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Report Highlights:

Milk production in Brazil for 2024 is expected to increase by 1 percent to 25 million metric tons (MMT) and to increase again in 2025 to 25.4 MMT. Industry expectations are elevated by larger investments in technology, increase in milk prices and a slowing of the increase in inputs. However, the estimate for 2024 is tempered by adverse weather patterns, including the flooding in Rio Grande do Sul. Post estimates an increase in butter production in 2024 to 780 MT and 795 MT in 2025.

Fluid Milk

Production, Supply, and Distribution

Dairy, Milk, Fluid Market Year Begins	2023		2024		2025
	Jan 2023		Jan 2024		Jan 2025
	USDA Official	New Post	USDA Official	New Post	New Post
Brazil					
Cows In Milk (1000 HEAD)	17065	17065	17250	17300	17000
Cows Milk Production (1000 MT)	24700	24700	25200	25000	25400
Other Milk Production (1000 MT)	2985	2985	3000	2990	3100
Total Production (1000 MT)	27685	27685	28200	27990	28500
Other Imports (1000 MT)	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0
Total Supply (1000 MT)	27685	27685	28200	27990	28500
Other Exports (1000 MT)	11	9	12	9	10
Total Exports (1000 MT)	11	9	12	9	10
Fluid Use Dom. Consum. (1000 MT)	11000	10900	11200	11000	11200
Factory Use Consum. (1000 MT)	16424	16400	16713	16600	16907
Feed Use Dom. Consum. (1000 MT)	250	376	275	381	383
Total Dom. Consumption (1000 MT)	27674	27676	28188	27981	28490
Total Distribution (1000 MT)	27685	27685	28200	27990	28500

Official data can be accessed at: [PSD Online Advanced Query](#)

Units: 1000 MT (except Cows in milk: 1000 Heads).

Product classification HTS: 0401.10; 0401.20.

Note: PS&D data for fluid milk are reported in 1,000 metric tons and not in 1,000 kiloliters. One liter of cow's milk weighs approximately 1.03 kg.

Production

For 2024, Post estimates milk production at 25 million metric tons (MMT), an increase of 1.2 percent from the previous year. The year began in a stable environment, but in recent months production has increased due to the increase in profitability. Post estimates next year to start strong with a production increase. In 2025, production is expected to grow 1.6 percent, reaching 25.4 MMT.

According to Post contacts, Brazil will experience a decrease in the number of dairy farms but still increase milk production. This is primarily due to increases in technology such as the increase in robotic dairies. The growth in milk production in 2025 will also be driven by large producers and improved profitability after the recovery in raw material prices and falling production costs, according to a projection by the financial institution Dutch bank Rabobank. The bank also estimates a ten percent increase in milk production for farmers currently producing over five thousand liters per day, totaling at least over two thousand tons in the period. The end of El Niño will also factor into the recovery of production, with milder temperatures expected. According to

Post contacts, the improvement in profitability tends to reflect a stronger production growth at the end of 2024 and the beginning of 2025.

According to Embrapa (Brazilian Agricultural Research Corporation), the volume of fluid milk production closely follows the performance of UHT (Ultra High Temperature) milk. UHT milk is expected to resume growth this year, even with low profitability. The fluid milk market represents 30 percent of the total inspected milk volume. Of this total, UHT milk is responsible for 90 percent of the volume, equivalent to 6.5 billion liters consumed annually.

Brazilian milk production has a wide range of practices and management strategies, with farm systems varying from low input grazing to high input confinement systems. A decrease in production is commonly observed during the Brazilian autumn months, from April to June, due to the dry season that results in poorer pasture conditions. Conversely, milk production is greater during the summer months when heavier rainfall provides abundant pasturelands.

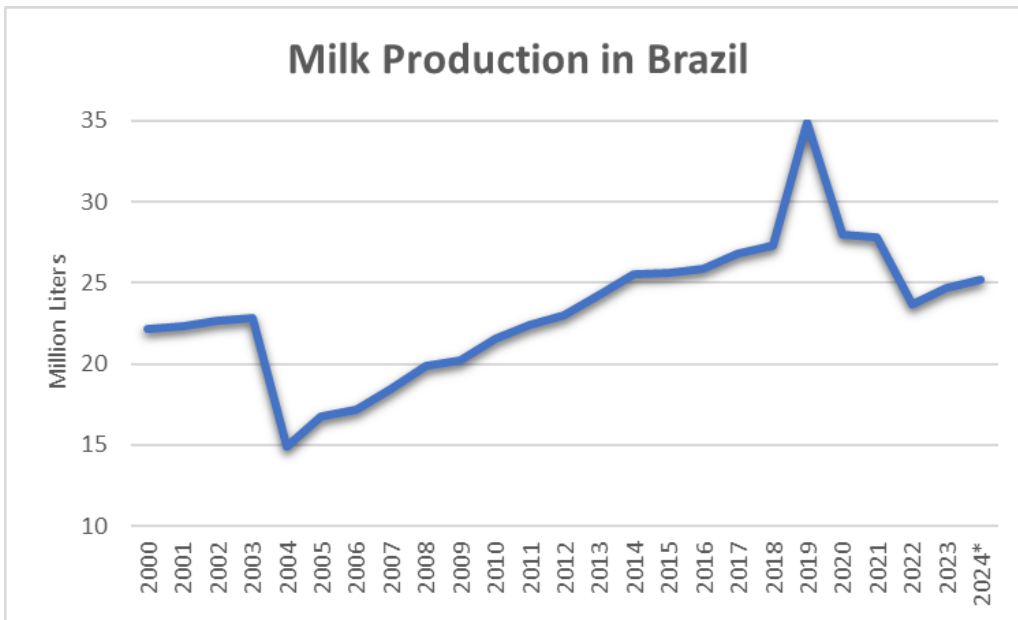
In 2023, there was an increase of 2.6 percent in production, according to MilkPoint, a Brazilian platform with information on the dairy sector. In general, 70 percent of produced milk goes to industries with inspection.

Brazil remains the world's third largest milk producer, according to the Brazilian Ministry of Agriculture (MAPA), despite its complex milk chain. It is important to highlight that the dairy sector has a higher demand for labor than other commodities. The change in milk supply and demand was reflected in the behavior of financial margins in all links of the chain, especially in the purchasing power of the producer. Throughout 2023 the sector experienced difficulties including a broad range of price variation received by producers, record imports, and the record withdrawal of producers.

The reduction in the number of dairy farms is a regional and global occurrence. Moreover, Argentine and Uruguayan dairy products gained space in the retail sector in Northeast Brazil, the main dairy importing region, despite the prevalence of low prices in the local market. According to Post contacts, the Northeast is still a major consumer of milk from other regions of Brazil, resulting in efforts to increase milk production. The distribution issues of Northeast consumers sourcing dairy products from the south can cause challenges.

The above-normal warming in the equatorial region of the Pacific Ocean known as El Niño was strong in 2023, and the excess rainfall that disrupted ideal production conditions in the south of the country brought uncontrolled floods to the state of Rio Grande do Sul in 2024. According to Globo Rural, recent floods in Rio Grande do Sul impacted slaughters as the flooding prevented producers' abilities to take animals to slaughterhouses. The milk supply chain was also disrupted, resulting in the state decreasing milk production by 72.6 million liters. According to Post contacts, effects of La Niña are expected soon, especially in the South.

Figure 1
Milk Production in Brazil



Data Source: USDA PS&D

*Jan-Aug 2024

*Data on milk inspected in Brazil (collected by dairies with federal, state or municipal inspection)

Regarding organic milk, Embrapa states there are currently no large dairies working in the collection of organic milk, producers need to process and market their own products or seek partnerships with companies that process organic dairy products. The global per capita/year consumption of organic products grew 10 percent in the last decade, reaching an expenditure of USD 12.1. In Brazil, the value remains small (USD 5 per capita/year) and there are about 100 certified properties, but the expectation is that the number of producers will grow in the coming years.

The Herd

After two years of studies and meetings, Embrapa Dairy Cattle announced a new partnership with the Brazilian Association of Dairy Gyr Breeders (ABCGIL), the Brazilian Association of Girolando Breeders, and the Brazilian Association of Holstein Cattle Breeders (ABCBRH). Together, they aim to develop a genomic tool for multiracial evaluation involving the three breeds that account for more than 90 percent of the milk produced in the country. The new tool is expected to be commercially available to producers in 2026.

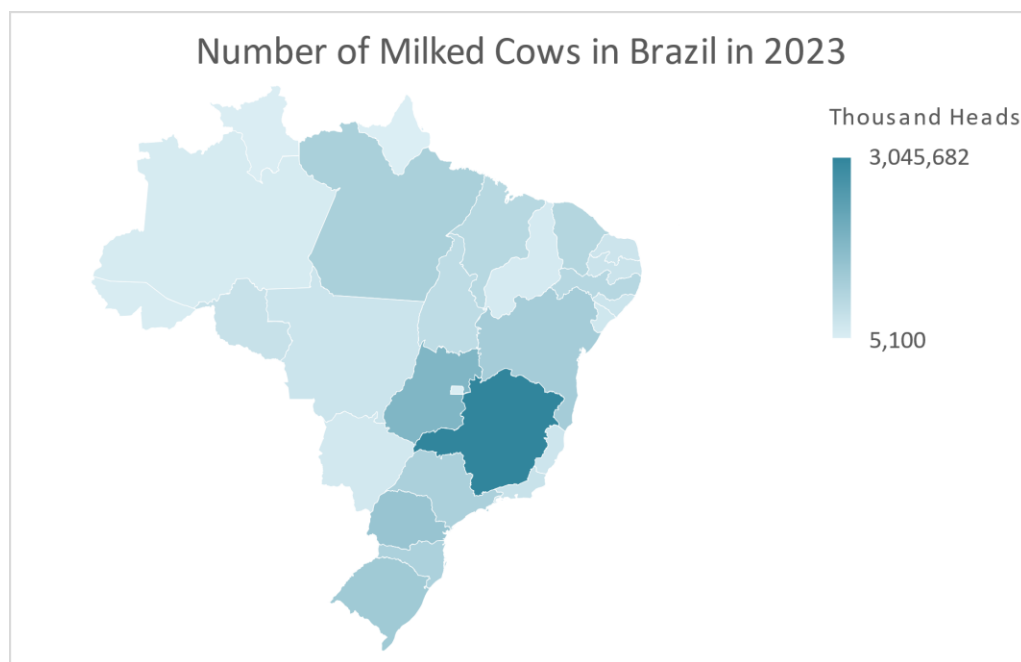
Embrapa's Girolando Breed Genetic Improvement Program (PMGG) has been concerned with the tolerance of cattle and climatic conditions. Discomfort caused by heat can reduce milk production by more than 30 percent, among other losses, according to Embrapa. To mitigate such impacts, genetic improvement programs have suggested more resistant practices and herds. Driven by climate change and the El Niño phenomenon, days of intense heat have been common in all regions of Brazil, especially in the Center-South region, where the largest milk production in the country is

concentrated. The solution for the producer is to develop herds that are more resistant to heat stress, and the Girolando breeding program has sought to offer this through genetic and genomic evaluations in the breed's progeny test.

In April 2024, Embrapa launched the Biosecurity Certification (C.B.S.). It was developed in partnership with BoehringerIngelheim Animal Health to support measures and practices aimed at preventing the spread of infectious agents in biological environments, such as laboratories, hospitals and research centers.

As the map below shows, the largest number of head of dairy cows is in the state of Minas Gerais, with a total 3.04 million in 2023, followed by the state of Goiás, with 1.62 million the state of Paraná, with 1.19 million, and Rio Grande do Sul, with 1.04 million head of dairy cows. In 2023, each state had a reduction of 2.98, 2.5, and 3.3 percent of cows in milk, respectively, when compared to the previous year.

Figure 2
Number of Milked Cows in Brazil



Data Source. IBGE. Prepared by FAS Brasilia. Shading according to quantity of milked cows.

Even with elevated milk prices, there was an increase in semen sales in 2023 and 2024, as reported by Globo Rural. According to the genetics company Genex the growth expectation for 2024 is 20 percent, both in the sale of semen and in the offer of services. Girolando accounts for 80 percent of the 35 billion liters of milk produced in the country per year. Moreover, it is the breed that exports the most semen and with the highest volume of sales in the domestic market.

The ideal scenario in Brazil remains as the global trend to increase the size of farms and the consequent increase in herds, in line with a reduction in the number of producers and with sustainable practices for those who will remain in production.

Regional Production and Productivity

Milk is produced in all states, across the five regions of Brazil, with most of the production concentrated in the South and Southeast regions. Total liters of produced milk in the 1st half of 2024 were 12.04 million according to recent data from IBGE. The South produced 11.8 million liters of milk, which is almost 34 percent of national production, while the Southeast accounted for a similar amount, that of 33 percent of national production. The Northeast region was responsible for almost 18 percent of the national production, the Center West for 10 percent and, finally, the North for five percent.

Figure 3

Milk Production by Region

Region	Liters in 2023	Participation
South	11,877,592	33.57%
Southeast	11,690,832	33.04%
Northeast	6,286,834	17.77%
Center West	3,774,495	10.66%
North	1,745,482	4.93%
Total	35,375,236	

Data source: IBGE

The southeastern state of Minas Gerais is Brazil's largest milk producer, accounting for 26.63 percent of total milk production in 2023, a total of 9.42 million liters. Paraná and Rio Grande do Sul accounted for 12.88 percent and 11.63 percent, respectively.

The Southeast region produced 516 million liters in 2023 and remains the region with the highest volume. It also has the highest production per farm, with an average of 11.4 million liters per farm a year. The South region was the one with the highest increase compared to 2022, with a growth of 13 percent.

The total volume of milk of the company "Laticínios Bela Vista" had 8.4 thousand producers as its main source. With the addition of milk purchased from third parties (496 million liters), the company, known as "Grupo Piracanjuba" (Piracanjuba Group), showed a growth in funding of 13 percent in 2023 compared to the previous year. Originated in the countryside of Goiás state, the company brings together the brands "Piracanjuba", "LeitBom" and the licensees "Almond Breeze" (U.S. brand), "Ninho" and "Molico", with more than 200 products in its portfolio. It has seven manufacturing units and fifteen milk reception stations, with capacity to process up to six million liters of milk/day. Piracanjuba plans to reach other segments, expanding the connection with the consumer and allowing development in other categories, brands and businesses.

Growth in funding, production and revenue are also part of Piracanjuba's strategy, with a goal of ten percent growth in revenue. Currently, the company holds seven percent of the market and has the capacity to process seven million liters of milk/day. There's also an increase in the production of A2A2, focusing on consumers who have specific intolerance to dairy proteins (A1A1 and

A1A2). This is an expanding market in the national territory that may be part of the Brazilian export portfolio in the future. In 2023, Piracanjuba produced more than 4.8 million liters of milk, placing the company into the largest dairies in Brazil.

Another expansion is coming from “Laticínios Tírol” from the Paraná state, aiming at increasing its market share through an investment of BRL 40 million (USD 7.3 million) to expand the production capacity of its plant in Ipiranga, in addition to the implementation of a new production line. The initial goal is to increase the capacity from 600 thousand to 800 thousand liters of milk per day and train the plant to produce milk cream.

The Dairy Farmer

Globo Rural highlighted in 2024 that there are about 5.1 million rural properties in Brazil, with at least 97 percent holding a record of dairy activity, either as the main activity, income supplement or subsistence. It's claimed that there are more than one million milk producers in Brazil. According to Post contacts, however, about 630 thousand effectively sell milk. Post contacts also affirm that uninspected milk is consumed internally on farms or sold at fairs in various ways, including as cheese. Milk production differs greatly in each Brazilian region and Post contacts affirm that many producers who are still extractive do not adapt to the leaps of modernity that other chains have had.

The Brazilian dairy sector has been undergoing technological transformations, increasing the competitiveness of the most technological producers and intensifying the exclusion of the most vulnerable producers. There is still a lot to advance, however, in terms of farm and cost management, investment in quality pasture and roughage, animal genetics and better herd supplementation. According to Embrapa, there are at least ten key issues, including, the fragmented structure in milk production; low average efficiency of the farms; low factor productivity; and fragmented structure in the capitalization and industrialization of milk.

According to Post contacts, the dairy industry has recovered since 2023. It is observed that the number of producers fell by less in 2023. According to Embrapa, the growth in the size of farms and the use of precision technologies in rural areas is a global trend. Despite being one of the main milk producers in the world, in terms of productivity per cow Brazil is ranked 77th. While a worker in Brazil milks about 80 liters of milk per hour, in New Zealand it reaches 400 liters. Another issue highlighted by Embrapa that is on the industry's radar is the level of somatic cells. The Brazilian average is 450,000 cells/ml, while in the United States it is below 150,000.

Cooperativism is another item that could deeply improve a farm's productivity. CCPR in Minas Gerais, for instance, is the largest milk collection cooperative in Brazil, offering a whole structure for the dairy farmers and acting, among other roles, as a solid channel between the producers and the industry. CCPR has a chain efficiency that involves 25,000 cooperative members, including Coopel and Coopersete; 2,700 points of collection; 2.1 million liters of milk collected per day; more than 150 types of animal feed. CCPR also offers credit opportunities for its members, among several other benefits. Other tools that are available to the producers include SEBRAE, SENAR, EMATER, consultancies to keep and improve milk productivity through technical assistance and lines of credit.

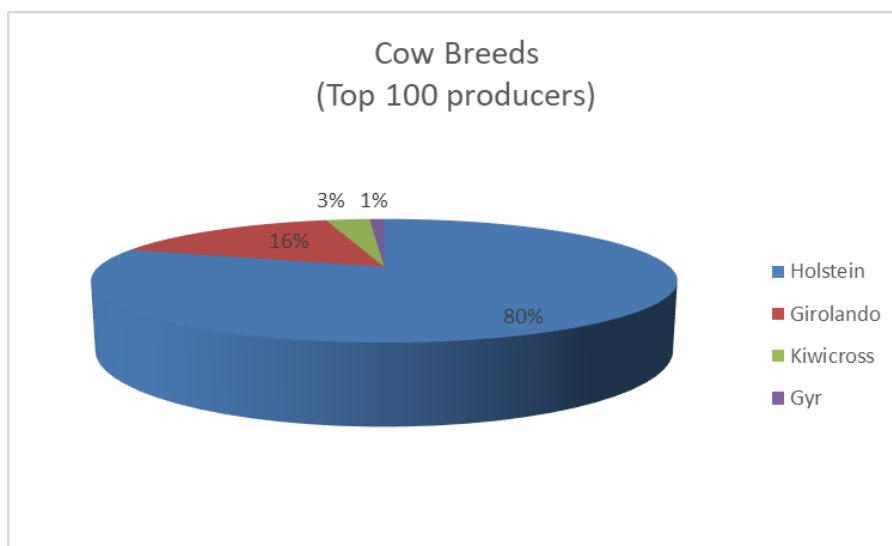
Cow Breeds

According to MilkPoint, milk producers give preference to the Holstein breed, which is present in 75 of the 100 largest farms in the country, as shown in the graphic below. The Girolando breed is used by 22 of the top 100 dairies and finally Jersolanda/Kiwicross, used by the three remaining.

Brazil is not a significant importer of live cattle, but a major importer of beef and dairy cattle genetics, and the United States has been the traditional supplier. Most of the imported genetics are Holstein, followed by Jersey.

Figure 4

Cow Breeds in Top 100 Producers in Brazil



Data Source: MilkPoint. Prepared by FAS Brasilia.

Among the current genetic improvement efforts in Brazil is the Girolando breed, the result of crossing the Gir dairy with the Holstein breed. Girolando, recognized by the Ministry of Agriculture and Livestock as a national synthetic breed since 1996, incorporates PTA initiative for heat stress tolerance, a genetic improvement that is reflected positively in the production, reproduction and resistance of the animals. The PTA is coordinated by “Embrapa Gado de Leite” in partnership with the Brazilian Association of Girolando Breeders.

The Girolando breed is the preferred breed for milk production in tropical regions. Around 80 percent of the milk produced in the country comes from animals of this breed, which are capable of maintaining a good level of production in different management systems and climatic conditions. MilkPoint points out that Girolando cows tend to have better productive and reproductive performance compared to Holstein cows. Under heat stress, a cow can fail to produce up to 34 percent of its potential in a single lactation, which makes PTA a crucial option for producers.

The National Program for the Improvement of Gir Leiteiro (PNMGL), a partnership between the Brazilian Association of Gir Dairy Breeders (ABCGIL) and “Embrapa Gado de Leite”, began in 1985 with the aim of promoting the genetic improvement of the breed for milk production.

In Brazil, the majority of cows in milk are kept in confined free-stall and compost barn systems on 83 percent of the farms, five percent more than the previous year. This is followed by farms that use mostly pasture. Other farms use the more economical system of loose housing, defined as a system where cows are kept loose except for milking and at the time of treatment

Prices

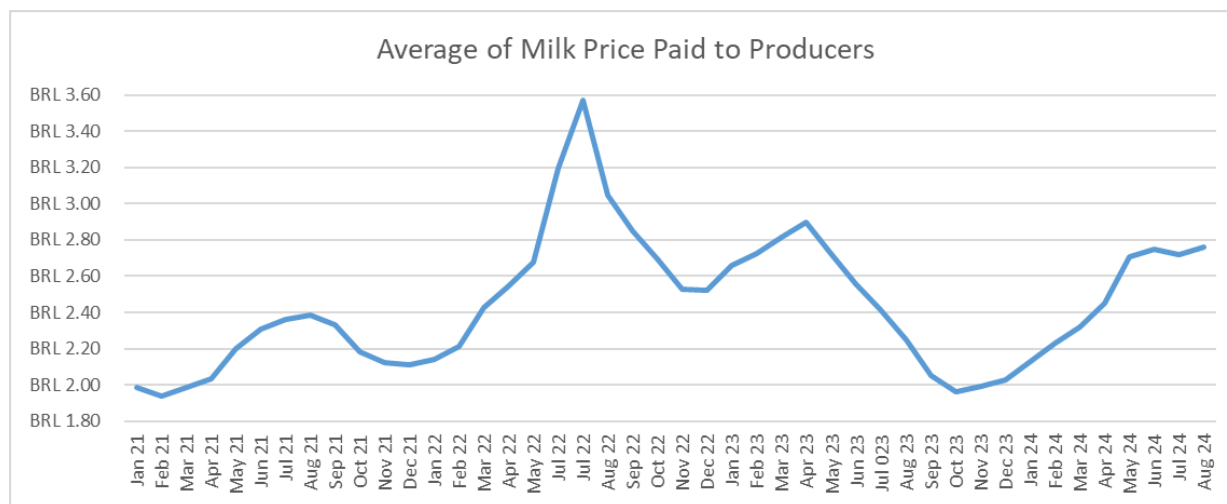
Despite little growth, stable prospects should mark the international dairy market in 2024, according to Embrapa, with supply adjusted to demand. It can guarantee, albeit in a limited way, the support of prices in the international market. According to Post contacts, milk prices will increase during the end of 2024 and throughout 2025.

The wars in Europe and the Middle East have impacted world economic growth, keeping the economic uncertainties in the Brazilian scenario and making it difficult to plan investments and manage production activities in a wide variety of sectors. A consequence of that was the reduction of dairy imports by China and the reduction of demand in several countries, decreasing the price of dairy products worldwide. Brazilian imports then increased considerably in 2023, which severely impacted domestic production, including a one percent drop in the cost of milk production in Minas Gerais, the main Brazilian producing state.

Price is related to the quality of the milk delivered, including fat and protein content, somatic cell, bacterial quantity, among others. Also, milk producers in Brazil opting for crops that offer greater profitability influence the rise in dairy prices, affecting the level of consumption. Embrapa researchers believe that low milk prices will recover. This is a result of the slowdown in domestic production, the recovery of international prices and Decree 11,732/2023, which came into force in January 2024, limiting the import of dairy products. However, according to Post contacts the Decree did not bring the ideal effect to the sector, as further explained in the “Federal Government Measures” section.

Historically, milk prices paid to producers follow seasonality, related to rainfall and, consequently, the availability of pastures. As shown in the 2021-2024 graph below, prices received by milk producers have dropped considerably in the fourth quarter of 2022, from BRL 3.5 (USD 0.64) in July to BRL 2.5 (USD 0.45) in November. The lowest paid price, however, was observed in August 2023 onwards, when BRL 2.0 (USD 0.36) was announced by milk producers as insufficient. In 2024, prices have reached a stable stage, but still claimed as below the ideal.

Figure 5
Average Price of Milk Paid to Producers



Data source: CEPEA/Esalq. Prepared by FAS Brasilia.

Consumption

Post estimates fluid milk consumption in 2024 to increase 1.08 percent, to 27.9 MMT, compared to Post’s previous projection. For 2025, Post forecasts fluid milk consumption to increase by 1.6 percent year-over-year, to 28.4 MMT, considering the price relief from the market. In 2024, economic activity should slow down slightly, but falling inflation and interest rates may continue to help consumption.

In 2023, Brazilian consumers rejected high dairy prices, substantially retracting demand. In 2024, Brazilian companies resumed launching high value-added products such as lactose-free and high-protein options, as stated by MilkPoint. Factors that tend to leverage consumption and suggest a more balanced market in 2024 include the growth of the Brazilian GDP, which closed the year 2023 at 2.9 percent; controlled inflation; and the falling unemployment rate. The projections of economic growth and stability of inflation between 2024 and 2025, along with the unemployment rate at 7 percent suggest a favorable scenario for the dairy sector, with increasing demand for higher value-added products.

According to the International Dairy Federation, forecasts from organizations such as the OECD, FAO and Rabobank highlight an increase in the global consumption of dairy products over the next ten years. Recent campaigns in Brazil have adopted varied approaches involving milk and dairy products. Some have an educational focus and highlight the benefits of consumption; others value the activity and environmental commitment and even reserve actions to break false beliefs about dairy. Embrapa has raised consumption data while analyzing its trends and campaigns aimed at young audiences, such as "Leite Faz Seu Tipo" (Milk Is Your Type) and Drink More Milk, both using social media to engage a wider audience with educational and interactive content. Campaigns use jovial language, showing the versatility and benefits of dairy consumption. Embrapa believes that the continuous evolution of campaigns reinforces the positive image of milk and its place as an essential food in healthy, balanced and sustainable diets around the world.

Studies have shown that consumers are migrating to products that deliver more value, prioritizing nutritional or functional factors, as well as practical and sustainable. According to Embrapa, the WHO-World Health Organization's guideline "Guide for Complementary Feeding of Babies and Children from 6 to 23 Months of Age", should soon gain a similar version in the content of the "Food Guide for Brazilian Children Under 2 Years Old", edited by the Ministry of Health. Studies have shown that milk is a complete and balanced food, which provides a high content of nutrients. Its composition includes easily digestible proteins of high biological value, carbohydrates (mainly in the form of lactose), fats, fat-soluble vitamins and B vitamins and minerals, especially calcium and phosphorus.

As already informed in the previous report, Brazilians have been consuming more alternative milk categories, such as "dairy drinks".

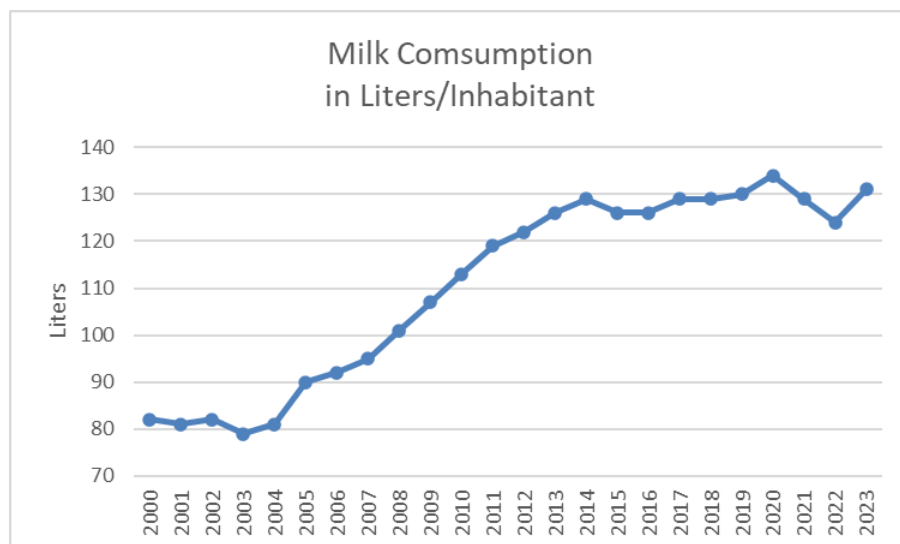
The segment of condensed milk has an important share in the Brazilian dairy sector and it is an important ingredient used in bakeries and dessert manufacturers. Data from the Brazilian Supermarket Association (Abrás) show that the product with the greatest appeal is condensed milk, consumed even when in financial difficulties or economic crisis, in the search for pleasure and comfort through food.

The U.S. Dairy Export Council (USDEC) signed in July 2024 a Memorandum of Understanding (MoU) with Abraleite (Brazilian Association of Milk Producers). The general objective of the MoU is to facilitate the exchange of knowledge and collaboration on relevant issues of mutual interest, including common policy priorities, discussions on sustainable livestock, and reduction of trade barriers.

A recent survey by Horus Market Intelligence conducted for the Brazilian Association of Abrás Supermarkets revealed that, following UHT milk, the most purchased dairy products are yogurts and cheeses, condensed milk, cottage cheese, butter, and grated cheese.

Figure 6

Milk Consumption in Liters/Inhabitant



Source: IBGE/Embrapa, graph prepared by FAS Brasilia

As show in the graph above, in 2023, consumption of fluid milk was 131 liters per person a year, an increase of seven liters per person compared to 2022. A slight increase in milk consumption is expected in 2024.

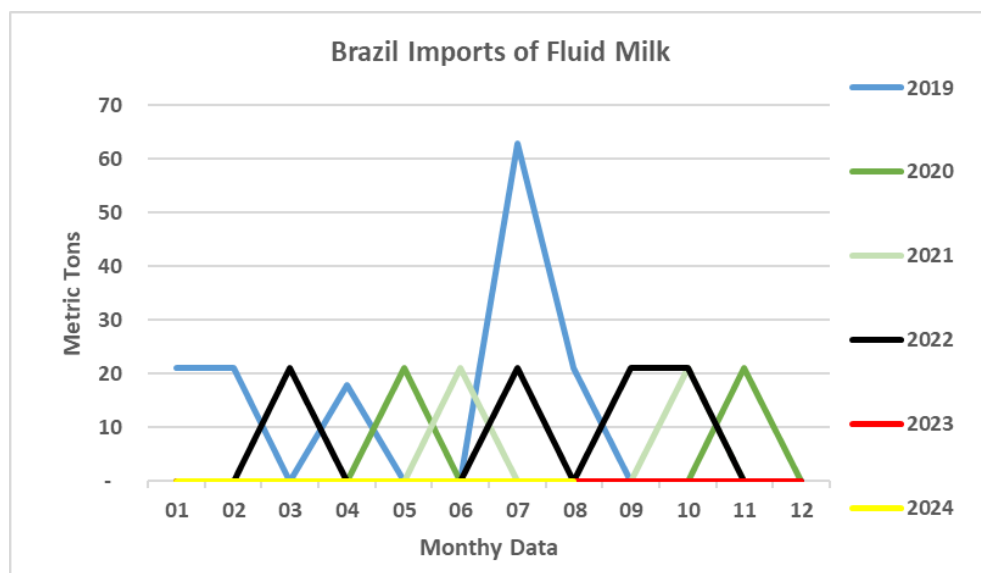
Dairy Trade

Historically, Brazil is a net importer of dairy products. The trade deficit grows during winter periods as pasture conditions become worse, thereby reducing the amount of milk produced by cows. Brazil's trade balance for dairy products has been negative for several years and 2023 saw the largest dairy import in history. A consequence of this was a drop in the profitability of the national productive sector, with producers receiving insufficient amounts to remunerate the activity.

According to Post contacts, Brazil will not have major changes in 2024, in an annual comparison. Dairy imports reached a 68.8 percent increase in 2023, compared to the previous year, the highest index ever recorded since the beginning of the century. Almost all of the main dairy products imported in the referred year was from Argentina and Uruguay, Mercosul countries whose operations are exempt from the Common External Tariff (CET).

The People's Republic of China (PRC), which has become the largest importer of dairy products, had a 30 percent drop in imports in the first months of 2024. According to Embrapa, this was reflected in the average price index in the auction of the Global Dairy Trade platform. Movements in PRC's demand have a direct impact on the formation of prices in the market. The low productivity in the field as a whole makes the Brazilian raw material one of the most expensive in the world, reflecting a reduced competitiveness and the impossibility of expanding the activity through exports. For the remainder of 2024, there are no signs of major changes in the import of dairy products by China, especially powdered milk.

Figure 7
Fluid Milk Imports



Data source: Trade Data Monitor (TDM). Prepared by FAS Brasilia.

Brazil imports no fluid milk. There has been zero record of imports in 2023 and 2024.

Federal Government Measures

In 2024, an interministerial group was established in Brasilia, with the purpose of presenting proposals for the dairy chain. According to the President of Parliamentary Front in Support of Milk Producers, Congresswoman Ana Paula Junqueira Leão, interviewed by Embrapa, the priorities have been the creation of a national debt renegotiation plan for dairy farming; the adoption of a safeguard against the import of subsidized products on a permanent basis and the execution of public purchases with the permanent insertion of milk in the Government's social programs.

In 2024, the Federal Government has reassessed ways to change [Law 12,669/2012](#), which provides for the obligation of dairy processing and trade companies to inform the milk producer of the amount paid per liter of the product by the 25th day of the month prior to delivery. According to Post contacts, it is unlikely that Brazil will have new government measures to "hold" imports.

Actions by several government ministries marked last and the current year, aiming at strengthening the competitiveness of the national dairy sector. Through the 2024/2025 Crop Plan (Plano Safra, in Portuguese), the Pronaf-Family Farming Crop Plan received the amount of BRL 76 billion (USD 14 billion) in credit lines, the highest amount in history. It is 6.2 percent higher than last year's harvest and aims to encourage the sustainable production of healthy food. For milk production, the Crop Plan provides for a series of measures, including: reduction of the rural credit interest rate from three to two percent per year; expansion of the credit limit for investments per crop year from BRL 210 thousand (USD 38 thousand) to BRL 350 thousand (USD 64 thousand) and from BRL 420 thousand (77 thousand) to BRL 1 million (USD 183 million), including dairy farming; a 50 percent rebate on the gross income from dairy farming.

One of the roles of the Brazilian National Confederation of Agriculture (CNA) is to lead trade defense actions for the sector since the creation of Mercosul, with the aim of curbing unfair trade practices. The Confederation is always involved with discussions at Congress to leverage conversations in favor of the Brazilian milk producers and to the assertive message on the milk benefits to the society. In August 2024, CNA filed a petition with the Ministry of Development, Industry, Trade and Services (MDIC) to investigate dumping of powdered milk from Argentina. According to CNA, the measure is a way of correcting Argentina's unfair trade distortions in milk production throughout 2023.

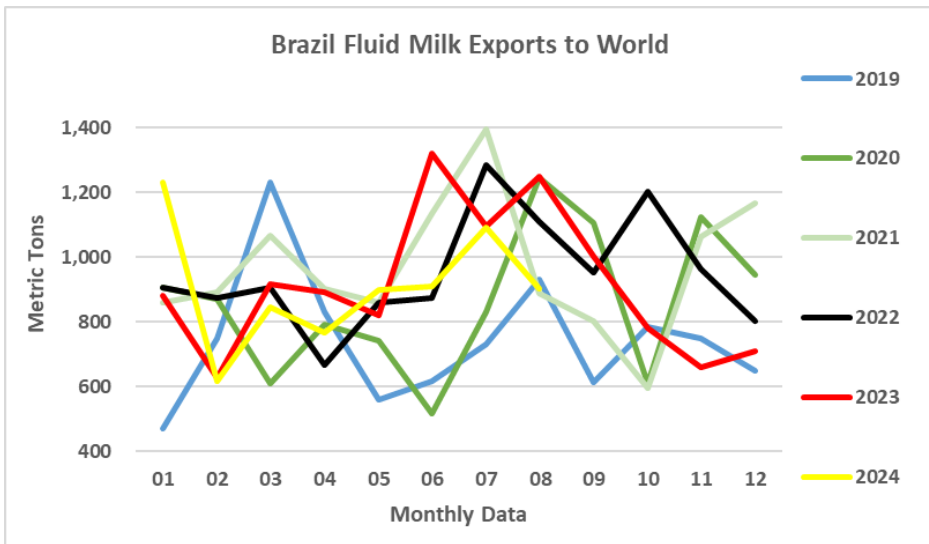
The inclusion of milk and cheese among the foods in the basic food basket in the vote on the main tax reform regulation project in the Chamber of Deputies was considered a huge advance by the national dairy industry, with zero tax rate. Two supporting regulations include [Law 966/2024](#) and [Decree 11,936/2024](#).

The Ministry of Agrarian Development launched in July 2024 the Dairy Gyr Project, which aims to promote milk production by small producers and settlers of the country's agrarian reform through the genetic improvement of the breed with the transfer of embryos. In the 2024/25 Family Farming Harvest Plan, the government included a line for the financing of animal genetics, such as the acquisition of embryos, with interest of 3 percent per year.

As previously reported, many ranchers and dairy industry groups have requested measures to mitigate the growing imports of dairy products. [Decree 11,732/2023](#), published on October 18, 2023, came into force in February 2024. It aims to stimulate the sale of fresh milk, offering an opportunity to dairy products or cooperatives that buy milk in Brazil to benefit from up to 50 percent of presumed credits, through Federal Government tools, such as the Program called “Leite Mais Saudável” (Healthier Milk Program) to reduce imports. According to Post contacts, such Decree has not ideally impacted the sector due to the industry. imports occur via trading companies, not straight from the industry, explaining why some representatives from the sector claim that the measures didn't curb imports as idealized by domestic milk producers. The Federal Government has also adopted measures to investigate the triangulation of milk entering Brazil, as well as the rehydration of powdered milk.

Other measures published in December 2023 were the “Special Credit” and the “Organic Law”. The first one, within the scope of the Investment Credit for Income Aggregation (Pronaf Agroindústria) and the Capitalization Program for Agricultural Cooperatives (Procap-Agro Giro), aims to finance the working capital of producers. The National Monetary Council approved a special credit line with a specific federal subsidy for milk producers' cooperatives, with a transfer of over BRL 700 million (USD 127 million). The second one regulates production and processing of organic milk, with quality assurance and traceability through certification proven by the "Brazil Organic Product" seal, of the Brazilian Organic Conformity Assessment System (SisOrg).

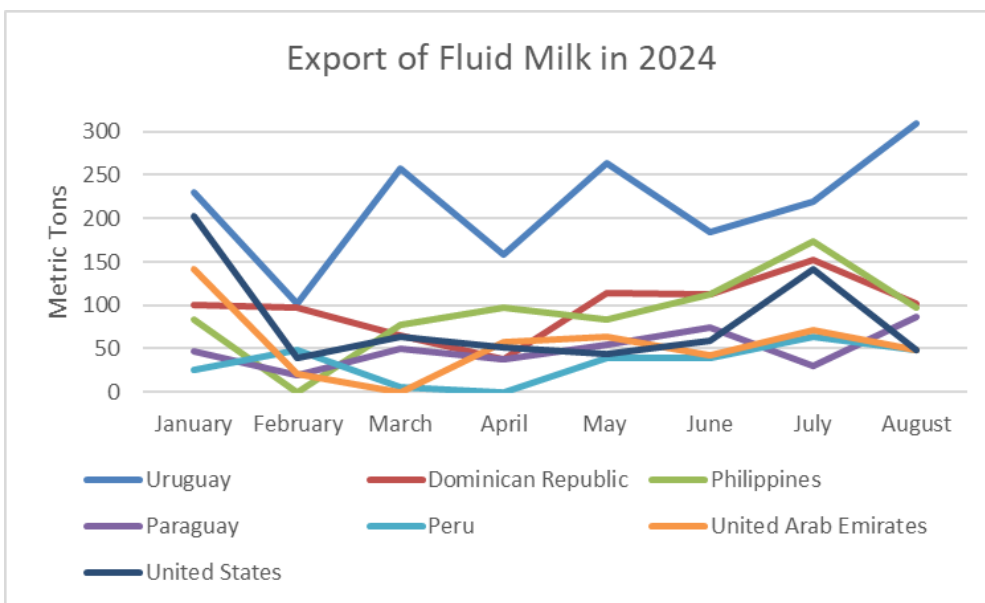
Figure 8
Fluid Milk Exports to the World



Data source: TDM. Prepared by FAS Brasilia.

Post keeps the estimate for milk exports in 2024 at 9 thousand MT, considering the increase in January-August. For 2025, post forecasts a similar and slight increase to 10 thousand MT, due to the internal strategies Brazil has been working on to increase milk production to and be ready to increase exports. In 2024, Brazil exported a total amount of 7.3 thousand MT so far, with 23.7 percent destined to Uruguay from January to August (first importer) and 9 percent destined to the United States, ranked as the seventh importer of Brazilian fluid milk.

Figure 9
Exports of Fluid Milk in 2024



Data source: TDM. Prepared by FAS Brasilia.

Based on 2024 trade data reflected in the graph above, between Uruguay and the United States in terms of destined countries to Brazilian fluid milk are Dominican Republic (782 MT), Philippines (726 MT), Paraguay (399 MT), Peru (271 MT), and United Arab Emirates (447 MT). According to Post contacts, Brazil could provide milk to around 25 countries, which showed interest. However, the cost of milk production in Brazil does not fit the global price.

Stocks

Information remains that milk and dairy product stocks held by major dairy companies are considered operating stocks to meet short-term demand - usually between two to four months' worth of stocks. There are no government-held stocks of milk or milk products in Brazil.

Brazilian Economy to Weigh on Production

The economic scenario in Brazil affects production, consumption, and export decisions to varying degrees – therefore Post would like to draw attention to several of the economic factors that drive Brazilian producers' decision-making, and hence, the entire industry.

For 2024, the Brazilian Central Bank (BCB) estimates GDP to grow three percent and 1.92 percent in 2025. The Central Bank Focus Survey published on September 27th anticipates inflation at 4.37 percent for 2024 and 3.97 percent in 2025.

The exchange rate for Brazilian Real to U.S. dollars is forecasted at R\$5.40 for 2024, and R\$5.35 for 2025 to US\$1.00. The Real has been devalued recently, impacting production and exports, and the exchange rate reached a peak of R\$ 5.76 for the year in the beginning of August. As a comparison, the last BCB Focus Survey of 2023 had forecasted 2024's exchange rate at R\$ 4.90 to the dollar.

The Institute of Geography and Statistics (IBGE) latest data shows that Brazil had 7.5 million unemployed people in the second quarter of 2024, which represents a 6.9 percent unemployment rate. However, there are an additional 3.3 million people that have stopped looking for work. The total underutilized rate for the first quarter of 2024 is 16.4 percent.

Cheese

Production, Supply, and Distribution

Dairy, Cheese Market Year Begins	2023		2024		2025
	Jan 2023		Jan 2024		Jan 2025
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0
Production (1000 MT)	770	770	775	780	795
Other Imports (1000 MT)	43	43	55	48	50
Total Imports (1000 MT)	43	43	55	48	50
Total Supply (1000 MT)	813	813	830	828	845
Other Exports (1000 MT)	3	3	3	3	3
Total Exports (1000 MT)	3	3	3	3	3
Human Dom. Consumption (1000 MT)	810	810	827	825	842
Other Use, Losses (1000 MT)	0	0	0	0	0
Total Dom. Consumption (1000 MT)	810	810	827	825	842
Total Use (1000 MT)	813	813	830	828	845
Ending Stocks (1000 MT)	0	0	0	0	0
Total Distribution (1000 MT)	813	813	830	828	845

Official data can be accessed at: [PSD Online Advanced Query](#)

Units in 1000 MT.

Note: cheese classification HTS: 0406.

Production

Note: There are no official statistics on full production and consumption of cheese in Brazil. FAS/Brasilia production estimates for cheese are based on trade sources and surveys of sector associations.

Post estimates cheese production in 2024 to increase 1.3 percent to 780 thousand MT. In 2025, production is projected to increase to 1.8 percent, reaching 795 thousand MT. This is primarily due to the increase in specific cheese categories, such as the artisanal production.

Investments by some of the main dairy companies are aimed at expansion, diversification and sustainability. At the end of 2023, a Lactalis factory was inaugurated in Uberlândia (Minas Gerais), with an investment of BRL 100 million (USD 18.3 million) focused on cheese production.

Consumption

Small and medium size cheese manufacturers have invested in machinery, improved distribution channels, reduced costs and diversified their product portfolio. Canastra cheese is among the first varieties to attract attention due to its distinctive features. Successful marketing and awards have encouraged new regions in the state to seek recognition for their products. These include:

- “Cabacinha do Vale do Jequitinhonha” cheese;
- “Requeijão Moreno” cheese, from the North of Minas Gerais;
- “QMA (Queijos Minas Artesanal)” Minas artisanal cheese from several locations, including “Serra da Mantiqueira”

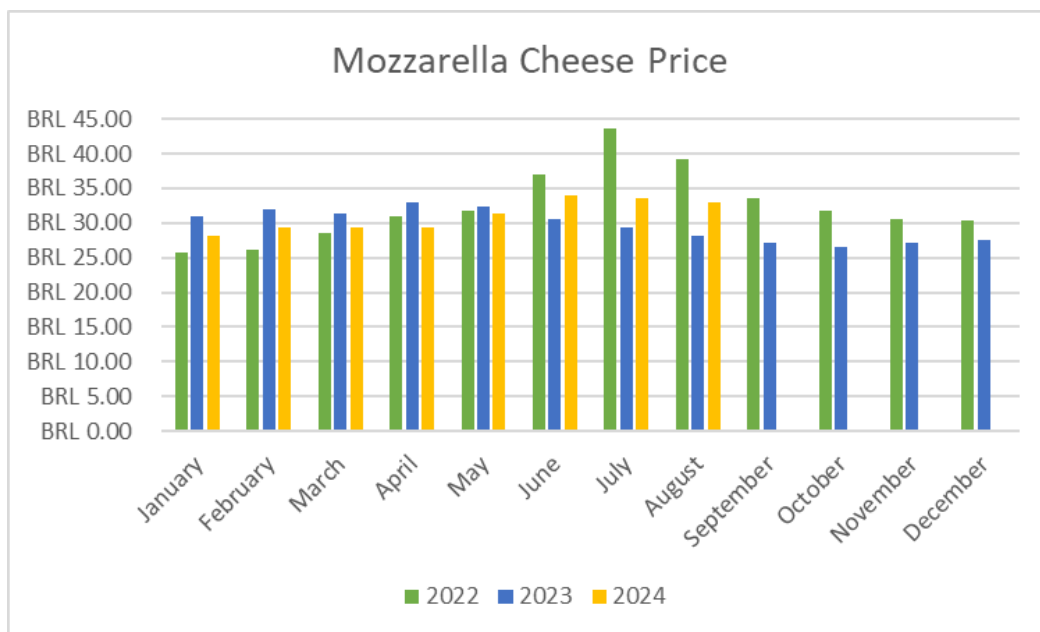
According to Embrapa, cheese consumption is the dairy category most likely to expand in 2024 and 2025. The most purchased cheese in Brazil is mozzarella (69 percent), plate cheese “queijo prato” (18 percent) and fresh white cheese “Minas Frescal” (7 percent).

Prices

The graph below shows the price flow from the last three years of mozzarella, the most consumed types of cheese by the Brazilian population. It peaked in July 2022, became stable in 2023 and increased from June to August 2024. Price reflects one kg of cheese, equivalent to (2.20 pounds).

Figure 10

Mozzarella Cheese Price



Data source: TDM. Prepared by FAS Brasilia.

Trade

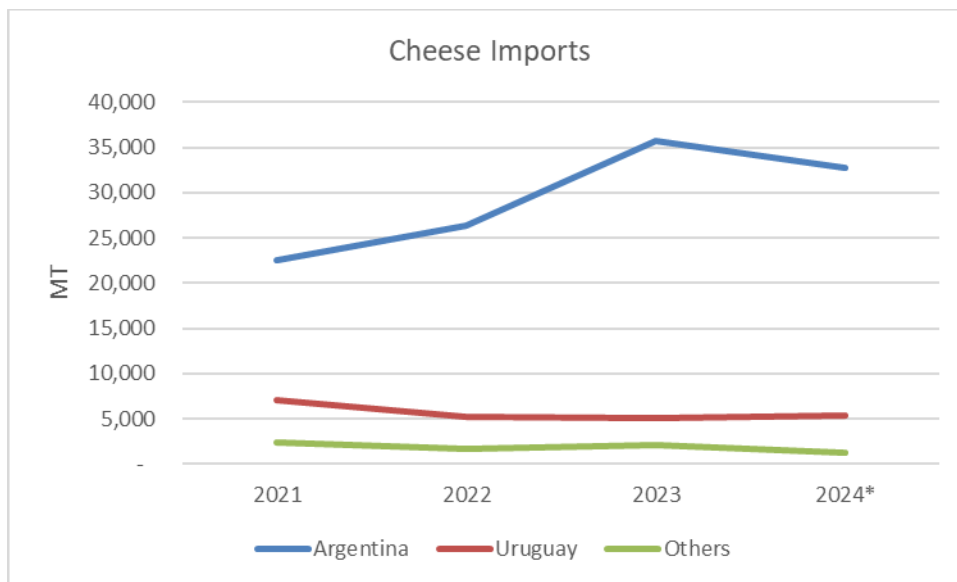
The second most imported dairy item in Brazil is cheese, followed by skimmed milk powder, whey protein and butter. Brazil's sports nutrition market is among the five largest globally. In 2022, The Government of Brazilian zeroed the import tax on food supplements, such as whey protein, creatine, BCAA, and multivitamins. Whey imports grew by 176 percent from 2019 to 2023. The United States is the main supplier of whey to Brazil, accounting for 60 percent, followed by Argentina with 26 percent, Germany with 7 percent, Denmark with 4 percent and the Netherlands with 2 percent.

Imports

Post revises cheese imports in 2024 to 48 thousand MT, a decrease of 4 percent as a revised estimate from the previous projection. In 2025, imports are projected to increase by four percent, reaching 50 thousand MT. The impacts of domestic cheese production are not expected to impact imports until 2026, resulting in these small increases of imports.

Argentina and Uruguay remain the main suppliers of cheese to Brazil, due to preferential tariff treatment within Mercosul. Argentina has experienced a growth in growth in herd productivity. With competitive prices and costs 20 percent lower than the global average, it exports a quarter of its annual production of 11 million tons.

Figure 11
Cheese Imports



Data source: TDM. Prepared by FAS Brasilia.

*January-August 2024

Cheese imports from Argentina accounted for 32.7 thousand MT from January to August 2024, similar to the amount imported through the whole year of 2023, which was 35.7 thousand MT, equivalent to 83 percent. Brazil imported 5.38 thousand MT of popular cheese within the same

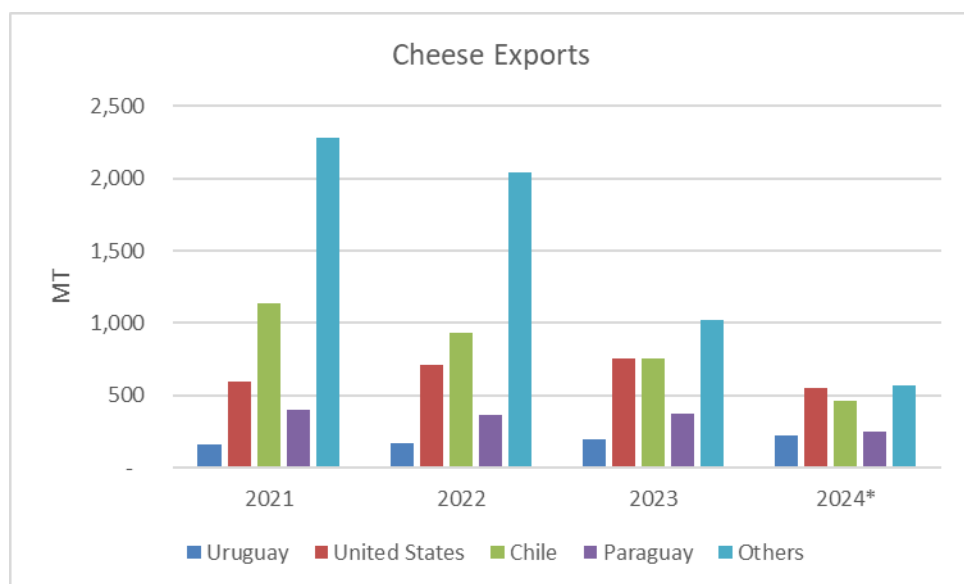
period from Uruguay, already above the whole amount imported in 2023, that of 5.11 thousand MT, equivalent to 11 percent of the worldwide imports.

Exports

Cheese is one of the main dairy products exported by Brazil. However, the Brazilian dairy sector is not a significant exporter in the global market, due to the high degree of fragmentation, lack of standardized products, as well as inability to compete at various price points.

Figure 12

Brazilian Cheese Exports



Data source: TDM, in MT Prepared by FAS Brasilia.

*January-August 2024.

Post expects cheese exports from Brazil in 2024 at 3 thousand MT. In 2025, cheese exports are expected to remain relatively stable. Exports reached 2 thousand MT from January to August 2024 and a total of 3 thousand MT in 2023, 26 percent less than export figures from 2022.

Stocks

There are no government stocks of cheese in Brazil.

Butter

Production, Supply, and Distribution

Dairy, Butter Market Year Begins	2023		2024		2025
	Jan 2023		Jan 2024		Jan 2025
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0
Production (1000 MT)	81	81	83	82	84
Other Imports (1000 MT)	6	6	5	5	4
Total Imports (1000 MT)	6	6	5	5	4
Total Supply (1000 MT)	87	87	88	87	88
Other Exports (1000 MT)	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0
Domestic Consumption (1000 MT)	87	87	88	87	88
Total Use (1000 MT)	87	87	88	87	88
Ending Stocks (1000 MT)	0	0	0	0	0
Total Distribution (1000 MT)	87	87	88	87	88

Official data can be accessed at: [PSD Online Advanced Query](#)

Units in 1000 MT.

Note: Butter classification HTS: 0405.

Production

Note: There are no official statistics on production and consumption of butter in Brazil. FAS/Brasilia production estimates for butter are based on trade sources and surveys of sector associations.

In 2024, Post estimates a slight increase of 1.2 percent to butter production to 82 thousand MT, based on the current investments from dairies to increase production. For 2025, Post also estimates an increase in butter production of 2.38 percent to 84 thousand MT.

With Lactalis' recent investments in Brazil, the new unit also its butter factory reformulated, which doubled its initial processing capacity of 500 t/month. Piracanjuba's factory is at maximum capacity but they are building a new cheese and butter factory is to increase market share.

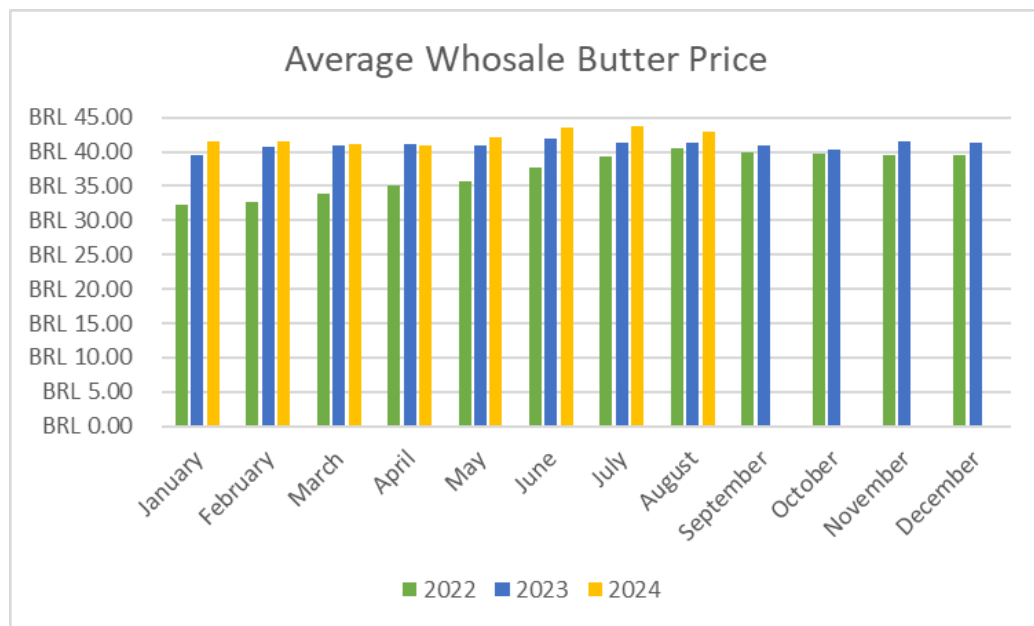
Consumption

According to MilkPoint, the increase in butter prices seems to have adversely influenced the consumption of butter. Brazilians remain, however, wide consumers of butter, whether on bread or in the preparation of cakes, pastas and other recipes.

Prices

Figure 13

Average Wholesale Butter Price in Brazil



Data source: CEPEA/Esalq. Prepared by FAS Brasilia.

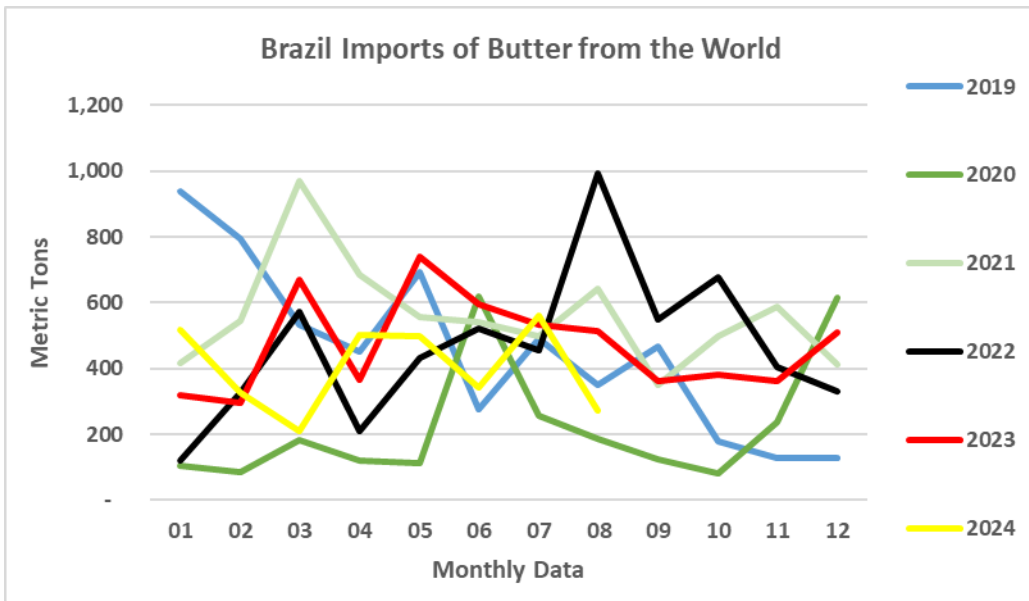
In 2024, the average wholesale butter price was higher than in the previous two years, reaching BRL 43.63 (USD 8) for 200g of the product in July, the highest amount in history. According to CILeite, between November 2023 and June 2024, the price of butter increased by 46 percent.

Trade

In 2024, Post maintains estimate import figures at 5 thousand MT. As for 2025, Post forecasts import to decrease to a total of 4 thousand MT, due to a trend of production increase by large dairies, expanding its factories to accommodate butter.

Brazil does not export butter.

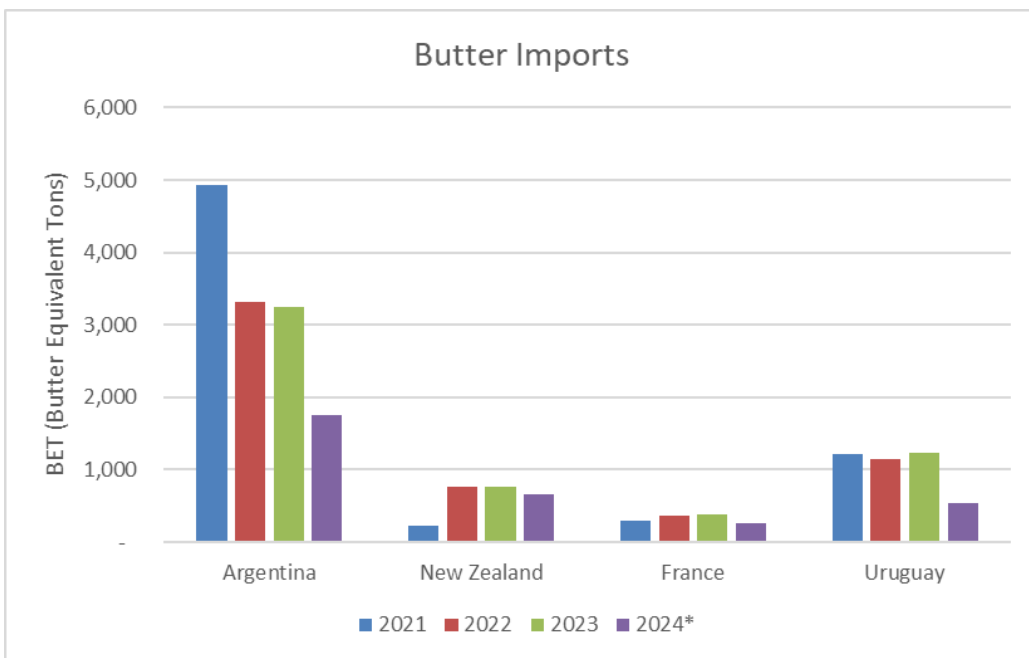
Figure 14
Brazil Imports of Butter from the World



Data source: TDM, in MT Prepared by FAS Brasilia.

Over the last decade, there has been a decrease of butter imports, mainly from Argentina and Uruguay. From January to August 2024, Brazil imported 3.2 thousand MT.

Figure 15
Main Partners Butter Imports

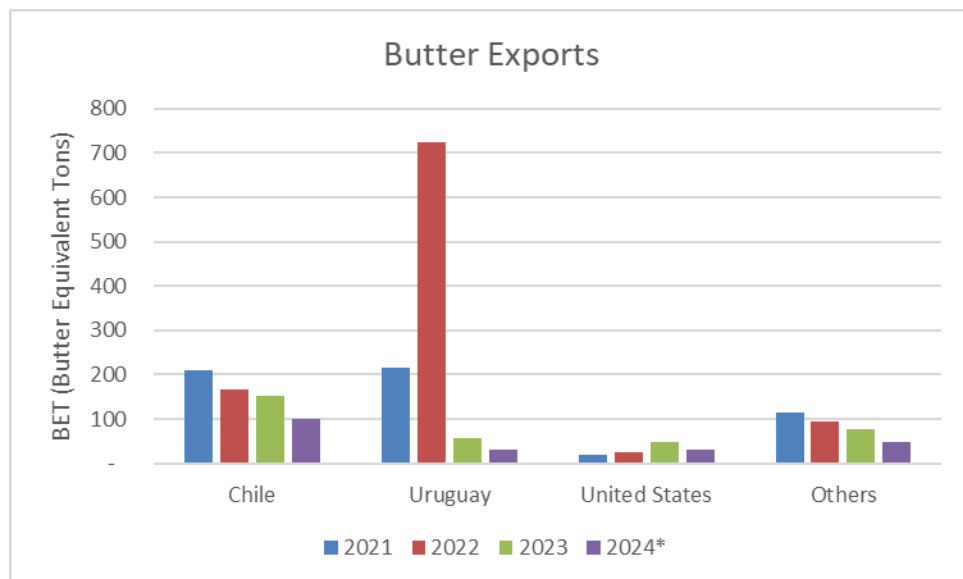


Data source: TDM, in BET. Prepared by FAS Brasilia.

*January-August 2024

The main suppliers of butter to Brazil are neighboring Argentina and Uruguay. In the first half of 2024, however New Zealand increased exports. Brazil imported 1.7 thousand BET from Argentina, 650 BET from New Zealand, and 541 BET from Uruguay from January-August of 2024.

Figure 16
Butter Exports



Data source: TDM, in BET. Prepared by FAS Brasilia.

*January-August 2024.

The country mainly produces butter for its own consumption and so there is little surplus butter production to export. As shown in the graphic above, the volume figures exported to Chile, Uruguay and United States, when combined, reflect only 256 BET exported in 2023 and 161 BET in 2024.

Stocks

There are no government stocks of butter in Brazil.

Whole Milk Powder

Production, Supply, and Distribution

Dairy, Dry Whole Milk Powder	2023		2024		2025
	Jan 2023		Jan 2024		Jan 2025
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0
Production (1000 MT)	566	565	590	585	590
Other Imports (1000 MT)	165	165	140	145	135
Total Imports (1000 MT)	165	165	140	145	135
Total Supply (1000 MT)	731	730	730	730	725
Other Exports (1000 MT)	0	0	5	4	3
Total Exports (1000 MT)	0	0	5	4	3
Human Dom. Consumption (1000 MT)	731	730	725	726	722
Other Use, Losses (1000 MT)	0	0	0	0	0
Total Dom. Consumption (1000 MT)	731	730	725	726	722
Total Use (1000 MT)	731	730	730	730	725
Ending Stocks (1000 MT)	0	0	0	0	0
Total Distribution (1000 MT)	731	730	730	730	725

Official data can be accessed at: [PSD Online Advanced Query](#)

Units in 1000 MT.

Note: Dry Whole Milk Powder classification HTS: 0402.21; 0402.29.

Production

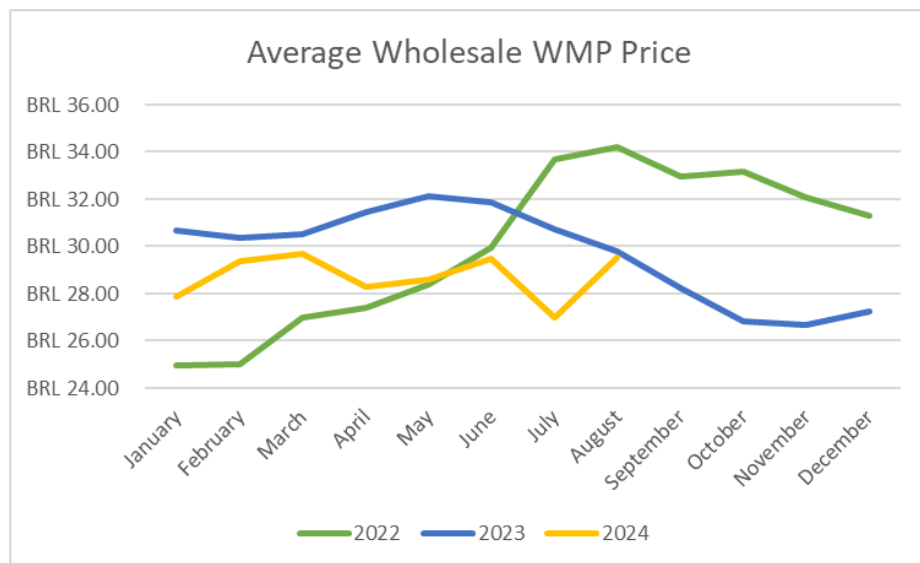
Note: There are no official statistics on production and consumption of WMP in Brazil. FAS/Brasilia production estimates for WMP are based on trade sources and surveys of sector associations.

Post estimates production of whole milk powder (WMP) in 2024 to maintain the same as the previous estimate of 585 thousand MT. For 2025, Post forecasts a slight increase of 0.8 percent in whole milk powder production to 590 thousand MT. Dairies use whole milk powder for other milk products, including condensed milk and creams.

Price

Figure 17

Average Wholesale WMP Price



Data source: CEPEA/Esalq. Prepared by FAS Brasilia.

As shown in the graph above, the average wholesale price of 400g of WMP decreased in the first half of 2024 when compared to 2023. The variation from May 2023 to June 2024 was a decrease of almost 16 percent, from BRL 32.11 (USD 5.9) to BRL 26.99 (USD 4.9), respectively.

Consumption

Post estimates powdered milk consumption to increase by 3.3 percent, to 726 thousand MT. It's important to note that 75 percent of powdered milk consumption in Northeastern households is powdered milk.

For 2025, Post forecasts consumption to slightly decrease 0.5 percent to 722 thousand MT, and milk prices are expected to decrease, following the current market behavior.

Trade

Considering the months from January to August 2024, whole milk powder, which is the main dairy product imported by Brazil, had a total of 96 thousand MT imported, equivalent to 42 percent of the whole amount imported in 2023, that of 165 thousand MT.

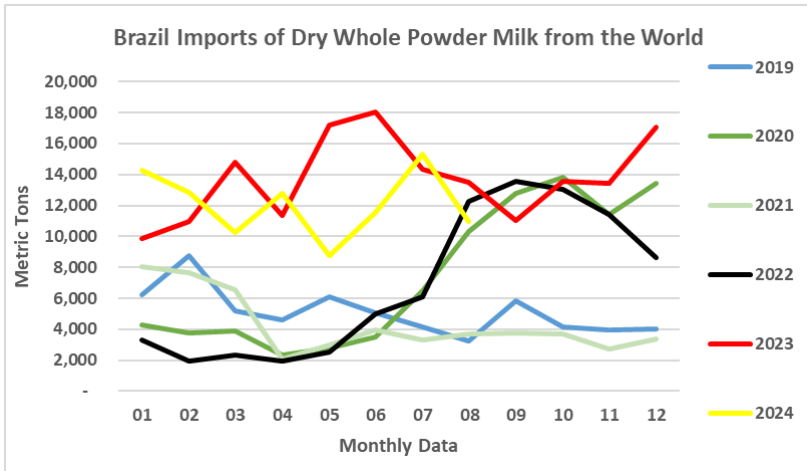
Based on the performance indicators of the current year, as a revised estimate from previous projection, Post estimates imports to reach 145 thousand MT in 2024, an increase of 13 percent, considering Brazil still struggles with high milk production costs.

For 2025, Post forecasts WMP imports to decrease by seven percent, to around 135 thousand MT,

due to the various measures taken in the domestic market since 2023 for the sake domestic milk production increase.

Post estimates exports in 2024 to reach 4 thousand MT. For 2025, Post forecasts a decrease to 3 thousand MT of WMP exports.

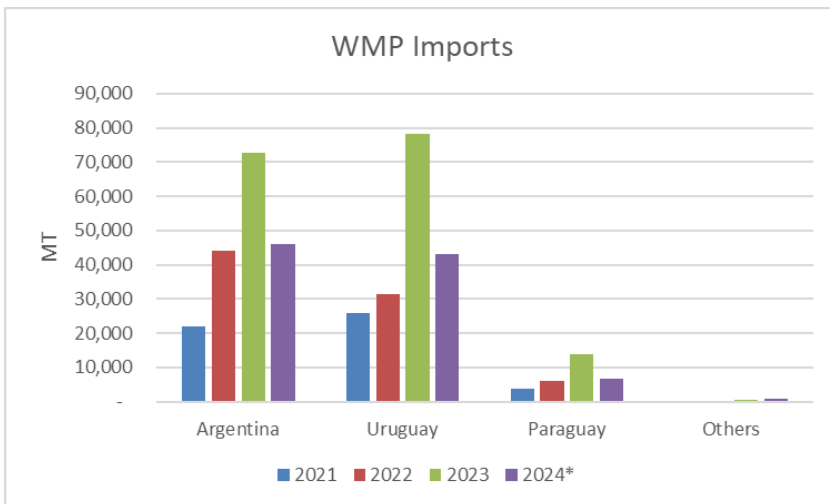
Figure 18
Milk Powder WMP Imports



Data source: TDM, in Metric Tons. Prepared by FAS Brasilia.

Despite a higher number of imports in July 2024 throughout the first half, the import figures for this year have decreased and tend to close the year with 12 percent less whole milk imported when compared to 2023.

Figure 19
Milk Powder WMP Imports



Data source: TDM, in MT. Prepared by FAS Brasilia.

*January-August 2024

The main countries Brazil imports whole milk powder from are Mercosul countries. It imported 46 thousand MT from Argentina, 43 thousand MT from Uruguay and 6.8 thousand MT from Paraguay from January to August 2024. According to Embrapa, the supply of dairy products to consumers increased significantly, driven by the significant import of powdered milk and higher primary production, resulting in higher domestic net availability.

According to Embrapa, the fact that the Uruguayan production chain is centralized provides lower costs of collection and distribution logistics, which partially explains the reason for the high competitiveness of Uruguayan milk.

Stocks

There are no government stocks of whole milk powder in Brazil.

Nonfat Dry Milk

Production, Supply, and Distribution

Dairy, Milk, Nonfat Dry Market Year Begins	2023		2024		2025
	Jan 2023		Jan 2024		Jan 2025
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0
Production (1000 MT)	162	162	160	162	163
Other Imports (1000 MT)	34	34	35	36	36
Total Imports (1000 MT)	34	34	35	36	36
Total Supply (1000 MT)	196	196	195	198	199
Other Exports (1000 MT)	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0
Human Dom. Consumption (1000 MT)	196	196	195	198	199
Other Use, Losses (1000 MT)	0	0	0	0	0
Total Dom. Consumption (1000 MT)	196	196	195	198	199
Total Use (1000 MT)	196	196	195	198	199
Ending Stocks (1000 MT)	0	0	0	0	0
Total Distribution (1000 MT)	196	196	195	198	199
Official data can be accessed at: PSD Online Advanced Query					

Units in 1000 MT.

Note: Nonfat Milk Powder classification HTS: 0402.10.

Production

Note: There are no official statistics on production and consumption of NFD in Brazil. FAS/Brasilia production estimates for NFD in Brazil are based on trade sources and surveys of sector associations.

Post estimates nonfat dry milk (NFD) production in 2024 to be only 0.6 percent higher than previous prospect, to 162 thousand MT and forecasts for 2025 a slight increase to 163 thousand MT.

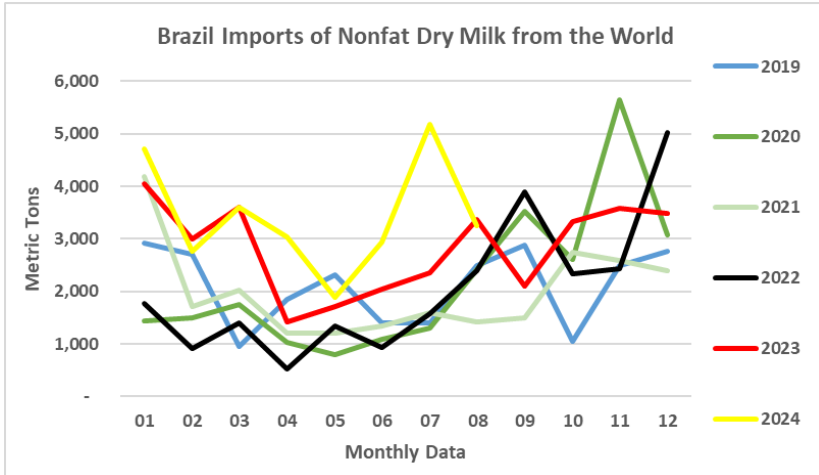
Consumption

Post forecasts 2024 nonfat dry milk consumption to remain around 198 MT, due to the projections of milk production increase and demand from the Brazilian consumers for less-fat dairy varieties.

Trade

Figure 20

Non-fat Dry Milk Imports



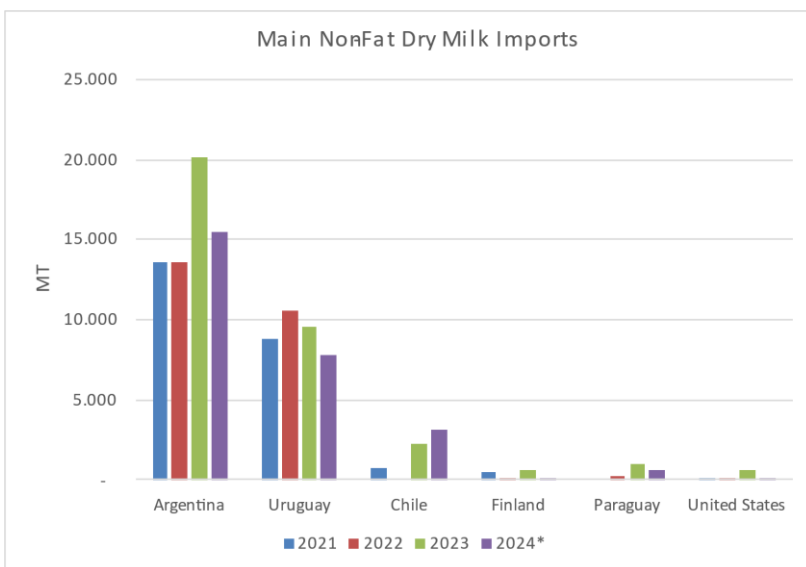
Data source: TDM, in MT. Prepared by FAS Brasilia.

*January-August 2024

There's a wide range in import volumes, from 35.4 thousand MT in 2016 to 23.9 thousand MT in 2022. Considering the recent import increase, with a total of 34 thousand MT in 2023 and an amount of 27 thousand MT from January to August 2024, Post estimates 2024 to finish with 36 thousand MT imported. For 2025, Post forecasts a stable and same amount of import, that of 36 thousand MT, since domestic production may slightly increase.

Figure 21

Non-fat Dry Milk Imports



Data source: TDM, in MT. Prepared by FAS Brasilia.

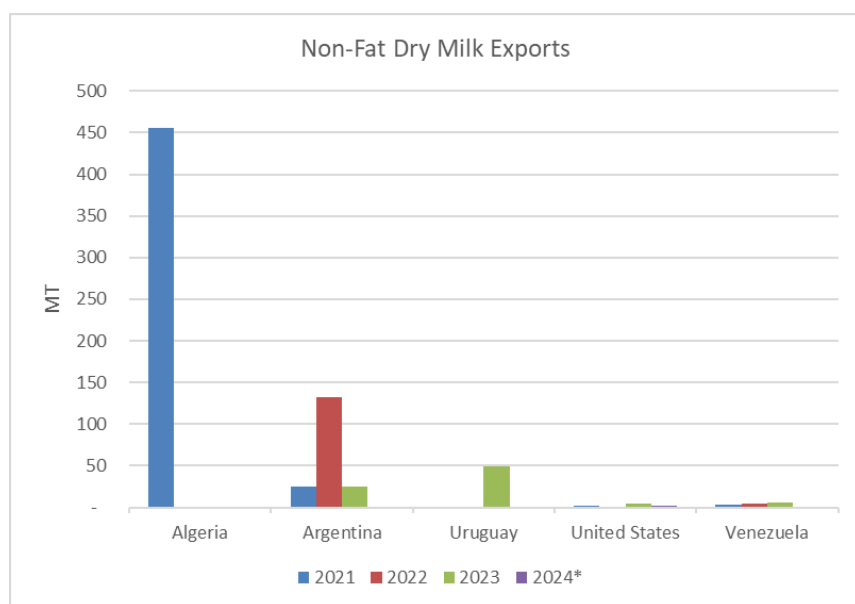
*January-August 2024

The main imports of non-fat dry milk come from Argentina, Uruguay and Chile. In 2023, Brazil imported a total of 20 thousand MT from Argentina, and 9.6 thousand MT from Uruguay. So far, the import amount from Argentina was the equivalent of 77 percent and 81 percent from Uruguay compared with the 2023 figures.

Some companies import from the United States to meet specific demand, such as special milk for infant formulas or milk for special diets. Import volumes from the United States are small and varying over recent years, with 78 MT imported in 2022, 563 MT in 2023, and 149 MT so far in 2024.

Figure 22

Non-fat Dry Milk Exports



Data source: TDM, in MT. Prepared by FAS Brasilia.

*January-August 2024

Brazil does not have a competitive industry or surplus of NFD supplies to export. Volumes exported in the last three years were small, accounting for 138 MT in 2022, 84 MT in 2023, and mere 2 MT in January-August 2024.

As shown in the graphic above, Brazil exported 49 MT to Uruguay and 25 MT to Argentina in 2023, and a huge reduction to only 2 MT to the United States in January-August 2024.

Stocks

There are no government stocks of nonfat dry milk in Brazil.

Attachments:

No Attachments