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Xiao Lan is proud of the life she has built with her husband, Zhan Liang Feng, in Beijing. Raised in a small, rural area of China, she once shared a home with her grandparents, parents and brother.

Animal protein wasn't an option when she was a child. In fact, her diet consisted mostly of grains and vegetables.

Now, however, with an increased income and greater available food supply, Xiao is able to serve animal products, including dairy, to her growing family several times per week.

"Milk is very good for growth, especially for calcium," she says. "Since I have two young children, I would like to give them the best nutrients to grow bones and muscles. In addition, calcium is good for adults."

Her story is a common one. In late 2014, more than 82 million rural Chinese were surviving on less than \$1 a day, according to Zheng Wenkai, a vice minister at a Chinese government office responsible for development and poverty alleviation.

However, the upsurge in rural-to-urban migration of Chinese citizens is causing a change in that situation. The moves to cities often lead to higher-paying jobs. And, as seen globally, when people in developing nations find increased income, animal proteins become more prevalent in their diets.

Such is the case for dairy products in China. Imports of milk and milk protein products to China are booming, and, as of May 2016, were up 87% to 260,000 tons, in comparison to the year prior. In fact, from 2011 to 2015, imports of fluid milk grew by an annual average of 61%, according to the USDA Foreign Agricultural Service.

Emerging markets like China are the future of the U.S. dairy industry. Growth and demand are fueled by the international market, while U.S. consumption is stagnant. As dairy producers, we need to be in touch with these markets and the products that are most important, in order to continually meet their ever-changing needs.

CHINA: A CHANGING MARKET.

According to the Food and Agricultural Organization of the United Nations (FAO), demand for milk and milk products in developing countries increases with rising incomes, population growth, urbanization and changes in diets.

This trend is most pronounced in East and Southeast Asia, particularly in highly populated countries such as China, Indonesia and Viet Nam.

"The growing demand for milk and milk products offers a good opportunity for producers (and other actors in the dairy chain) in high-potential, peri-urban areas to enhance their livelihoods through increased production," an FAO report states.

Dairy in a changing world

As consumers around the world become more affluent, dairy products and dairy proteins are making their way to the table. And that's never been more apparent than in modern-day China.

By Christy Couch Lee



Xiao Lan is happy to be able to provide dairy products in the diets of her growing family in Beijing, something that wasn't an option when she was a child in rural China.

China Loves Ice Cream

According to a July 2015 Mintel report, China overtook the United States as the world's largest ice cream market in 2014.

Between 2008 and 2014, the total market value for ice cream sales in China nearly doubled, increasing by 90% to reach a total of \$11.4 billion.

Accounting for a third of all ice cream products sold in 2014, volume sales of ice cream in China reached 5.9 billion liters in 2014, compared to 5.8 billion liters in the United States.



HONORING THE
**REAL
FACES
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兰潇

Xiao Lin
Shanghai, China

The world is getting smaller every day. To generate demand for U.S. dairy products, we must think globally to meet the needs of consumers in emerging markets, like Xiao Lin in China.

At Balchem, we salute consumers around the world whose demand for high-quality, safe and nutritious dairy products to meet their families' dietary protein needs is fueling preference and appreciation for U.S. dairy products.

Visit realfacesofdairy.com to learn more about Xiao Lin and find other ways to be a part of the Real Faces of Dairy Celebration.

Introducing AminoShure®-M Precision Release Methionine, the lowest cost encapsulated methionine on the market. It delivers the methionine needed to optimize milk protein production and supply functional dairy products to the world.



AminoShure®-M
Precision Release Methionine

To see how milk protein is made, watch the new CSI-style video at bit.ly/milkprotein2.





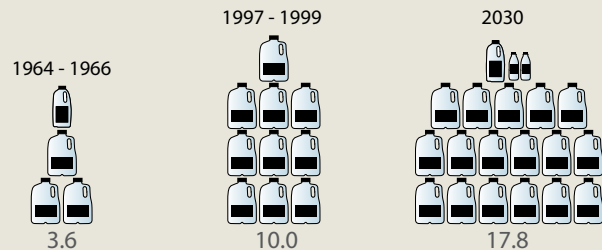
REAL FACES OF DAIRY

The Real Faces of Dairy campaign is a year-long project designed to honor and celebrate the past, present and future people—well known and lesser known—shaping the American dairy industry through their personal stories. It provides a forum to highlight the many advancements creating an exciting and vibrant industry serving a global market.



China's economic boom is directly tied to urbanization. In 1950, 13% of China's citizens lived in cities. By 2010, that number had grown to 45%. And it is projected to reach 60% by 2030, according to Karen C. Seto, a China expert and professor of geography and urbanization at the Yale School of Forestry and Environmental Studies.

Going Up! Milk Consumption Trends in East Asia



Region: East Asia Milk (annual per capita consumption in kg)
Source: World Health Organization

And this urbanization is the driving force for demand of livestock products, according to the World Health Organization (WHO).

"Compared with the less diversified diets of the rural communities, city dwellers have a varied diet rich in animal proteins and fats, and characterized by higher consumption of meat, poultry, milk and other dairy products," a WHO report states. "Livestock products not only provide high-value protein but are also important sources of a wide range of essential micronutrients, in particular minerals such as iron and zinc, and vitamins such as vitamin A. For the large majority of people in the world, particularly in developing countries, livestock products remain a desired food for nutritional value and taste."

This is absolutely the case for Xiao and her family. "My brother and I had a lot of steamed buns and salted vegetables when we were young," she recalls. "Sadly, I did not consume any milk as a child. I did eat some yogurt and ice cream, mostly in the summer."

When she was 19, she moved from the impoverished rural community to a city to continue her education. She began a career in the financial industry. And with an increase in education and income, Xiao began consuming more dairy products, as well as beef, pork and chicken.



ABOUT THE AUTHOR

Christy Couch Lee combines a background and passion for agriculture, and has owned Cee Lee Communications, Hoopston, Ill., for six years, specializing in freelance writing and photography in the agricultural industry. You can read more about Christy at www.realfacesofdairy.com.



We value your input; please take our survey at <http://bit.ly/253HCaa>

"We are now able to get access to a lot more foods and resources all around the world, and I am confident it will get better in the future," she says.

Today, she raises two children, daughter Jing Yu, 11, and son Jing Di, 5, in an apartment in Beijing with her husband, who works as a distributor in the dairy industry.

"Besides milk, we consume a lot of yogurts, at least three to four bottles per week," she says. "We do consume imported dairy products and always check the origins and brands of the milk products we consume."

Regardless of country of origin, Xiao says food safety is of top priority.

Xiao believes U.S. dairy producers can best reach international consumers with a focus on quality and cleanliness.

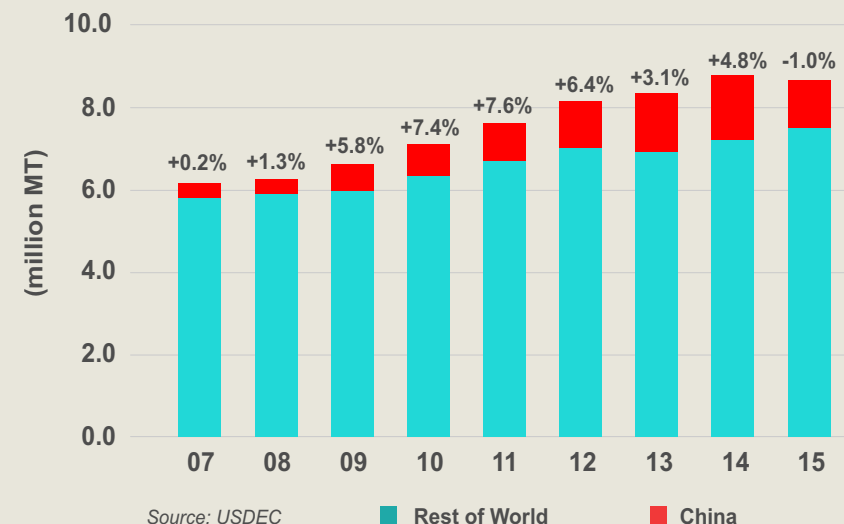
"I hope dairy farmers maintain their product quality so people don't need to worry about the safety of their milk," she says.

In order to reach international consumers, U.S. dairy producers must continually focus on the needs and wants of the global market.

Increased wealth in expanding markets like China will continue to result in great things for the U.S. dairy industry. And we must be poised and ready to meet that demand with a safe, wholesome product that meets and exceeds the demands of a growing world market.



Global Dairy Trade (SMP, WMP, cheese, butterfat, whey)



SHARE YOUR STORY

Throughout 2016, the Real Faces of Dairy project encourages everyone to share their dairy story and upload pictures of what dairy means to them. The dedicated website features interactive activities, including photo and essay contests. Visit www.realfacesofdairy.com.

