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**Report Highlights:**

Mexico's dairy market is forecast to expand in 2025. Higher milk and dairy ingredient availability are expected to increase domestic cheese and butter production. Enhanced minimum wages and social support programs, combined with higher dairy product use in the processing sectors are expected to increase consumption. Cheese, butter, and milk powder imports are forecast to increase to supplement domestic production.

## **Executive Summary**

**Fluid Milk:** The production forecast for 2025 is 13.9 million metric tons (MMT), a one percent increase compared to 2024. Expected relatively low feed costs and improved access to hay and water is estimated to support milk production growth. The consumption forecast for 2025 is 13.9 MMT, a one percent increase compared to 2024. This growth is primarily fueled by expanding demand from dairy processors and social support programs, both of which continue to exhibit steady expansion.

**Cheese:** The production forecast for 2025 is 490,000 metric tons (MT), a three percent increase compared to 2024. Increased domestic milk production and imported dairy ingredients are expected to support higher cheese production. Through increased minimum wages and social support programs, and more demand from the hotel, restaurant and institutional (HRI) and food processing sectors, the consumption forecast for 2025 is 672,000 MT, a four percent increase compared to 2024. Imports are projected to increase in the coming years, driven by the HRI sector and processed food manufacturers. The import forecast for 2025 is 200,000 MT, a five percent increase compared to 2024. Due to the expected lower valued Mexican peso compared to the U.S. dollar, 2025 exports are forecast at 18,000 MT, a 20 percent increase compared to 2024.

**Butter:** The production forecast for 2025 is 255,000 MT, a two percent increase compared to 2024. Increased butter production is expected to be driven by demand in the HRI and food processing sectors. The consumption forecast for 2025 is 296,000 MT, a two percent increase compared to 2024. The import forecast for 2025 is 42,000 MT, a five percent increase compared to 2024. Despite a weaker expected exchange rate, increased imports are expected to fill a gap in domestic production.

**Skimmed Milk Powder (SMP):** The consumption forecast for 2025 is 358,000 MT, a three percent increase compared to 2024. The import forecast for 2025 is 310,000 MT, a three percent increase compared to 2024. While domestic production remains flat, imports of SMP are anticipated to rise due to higher demand for dairy processing and for reconstitution into fluid milk for social programs.

**Whole Milk Powder (WMP):** The consumption forecast for 2025 is 127,000 MT, a one percent increase compared to 2024. The import forecast for 2025 is 7,000 MT, a 17 percent increase compared to 2024. WMP demand is relatively lower than that of SMP, however industrial use is expected to show marginal growth.

## Fluid Milk

**Table 1. 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	USDA Official	New Post
Mexico						
<b>Cows In Milk</b> (1000 HEAD)	6,700	6,700	6,750	6,750	0	6,800
<b>Cows Milk Production</b> (1000 MT)	13,333	13,333	13,500	13,600	0	13,750
<b>Other Milk Production</b> (1000 MT)	170	170	172	172	0	172
<b>Total Production</b> (1000 MT)	13,503	13,503	13,672	13,772	0	13,922
<b>Other Imports</b> (1000 MT)	18	18	30	30	0	18
<b>Total Imports</b> (1000 MT)	18	18	30	30	0	18
<b>Total Supply</b> (1000 MT)	13,521	13,521	13,702	13,802	0	13,940
<b>Other Exports</b> (1000 MT)	12	12	12	14	0	12
<b>Total Exports</b> (1000 MT)	12	12	12	14	0	12
<b>Fluid Use Dom. Consum.</b> (1000 MT)	4,210	4,210	4,260	4,260	0	4,338
<b>Factory Use Consum.</b> (1000 MT)	9,299	9,299	9,430	9,528	0	9,590
<b>Feed Use Dom. Consum.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	13,509	13,509	13,690	13,788	0	13,928
<b>Total Distribution</b> (1000 MT)	13,521	13,521	13,702	13,802	0	13,940
(1000 HEAD), (1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: <a href="#">PSD Online Advanced Query</a>						

Not official USDA data.

### Production

#### 2025

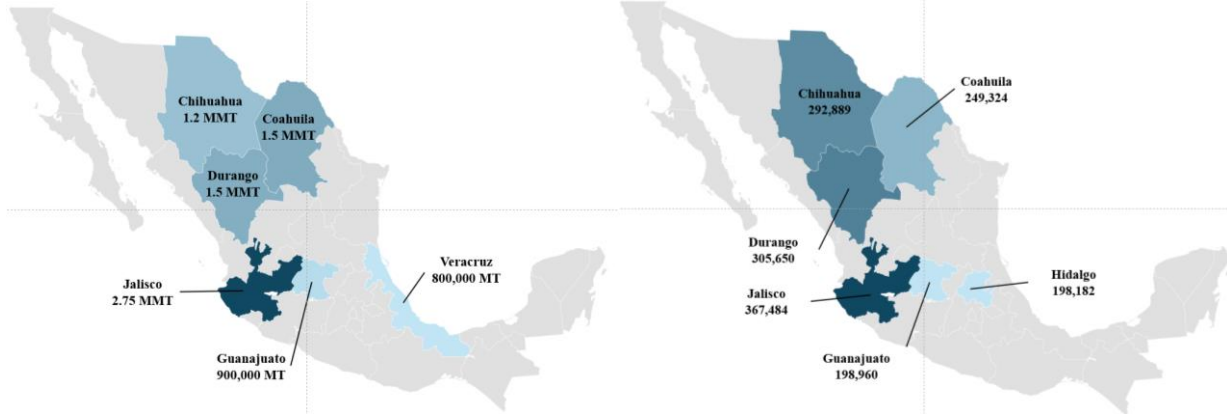
The production forecast for 2025 is 13.9 million metric tons (MMT), a one percent increase compared to 2024. Milk producers expect relatively low feed costs and improved access to hay and water to support production growth. The rate of growth is lower than the previous two years, due to drought conditions in 2024 which is expected to impact the dairy herd productivity.

#### 2024

The production estimate for 2024 is 13.8 MMT, a two percent increase compared to 2023. Despite relatively lower input costs such as feed, extended drought conditions throughout the first half of 2024 dampened the growth rate from previous industry expectations of three percent growth.

The leading milk production states are Jalisco, Durango, Coahuila, Chihuahua, Guanajuato, and Veracruz. For the past three years these states represent nearly 70 percent of Mexico's total fluid milk production. Nearly 60 percent of Mexico's dairy herd is concentrated in Jalisco, Durango, Coahuila, Chihuahua, Guanajuato, and Hidalgo. Although Veracruz is a top milk production state, it is not among the top in dairy herd size. Veracruz's exceptional access to feed and water, and private investments into improved facilities and pastureland creates a more productive and efficient dairy herd. On the contrary, Hidalgo is a top state for the dairy herd population, however not among top producers due to a lack of investment into the sector including for dairy genetics.

**Figure 1. Mexico's Average Milk Production (2021-2023) vs. Dairy Head of Cattle (2023)**

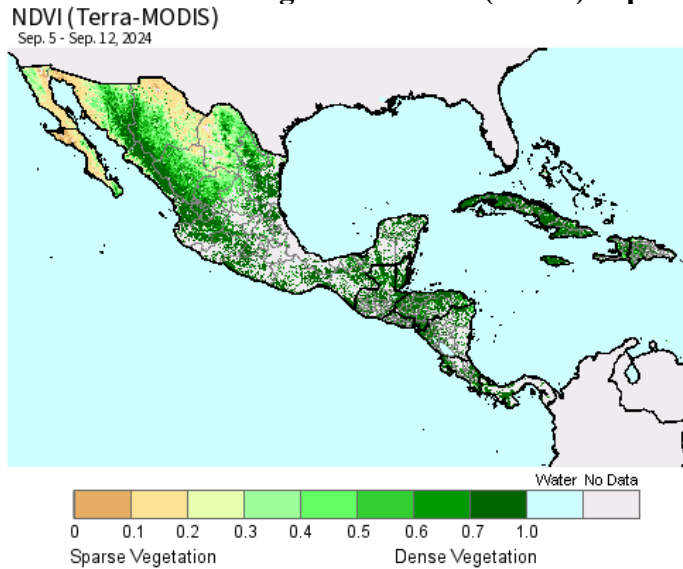


Source: Agricultural and Fisheries Information Service (SIAP)

### Pasture and Weather Conditions

Milk production peaked in June, July, and August of 2024 to coincide with increased rainfall. Despite more prominent drought conditions in the earlier half of the year, increased rainfall starting in June 2024 resulted in sufficient hay and pasture to support the estimated two percent growth in milk production.

**Figure 2. Normalized Difference Vegetation Index (NDVI) September 5-12, 2024**



Source: NDVI MODIS-Terra at 250-m

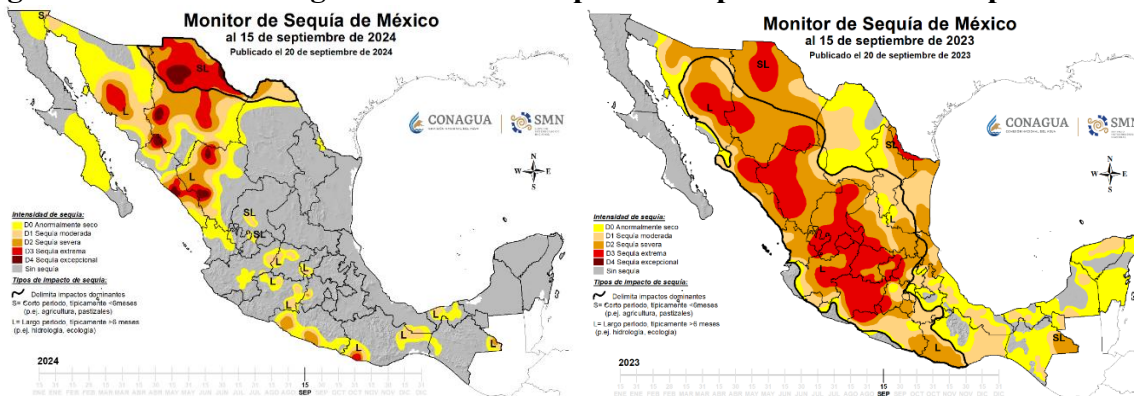
Source: NDVI Moderate Resolution Imaging Spectroradiometer (MODIS)

The 2024 tropical cyclone and rainy season began in May in the Pacific Ocean and June in the Atlantic Ocean. The Comisión Nacional del Agua (CONAGUA) forecasts average precipitation through November which could further reduce drought conditions and improve pasture conditions compared to the previous year. The rainy season is expected to improve pasture quality for southern and southeastern cattle production, particularly to benefit low-intensity and subsistence family farms. Veracruz, a leading

cattle-producing state, was affected by high temperatures and drought earlier this year but is expected to fully recover by late August.

Tropical Storm Ileana made landfall in Baja California Sur in September 2024 with heavy rainfall in the northwestern states of Mexico, including Sinaloa and Sonora. However, dams in Sinaloa and Sonora are currently at about 30 percent capacity, which could lower the domestic supply of hay and other agricultural products used for feeding dairy cattle. Through access to a consistent supply of zero tariff high-quality raw materials such as corn, soybeans, and soybean meal from the United States, Mexican feed production has remained secure despite drought conditions. In June 2024, Tropical Storm Alberto brought much-needed rainfall to the northeast region of Mexico and improved aquifer and dam levels and brought soil moisture to other areas including Yucatán.

**Figure 3. Mexico’s Drought Monitor – Comparison September 2024 vs. September 2023**



Source: Comisión Nacional del Agua (CONAGUA) and Servicio Meteorológico Nacional (SMN)

According to the National Organization of Feed Producers and Animal Nutrition (CONAFAB), Mexico's dairy cattle feed production experienced two percent growth in 2023. The combination of lower feed prices and availability of silage, grain, and meal by-products are anticipated to bolster milk production in 2024 and 2025.

**Table 2. Dairy Cattle Feed Production (2020-2023) Million Metric Tons (MMT)**

Year	MMT	Annual Increase (percentage)
2023	6.31	1.8
2022	6.20	2.0
2021	6.07	2.4
2020	5.93	2.8

Source: National Organization of Feed Producers and Animal Nutrition (CONAFAB)

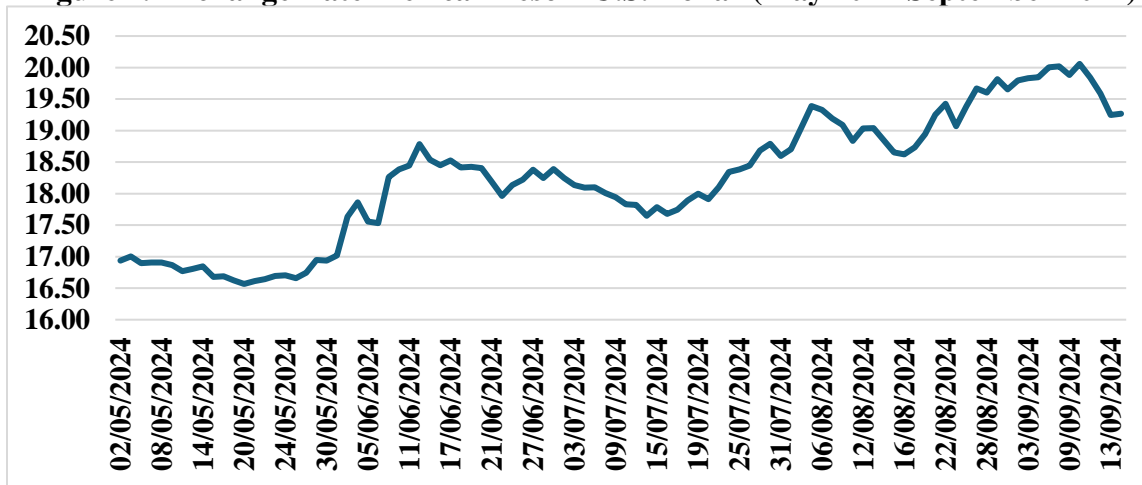
### Economic Factors

In August 2024 the Bank of Mexico (BANXICO) [announced that Mexico's economy is growing](#), although slower than expected. Over the last three quarters, gross domestic product (GDP) grew by 1.1 percent year-on-year, or 0.2 percent quarter-on-quarter in seasonally adjusted terms. Personal consumption expanded in the first quarter of the year to 7.5 percent, however by June 2024 it contracted to 5.6 percent, indicating weakened consumer demand.

Meanwhile, the annual general inflation rate decreased from 5.57 percent in July to 4.66 percent in the first half of September. BANXICO and other financial institutions expect general inflation to increase by the end of 2024 and remain above BANXICO’s target inflation rate of four percent.

Starting in May 2024, the Mexican peso gradually weakened from the “super peso” compared to the U.S. dollar to more average levels. The weaker peso is expected to create more competitive dairy exports and less attractive imports. According to sources, imports of raw materials for domestic processors at relatively higher prices year on year are expected to increase production and freight costs, which might impact the quality of Mexican products. A change in quality could soften exchange rate advantages for exports, as consumers may shift to other suppliers for higher quality products.

**Figure 4. Exchange Rate Mexican Peso – U.S. Dollar (May 2024-September 2024)**



Source: Banco de Mexico (BANXICO)

**Table 3. Monthly Expectations for the Mexican Peso to U.S. Dollar Exchange Rate**

	Year and Month												
	2024				2025								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Pesos per U.S. dollar</b>													
Min.	17.50	17.73	17.97	18.20	18.17	18.13	18.10	18.07	18.03	18.00	17.97	17.93	17.90
Max.	20.09	21.02	21.32	21.50	21.55	21.62	21.79	21.80	22.05	22.09	22.07	22.18	22.10

Source: Mexico’s Central Bank (BANXICO)

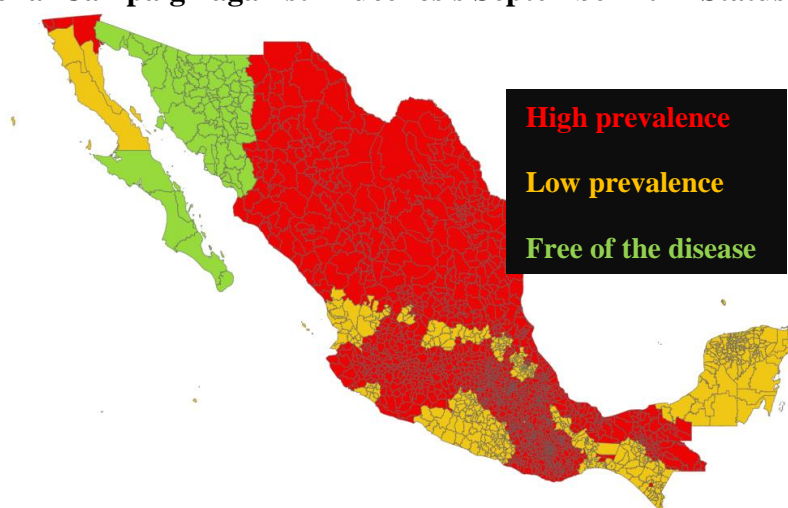
### Animal Diseases

In April 2024, to safeguard Mexico's dairy cattle herd from the Highly Pathogenic Avian Influenza H5NI (HPAI), the Secretariat of Agriculture and Rural Development (SADER), National Service of Agrifood Health, Safety and Quality (SENASICA), and the local dairy industry agreed to enhance biosecurity measures to prevent the spread of HPAI to cattle. The government emphasized the importance of consuming only pasteurized dairy products and maintaining vigilance for respiratory illnesses in cattle operations. Mexico's ongoing efforts to prevent HPAI include disease surveillance through the United States-Mexico Commission for the Prevention of Foot and Mouth Disease and other Exotic Animal Diseases (CPA). To this date, no positive cases of HPAI in cattle are reported.

Following the report of the presence of the New World Screwworm (*Cochliomyia hominivorax*) (NWS) in southern Nicaragua, approximately 400 miles from Mexico's border, SENASICA reinforced animal health inspections for NWS at critical inspection points and ports. To mitigate the risk of NWS entry into Mexico, SENASICA implemented enhanced animal health inspections at critical inspection points and ports. Most recently, Mexico initiated an information campaign to raise awareness of the risk the pest poses for all Mexican livestock. To this date, no cases of NWS are reported on the Mexican territory.

Through the National Campaign Against Animal Brucellosis, SENASICA reports that currently there are 1890 municipalities with high prevalence status, 508 with low prevalence status, and 77 noted as free of the disease, for a total of 2475 municipalities in Mexico.

**Figure 5. National Campaign against Brucellosis September 2024 Status by Municipality**



Source: National Service of Agrifood Health, Safety and Quality (SENASICA)

## Consumption

### 2025

The consumption forecast for 2025 is 13.9 MMT, a one percent increase compared to 2024. The growth is expected to be primarily fueled by expanding demand from dairy processors and government social support programs. While household consumption of fluid milk has decreased in urban areas, consumption continues to increase in rural areas.

### 2024

The consumption estimate for 2024 is 13.8 MMT, a two percent increase compared to 2023. Despite a slower pace of consumption within urban households, rural areas generally exhibit a higher demand for fluid milk. In 2024, increased social support programs and higher minimum wages boosted demand for dairy products. Nevertheless, industrial consumption remains the primary driving force behind Mexico's milk consumption for processing into dairy products like cheese and yogurt.

Pasteurized fluid milk price inflation has shown signs of easing since reaching double-digit levels last year. Relatively lower pasteurized milk prices, coupled with expanding social programs, is anticipated to stimulate fluid milk consumption by both households and processors.

## **Trade**

### **Imports**

#### **2025**

The import forecast for 2025 is 18,000 MT, a 40 percent decrease compared to 2024. Increased domestic production of fluid milk and a less favorable exchange rate are expected to drive down milk imports from the record levels reached in 2024.

#### **2024**

The import estimate for 2024 is 30,000 MT, a 67 percent increase compared to 2023. Speculation in early 2024 that drought conditions may result in insufficient domestic milk production, coupled with a favorable exchange rate for imports, resulted in record levels of fluid milk imports. Retailers in the northern states of Mexico and dairy processors increased their purchases of fluid milk. In addition, higher reported public insecurity throughout the country resulted in companies' preference to import fluid milk to retailers near the border with the United States, rather than distribute milk from other states in Mexico.

### **Exports**

#### **2025**

The export forecast for 2025 is 12,000 MT, a 14 percent decrease compared to 2024. Mexico's fluid milk exports are mainly destined to the United States. According to contacts, due to an expected decrease in imports, there is expected to be a tighter supply of milk. The local demand from the processing industry and social programs is expected to result in more milk sold on the domestic market.

#### **2024**

The export estimate for 2024 is 14,000 MT, a 17 percent increase compared to 2023. The increase is driven by market conditions in the United States for demand of fluid milk from Mexico.

### **Stocks**

Current milk and dairy product stocks are considered operating stocks to meet short-term demand. There are no government-held stocks of milk or milk products in Mexico.



## Cheese

**Table 4. Cheese –Production, Supply, and Distribution**

Dairy, Cheese Market Year Begins Mexico	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Production</b> (1000 MT)	465	465	474	474	0	490
<b>Other Imports</b> (1000 MT)	181	181	205	190	0	200
<b>Total Imports</b> (1000 MT)	181	181	205	190	0	200
<b>Total Supply</b> (1000 MT)	646	646	679	664	0	690
<b>Other Exports</b> (1000 MT)	12	12	10	15	0	18
<b>Total Exports</b> (1000 MT)	12	12	10	15	0	18
<b>Human Dom. Consumption</b> (1000 MT)	634	634	669	649	0	672
<b>Other Use, Losses</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	634	634	669	649	0	672
<b>Total Use</b> (1000 MT)	646	646	679	664	0	690
<b>Ending Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Total Distribution</b> (1000 MT)	646	646	679	664	0	690
(1000 MT)						

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Not official USDA data.

### Production

#### 2025

The production forecast for 2025 is 490,000 MT, a three percent increase compared to 2024. According to sources, large private investments to expand processing facilities are expected to boost production in 2025. The Mexican cheese industry is expected to grow due to increased domestic milk production and a strong supply of imported raw materials. Small and medium size local cheese producers are expected to increase production due to a consistent and high-quality supply of raw materials from the United States. Increased efficient and modern cheese-making facilities and the adoption of advanced technologies in the sector are also expected to boost production and the quality of domestic cheeses.

#### 2024

The production forecast for 2024 is 474,000 MT, a two percent increase compared to 2023. The Mexican cheese industry experienced steady growth in 2023 and 2024, primarily driven by a combination of strong domestic demand and expanding export markets. The hotel, restaurant, and institutional (HRI) sector and the increased popularity of comfort foods like pizza are key factors which fuel this upward trajectory.

The versatility and affordability of fresh soft cheeses have made them a staple in Mexican cuisine and contribute significantly to the overall expansion of the domestic cheese market. Industrial production is boosted by cheese use in a wide variety of dishes, from tacos and quesadillas to soups and sauces. Both industrial and artisanal cheese production are expected to grow in 2024.

According to sources, production of fresco, panela, crema, and doble crema cheese varieties are estimated to grow six percent compared to 2023. Oaxaca and Chihuahua cheeses are expected to exhibit

more marginal growth due to their labor-intensive production processes. However, they remain popular due to their cultural significance and diverse uses in Mexican cuisine.

While the outlook for the Mexican cheese industry appears positive, several challenges and opportunities may influence its future trajectory:

- **Global economic conditions:** Fluctuations in global economic conditions, such as trade fluctuations or economic recessions, could impact both domestic and international demand for Mexican cheese.
- **Rising production costs:** Labor, energy, and input costs could put pressure on profit margins and hinder growth.
- **Competition:** The industry faces competition from both domestic and international producers, requiring Mexican cheesemakers to continuously innovate and differentiate their products.
- **Sustainability:** Growing consumer awareness about sustainability presents both challenges and opportunities for the cheese industry. Adopting sustainable practices can enhance brand reputation and attract environmentally conscious consumers.

Overall, the Mexican cheese industry is well-positioned for continued growth, driven by strong domestic demand, expanding export markets, and the versatility of its product offerings.

## **Consumption**

### **2025**

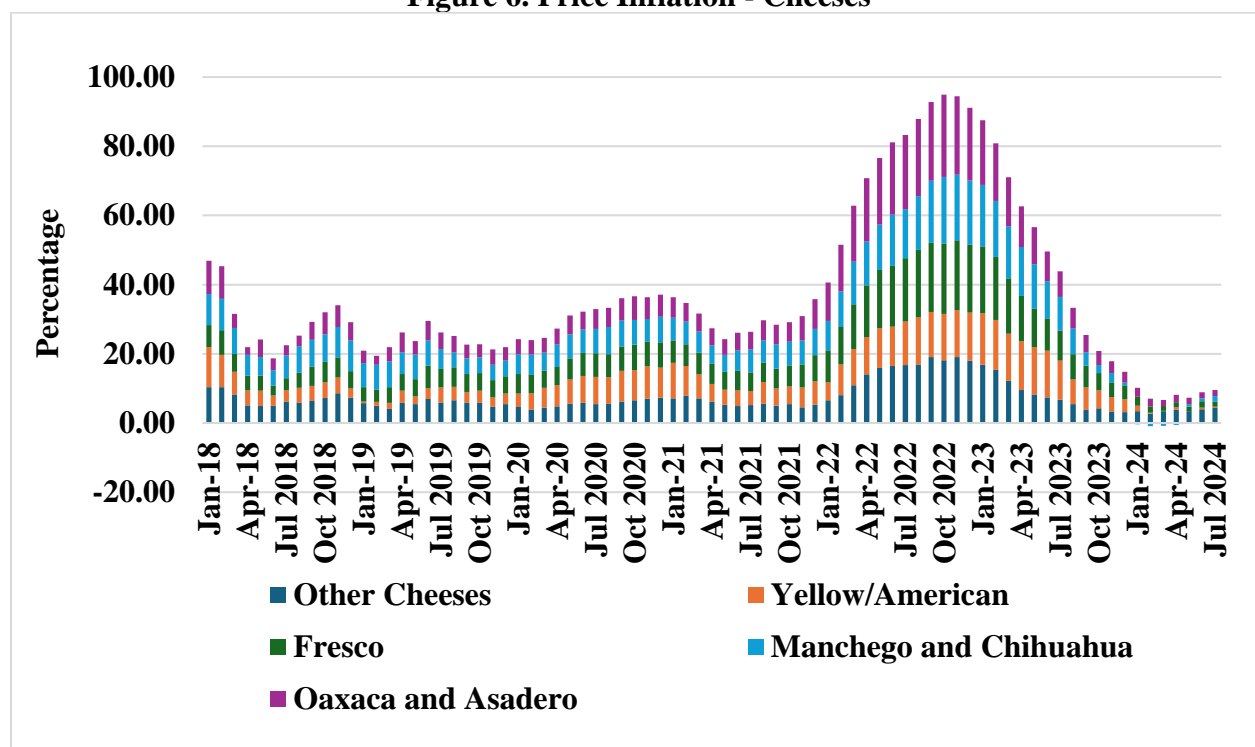
The consumption forecast for 2025 is 672,000 MT, a four percent increase compared to 2024. Mexico's cheese market experienced an expansion in recent years, driven by a confluence of factors, including increased minimum wages, social support programs, and population growth.

One of the most notable trends in the Mexican cheese market is a growing consumer preference for a wider variety of cheeses. While traditional Mexican varieties, such as Oaxaca, Chihuahua, and panela, remain popular, there has been a marked increase in demand for foreign cheeses, including mozzarella, cheddar, and parmesan. This diversification is fueled by factors such as increased travel, exposure to international cuisines through the media, and the growing availability of imported products in local markets. Moreover, the rising disposable incomes of Mexican consumers has enabled them to explore a more diverse range of cheese options, contributing to the overall expansion of the market.

### **2024**

The consumption estimate for 2024 is 649,000 MT, a two percent increase compared to 2023. Increased consumption of comfort foods is reflected in the increased consumption of cheese. According to sources, pizza has become the second most consumed food item in Mexico, trailing behind tacos. U.S. shredded cheeses are the most used source for this popular dish. In 2024, increased consumption was also driven by consumers who sought out a wider variety of cheeses to complement their meals. The popularity of Mexican-style cheeses like Oaxaca and Chihuahua remained strong, but there was also a surge in demand for imported varieties, such as mozzarella, cheddar, and parmesan. Cheese price inflation also moderated in 2024, allowing households with lower incomes to make more household purchases.

**Figure 6. Price Inflation - Cheeses**



Source: National Institute of Statistics and Geography (INEGI)

## Trade

### Imports

#### 2025

The import forecast for 2025 is 200,000 MT, a five percent increase compared to 2024. An expected expansion of private investments in food processing facilities in 2025 is estimated to increase import demand as domestic processors seek to source raw materials for their operations. This trend underscores the critical role of imports in supporting the growth and development of the Mexican processing industry.

Despite a less favorable exchange rate for imports, the cheese market is anticipated to increase imports to meet growing domestic demand. The combination of increased household consumption and industrial processing has outpaced domestic production capacity, and Mexico is expected to rely on imports to fulfill market requirements.

#### 2024

The import forecast for 2024 is 190,000 MT, a five percent increase compared to 2023. The popularity of cheese as a staple ingredient in Mexican cuisine, coupled with the expansion of the HRI sector, has driven domestic demand beyond the capacity of domestic production. It is estimated that 41.9 million tourists visited Mexico in 2023, and 38.3 million in 2022, boosting the growth of the HRI sector, thus the demand for dairy products.

According to industry experts, cheese imports account for approximately 30 percent of the total dairy import volume into Mexico. The United States remains the dominant supplier of cheese to Mexico,

capturing nearly 75 percent of the market share. Traditionally, imports fulfill approximately 25 percent of the total cheese consumption in Mexico. The United States is expected to remain the top cheese supplier to Mexico due to geographical proximity, established trade relationships, and the high quality and consistency of its products.

U.S. produced prepackaged industrial cheeses have established a significant presence within the Mexican market, driven by strong demand for shredded, bulk, and sliced varieties. These cheeses are widely available in retail stores and are also used as ingredients in processed foods such as pizzas and other comfort items. Additional imported cheeses, often sourced from countries like France, Denmark, and Switzerland, are generally found in specialty stores or the gourmet sections of major supermarket chains.

The growing importance of cheese imports in the Mexican market underscores the country's reliance on international sources to meet domestic demand. As the industry continues to evolve, it is likely that import volumes will further expand, driven by factors such as population growth, rising incomes, and changing consumer preferences.

## **Exports**

### **2025**

The export estimate for 2025 is 18,000 MT, a 20 percent increase compared to 2024. Exports are expected to become more competitive due to a more favorable exchange rate. Additionally, growth in demand in the United States for Mexican soft cheeses and sliced pre-packaged cheeses are expected to drive up exports. Large domestic dairy processing companies are expected to invest in cold storage and distribution centers in the United States in 2025 to reach more retailers.

### **2024**

The export estimate for 2024 is 15,000 MT, a 25 percent increase compared to 2023. The Mexican cheese industry experienced increased demand from U.S. consumers. While the United States remains the primary market for Mexican cheese exports, Central American and Caribbean countries are also emerging as destinations for industrialized cheese products. According to sources, the growing international interest demonstrates increased recognition for Mexican cheese's quality and unique flavors.

## **Stocks**

There are no government-held stocks of cheese in Mexico.

## Butter

**Table 5. Butter -Production, Supply, and Distribution**

Dairy, Butter Market Year Begins Mexico	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Production</b> (1000 MT)	245	245	250	250	0	255
<b>Other Imports</b> (1000 MT)	18	18	50	40	0	42
<b>Total Imports</b> (1000 MT)	18	18	50	40	0	42
<b>Total Supply</b> (1000 MT)	263	263	300	290	0	297
<b>Other Exports</b> (1000 MT)	0	0	2	1	0	1
<b>Total Exports</b> (1000 MT)	0	0	2	1	0	1
<b>Domestic Consumption</b> (1000 MT)	263	263	298	289	0	296
<b>Total Use</b> (1000 MT)	263	263	300	290	0	297
<b>Ending Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Total Distribution</b> (1000 MT)	263	263	300	290	0	297
(1000 MT)						

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Not official USDA data.

### Production

#### 2025

The production forecast for 2025 is 255,000 MT, an increase of two percent compared to 2024. The increase is driven by expected demand from the HRI and food processing sectors. The trend toward expanded processed products and increased butter usage as a key ingredient in food formulation is expected to continue upward.

#### 2024

The production estimate for 2024 is 250,000 MT, a two percent increase compared to 2023. Strategic private investments starting in 2020, stability of raw material prices, and a sufficient and relatively affordable supply of milk are estimated to boost butter production.

As milk production and imports increased, many producers held surplus milk stocks. Farmers established partnerships with dairy processing facilities to transform milk into butter to increase milk shelf-life and improve their profits.

### Consumption

#### 2025

The consumption forecast for 2025 is 296,000 MT, a two percent increase compared to 2024. Increased consumer incomes through social support programs and higher minimum wages are expected to increase demand for butter. Increased availability of butter-based recipes in popular media is also expected to contribute to this trend. A continued expansion of butter availability through online purchases and wholesale stores is also expected to support sustained growth in consumption.

## **2024**

The consumption estimate for 2024 is 289,000 MT, a ten percent increase compared to 2023. Butter consumption in Mexico increased steadily in recent years and reflects a shift towards more flavorful and rich culinary experiences. A share of Mexican consumers is increasingly leaning towards animal-based products, which has experienced a notable rise in market share compared to margarine and other plant-based alternatives.

## **Trade**

### **Imports**

## **2025**

The import forecast for 2025 is 42,000 MT, a five percent increase compared to 2024. Increased imports are expected to be driven by the bakery and confectionary sectors. The high demand for butter in the HRI sector and for industrial processing cannot be satisfied through domestic production. A large share of butter imports is not expected to be consumed in Mexico. Butter imports are largely processed and re-exported into different food items such as chocolate-based products.

## **2024**

The import estimate for 2024 is 40,000 MT, a 122 percent increase compared to 2023.

Although butter imports are estimated to increase, industry sources clarify the significant increase is not indicative of a genuine growth in imports, but rather a result of the Mexican National Customs Agency (ANAM) assigning more butter products under Harmonized System Code (HS Code) 04059001 starting in 2024.

Chocolate producers in Mexico are the leading consumers of imported butter, mainly from the United States.

### **Exports**

## **2025**

The export forecast for 2025 is 1,000 MT, flat compared to 2024. Mexico is a minimal butter exporter and most production is consumed domestically. Additionally, raw butter is often transformed into secondary products and exported under different HS codes.

## **2024**

The export estimate for 2024 is 1,000 MT, a 100 percent increase compared to 2023. Exports in 2023 and 2022 were zero. In 2021, exports reached a volume of 2,000 MT. Due to large domestic demand, butter exports remain small in volume. In addition, raw butter is often transformed into secondary products and exported under different HS codes.

### **Stocks**

There are no government-held stocks of butter in Mexico.

## Skim Milk Powder (SMP)

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

Dairy, Milk, Nonfat Dry Market Year Begins Mexico	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Production</b> (1000 MT)	48	48	49	49	0	49
<b>Other Imports</b> (1000 MT)	338	338	300	300	0	310
<b>Total Imports</b> (1000 MT)	338	338	300	300	0	310
<b>Total Supply</b> (1000 MT)	386	386	349	349	0	359
<b>Other Exports</b> (1000 MT)	0	0	0	1	0	1
<b>Total Exports</b> (1000 MT)	0	0	0	1	0	1
<b>Human Dom. Consumption</b> (1000 MT)	386	386	349	348	0	358
<b>Other Use, Losses</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	386	386	349	348	0	358
<b>Total Use</b> (1000 MT)	386	386	349	349	0	359
<b>Ending Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Total Distribution</b> (1000 MT)	386	386	349	349	0	359
(1000 MT)						

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Not official USDA data.

### Production

#### 2025

The production forecast for 2025 is 49,000 MT, flat compared to 2024. With no new investments for drying facilities, domestic production of skim milk powder (SMP) is not expected to grow in 2025.

#### 2024

The production estimate for 2024 is 49,000 MT, a two percent increase compared to 2023. During the current year, excess fluid milk production in the market was diverted to drying facilities and contributed to a marginal increase in domestic SMP output. However, the lack of sufficient drying infrastructure and preference for fluid milk in the domestic market prevented greater SMP production. Additionally, high interest rates on loans and the absence of government incentives discourage processors from investing in SMP production. Instead, many processors have opted to utilize fluid milk to produce more profitable dairy products, such as cheese, butter, and yogurt.

### Consumption

#### 2025

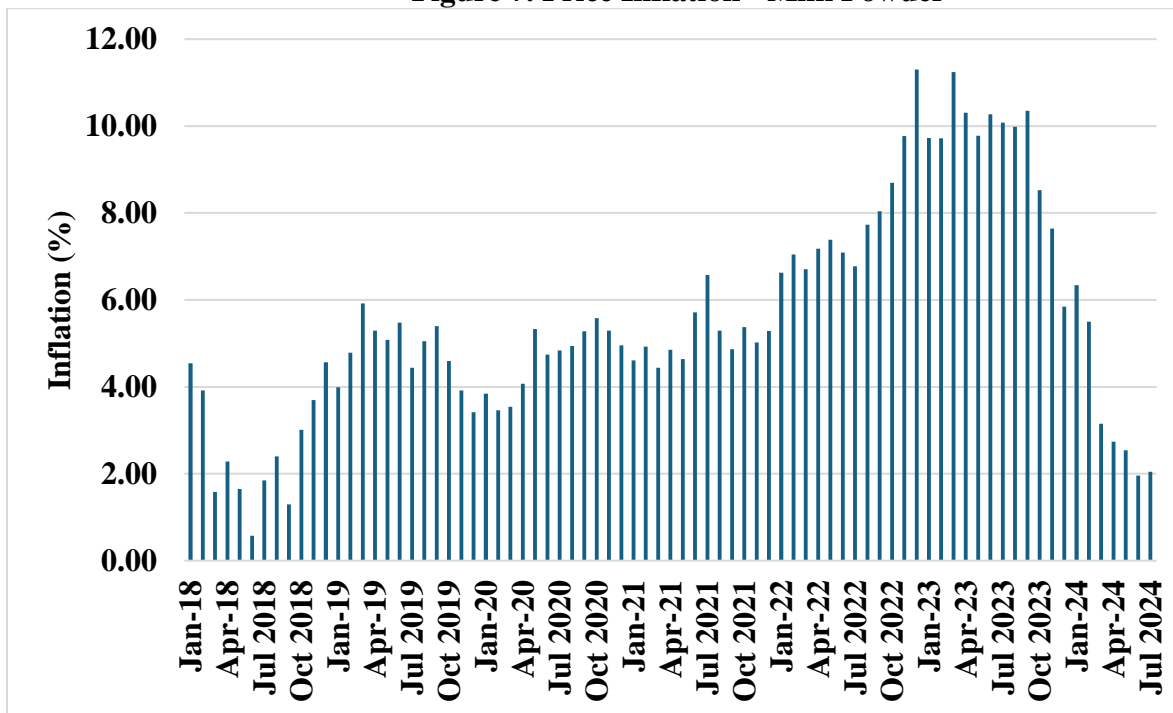
The consumption forecast for 2025 is 358,000 MT, a three percent increase compared to 2024. SMP is popular ingredient in various food products and demand for skim milk powder is likely to increase in the food manufacturing industry and to produce infant formula.

#### 2024

The consumption estimate for 2024 is 348,000 MT, a ten percent decrease compared to 2023. The favorable exchange rate throughout 2023 and early 2024 made imported dairy products, including cheese and butter, more competitively priced in the Mexican market. This encouraged more dairy companies to import finished cheese and butter rather than importing SMP for processing into finished dairy products.

However, milk powder remains critical for reconstitution into milk, and the nutrients serve a large share of the population, especially for social programs. Milk powder price inflation also declined throughout 2024 and remains at relatively low levels.

**Figure 7. Price Inflation - Milk Powder**



Source: National Institute of Statistics and Geography (INEGI)

**Trade**

**Imports**

**2025**

The import forecast for 2025 is 310,000 MT, a three percent increase compared to 2024. Government-sponsored social programs aimed at providing milk to vulnerable populations are projected to expand, further driving the need for SMP.

**2024**

The import estimate for 2024 is 300,000 MT, an 11 percent decrease compared to 2023. A surplus of fluid milk on the market resulted in dairy processors reducing the use of imported milk derivatives. Moreover, due to the exchange rate in 2023 and the first half of 2024, processors opted to import



finished products, such as cheese and butter, rather than processing SMP for milk. This shift in strategy contributed to a decreased utilization of SMP.

## **Exports**

The forecast export volume for 2025 and 2024 is anticipated to reach 1,000 metric tons (MT). SMP exports are primarily influenced by market pricing and are predominantly directed toward Latin America for social programs. Mexico's export market growth is constrained by limited domestic production capacity, strong domestic demand, and high freight costs.

## **Stocks**

There are no government-held stocks of SMP in Mexico.

## Whole Milk Powder (WMP)

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

Dairy, Dry Whole Milk Powder Market Year Begins Mexico	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Production</b> (1000 MT)	125	125	125	125	0	125
<b>Other Imports</b> (1000 MT)	4	4	3	6	0	7
<b>Total Imports</b> (1000 MT)	4	4	3	6	0	7
<b>Total Supply</b> (1000 MT)	129	129	128	131	0	132
<b>Other Exports</b> (1000 MT)	2	2	2	5	0	5
<b>Total Exports</b> (1000 MT)	2	2	2	5	0	5
<b>Human Dom. Consumption</b> (1000 MT)	127	127	126	126	0	127
<b>Other Use, Losses</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	127	127	126	126	0	127
<b>Total Use</b> (1000 MT)	129	129	128	131	0	132
<b>Ending Stocks</b> (1000 MT)	0	0	0	0	0	0
<b>Total Distribution</b> (1000 MT)	129	129	128	131	0	132
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: <a href="#">PSD Online Advanced Query</a>						

Not official USDA data.

### Production

#### 2025

The production forecast for 2025 is 125,000 MT, flat compared to 2024. The estimated production of whole milk powder (WMP) in Mexico for 2025 is anticipated to remain flat due to a lack of increased drying facilities and limited domestic production.

#### 2024

The production estimate for 2024 is 125,000 MT, flat compared to 2023. Limited infrastructure for drying facilities hinders production growth. Additionally, a lack of public investment or government incentives for more drying facilities limits investments.

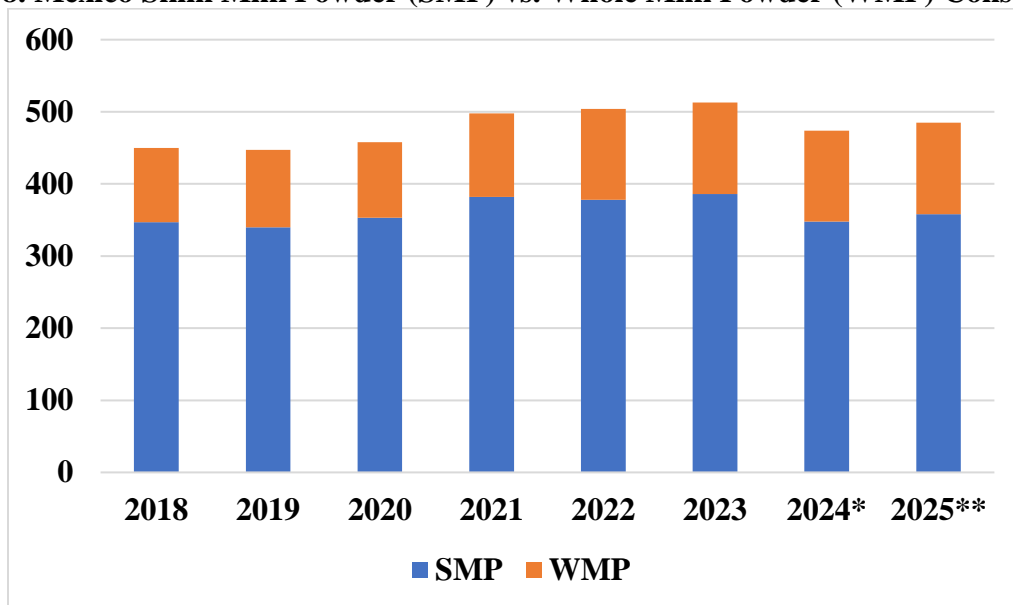
WMP is a versatile ingredient widely used in Mexican cuisine to add flavor and richness to baked goods, providing a creamy texture and enhancing overall taste. WMP is also a convenient source of extra calories and nutrition for supplements for individuals who seek to increase their energy intake. WMP is also reconstituted into liquid milk for a convenient and shelf-stable alternative to fresh milk commonly used by social programs.

### Consumption

#### 2025

The consumption forecast for 2025 is 127,000 MT, a one percent increase compared to 2024. Further growth is limited as more processors use fluid milk, butyric fat, and SMP in the formulation of their products. Social programs are estimated to remain the main user for WMP consumption, however SMP is more widely used than WMP.

**Figure 8. Mexico Skim Milk Powder (SMP) vs. Whole Milk Powder (WMP) Consumption**



Source: USDA FAS Production, Supply, and Distribution. Note: \*Estimate \*\*Forecast.

## 2024

The consumption estimate for 2024 is 126,000 MT, a one percent decrease from 2023. Consumption in 2024 was constrained by processor purchases of other imported raw materials with competitive prices which impacted the consumption rate of WMP. WMP consumption was also impacted by increased imports of final products such as cheese or butter, rather than WMP use in food formulation.

## Trade

### Imports

## 2025

The import forecast for 2025 is 7,000 MT, a 17 percent increase compared to 2024. Processors are expected to use more WMP for processing, rather than importing final products. Additionally, social programs are expected to expand in 2025 and result in more demand for milk powder.

## 2024

The import estimate for 2024 is 6,000 MT, a 50 percent increase compared to 2023. As SMP imports decreased, WMP gained more market share. Although volumes are still low, the bakery and confectionary sectors will continue to demand WMP imports.

### Exports

## 2025

The export forecast for 2025 is 5,000 MT, flat from 2024. According to industry sources, it is expected that Mexico will continue to export a small amount of WMP to Latin America in 2025. There is not much room for export growth due to large domestic demand and low domestic production.

**2024**

The export estimate for 2024 is 5,000 MT, a 150 percent increase compared to 2023. Mexico's exports are not consistent and destined mainly to Latin American countries for social programs. These are often one-time business opportunities based on pricing and availability.

**Stocks**

There are no government-held stocks of WMP in Mexico.

## Additional Dairy Products

### Whey

The import of whey into Mexico is projected to increase by six percent in 2024 and reach an estimated 55,800 metric tons. One of the primary drivers of whey imports is the growing demand for processed dairy products, including yogurt and certain regional soft cheeses. Whey is also a key ingredient in the production of infant formulas, food products designed for clinical and senior nutrition, and sports nutrition supplements. Acid casein, a derivative of whey, has significant application in the processing of traditional Mexican cheeses such as panela, canasto, doble crema, Oaxaca, Chihuahua, and Mennonite. Mexico's whey exports are limited.

#### **Trade**

#### **Imports**

**Table 8. Mexico Whey Imports Metric Tons**

	Calendar Year					
	2019	2020	2021	2022	2023	2024*
World	71,408	44,334	53,414	49,835	52,420	29,421
United States	67,775	42,007	49,490	49,835	52,374	29,421

Source: Trade Data Monitor, Note: 2024\* = Jan-Jul

### Ice Cream

The import of ice cream and related products into Mexico is projected to increase by approximately 11 percent in 2024 and reach an estimated 28,890 metric tons. Conversely, exports are expected to decline significantly by 78 percent in 2024 to 810 MT. This marks a continuation of the downward trend observed in 2023, where exports decreased by 42 percent compared to 2022.

Industry sources attribute the decline in ice cream exports to reduced profitability compared to a decade ago. Despite the export challenges, domestic consumption of ice cream, frozen desserts, and popsicles remain robust. Seven out of ten Mexican households regularly purchase these products, particularly those with children. The average household consumes three liters of ice cream per year, while the per capita consumption in Mexico is 1.5 liters annually.

#### **Trade**

#### **Imports**

**Table 9. Mexico's Ice Cream Imports Metric Tons**

	Calendar Year					
	2019	2020	2021	2022	2023	2024*
World	26,242	24,704	24,605	23,566	26,030	18,865
United States	24,942	23,200	22,737	23,552	25,634	17,540

Source: Trade Data Monitor, Note: 2024\* = Jan-Jul

## Exports

**Table 10. Mexico's Ice Cream Exports Metric Tons**

	Calendar Year					
	2019	2020	2021	2022	2023	2024*
World	330	523	1,976	6,235	3,662	604
United States	111	177	1,279	6,235	3,662	604

Source: Trade Data Monitor, Note: 2024\* = Jan-Jul

## Infant Formulas

Imports of infant formulas into Mexico are projected to decline by 50 percent in 2024 and reach an estimated 4,000 metric tons. The anticipated decline in 2024 is primarily attributed to a combination of increased domestic production and decreased production in the United States.

Conversely, exports of infant formula are expected to decline by 90 percent in 2024, reaching 47,180 MT. The decrease is primarily driven by a strong Mexican peso compared to the U.S. dollar in the first half of the year, which disincentivized exports. In 2023, exports experienced a substantial surge of over 400 percent to 471,890 MT compared to 2022. However, industry sources clarify that this significant increase is not indicative of a genuine growth in exports but rather a result of the Mexican National Customs Agency (ANAM) assigning more infant formula products under Harmonized System Code (HS Code) 190110 starting in 2023. Infant formulas are categorized as pharmaceutical supplements in Mexico.

## Trade

### Imports

**Table 11. Mexico's Infant Formula Imports Metric Tons**

	Calendar Year					
	2019	2020	2021	2022	2023	2024*
World	10,786	8,615	8,582	8,631	8,032	2,574
United States	2,451	284	271	6,886	6,011	163

Source: Trade Data Monitor Note: 2024\* = Jan-Jul

### Exports

**Table 12. Mexico's Infant Formula Exports Metric Tons**

	Calendar Year					
	2019	2020	2021	2022	2023	2024*
World	124,980	97,649	75,342	92,351	471,890	11,899
United States	11,346	16,551	18,087	76,542	456,335	779

Source: Trade Data Monitor Note: 2024\* = Jan-Jul

## Policy

### Federal Law of Animal Health

On May 21, 2024, the Government of Mexico published a [modification](#) to the Federal Law of Animal Health. The [update](#) lists substances banned for use in livestock intended for human consumption. The banned substances were previously listed under various other regulations. Aggregating banned substances into one law and increased penalties may provide more judicial certainty and incentive for compliance with the Federal Law of Animal Health.

### February 2023 Corn Decree

On February 13, 2023 Mexico published a [presidential decree](#) which includes a directive that, “The dependencies and entities of the Federal Public Administration will carry out the actions leading to the effect of carrying out the gradual substitution of genetically modified corn for animal feed and for industrial use for human food.” On August 17, 2023, the United States Trade Representative [announced](#) the United States establishment of a dispute settlement panel under the United States-Mexico-Canada Agreement (USMCA) regarding certain Mexican measures concerning biotech corn. A final panel report is [expected by the end of 2024](#).

### Extension of Presidential Anti-Inflation Decree

On December 27, 2023, the Government of Mexico published a presidential decree to extend the exemption of tariffs and easing of administrative procedures for the importation of basic food basket products through December 31, 2024 (see GAIN Report [MX2024-0004](#)). The inflation decree extension is expected to increase tariff-free imports from countries that do not currently have a free trade agreement with Mexico.

### Uncertainty During Election Cycle

An ongoing challenge for Mexico’s livestock sector in 2024 and in the coming year includes regulatory and legal uncertainty related to a change in the presidential administration on October 1, 2024. A set of constitutional and legal reforms, which includes a ban on genetically engineered corn and judicial reforms, creates an uncertain environment for dairy farmers. The proposed reforms are currently being debated and could be considered for vote during the next legislative sessions which last from September-December 2024 and February-April 2025.

### For More Information

Visit [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

Report Number	Title	Dated
<a href="#">MX2024-0026</a>	Dairy and Products Semi-annual	05/20/2024
<a href="#">MX2023-0054</a>	Dairy and Products Annual	10/24/2023
<a href="#">MX2023-0025</a>	Dairy and Products Semi-annual	05/19/2023
<a href="#">MX2022-0056</a>	Dairy and Products Annual	10/24/2022

**Attachments:**

No Attachments