



HD Australian **dairy** producers cash in on **Chinese milk** demand

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Australian farm fresh **milk** has hit **Chinese** supermarket shelves, and is in high demand with local consumers, despite costing \$9.50 a litre.

Australian farm fresh **milk** has hit **Chinese** supermarket shelves, signalling the beginning of a new frontier for **dairy** producers.

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Fresh **milk** can now travel from Australia to supermarkets in **China** in just seven days.

Until recently this would have been impossible - the **milk** would have exceeded its shelf life by the time it travelled from Australia and cleared **Chinese** customs and quarantine.

"It's taken us 12 months to get to this point," Peter Verry from Peloris Global Sourcing said.

"Commercial shipments started over a month ago and in that time we've done approximately 20,000 litres."

Peter Verry and his partners have even bigger plans for the Australian **business** - by the end of the year they hope to import 50 times more **milk** each month, a total of one **million** litres.

Mr Verry says that's just the beginning.

"We actually think that's a conservative number," he said.

"We are working closely with [Australian airline] Qantas to ensure we've got the infrastructure in place."

The **milk** being imported to Nanjing, from a **dairy** cooperative in New South Wales, is **sold** in upscale supermarkets.

"We think annually we can get as high as 20 **million** litres a year," he said.

"With the growing middle class and high income earners in **China**, the demand for Australian fresh **milk** is going to outstrip supply in the not too distant future."

Demand for imports following melamine scandal

Imported products are unaffordable to many outside the major east coast **Chinese** cities like Beijing, Shanghai and Nanjing.

Those cities were among the first to develop after **China** implemented economic reforms more than three decades ago.

The Australian **milk** is expensive - just one litre of the **milk** costs \$AU9.50 - around four and a half times the price of **milk** produced by a **Chinese company**.

Customers in Nanjing are keen buyers, despite the price.

The **Chinese dairy** industry is still suffering from the fallout of the 2008 melamine scandal, where .

It's thought more than 300,000 people were affected and six children died as a result.

Milk consumption fell precipitously, and the **Chinese dairy** industry hasn't recovered.

University professor Zheng Fengtian was one of the many alarmed **Chinese** parents who abandoned local **dairy** products and instead bought imported powdered baby **milk** for his child.

"The entire **dairy** industry is very complicated: there are so many farm owners, the supply chain is so long, there are so many companies involved," he said.

"So even though the **Chinese** government has put in a lot of effort to improve the standard of the **dairy** industry, it's not something that can be solved in a day or two."

Now that **Chinese** parents can choose to have a second child, the opportunities for **dairy** companies around the world have increased even more.

That's the silver lining for Australian **dairy** farmers who have endured a horror year of drought and low prices.

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