



December 2025

Executive Summary of IDF Country Updates - December 2025

Series Summary

Members of the IDF Standing Committee on Dairy Policies and Economics and the Standing Committee on Marketing updated market results and conditions in 16 countries for the first half of 2025, compared to the same period in the previous year. These countries represent over half of the world's milk production, and an even larger share of its world trade in dairy products.

1. Market Developments

Production Dynamics:

- **Global Milk Output:** Key contributors of the milk production are India (Expected), and USA (52,378 ktons). Chile (+8.1%), Ireland (+7.3%) and many other countries experienced growth in production, while China (-4.1%) and Germany (-2%), etc., experienced decline.
- **Price Volatility:** Farm-gate milk prices varied significantly, with Iceland (1.17 USD/kg milk), Switzerland (0.84 USD/kg milk) and Japan (0.81 USD/kg milk) the highest, more than 0.8 USD/kg milk, and New Zealand (+29.6%), Ireland (+21.2%), Denmark (+21%), or Germany (+18%) witnessing sharp increases. Conversely, China (-11.7%), Australia (-3.7%), Canada (-0.6%) and South Africa (-0.6%) faced decline. Wholesale prices in general surged in Australia, Germany, France and US, mainly contributed by the price growth of Cheese, Butter and Sweet Whey Powder. Retail prices are relatively flat with most categories of most countries enjoying moderate growth, with New Zealand's growth rate being the highest.



Trade Trends:

- **Imports:** Import value (+72.4%) and volume (+22.3%) of India increased at the highest rate.
- **Exports:** Norway (+85%) and India (+38.2%) led export value growth, China (+403.2%) led the export volume growth.

Key Drivers:

- Global milk production showed mixed results, with a strong recovery in the United States from H5N1 impacts, while Australia faced declines due to adverse weather.
- Farm-gate milk prices (FGMP) saw significant variation; countries like New Zealand, Germany, and Ireland experienced rapid growth driven by strong commodity prices and high demand for butter and cheese. In contrast, China reported a drastic drop in FGMP, attributed to weak domestic consumption and an oversupply of raw milk.
- The US saw increased exports due to competitive pricing and recovered demand. South Africa became a net exporter for most dairy categories except whey, with butter exports surging over 100%. France and Germany, however, noted reduced export volumes due to persistent trade difficulties.

2. Policy and Regulatory Updates

Nutrition & Labelling:

- A significant focus was on front-of-pack (FOP) labeling and sugar taxes. France updated its Nutri-Score system, which now penalizes some liquid dairy products, and implemented a tax on sugar-sweetened beverages, including flavored milks. Norway passed a ban on marketing unhealthy foods to children, affecting ice cream, flavored milk drinks and sugary yogurts. Chile continued to strengthen its “HIGH IN” FOP labeling and food safety policies. The US is reviewing dietary guidelines with a potential shift towards favoring whole-fat dairy in schools and nutrition programs.

Animal Health:

- H5N1 Avian Influenza remained a primary concern for the US with over 1,000 cases reported across 18 states. Canada’s surveillance system also detected a case of bovine Tuberculosis in a dairy animal. New Zealand is on track to declare provisional freedom from Mycoplasma bovine cases. South Africa continues to battle Foot and Mouth Disease (FMD) outbreaks.

Environment and Sustainability:

- Sustainability initiatives are accelerating. The US and Canada launched updated on-farm environmental assessment tools (FARM ES Version 3 and the Cool Farm Tool pilot, respectively). Ireland faces a critical challenge with the potential expiration of its EU Nitrates Directive derogation, which could fundamentally restructure its dairy sector. New Zealand is reforming its freshwater management policies to simplify rules for farmers. China is advancing its national “Action Plan for Green and Low-Carbon Development”.

Industry Restructuring & Trade:

- Mergers and acquisitions (M&A) were prominent, notably Lactalis's acquisition of Fonterra's consumer businesses in Oceania, and a merger between the European Coop Arla and the biggest German Coop DMK is announced. Ireland also saw significant domestic co-op merger and demerger.
- In trade, a new EU-US trade deal introduced reciprocal tariffs, while countries like Switzerland and Norway finalized new agreements with various nations. China mentioned a 10-20% tariff increase on US dairy, maintaining zero tariffs for New Zealand and Australia.

3. Dairy Consumption Trends

- **Liquid:** Liquid milk in many countries demonstrated growth.
- **Yogurt:** Canada (+9.4%) and Norway (+7.9%) saw robust demand, China saw severe decline.
- **Cheese:** Overall it saw moderate growth in most countries, such as Switzerland (+5.4%), France (+2.8%), South Africa (+2.4%). While Australia (-7.6%), US (-1.5%) and China (-1.2%) fell.
- **Butter:** US (+4.9%), Canada (+4.4%) saw prominent growth while France (-3.5%) saw significant decline.
- **Ice Cream:** Ireland (+18%) and Switzerland (+12.2%) saw significant growth mainly because of the weather.
- Key consumption drivers include health and wellness (high protein, low sugar), cost sensitivity (boosting private label sales), and a shift towards natural, clean-label products.

4. Other Issues

- Labor shortages in production and processing remain a challenge in Switzerland and the US, while China is experiencing a structural shift towards higher-skilled technical roles. dominance.

5. Marketing Challenges and Opportunities

- The main marketing challenges for the dairy sector globally stem from a fragmented and often distrustful media environment. This landscape is characterized by persistent negative narratives from NGOs and certain media outlets, the influence of unqualified social media influencers, and a failure to communicate meaningfully about dairy farming. Consumers, particularly younger generations, often feel disconnected from agricultural production. Furthermore, regulatory hurdles like stricter labeling rules, warning labels on some dairy products, and the difficulty of communicating complex sustainability credentials pose significant challenges. In many markets, these issues are compounded by the rising threat of plant-based alternatives and the need to navigate an AI-driven information space where misinformation can spread easily.

- Conversely, significant opportunities exist to leverage strong consumer trends. There is a powerful resurgence of interest in dairy's health and nutritional benefits, driven by themes like "food as medicine," high protein, and natural, recognizable ingredients. The key is to create inspiring and relevant content that forges an emotional connection. Marketing possibilities include transparently communicating about responsible production and animal welfare, highlighting local origin and quality, and utilizing digital platforms for education and engagement through influencers and interactive campaigns. Capitalizing on the high trust and positive perception of dairy's taste, alongside innovation in areas like lactose-free and fortified products, allows the industry to reposition dairy as a modern, essential component of a healthy and sustainable lifestyle.

Summary:

The global dairy industry in H1 2025 is navigating a complex landscape defined by geopolitical trade tensions, evolving regulatory frameworks, and shifting consumer preferences. While commodity prices and demand for specific high-value products like butter remain strong in many regions, challenges such as animal disease, input cost inflation, and environmental pressures persist. Success will depend on the industry's agility in adapting to policy changes, investing in sustainability, and effectively communicating dairy's value in a competitive and often misleading information environment.