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FARMS AND BEYOND

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actionable intelligence

28 Feb 2025

On 27-28 February, European Commission President Ursula von der Leyen, along with the College of Commissioners, will visit New Delhi to meet Indian Prime Minister Narendra Modi and the Indian government. This visit highlights the growing momentum in EU-India relations and follows the announcement of a new strategic agenda to be unveiled at the EU-India Summit.

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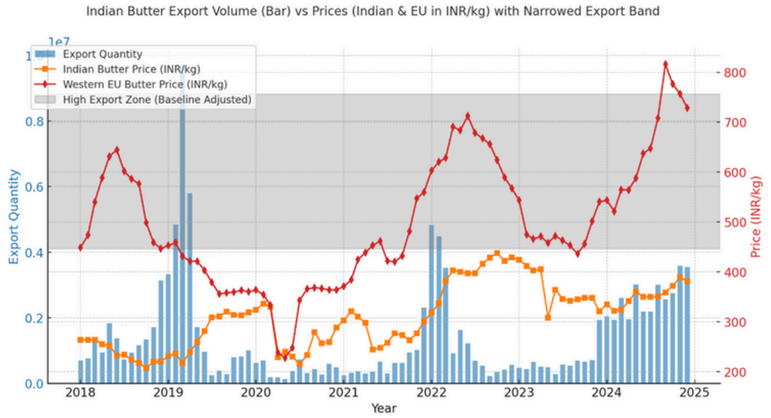
Indian Dairy Exports: A Growing Force in the Global Butter and SMP Markets

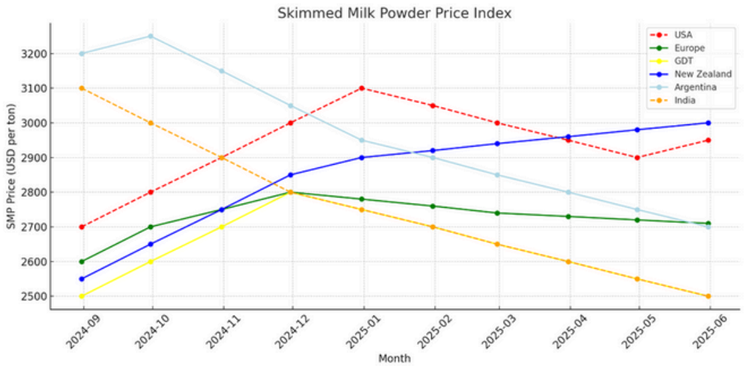
India, the world's largest producer of milk, is emerging as a key player in the global dairy trade, with butter and skimmed milk powder (SMP) exports gaining momentum. Recent trends suggest that Indian dairy exports are increasingly influenced by international price dynamics, particularly in the European Union and other major dairy-producing nations. By leveraging its cost competitiveness and surplus production, India is poised to play a critical role in enhancing the valorisation of milk and strengthening its dairy sector.

Indian butter exports have experienced significant fluctuations, closely following price movements in Western Europe. In March 2019, there was a notable surge in butter exports, primarily driven by a competitive price advantage that made Indian butter an attractive alternative in global markets. Another major spike occurred in early 2022, as increasing international demand and favourable trade conditions fuelled higher export volumes. Since 2023, a steady upward trend in export volumes has signalled India's growing influence in global butter trade.



Price trends for Indian butter have remained relatively stable, with occasional spikes that impact export competitiveness. Western EU butter prices, on the other hand, have shown a consistent upward trajectory since 2021, peaking in late 2024. The correlation between Indian exports and EU price movements suggests that Indian butter exports surge when EU prices cross a critical threshold, making Indian butter the preferred alternative for international buyers. A unique anomaly in March 2024 saw both Indian butter exports and prices spike simultaneously, indicating potential supply chain disruptions or heightened global demand. The introduction of a high-export price range can now serve as a strategic benchmark for pricing and positioning Indian butter in global markets.

India's SMP exports face strong competition from major dairy-exporting nations like Germany, the USA, and New Zealand. Indian SMP prices reached a peak of INR 320/kg in January 2023 but have since undergone corrections. While Germany, the USA, and New Zealand maintained lower and more competitive pricing structures, Indian SMP prices are now showing a recovery trend in 2024. This rebound suggests increasing global demand for SMP and a potential opportunity for Indian dairy exporters to expand their footprint in international markets.



Looking ahead, Indian dairy exports are poised for further growth. If EU butter prices remain high, Indian butter will continue to be in strong demand. Meanwhile, India must refine its pricing strategies for SMP to effectively compete with Germany, the USA, and New Zealand. A balanced approach to maintaining stable domestic supply while expanding export markets will be crucial for sustainable industry growth. However, India must also address challenges such as ensuring compliance with global quality standards, overcoming logistical bottlenecks, and implementing strategic government policies to support the industry.

India's expanding role in global dairy exports, particularly in butter and SMP, marks a significant transformation in its dairy economy. As global dairy prices fluctuate, Indian exports will play a crucial role in shaping international markets while enhancing milk valorisation at home. By strategically managing production, pricing, and quality standards, India has the potential to establish itself as a major dairy powerhouse. The coming years will be critical in determining India's position as a dominant force in global dairy trade.

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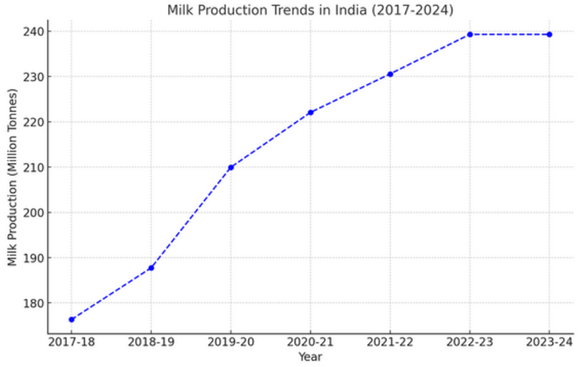
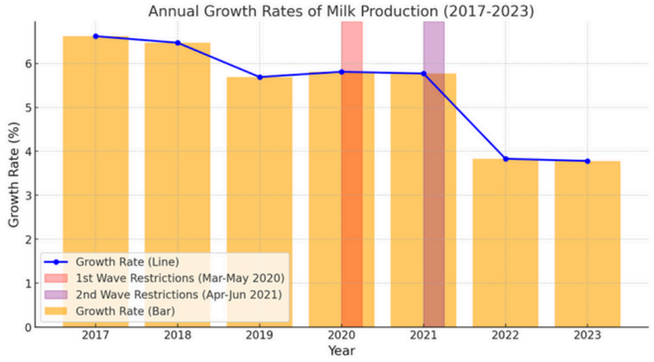
India’s Dairy Sector: A Comprehensive Analysis of Progress and Challenges

India’s dairy sector, a linchpin of the nation’s agricultural economy, plays an indispensable role in ensuring nutritional security and driving rural economic growth. As the world’s largest milk producer, India has carved a niche for itself on the global stage. However, recent trends expose significant vulnerabilities and systemic challenges that threaten sustained growth. This article delves into production dynamics, species-wise contributions, state-level performances, and structural barriers, offering strategic insights for policymakers and stakeholders.





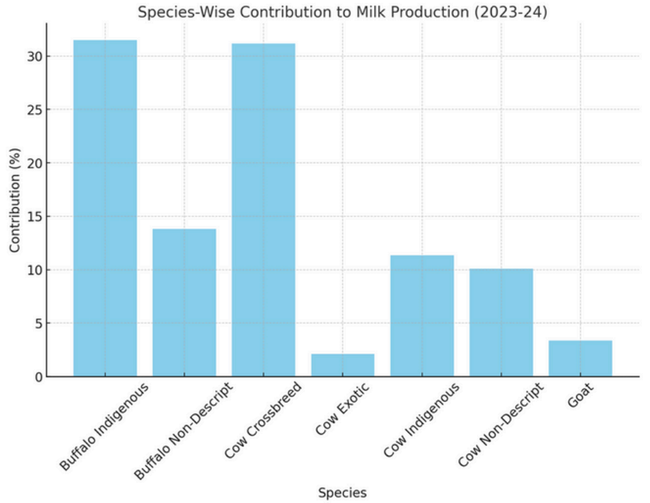
Milk Production Trends: Alarming Deceleration in Growth

India’s milk production reached a record 239.30 million tonnes in 2023-24, representing a modest 3.78% increase from the previous year. While the decade has seen a cumulative growth of 51.05%, annual growth rates have consistently declined:

The declining growth trajectory raises critical concerns for the industry. Contributing factors include outbreaks such as Lumpy Skin Disease and uneven resource distribution. Furthermore, per capita milk availability—currently 471 grams/day—remains skewed, disproportionately affecting rural and economically disadvantaged populations. Strategic interventions to address these systemic inefficiencies are imperative.

Species-Wise Contributions: Shifting Production Dynamics

India’s milk production landscape is marked by diversity but also significant imbalances. Contributions by species in 2023-24 are as follows:



- Buffalo (Indigenous): 31.49%
- Buffalo (Non-Descript): 13.83%
- Cow (Crossbreed): 31.17%
- Cow (Exotic): 2.10%
- Cow (Indigenous): 11.36%
- Cow (Non-Descript): 10.11%

Buffaloes dominate the production landscape, contributing nearly 45% of total output. However, their production fell by 16% in 2023-24, highlighting vulnerabilities in buffalo-reliant systems. In contrast, exotic and crossbred cattle posted an 8% growth, while indigenous/non-descript cows recorded an unprecedented 44.76% increase. This shift underscores the potential of inclusive breeding programs to enhance productivity across all species.

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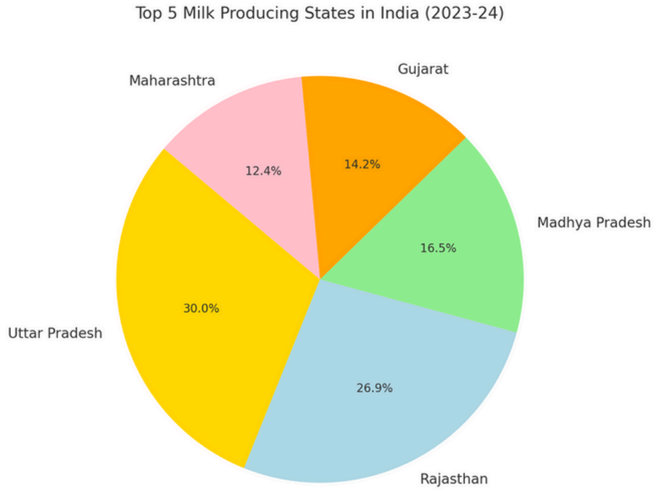
State-Wise Performance: Uneven Contributions and Growth

The top five milk-producing states—Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat, and Maharashtra—accounted for 53.99% of India’s total milk production in 2023-24. Their contributions are as follows:

1. Uttar Pradesh: 16.21%
2. Rajasthan: 14.51%
3. Madhya Pradesh: 8.91%
4. Gujarat: 7.65%
5. Maharashtra: 6.71%



While these states lead the nation’s production, disparities persist as other regions grapple with infrastructural deficits, inadequate veterinary services, and limited market linkages. Addressing these inequalities is crucial for achieving balanced and sustainable growth.

Global Comparisons: Leadership Amid Productivity Shortfalls

India’s contribution of 24% to global milk production cements its position as a dairy powerhouse, surpassing nations like the United States and China. However, the sector faces a persistent productivity challenge. Exotic and crossbred cows yield 8.12 kg/day, while indigenous and non-descript cows produce only 4.01 kg/day. Closing this gap requires investments in advanced feeding practices, robust veterinary services, and climate-resilient livestock systems.

Economic and Social Impacts: Opportunities and Challenges

Supporting over 70% of rural households, the dairy sector is a cornerstone of rural livelihoods. Contributing 30.23% to agricultural Gross Value Added (GVA), it holds immense potential as a poverty alleviation tool. However, systemic issues such as gender disparities and limited access to training for women hinder its full potential. Empowering women and marginalized smallholders is essential to unlocking the sector’s economic and social benefits.

Challenges: Persistent Barriers to Growth

The Indian dairy sector faces numerous hurdles that threaten its growth trajectory:

- Low Productivity: Suboptimal yields continue to constrain efficiency.
- Feed and Fodder Scarcity: Quality feed shortages compromise livestock health and output.
- Climate Vulnerabilities: Erratic weather patterns exacerbate risks to livestock and fodder production.
- Disease Impact: Outbreaks like Lumpy Skin Disease disrupt productivity.
- Infrastructure Deficits: Gaps in cold storage, transportation, and processing facilities impede market access.
- Economic Instability: Fluctuating feed costs and volatile global dairy prices create financial uncertainty for smallholders.

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India’s Dairy Sector: A Comprehensive Analysis of Progress and Challenges

Demand-Supply Imbalances: Navigating a Looming Crisis

Rising demand, fueled by population growth, urbanization, and shifting dietary preferences, threatens to outpace production. Key drivers include:

- **Urbanization:** Increased consumption of value-added products like cheese and yogurt.
- **Health Trends:** Growing preference for fortified dairy products and milk-based proteins.
- **Export Pressures**: Rising global demand adds strain to domestic supply chains.

Failure to align production with demand risks price inflation, reduced accessibility, and potential dependency on imports.

Future Outlook: A Strategic Path Forward

To secure its leadership and sustain growth, the Indian dairy sector must prioritize:

- **Boosting Productivity:** Leverage advanced breeding techniques and enhanced animal nutrition.
- **Infrastructure Investments:** Develop robust cold storage and processing facilities to minimize wastage.
- **Disease Management:** Strengthen veterinary services and implement preventive measures.
- **Value Chain Innovations:** Employ technology for traceability and quality assurance.
- **Policy Support:** Increase funding for research and promote sustainable practices.

Projected to surpass 250 million tonnes by 2025, India’s dairy industry can achieve its ambitious targets through strategic interventions and equitable resource distribution.

The decline in growth observed during 2022 and 2023 can plausibly be attributed to lingering impacts of the mobility restrictions imposed during the COVID-19 waves in India. These restrictions disrupted critical cattle breeding phases due to the following factors:

1. **Limited Veterinary Services:** Restricted movement led to reduced access to veterinary care, impacting livestock health and productivity.
2. **Feed Supply Chain Disruptions:** Mobility restrictions caused challenges in the availability and transportation of feed and fodder, adversely affecting livestock nutrition.
3. **Breeding Program Delays**: Artificial insemination and other breeding programs faced delays, reducing the number of productive cattle.

Projected Recovery

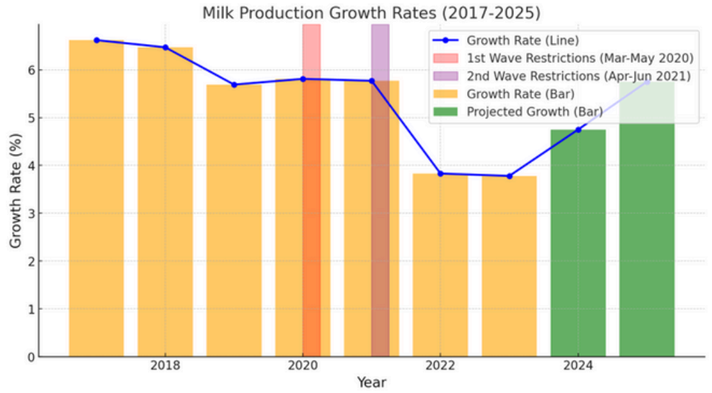
As the effects of COVID-19 subside and normalcy returns:

Improved Veterinary Services/AI: Resumption of uninterrupted veterinary care and breeding programs can enhance cattle health and productivity.

Supply Chain Stabilization: Restored feed and fodder supplies will support livestock recovery.

Delayed Breeding Results: Breeding cycles affected during the pandemic are likely to yield improved production outcomes in the upcoming two years.

Thus, a recovery in milk production growth can reasonably be expected over the next two years (2024–2025), barring any other disruptive factors.



The projected recovery in milk production growth for 2024 and 2025 stems from the normalization of breeding cycles disrupted by COVID-19, stabilization of supply chains, improved veterinary services, and the positive impacts of government programs like the Rashtriya Gokul Mission. Rising urban and export demand for value-added dairy products further supports this optimistic outlook.

Conclusion

India’s dairy sector exemplifies both progress and persistent challenges. Addressing slowing growth rates, regional disparities, and systemic inefficiencies is imperative to sustain its global leadership. With targeted strategies and inclusive policies, the sector can emerge as a resilient driver of rural development and economic prosperity.

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India’s Economic, Industrial, and Dairy Sector Outlook for 2024-25

As India transitions into FY 2024-25, its economic trajectory remains robust yet fraught with challenges. The nation is one of the world's fastest-growing economies, supported by government-led deregulation, infrastructure investment, and expanding industrial capacity. However, inflationary pressures, geopolitical uncertainties, and global trade fluctuations cast shadows over sustained growth. This critical analysis evaluates India’s economic progress, industrial development, and the transformative shifts in the dairy sector, incorporating insights from the Economic Survey 2024-25.

Economic Growth: A Strong Yet Cautious Expansion

India's GDP is forecasted to grow 6.4% in FY25, underpinned by private consumption, rural demand recovery, and infrastructure-driven investments. While global growth remains sluggish at 3.2% in 2024 and 3.3% in 2025, India’s internal dynamics provide resilience.

Private consumption, which accounts for 60% of GDP, remains the linchpin of economic activity. Previously dampened by inflation, rural demand is rebounding due to higher agricultural yields and government stimulus. FMCG, consumer durables, and retail are poised for expansion, driven by festive and discretionary spending.

Government capital expenditure (capex) continues its upward trend, focusing on roads, railways, and digital infrastructure. Private sector participation in manufacturing and services benefits from PLI incentives, tax reforms, and ease-of-doing business initiatives. With global inflation stabilising, India's interest rate environment remains conducive to growth. However, food price volatility remains a concern, warranting continued monetary vigilance by the RBI.

Global geopolitical conflicts and the EU’s Carbon Border Adjustment Mechanism (CBAM) could affect export-oriented industries. Trade diversification and policy adaptations are crucial for maintaining India’s export competitiveness.

Industrial Sector: Structural Challenges & Opportunities

India’s industrial sector is projected to grow at 6.2% in FY25, bolstered by infrastructure, energy, and manufacturing expansion. Domestic demand sustains manufacturing growth, while weak external markets limit exports. Pharmaceuticals, electronics, and textiles leverage supply chain localisation and export diversification. EV manufacturing and semiconductor production are gaining momentum.

Employing 12.41% of the organised workforce, food processing is pivotal to employment and rural stability. Government initiatives like PMKSY and PLI schemes bolster sectoral investments. Public sector investments drive demand for steel and cement, but energy costs and raw material volatility persist as challenges.

The automobile sector has seen a 12.5% rise in domestic sales, indicating strong consumer interest in EVs and hybrids. PLI incentives and domestic battery production enhance the industry's sustainability. In the electronics sector, 99% of smartphones sold in India are domestically manufactured, and India's semiconductor ambitions are materialising through foreign investments and policy support.

Dairy Sector: A Pillar of Rural Economic Growth

The dairy industry is shifting from high-volume production to high-value-added products, enhancing profitability and global competitiveness. Livestock contributes 30.23% to agricultural GVA, up from 24.38% in FY15. The dairy sector's economic contribution reached ₹11.16 lakh crore ($133.16 billion) in FY23, with a CAGR of 12.99%, reflecting rapid expansion and modernisation.

Government initiatives are significantly shaping the sector's growth. The Rashtriya Gokul Mission focuses on enhancing indigenous breed productivity, while the MAITRIs Program has inducted 38,736 AI technicians to improve livestock breeding services. Financial support measures include the establishment of over 9,000 dairy cooperatives, which are expanding market access.

Consumer preferences are shifting towards premium dairy products such as cheese, yoghurt, probiotics, and flavoured milk. Cold chain infrastructure and logistics modernisation are crucial for minimising wastage and ensuring quality compliance. However, challenges such as high input costs, inefficiencies in cold storage infrastructure, and regulatory hurdles in the export market persist, necessitating strategic policy interventions.

bazaar India’s Economic, Industrial, and Dairy Sector Outlook for 2024-25

Outlook for 2024-25: Key Takeaways

India is projected to maintain one of the highest global growth rates, but external risks require policy vigilance. Reducing dependence on imported raw materials (semiconductors, EV batteries) is a strategic focus. Government incentives will continue to bolster domestic manufacturing competitiveness.

Increasing milk production and cooperative networks will support rural economic sustainability. Investments in cold chain logistics and high-value dairy processing are critical for enhancing profitability.

Conclusion: A Year of Structural Transformation

India’s economic and industrial landscape is poised for steady growth, underpinned by domestic consumption, infrastructure development, and policy-driven manufacturing incentives. However, uncertainties such as geopolitical conflicts, supply chain disruptions, and climate-related risks necessitate a dynamic and adaptive policy framework.

Enhancing value-added production, cooperative strength, and supply chain efficiency for the dairy sector will be pivotal in maintaining global competitiveness and long-term sustainability.

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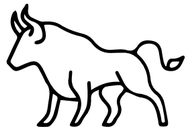

INDIA TODAY

Karnataka Milk Federation proposes Rs 5 hike, cut in quantity

3 days ago • By Nagarjun Dwarakanath

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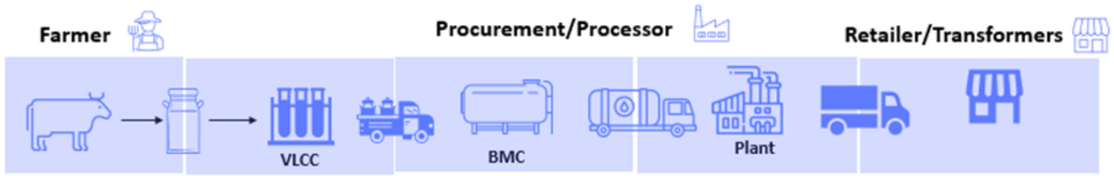
Enhancing Food Traceability in the Indian Dairy Industry

Food traceability is the ability to track every aspect of the manufacturing and distribution of a product. In the food and beverage industry, traceability is crucial to ensure safety from "Grass to Glass" or "Farm to Fork." In India, the Food Safety and Standards Authority of India (FSSAI) mandates end-to-end traceability for all food products, making it essential for crisis management, recalls, and regulatory compliance.

There are two main types of traceability: forward and backward. Forward traceability tracks the movement of dairy products after manufacturing, covering warehousing, transportation, and distribution to retailers. Backward traceability traces the origin of milk, including all steps in processing, raw materials used, packaging, and process aids. Farm-level traceability, a subset of backward traceability, involves tracking milk from the farm to its first point of collection. This is crucial when contaminants such as aflatoxins, melamine, or antibiotic residues are detected. If a dairy collects milk from thousands of farmers and detects contamination, it must identify the precise farm responsible.



The typical milk supply chain in India follows this path:

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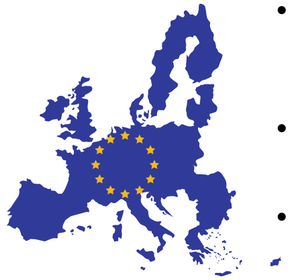
At the BMC/MCC level, identifying the source of contamination is difficult if BMCs do not retain VLC-level samples. Most BMCs check only basic parameters like fat, solids-not-fat (SNF), and basic adulterants, making it difficult to trace chemical contaminants. The lack of infrastructure, refrigeration, and trained personnel further complicates traceability. To improve this, BMCs should mandate sample retention, invest in cost-effective rapid testing kits, and train personnel on proper sample storage and handling.

At the VLC level, maintaining retention samples is challenging as VLCs typically collect milk from 50-100 farmers. Farmers supplying small quantities (e.g., 1 liter) make representative sample retention impractical. VLCs operate in small facilities with minimal infrastructure, limiting storage capabilities. Instead of retaining individual samples, VLC-level traceability should be prioritised, with farm-level testing conducted only when contamination is detected. Digital milk collection systems and mobile testing units can help enhance traceability.
With increasing regulatory focus and consumer awareness, traceability in Indian dairy is improving. Some startups are implementing animal-level traceability, setting a precedent for larger dairy organizations. To achieve robust traceability, India must invest in digital tracking solutions, incentivise farmer participation, and strengthen infrastructure at VLCs and BMCs. While farm-level traceability remains challenging, incremental improvements can significantly enhance dairy safety and reliability, moving India closer to global standards

bazaar supply & demand

- **Export Data:** Dairy Australia reports that milk export volumes from July to December 2024 totaled 84,898 metric tons, a 16.3% decrease compared to the same period the previous year.
- **Butter Exports:** Despite the overall decline in milk exports, butter export volumes saw a significant increase of 163.8%, totaling 9,684 metric tons from July to December 2024.
- **Skim Milk Powder (SMP) Exports**: SMP export volumes reached 84,647 metric tons during the same period, marking a 34.0% increase from the previous year**.**

As of February 2025, the U.S. dairy market shows stable to slightly declining prices across key products. Milk production is seasonally increasing, but cold weather is causing some disruptions. Butter and cheese demand remains steady, with cheese production varying by region. Spot milk prices in the Central region range from $2 under to $0.25 over Class III. Nonfat dry milk (NDM) and dry whey prices declined due to increased availability. Organic dairy retail ads dropped by 65%, with organic milk at a $3.00 premium over conventional. Overall, demand is steady, but pricing pressures persist.



- **Milk Production:** In Western Europe, daily milk deliveries averaged 33.75 million liters for the week ending February 2, a 0.2% decrease from the previous week but a 1.9% increase compared to the same period last year. Ireland reported a significant rise in December 2024 milk intakes to 267.1 million liters, up by 61.8 million liters from December 2023.
- **Butter and Skim Milk Powder (SMP):** Butter production in Ireland decreased from 273,200 tons in 2023 to 267,600 tons in 2024. Similarly, SMP production declined from 167,200 tons to 138,800 tons over the same period.
- **Market Prices**: Western European butter prices ranged from $7,300 to $7,875 per metric ton, while SMP prices were between $2,475 and $2,825 per metric ton.

- **Milk Production:** Reports indicate a decline in farm milk output, with some areas experiencing up to a 5% reduction compared to the previous year. Weather conditions, including droughts and wildfires in regions like Mato Grosso, Brazil, have adversely affected production.
- **Market Prices**: Skim milk powder prices in South America ranged from $3,050 to $3,250 per metric ton, while whole milk powder prices were between $4,000 and $4,350 per metric ton.

- **Milk Production**: A financial institution forecasts a 0.8% increase in New Zealand's milk production for 2025 compared to the previous year. Notably, milk production rose 1.4% year-over-year in December and has seen a 3.1% increase from the start of the season through December.
- **Milk Price Forecast**: Following Global Dairy Trade (GDT) event 373, a New Zealand group increased the forecasted milk price for the 2024/2025 season by 16 cents, bringing it to $10.11/kgMS. The spot milk value also rose by 38 cents to $11.66/kgMS, driven by strong results across all commodities traded at the event

- **Production Forecast:** India's total milk production is projected to reach 216.5 million metric tons (MMT) in 2025, up from 211.7 MMT in 2024. This increase is attributed to a growing herd size, favorable weather conditions, and enhanced government support for the dairy sector.
- **Consumption Trends:** Domestic fluid milk consumption is expected to rise to 91 MMT in 2025, a 2% increase from 2024. Factors such as population growth, rising disposable incomes, and increased health awareness are driving this demand.

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MERCHANT MARKET / WEATHER

Asia

IN: India and Britain aim to double bilateral trade within a decade and are accelerating talks on a free trade and investment pact. Trade talks resumed after discussions between their prime ministers at the G20 summit. Key issues include India's high whisky tariffs and visa access for Indian professionals. British Business and Trade Secretary Jonathan Reynolds emphasized securing a deal as a priority. Immigration is not part of the trade discussions. Britain's Investment Minister will visit Mumbai and Bengaluru to encourage Indian investments. Both countries are also considering a separate social security treaty.

Jonathan Reynolds

IN: Assam's dairy and organic farming sectors are set for significant growth following the signing of two Memorandums of Understanding (MoUs) at Advantage Assam 2.0. The National Dairy Development Board (NDDB) and the o promote organic farming and train at least 1,000 farmers over the next two years. West Assam Milk Producers' Cooperative Union Limited (WAMUL) have agreed to invest Rs 100 crore to double Purabi Dairy's processing capacity in Guwahati from 1.5 lakh litres per day (LLPD) to 3 LLPD. This expansion includes increasing fermented milk product output from 20 metric tons per day (MTPD) to 50 MTPD and establishing a new ice cream plant with a 20 thousand litres per day (TLPD) capacity. Additionally, the National Cooperative Organics Limited (NCOL) and North East Dairy and Foods Limited (NEDFL) will establish an Organic Demo Farm cum Food Innovation Hub in Assam.

IN: Krones is building a new production plant in Vemgal, India, to enhance localized solutions and support the growing demand for F&B processing, filling, and packaging. The facility, covering 110,000 square meters, will be completed by 2026. India's strong economic growth, skilled labor, and increasing local product demand make it an ideal location. Krones aims to expand its workforce and strengthen its presence in the Indian market. The move aligns with the trend of local sourcing, as 37% of Indian consumers prioritize locally produced F&B products.

IN: The dsm-firmenich World Mycotoxin Survey 2024 reveals China/Taiwan has the highest global mycotoxin risk (90%), with DON (80%) and FUM (91%) as dominant contaminants. South Asia (85% risk), including India, Pakistan, Bangladesh, and Sri Lanka, faces severe Aflatoxin (76%) and OTA (64%) exposure. These mycotoxins threaten corn and wheat-based feeds, heavily used in poultry and dairy farming, impacting livestock health and productivity.

IN: Ananda Dairy, based in Bulandshahr, has achieved a Guinness World Record by creating a 205.4 kg cheese slab. Chairman Dr. Radhey Shyam Dixit highlighted that this accomplishment symbolizes their commitment to societal service and nutrition. The cheese will be distributed to religious sites like Ayodhya and Kashi for prasad preparation. Dr. Dixit also emphasized the technical challenges overcome by their skilled team in this endeavor.

IN: Milk prices in India have surged due to rising production costs, fodder shortages, and increased demand. Major dairy brands have hiked rates by ₹2-4 per litre, impacting household budgets. Experts cite higher feed costs and lower milk yield as key factors. Despite government efforts to stabilize prices, consumers continue to feel the strain as dairy remains an essential commodity.

PK: The latest Sensitive Price Indicator (SPI) report shows a 0.38% weekly increase in inflation, with powdered milk prices rising by 25.86% year-on-year (YoY) and beef by 24.12%, highlighting growing costs in the dairy and livestock sector. While overall inflation decelerated to 0.32% YoY, essential food items, including eggs (+5.43%) and chicken (+4.13%), saw weekly price hikes. The steady rise in dairy-related products indicates increased production costs, impacting affordability for consumers.

BD: Fisheries and Livestock Adviser Farida Akhter inaugurated a fair-price sale of milk, eggs, and meat in Dhaka for Ramadan, ensuring affordability for citizens. The government has pledged to prevent unfair price hikes and will sell pasteurized milk at Tk 80/litre, eggs at Tk 114/dozen, and beef at Tk 650/kg across 25 locations in the city. Supported by the Department of Livestock Services, Milk Vita, and poultry associations, the initiative aims to ease financial pressure on consumers during Ramadan.

NP: India raised concerns over Nepal's ban on its dairy exports, leading Nepal to consider allowing imports of specific items like whey and cheese. Nepal, facing a dairy recession, imposed the ban to protect domestic producers amid declining consumption and surplus stocks. Powdered milk imports from India, crucial during shortages, were previously banned and reinstated based on demand fluctuations. Despite tensions, trade experts argue that a complete ban contradicts the Indo-Nepal trade treaty. The dairy sector employs 130,000 people and contributes 9% to Nepal's GDP, highlighting its economic significance.

SL: Fonterra has provided an update on its plan to divest its global Consumer business and integrated operations in Oceania and Sri Lanka. The co-op is considering both a trade sale and an Initial Public Offering (IPO), with the final decision to be put to farmer shareholders for a vote. If the IPO proceeds, the entity will be named Mainland Group, reflecting its strong dairy heritage. René Dedoncker has been appointed CEO-elect, and Paul Victor as CFO-elect. Engagements with potential buyers and investor roadshows will commence in March, with further updates expected as the process advances.

CN: China's Mengniu Dairy has issued a profit warning for 2024, expecting earnings to plummet to ¥50m–¥250m, a sharp decline from ¥4.8bn in 2023. The downturn is driven by weaker-than-expected consumer demand and an imbalance in raw milk supply.
Subsidiaries Bellamy's and China Modern Dairy are also set to report significant losses. China Modern Dairy anticipates a ¥1.35bn–¥1.55bn net loss, largely due to fair value adjustments on dairy cows and goodwill impairments, with Mengniu's share of losses ranging from ¥790m–¥900m.
Mengniu also expects to recognize impairment provisions on goodwill, intangible assets, and deferred tax effects from Bellamy's, which could further impact group performance by ¥3.8bn–¥4bn.

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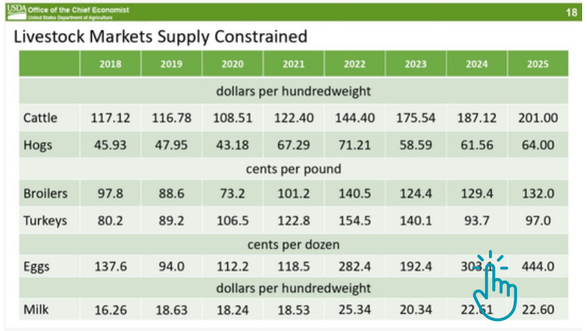
MERCHANT MARKET / WEATHER

NA & SA

US: The U.S. government's new 25% tariffs on Canada and Mexico, set to take effect on March 4, 2025, could disrupt dairy trade and raise milk prices in North America. Canada's supply-managed dairy sector and Mexico's reliance on U.S. dairy imports face potential economic strain. Dairy farmers in both countries worry about rising production costs and market instability, while U.S. dairy exporters fear retaliatory measures. Mexico has responded by extraditing cartel figures to the U.S., while Canada has intensified fentanyl control efforts, hoping to avert further trade restrictions. Meanwhile, uncertainty looms over April 2 tariff hikes, which could extend to agriculture, pharmaceuticals, and semiconductors, further impacting global trade relations.

US: At the USDA Agricultural Outlook Forum, Chief Economist Seth Meyer projected flat milk prices for 2025, with slight improvements in dairy export competitiveness due to declining product prices. While feed ratios remain steady, potentially improving dairy farm profitability, other livestock sectors face supply constraints and price pressures.
The egg market remains volatile due to Highly Pathogenic Avian Influenza (HPAI), while beef prices continue to rise as cattle herd numbers shrink. Swine productivity is recovering, benefiting from lower feed costs and export growth.
Despite moderating food price inflation, dairy and eggs remain key drivers, with milk prices expected to stay stable while egg prices remain uncertain. Disease management and global trade conditions will play a crucial role in shaping U.S. livestock markets in 2025.



USDA Office of the Chief Economist — 18

Livestock Markets Supply Constrained

	2018	2019	2020	2021	2022	2023	2024	2025
	dollars per hundredweight							
Cattle	117.12	116.78	108.51	122.40	144.40	175.54	187.12	201.00
Hogs	45.93	47.95	43.18	67.29	71.21	58.59	61.56	64.00
	cents per pound							
Broilers	97.8	88.6	73.2	101.2	140.5	124.4	129.4	132.0
Turkeys	80.2	89.2	106.5	122.8	154.5	140.1	93.7	97.0
	cents per dozen							
Eggs	137.6	94.0	112.2	118.5	282.4	192.4	303.4	444.0
	dollars per hundredweight							
Milk	16.26	18.63	18.24	18.53	25.34	20.34	22.61	22.60

Oceania

NZ: New Zealand's dairy exports grew 13.2% YoY in January, with WMP shipments to China & HK up 9%. Strong demand from Southeast Asia helped drive overall 8% export growth, offsetting weaker sales in Africa.
SMP exports rose 1.4% YoY, reaching their highest level since 2016, driven by record shipments to China & HK. Cheese exports also increased, with strong demand from China & HK, Japan, South Korea, and the EU.
Butter exports jumped 23% YoY, with China & HK accounting for 50% of the growth. However, AMF trade fell 2.8% YoY, as FOB prices surpassed $7,000/t. MPC exports surged 54% YoY, as NZ exporters shifted skim solids from SMP.

AU: Australia's milk production dropped 2.6% YoY in January, with warmer conditions impacting most states. Victoria fell 3.6%, with Gippsland down 3.8% and Western Victoria down 8.6%, though Northern Victoria rose 2.4%. NSW was the only state to see growth (+2.6%), while Tasmania declined 1.3%. Despite a 0.4% season-to-date increase, further declines are expected in the coming months.

Europe

DE: Arla Foods has disputed a recent report by the Changing Markets Foundation and Greenpeace Nordic, which criticizes the company's climate initiatives. The report alleges that Arla's sustainability efforts lack transparency and effectiveness, particularly highlighting the absence of specific methane emission reduction targets and questioning the accuracy of the company's internal carbon footprint assessments. In response, an Arla spokesperson stated that the report contains "multiple inaccuracies" and does not accurately represent the company's science-based targets or its commitment to sustainable dairy production.

UK: Arla Foods has announced a £90m investment in its Lockerbie site in southern Scotland, aiming to create a UHT and Lactofree milk centre of excellence and 90 new jobs. However, this expansion may lead to the closure of its Settle site in North Yorkshire and the relocation of some operations from Stourton, Leeds. The company emphasizes that this move aligns with its commitment to UK manufacturing and British dairy growth. Arla will begin a collective consultation with affected staff.
Industry leaders and local officials have welcomed the proposal, seeing it as a vote of confidence in Scottish dairy farming and its ability to produce low-carbon, sustainable milk. If approved, the investment could double Lockerbie's milk-processing capacity, benefiting local farmers and the economy.

FR: Danone reported a 4.3% YOY increase in 2024 sales to €27.376bn, driven by 3.3% volume/mix growth and 1.3% price increases. While Essential Dairy & Plant-Based (EDP) sales fell 3.1% YOY, they grew 4.7% like-for-like, with strong growth in North America (+7.8%) and China, North Asia & Oceania (+8.2%). Specialized Nutrition sales rose 4.6% like-for-like, with broad-based growth across all regions. Danone proposes a €2.15 dividend per share (+2.4% YOY) and forecasts 3%-5% like-for-like sales growth in 2025, with operating income expected to grow faster than sales.

RU: The Russian government has doubled dairy industry subsidies to $800 million in 2024, making it the largest recipient of state aid among agricultural sectors. Deputy Prime Minister Dmitry Patrushev emphasized the commitment to ensuring affordable dairy products for the domestic market. Russia has also extended its soft loans program to 2025, subsidizing interest rates for dairy farms amid a 21% central bank interest rate. Additionally, the government reimburses capital costs for dairy farm construction and modernization, supporting the industry's long-term growth.

RU: Indian multinational UFlex Group has signed a $37 million deal to build a paint, glue, and food packaging production facility in Moscow Region's Stupino Kvadrat special economic zone. The project, backed by a 3 billion ruble investment, will create 150 jobs and produce 28,000 tons of paint and glue annually, with operations set to begin in February 2025. Moscow's governor praised India's support in attracting investors, highlighting growing India-Russia trade ties, which hit $39.8 billion in 2022-23. Experts see Indian firms benefiting from Western exits, especially in pharmaceuticals, chemicals, and manufacturing.

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CONSUMER/SUSTAINABILITY

IN: Mars has announced a $27 million, five-year investment to reduce carbon emissions in dairy farming, partnering with Fonterra through its Farmer Forward Program. Half of the funding will provide sustainability-focused tools and technology for 2,000 farmers, while the other half will offer up to $15,000 annually to 165 farmers meeting sustainability targets.

Dairy is Mars' fourth-largest carbon contributor, with 200,000 cows supplying milk for brands like M&M's and Snickers. The initiative aims to cut Scope 3 dairy sourcing emissions by 150,000 metric tons by 2030, part of Mars' larger Moo'ving Dairy Forward initiative.
Fonterra has also partnered with Nestlé, which is using a similar incentive model to lower emissions. Nestlé's plan includes sustainable farming investments and incentive payments of 10-25 cents per kg of milk solids, expected to benefit 300-350 farms next season.
This move reflects a broader corporate sustainability trend, with companies like PepsiCo, Archer-Daniels-Midland, Campbell's, and Kind Snacks investing in regenerative agriculture and emissions reductions to improve supply chain sustainability.

DE: The ongoing avian flu outbreak in the U.S. and foot-and-mouth disease (FMD) in Germany are driving egg shortages, rising food prices, and trade disruptions. In January alone, bird flu affected 17 million birds, exacerbating price hikes that became a political issue in the U.S. election. In Germany, the first FMD outbreak in 40 years has led to bans on meat and dairy exports, with estimated €1 billion in losses.
Livestock diseases cost the global food industry $358 billion annually, leading to supply chain disruptions, greenhouse gas emissions, and economic strain. Experts emphasize the need for better disease monitoring, public-private collaboration, and wider vaccine adoption to prevent future outbreaks. The EU is updating its animal health strategy, and the World Organisation for Animal Health (WOAH) is urging governments to integrate vaccination into national policies. Strengthening livestock disease control is crucial for food security, economic stability, and sustainability.

GEOPOLITICS/POLICIES/MACRO

IN: Report on India-UK and India-EU FTA Discussions and the Role of Dairy
As of February 28, 2025, India is actively engaged in Free Trade Agreement (FTA) negotiations with both the European Union (EU) and the United Kingdom (UK). These discussions aim to enhance trade relations, remove tariff barriers, and create opportunities for key industries, including dairy.

India-EU FTA Discussions
India and the EU are working towards finalizing a comprehensive FTA by the end of 2025. The EU is pushing for tariff reductions on high-value exports like cars, whiskey, and dairy products, while India seeks greater market access for its pharmaceuticals, textiles, and agricultural goods. The EU dairy industry, led by major players like Arla and FrieslandCampina, is keen on expanding its exports to India's fast-growing dairy market, particularly in cheese, butter, and infant formula. However, India has strong domestic dairy production, led by Amul, Mother Dairy, and private players, and is cautious about opening its market to European dairy products that could compete with local farmers.

India-UK FTA Discussions
India and the UK have revived their FTA talks, with a focus on reducing tariffs and boosting bilateral trade, currently valued at £41 billion annually. Dairy remains a contentious issue, as the UK seeks easier access to India's dairy market, particularly for high-end cheese and processed dairy products. India, on the other hand, is pushing for greater exports of value-added dairy products, such as ghee, paneer, and dairy-based sweets, which have a strong market among Indian diaspora consumers in the UK. Additionally, India is concerned about stringent UK food safety regulations that could pose challenges for its dairy exports.

Dairy Industry's Role in FTA Negotiations

- India's Stand: India is one of the largest producers and consumers of dairy globally and has historically protected its domestic dairy industry from foreign competition. The National Dairy Development Board (NDDB) and Indian dairy cooperatives are lobbying against any FTA clauses that allow a surge of EU or UK dairy imports, fearing price disruption for local farmers.
- EU and UK Interests: Both the EU and UK see India as a high-potential market for premium dairy products, but high tariffs and regulatory hurdles remain challenges. India currently imposes import duties of 30-60% on various dairy products, which European and British dairy producers are pushing to reduce or eliminate under the trade agreements.

Possible Outcomes: India may allow selective dairy imports with strict quotas, while negotiating for greater access for its dairy-based exports, particularly in ethnic dairy products and value-added dairy items.

Conclusion
While the India-EU and India-UK FTAs aim to strengthen trade ties, the dairy sector remains a key sticking point. India is likely to prioritize the protection of its domestic dairy industry, while the EU and UK will continue to push for market access for their dairy exports. The final agreements will likely include trade-offs and tariff adjustments that balance domestic protection with global trade opportunities.

Brown Foods to Showcase Lab-Made Whole Cow Milk

Brown Foods, a Boston-based startup backed by Y Combinator, is set to introduce UnReal Milk, a cow-free dairy product that closely mimics the taste, texture, and nutritional profile of conventional cow milk. The company aims to revolutionize the dairy industry by offering a sustainable, lab-made alternative that can be used to produce a variety of dairy-based products, including butter, cheese, and ice cream.

Unlike plant-based milk alternatives, UnReal Milk is designed to be indistinguishable from traditional dairy, offering consumers and manufacturers a functional replacement without compromising on quality or versatility. The innovation behind the product could address concerns related to environmental sustainability, animal welfare, and resource efficiency, making it a potential game-changer in the dairy sector.

Brown Foods' breakthrough comes amid growing demand for alternative dairy solutions, as companies seek to reduce their carbon footprint and reliance on livestock farming. With support from Y Combinator, the company is positioning itself at the forefront of precision fermentation and synthetic dairy technology, competing with other emerging players in the cellular agriculture space.

As lab-grown dairy gains traction, UnReal Milk could serve as a pioneering example of how biotechnology is reshaping the future of food production, offering a sustainable and ethical alternative to traditional dairy farming. Brown Foods is expected to unveil further details about its scalability, production process, and market availability in the coming months.

images from the internet

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Afghanistan	AF	Belgium	BE	Cayman Islands (the)	KY	Djibouti	DJ	Gambia (the)	GM	Hungary	HU
Albania	AL	Belize	BZ	Central African Republic (the)	CF	Dominica	DM	Georgia	GE	Iceland	IS
Algeria	DZ	Benin	BJ	Chad	TD	Dominican Republic (the)	DO	Germany	DE	India	IN
American Samoa	AS	Bermuda	BM	Chile	CL	Ecuador	EC	Ghana	GH	Indonesia	ID
Andorra	AD	Bhutan	BT	China	CN	Egypt	EG	Gibraltar	GI	Iran (Islamic Republic of)	IR
Angola	AO	Bolivia (Plurinational State c	BO	Christmas Island	CX	El Salvador	SV	Greece	GR	Iraq	IQ
Anguilla	AI	Bonaire, Sint Eustatius and S	BQ	Cocos (Keeling) Islands (the)	CC	Equatorial Guinea	GQ	Greenland	GL	Ireland	IE
Antarctica	AQ	Bosnia and Herzegovina	BA	Colombia	CO	Eritrea	ER	Grenada	GD	Isle of Man	IM
Antigua and Barbuda	AG	Botswana	BW	Comoros (the)	KM	Estonia	EE	Guadeloupe	GP	Israel	IL
Argentina	AR	Bouvet Island	BV	Congo (the Democratic Republi	CD	Eswatini	SZ	Guam	GU	Italy	IT
Armenia	AM	Brazil	BR	Congo (the)	CG	Ethiopia	ET	Guatemala	GT	Jamaica	JM
Aruba	AW	British Indian Ocean Territor	IO	Cook Islands (the)	CK	Falkland Islands (the) [Malvi	FK	Guernsey	GG	Japan	JP
Australia	AU	Brunei Darussalam	BN	Costa Rica	CR	Faroe Islands (the)	FO	Guinea	GN	Jordan	JO
Austria	AT	Bulgaria	BG	Croatia	HR	Fiji	FJ	Guinea-Bissau	GW	Kazakhstan	KZ
Azerbaijan	AZ	Burkina Faso	BF	Cuba	CU	Finland	FI	Guyana	GY	Kenya	KE
Bahamas (the)	BS	Burundi	BI	Curaçao	CW	France	FR	Haiti	HT	Kiribati	KI
Bahrain	BH	Cabo Verde	CV	Cyprus	CY	French Guiana	GF	Heard Island and McDonald	HM	Korea (the Democratic People	KP
Bangladesh	BD	Cambodia	KH	Czechia	CZ	French Polynesia	PF	Holy See (the)	VA	Korea (the Republic of)	KR
Barbados	BB	Cameroon	CM	Côte d'Ivoire	CI	French Southern Territories (	TF	Honduras	HN	Kuwait	KW
Belarus	BY	Canada	CA	Denmark	DK	Gabon	GA	Hong Kong	HK	Kyrgyzstan	KG
Latvia	LV	Mexico	MX	Norfolk Island	NF	Rwanda	RW	Slovenia	SI	Tokelau	TK
Lebanon	LB	Micronesia (Federated State	FM	Northern Mariana Islands (the)	MP	Réunion	RE	Solomon Islands	SB	Tonga	TO
Lesotho	LS	Moldova (the Republic of)	MD	Norway	NO	Saint Barthélemy	BL	Somalia	SO	Trinidad and Tobago	TT
Liberia	LR	Monaco	MC	Oman	OM	Saint Helena, Ascension and	SH	South Africa	ZA	Tunisia	TN
Libya	LY	Mongolia	MN	Pakistan	PK	Saint Kitts and Nevis	KN	South Georgia and the Sout	GS	Turkey	TR
Liechtenstein	LI	Montenegro	ME	Palau	PW	Saint Lucia	LC	South Sudan	SS	Turkmenistan	TM
Lithuania	LT	Montserrat	MS	Palestine, State of	PS	Saint Martin (French part)	MF	Spain	ES	Turks and Caicos Islands (the)	TC
Luxembourg	LU	Morocco	MA	Panama	PA	Saint Pierre and Miquelon	PM	Sri Lanka	LK	Tuvalu	TV
Macao	MO	Mozambique	MZ	Papua New Guinea	PG	Saint Vincent and the Grenac	VC	Sudan (the)	SD	Uganda	UG
Madagascar	MG	Myanmar	MM	Paraguay	PY	Samoa	WS	Suriname	SR	Ukraine	UA
Malawi	MW	Namibia	NA	Peru	PE	San Marino	SM	Svalbard and Jan Mayen	SJ	United Arab Emirates (the)	AE
Malaysia	MY	Nauru	NR	Philippines (the)	PH	Sao Tome and Principe	ST	Sweden	SE	United Kingdom of Great Brita	GB
Maldives	MV	Nepal	NP	Pitcairn	PN	Saudi Arabia	SA	Switzerland	CH	United States Minor Outlying	UM
Mali	ML	Netherlands (the)	NL	Poland	PL	Senegal	SN	Syrian Arab Republic	SY	United States of America (the	US
Malta	MT	New Caledonia	NC	Portugal	PT	Serbia	RS	Taiwan (Province of China)	TW	Uruguay	UY
Marshall Islands (the)	MH	New Zealand	NZ	Puerto Rico	PR	Seychelles	SC	Tajikistan	TJ	Uzbekistan	UZ
Martinique	MQ	Nicaragua	NI	Qatar	QA	Sierra Leone	SL	Tanzania, United Republic c	TZ	Vanuatu	VU
Mauritania	MR	Niger (the)	NE	Republic of North Macedonia	MK	Singapore	SG	Thailand	TH	Venezuela (Bolivarian Republ	VE
Mauritius	MU	Nigeria	NG	Romania	RO	Sint Maarten (Dutch part)	SX	Timor-Leste	TL	Viet Nam	VN
Mayotte	YT	Niue	NU	Russian Federation (the)	RU	Slovakia	SK	Togo	TG	Virgin Islands (British)	VG
Yemen	YE	Zambia	ZM	Zimbabwe	ZW						

annex (Disclaimer)

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risk management

market intelligence

dairy ingredients

networking

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