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Report Highlights:

Indonesia's dairy sector continued its recovery in 2025, with fresh milk production increasing 15.2 percent to 739,801 MT and forecast to increase to 775,000 MT in 2026. Dairy consumption grew 4.6 percent in 2025 but is projected to slow to 1.3 percent in 2026 amid inflationary pressures and rupiah depreciation, before recovering to 3.1 percent in 2027. Indonesia remains heavily dependent on imported dairy ingredients, particularly skimmed milk powder (SMP), whey, whole milk powder (WMP), and fat-filled milk, to support domestic processing and food manufacturing. Total dairy imports are forecast to rise 19 percent in 2026 to approximately 780,000 MT. Anticipation of price increases and currency depreciation in 2027 has prompted the dairy processors to build inventories that will increase imports volume to 20 percent compared with 2025 but projected to decline 26 percent in 2027 as processors draw down accumulated inventories.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Production

In 2025, almost 66 percent of Indonesia's fresh milk is produced by smallholder dairy farmers, who are members of 63 dairy cooperatives under the Indonesian Dairy Cooperatives Union (GKSI). Several modern large and mid-sized dairy farms produce the remaining 34 percent. Better management of dairy production at the farm level, including improved nutrition and increased biosecurity measures amid herd health challenges, has resulted in an increase of Indonesia's fresh milk production. Foot and Mouth Disease (FMD), Lumpy Skin Disease (LSD), and the latest Brucellosis outbreak in East Java are significant health challenges faced by cooperatives, mid-sized, and larger-farm dairy farmers.

GKSI reported that their members produced 486,205 MT of milk in 2025, which is 25.2 percent below the 2022 (pre-FMD) production levels but 9.2 percent higher than the 2024 production. Conversely, in 2025, modern large and mid-sized dairy farms that were much less impacted by herd health challenges produced 253,596 MT of milk, a 29 percent production increase compared with 2024 production. Cooperatives and farms' production in 2025 was higher than Post's previous projection due to the expansion of dairy herd populations through the importation of dairy cows in 2025 and improved herd management, especially in feed management. The total 2025 fresh milk production of 739,801 MT is still 8.6 percent below the 2022 (pre-FMD) production but 15.2 percent higher than the 2024 production. This shows that Indonesia's dairy production is recuperating following the 2023 FMD outbreak.

In 2026, GKSI projects that its members will produce more than 516,000 MT of fresh milk, continuing production recovery following the FMD outbreak. Through capacity building activities, including the U.S.-Indonesia Dairy Partnership sponsored by the U.S. Dairy Export Council, cooperatives are now more aware of the importance of feeding management. Post observes that the cooperatives are now making extra effort to provide better forage and concentrate for the dairy cows. Accordingly, cows have begun to yield 25 percent more milk, convincing Post that GKSI's 2026 production projection is obtainable. Dairy production in modern and mid-sized dairy farms will slightly increase to almost 259,000 MT in 2026 due to no major farm expansions, resulting in a 2026 forecast for total fresh milk production of 775,000 MT.

In 2025, the Government of Indonesia (GOI) initiated a campaign to increase the country's dairy cow population, resulting in commitments from 193 companies to import 48,754 dairy cows. However, at that time, Australia was the only approved source of live cattle imports. Based on available data, Post confirmed the arrival of 4,599 dairy cows in 2025 with no reported arrivals in 2026 so far. Approximately 30 percent of these dairy cows went to dairy cooperatives in partnership with the importing companies and 70 percent went to modern dairies. Due to the delicate nature of the imported cows, cooperatives took special care distributing them. Most of the cows are raised in the cooperative farms that have the best farm management.

In April 2026, Indonesia and the United States finalized a breeding cattle import protocol which allows the United States to export dairy cows to Indonesia. In addition, Indonesia granted market access for breeding cattle from Australia, Mexico, and Brazil, and others are in process, which will help facilitate Indonesia's dairy cattle import goals. The Ministry of Agriculture (MOA)'s plan is to purchase 100,000, 200,000, and 300,000 dairy heifers in 2027, 2028, and 2029 respectively. MOA facilitates the process by ensuring availability of the heifers in collaboration with the representatives of the exporting countries and depends on the private sector to implement the purchases.

Indonesia's growing dairy sector creates opportunities for U.S. cattle, genetics, and feed ingredients, especially in the modern dairy operations. During a recent livestock trade show in Jakarta, Post observed

strong interest in purchasing U.S. breeding cattle; however, limited supply and pricing factors prevented immediate purchases. Construction of a new large dairy farm in Central Java, which will have 30,000 head of dairy cows, began in late July 2026. However, this farm will not begin production until December 2027.

Domestically produced fresh milk is processed by local dairy processors, mainly into shelf-stable whole milk powder (WMP), which is then later reconstituted to produce their branded dairy products. Indonesia's growing dairy sector also creates opportunities for additional U.S. dairy ingredients to be mixed with local milk.

Table 1. Indonesia's Fresh Milk Production

Producers	Unit	2022	2023	2024	2025	2026(F)
Dairy Cooperatives	MT	649,700	507,715	445,173	486,205	516,000
Dairy Farms	MT	160,000	164,000	196,845	253,596	259,000
Total	**MT**	**809,700**	**671,715**	**642,018**	**739,801**	**775,000**

Source: GKSI and other industry data, with Post Analysis - F: forecast

Table 2. Dairy Cattle Import to Indonesia

Country of Origin	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026
Australia	head	2193	1976	2270	4599	4036	0

Source: Trade Data Monitor

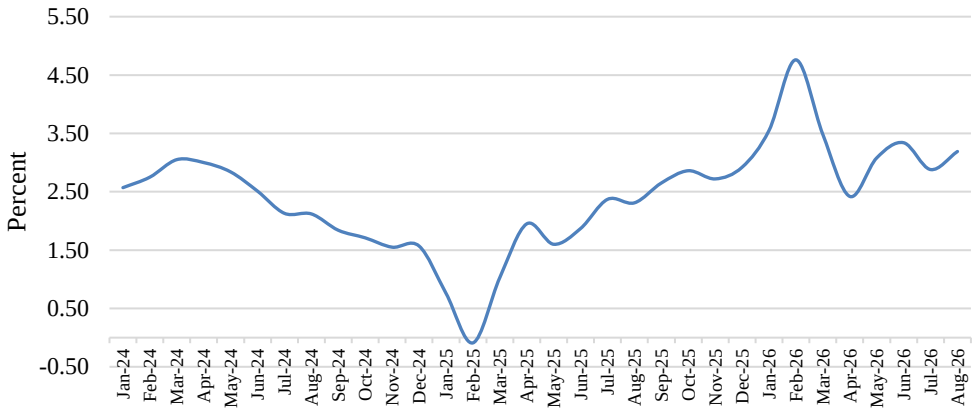
Consumption

Euromonitor reported that Indonesia's consumption of dairy products grew 4.6 percent in 2025, 1.3 percent in 2026, and is forecast to rebound to 3.1 percent in 2027. Retail volume will remain larger compared to foodservice, but the retail growth is forecast to be only 0.1 percent in 2026 and 2.1 percent in 2027, while foodservice volume is forecast to grow by 7.8 percent in 2026 and 8.50 percent in 2027.

World Bank Macro Poverty Outlook reported[1] that Indonesia's economy grew 5.1 percent in 2025 but forecast that it will grow only 4.6 percent in 2026 under the pressure of inflation caused by external factors such as the Middle East conflict. According to the OECD Economic Outlook[2], despite higher localized or temporary inflationary pressures, aggregate household consumption has remained remarkably solid, supported by government initiatives acting as safety nets. However, inflation and devaluation of the Indonesian Rupiah have affected the lower middle-income class households more since this class spends most of its income on food. This class, representing almost 50 percent[3] of the Indonesian population, is becoming more price sensitive and looks for cheaper alternatives with increasing interest in nutrition and functional benefits. Dairy producers address these concerns by producing smaller packages to address affordability concerns and re-positioning their products to meet consumers' nutritional concerns.

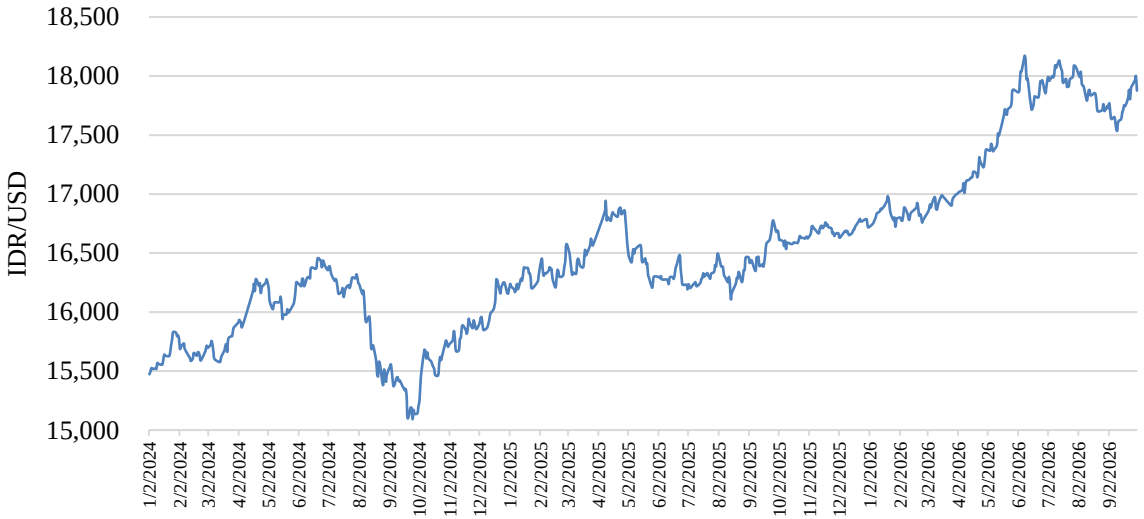
[1] https://thedocs.worldbank.org/en/doc/77351105a334213c64122e44c2efe523-0500072021/related/mpo-sm26.pdf
[2] https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/06/oecd-economic-outlook-volume-2026-issue-1_8be0dba6/2d1956f0-en.pdf
[3] https://cic.nyu.edu/resources/indonesias-shrinking-middle-class/

Chart 1. Inflation Rate - January 2024 - August 2026



Source: Bank Indonesia

Chart 2. IDR/USD Currency Exchange Over Time - January 2024 - September 2026



Source: Bank Indonesia

Fluid milk products make up the largest market share (41 percent) of overall consumption. Fluid milk consumption is forecast to decline by 0.5 percent in 2026 due to inflationary pressures and currency devaluation, following a modest 2.2 percent growth in 2025. Condensed and evaporated milk is the second largest consumption category with 21 percent market share. However, consumption is forecast to decline by 0.8 percent in 2026. The decline demonstrates consumers' preference for other dairy products believed to have higher nutritional and functional benefits. For example, cheese and yogurt, considered to be healthy products, became the dairy products with the highest growth in 2026 by 10.6 and 5.2 percent respectively. Consumption growth of cheese is driven predominantly by foodservice demand, supported

by the availability and affordability of low-priced processed cheddar cheese offered by many brands and popularity of fresh cheese such as mozzarella that can be used in various products.

Table 3. Sales of Dairy Products

Products	Unit	2024	2025	2026(F)	2027(F)
Baby Food					
Baby Food	000 MT	30.8	32.8	33.8	34.7
Milk Formula	000 MT	212	208.8	209.8	211.5
Sub Total	000 MT	**242.8**	**241.6**	**243.6**	**246.2**
Dairy					
Butter & Spreads	000 MT	91	93.7	94.8	100.4
Cheese	000 MT	177.4	201.5	222.9	249.5
Drinking Milk Products	000 MT	1310.8	1339.5	1332.6	1369.2
Yogurt & Sour Milk	000 MT	275.4	281.6	296.3	299.9
Sub Total	000 MT	**1854.6**	**1916.3**	**1946.6**	**2019**
Other Dairy					
Condenses & Evaporated Milk	000 MT	628.3	677.2	671.9	679.8
Cream	000 MT	251.1	279.1	292.6	303.6
Sub total	000 MT	**879.4**	**956.3**	**964.5**	**983.4**
Plant -based Dairy	*000 MT*	*93.1*	*96.2*	*96.3*	*104.8*
Total	000 MT	**3069.9**	**3210.4**	**3251**	**3353.4**

Source: Euromonitor

Indonesia does not produce skimmed milk powder (SMP) and the majority of imported SMP is recombined with local milk and other imported ingredients to form reconstituted milk. This product is generally cheaper than fresh pasteurized milk. SMP, along with lactose and whey, is used as an ingredient in food manufacturing and the production of powdered and liquid milk beverages. WMP is used in fluid milk production, food industry (confectionary and bakery), food service, and processed cheese manufacturing, as well as being repackaged and sold in Indonesia's retail market.

Dairy cooperatives reported an increase in fresh milk demand from dairy processing companies, which according to industry contacts is caused by the high foreign currency exchange rates that increase the dairy processors' demand for fresh milk versus more costly imported dairy ingredients.

More than 71 percent of dairy consumption is in the form of fresh and ultra-high temperature (UHT) pasteurized milk, flavored/fermented milk, and evaporated/condensed milk, which include powdered milk and other imported dairy ingredients as noted above. The remaining 29 percent of dairy products are consumed as stand-alone powdered milk, cheese, and as ingredients for food service, confectionary, bakery, and pharmaceutical uses.

Free Nutritious Meals Program

The Free Nutritious Meals program (FNMP) is a flagship national initiative launched on January 6, 2025, by Indonesian President Prabowo Subianto. The target audience is schoolchildren, toddlers, and pregnant and lactating women, especially in remote and disadvantaged areas of Indonesia. Although recognized as a good source of protein, milk is not a mandatory component of FNMP and many Nutritional Fulfillment Service Units (NFSU, or kitchens) limit providing milk to only twice a week due to price and availability concerns.

The National Nutrition Agency, which administers the FNMP, has issued a new regulation, which is described further in the Policy section of this report. This regulation requires the milk used in the FNMP to include at least contain 20 percent local fresh milk, which will require the supply of at least 30,000 MT of fresh milk. The FNMP milk must be in the form of plain full cream UHT, sterilized, or pasteurized milk. If more kitchens provide milk in their FNMP menu, it will increase the use of dairy ingredients to complement the local fresh milk content. However, the new regulation also does not make milk a mandatory component of FNMP and only suggests that milk be provided twice a week in the beginning and gradually increase the frequency until it is provided daily. There is no clear target of when the daily milk provision should be achieved.

Until the first quarter of 2026, liquid milk provided to FNMP had to use specialized packaging indicating the milk is for the FNMP and could not be sold commercially. This requirement has made milk processing companies participate in the FNMP selectively by considering production capacity, economic aspects, and implications for the company's financial and operational sustainability, resulting in not many dairy processing companies choosing to participate. A new regulation issued in April 2026 changed this requirement and allows the milk to have brand names on the packaging. This new provision will encourage more dairy processing companies to participate in the FNMP.

Trade

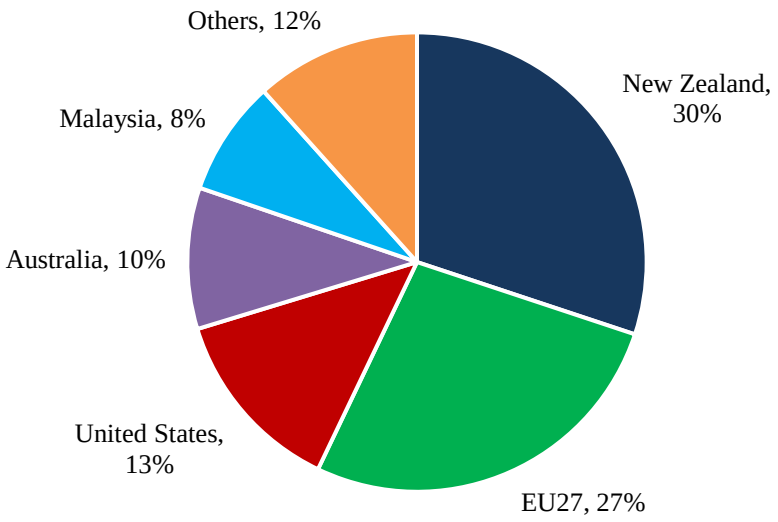
Indonesia's global imports of all dairy products from January-August 2026 are 20 percent higher by volume compared with the same period of 2025. Industry contacts noted that amid the low 2025-2026 consumers demand, dairy processing companies are increasing their inventories as a safeguard against increasing inflation and currency exchange rates. However, due to the relatively short shelf life of dairy products, the inventory increase will be moderate, which explains the increase of only 20 percent so far. Based on the forecast calculation of the previous two years' imports, Post forecasts total 2026 dairy products imports will reach approximately 780,000 MT, a 19 percent import increase compared with the 2025 import volume.

As the consequence of building next year's inventories in 2026, Post projects that imports of all dairy products will be 26 percent lower in 2027 based on the forecast that consumption will only increase by 3.1 percent in 2027 and imports will be lower to allow the use of the increased inventories.

From January to August of 2026, New Zealand had the largest market share of imported dairy products at 32 percent, driven by increasing exports of New Zealand's very price-competitive SMP, WMP and cheese to Indonesia, which imports grew 17, 26, and 14 percent respectively. In the same period, the EU-27 countries have the second-largest market share at 26 percent, supported by the competitive price of European SMP and whey, which import grew 32 and 3 percent respectively. The United States has the third largest market share at 13 percent, supported by whey and cheese, which imports grew 26 and 62

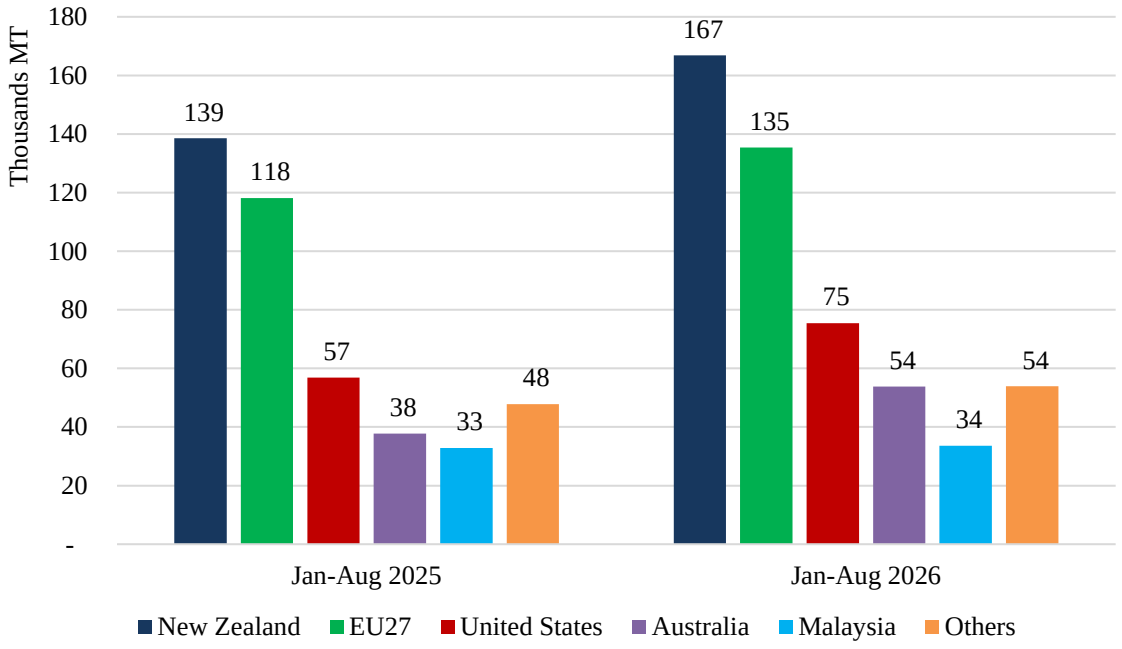
percent respectively. Imports of WMP from the United States in the January-August 2026 period is already 8 percent higher compared to the same period in 2025 albeit with a smaller volume compared with other countries. U.S. dairy exports to Indonesia are subject to the 5 percent Most Favored Nation (MFN) duty, while New Zealand and Australia benefit from duty-free access due to having free trade agreements with Indonesia and closer proximity. EU-Indonesia Trade Agreement and Investment Protection Agreement will also eliminate tariffs of most European dairy products when it is implemented in January 2027.

Chart 3. Indonesian Imports of All Dairy Products from All Partners: Market Share in 2025



Source: Trade Data Monitor, BICO-Dairy

Chart 4. Indonesian Imports of Dairy Products from All Partners: January-August 2025-2026 Volume Comparison



Source: Trade Data Monitor, BICO-Dairy Products

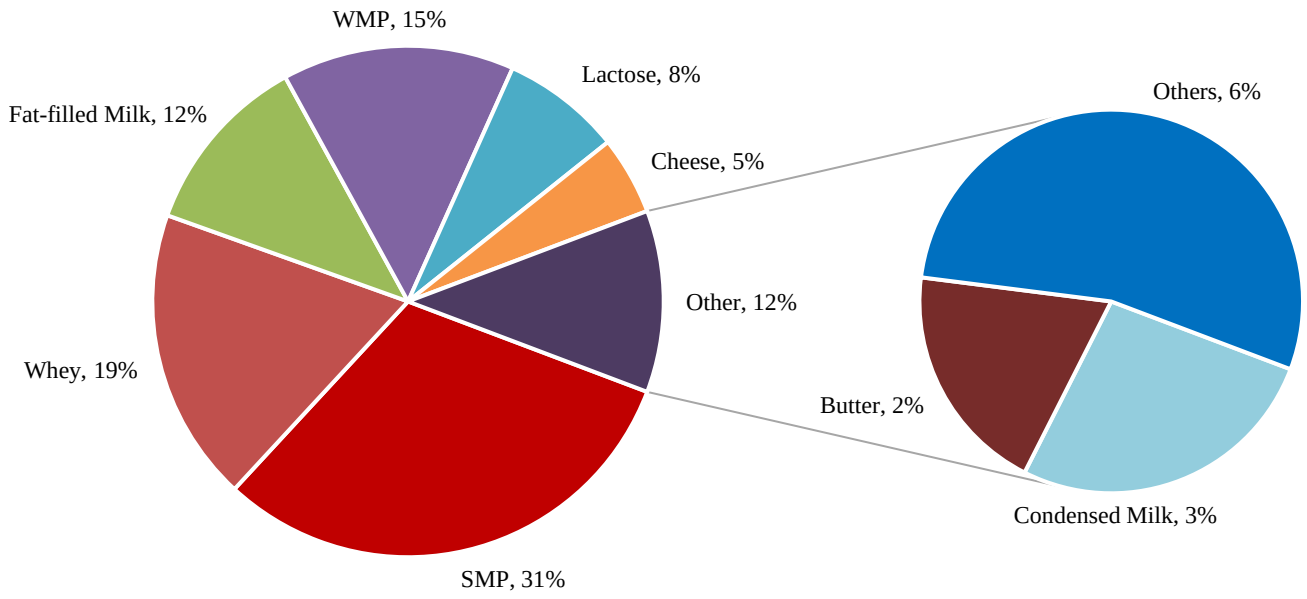
From January to August 2026, SMP remained Indonesia's largest dairy product import, with imports increased 27 percent compared with the 2025 year-on-year volume. Imports of whey have increased only 7 percent in in the same period although it is the second largest import to Indonesia, followed by fat-filled milk which increased 11 percent.

Table 4. Indonesian Imports of Dairy Products from All Partners, 2022-2026 year-to-date

Products	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
SMP	MT	215,200	181,770	201,081	196,227	126,729	161,566	27%
Whey	MT	141,557	123,024	155,461	131,668	89,946	96,491	7%
Fat-filled Milk	MT	77,161	80,301	74,655	84,458	53,975	59,992	11%
WMP	MT	94,455	79,675	73,072	82,907	59,810	76,201	27%
Lactose	MT	52,875	44,121	46,438	42,578	27,542	39,319	43%
Cheese	MT	31,051	26,108	28,121	35,132	22,061	25,751	17%
Condensed Milk	MT	23,460	21,233	24,605	23,522	13,516	15,953	18%
Butter	MT	18,368	16,508	18,904	17,508	10,612	11,675	10%
Others	MT	56,834	40,395	42,754	42,371	27,672	32,100	16%
Total	**MT**	**710,961**	**613,135**	**665,091**	**656,371**	**431,863**	**519,048**	**20%**

Source: Trade Data Monitor - BICO Dairy Products

Chart 5. Indonesian Imports of Dairy Products from All Partners, January – August 2026 Product Market Share



Source: Trade Data Monitor, BICO-Dairy Products

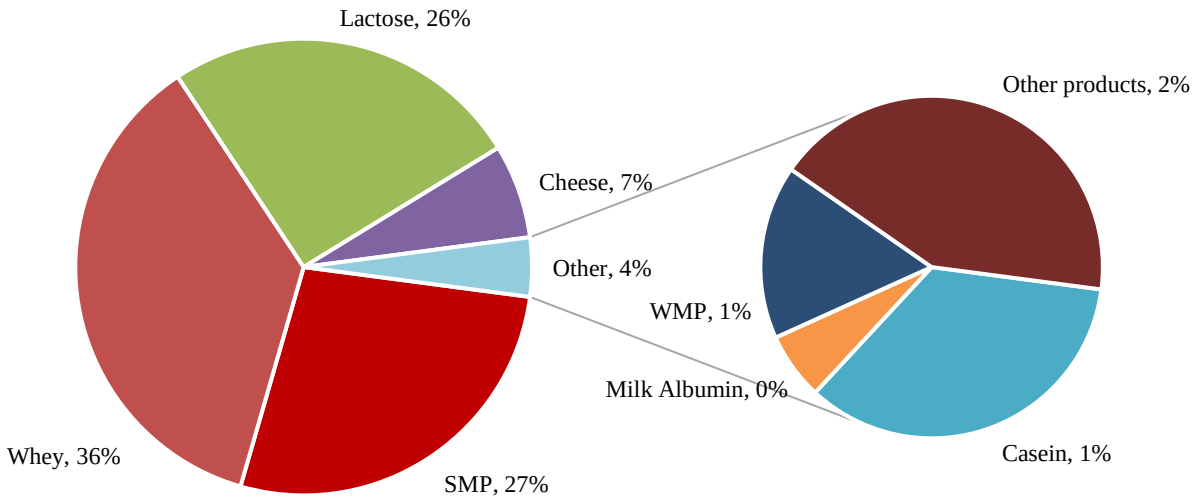
Overall, U.S. dairy exports to Indonesia during January – August 2026 are 33 percent higher than the same period last year due to the inventory building noted above. The U.S. market share is similar due to a combination of the constraints noted above, namely being subject to the 5 percent MFN duty and having increased price competition. From January to August 2026, SMP remains the largest U.S. dairy export to Indonesia, with a 13 percent increase in 2026 compared with the 2025 volume of the same period. Indonesia's imports of whey, lactose, and cheese from U.S. also increased 26, 57, and 62 percent in volume respectively. As of October 2026, 142 U.S. dairy establishments have been approved by the Government of Indonesia, with 56 of these establishments, including eight of the latest ten approvals, offer cheese products. This helps explain the increase in U.S. cheese exports. According to local industry, the import increase will continue into the fourth quarter of 2026 to prepare them for anticipated higher price inflation and foreign currency exchange rates in 2027.

Table 5. Indonesia Imports of Dairy Products from the United States, 2022-2026 year-to-date

Products	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
SMP	MT	77,189	65,120	50,557	30,803	18,361	20,661	13%
Whey	MT	36,017	28,863	46,377	29,748	21,675	27,339	26%
Lactose	MT	24,470	18,244	19,741	18,615	12,253	19,284	57%
Cheese	MT	9,118	5,202	3,590	5,061	3,105	5,031	62%
Casein	MT	9	117	323	703	541	1,098	103%
Milk Albumin	MT	985	575	520	656	517	200	-61%
WMP	MT	1,737	200	-	479	-	518	
Other products	MT	596	699	441	557	366	1,338	266%
Total	**MT**	**150,121**	**119,020**	**121,549**	**86,622**	**56,818**	**75,469**	**33%**

Source: Trade Data Monitor, BICO-Dairy Products

Chart 6. Indonesian Imports of Dairy Products from the United States, January-August 2026



Source: Trade Data Monitor, BICO-Dairy Products

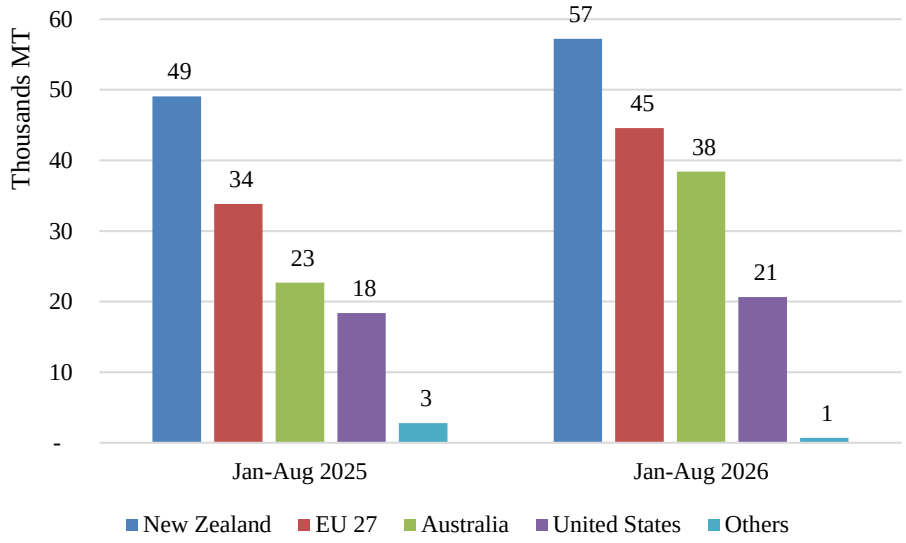
Indonesia's imports of skimmed milk powder from all sources increased 27 percent from January – August 2026 compared to the same period in 2025, with Australia having the highest increase of 61 percent although New Zealand still leads on total import volume. The geographical proximity of Australia and New Zealand plus duty-free access drove higher purchases of SMP from these two countries over the comparatively lower price of the European suppliers. Despite the weakening consumer purchasing power and increasing global prices, Indonesian processors are increasing the import of SMP in 2026, reportedly in preparation of next year's possible price inflation as noted above.

Table 6. Indonesian Imports of Skimmed Milk Powder from All Partners, 2022-2026 year-to-date

No.	Country of Origin	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
1	New Zealand	MT	58,824	61,693	79,092	68,524	49,086	57,223	17%
2	EU 27	MT	45,471	27,320	24,805	47,638	33,819	44,587	32%
3	Australia	MT	31,959	22,617	42,925	44,207	22,673	38,407	69%
4	United States	MT	77,189	65,120	50,557	30,803	18,361	20,661	13%
5	Others	MT	1,757	5,020	3,702	5,055	2,790	688	-75%
Total		**MT**	**215,200**	**181,770**	**201,081**	**196,227**	**126,729**	**161,566**	**27%**

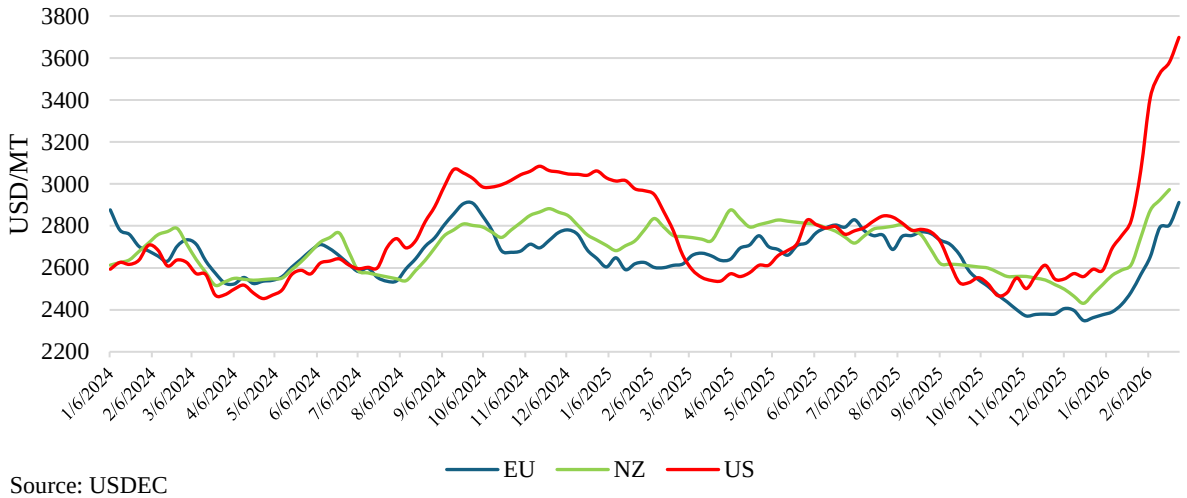
Source: Trade Data Monitor - BICO Dairy Products

Chart 7. Indonesian Imports of Skimmed Milk Powder from All Partners, January-August 2025-2026 Volume Comparison



Source: Trade Data Monitor, BICO-Dairy Products

Chart 8. Global Skimmed Milk Powder Average Price Over Time - January 2024 - February 2026



Source: USDEC

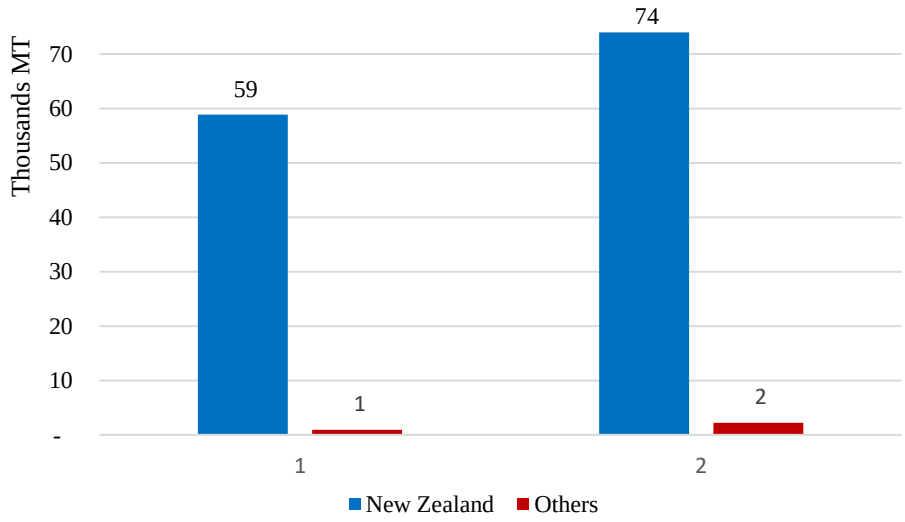
From January to August 2026, global exports of WMP to Indonesia increased 27 percent compared with the same period of 2025. Relatively lower prices of U.S. WMP lost in comparison to New Zealand's closer proximity and preferential tariffs under FTAs. Despite New Zealand's high market share, the import volume from the United States during the January-August 2026 period was significant. Although of smaller volume, imports from Australia and Belarus during the same period are already double and almost quadruple the volume of the same period in 2025. Post projects the import of WMP to Indonesia will continue to increase until the end of 2026, despite the apparent price increase in the first quarter of 2026.

Table 7. Indonesia Imports of Whole Milk Powder from All Partners, 2022-2026 year-to-date

No.	Country of Origin	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
1	New Zealand	MT	90,799	78,329	71,497	81,219	58,874	73,992	26%
2	Australia	MT	880	542	1,139	466	317	1,003	216%
3	United States	MT	1,737	200	-	479	-	518	
4	Belarus	MT	50	25	50	100	100	450	350%
5	EU 27	MT	924	479	385	178	154	213	38%
6	Others	MT	65	100	1	465	365	25	-93%
	Total	**MT**	**94,455**	**79,675**	**73,072**	**82,907**	**59,810**	**76,201**	**27%**

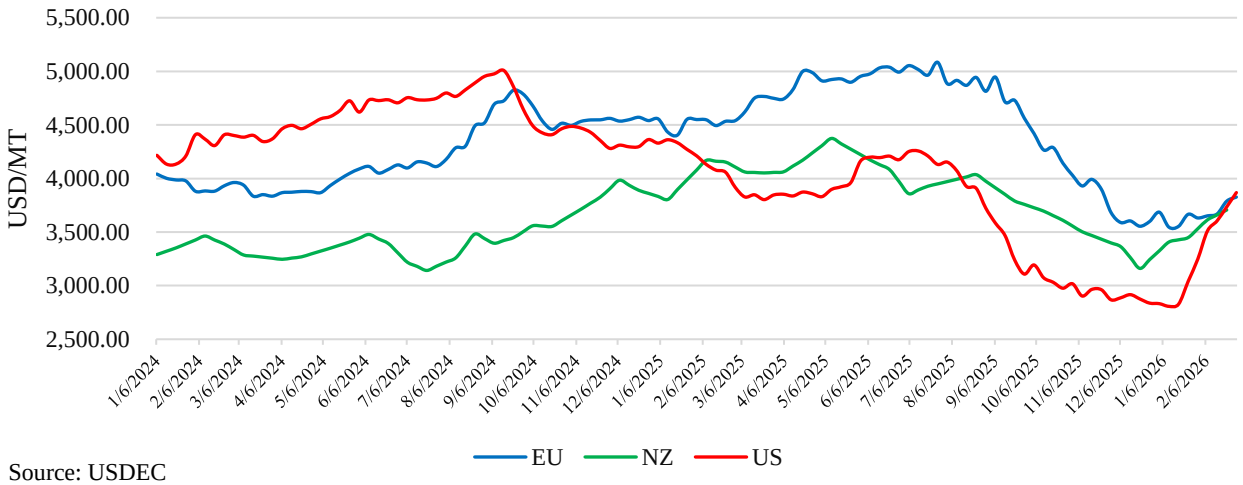
Source: Trade Data Monitor - BICO Dairy Products

Chart 9. Indonesian Whole Milk Powder Imports from All Partners, January-August 2025-2026 Volume Comparison



Source: Trade Data Monitor, BICO-Dairy Products

Chart 10. Global Whole Milk Powder Average Price Over Time - January 2024 - February 2026



Source: USDEC

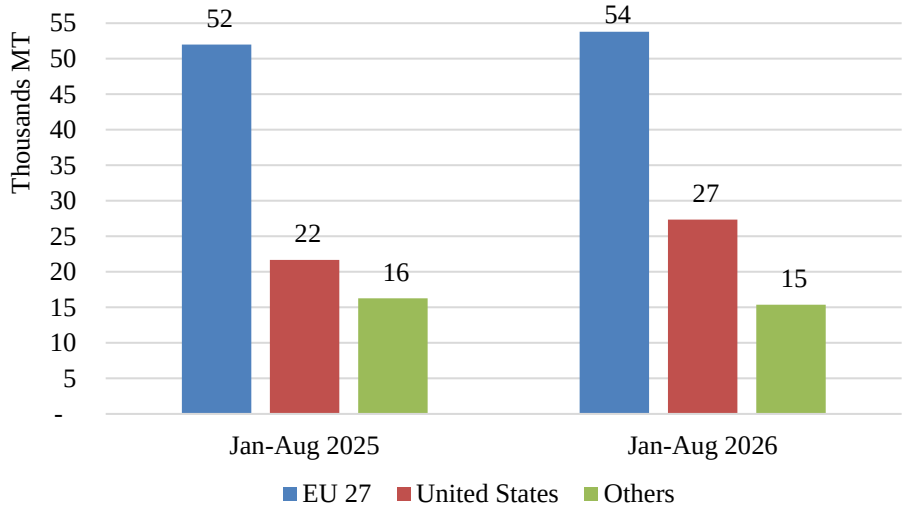
From January to August 2026, global exports of whey to Indonesia increased 7 percent compared to the same period 2025. Indonesia does not produce whey, which is used in the production of many food products including health products, condensed milk, and to some extent in the production of UHT reconstituted milk. The increase of whey imports is due to the processors' preparation towards the possibility of next year's higher price inflation and Europe's whey production shift from sweet whey and whey permeate to more production of whey protein isolate and whey protein concentrate.

Table 8. Indonesian Import of Whey from All Partners, 2022-2026 year-to-date

No.	Country of Origin	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
1	EU 27	MT	83,263	72,557	85,611	78,011	52,007	53,781	3%
2	United States	MT	36,017	28,863	46,377	29,748	21,675	27,339	26%
3	Others	MT	22,277	21,604	23,473	23,909	16,264	15,371	-5%
Total		**MT**	**141,557**	**123,024**	**155,461**	**131,668**	**89,946**	**96,491**	7%

Source: Trade Data Monitor - BICO Dairy Products

Chart 11. Indonesian Imports of Whey from All Partners, January-August 2025-2026 Volume Comparison



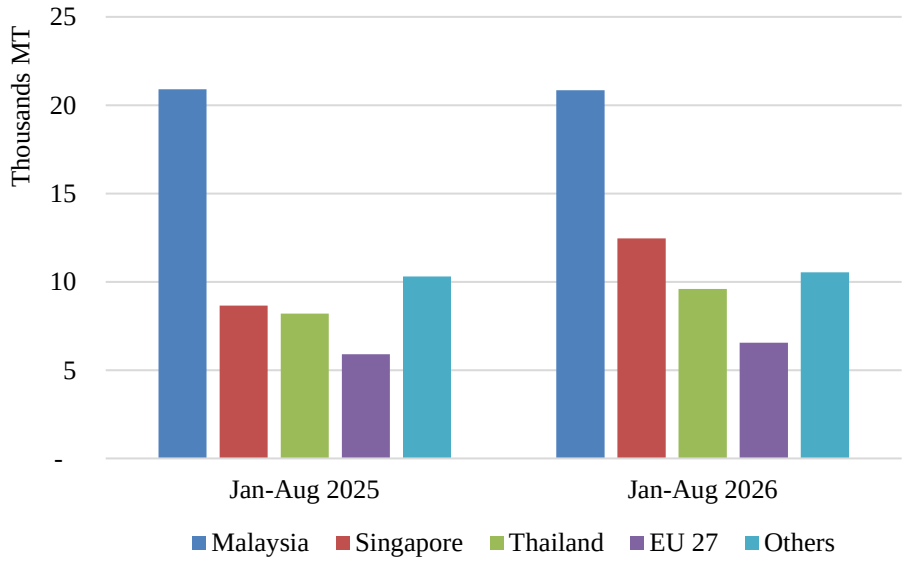
Source: Trade Data Monitor, BICO-Dairy Products

From January to August 2026, Indonesia's imports of fat-filled milk increased 11 percent compared with the same period in 2025, which lower than the previous years' growth rate of 17 percent. This growth decline is consistent with the premise that most of the Indonesian population has increased its concern over the nutritional value of their consumption. Imports from Malaysia declined by approximately 10 percent, while imports from Singapore, the EU-27, Thailand, and other countries increased. Indonesia's imports of fat-filled milk are dominated by Southeast Asian suppliers who provide products blended with palm oil which are more acceptable to Indonesian consumers compared to European products which contain other vegetable oils that are unfamiliar to Indonesian taste buds.

Table 9. Indonesian Imports of Fat-filled Milk from All Partners, 2022-2026 year-to-date

No.	Country of Origin	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
1	Malaysia	MT	17,508	21,475	27,346	33,801	20,895	20,842	-0.3%
2	Singapore	MT	11,527	10,050	12,253	14,434	8,662	12,462	44%
3	Thailand	MT	10,177	10,137	10,428	10,762	8,204	9,603	17%
4	EU 27	MT	16,319	15,998	9,699	10,659	5,907	6,552	11%
5	Others	MT	21,630	22,641	14,929	14,802	10,307	10,533	2%
Total		**MT**	**77,161**	**80,301**	**74,655**	**84,458**	**53,975**	**59,992**	**11%**

Chart 12. Indonesian Imports of Fat-filled Milk from All Partners, January-August 2025-2026 Volume Comparison



Indonesian cheese imports increased 17 percent during the January-August 2026 period compared to the same period 2025. Imports of cheese from the United States increased 62 percent although a small volume. The majority of 2025-2026 newly approved U.S. dairy establishments are offering cheese, and the comparatively lower price of U.S. cheese supports this increase. New Zealand is the leading supplier of cheese to the Indonesian market share due to their longer engagement with the Indonesian consumers through their fresh cheese which is further processed with vegetable oil. This is sold as affordable processed cheddar cheese, which dominates the Indonesian retail market. Other than further processing of cheese in this manner, Indonesia does not have large scale cheese production. Indonesia's demand for cheese is predominantly supported by foodservice. Domestic cheese production is small, producing artisanal cheeses for home and specialized food service consumption. The 5 percent MFN tariff on U.S.

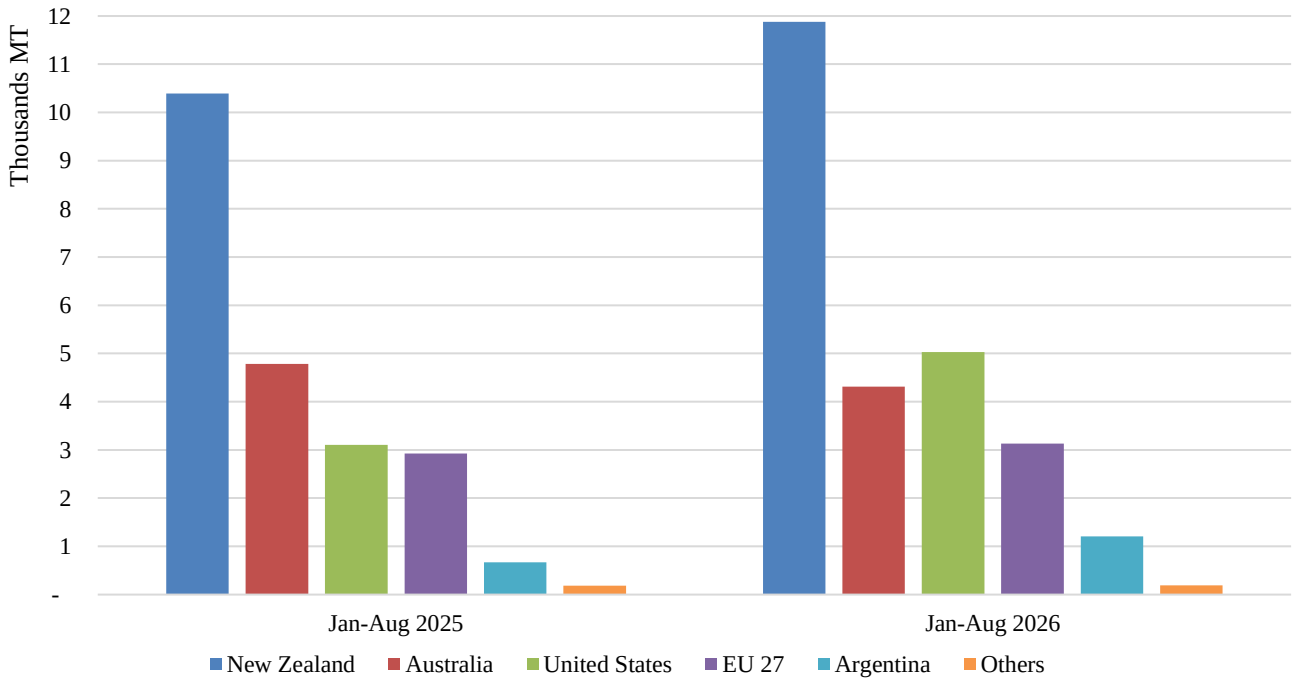
cheese hampers the otherwise relatively competitive price of U.S. cheese, with Oceania countries benefit from their FTAs, proximity, and long-standing trade relations.

Table 10. Indonesian Imports of Cheese from All Partners, 2022-2026 year-to-date

No.	Country of Origin	Unit	2022	2023	2024	2025	Jan-Aug 2025	Jan-Aug 2026	Δ yoy
1	New Zealand	MT	11,810	11,872	13,118	16,228	10,395	11,882	14%
2	Australia	MT	3,357	2,722	5,306	7,374	4,784	4,311	-10%
3	United States	MT	9,118	5,202	3,590	5,061	3,105	5,031	62%
4	EU 27	MT	4,128	4,222	4,315	4,679	2,924	3,130	7%
5	Argentina	MT	2,537	1,778	1,407	1,317	670	1,205	80%
6	Others	MT	101	312	385	473	183	192	5%
	Total	**MT**	**31,051**	**26,108**	**28,121**	**35,132**	**22,061**	**25,751**	17%

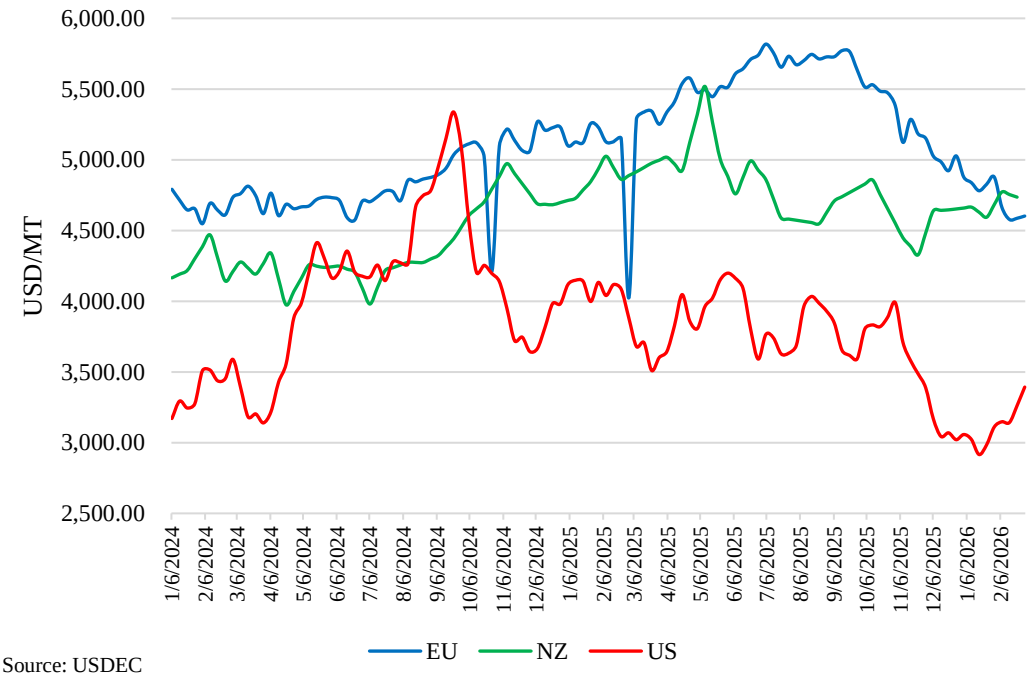
Source: Trade Data Monitor - BICO Dairy Products

Chart 13. Indonesian Imports of Cheese from All Partners, January-August 2025-2026 Volume Comparison



Source: Trade Data Monitor, BICO Dairy Products

Chart 14. Global Average Price Over Time for Cheese - January 2024 - February 2026



Source: USDEC

Policy

Free Nutritious Meals Program

The National Nutrition Agency (NNA) issued Head of NNA Decree No. 63426.2 Year 2026 regarding Technical Guidelines on Standards, Provision, and Distribution of Milk for the Free Nutritious Meal Program. This decree replaces and upgrades the Decree of the NNA Deputy for Systems and Governance Number 004 Year 2025 regarding the same topic.

Milk is considered a high-risk food, thus according to Government Regulation Number 1 Year 2026 its oversight must be risk-based. Nevertheless, milk is still not a mandatory component of the Free Nutritious Meals (FNM) program as noted above.

New provisions that can be found in this decree include:

1. Children under five years of age (beginning six months old), teachers, and educational staff are added to the list of FNMP recipients beside students, pregnant women, and nursing mothers.
2. Milk served in the FNMP must currently contain a minimum of 20 percent domestic fresh milk, and no imported milk can be used. The milk must be in the form of unsweetened, unflavored, uncolored, plain full cream milk in 115 (for first to sixth grade students) and 125 milliliters servings (for seventh to twelfth grade students). Note: fresh milk may be mixed with imported dairy ingredients.

3. Sterilized milk, follow-on formula (6-12 months), growing-up formula (ages 12–36 months), and special drinks for pregnant and nursing women are added to the existing UHT and pasteurized milk eligible for FNM.
4. Contrary to the 2025 decree's provision, the milk packaging must not show any indication that the milk is intended for the FNMP, nor can it use NNA logo or any other marking indicating a link to FNM.
5. Milk processors can use either cow, goat, or buffalo milk, if available, as raw materials for the milk. NNA adheres to BPOM Regulation Number 13 Year 2013 on Recombined Full Cream Milk standard that requires the milk to have 3 percent fat, 2.7 percent protein, and 7.8 percent non-fat solid content of daily nutritional value per serving of milk. However, NNA reduces the calcium content requirement from 15 percent in 2025 standard to 10 percent.

These new provisions increase the milk demand under the FNMP although there is no clear indication on the frequency of milk provision in the daily FNMP menu. The decree only suggests that initial milk provision is twice a week and should gradually increase until milk is served every day. However, there is no clear target of when milk must be served every day.

Stock

Dairy manufacturers import milk powder on an as-needed basis, and any inventory can be considered pipeline stocks. All locally produced WMP or its equivalent are used in-country. As a result, WMP and SMP stocks remained unchanged in 2025. However, as noted above, importers are significantly increasing dairy imports in 2026 due to expected increases in inflationary pressure, which will increase ending stocks.

Production, Supply, and Distribution Data Statistics

PSD: Skimmed Milk Powder

Dairy, Milk, Nonfat Dry	2025		2026		2027	
Market Year Begins	Jan 2025		Jan 2026		Jan 2027	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	11	11	11	11	0	46
Production (1000 MT)	0	0	0	0	0	0
Other Imports (1000 MT)	196	196	220	234	0	170
Total Imports (1000 MT)	196	196	220	234	0	170
Total Supply (1000 MT)	207	207	231	245	0	216
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	196	196	220	199	0	205
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	196	196	220	199	0	205
Total Use (1000 MT)	196	196	220	199	0	205
Ending Stocks (1000 MT)	11	11	11	46	0	11
Total Distribution (1000 MT)	207	207	231	245	0	216
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

PSD: Whole Milk Powder

Dairy, Dry Whole Milk Powder	2025		2026		2027	
Market Year Begins	Jan 2025		Jan 2026		Jan 2027	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	18	18	22	24	0	56
Production (1000 MT)	77	79	81	83	0	88
Other Imports (1000 MT)	83	83	75	107	0	64
Total Imports (1000 MT)	83	83	75	107	0	64
Total Supply (1000 MT)	178	180	178	214	0	208
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	156	156	162	158	0	163
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	156	156	162	158	0	163
Total Use (1000 MT)	156	156	162	158	0	163
Ending Stocks (1000 MT)	22	24	16	56	0	45
Total Distribution (1000 MT)	178	180	178	214	0	208
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments