Required Report: Required - Public Distribution **Date:** December 10, 2025

Report Number: MX2025-0058

Report Name: Dairy and Products Annual

Country: Mexico

Post: Mexico City

Report Category: Dairy and Products

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Report Highlights:

Mexico's dairy industry in 2026 is expected to experience broad growth due to forecasted increases in milk production and consumption, driven by increased modernization and investment. Post forecast milk production to reach 14.1 million metric tons (MMT), a 2 percent increase. The country's cheese sector is a driver in this growth, with production, consumption, and imports all forecast to rise. Butter production is forecast to see a marginal lift and imports are forecast to increase substantially to meet rising demand from the industrial and tourism sectors. The forecasts also show a greater reliance on imported raw materials like Skimmed Milk Powder.

Fluid Milk

Table 1. Milk-Production, Supply, and Distribution

Dairy, Milk, Fluid	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk (1000 HEAD)	6,750	6,750	6,750	6,800	0	6,830
Cows Milk Production (1000 MT)	13,555	13,555	13,690	13,800	0	14,100
Other Milk Production (1000 MT)	169	169	170	170	0	171
Total Production (1000 MT)	13,724	13,724	13,860	13,970	0	14,271
Other Imports (1000 MT)	38	38	30	35	0	38
Total Imports (1000 MT)	38	38	30	35	0	38
Total Supply (1000 MT)	13,762	13,762	13,890	14,005	0	14,309
Other Exports (1000 MT)	12	12	10	12	0	10
Total Exports (1000 MT)	12	12	10	12	0	10
Fluid Use Dom. Consum. (1000 MT)	4,260	4,260	4,300	4,300	0	4,315
Factory Use Consum. (1000 MT)	9,490	9,490	9,580	9,693	0	9,984
Feed Use Dom. Consum. (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	13,750	13,750	13,880	13,993	0	14,299
Total Distribution (1000 MT)	13,762	13,762	13,890	14,005	0	14,309
(1000 HEAD) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Not official USDA data.

Production

2026

Milk production for 2026 is forecast at 14.27 MMT, an increase of 2 percent. The fluid milk industry in Mexico is experiencing a period of growth, driven by modernization and public and private sector investments. While Mexico has long been a substantial producer and consumer of milk and dairy, recent years have seen a notable increase in its domestic production capacity. Historically, Mexico's dairy industry has been characterized by many small-scale producers with limited technological capacity. These producers often struggle with low yields, inefficient practices, and vulnerability to market fluctuations. The integration of smaller, less efficient farms into larger cooperatives has facilitated the spread of improved, modernized techniques led by Mexico's large dairy companies such as Alpura, Lala, and GAQSA. In October 2025, Mexico's Government announced a public investment project named Plan Campeche, which intends to increase production of milk in Campeche. The investment will be dispersed through direct cash handouts, credits, infrastructure (a pasteurizing plant and storage facilities), and milk purchases by the government at price guarantee. The exact amounts and dates for the project have not been made public yet.

Most of Mexico's fluid milk originates from intensive dairy operations located in specific, highly productive regions:

- La Laguna Region (Coahuila and Durango): This arid region is Mexico's leading dairy hub by volume. Producers here operate large-scale, technologically advanced farms. The climate

requires a confined system (stables) where cattle are housed indoors. The dominant breed is the Holstein-Friesian, renowned for its high milk production. Under these controlled conditions, with carefully formulated diets, yields are the highest in the country, often exceeding 9,500 liters per cow per lactation (average 305 days).

- Mexico's southern and coastal regions, including Veracruz, Chiapas and Tabasco: These regions are characterized by hot and humid tropical climates that make high-producing European breeds like Holstein unviable. Instead, producers raise dual-purpose cattle, which are crosses between European dairy breeds (like Brown Swiss or Holstein) and Zebu breeds (like Gyr, Nelore or Guzerat). While their primary purpose is milk, the male offspring are well-suited for beef production. Consequently, milk yields are significantly lower, typically ranging from 1,500 to 3,000 liters per cow per lactation, but the system requires fewer inputs and is better adapted to the challenging environment.

2025

Milk production in 2025 is estimated at 13.97 MMT, an increase of 2 percent. One of the drivers of increased fluid milk production is Mexico’s growing and increasingly urbanized population. With a population exceeding 132 million people and a steady rate of growth, the number of consumers has an impact on the demand for staples like milk.

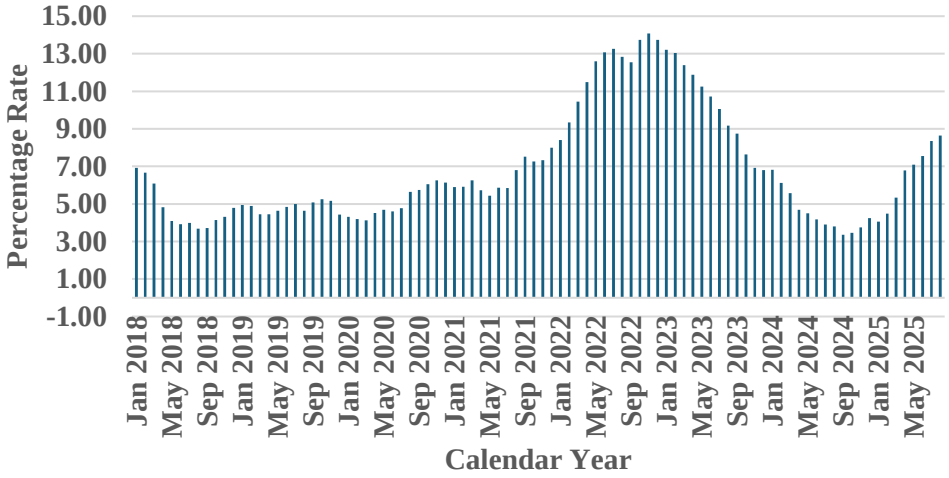
As more people move from rural areas to cities, their dietary patterns shift. Increased urbanization and a more affluent middle class are expected to purchase more protein-rich foods, including milk and other dairy products, shifting away from milk powder products. This growing purchasing power is an economic incentive for producers to increase their output. Urban residents also often have greater access to a wider variety of retail outlets, including supermarkets and convenience stores, which stock a broad range of packaged and processed dairy products.

The government's "Leche para el Bienestar" (Milk for Wellbeing) program further supports this demand by ensuring a stable market for domestically produced milk. By providing subsidized milk to low-income families, the program not only addresses nutritional needs but also creates a guaranteed channel for sales, encouraging farmers to scale up their operations. See consumption section below for further information on the program.

Prices

Prices for fluid milk remain high due to inflation and increasing production costs. In 2024, price increases slowed but overall prices continued to be elevated due to high domestic inflation and a strong peso which kept overall production costs elevated. In 2025, the continued easing of global feed prices has provided some relief on the cost side. However, processors are now facing consumer resistance to high retail dairy prices, which limits their ability to pay more to producers. As a result, producer prices have stagnated or slightly softened from their 2024 peak but remain well above pre-2023 levels.

Figure 1. Price Inflation – Pasteurized Milk (Retail)



Source: National Institute of Statistics and Geography (INEGI)

The price paid to dairy producers for fluid milk in Mexico is also influenced by region, quality, and recent economic pressures. Producer prices are determined by:

- **Milk Quality**: This is the most significant factor. Processors pay a premium for milk with higher percentages of fat and protein (milk solids) and a low somatic cell count (an indicator of herd health).

- **Production System & Volume:** Large, technologically advanced farms that can guarantee a high, stable volume of quality milk throughout the year command the best prices through formal contracts.

- **Logistics:** Proximity to major processing plants and urban centers is key. Lower transportation costs for the processor often translate to a better price for the farmer.

- **Government Reference Price:** LICONSA, the state-owned enterprise, buys milk from small and medium-sized producers at a guaranteed price (MXN 11.50/L) through their social program "Milk for Wellbeing". This is set at a significant premium over market rates and acts as a floor and a crucial benchmark, especially in central and southern Mexico.

Based on the factors above, there's a consistent price hierarchy across Mexico's production regions:

1. **Highest Prices - Northern Intensive Regions (La Laguna, Chihuahua, etc.):** Producers in these specialized, arid-climate dairies consistently receive the highest prices in the country. This is due to their large-scale operations producing milk with very high solids content from Holstein cows, coupled with strong, formal contracts with major processors like Lala and Alpura.

2. **Mid-to-High Prices - Central Mexico (Jalisco, Querétaro, Guanajuato):** This region, particularly Los Altos de Jalisco, is a powerhouse of production. Prices are very competitive but

can show more variation than in the north. The mix of large and small producers and the proximity to the massive consumer markets of Mexico City and Guadalajara keep prices strong.

3. **Lowest Prices - Southern & Tropical Regions (Veracruz, Chiapas):** The dual-purpose systems in the tropics receive the lowest prices. This is a result of several factors, including lower fat and protein content in the milk from Zebu-cross breeds, logistical challenges in collecting milk from dispersed, smaller farms, and a higher degree of informality where much of the milk is sold locally for artisanal cheese production at lower rates.

Table 2: Price Hierarchy and Regional Milk Prices (MXN/L)

Price Tier	Region & Key States	Typical Producer Price Range	Key Drivers & Characteristics
Highest Prices	**Northern Intensive Regions** (Coahuila, Durango/La Laguna, Chihuahua)	MXN 11.50 -13.00 per liter	**Highest Solids/Quality:** Highly specialized Holstein cows yield milk with superior fat and protein content. **Formal Contracts:** Large-scale, formal operations with major processors (Lala, Alpura) guarantee the highest prices. **High Productivity:** Modern farms average yields of 37 liters per cow per day.
Mid-to-High Prices	**Central Mexico** (Jalisco, Querétaro, Guanajuato)	MXN 10.00 - 11.50 per liter	**Production Hub:** Jalisco is the top producing state, with a mix of farm sizes. **Market Proximity:** Prices are strong due to immediate access to the enormous consumer markets of Mexico City and Guadalajara.
Lowest Prices	**Southern & Tropical Regions** (Veracruz, Chiapas, Tabasco)	MXN 8.50 - 10.00 per liter	**Low Solids/Quality:** Dual-purpose cattle (beef/dairy) and tropical breeds yield milk with lower solids content. **Informality:** A big share of milk enters informal channels for local artisanal cheese production, often fetching lower, less stable prices. **Low Productivity:** Traditional systems average low yields of only 7 to 10 liters per cow per day, contributing to the cost pressure.

The numerical difference is seen in the productivity gap, which directly impacts price and profitability. In Northern high-tech farms, productivity is estimated at 37 liters per cow per day. In Southern more traditional farms, that productivity level drops to 7 to 10 liters per day. This nearly 280 percent yield difference explains why northern producers, despite higher operational costs, can sustain high prices through volume and quality-based premiums.

Consumption

2026
Milk consumption in 2026 is forecast at 14.3 MMT, an increase of 2 percent. This trend is driven largely by population growth and widespread government programs.

The Mexican government's intervention plays a role in driving household fluid milk consumption, particularly among low-income and rural populations. The Leche para el Bienestar program is a cornerstone of this strategy, designed to make milk accessible as a fundamental pillar of family nutrition. The program operates by directly purchasing milk from small and medium-sized producers at a guaranteed price with a commitment to expand coverage from 6.3 million to 10 million beneficiaries by the end of the current administration.

Table 3: Key Government Program Metrics for Fluid Milk

Metric	Value
Program Name	Leche para el Bienestar
Guaranteed Price to Producers	MX 11.50 per liter
Subsidized Price to Consumers	MX 7.50 per liter
Total Milk Distributed (2024)	618 million liters (7% increase over 2023)
Current Beneficiaries	6.3 million
Target Beneficiaries	10 million by the end of administration (2030)

Source: Post with information from GOM

Mexico is largely urbanized, with approximately 76 to 80 percent of the total population currently residing in urban areas. Conversely, the rural population constitutes around 20 to 24 percent of the total according to INEGI. The dominant internal migration pattern in Mexico has shifted from simple rural-to-urban flow to urban-to-urban migration. Many migrants now move from small and medium-sized cities to larger metropolitan areas, or from the saturated center of Mexico City to surrounding nearby metropolitan areas (a process called urban de-concentration or suburbanization), which are less congested and more affordable.

Despite the new dynamics, rural-to-urban migration remains a component of internal movement, especially of younger populations seeking better livelihoods and services, though its proportional impact on the largest city's growth is smaller than in the past. The continuing high level of urbanization, even with the slowing of migration directly into the capital's core, sustains the large consumer base and shifting dietary patterns that drive demand for products like fluid milk.

2025
Milk consumption in 2025 is estimated at 13.99 MMT, an increase of 2 percent. The confluence of demographic expansion, rising purchasing power, and strategic state programs support market growth that is less susceptible to short-term fluctuations.

The Mexican economy posted eight consecutive quarters of growth by the end of 2024, which strengthened consumer purchasing power. This improved economic standing is further supported by a moderation in milk price inflation. The inflation for pasteurized milk is currently lower compared to the last five years and has shown signs of easing since reaching double-digit levels last year. Additionally, increased minimum wages in 2024 provided a quantifiable boost to the demand for dairy products.

Trade

Imports

2026
Milk imports in 2026 are forecasted at 38,000 MT, an increase of 9 percent. Restaurants and cafes are forecast to see a significant increase in customers, leading to a higher consumption of milk for beverages, cooking, and desserts. Despite the government's continuing push for dairy self-sufficiency, Post forecast that imports will likely be needed to supplement domestic production to help satisfy the higher forecasted domestic consumption.

2025
Milk imports in 2025 are estimated at 35,000 MT, a decrease of 8 percent. Mexico's decrease in fluid milk imports is in part due to the logistical challenges of importing and distributing fluid milk and cold chain infrastructure requirements. Importers and domestic processors are increasingly focusing on products like cheese, butter, and yogurt. These products are easier to transport and store, and their demand is rising in Mexico's food processing and hospitality sectors (hotels, restaurants, and institutions). The majority of Mexico's imported dairy is powdered milk, which is then reconstituted into fluid milk for government social programs and other uses. However, the government's push for self-sufficiency is specifically planning a reduction of powdered milk imports to be replaced by locally produced fluid milk. This goal was initially outlined in the 2018 strategic plan for the sector and subsequently reaffirmed within the 2025 Plan Mexico initiative.

Exports

2026
Milk exports in 2026 are forecasted at 10,000 MT, a decrease of 17 percent. Mexico's primary focus is on meeting its own growing domestic demand for milk, which leaves little surplus for export. A significant portion of Mexico's fluid milk exports to the United States are concentrated in the northern border states. The export volume is highly sensitive to the exchange rate between the Mexican peso and the U.S. dollar. The strong peso environment will likely make Mexican exports more expensive and less competitive.

2025
Milk exports in 2025 are estimated flat at 12,000 MT. Fluid milk exports from Mexico, especially to the United States market, are a relatively small component of the overall dairy trade between the two countries. While Mexico is a large importer of U.S. dairy products, its exports to its northern neighbor are limited.

Cheese

Table 4. Cheese –Production, Supply, and Distribution

Dairy, Cheese	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	474	474	485	485	0	495
Other Imports (1000 MT)	198	198	195	195	0	210
Total Imports (1000 MT)	198	198	195	195	0	210
Total Supply (1000 MT)	672	672	680	680	0	705
Other Exports (1000 MT)	10	10	8	5	0	9
Total Exports (1000 MT)	10	10	8	5	0	9
Human Dom. Consumption (1000 MT)	662	662	672	675	0	696
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	662	662	672	675	0	696
Total Use (1000 MT)	672	672	680	680	0	705
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	672	672	680	680	0	705
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Not official USDA data.

Production

2026

Cheese production 2026 is forecast at 495,000 MT, an increase of 2 percent. This positive outlook is a result of several factors, primarily driven by strong domestic demand, a growing domestic milk supply, and strategic investments in the dairy sector.

The Hotel Restaurant and Institutional (HRI) sector is a driver of this demand. As tourism flourishes and the population's dining habits evolve, the need for consistent, high-quality cheese for food service applications is expanding. This includes demand for both traditional Mexican varieties and international cheeses like mozzarella and cheddar.

While Mexico continues to be a net importer of cheese, domestic production is stepping up to meet a portion of the rising demand. This is part of a broader strategy to reduce reliance on foreign dairy products, particularly for staple and traditional cheese varieties. There is a notable trend toward the consumption of artisanal and specialty cheeses. This presents a unique opportunity for small and medium-sized Mexican producers to grow, as consumers increasingly seek out unique, local flavors and products.

Private investments in Mexico’s cheese sector are also expanding. Sigma has announced an investment of MXN $336 million to modernize and expand its four existing plants. Sigma is a refrigerated foods leader with major cheese brands (like La Villita), and this investment is aimed at reinforcing its capacity for cold cuts, cheese, and yogurt to meet growing consumer demand in the massive Central Mexico

market. Alpura, who has historically focused on fluid milk, is making a major strategic move by launching an entirely new line of cheeses (Oaxaca, Manchego, American) made from 100 percent Mexican milk. This move requires significant investment to expand and retool existing processing lines to dedicate capacity toward cheese production, with an aim to capture a 10-point increase in market share.

2025

Cheese production in 2025 is estimated at 485,000 MT, an increase of 2 percent. Mexican consumers are demonstrating a growing appetite for cheese, a trend fueled by rising disposable incomes, urbanization, and a shift in dietary preferences. Cheese is becoming a more central component of the Mexican diet, particularly in urban areas. Additionally, Mexico's increase in raw milk availability supports the expansion of cheese manufacturing.

Consumption

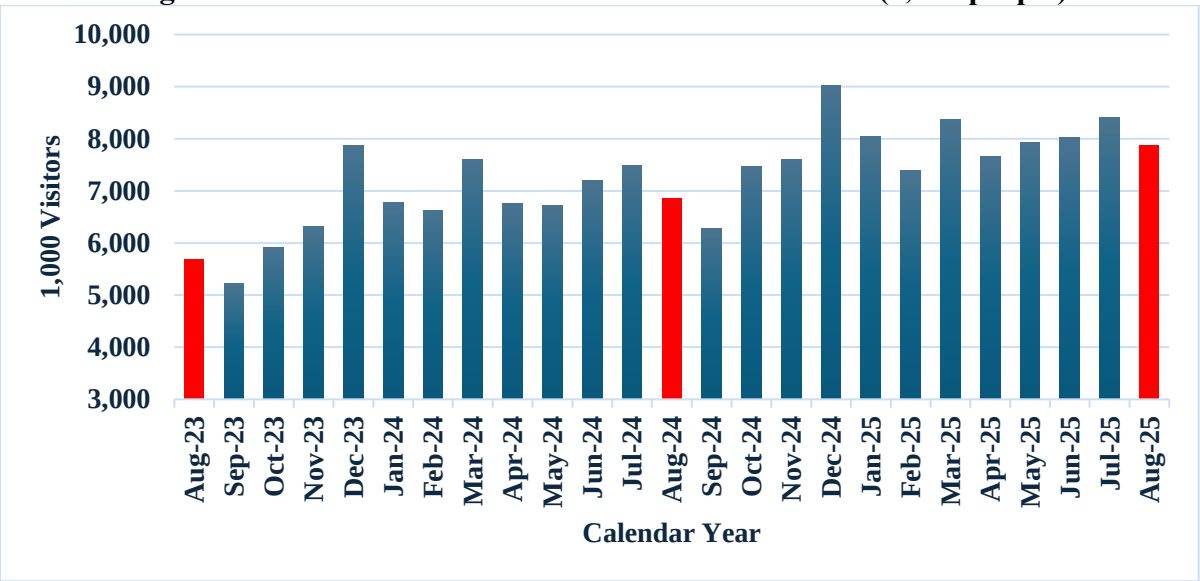
2026

Cheese consumption is forecast at 696,000 MT, a 3 percent increase. The Mexican cheese market is projected to grow (with international financial institutions forecasting a Compound Annual Growth Rate of 3 to 5 percent through 2027-2033), driven by urbanization, higher middle-class purchasing power, and evolving diets. The most important consumer trend expected is the expansion of flavored cheeses. Innovation is expected to move beyond core flavors to more adventurous profiles. Growth in flavored cheese and the emergence of hybrid products that fuse traditional Mexican flavors (like chili, oregano, black garlic) with international cheese formats are expected to be the fastest-growing segment in specialty cheese.

Consumption of cheese products that address dietary needs or offer nutritional benefits is gaining popularity amongst high income households. Fueled by the fast-paced urban lifestyle (especially in Mexico City), a shift has occurred toward ready-to-eat (RTE) that positions cheese as a nutritious snack alternative to processed foods. Popularity has grown with smaller pack sizes, pre-shredded packs, cheese sticks, cubes, and single-serve portions for on-the-go consumption, particularly among working professionals and younger consumers. Cheese consumption has kept growing at a favorable trend since the pandemic, boosted by comfort foods and e-commerce, leading to the positioning of pizza as the number two most consumed food item in Mexico.

Additionally, as of August of 2025, INEGI estimates that 63.7 million international visitors have entered Mexico from January to August, making August 2025 the largest in three years. It is expected that a surplus of 5.5 million tourists will attend the FIFA World Cup in 2026.

Figure 2. International Visitors Entrances into Mexico (1,000 people)



Source: National Institute of Statistics and Geography (INEGI)

2025

Cheese consumption is estimated at 675,000 MT, a 2 percent increase. While overall inflation may be moderating, food prices remain elevated. This is a significant issue for Mexico consumers, where food inflation outpaces general inflation. Mexico's continuously expanding population generates higher overall demand for dairy products, including cheese. The rapid growth and expansion of the HRI sectors and food processors actively increase their usage of cheese, especially international dairy ingredients like mozzarella for fast food and prepared meals.

Trade

Imports

2026

Cheese imports in 2026 are forecast at 210,000 MT, an increase of 8 percent. This reflects a rebound in the national economy, a surge in tourism, and a general strengthening of consumer demand. The rise in imports will help supplement the increase in domestic production.

A surge in tourism is forecast to impact on the HRI sector, which is a major consumer of imported cheeses. Foreign visitors, particularly from the United States and Europe, often seek familiar flavors and a wider variety of cheeses than those typically available in domestic production. This demand for international cuisines and specialty cheeses will be met through increased imports to supply hotels, restaurants, and resorts, particularly in popular tourist destinations like Cancún, Guadalajara and Mexico City.

2025
Cheese imports in 2025 are estimated at 195,000 MT, a decrease of 2 percent due to increased domestic cheese production. Strong domestic demand for cheese, particularly from the growing HRI sector and packaged food manufacturers, incentivizes local processors to invest in and modernize their cheese-making facilities. Processors find it more economically viable to import dairy ingredients, such as Skim Milk Powder (SMP) and other low-cost components, and then use these ingredients in their domestic manufacturing. This strategy lowers the raw material cost for making certain processed cheeses (like imitation mozzarella for the foodservice industry) compared to importing the finished product.

Exports

2026
Cheese exports in 2026 are forecast at 9,000 MT, an increase of 80 percent. This suggests a strong reversal from the 2025 decline.

Mexico has been investing in its domestic dairy industry with an eye toward self-sufficiency and, eventually, a greater presence in the global market. While this has initially redirected production to the domestic market, by 2026, newly modernized and expanded cheese production facilities are expected to come fully online. This increased capacity would not only meet rising domestic demand but also create a significant surplus for exports.

2025
Cheese exports in 2025 are estimated at 5,000 MT, a decrease of 50 percent. Mexico has been making investments to boost its domestic dairy industry and achieve greater self-sufficiency. A stronger focus on supplying the domestic market's greater appetite for a wider variety of cheese products is estimated to curb exports. Additionally, the HRI sector is expanding, creating a strong domestic market for cheese that can absorb a larger portion of the national output. With this strong and growing internal market, Mexican producers are less incentivized to pursue the complexities and risks of exporting, as they can sell a larger volume of their product at home.

Butter

Table 5. Butter -Production, Supply, and Distribution

Dairy, Butter	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	250	250	253	253	0	255
Other Imports (1000 MT)	38	38	30	33	0	40
Total Imports (1000 MT)	38	38	30	33	0	40
Total Supply (1000 MT)	288	288	283	286	0	295
Other Exports (1000 MT)	1	1	1	1	0	1
Total Exports (1000 MT)	1	1	1	1	0	1
Domestic Consumption (1000 MT)	287	287	282	285	0	294
Total Use (1000 MT)	288	288	283	286	0	295
Ending Stocks (1000 MT)	0	0	0	0	0	0

Total Distribution (1000 MT)	288	288	283	286	0	295
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Not official USDA data.

Production

2026
Butter production in 2026 is forecast at 255,000 MT, an increase of 1 percent. While internal factors support growth, external market conditions present significant challenges that limit the rate of increase. A drop in global butter prices and the strong Mexican Peso make it cheaper for Mexico to import butter, which can undercut domestic producers.

The United States has a significant and growing supply of butterfat, which is being exported to Mexico at competitive prices. Mexico is the largest purchaser of U.S. dairy products, and this reliance on imports can limit the need for a major increase in domestic production.

Domestic investment and strong demand from industrial users are enough to push production up slightly, but not enough to overcome the economic advantages of importing from the United States.

2025
Butter production in 2025 is estimated at 253,000 MT, an increase of 1 percent. The steady growth of the HRI Sector, particularly bakeries and food processors, is a major consumer of butter and is expected to drive production.

Consumption

2026
Butter consumption in 2026 is forecasted at 294,000 MT, an increase of 3 percent. Despite a strategic shift in the industrial sector toward alternative, often more cost-effective ingredients, like butterfat, milk protein solids, and skim milk powder (SMP) in their formulations, butter consumption is forecasted to rise with growing overall demand due to the expansion of the food service industry, a shift in consumer preferences towards natural fats, and rising stability in the economic environment.

2025
Butter consumption in 2025 is estimated at 285,000 MT, a decrease of 1 percent. Despite overall inflation easing in mid-2025, food prices remain a concern. As a result, many households are becoming more cautious with their spending and are seeking more affordable alternatives or reducing their purchases of non-essential food items, including butter.

Trade

Imports

2026
Butter imports in 2026 are forecasted at 40,000 MT, an increase of 21 percent. The primary driver of butter consumption in Mexico is the industrial sector, particularly bakeries, food processors, and the growing HRI sector. Economic recovery and continued investment in these areas will fuel a strong demand for butter as a key ingredient.

After a period of price sensitivity and a shift to cheaper alternatives, household consumption is expected to rebound in 2026. This is supported by projections of a more stable economy and a gradual easing of food inflation, which will give consumers more purchasing power and renewed confidence to buy higher-value products like butter.

2025
Butter imports in 2025 are estimated at 33,000 MT, a decrease of 13 percent. A significant portion of imported butter is used by the industrial and food processing sectors. However, many processors are becoming more strategic in their raw material procurement. Instead of importing finished butter, they are increasingly relying on more cost-effective dairy ingredients like milk powders which are then reconstituted into products. This is especially true as milk powders have remained competitively priced on the international market, while the cost of imported butter has risen.

Skim Milk Powder (SMP)

Table 6. Dairy, Milk, Nonfat Dry -Production, Supply, and Distribution

Dairy, Milk, Nonfat Dry	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	49	49	50	50	0	50
Other Imports (1000 MT)	355	355	370	380	0	390
Total Imports (1000 MT)	355	355	370	380	0	390
Total Supply (1000 MT)	404	404	420	430	0	440
Other Exports (1000 MT)	0	0	0	1	0	0
Total Exports (1000 MT)	0	0	0	1	0	0
Human Dom. Consumption (1000 MT)	404	404	420	429	0	440
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	404	404	420	429	0	440
Total Use (1000 MT)	404	404	420	430	0	440
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	404	404	420	430	0	440
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Not official USDA data.

Production

2026

SMP production in 2026 is forecasted flat at 50,000 MT. The primary constraint is the insufficient number of processing plants, especially those with the capacity to dry and powder milk. While the Mexican government has announced plans and investments of MX $13.5 billion (approximately USD $680 million) to build new drying and pasteurization facilities, such as a new plant in Michoacán set to begin operations in late 2026; the overall infrastructure remains a significant bottleneck. Most Mexico's dairy farms are small- to medium-scale operations, and they often lack the means to transport their raw fluid milk to distant processing centers. This forces many producers to sell their milk at low prices or for a more localized market. Mexico continues to rely heavily on imports, particularly from the United States, to meet its demand for milk powder due to lower costs from external supplies.

2025

SMP production in 2025 is estimated at 50,000 MT, an increase of 2 percent. The deep-seated challenges of fragmented production, a lack of processing and cold chain infrastructure, and the traditional fluid milk market will likely keep a lid on any significant growth in skimmed milk production in the immediate future. The industry's transformation is a multi-year effort, and 2025 is likely to be a year of transition rather than one of substantial growth.

Consumption

2026

SMP consumption in 2026 is forecasted at 440,000 MT, an increase of 3 percent. A key driver of increased skimmed milk consumption is the Mexican government's Liconsa program. This social initiative provides subsidized milk to low-income families and aims to increase the nutritional intake of vulnerable populations. Liconsa relies heavily on SMP to meet this demand, as it's more cost-effective to import and reconstitute than to procure and distribute fluid milk. The government's goal is to expand this program to reach more beneficiaries by 2026.

The Mexican dairy processing industry is a major consumer of skimmed milk. This sector uses milk powder to produce a wide range of products, including reconstituted milk. Many dairy companies use SMP to make fluid milk, which is often sold in shelf-stable cartons. SMP is an essential ingredient for producing various types of cheeses, yogurts, and other dairy products, as well as fortified drinks and comfort foods.

2025

SMP consumption in 2025 is estimated at 429,000 MT, an increase of 6 percent in 2025. The role of Liconsa is the single most important factor driving SMP consumption in Mexico. Its operational structure and social mandate create a consistent, massive demand for both imported and domestic SMP, which is central to the country's dairy trade balance.

Liconsa operates the federal government's social program, Leche para el Bienestar, which provides highly subsidized, fortified milk to millions of vulnerable Mexicans (children, adolescents, elderly, etc.). To meet this national demand cheaply and consistently, Liconsa relies on a processing mechanism that

involves SMP as the primary ingredient. It is a stable, non-perishable commodity that can be easily stored, transported, and imported at competitive international prices.

A portion of Mexican consumers, particularly in urban areas, are becoming more health conscious. Public health campaigns and media awareness are highlighting the high rates of obesity and related non-communicable diseases like diabetes and heart disease. This has led to a noticeable shift in dietary habits, with consumers actively seeking out corresponding products.
Skimmed milk, with its low-fat content and the same protein and calcium as whole milk, fits this trend perfectly. It is perceived as a healthier alternative to whole milk and other high-fat dairy products.

This is especially true for the growing middle class, which is more inclined to spend on products they perceive as beneficial for their health. The dairy industry is responding to this by marketing skimmed milk and low-fat dairy products as part of a healthy lifestyle, further driving demand. This trend is expected to continue its upward trajectory through 2025 and 2026 as more consumers prioritize health and nutrition in their purchasing decisions.

Trade

Imports

2026
SMP imports in 2026 are forecasted at 390,000 MT, an increase of 3 percent. Skimmed milk powder from key suppliers, such as the United States, is often more competitively priced than domestically produced milk in Mexico. This makes importing SMP a more cost-effective option for Mexican dairy processors. The geographical proximity and favorable trade agreements, like the United States-Mexico-Canada Agreement (USMCA), make it easy and efficient to import SMP from the United States. This reduces logistics and freight costs compared to bringing fluid milk from different regions within Mexico.

Mexican processors are increasingly focused on importing SMP as a raw material rather than importing finished dairy products like cheese or fluid milk. This allows them to add value within Mexico, creating their own branded products and catering to specific market needs.

Skimmed milk powder is a highly versatile and cost-effective ingredient for various applications, including reconstituted fluid milk for social programs, cheese production, yogurt, infant formula, and other food manufacturing. This makes it an essential raw material for the Mexican dairy industry.

2025
SMP imports in 2025 are estimated at 380,000 MT, an increase of 7 percent. Mexico's population is growing, and with it, the demand for dairy products. Industrial consumption, particularly in the food processing, hotel, restaurant, and institutional (HRI) sectors, is also a major source of demand.

While domestic milk production is increasing, it is not keeping pace with the rapid growth in consumption. Mexico continues to have a significant dairy deficit, which is filled by imports.

Whole Milk Powder (WMP)

Table 7. Dairy, Milk, Whole Dry -Production, Supply, and Distribution

Dairy, Dry Whole Milk Powder	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	125	125	125	125	0	125
Other Imports (1000 MT)	7	7	8	7	0	10
Total Imports (1000 MT)	7	7	8	7	0	10
Total Supply (1000 MT)	132	132	133	132	0	135
Other Exports (1000 MT)	6	6	2	2	0	2
Total Exports (1000 MT)	6	6	2	2	0	2
Human Dom. Consumption (1000 MT)	126	126	131	130	0	133
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	126	126	131	130	0	133
Total Use (1000 MT)	132	132	133	132	0	135
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	132	132	133	132	0	135
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Not official USDA data.

Production

2026

WMP production in 2026 is forecasted flat at 125,000 MT due to a combination of strategic and infrastructural factors within the country's dairy sector. Despite the Mexican government's ambitious plan to boost overall dairy production and reduce imports, the focus of this initiative is heavily skewed toward skimmed milk powder to meet specific domestic needs, leaving WMP production largely unchanged.

2025

WMP production in 2025 is estimated flat at 125,000 MT. Mexico's current WMP production capacity is sufficient to meet the relatively flat domestic demand. Without a significant increase in consumption or a government mandate to produce more, dairy producers have little incentive to expand their WMP operations. Mexican dairy processors are instead investing in and expanding their production of other value-added products, such as cheese and yogurt, which have a growing consumer market. This allows them to use the increased domestic supply of raw milk for more profitable end products, rather than converting it into a commodity like WMP that has a limited market.

Consumption

2026

WMP consumption in 2026 is forecasted at 133,000 MT, an increase of 2 percent. The Mexican food and beverage industry is a primary consumer of WMP. WMP is a key ingredient in the production of various food items, including confectionery, bakery goods, and infant formulas.

The HRI sector in Mexico is projected to experience significant growth, driven by both domestic tourism and a rising number of foreign visitors. This sector relies on WMP for a wide range of applications, from cooking and baking to beverages, as it provides a cost-effective and consistent dairy source. The rapid growth of e-commerce in Mexico is making a wider variety of food products, including WMP, more accessible to consumers across the country. Online platforms offer convenience and a broader selection, which helps to increase household consumption.

2025
WMP consumption in 2025 is estimated at 130,000 MT, an increase of 3 percent. Mexico's population is projected to continue its steady growth, reaching an estimated 133 million by 2025. As more of the population moves into urban centers and adopts faster-paced lifestyles, there is a rising demand for convenient and shelf-stable food products. WMP, due to its long shelf life and ease of use, fits this trend perfectly. It is a popular ingredient for home use and can be easily stored for a long time.

Trade

Imports

2026
WMP imports in 2026 are forecasted at 10,000 MT, an increase of 43 percent. The HRI sector is a major consumer of WMP. As Mexico's tourism industry continues to rebound and its urban population grows, demand from restaurants, hotels, bakeries, and food service companies is expected to rise significantly. These businesses value WMP for its rich, full-fat flavor and its convenience as a versatile ingredient in everything from sauces to desserts.

Mexico's dairy production has not seen a comparable investment in new or expanded facilities dedicated to producing WMP. This means that while domestic raw milk production is increasing, the country's capacity to convert that milk into WMP for commercial sale is constrained. The flat domestic production of WMP creates a gap between rising consumption and stable local supply, which can only be filled by imports.

2025
WMP imports in 2025 are estimated flat at 7,000 MT. Mexican dairy processors, which account for the bulk of milk powder consumption, have a strong preference for importing SMP. It is generally more competitively priced on the international market, and its lack of fat makes it a highly versatile raw material. Processors can add their own fat or other ingredients as needed to create a wide variety of value-added products (e.g., cheese, yogurt, and beverages). This flexibility often makes SMP a more attractive import than WMP.

Exports

2026
WMP exports in 2026 are forecasted flat at 2,000 MT. The Mexican government's overarching goal for the dairy sector is to achieve greater self-sufficiency and reduce dependence on imports. This strategy is driven by a desire to secure the food supply for its growing population and, more specifically, to ensure a stable and affordable source of dairy for its social welfare programs. Any domestically produced milk

powder, including WMP, will likely be absorbed by this robust internal demand, leaving little to no surplus for export.

2025
WMP exports in 2025 are estimated at 2,000 MT, a decrease of 67 percent. Compared to SMP, WMP is a more niche product in the Mexican market, primarily consumed by specific segments of the food processing industry (e.g., confectionery) and a small portion of the retail consumer market. Domestic production is generally sufficient to meet this stable, but not rapidly growing, demand, eliminating the possibility to export any surplus.

Attachments:

No Attachments