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Report Highlights:

Taiwan's dairy sector is navigating a period of contraction and transformation, driven by declining domestic production, shifting consumption patterns, and rising import competition -- particularly in the form of New Zealand frozen concentrated milk -- which began entering duty-free in 2025. For 2026, AIT forecasts Taiwan's imports of fluid milk and whole milk powder lower while butter and skimmed milk powder are unchanged from revised 2025 estimates. All balance sheets are also updated to incorporate year-end figures for 2024.

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

Executive Summary

Taiwan’s dairy sector is navigating a period of contraction and transformation, driven by declining domestic production, shifting consumption patterns, and rising import competition. Cow milk production is projected to fall to 445,000 metric tons (MT) in 2026, while goat milk output has declined by one-third over the past decade. The suspension of the school milk program, increased availability of plant-based alternatives, and the liberalization of New Zealand dairy imports have accelerated market exits and reduced demand for local milk. Frozen milk imports are projected at 26,000 MT in 2025, with reconstituted milk increasingly replacing fresh milk in foodservice.

Whole milk powder (WMP) imports and consumption are forecast at 33,000 MT in 2026, slightly down from previous years due to substitution by frozen concentrated milk. Outlooks for butter and skimmed milk powder are unchanged for 2026 relative to revised 2025 estimates.

To support the domestic industry, new labeling regulations come into force in 2026 to restrict the use of the Chinese term for “fresh milk” to only certified local products. Local authorities will also further pursue a comprehensive insurance program specific to the dairy industry.

Commodities: Dairy, Fluid milk

Production

AIT anticipates Taiwan's cow milk production will fall to 445,000 MT in 2026, compared to 450,000 MT in 2025, and 452,414 MT in 2024. In 2024, milk processors began terminating contracts and two percent of farms exited the industry. This occurred as local producers began bracing for New Zealand's duty-free access in 2025. Market opportunities for local milk were further eroded in January 2025 with the suspension of the school milk program after only one semester, which if it had continued, would have accounted for five percent of local production. Dairy farming in Taiwan is primarily concentrated in the central and southern regions, with four key cities (or counties)—Changhua, Tainan, Pingtung, and Yunlin—accounting for over 70 percent of the nation's raw milk output. As of June 2025, Taiwan reported having 547 dairy farms, 119,212 cows, including 60,142 milking cows[1].

To address the influx of New Zealand liquid milk imports, Taiwan authorities are considering a plan to introduce comprehensive dairy cow insurance in 2026 and implement industry upgrade initiatives, such as promoting cheese production and education. These measures aim to strengthen the dairy sector, ensure product quality, and support industry sustainability. Despite ongoing challenges, some dairy farms are working to improve rearing technology and farm environments. Farms with animal welfare certifications have increased from nine in 2023 to nearly 50, reflecting efforts to improve milk production and marketing practices (Figure 1).

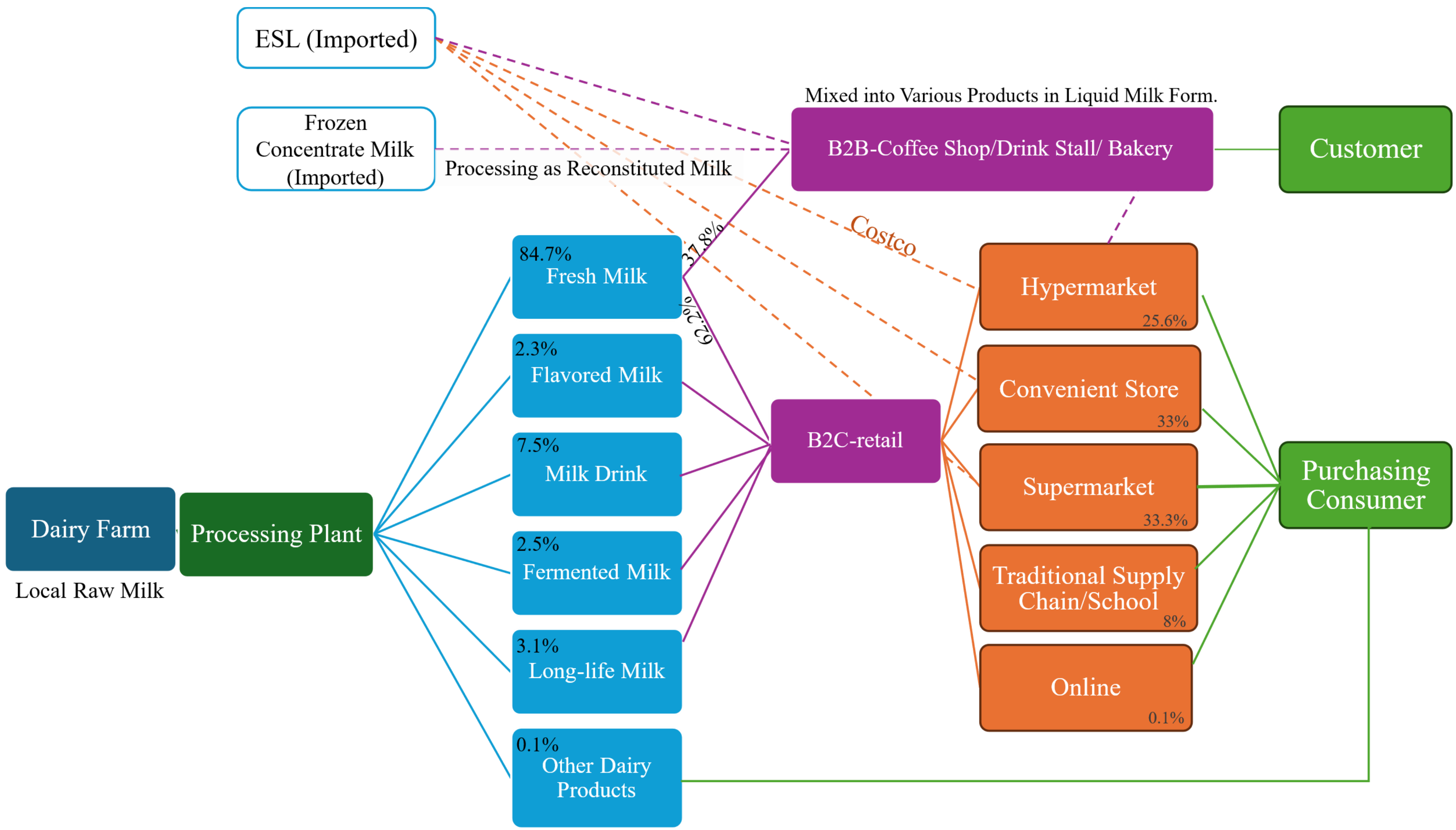
Figure 1 Label of Animal Welfare Certificate

Source: Environment & Animal Society of Taiwan

In 2024, Taiwan's goat milk production dropped to 10,283 MT, marking a one-third decline over the past decade. Herd numbers have also decreased from over 50,000 to 36,756 dairy goats. Taiwan's goat milk market primarily relies on subscription systems; however, the short-term school milk program in 2024 excluded goat milk, resulting in fewer regular subscribers and a temporary market surplus. Additionally, Taiwan's regulations prohibit additives in long-life (UHT) milk products, which are otherwise necessary to stabilize goat milk, further limiting market opportunities and supply chain flexibility.

[1] Ministry of Agriculture (MOA)'s livestock survey

Figure 2 Fluid Cow Milk Process Map



Modified from Food Industry Research and Development Institute,2018

Note: The numbers represent the proportion of locally produced raw milk distribution.

Consumption & Trade

AIT anticipates Taiwan's liquid milk consumption will continue its recent decline to 518,000 MT in 2026, consisting of 445,000 MT of domestically produced cow milk, 10,000 MT of domestic goat milk, and 63,000 MT of imported fluid milk. AIT's estimated liquid milk consumption for 2025 is 525,000 MT, including 450,000 MT of domestic cow milk, 10,000 MT of domestic goat milk, and 65,000 MT of imported liquid milk. In 2024, Taiwan's liquid milk consumption reached 528,000 MT, comprising both domestically produced fresh milk and imported liquid milk from the United States and New Zealand. Liquid milk imports in 2024 totaled 65,693 MT, with the United States accounting for 33,290 MT (50 percent) and New Zealand for 18,327 MT (28 percent).

According to Ministry of Agriculture (MOA), per capita fresh milk consumption in Taiwan had been steadily increasing year-over-year, but starting in 2024, it declined to 21.77 kg per person. Production and imports to-date also suggest further contraction in 2025 with no obvious cause for reversal in 2026. This decrease is attributed to the growing availability of plant-based milk alternatives and the replacement of traditional milk in the food service sector with reconstituted frozen milk and other dairy products (Table 1). However, even the increased supply of imported frozen milk imports appears unlikely to fully offset collapsing milk consumption in 2025 (Figure 3).

Table 1 Taiwan Dairy Product Annual Per Capita Consumption (kg)

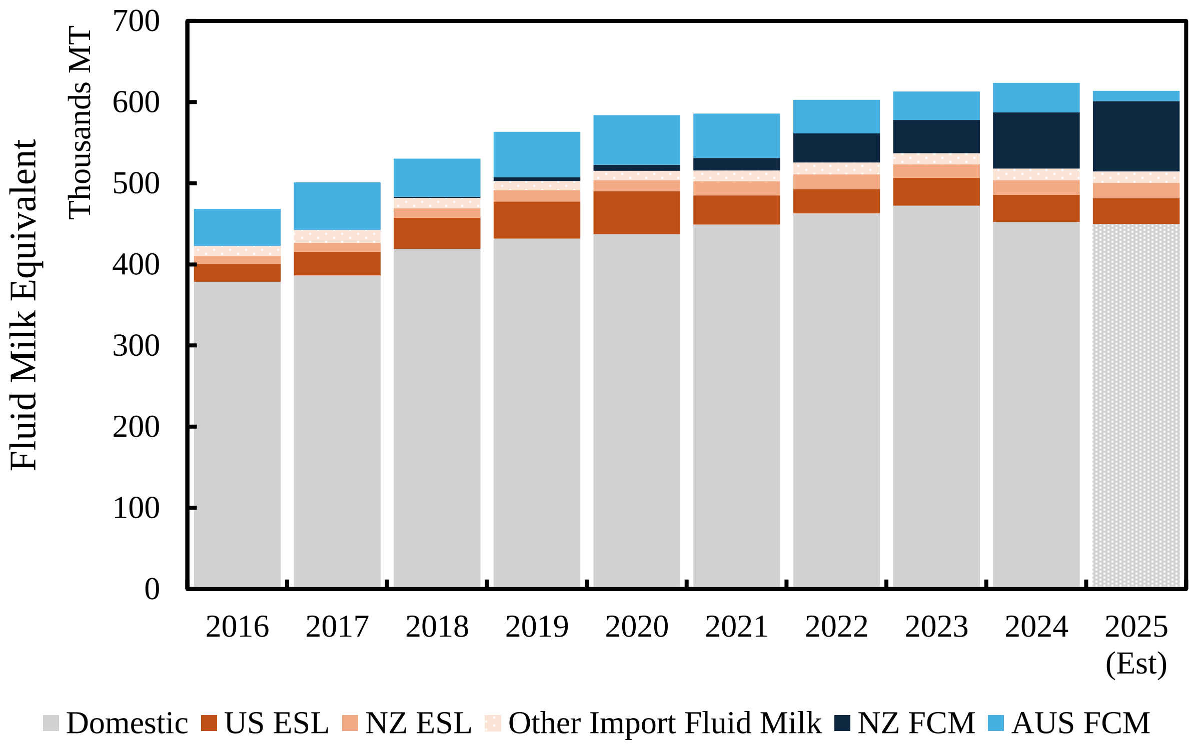
	2011	2018	2019	2020	2021	2022	2023	2024
Fresh Milk (liquid milk)	16.61	20.37	21.17	21.67	21.69	22.21	22.47	21.77
Milk Powder	3.21	3.00	2.89	2.99	2.87	2.74	2.72	2.73
Other dairy product	1.69	3.76	4.10	4.38	4.78	4.87	4.89	5.39

Data Source: Ministry of Agriculture (MOA)
Note: Not in milk equivalence

According to a 2018 report by the Food Industry Research and Development Institute (FIRDI), about 35 percent of Taiwan's domestically produced liquid milk was used by other members of the food and beverage industry, including bubble tea and coffee shops, while this marketing channel has continued to expand. While local milk producers initially feared this sector would be displaced by imported liquid milk from New Zealand, the preference has been to increasingly use reconstituted milk made from imported frozen concentrate.

Scholars estimate frozen milk concentrate has a reconstitution ratio of approximately 4:1. The composition of reconstituted milk for foodservice use varies significantly, incorporating frozen concentrate, fresh milk, milk powder, or cream depending on price differences and customization needs. This flexibility has allowed reconstituted milk to increasingly replace fresh milk or ESL milk in the foodservice sector. In 2024, frozen milk imports totaled 26,429 MT (including related tariff codes, primarily 0402919030)[2]. When reconstituted, this volume is estimated to impact 100,000 MT of the liquid milk market. Combining liquid milk and reconstituted frozen milk, Taiwan's milk demand likely exceeds 600,000 MT, with imports accounting for nearly 25 percent of the supply.

Figure 3 Taiwan Milk Consumption (including liquid and frozen concentrate milk)



Data Source: Trade Data Monitor, LLC, Ministry of Agriculture, Taiwan
Note:2025 estimate based on year-to-date data; conversion rate for frozen concentrate milk (FCM)=4

In 2025, frozen milk imports are expected to remain stable at around 26,000 MT. Historically, before tariff codes were differentiated, Australia was the primary supplier of frozen milk, with

[2] 2016-2023: HS Code: 0402.91.90.00.5 Other milk and cream, not containing added sugar or other sweetening matter
2024- HS code:0402.91.90.30.9 Evaporated milk (concentrated milk), not containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 7.5% but not exceeding 15%, frozen (major)

annual volumes averaging around 12,000 MT. However, New Zealand's frozen milk exports to Taiwan began to surge in 2022, increasing by 130 percent that year. By 2023, New Zealand's supply surpassed Australia's for the first time, reaching 10,286 MT. Australia's frozen milk exports have since declined, with only 2,515 MT exported as of September 2024, and monthly volumes falling below 500 MT. In 2025, New Zealand's frozen milk supply is projected to be six times that of Australia, exceeding 20,000 MT. Frozen milk imports show no significant seasonal variation, with consistent monthly volumes. Since 2022, the average price of imported frozen milk from New Zealand has consistently been about five percent higher than that from Australia. In 2025, the CIF average price of frozen concentrated milk from New Zealand was US$3.40/kg, reflecting a six percent increase compared to 2024; from Australia, the price was US$3.18/kg, representing a 2.5 percent increase compared to 2024.

To address competition from imported liquid milk products and differentiate market segments, Taiwan's retail shelves now feature more small-scale farm brands and products with animal welfare certifications. Although the CIF prices of imported dairy products are relatively low, shelf fees, distribution costs, and transportation expenses for refrigerated dairy products are high. As a result, the actual profit for importers who do not control retail channels may not be as high as expected. In some retail channels, the price of imported dairy products is even higher than that of local products, reaching up to US$3.31 per liter, mainly to maintain brand value.

Policy

Fluid milk imports are subject to Tariff Rate Quota (TRQ) and Special Safeguard (SSG) controls. Starting in 2025, New Zealand liquid milk has been exempted from tariffs. As a result, the United States is currently the country utilizing the largest share of the TRQ for liquid milk. Sheep and goat milk are not included in the TRQ and SSG controls.

TRQ: The annual TRQ volume for fluid milk is 21,298 MT with 15 percent in-quota tariff, while the out-of-quota tariff is NT$15.6/kg (US$0.49/kg). Import quota rights are auctioned once a year. All importers registered with Taiwan's Board of Foreign Trade are eligible to bid on quota rights. The Bank of Taiwan administers the TRQ allocations through a competitive process.

SSG: Taiwan also adopted an SSG to control the volume and price of fluid milk. The SSG volume/price will be announced at the beginning of each year and the volume is measured by the 3-year average consumption change and import volume. The 2025 SSG volume for fluid milk is 47,516.2 MT for fresh milk and 23,060.8 MT for other fluid milk with a total of 70,573 MT. If fluid milk imports exceed the notified SSG volume, an additional 33.3 percent tariff rate is imposed. The SSG price trigger for fluid milk is NT$ 17 CIF/liter.

Taiwan HS code for WTO TRQ and SSG

Fresh Milk: 04011010, 04012010, 04014010, 04015010, 04029910

<u>Other Fluid Milk</u>: 04011020, 04012020, 04014020, 04015020, 04029920, 04029992, 04039029, 04039040, 04039059, 04039090, 18069053, 18068055, 19019025, 19019027

Taiwan Food and Drug Administration (TFDA) published the amendment of "Regulations Governing the Product Names and Labeling of Prepackaged Milk, Sterilized Milk, Flavored Milk, Milk Drinks, and Milk Powder" in June, 2025. Only products obtaining the "Fresh Milk" mark issued by the central agriculture authority or the certification mark of the "Agriculture Production and Certification Act" could be labeled as "Fresh Milk". According to the regulations, U.S. products are unable to obtain the relevant certification and will therefore no longer be allowed to use the Chinese ”鮮奶” (fresh milk) label for ESL milk. This will officially take effect in July 2026.

National Standards of the Republic of China (CNS)

Standards CNS 3056 and CNS 13292 are expected to be updated in line with the new milk labeling regulations

CNS 3056 (Fresh milk): This standard applies to the milk produced with raw milk (as specified in CNS 3055) as the raw material, and it shall be fully kept in cold storage after it is pasteurized and packaged for human consumption. [Shall be fully kept in cold storage at temperature not higher than 7 °C.]

CNS 13292 (Sterilized milk): This standard applies to milk produced with raw milk (as specified in CNS 3055) or fresh milk (as specified in CNS3056) as raw material, and it could be stored at room temperature after it is pasteurized and packaged for human consumption.

Dairy, Milk, Fluid	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Taiwan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk (1000 HEAD)	65	59	64	58	0	57
Cows Milk Production (1000 MT)	470	452	470	450	0	445
Other Milk Production (1000 MT)	12	10	10	10	0	10
Total Production (1000 MT)	482	462	480	460	0	455
Other Imports (1000 MT)	66	66	68	65	0	63
Total Imports (1000 MT)	66	66	68	65	0	63
Total Supply (1000 MT)	548	528	548	525	0	518
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Fluid Use Dom. Consum. (1000 MT)	496	480	496	480	0	478
Factory Use Consum. (1000 MT)	52	48	52	45	0	40
Feed Use Dom. Consum. (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	548	528	548	525	0	518
Total Distribution (1000 MT)	548	528	548	525	0	518
(1000 HEAD) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Commodities: Dairy, Butter

Production

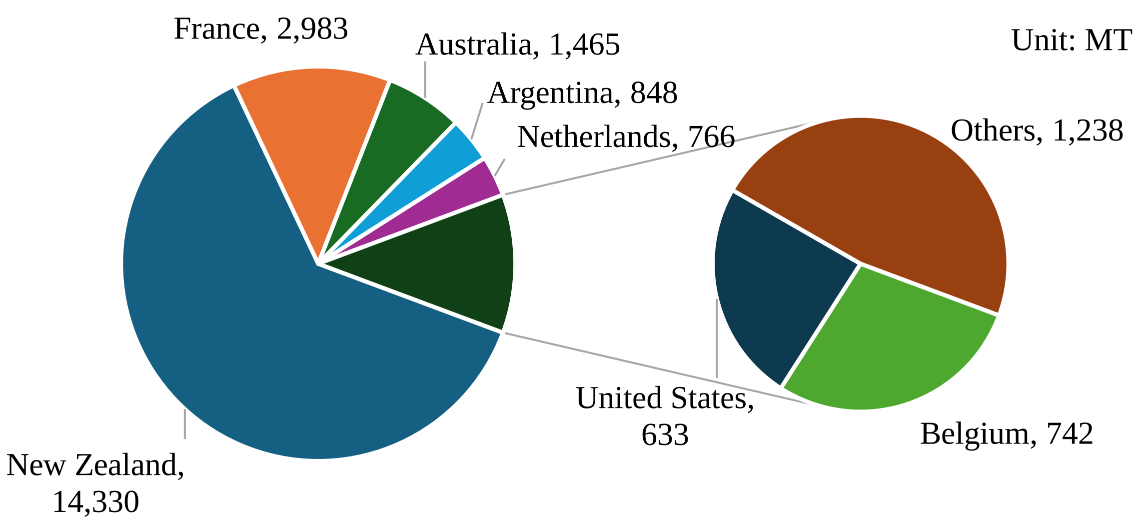
Taiwan has no large-scale commercial butter production. A few small local artisans (e.g., No.19 Butter) use local raw milk to produce butter.

Consumption & Trade

AIT forecasts that Taiwan's butter consumption will reach 24,000 MT in 2026. Demand in the butter market is expected to remain stable, as local production is minimal, only a few tons, and does not significantly impact overall supply. For 2025, butter consumption is projected at 23,500 MT. New Zealand remains the primary supplier of butter to Taiwan, exporting 14,330 MT in 2024, with a market share of 62 percent. Anchor butter continues to be the top choice for bakers. The second largest exporter is France, supplying 2,983 MT, while the United States is the seventh largest butter supplier, providing 633 MT with only a two percent market share (Figure 4).

In recent years, butter prices have continued to rise, with a slight stabilization observed in 2023. In 2025, the CIF of New Zealand butter has increased by nearly 20 percent compared to last year, reaching US$6.50/kg. Meanwhile, butter prices from other European suppliers have exceeded US$8.00/kg, with the price of butter from the second-largest supplier, France, reaching as high as US$9.30/kg

Figure 4 Taiwan Butter Import by Country in 2025 (Unit: MT)



Source: Trade Data Monitor, LLC

Policy

Since the onset of the pandemic, the government has implemented temporary tax reduction measures on certain bulk commodities to control inflation. These measures have now been extended until March 31, 2026.

Item (HS code)	Current Tariff	Temporary Tariff (~3/31/2026)
Butter (0405.10.00)	5% (NZ 0%)	2.5% (NZ 0%)
Dehydrated Butter (0405.90.10)	8 % (NZ 0%)	4% (NZ 0%)

In 2017, Taiwan adopted labeling regulations for milk content in butter and cream. The regulation is in accordance with the Act Governing Food Safety and Sanitation.

Butter: More than 80 percent milk fat content

Cream: 10-80 percent milk fat content

Margarine: More than 80 percent edible oils content/ fat spread: 10-80 percent edible oil content

Dairy, Butter	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Taiwan	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)	0	0	0	0	0	0
Other Imports (1000 MT)	24	23	24	24	0	24
Total Imports (1000 MT)	24	23	24	24	0	24
Total Supply (1000 MT)	24	23	24	24	0	24
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Domestic Consumption (1000 MT)	24	23	24	24	0	24
Total Use (1000 MT)	24	23	24	24	0	24
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	24	23	24	24	0	24
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Commodities: Dairy, Skimmed milk powder

Production

Taiwan does not produce skimmed milk powder (SMP) in commercial quantities.

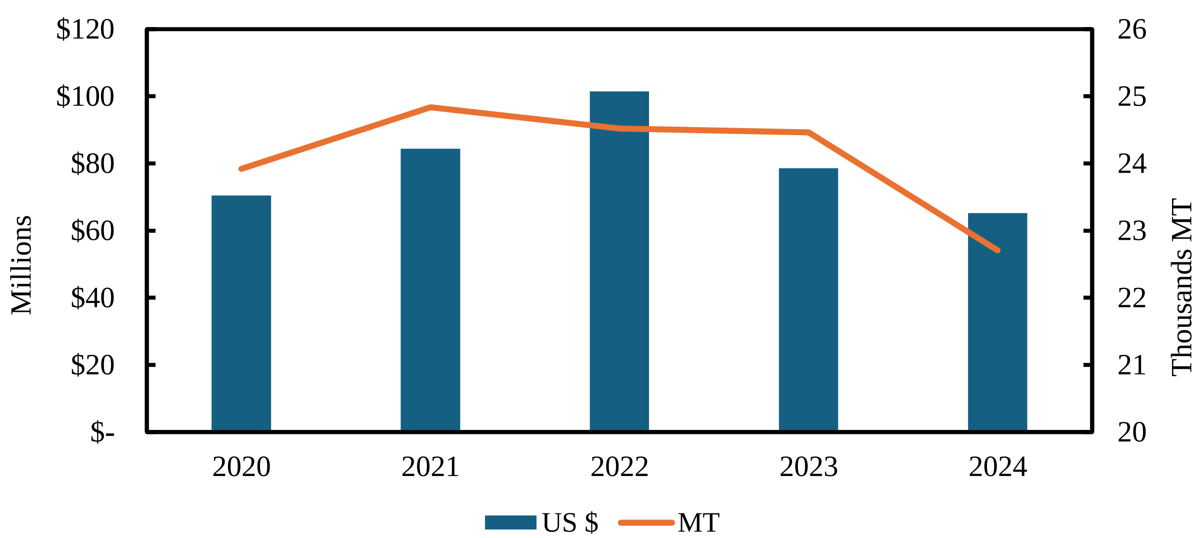
Consumption

AIT predicts SMP consumption in 2026 will be 22,000 MT, unchanged from 2025, and roughly equivalent to 22,706 MT in 2024. Frozen milk imports may be replacing small portions of SMP as a raw material.

Trade

Taiwan's milk powder imports have historically been very stable with little significant fluctuation in milk powder demand or supply. The main source of skim milk powder for Taiwan is New Zealand, which supplied 19,311 MT in 2024, holding an 85 percent market share. The second largest supplier is Belgium, with 1,930 MT. Over the past two to three years, the price (CIF) of New Zealand's SMP has dropped from its peak of US$4.10/kg (2022) to US$2.80/kg. The price of Belgium's SMP is slightly higher, but the difference is minimal.

Figure 5 Taiwan SMP Import Volume and Value



Data source: Trade Data Monitor. LLC

Policy

Since the onset of the pandemic, the government has implemented temporary tax reduction measures on certain bulk commodities to control inflation. These measures have now been extended until March 31, 2026.

Item (HS code)	Current Tariff	Temporary Tariff – 3/31/2026
Skim Milk Powder (0402.10.00)	10% (NZ 0%)	5% (NZ 0%)

Dairy, Milk, Nonfat Dry	**2024**		**2025**		**2026**	
Market Year Begins	**Jan 2024**		**Jan 2025**		**Jan 2026**	
Taiwan	**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)	0	0	0	0	0	0
Other Imports (1000 MT)	23	23	23	22	0	22
Total Imports (1000 MT)	23	23	23	22	0	22
Total Supply (1000 MT)	23	23	23	22	0	22
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)	23	23	23	22	0	22
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	23	23	23	22	0	22
Total Use (1000 MT)	23	23	23	22	0	22
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	23	23	23	22	0	22
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Commodities: Dairy, Whole Milk Powder

Production

Taiwan does not produce whole milk powder (WMP) in commercial quantities.

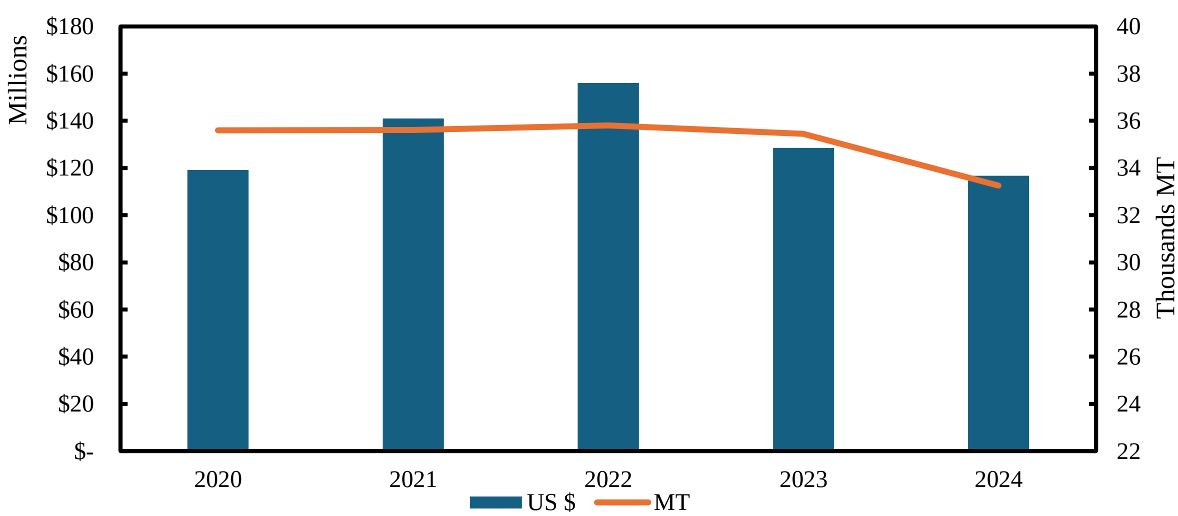
Consumption

AIT forecasts that Taiwan's WMP consumption in 2026 will be 33,000 MT. Based on year-to-date data, imports in MY 2025 are projected to reach 34,000 MT. However, this situation is expected to remain slightly fluctuated for the next 2-3 years. Consumption of WMP in 2024 was lower than originally expected, totaling 33,524 MT, marking a five-year low. This decline is due to the increased use of frozen concentrated milk, which is more convenient for processing and offers a flavor profile closer to liquid milk. As a result, part of the demand for WMP has been replaced. The full implementation of ANZTEC has also raised awareness among consumers and businesses about the alternative dairy products. Consequently, more processors have started using frozen concentrated milk in their products while actively seeking additional supply sources.

Trade

Unlike SMP, nearly all the WMP supply comes from New Zealand, which holds a market share of approximately 98.9 percent. The average price of WMP in 2024 reached a short-term low (US $3.51/kg). In 2025, the price (CIF) increased by 20 percent, reaching US$4.16/kg.

Figure 6 Taiwan WMP Import Volume and Value



Data source: Trade Data Monitor. LLC

Policy

Since the onset of the pandemic, the government has implemented temporary tax reduction measures on certain bulk commodities to control inflation. These measures have now been extended until March 31, 2026.

Item (HS code)	Current Tariff	Temporary Tariff – 3/31/2026
Whole Milk Powder (0402.21.00)	10% (NZ 0%)	5% (NZ 0%)

Dairy, Dry Whole Milk Powder	**2024**		**2025**		**2026**	
Market Year Begins	**Jan 2024**		**Jan 2025**		**Jan 2026**	
Taiwan	**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)	0	0	0	0	0	0
Other Imports (1000 MT)	33	33	35	34	0	33
Total Imports (1000 MT)	33	33	35	34	0	33
Total Supply (1000 MT)	33	33	35	34	0	33
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)	33	33	35	34	0	33
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	33	33	35	34	0	33
Total Use (1000 MT)	33	33	35	34	0	33
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	33	33	35	34	0	33
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Sanitation Standard and Import Regulation

Current regulations governing dairy products in Taiwan are outlined in the "Sanitation Standard for General Foods", "Sanitation Standard for Microorganism in Foods" and "Standards for Specification, Scope, Application and Limitation of Food additives". Residues of veterinary drugs in milk and dairy products must comply with the Standards for Veterinary Drug Residue Limits in Foods.

TFDA requires dairy products for food use under HS code 0401, 0402, 0403, 0404, 0405 and 0406 to be accompanied by official sanitary certificates. (G/SPS/N/TPKM/519). The official certificates should be issued by the competent authority of the exporting country indicating that the attested products are suitable "for human consumption", or "in compliance with relevant food safety and sanitary regulations".

For imports of U.S.-origin fresh milk and milk products, Taiwan requires a Veterinary Service (VS) 16-4 export certificate for animal products. For additional information, please refer to the latest instructions in the latest international regulations (IRegs) for animal product exports from USDA APHIS and the worksheet of dairy product sanitary certificate from USDA AMS.

Attachments:

No Attachments