

Qingdao Nestlé and Laixi sign \$ 294.95 Mn deal for UHT Milk, Coffee Mate Projects

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Nestlé's latest expansion builds on Laixi's 74,700-cow dairy base, linking new processing capacity with a growing local milk supply chain



Laixi Municipal Government in Qingdao, Shandong Province, and Qingdao Nestlé Co., Ltd. have signed a strategic cooperation agreement covering UHT milk and Coffee Mate projects with a combined investment of \$ 294.95 million (RMB2 billion), marking a major expansion of Nestlé's manufacturing footprint and Laixi's ambitions to build a larger health food and beverage cluster.

The projects are scheduled for phased implementation between 2026 and 2029 and will centre on four priorities: expanding high-quality production capacity, upgrading intelligent manufacturing, accelerating green and low-carbon transformation, and building digital supply chains. The investment will support the establishment of multiple core production lines, alongside plans to pursue national-level green factory and excellence-level smart factory certifications.

The expansion builds on capacity already commissioned at Nestlé's Qingdao plant. Phase I of its UHT milk production line and a 1.8g small-pack coffee line have entered operation, with the facility securing EFSO Industry 4.0 certification and recognition as a Shandong Province Advanced Smart Factory. The new projects are expected to deepen the plant's manufacturing capabilities while integrating greater automation, digitalisation and resource efficiency into production.

For Laixi, the agreement is part of a broader industrial strategy centred on its "2+2+1" industrial system, with the city positioning industrial development as its "No. 1 Project" and placing targeted investment in health food and beverages among its priorities. The partnership also extends a relationship that began in 1994, when Qingdao Nestlé established operations in Guhe Sub-district.

Over the past 32 years, Nestlé's presence has grown alongside Laixi's dairy ecosystem, helping establish a more integrated supply chain around milk production and processing. With Nestlé serving as an anchor company, Laixi has developed a "company + breeding community + large-scale farms" model that now supports more than 280 large-scale dairy farms and a herd of 74,700 cows.

The city's milk production capacity has reached 200,000 tonnes a year, making Laixi the county-level city with the largest dairy herd in Shandong Province and an important national milk-source base. The scale of primary production provides the foundation for a broader value chain spanning dairy farming, raw milk supply, processing and consumer products.

The latest investment therefore goes beyond adding production lines. For Nestlé, it creates additional capacity across UHT milk and Coffee Mate while supporting a manufacturing model built around automation, digital supply-chain management and lower-carbon production. For Laixi, the project strengthens the role of dairy and health food manufacturing within its industrial upgrading strategy and adds further depth to a local supply chain that has been built over decades.

With implementation extending through 2029, the cooperation places capacity expansion and industrial modernisation at the centre of the next phase of Nestlé's Qingdao operations, while reinforcing Laixi's position as a major dairy production and processing hub in Shandong.