



Global dairy giant Danone will return to local supermarket shelves after a new deal. Photo Gabriele Charotte

Danone set to milk market

Report Sue Mitchell

Australia's largest dairy processor, Murray Goulburn Co-op, is set to enter the \$1 billion yoghurt market through a joint venture with the world's leading fresh dairy foods producer, Danone.

The joint venture will result in Danone-branded yoghurt and other fresh dairy foods returning to Australian dairy cabinets for the first time since Danone pulled out of a licence agreement with Dairy Farmers, now part of National Foods.

Murray Goulburn has been keen to expand in retail branded dairy foods and the deal provides

it with a strong international brand.

Industry sources said Danone yoghurt had struggled under the management of Dairy Farmers, which had also held the licence for Ski, now held by Fonterra.

However, Murray Goulburn has no yoghurt line and should be able to devote its full resources to relaunching and growing the brand.

"Murray Goulburn's partnership with Danone leverages our complementary strengths and will enable both companies to enter the Australian yoghurt market with confidence," Murray Goulburn managing director Stephen O'Rourke said.

Meanwhile, Murray Goulburn's attempt to buy rival processor Warrnambool Cheese & Butter has encountered another obstacle.

A parliamentary report into competition in the dairy industry has recommended a moratorium on mergers and acquisitions until after a Productivity Commission inquiry into national competition policy.

The chairman of the committee, senator Alan Eggleston, told the *Warrnambool Standard* that dairy duopolies were uncompetitive and the committee would caution against any merger of Murray Goulburn and Warrnambool.