

Media release



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Devondale Murray Goulburn (MG) welcomes landmark China trade agreement

Australia's largest dairy foods company Devondale Murray Goulburn (MG) has joined the Australian Dairy Industry Council in welcoming the announcement of the Australia-China Free Trade Agreement (FTA).

MG's exports accounted for more than 51% of its revenue in the previous financial year, with MG exporting A\$1.5 billion including more than A\$200 million to China and Hong Kong in the form of infant nutrition, milk powder, cheese and drinking milk.

MG Managing Director Gary Helou said a FTA with China was a vital step for the future of MG's more than 2,500 dairy farmer supplier/shareholders.

"China is already the world's largest dairy import market last year importing 2.2 million tonnes*, an increase of over 40% on the previous year. It is forecast that China dairy demand and dairy imports will continue to grow."

"Chinese customers and consumers trust the quality and safety of Australian dairy products, and increasingly seek it as a premium choice in both the ingredients and grocery dairy foods. Therefore it is vital that Australia has excellent and competitive access to the growing and strategic China market," Mr Helou said.

Whilst MG and the industry need to review the full detail of the FTA, Mr Helou said the deal seemed to tick all the boxes sought in a good FTA.

"The first objective in this FTA was to begin to redress the disparity between Australia and New Zealand dairy trade to China. Second was to achieve a pathway to total free trade providing a competitive advantage and protecting Australia's long-term competitiveness in China. It seems these objectives have been delivered."

Mr Helou said that MG has plans to grow in China.

"MG is already investing in its manufacturing footprint to provide world class dairy foods to China and south-east Asian consumers. The China FTA will further cement MG as a first choice dairy foods supplier to the China market and this will support higher farmgate returns to our dairy farmer supplier/shareholders," he said.

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About Devondale Murray Goulburn (Murray Goulburn Co-operative Co. Limited - ABN 23 004 277 089)

Devondale Murray Goulburn is Australia's largest dairy foods company. In 2013/14 the company received approximately 3.4 billion litres or 37% of Australia's milk and generated sales revenue in excess of \$2.9 billion. Devondale Murray Goulburn was formed in 1950 and remains 100% dairy farmer controlled, with more than 2,500 farmer/shareholders and more than 2,400 employees. Devondale Murray Goulburn is also Australia's largest dairy food exporter to the major markets of Asia, the Middle East and North Africa, and the Americas. Devondale Murray Goulburn produces a range of ingredient and nutritional products, supplies the food service industries globally and its flagship Devondale brand is sold nationally.

**Sources: ABS, Statistics New Zealand, EU Commission, and GTIS - Reported global exports to China totalled 2.21 million tonnes of dairy product in FY 2013/14, a 42% increase from 1.55 million tonnes in FY 2012/13.*