

3 Dairy market overview

- Market situation

From 2005 to 2009, Chinese milk outputs increased from ■ million tonnes to ■ million tonnes, with the CAGR of ■. Meanwhile, Chinese cow milk production accounts for over ■ of total milk output during these years, the output of domestic cow milk from 2005 to 2009 increased from ■ million tonnes to ■ million tonnes, with the CAGR of ■%.

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6 Dairy ingredients

6-1 SMP/WMP

6-1.1 Supply, 2009

In 2006 and 2007, capacity and output of domestic WMP were estimated to respectively increase from ■ million t/a to about xx million t/a and from ■ million tonnes to ■ million tonnes, and capacity and output of domestic SMP were estimated to respectively increase from ■ million t/a to about ■ million t/a and from ■ tonnes to ■ tonnes.

Table 6-1.3.3 Capacity and output of some SMP/WMP manufacturers in China, 2009 and H1 2010

No.	Abbreviation	Capacity, t/a		Output, t	
		2010	2009	H1 2010	2009
1	Yili	■	■	■	■
2	Feihe	■	■	■	■
3	Beiru	■	■	■	■
4	Yeeper	■	■	■	■
5	Bright Dairy	■	■	■	■
6	Yashili	■	■	■	■
7	Wondersun	■	■	■	■
8	Reward Group	■	■	■	■
9	Rodobo	■	■	■	■
10	Ningxia Xuequan	■	■	■	■
11	Mengniu	■	■	■	■
12	Sanyuan Foods	■	■	■	■
Subtotal		■	■	■	■
Others		■	■	■	■
Total		■	■	■	■

Source: CCM International

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7-1 UHT/long life products

In China, ultra heat treated (UHT) milk is one of the most popular dairy products in China, from 2005 to 2007, the output increased from █ million tonnes to █ million tonnes, with the CAGR █%, the major reasons for these booming situation are the higher living standard of people and implement of some relevant governmental policies stimulating domestic UHT milk production.

However, from 2007 to 2008, domestic output UHT milk slightly decreased from █ billion tonnes to █ million tonnes with the growth rate of █%, the major reasons are including two aspects.

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Table 7-1.1.1 UHT milk availability in China, 2009

Item	Volume
Production	█
Import	█
Export	█
Availability	█

Source: CCM International

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7-1.2 Demand for dairy ingredients, 2009

In UHT milk industry, the major kind of dairy ingredient used in this area is SMP/WMP, taking up about █% of the dairy ingredient in UHT milk production. According to Safety Standard For Dairy Products, launched by China's Ministry of Health in Apr. 2010, pasteurized milk should be labeled with "fresh milk", reconstituted milk made from milk powder should be labeled with "reconstituted milk", and UHT milk products made of raw milk should be labeled with "pure milk".

In Chinese UHT milk market, almost all UHT milk producers claim that their UHT milk products are made from raw milk rather than SMP/WMP, only Want Want Group Co., Ltd. admits their UHT milk is reconstituted milk which is made from SMP/WMP.

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