Nestlé opens new child nutrition factory in Mexico

Nestlé recently opened a new factory manufacturing child nutrition products in Ocotlan, Jalisco, Mexico, investing $324 million Cdn. The 6.5-million-square-foot, state-of-the-art facility is expected to create an annual economic income of $1.6 million pesos ($112,000 Cdn) and create 250 direct and 1,250 indirect jobs. "It (the facility) uses the most advanced technology for manufacturing the highest quality child nutrition products, such as NAN, Good Care, Good Start, Nidal and Nestogeno. The factory also gives a boost to the local economy by purchasing 560 million litres of fresh milk and 365 million litres of whey per year from 400 milk manufacturers from the region," says Heiko Schipper, global chief executive officer of Nestlé Nutrition. Further to supplying Mexico, around 40 per cent of production will be exported to Latin America, the Caribbean and other regions around the world. The new plant will triple the current production capacity in Mexico, supported by processes and patents owned by Nestlé. This is Nestlé’s largest investment in the child nutrition category worldwide in the last 10 years. The factory is also built using environment-friendly technologies. About 85 per cent of the electricity will be generated from wind power and solar energy. It will also use energy-recovery technologies to take advantage of heat and water used in the factory, as well as treat 100 per cent of residual water. www.nestle.com.

Big surge in dairy costs

The biggest surge in dairy costs in almost seven years and a rally in sugar helped boost global food prices to the highest in 18 months.

The United Nations’ food price index rose 2.9 per cent in September, the seventh gain in eight months, the group’s Food & Agriculture Organization (FAO) states on its website. A gauge of dairy costs jumped 14 per cent, the most since November 2009. “The current price surge stems from expectations that falling milk production in the European Union and a muted opening to the dairy year in Oceania would result in tighter availabilities for export, following excess supplies in the preceding two years,” the FAO states.

Prices increased for all dairy products, particularly butter, and sugar costs rose for a fifth month. www.agweb.com.

New Hampshire dairy farmers struggling with historic losses

A New Hampshire board that oversees a never-before-funded emergency fund for dairy farmers is working on a plan to get aid to them by December as they struggle with low milk prices and drought conditions.

The board was scheduled to meet in mid-October to discuss an amount and help create a task force of legislators to hold a hearing. The goal is to have the money approved by the Legislature when lawmakers are sworn in on Dec. 7. Board members and state leaders have acknowledged dairy farmers in the state are dealing with historic losses and desperately need money to pay to feed their cows and cattle to get them through the winter. Many farms produced a small fraction of the corn feed and hay needed for the animals. www.necn.com.

Australia processors to develop code of conduct with dairy farmers to prevent controversial farmgate price cuts

Farmers were hit hard after Australia’s largest dairy producer, Murray Goulburn, made a sudden and retrospective cut to milk prices in April, and other producers have since lowered their prices for the current financial year.

All industry stakeholders, including Murray Goulburn, have agreed to draft a voluntary code of conduct in what has been hailed as a major milestone for farmers.

The United Dairy Farmers of Victoria (UDV) says the code of conduct will ensure transparency in contracts and pricing decisions.

"It’s been a long process to pin down the processors and get them to agree to meet with us," UDV president Adam Jenkins says in a statement. "But with intervention from the federal government, we’ve been able to achieve a major step forward for the dairy industry in ensuring farmers are never again forced to retrospectively repay their earnings due to milk price cuts."

Jenkins says stakeholders plan to finalize the draft code before the Australian Competition and Consumer Commission hands down its report into the dairy industry in 2017.

The code will address pricing adjustments and ensure farmers receive all payments accrued over the term of a contract, and ensure there is no retrospective price cuts, he says. The agreement comes after national dairy body, Australian Dairy Farmers, brought processors, farmers, regulators and government representatives together at a meeting in September. www.news.com.au.

EU dairy outlook uncertain

There are “many uncertainties” regarding European Union (EU) dairy market developments in 2017, according to a short-term agricultural outlook released in mid-October by the European Commission.

EU milk collection in the second half of 2016 is expected to be two per cent below 2015. In the first months of 2017, milk collection should remain below 2016, but not in the following months, all the more if prices increase.

EU milk deliveries are expected to expand by 0.5 per cent in 2017. With the slowdown in milk collection and the recovery in prices, no additional intervention buying-in is expected to take place in the remaining months of 2016.

Among the uncertainties for 2017 are the quantity of milk to be channelled into skim milk powder (SMP) production at the time of peak milk collection that could put downward pressure on EU prices. However, more milk is expected to be channelled into cheese production, driven by sustained domestic and export demand, and less into SMP.

The robust demand for butter and cheese is confirmed month after month and translated into much higher butter prices than for other dairy products, the report says. www.cheesereporter.com.