and four stores in Sheffield. The bottles are delivered directly to Morrisons supermarkets by local dairy farms and once returned are collected and sanitised and can be re-used for at least 10yrs. The introduction of traditional glass milk bottles could remove 40,000 plastic bottles from these Morrisons stores in a year as well as reducing CO2 emissions as delivery from local suppliers means milk covers shorter distances. A Morrisons spokesman said: "Customers have responded well to the trial. We are working with a number of local suppliers and hope to be able to offer this to more customers in more stores in the coming months. Re-using glass milk bottles is an easy leap for many people to make because they remember that this was how milk used to arrive on the doorstep. We're currently talking to other local dairies and hope to be able to roll out glass milk bottles across the country." Morrisons have committed to a 50% reduction across their own-brand primary plastic packaging by 2025. Initiatives introduced over the past 12mths will remove 9,000t of unnecessary or problematic plastic each year. Over 83% of Morrisons own-brand plastic packaging is now able to be recycled.

BUTLERS LAUNCH NEW CHEESE RANGE

Fourth-generation family cheesemaker, Butlers Farmhouse Cheeses, based in Lancashire, have launched their sustainable "This is Proper" farmhouse cheese range in Asda stores. The range consists of six cheeses; Creamy Lancashire, Crumbly Lancashire, Double Gloucester, Tasty Lancashire, Red Leicester and a goats cheese. All cheeses in the range are made from milk within a 10-mile radius of the Butlers' plant, are fully vegetarian, graded by strength and available in 100% recyclable packaging. Butlers claim to be the first British cheesemaker to introduce sustainable packaging. Some of this range is already available in Tesco and M&S.

Germany/UK

CATHEDRAL CITY IN NEW GERMAN JV

Saputo Dairy UK and Hochland Deutschland in Germany have signed a long-term, exclusive joint venture to promote Saputo's leading UK Cheddar brand Cathedral City. Hochland will take over responsibility for the brand in the German and Austrian markets as from next January and will expand distribution in both countries and further develop the brand.

- **Cathedral City snack pack**—Snack packs within the Cathedral City snacking range will, this month, move to a new recyclable tray. Made from widely recycled white PET, the new trays, will roll out across packs of Cathedral City 'with Pickle' and Cathedral City 'Lunchpack'. Formed using a reduced gauge, the new trays will also use up to 33% less plastic and contain up to 80% recycled content. The transition is the latest in a series of sustainability initiatives from Cathedral City, which in 2020, saw the brand partner to launch the industry's first recycling scheme for flexible film cheese packaging.

Company reports

MULLER UK & IRELAND BACK INTO PROFITS

Muller UK & Ireland Group (they have now dropped the *umlaut in the UK*) have reported sales for calendar year 2020 up 0.9% at £1,916.8m, with Muller Yogurt & Dessert reporting sales down 4% at £378.2m (mainly down to a decline in sales of their Mullerlight brand "which had a challenging year," with their Milk & Ingredients business reporting sales up 2.2% at £1,532.5m and their Rendering Services business reporting sales up 15% at £6.1m. The business was back

MULLER UK & IRELAND REPORTS (calendar years)			
£m	2018	2019	2020
Sales	1,932.0	1,889.1	1,916.8
Oper. profits	-17.3	-73.1	17.2
Net profits/losses	-100.0	-76.1	16.5

into profitability in 2020 with operating losses of £73.1m in 2019 reversed into profits of £17.2m (+0.9%). Net pre-tax losses of £76.1m were reversed into profits of £16.5m. Net current assets were up 66% at £68.3m. Staff numbers were up 277 (+3.8%) at 7,539 with average salary down 12% at £33,600.

Peter Willes' **Parkham Farms** farming and cheesemaking business in north Devon have reported sales up 7% at £34.9m for the year to November 2020 while operating profits were up 8% at £998,000, producing an average operating margin little changed at 2.9%. Pre-tax profits were up 12% at £940,000. Shareholders' funds were up 7% at £12.4m. Staff numbers were down from 40 to 39. No dividends were paid again.

Norwegian-owned, Gateshead-based **Primula/Kavli**, who make cheese spreads and other products, mainly under the Primula brand—who have been operating under the same ownership in the UK for more than 80yrs—have reported sales for calendar year 2020 up 1.3% at £23.4m and operating profits up 12% at £2.69m—increasing average operating margin from 10.4% to 11.5% (making them one of the most profitable dairy companies operating in the UK)—and pre-tax profits were up 8% at £2.7m. Total equity was up 30% at £9.1m. Staff numbers were up from 101 to 108. As of now no dividend was paid for 2020 (2019: £2.5m paid to their Norwegian owners, the Norway-based Kavli Trust). The company report that in June the year before following identification of bacteria in one of their products during routine

ORNUA'S CORPORATE PRESENCE IN THE UK

£m	2019	2020	Oper. profit
Turnover			
Ornuia Foods UK	354	411	+6.8
Ornuia Ingredients UK	103	48	-1.1
Ornuia Nutrit. Ingreds UK	36	33	-1.1
Ornuia Butter Trading	43	28	-0.1
Ornuia Ingreds Europe (UK)	86	76	-2.5
TOTALS	622	596	+2.0
Operating profits are for 2020			

ORNUA INGREDIENTS MERGER

Ornuia Ingredients UK, which since 2016 have combined the Ornuia subsidiaries Meadow Cheese and Cheese Warehouse, have reported sales more than halved from £103.1m to £47.5m for calendar year 2020 and operating and losses more than doubled at £1.05m. They supply customised dairy ingredients, grated cheese and processed cheese to food manufacturers. Ornuia say Ornuia Ingredients UK were merged, as from April 2021, with a new company, **Ornuia Ingredients Europe (UK)**, which replaces the operators of FJ Need (Foods), bought by Ornuia in 2017. Ornuia Ingredients Europe (UK), who supply bulk cheese, butter and milk powder to mainly UK-based customers, from sites in Nantwich and Ledbury report turnover for calendar year 2020 down 12% to £75.7m with pre-tax losses almost doubled to £2.53m. Staff numbers were up from 141 to 146. No dividends were paid for the second year in succession. The company did not explain their big losses but do refer to the damage caused by the Covid pandemic. It was also notable that their sales to "the rest of the world" were down from £9.6m to £1.6m. The valuation of their net assets was cut from £3.7m to £0.9m. All five subsidiaries operated by Ornuia in the UK have now reported their 2020 results and these are summarised in the table above. As can be seen, total combined sales were down 4% at £596m in 2020, making them the third largest dairy business operating the UK, after Arla and Muller.

Milk prices

JULY FARMGATE MILK PRICE AT 30.9ppl, near all-time record

Defra have provisionally estimated the average UK farmgate milk price of 30.9ppl for July. This is up 2.5% from June and 11.4% higher than July last year. The average milk price for the year to date is 30.03ppl, 10.8% higher than Jan-July last year—and the second highest Jan-Jul figure ever, behind only the 32.92ppl recorded in 2014.

UK FARMGATE MILK PRICES

	2021	v. '20
Jan	29.75	+3.2%
Feb	29.93	+4.2%
Mar	29.72	+4.0%
Apr	29.40	+7.5%
May	30.11	+12.7%
Jun	30.41	+12.0%
Jul	30.90	+11.4%
Avge	30.03	+10.8%

Brexit

MILK POURED AWAY

Dairy farmers have been warned to check their insurance cover and the rules for disposing of milk after a spate of missed collections due to the driver shortage. The most recent incident saw a number of farmers in the Midlands instructed by Muller to pour milk away on the weekend of Sept 4/5. In some instances, full tanks that had been ready for collection had to be poured away. Affected farmers have been told they will be paid for losses incurred.

Staffing problems**YEO VALLEY OFFER BIG PAY RISES**

Yeo Valley last week launched a job retention scheme with pay rises in a bid to beat staff shortages. The company are offering long-term roles for hundreds of temporary workers. The retention scheme includes enhanced benefits and a clever route to long-term jobs for candidates able to continue working for the company on a temporary basis as it settles into what it calls "post-pandemic life in the short-term". This is supported by a pay increase of more than 9% for all workers. Yeo Valley currently have about 60 temporary roles at their five sites and are among a rising numbers of employers offering temporary workers longer-term prospects as they look beyond Brexit and Covid-19.

Promar Milkfinder**MARGIN OVER FEED COSTS STATIC FOR 4yrs**

Figures from Promar's Milkfinder for the past 5yrs shows that the margin of milk price over purchased per cow has been static at about £1,780 for the past 4yrs after a big increase in milk prices in 2018. While the average milk price has increased by 19% over this period, feed costs per litre of milk produced have increased by 17% to 8.03ppl. Over this period the average yield per cow has increased by a gross 6.2% to 8,563 litres. Concentrate prices have increased by 19% to £238/t while concentrate use has fallen by 2.5% to 0.33kg/litre.

CMA**NIJJAR-MEDINA MERGER INVESTIGATED**

The CMA reported last week that, as expected, they are investigating the proposed merger of Nijjar Group Holdings (Acton) and Medina Holdings.

VENDING MACHINE PROTEST

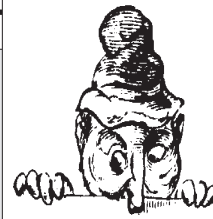
More than 9,000 people have signed a petition calling for Flintshire Council in Scotland to reverse their refusal of a lawful development certificate for a self-serve machine at a farm in Trelogan. Customers have queued in their droves since the 24-hour roadside machines which offer bottled milk and milkshakes were installed earlier this year.

Margarine—This week we publish extracts from two recent reports on plant-based alternatives to dairy products (see back page); but while exploring the history of this phenomenon, going back to as far as the Neolithic Period, neither report, curiously, makes any mention of the most successful non-dairy competitor to date: margarine. Margarine, mainly made from animal fat, was invented in France in the last 1860s over a government push to produce a butter substitute affordable by the poor and the army. But it was first produced commercially in Germany in the early 1870s but this company sold the patent to Dutch company Jurgens, a forerunner of Unilever, but the product was not a success and had virtually disappeared by the late 1930s. It was revived in the 1950s, mainly in the US where the industry defeated a move by dairy farmers to prevent them colouring the product yellow from the previous unattractive white. In those days the main appeal was cheapness.

F/C—Frans van den Hurk (see People p5), a large and successful Dutch dairy farmer, has stepped down after only 8mths on the F/C co-op board, and tongues are wagging. According to insiders, he wants a stricter business approach and stricter sticking to co-op principles and has concluded that he can't achieve this in the present set up. He wants more cost-cutting and less talk of sustainability. F/C members are worried that the company are looking to sell parts of the business to generate cash (latest example: Nutrifeed sold to Denkvit), instead of generating more money with the milk they produce. Not long ago, the company installed a new finance model which involves farmer-members having to invest more money without dividends or interest and some executives are worried at the risk of farmers leaving, with recent rumours of a video posted on the internal F/C 'Melkweb' in which CEO Hein Schumacher explicitly warns of this. If the ambitious A-ware starts to sign up more F/C members, things could really go wrong.

UK/OZ trade agreement—Australians regard the appointment of Ian Botham as a UK trade representative in charge of setting up the new UK-Australia Free Trade Agreement as defining the whole project: PR bullshit. The specific reference to access for 48,000t of Australian cheese in the UK as part of the deal is seen as nothing more than a joke. Australian milk production has been declining steadily, down by 13% in the past 15yrs—as climate change bites and the population soars by 28% to 25.7m in the past 15yrs and per capita consumption of all the main dairy products has risen; today experts say Australia are heading out of the dairy export business.

Wensleydale—In November 1986 Dairy Crest bought a controlling share in a company called Morisis Foods, based in the Telford area and run by the Italian Moruzzi family. The company made and sold ice cream products. In November, the company's operations were placed into a newly created subsidiary which was sold to the rampant Hilldown Holdings conglomerate in 1987. The residual Morisis company was now a non-trading shell company but remained 'active' at Companies

**I hear....**

House until 1993 when the Moruzzis finally resigned and the company was renamed Dairy Crest Investments and the company was formally declared dormant. And so matters remained for almost 30yrs. Dairy Crest directors came and went but a tax advantageous 'debt' to the DC Group carried by the company in the form of preference shares valued

at £470,000 remained sitting in a nominal ledger. Until last month. In a flurry of activity DC Investments changed their name to Wensleydale Dairy Products, while the company previously owning that name (acquired by Saputo in July) simultaneously changed their name to "JR (Yorkshire)". The newly named Wensleydale then told Companies House that they were to re-adopt the articles of association for the Morisis Foods business dating from 1985, with the addition of a single line of text which should enable it to resolve that £470,000 worth of nominal debt with a pen stroke. In due course, the new Wensleydale will probably acquire the assets of JR (Yorkshire). If saving money in a name change was the objective why not just leave Wensleydale Dairy Products as it was? And to achieve all of this they may have had to lose the tax benefit they've had from DC Investments since 1993. Are we missing something here?

Hogan's return—It is being rumoured that the EU's Brexit negotiator Michel Barnier's announced run for the French presidency could see a return to euro-politics of Phil Hogan, apparently a close chum of Barnier, 70. Hogan, 61, was Ireland's EU commissioner, firstly for agriculture and then for trade, before being forced to resign a year ago after attending a Covid-breaking golf dinner in Ireland.

Dairy trade: UK/EU—The UK's dairy trade with the EU between Jan-Jun totalled 690,000t, down 19% since 2020. But if we exclude trade in milk and cream—which almost exclusively comprises UK exports across the NI-Irish border, freely (one good reason for a united Ireland!)—total trade was down 24% to 560,000t in the first half of 2021, but for those optimists who see great prospects for global UK dairy imports (cheese from Australia? butter from NZ?) it is interesting to note that total UK dairy imports from the rest of the world in Jan-Jun 2021 totalled just 1,754t, up 66% on 2020 but still amounting to all of 0.3% of total UK dairy trade. So as of now the UK imports dairy products almost exclusively from the EU—and these imports were down 19% in Jan-Jun (see table below). When it comes to UK dairy exports (again excluding milk and cream), in Jan-June 2021 the UK sold 142,000t of product to the EU and 54,000t to the rest of the world, and this was 8% less than the year before. And as can be seen in the table, UK dairy exports to the EU have been hard hit since Brexit: whey products down 56%, milk powders down 41%, yogurt down 36%, cheese down 30% and butter exports down 29%. So if Brexit is to work for the UK dairy sector, things will have to change, fast.

UK DAIRY TRADE WITH EU ('000t), Jan-Jun*

EXPORTS to	Cheese	Butter	Powders	Whey	Yogurt	TOTAL
TOTAL	51	20	36	14	21	142
v. 2020	-30%	-29%	-41%	-56%	-36%	-37%
IMPORTS from	Cheese	Butter	Powders	Whey	Yogurt	TOTAL
TOTAL	179	23	34	20	160	416
v. 2020	-21%	-37%	-19%	-40%	-7%	-19%

*Excl. milk & cream

Two important reports have recently been published on the likely future development of plant-based alternatives to dairy products, extracts from which are included below:

1. By **TMR Research Insights** source Transparency Market research, and
2. By **Tom Rees, Euromonitor** Rising Tide of Non-Animal Proteins.

TOM REES: Sales of plant-based alternatives were growing strongly worldwide pre-pandemic. Meat and milk substitutes generated sales of US\$36bn in 2019, and sales growth accelerated sharply. Several factors are benefiting plant-based alternatives:

- Overall positive impact of the pandemic on food retail.
- Consumers' increased focus on healthy eating.
- Consumer desire for novelty in eating and cooking choices.
- Strong demand for longer shelf-life products.

In 2021, the reopening of economies and easing restrictions on food-service mean the substantial shift to home-based eating occasions will reverse. Nevertheless, reflecting the strength of the plant-based movement, total retail sales growth across the key categories will remain positive. Retail sales of meat substitutes are forecast to remain ahead of milk alternatives and to grow more quickly, at a year-on-year average of 4% from 2022 to 2025 compared with 3% for milk alternative. Free-from dairy yogurt is forecast to grow more quickly, by a year-on-year average of 8%, but from a lower base. Across a host of key motivations and behaviours relating to plant-based consumption, younger adults emerge as the most likely to hold such beliefs and to act on them. The impact of the global pandemic of 2020 was positive for these products. While the number of vegetarian consumers is small globally, the number of people who are limiting their animal product consumption is more significant—for meat this is 23% globally. On the dairy side, the picture is less dramatic, with 6% of total volume sales of drinking milk products coming from alternatives, and just 1% of yogurt. There is also a clear age dimension here, as younger adults are generally more likely to eschew animal-based food in general. On closer analysis, it becomes clear that the youngest adults are the core consumers for plant-based meat alternatives. Only 25% of 15-29-year-olds never eat alternatives, compared to 51% of those aged 60+. Convincing significant numbers of older adults to give up animal products entirely may be a difficult task but that isn't stopping brands from trying. Milk alternative Oatly's "help-Dad.com" campaign has focused on this by encouraging children/young adults to convince their fathers to abandon traditional dairy. Oatly research shows men aged 44-75 are the least likely to be "environmentally-friendly". While attempting to harness the energy of social change movements worldwide in order to change older adults' behaviour may work, ultimately the fact that demographics are on the meat/dairy-free producers' side may be more important. The seemingly insurmountable challenge posed by the establishment of animal-based food production should diminish over time.



SOME KEY PLAYERS IN PLANT-BASED

- Danone
- Oatly
- Hain Celestial
- Turtle Mountain
- Vitasoy
- Natura Foods
- Freedom Foods
- Earth's Own Food Co
- Goya Foods
- Hershey Co
- Blue Diamond Growers
- Edward & Sons
- Chef's Choice
- Alpina Foods
- Liwayway
- Kaslink Foods

Source: TMR Research

TMR Research Insights: Once presaged as an essential aspect of a balanced diet in many cultures, dairy usage has recently been in decline as consumers respond to the worries over hormone usage, allergens and the perceived unhealthy profile of some dairy offerings. Some dairy producers have increasingly worked towards keeping pace with the evolving consumer attitudes. Plant-based alternatives such as oat 'milk' have a perceived health benefit. Humans first imbibed the idea of the consuming milk of other mammals following the domestication of animals during the Neolithic Period. The rise in urban population in the 19th century further revolutionised milk supply. Over the past three decades of the 19th century, milk demand in most parts of the world surged. Although milk held a legacy of strong market hold over centuries, the preference for plant-based milk has been present over centuries, although not regarded as a substitute for dairy milk. Recipes from Levant, back in the 13th century, describe the first-ever plant-based milk—almond milk, whereas, soy milk was another plant-based milk consumed in China during the 14th century. Medieval England also marked the use of almond milk in several dishes. In the recent past, these products gained recognition in the plant-based category. The plant-based milk market is thought to have been worth \$14bn in 2019, and is expected to grow at a CAGR of 8% through the forecast period. The clean label trend shows no signs of slowing down, with the consistent urge of consumers to reformulate products with no synthetics or artificial additives. As the demand for

'clean label' products continues to escalate, the consumption of plant-based milk is expected to grow. Although plant-based milk is gaining immense popularity among the health-conscious, the relatively lower level of protein present in these dairy alternatives is likely to impact the overall consumption. Another challenge faced by plant-based milk providers is the tedious process of legal and regulatory inspection, as industry associations prevent manufacturers from using labels that could misguide consumers regarding the nutritional value of the products. Some companies serving the plant-based milk market are centring their focus on flavoured formulations to entice consumers. Some companies aim to differentiate themselves from their competitors by focusing on flavoured formulations. For example, Danone sell a range of flavoured plant-based products. Distribution through online platforms is also becoming a profitable strategy for companies. Moreover, as consumer thirst for oat milk continues to surge, some dairy farmers producing non-dairy milks are proliferating the production of oat milk. As the TMR study demonstrates, expansion of the oat milk portfolio remains a profitable strategy. In 2019, Danone's Silk brand unveiled an oat-based milk alternative—Oat Yeah, sometimes attributable to falling soy milk sales. In 2019, Blue Diamond, the world's leading almond marketer, expanded their extensive Almond Breeze product line with the addition of a dairy-free product—Almond Breeze Almondmilk Horchata. Large companies are diversifying their portfolios and upgrading their production facilities to ensure that they are equipped to cater to growing demand.

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