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actionable intelligence

15 July 2025



After weeks of uncertainty, the recent de-escalation in the US-China trade war has brought cautious optimism to global shipping markets. In a dramatic shift from the earlier tone of escalating tariffs, both nations have agreed to a temporary truce, providing short-term stability for the China-to-US shipping corridor. However, the calm may be fleeting—tariffs still remain at historically high levels, and the terms of trade are scheduled for reassessment in just 90 days.

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India Draws a Firm Dairy Line in US Trade Talks

With less than two weeks left to avert U.S.-imposed tariffs, India has reiterated its openness to a comprehensive trade pact with the United States. Yet, Finance Minister Nirmala Sitharaman has made it abundantly clear: while New Delhi is willing to engage constructively, agriculture and dairy remain outside the ambit of any concessions.

Strategic Trade, Grounded in Rural Reality

India's trade posture is increasingly shaped by the long-term vision of becoming an advanced economy by 2047. Strategic partnerships with developed countries are being explored not just for market access but to enhance domestic capabilities and technology inflow.

However, key ministries have made it clear that no agreement—however expansive—will come at the expense of India's rural economy. The dairy sector, in particular, forms the foundation of income and food security for millions of smallholder households.

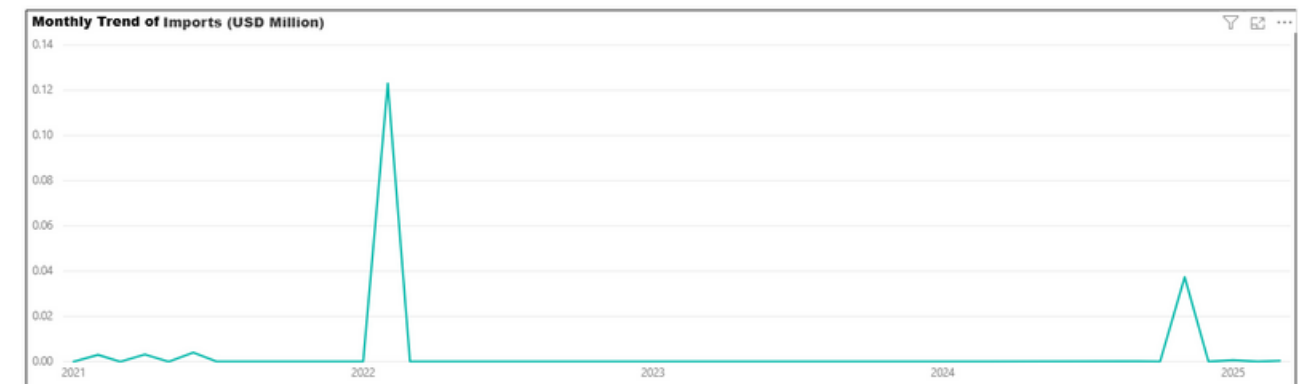
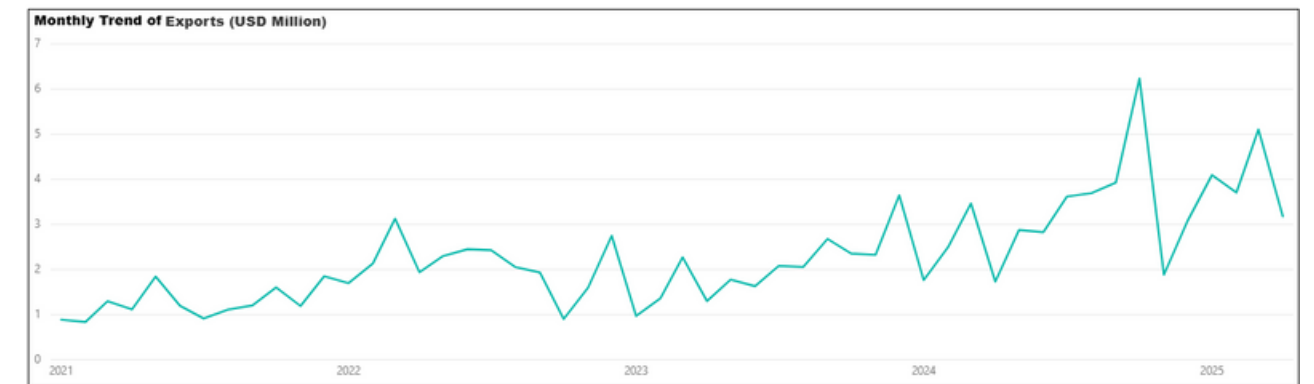
Why Dairy Is a Structural Red Line

India's dairy economy is deeply decentralised and farmer-owned, with over 80 million rural households involved in livestock rearing. Unlike capital-intensive dairy systems in the West, India's model thrives on inclusivity and self-reliance.

Three structural concerns are guiding India's resistance to dairy market liberalisation:

- **Livelihood Risk:** Subsidised imports from the U.S. could destabilise incomes for millions of small-scale producers.
- **Cooperative Resilience:** Models like Amul and Nandini are not just brands—they are institutional safeguards for producer empowerment.
- **Product Mismatch:** India's domestic dairy market is built around fresh, non-refrigerated milk products. U.S. exports are largely processed and frozen, lacking cultural and consumer alignment.

As one senior policy advisor put it: "This is about rural stability, not just tariffs. The integrity of our cooperative dairy system cannot be compromised."



What India Is Already Importing

India's dairy ingredient imports in the last 12–18 months reveal a clear trend: India already depends on a select group of countries for advanced dairy inputs used in nutrition, pharma, and high-end food processing.

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India’s FTA Push with the West: Time to Rethink Dairy Trade Strategy

Lessons from the India-UK FTA

- The UK-India agreement demonstrates a balanced model: Bulk dairy, like SMP and butter, remained protected.
- Whey protein isolates and speciality cheese were allowed under quota.
- Opens avenues for joint R&D and ingredient manufacturing in India.

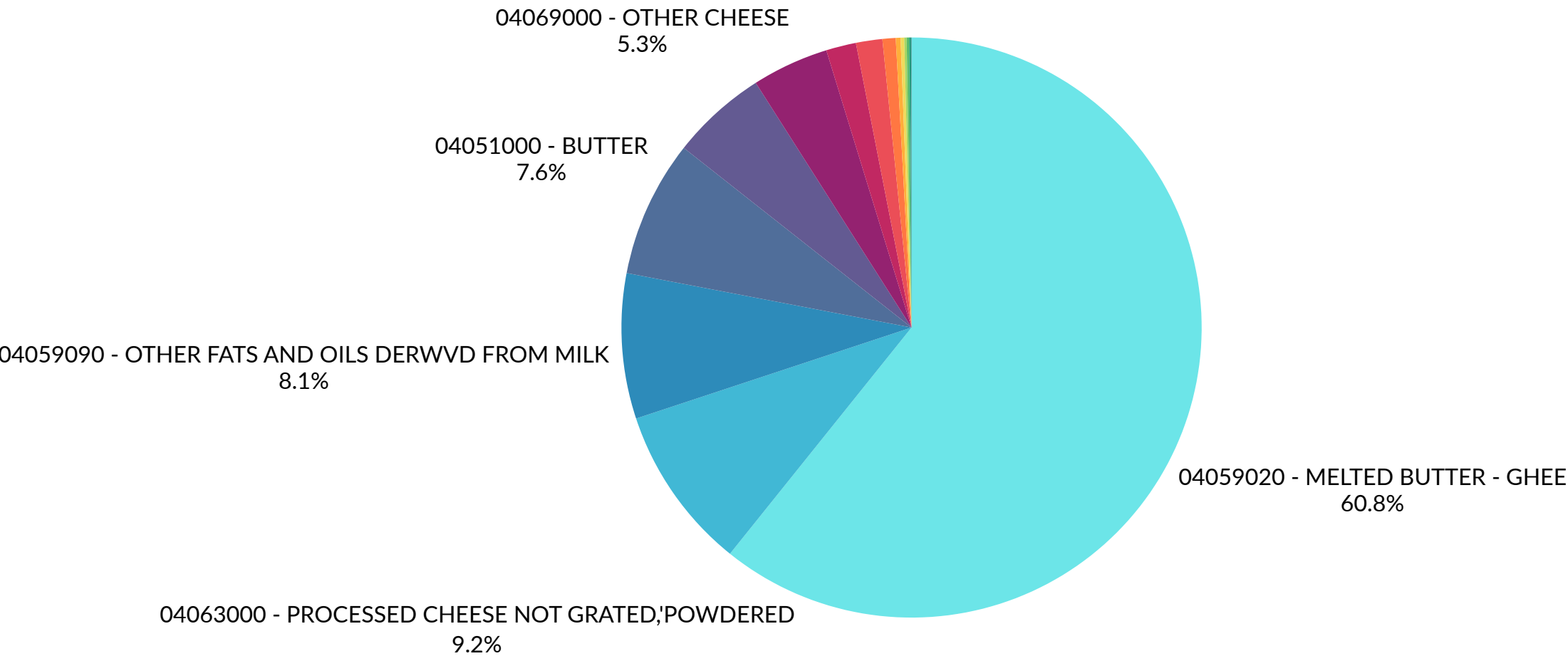
This is a blueprint India can adopt in its EU and US negotiations.

Strategic Recommendations for Indian Negotiators

Action	Justification
Permit selective imports of high-end dairy ingredients	Encourages food innovation without harming rural producers
Retain tariffs on low-value, bulk dairy	Shields India’s 80M+ dairy farmers
Seek reciprocal access for Indian dairy exports	Push for ghee, paneer, and dairy sweets in Western markets
Promote local production of specialty dairy ingredients	Attract investments in protein ingredient manufacturing
Negotiate R&D collaborations in food science	Support India’s nutrition goals with global know-how

Conclusion

India's dairy diplomacy must evolve with its nutritional and industrial ambitions. By differentiating between mass-market and high-tech dairy, India can build a forward-looking dairy trade policy. Strategic FTAs with built-in protections and conditional liberalization can protect livelihoods, enable innovation, and unlock export markets for India’s dairy sector.





India-Australia Trade Talks Hit Roadblock Over Dairy and Wine Tariffs as Deadline Nears

Trade negotiations between India and Australia have hit a significant roadblock, with deep disagreements over tariff reductions on dairy and wine products. As both countries aim to conclude the second phase of the Comprehensive Economic Cooperation Agreement (CECA) by the end of 2025, divergent priorities on politically sensitive sectors threaten to delay progress.

Background: Interim Progress, Lingering Gaps

The two countries signed an interim trade deal in 2022, which reduced tariffs on a range of goods and laid the groundwork for a broader agreement covering goods, services, and mobility. However, negotiations on the second phase have slowed. While some ground has been covered on non-agricultural items, dairy and alcohol have emerged as key sticking points, revealing structural differences in both economies.

Australia has sought accelerated tariff reductions on a range of products, particularly premium wines and processed dairy ingredients. India, however, has maintained a cautious stance, citing the socio-economic vulnerability of its agricultural sector and the potential disruption to its nascent wine industry.

Tariff Structures and Market Asymmetry

Under the interim agreement, India agreed to phased reductions in wine tariffs, lowering duties on Australian wines priced above \$5 and \$15 per bottle over a ten-year horizon. Australia is now pushing for faster implementation and broader coverage.

On dairy, Australian exporters are targeting specific segments such as high-protein whey concentrate, lactose, and premium cheeses—products that face import tariffs ranging from 20% to 30%. While these may appear niche, India's negotiating position reflects concern over setting precedents that could affect the broader dairy ecosystem.

The asymmetry in sectoral structures is significant. Australia's wine and dairy industries are globally integrated and export-oriented, while India's are primarily domestically focused, fragmented, and politically sensitive. Any shift in trade policy carries potential political costs, particularly in states like Gujarat and Maharashtra, where grape and dairy farmers hold influence.

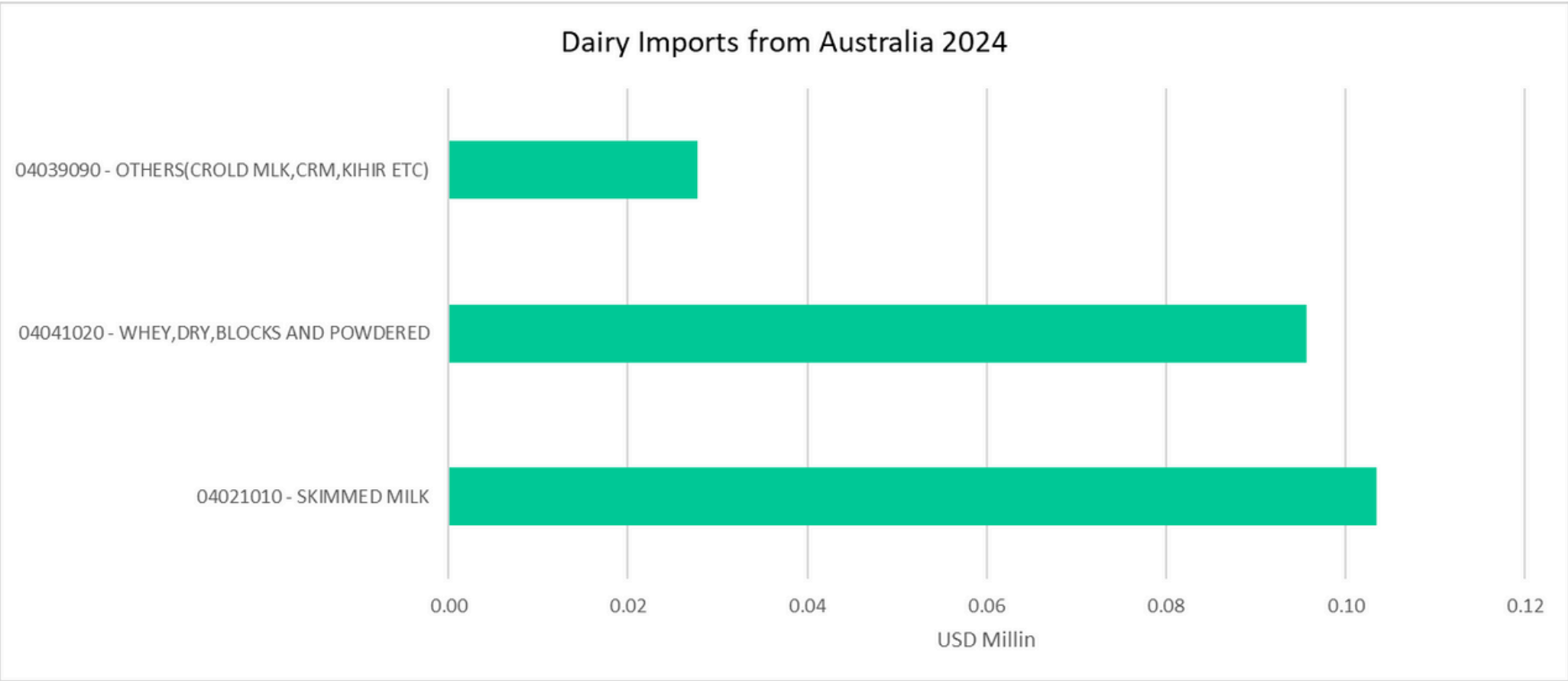
Domestic Pressures and Policy Calculations

Multiple internal considerations shape India's position. Farm organisations have been vocal in their opposition to liberalisation in dairy trade, warning of adverse effects on rural incomes. Similarly, the alcoholic beverages industry has raised concerns about market disruptions from accelerated tariff reductions on wine imports.

These concerns are not limited to the Australian CECA. Similar issues have surfaced in India's ongoing trade discussions with other partners, including the UK and the US. The broader trend suggests a more defensive posture in agricultural negotiations, even as India becomes more open to liberalisation in the industrial and services sectors.

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India-Australia Trade Talks Hit Roadblock Over Dairy and Wine Tariffs as Deadline Nears



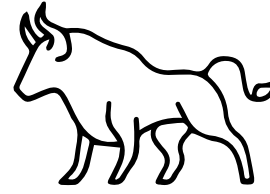
Despite the tariff concessions under the interim trade agreement, India has not imported any significant quantity of dairy products from Australia. As the chart shows, total imports across key categories such as skimmed milk, whey powder, and other dairy derivatives remained well below USD 0.1 million in 2024. This limited trade volume highlights persistent market, regulatory, and cultural barriers, and suggests that tariff reductions alone may not be sufficient to unlock Australia's access to India's dairy sector.

Outlook: Realignment Possible, but Challenging

Despite the impasse, the broader trade relationship remains intact. India has shown readiness to offer tariff concessions on non-agricultural items, and both countries continue to seek alignment in services and mobility provisions. The CECA negotiations are supported at the highest political levels, and a deal remains possible—albeit with significant recalibration.

For Australia, securing improved access for wine and dairy remains a priority, but it may need to temper expectations or explore longer transition timelines. For India, the challenge lies in managing domestic sensitivities while leveraging trade to support strategic and economic objectives.

As the year-end deadline approaches, negotiators face a narrow path: preserve domestic interests while delivering a credible, future-facing trade agreement that strengthens bilateral ties without undermining sectoral stability.

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Punjab State Milk Producers' Federation Limited

PSMP/PROC RATE/ 176

Dated: 19/05/18

The General Manager,
Verka District,
Jalandhar & Ludhiana.

Subject: Regarding increase in milk procurement rates for BM & CM for both MPMS and CDFP on pre-rata basis over and above existing rates w.e.f. 21.06.2015.

This is in reference to the subject cited above, sanction of Verka District is hereby considered to increase the milk procurement rates for BM and CM on pre-rata basis over and above the existing rates for both MPMS and CDFP w.e.f. 21.06.2015.

Existing and New Milk Procurement Rates w.e.f. 21.06.2015			
Milk Union	Existing Milk Procurement Rate Per Kg	New Milk Procurement Rate Per Kg	
Jalandhar	Exciting Milk	Exciting Milk	
Ludhiana	BM Rate Rs. 750/-	BM Rate Rs. 825/-	
	CM Rate Rs. 750/-	CM Rate Rs. 750/-	

Further the standard terms & conditions will remain the same.

This is for your information and necessary advisory (please)


General Manager (PSMP)
For Managing Director

cc:

1. Incharge (F&A), Milkfed, H.O. - for information, please.
2. Deputy Manager (MS), Milkfed, H.O. - for information, please.
3. The General Manager, Verka District, Jalandhar, Ferozepur, Hoshiarpur, Patiala & Sangrur Districts, for information and necessary action at w.r.k milk procurement price of POF&CDF, please.

THE PUNJAB STATE MILK PRODUCERS' FEDERATION LIMITED

S.C.O. MAIN GATE, SECTOR 14A, PHASE-1, LAHORE - 140002

TEL: 011-26101911, 26101912, 26101913 FAX: 011-26101914



Karnataka Milk Federation proposes Rs 5 hike, cut in quantity



3 days ago • By Nagarjun Dwarakanath

KMF increase price by 5 Rupee

Coops increase price by 2 Rupee

Coops increase price by 2 Rupee

Jan

Feb

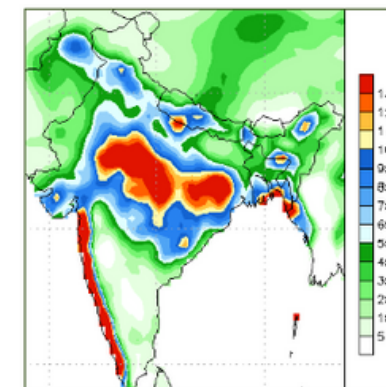
April

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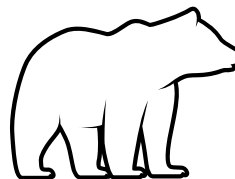
July

Aug

Dec



Good Monsoon





India's Dairy Sector Sees Rapid Consolidation as Regional Brands Get Absorbed

India's fragmented dairy sector is witnessing a decisive shift as major private players move aggressively to consolidate regional markets. In the last two years, four significant acquisitions—led by Dodla Dairy, Hatsun Agro, and Godrej Agrovet—have redefined the strategic contours of the industry. These moves mark a structural trend towards scale, geographical diversification, and brand integration.



Deal Size: ₹271 crore (all-cash)

Region: Bihar, Jharkhand, West Bengal

Strategic Intent: Deal brings with it a strong brand, two milk processing plants, and a well-established procurement and distribution network in Eastern India. This move positions Dodla for a pan-India play, shifting beyond its traditional southern stronghold.



Deal Size: ₹233 crore

Region: Odisha, Chhattisgarh, Bengal periphery

Strategic Intent: Hatsun now holds 99.8% stake in Milk Mantra, gaining access to its premium Milky Moo brand, farmer network, and regional infrastructure. The acquisition gives Hatsun a robust entry into eastern India's under-served but high-potential dairy market.



Deal Type: Internal consolidation

Region: Karnataka, Telangana, Andhra Pradesh

Strategic Intent: Godrej Agrovet has now brought Creamline under tighter operational control, aligning it with its "3×3 Leapfrog" brand growth strategy. This integration focuses on premiumisation, market expansion, and operational efficiency across South India.

What's Driving the Consolidation?

1. Eastern India: The Next Growth Arc: Urbanisation, dietary shifts, and rising incomes in Bihar, Odisha, Jharkhand, and West Bengal are creating demand for branded, value-added dairy. Major players are entering through acquisition rather than building a greenfield.

2. Access to Supply Chains and Farmer Networks: Rather than create new systems from scratch, acquiring players are gaining ready-made milk procurement models, processing units, and cold chain networks through these deals.

3. Scale, Brand, and Distribution Synergies: As competition intensifies—from both organised players and digital-first startups like Country Delight and Akshayakalpa—scale becomes critical for profitability. Acquiring established regional brands brings instant brand equity and retail reach.

Looking Ahead: Fewer, Stronger Players

The Indian dairy sector—once characterised by hyper-local brands and fragmented processing—is transitioning into a more structured ecosystem. These recent M&A moves indicate:

- A shift from regional dominance to national integration
- Greater competition in procurement, especially in Tier 2 and 3 cities
- A future wave of IPO-ready dairy firms looking to scale fast

As large players consolidate and operationalise regional acquisitions, the industry is likely to see enhanced quality standards, traceability systems, and innovation in value-added products.

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India: weekly vitals

Milk Price	Market	Price As On	1 Day back	5 Days back	1 Week back	1 Month back	1 Year back
		30/05/2025	29/05/2025	25/05/2025	23/05/2025	30/04/2025	30/05/2024
	Retail	59.05	59.26	58.26	59.02	58.82	58.91
	Wholesale	55.5	55.6	54.67	55.36	55.35	55.47

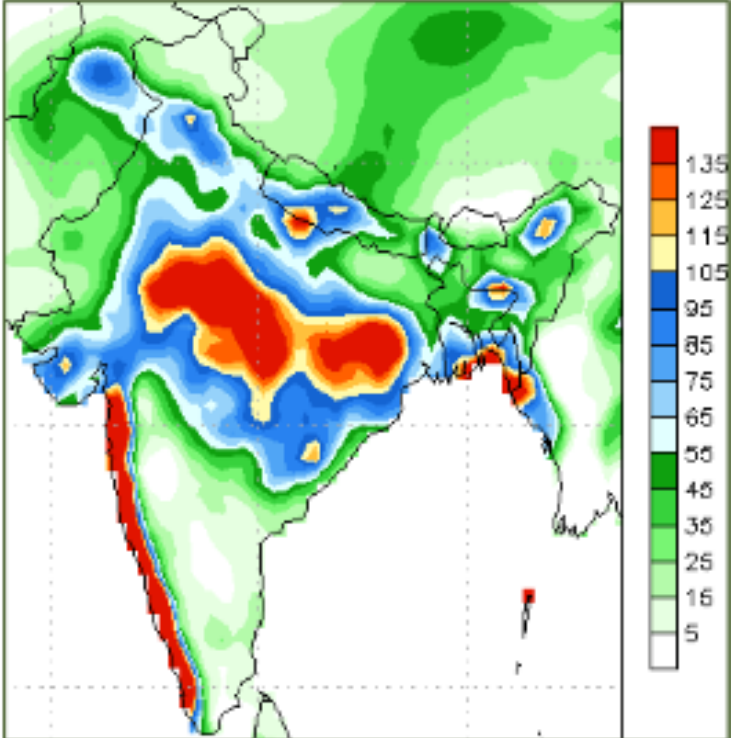
Source: Gov of India

Currency	CURRENCY	NAME	UNITS PER INR	INR PER UNIT	Vs 24 Apr
	USD/INR	US Dollar	0.012	85.5	-2.43%
	EUR/INR	Euro	0.011	97.01	-6.80%
	GBP/INR	British Pound	0.009	115.04	-8.30%
Source: Xe.com	AUD/INR	Australian Dollar	1	55	-0.84%
	CAD/INR	Canadian Dollar	0.018	62.21	-1.27%
	SGD/INR	Singapore Dollar	0.016	66.22	-6.41%
	CHF/INR	Swiss Franc	0.016	103.82	-10.55%
	MYR/INR	Malaysian Ringgit	0.011	20.07	-12.18%
	JPY/INR	Japanese Yen	0.056	0.59	-7.21%
	CNY/INR	Chinese Yuan Renminbi	1.864	11.87	-2.57%
	NZD/INR	New Zealand Dollar	0.087	51.01	-1.82%
	LKR/INR	Sri Lankan Rupee	3.629	0.29	-3.31%
	BDT/INR	Bangladeshi Taka	1.406	0.7	8.69%
	PKR/INR	Pakistani Rupee	3.326	0.3	-1.04%
	NPR/INR	Nepalese Rupee	0.083	0.62	0.07%
	AED/INR	Emirati Dirham	0.044	23.28	-2.41%

Accumulated Rainfall



Evaporation



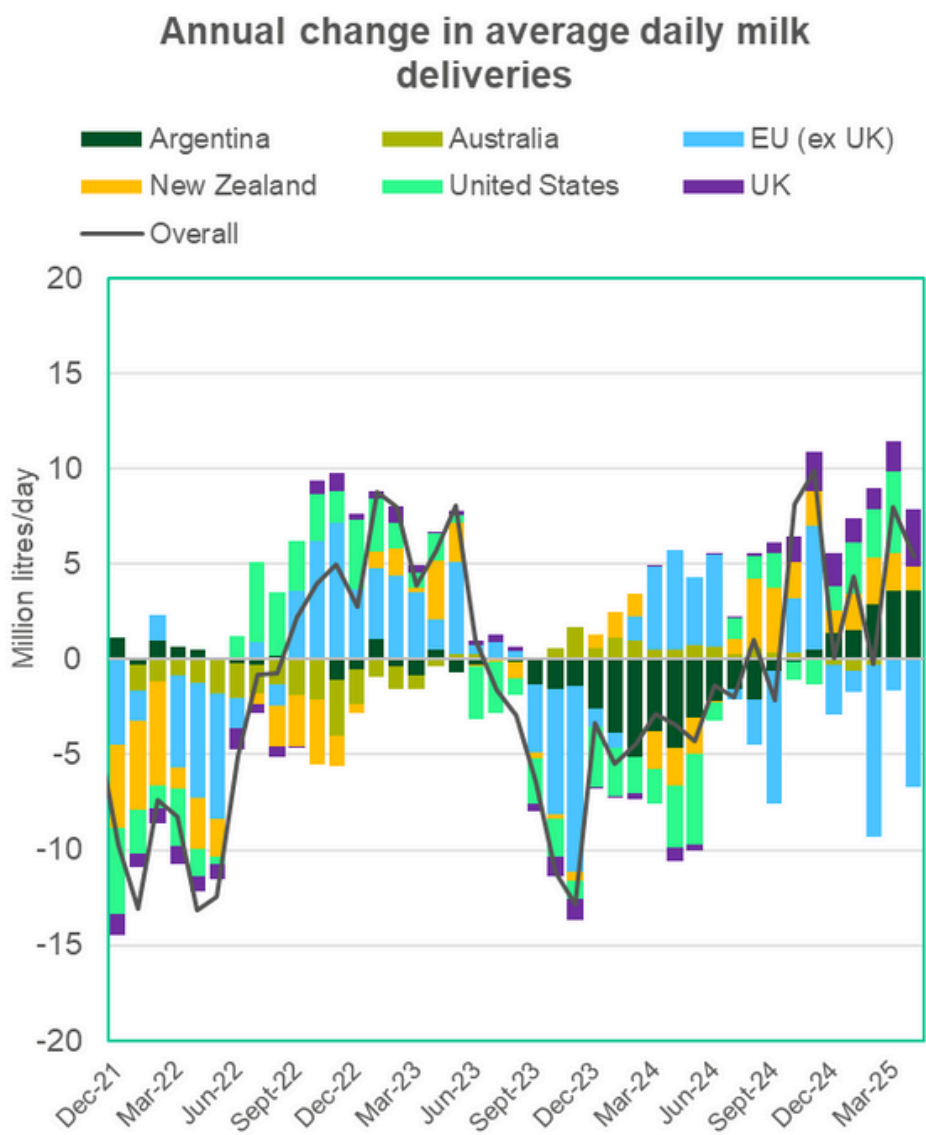
India’s monsoon has gained pace with widespread rainfall observed across central, eastern, and northern states, providing a timely boost for kharif sowing. As of 10th July 2025, heavy rains were recorded in Vidarbha, East Madhya Pradesh, Punjab, Haryana, Rajasthan, West Bengal, Jharkhand, Uttarakhand, and Jammu & Kashmir, while light rains reached parts of Maharashtra, Karnataka, Chhattisgarh, Odisha, and Himachal Pradesh. The upcoming week (10th–16th July) is expected to bring light to moderate rainfall over most regions, with isolated heavy showers forecast in key agricultural belts such as Madhya Pradesh, Vidarbha, Gujarat, Odisha, West Bengal, and the Konkan coast. This rainfall is set to support soil moisture recharge and crop establishment, especially for paddy, pulses, and coarse cereals. The pattern also brings relief to regions that faced initial delays in monsoon onset, aiding farmers in completing sowing and securing early crop growth.

Source: US National Weather Service and IMD

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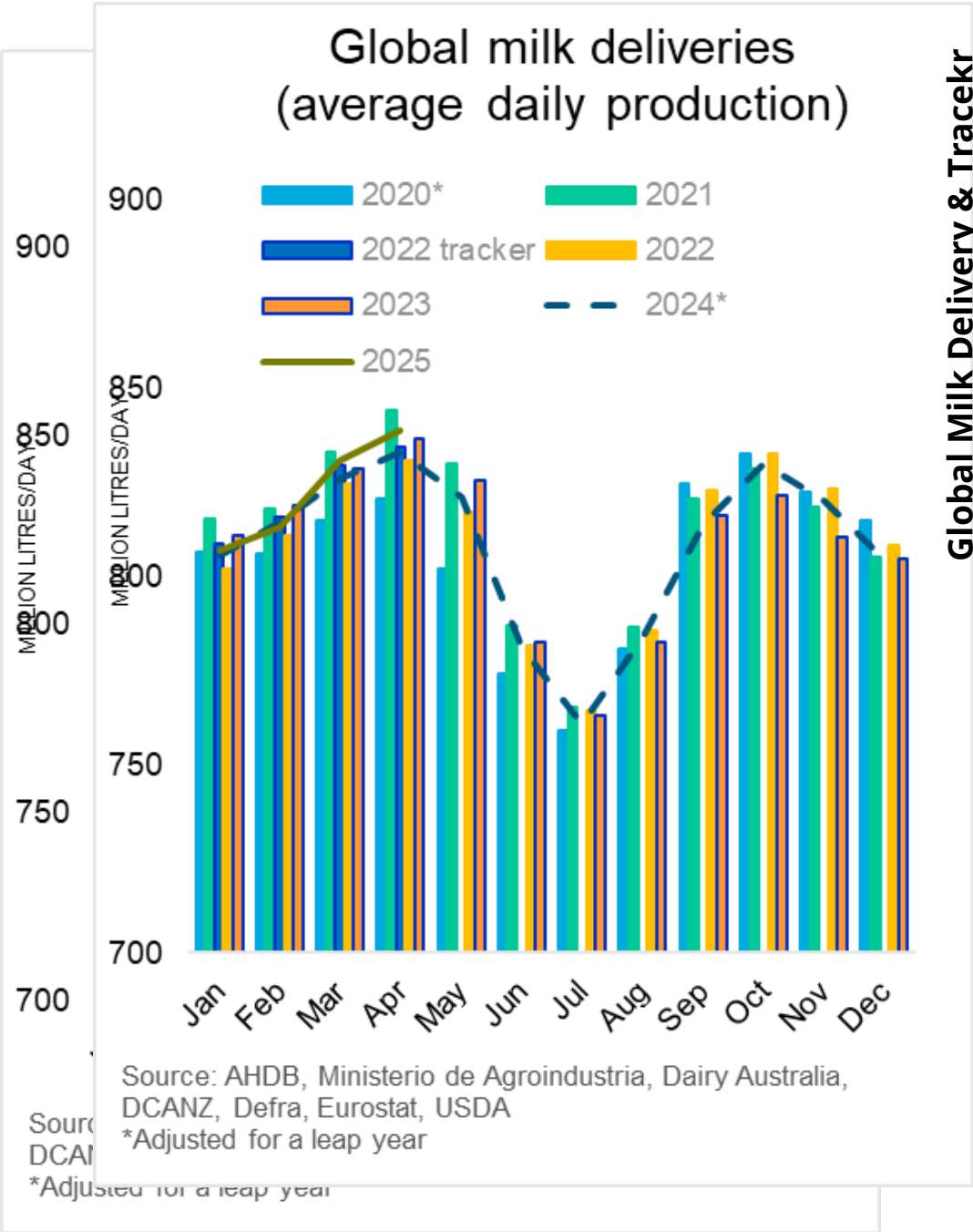
Global: weekly vitals

Avg daily milk deliveries

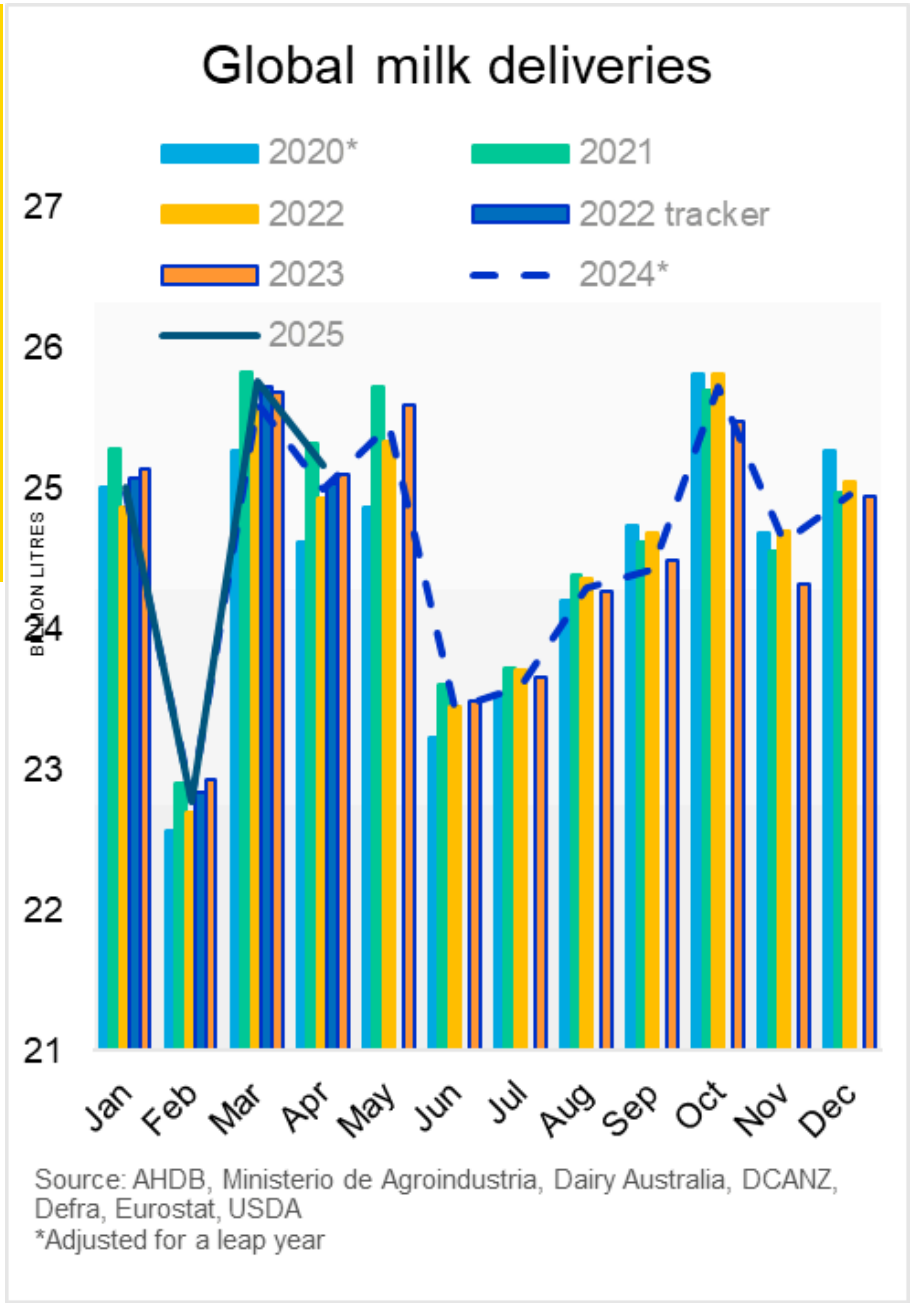


Source: AHDB, Ministerio de Agroindustria, Dairy Australia, DCANZ, Defra, Eurostat, USDA

Global Milk Delivery Tracker

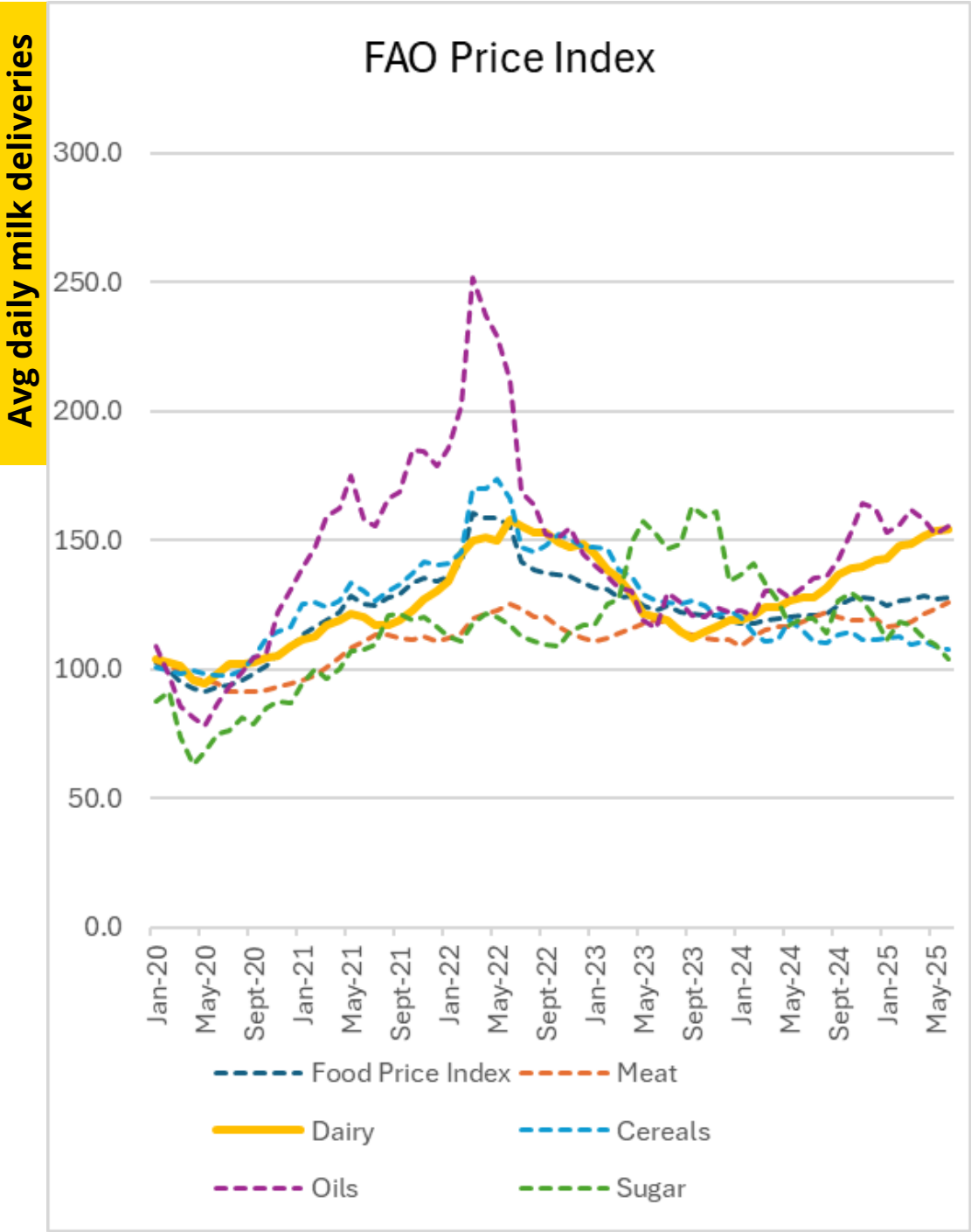


Global Milk Delivery & Tracker



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Global: weekly vitals

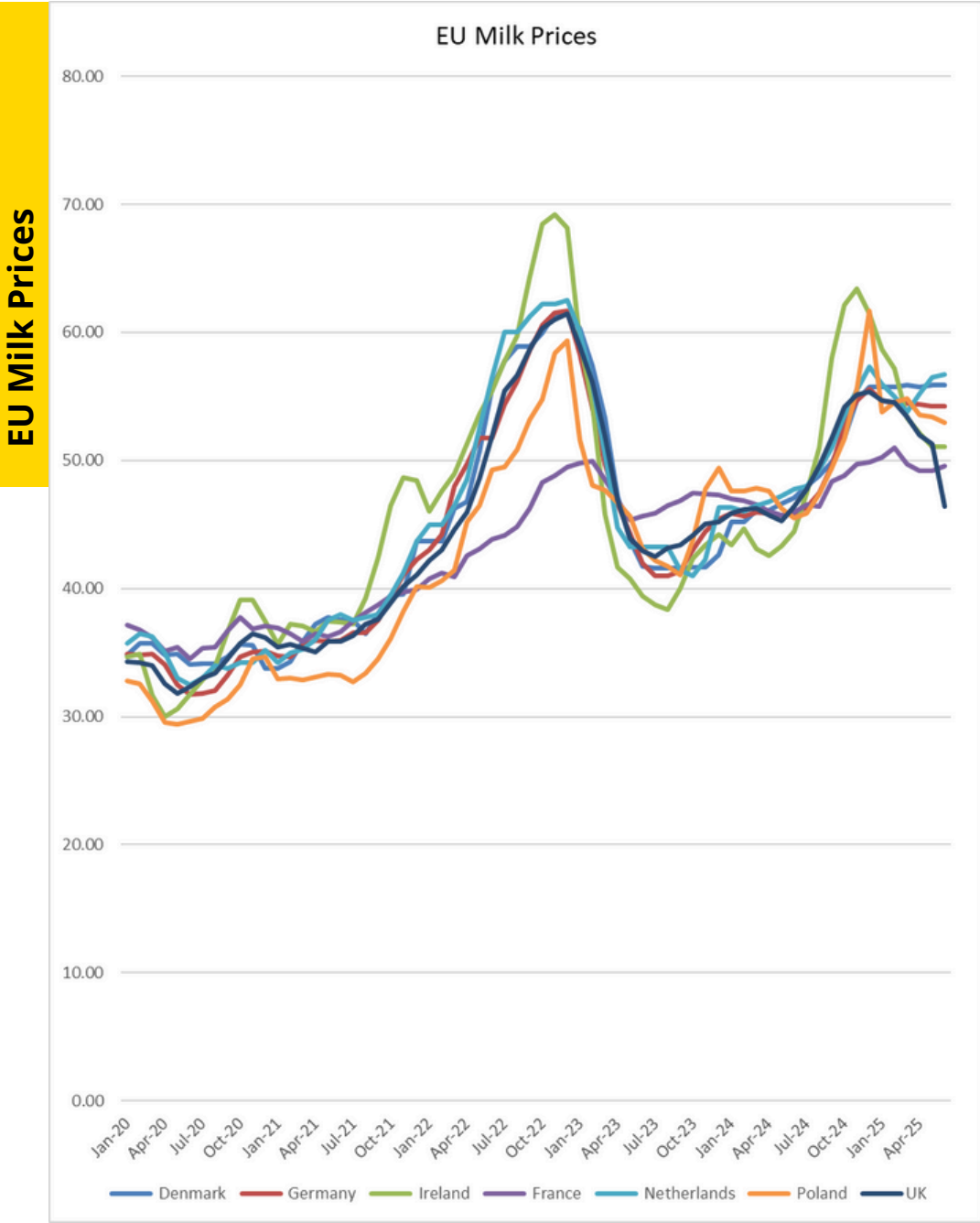


Since January 2020, the FAO Food Price Index has seen high volatility, peaking in March 2022 at 160.2, driven largely by sharp increases in dairy, oil, and cereal prices. Dairy prices surged from 103.8 in Jan 2020 to a peak of 158.2 in June 2022, reflecting global supply disruptions and input cost spikes. Though the overall index fell in late 2022 and into 2023, dairy prices remained elevated.

By June 2025, dairy stood at 154.4, only 3.8 points below its record high, contributing significantly to ongoing food inflation. The broader food index has stabilized around 128, still higher than pre-pandemic levels. Despite cooling in cereals and sugar, persistently high dairy and oil prices are keeping food inflation sticky. Analysts suggest that while global milk production is improving, demand pressures and geopolitical risks may prevent a sharp price correction.

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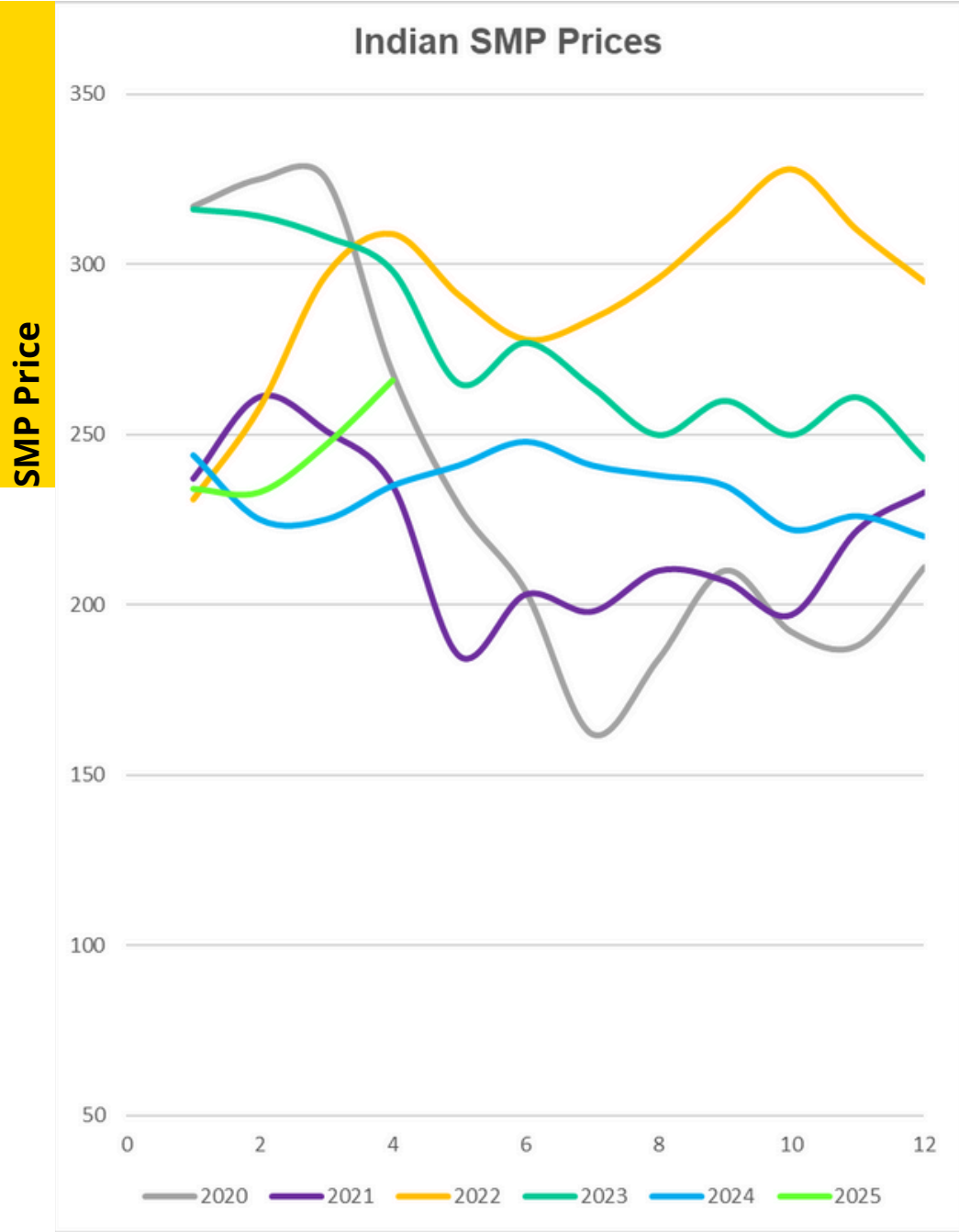
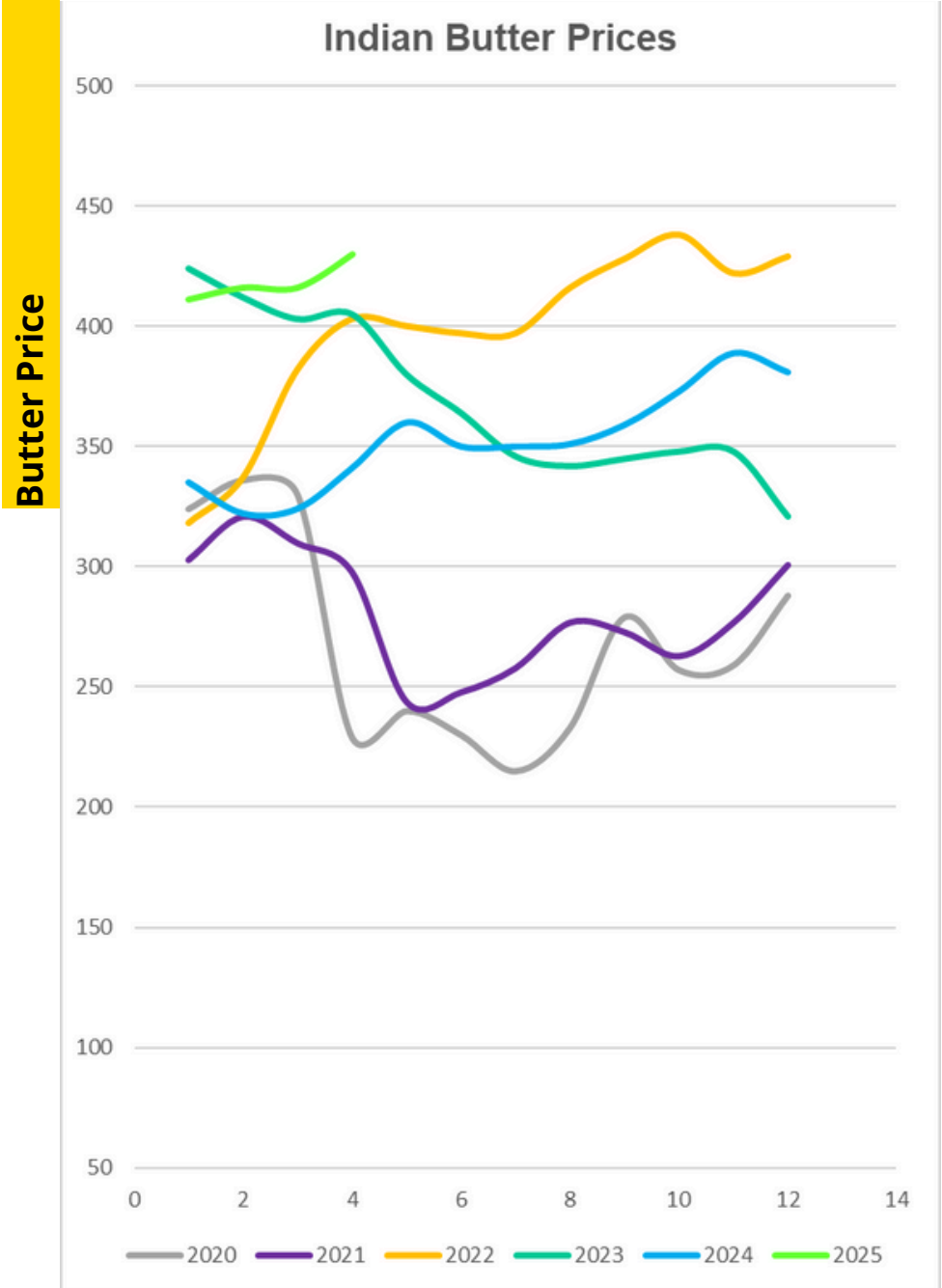
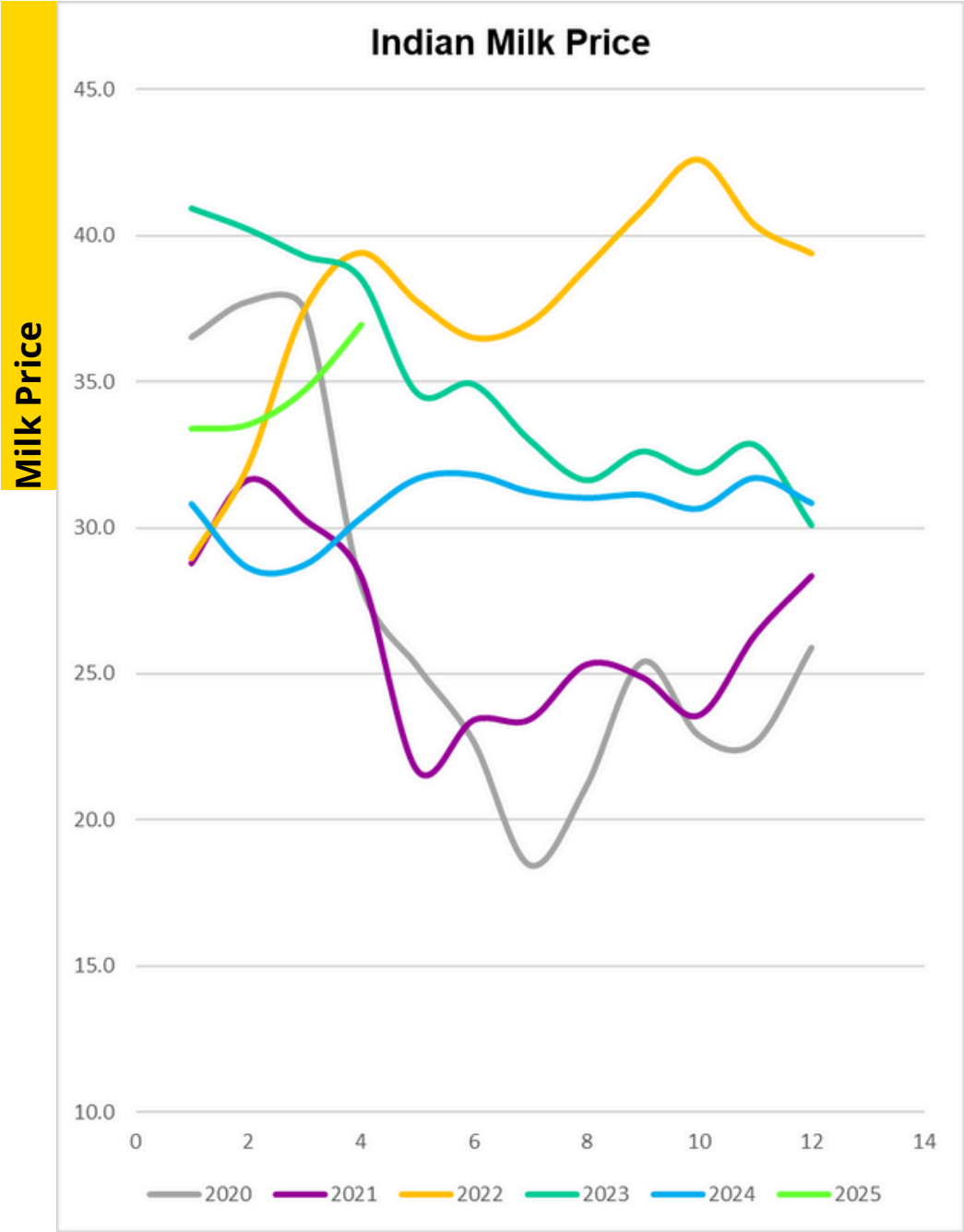
Global: weekly vitals



As of mid-2025, Europe’s dairy market has reached a plateau with farm-gate milk prices stabilising at around €0.53/kg, 15% higher year-on-year—according to the European Milk Market Observatory. While butter prices remain firm at €739/100kg due to steady demand and limited supply, cheddar and milk powders (skimmed and whole) have seen slight declines, reflecting a segmented market. Feed costs have eased slightly, offering temporary relief to farmers, but rising energy prices (+3.4%) continue to pressure margins. With production levelling and environmental regulations tightening supply, the sector is shifting focus to higher-value products like cheese and butter, even as overall profitability remains under pressure.

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India: weekly vitals



bazaar supply & demand



Milk production in May 2025 totalled 620.3 million litres, down 3.8% year-on-year, with gains only in New South Wales (+1.8%) and Queensland (+2.3%), while other regions saw declines—most notably Victoria (-4.4%) and South Australia (-7.5%). Total production from July 2024 to May 2025 stood at 7.75 billion litres, 0.4% lower than the previous season.

Exports from July 2024 to April 2025 dropped 11.3%, while domestic packaged milk sales in April fell 4.0% YoY, with all states reporting lower volumes.

In response, several processors raised farmgate prices, with step-ups ranging from 12¢ to 70¢/kgMS, indicating tightening supply and rising procurement competition.



In June 2025, U.S. milk production reached 19.9 billion pounds, up 1.6% year-on-year, driven by both herd growth and improved yields. The national herd stood at 9.45 million cows, producing an average of 2,110 pounds per cow, 7 pounds more than last June. States like Texas and South Dakota saw strong gains, while California's output continued to soften. The steady rise reflects ongoing herd expansion and stable farm-level productivity.



In Western Europe, France confirmed a case of lumpy skin disease (LSD) in cattle in the Savoie region on June 29, 2025. While LSD is not transmissible to humans, it significantly impacts cattle health and productivity. Meanwhile, EU milk production increased by 1.2% year-on-year in April, with strong growth in Ireland, France, Romania, and Poland, although Germany's output remained down. In a positive trade development, the EU and UK finalised a new sanitary and phytosanitary agreement in May to facilitate smoother dairy exports, especially from the UK to the EU.

In Eastern Europe, foot-and-mouth disease (FMD) has re-emerged in Hungary and Slovakia for the first time in over five decades. Initially detected in Hungary in March, the virus spread to Slovakia, resulting in matched viral strains and the imposition of border restrictions.



Milk production is trending higher across South America in 2025. Argentina has seen year-to-date output rise through May, supported by higher yields per cow despite a decline in the number of dairy farms. Cow numbers have increased overall. Uruguay also posted production growth through April, while cattle slaughter rates are down, suggesting stronger herd retention. Brazil continues to show upward milk output trends year-on-year.

Demand for skim and whole milk powder ranges from steady to strong, although availability is tightening in some areas. However, Q3 price offers for whole milk powder are showing a downward trend, even as buyer interest remains healthy. Cheese demand is reported to be strong in Argentina, but comparatively weaker in Brazil.



New Zealand's milk production in May 2025 reached 993,000 metric tons, up 8.3% year-on-year, with milk solids up 8.0% to 104.1 million kg—both record highs for May. Strong output was driven by favourable South Island weather despite drought-related early drying-off elsewhere. For the full season (June 2024–May 2025), production rose 2.3% by volume and 3.0% in milk solids.

Dairy exports surged in value: milk powder, butter, and cheese exports totalled \$2.2 billion, up 18%, while fresh milk and cream exports hit \$191 million, up 37% YoY. Export volumes shifted—milk powder down 17%, but milk fats up 28% and cheese up 14%, with major gains in exports to China, the EU, and casein to the U.S.

DairyNZ raised the breakeven milk price forecast for 2025/26 to \$8.68/kgMS, up from \$8.41, due to higher input costs, though lower interest rates may provide relief. Net returns remain strong with forecasted net cash income of \$10.89/kgMS.

Meanwhile, following GDT event 383, a price forecasting group revised the 2025/26 forecast slightly down to \$10.08/kgMS, citing falling WMP prices. The spot value sits at \$10.38/kgMS, with the 2024/25 forecast holding at \$10.19/kgMS.



India's dairy sector continues its strong growth trajectory, with 2023–24 milk production reaching a record 239.2 million tonnes, up nearly 3.8% year-on-year. States like Gujarat and Uttar Pradesh are driving expansion through cooperative models and rural empowerment, particularly women-led initiatives. However, climate stress—such as recent heatwaves in central India—has begun to impact yields and prices, highlighting the need for resilience strategies. While India remains shielded from foreign competition in ongoing trade talks, rising export interest—especially from China and the Middle East—will require improved quality standards and infrastructure to truly capitalise on global demand.

Asia

IN: The State Bank of India has warned that opening India’s dairy sector to subsidised U.S. imports could lead to a 15% drop in milk prices, causing an annual loss of ₹1.03 lakh crore (~USD 12.3 billion) to domestic farmers. This would severely impact over 8 crore livelihoods and reduce the sector’s Gross Value Added (GVA) by ₹0.51 lakh crore (~USD 6.1 billion). While SBI acknowledges potential export gains in high-value agri-products—from under USD 1 billion to over USD 3 billion—along with USD 1–2 billion more in pharma and Ayush, the report stresses that these opportunities should not come at the cost of India’s rural dairy economy.



IN: A high-level Indian delegation is in Washington for critical trade negotiations with the U.S., focusing on sectors like dairy, agriculture, steel, and automobiles. India is firmly resisting U.S. pressure to lower tariffs on dairy, citing the need to protect rural livelihoods and its cooperative-driven dairy economy. In return, India is pushing for greater market access for exports such as textiles, leather, seafood, and fruits. Talks aim to finalise a limited trade deal by September–October, with India's exports to the U.S. already up by 21.78% in April–May 2025.

IN: A protest by cattle rearers at Sabar Dairy in Gujarat turned violent as farmers demanded a 20–25% hike in milk procurement prices, rejecting the 9–10% increase announced. Police fired tear gas to control the crowd, injuring three officers and detaining 40 protesters. MLA Dhavalsinh Zala supported the farmers, calling them the rightful owners of the dairy.



IN: The United States has once again raised concerns at the World Trade Organisation (WTO) over India’s strict veterinary health certificate required for importing dairy products. This certificate, mandatory since November 2024, confirms that milk imports are free from antibiotics, pesticides, and heavy metals. The US argues that the measure is overly restrictive and not sufficiently science-based, calling it an "unnecessary trade barrier" to American dairy exports. India, however, maintains that the regulation is essential for public health and food safety, especially given rising global concerns over adulteration and contamination. The issue is expected to surface again during India’s upcoming WTO trade policy review. It also adds friction to the ongoing India–US trade talks, where dairy access remains a non-negotiable red line for New Delhi, given the sector’s crucial role in rural livelihoods.

IN: Amul is stepping up its green game! The Kaira District Milk Union (Amul) signed a major sustainability agreement with Sabar Dairy R&D Institute and NDDDB to set up a 75 MTPD Bio-CNG plant. This will convert cow dung from its vast farmer network into renewable fuel and organic fertiliser. With this, Amul becomes the second dairy in Gujarat, after Banas Dairy, to join the Bio-CNG mission. The project not only reduces methane emissions but also boosts farmer income and supports eco-friendly farming. Amul continues to lead by example in green dairy innovation—benefiting 3.6 million farmer members and the environment too!

SL: India and Sri Lanka have launched a new partnership to boost their dairy, poultry, and livestock sectors. In a two-day Livestock Meet held in Colombo, leaders from both countries discussed joint research, feed innovation, veterinary science, and trade cooperation. Led by CLFMA of India and supported by Sri Lanka’s Veterinary Association, the goal is to share knowledge, improve animal nutrition, and strengthen disease control. Sri Lanka aims to learn from India’s experience in dairy development, while both sides see this as a step toward stronger regional agri-collaboration.

BD: Bangladesh has launched its first-ever Dairy Value Chain Forum, marking a big step toward a greener, more resilient dairy industry. Backed by Denmark’s Danida Green Business Partnership, the forum aims to cut greenhouse gas emissions by 30% and boost incomes for 10,000 dairy farming households, 80% of them women.

The initiative brings together key players like Arla Foods, PRAN Dairy, Solidaridad, and research institutes, focusing on climate-smart technologies, animal welfare, and sustainable land and feed use. The forum will guide national efforts through regular community and policy-level meetings—driving investments, improving productivity, and building a greener future for dairy in South Asia.

SL: Nepal’s traditional yak milk dog chews (chhurpi) are now nearly matching tea in export value! In just 11 months, dog chew exports hit ₹3.99 billion—almost overtaking tea at ₹4.20 billion. But rising milk prices are worrying producers, who say high costs are making them lose out to cheaper Indian alternatives. Over 90% of these chews are exported, especially to the US, Canada, and the UK, where they’re prized for being natural, chemical-free, and long-lasting. But with Nepali milk ₹10–12 costlier per litre than in India, exporters warn the industry could collapse without government support, just like the carpet industry once did. Stakeholders are calling for a rethink on milk pricing and subsidies to keep this booming, value-added dairy product competitive on the world stage.



CN: China’s milk industry has officially hit bottom after three years of falling prices and massive losses—amounting to over CNY 70 billion (USD 9.8 billion). Despite signs of stabilization, experts at the 2025 China Dairy Development Strategy Seminar say a full recovery could take another 12 months. Currently, average fresh milk prices in key producing regions like Inner Mongolia and Hebei have dropped 6.5% year-on-year, hovering at just CNY 3.04 (₹35 approx.) per litre. While spray drying of milk has slowed—signaling the bottom of the cycle—analysts stress that cutting excess capacity is crucial to rebalance supply and demand. The sector’s deeper issues stem from cyclical imbalances and seasonal surpluses, pushing farmers into a vicious loop of price crashes and losses. Industry experts are now proposing a US-style model of dairy governance—with better planning, pricing reforms, and stronger institutional oversight to protect both producers and consumers.

MERCHANT MARKET / WEATHER

NA & SA **US:**Global dairy giant Lactalis USA is investing \$75 million to expand its Buffalo and Walton plants in New York, aiming to ramp up production of Galbani c Cheese and Breakstone’s sour cream. The upgrade will add over 50 new jobs, boost innovation, and help meet the rising demand for high-protein dairy products in the US. The Buffalo plant processes ricotta, mozzarella, and whey powder, while the Walton unit plays a key role in growing the company’s cottage cheese portfolio. Together, they handle over 800 million pounds of raw milk annually. This investment is part of Lactalis’ larger \$123 million commitment in New York. It follows a similar \$55 million expansion in California for Président Feta cheese, signalling serious growth moves in the American dairy space.

US: According to the latest McKinsey survey, despite ongoing challenges like inflation and labour shortages, dairy industry executives are approaching 2025 with cautious optimism. A recent industry survey reveals a strategic shift toward tighter cost control, proactive talent acquisition, and targeted volume growth. Notably, sustainability initiatives and the integration of artificial intelligence are emerging as key priorities, signalling the sector’s intent to modernise operations and future-proof the supply chain.

CA: Canada’s supply management system, which imposes high tariffs on dairy imports (e.g., 298.5% for butter, 245.5% for cheddar in 2025), remains a point of contention in U.S.-Canada trade talks. Président Trump has criticised these tariffs, though US dairy exports to Canada (\$1.14 billion in 2024) exceed Canadian exports to the US, creating an \$850 million US trade surplus. Canadian dairy farmers worry about potential concessions impacting their industry.

US: Cornell University has released its RuFaS (Ruminant Farm Systems) tool, now freely available, enabling dairy farmers to assess their environmental footprint, energy usage, and economic performance for more intelligent, greener decision-making. Meanwhile, in Pennsylvania, Kreider Farms has earned the American Humane Certified badge for its focus on cow comfort, sustainable practices, and employee well-being. The farm manages 1,875 dairy cows and 6 million laying hens across 3,000 acres, setting an example for integrated and ethical livestock operations.

Oceania **NZ:**In a major step for biosecurity, DairyNZ and other livestock bodies have signed a long-awaited Foot-and-Mouth Disease (FMD) Operational Agreement with New Zealand’s Ministry for Primary Industries during the Fieldays event. Calling it “a decade in the making,” DairyNZ CEO Campbell Parker emphasised the importance of this partnership in strengthening preparedness and rapid response to any FMD outbreak. With the dairy and livestock sector being vital to New Zealand’s economy, this move enhances national readiness, safeguards animal health, and protects global trade reputation.

NZ: According to DairyNZ’s latest Econ Tracker, the forecast breakeven milk price for New Zealand dairy farmers in 2025/26 has increased to \$8.68/kgMS, up from \$8.41/kgMS. This rise signals higher on-farm costs, including feed, fuel, and compliance pressures, making profitability tighter despite stable milk payouts. The update highlights the economic squeeze on Kiwi dairy farmers and the urgent need for cost efficiency and policy support to maintain sector resilience in a challenging global market.

AU: The mid-year 2025 Situation and Outlook report noted strengthening export prices and domestic retail market growth, injecting value into the supply chain. However, 55% of farmers felt positive about the industry’s future, down from 2024, with milk production expected to ease in 2025/26 due to farm exits and smaller herds (300–350 million litres projected).

Europe **IR:** Lakeland Dairies has become the first processor to announce a milk price for June, keeping the base price steady. In the Republic of Ireland, farmers will receive 46.86 c€/L (excl. VAT) for milk at 3.6% fat and 3.3% protein—this includes a 0.47 c€/L unconditional bonus and a matching sustainability payment.

UK: The UK and EU have reached a tentative agreement on sanitary and phytosanitary (SPS) measures ahead of the 2026 Brexit deal expiry. The new pact will ease checks on food, animal, and plant exports, aiming to simplify trade and cut costs—potentially adding £9 billion to the UK economy by 2040.

NL: On July 9, 2025, the Dutch Dairy Board (ZuivelNL) cut prices for several dairy products: butter dropped €60 to €7,300/t, whole milk powder fell €20 to €4,260/t, and skim milk powder for feed decreased €30 to €2,340/t. Prices for skim milk powder for food (€2,380/t) and whey powder (€800/t) remained stable. These changes reflect market adjustments in the Netherlands, a key dairy exporter.

DE: The merger between Germany's DMK Group and Arla Foods progressed, aiming to secure long-term financial stability amid declining milk production. Germany, a major EU dairy producer, is facing reduced milk volumes due to structural agricultural changes and the lingering effects of bluetongue disease from summer 2024. The merger is expected to strengthen the cooperative's market position and improve milk prices for farmers.

EU: Rising meat and dairy prices in the EU are being driven by heavy reliance on imported protein feed, with 96% of soybeans sourced externally, mainly from the U.S. and Brazil. This dependency contributes to 8–9% of the region's emissions and keeps consumer prices volatile. To counter this, EU experts are advocating for the scale-up of alternative proteins—including plant-based, cultivated, and fermentation-derived options. A Systemiq study finds that Germany could gain €35 billion in exports and €65 billion in value-added by 2045 through strategic investment. Efforts like the Dutch Protein Farmers Network help farmers diversify into pulses like soy and chickpeas, reducing feed costs and enhancing sustainability. However, progress is slow due to regulatory bottlenecks and a lack of coordinated support

FR: French cheese makers are sounding the alarm over proposed 30% U.S. tariffs on EU dairy, warning of a “real shock” to milk and cheese exporters. France sends nearly €350 million worth of dairy products annually to the U.S., about half its dairy export volume. Industry groups like ANIA call the tariffs “disastrous,” while FNIL highlights the need to rethink export strategies amid shifting trade policies. The EU is pushing for negotiations, with Commission President von der Leyen extending the suspension of EU countermeasures into early August

CONSUMER/SUSTAINABILITY

EU: In a significant move, the European Commission (EC) has approved the import and use of genetically modified (GM) soybeans in food and animal feed across the European Union. The approval follows a detailed safety assessment by the European Food Safety Authority (EFSA), which concluded that these GM soybeans are as safe as traditional varieties for both human and animal consumption.

However, the approval is strictly for consumption and feed purposes only—cultivation of GM soybeans remains banned in the EU. This ten-year authorisation is expected to support the continent’s feed and food industries, especially amid ongoing global grain and protein supply pressures.

For the dairy and livestock sectors, this means greater access to high-protein feed ingredients, which may help reduce cost volatility and improve nutritional consistency in compound feed. It also opens the door for increased imports from countries like the US, Brazil, and Argentina, which are major exporters of GM soybeans.

The decision is particularly relevant at a time when feed costs are a significant concern for dairy farmers across the world, including in India. While India does not currently permit GM soybean use in feed, developments in the EU could influence future trade, regulatory discussions, and public perceptions in global dairy supply chains.

Bottom line: The EU is moving towards a more flexible feed import strategy, but remains cautious on cultivation. This creates a window for feed manufacturers and dairy producers to adapt sourcing strategies while maintaining consumer trust.



GEOPOLITICS/POLICIES/MACRO

IN: India and New Zealand are once again at the negotiation table for a Free Trade Agreement (FTA), hoping to scale up bilateral trade from the current \$1.29 billion to ten times that over the next decade. However, just like previous attempts, dairy access has emerged as the key sticking point, and India's position remains firm—no opening of the raw dairy market.

New Zealand, a global dairy powerhouse, is seeking access to India's vast consumer base. But India's dairy sector is not just another trade category—it's a socio-economic backbone. With over 80 million farmers, mostly smallholders, and a robust cooperative model built over decades through institutions like Amul, NDDDB, and various state milk federations, the sector is central to rural livelihoods, food security, and self-reliance.

India's dairy stance is clear:

- No import of raw milk or bulk dairy products
- Minimal and controlled import of value-added items (e.g., lactose, casein)
- Maintain tariffs to protect domestic milk prices and farmer margins

India has followed this principle consistently. In fact:

- The India–UK FTA signed recently excluded dairy entirely
- India has never allowed dairy tariff reductions in any previous FTA
- Even with rising demand, India relies on domestic production, not imports

Meanwhile, New Zealand, known for its competitive and highly subsidised dairy exports, has made access to India's dairy market a key ask. However, such access could risk flooding Indian markets with cheaper imports, hurting small producers who operate without large-scale subsidies or economies of scale.

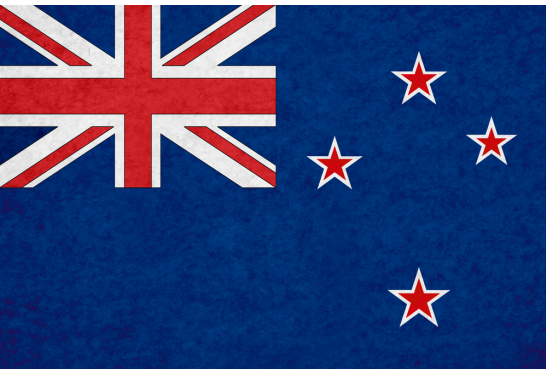
India's dairy imports from NZ currently stand at only \$0.57 million, which is negligible in a market worth ₹9 lakh crore. Allowing bulk dairy imports could disrupt price stability, impact milk procurement by cooperatives, and challenge local processing capacity.

The broader FTA discussions also involve India pushing for:

- Mobility of skilled professionals
- Market access for IT, healthcare, and fintech services
- Lower tariffs on textiles, shrimp, machinery, and pharmaceuticals

But unless New Zealand relents on its dairy demands, India may once again move forward with an FTA that excludes dairy, just like the 2010–2015 talks that stalled over the same issue.

This is yet another reminder that India’s dairy policy is not just about trade—it's about safeguarding rural employment, cooperative integrity, and farmer-first economics. While FTAs can offer broader trade benefits, dairy will likely remain protected, especially in the face of rising production, self-sufficiency goals, and inflation sensitivity.



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annex (country codes)

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 of)	BO	Christmas Island	CX	El Salvador	SV	Greece	GR	Iraq	IQ
Anguilla	AI	Bonaire, Sint Eustatius and Sint Maarten (Dutch part)	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 Republic of the)	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 Territory	IO	Cook Islands (the)	CK	Falkland Islands (the) [Malvinas]	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 Islands	HM	Korea (the Democratic People's Republic of)	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 (the)	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 States of)	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 Tristan da Cunha	SH	South Africa	ZA	Tunisia	TN
Libya	LY	Mongolia	MN	Pakistan	PK	Saint Kitts and Nevis	KN	South Georgia and the South Sandwich Islands	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 Grenadines	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 Britain (the)	GB
Maldives	MV	Nepal	NP	Pitcairn	PN	Saudi Arabia	SA	Switzerland	CH	United States Minor Outlying Islands	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 of	TZ	Vanuatu	VU
Mauritania	MR	Niger (the)	NE	Republic of North Macedonia	MK	Singapore	SG	Thailand	TH	Venezuela (Bolivarian Republic of)	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

Jordbrukare aspires to fuel growth in the dairy ecosystem by creating an environment that fosters commercial and technological innovation. Jordbrukare recognizes leadership and expertise, facilitates sharing, and employs data science and intelligent computing to prepare today's businesses for tomorrow's opportunities.

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