



**HD** Fonterra **dairy** cooperative will partner with **Chinese milk** giant to more access to infant powder market

**BY** James Jooste

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Global **dairy** cooperative Fonterra will invest \$550 **million** in **Chinese dairy** giant Beingmate to increase access to the lucrative infant **milk** market.

The deal includes a 20 per cent share of the **Chinese company** and joint ownership of Fonterra's state-of-the-art **milk** powder factory at Gippsland in Victoria.

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Under the proposed agreement, Beingmate will own a majority share in the Gippsland plant, but operations will continue to be run by Fonterra.

Managing director of Fonterra Australia, Judith Swales, says the value of the infant formula market in **China** will nearly double in the next three years.

"The market is \$18 **billion** all up and we see that growing to \$33 **billion** by 2017, so that's significant.

"This is a game changer for the **dairy** industry in Australia and Fonterra, given that they (Beingmate) are the market leader in infant formula in **China** with a 10 per cent market share."

Fonterra will concede a 51 per cent **stake** of its Gippsland processing factory to give Beingmate better access to safety protocols into the **Chinese** market.

In return, Ms Swales says, Fonterra will get unprecedented reach in **China's** infant formula market.

"For our infant formula **brand** that is manufactured in New Zealand, give its us access to 80,000 outlets.

"It also creates a demand pipeline for products from our Darnum (Gippsland) facility."

The partnership will increase investment in Fonterra's manufacturing facilities in New Zealand and Europe and increase the volume of the companies products exported to **China**.

Fonterra's proposed deal needs approval from the Australian Foreign Investment Review **Board**.

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

**IN** i4131 : Non-frozen Dairy Products | i01001 : Farming | i0 : Agriculture | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products

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**IPD** dairy

**PUB** Australian Broadcasting Corporation

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