

**HD** Fonterra's \$573m **China** deal

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**DAIRY** Giant Fonterra has announced a \$573 **million** partnership with **Chinese** infant food manufacturer Beingmate.

The move will see the **Chinese company** owning a 51 per cent **stake** in Fonterra's Darnum plant west of Melbourne, and Fonterra buying a 20 per cent share in Beingmate.

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Fonterra Australia managing director Judith Swales said that if approved by regulatory authorities in both countries, the move would be a "game changer" for the Australian **dairy** industry, and for Fonterra's relationship with its most important market, **China**.

"We've always talked about, and a lot of companies talk about, this increasing demand for infant formula in **China**," Ms Swales said.

"This gives us an opportunity to connect all the way through from Australian **milk** pools, all the way through to **Chinese** producers, in one supply chain."

Ms Swales said the process would likely take 6 to 8 months and give the **company** access to around 80,000 points of **sale** in **China** through Beingmate, which currently holds around 10 per cent of the **Chinese** infant formula market.

As part of the deal, the product would be distributed exclusively through Fonterra's Annum **brand**.

**China**'s infant formula market is currently worth \$18 **billion** and predicted to reach \$33 **billion** by 2017, according to independent analysis Euromonitor.

Ms Swales said the Darnum facility, which currently produces 50,000 tonnes of infant formula a year, could potentially double its output.

She said 100 per cent of the **milk** processed at Darnum would be sourced from Australia.

"One of the great things about where the factory is located is that it's a great source of great **milk**," Ms Swales said.

"I think there is potential for more **milk** to be produced down there, just as there is in other parts of Australia.

"We hope this would give farmers confidence to invest and grow their **milk**."

The Darnum facility currently employs 160 people.

Ms Swales said Fonterra hoped to expand the workforce as volumes increased.

**CO** foncop : Fonterra Co-operative Group Limited

**IN** i4131 : Non-frozen Dairy Products | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products

**NS** cpartn : Partnerships/Collaborations | gcat : Political/General News | c11 : Plans/Strategy | ccat : Corporate/Industrial News

**RE** china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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