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Report Highlights:

Mexico's milk, cheese, and butter production are forecast year on year growth of two percent in 2024. Dairy farmers are expected to mitigate the impacts of prolonged drought and heat conditions with previously stored forage, increased feed grain imports, and water storage mechanisms. Cheese and butter imports are forecast to increase based on more domestic demand. Overall, milk powder imports are forecast to increase driven by demand from the dairy processing industry and for reconstitution into fluid milk for social programs.

Executive Summary

Fluid Milk. The production forecast for 2024 is 13.6 million metric tons (MMT), a growth of two percent compared to 2023. Production results from top milk producing states, an overall healthy herd, and drought mitigation measures are expected to support increased production. The imports forecast for 2024 is 15,000 metric tons (MT), a 12 percent decrease from 2023, as Mexico's increased production of fluid milk will fulfill a bigger share of domestic demand in 2024. The consumption forecast for 2024 is 13.8 MMT, a growth of two percent compared to 2023.

Cheese. The production forecast for 2024 is 474,000 MT, a two percent increase compared to 2023. A good milk and dairy ingredient supply and strong domestic and export growth demand is expected to spur cheese production. The import forecast for 2024 is 185,000 MT, a two percent increase compared to 2023, based on increased demand for foreign product, especially industrialized cheese. The export forecast for 2024 is 15,000 MT, a 25 percent increase compared to 2023. The consumption forecast for 2024 is 644,000 MT, a two percent increase compared to 2023.

Butter. The production forecast for 2024 is 250,000 MT, a two percent increase compared to 2023. The import forecast for 2024 is 20,000 MT, a 33 percent increase compared to 2023. Demand from the hotel, restaurant and institutional (HRI) sectors, especially bakeries, is expected to drive butter production and imports. The 2024 and 2023 exports are forecast to remain flat. The consumption forecast for 2024 is 270,000 MT, a four percent increase compared to 2023.

Skimmed Milk Powder (SMP). The import forecast for 2024 is 390,000 MT, a 15 percent increase compared to 2023. Competitive international prices for SMP are expected to incentive more imports. The consumption forecast for 2024 is 438,000 MT, a 13 percent increase compared to 2023.

Whole Milk Powder (WMP). The import forecast for 2024 is 4,000 MT, unchanged from 2023 and 2022. WMP imports are expected to remain flat due to more processing demand and imports of SMP. The consumption forecast for 2024 is 127,000 MT, unchanged compared to consumption in 2023, and a marginal increase compared to 2022.

Fluid Milk

Table 1. Milk- Production, Supply and Distribution

Dairy, Milk, Fluid Market Year Begins	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Cows In Milk (1000 HEAD)	6,650	6,650	6,700	6,700	6,750	6,750
Cows Milk Production (1000 MT)	12,980	12,980	13,250	13,333	13,500	13,600
Other Milk Production (1000 MT)	172	172	170	169	172	170
Total Production (1000 MT)	13,152	13,152	13,420	13,502	13,672	13,770
Other Imports (1000 MT)	15	15	12	17	15	15
Total Imports (1000 MT)	15	15	12	17	15	15
Total Supply (1000 MT)	13,167	13,167	13,432	13,519	13,687	13,785
Other Exports (1000 MT)	13	13	12	10	12	10
Total Exports (1000 MT)	13	13	12	10	12	10
Fluid Use Dom. Consum. (1000 MT)	4,166	4,166	4,210	4,185	4,260	4,260
Factory Use Consum. (1000 MT)	8,988	8,988	9,210	9,324	9,415	9,515
Feed Use Dom. Consum. (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	13,154	13,154	13,420	13,509	13,675	13,775
Total Distribution (1000 MT)	13,167	13,167	13,432	13,519	13,687	13,785

(1000 HEAD), (1000 MT)

Not official USDA data.

Production

2024

The production forecast for 2024 is 13.6 million metric tons (MMT), a growth of two percent compared to 2023. Early 2024 production results indicate the top milk production states of Jalisco, Coahuila, and Durango increased production over three percent, boosting overall national production of milk by two percent. Despite prolonged drought and heat, forage availability from the previous year, imported grain, and irrigated water are expected to limit impacts of climate on Mexico's dairy herd. In the first five months of 2024, Mexico's Peso (MXN) continued to maintain strength against the United States Dollar (USD). The strength of the MXN/USD exchange rate continues to keep feed and dairy ingredient prices relatively lower and provides some relief to the extra costs associated with drought mitigation.

In April 2024, to reduce impacts of disease on the dairy cattle herd, the Secretariat of Agriculture and Rural Development (SADER), National Service of Agrifood Health, Safety and Quality (SENASICA), and the local dairy industry [agreed](#) to work in lock-step to monitor and maintain biosecurity measures to prevent the spread of Highly Pathogenic Avian Influenza H5NI (HPAI) to the Mexican cattle herd. Mexico [reiterated its messaging](#) about avoiding the consumption of unpasteurized products, maintaining awareness in cattle operations for respiratory illnesses, and continued monitoring of imports for any clinical signs of HPAI. Mexico continues to conduct disease surveillance for HPAI through the [United States-Mexico Commission for the Prevention of Foot and Mouth Disease and other Exotic Animal Diseases \(CPA\)](#).

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 issued a health alert and held an emergency stakeholder meeting. SENASICA reinforced animal health inspections for NWS at critical inspection points and ports.

Meanwhile, in 2023 Jalisco gained improved health status recognition by SENASICA for brucellosis and tuberculosis. This recognition incentivized increased milk production in Jalisco, the leading production state, due to more sales and marketing opportunities.

According to analysts, Mexico’s economy is expected to grow two percent in 2024. Albeit slower growth than previous years, demand from processing and the HRI sectors is expected to increase demand for milk in Mexico.

In 2024, the Government of Mexico (GOM) social supply program Liconsa is projected to collect 618 million liters of fluid milk, seven percent more than in 2023, and is currently increasing the list of beneficiaries. The increase in collections by the government also incentivizes more milk production. Liconsa also depends heavily on milk powder to reconstitute into fluid milk.

2023

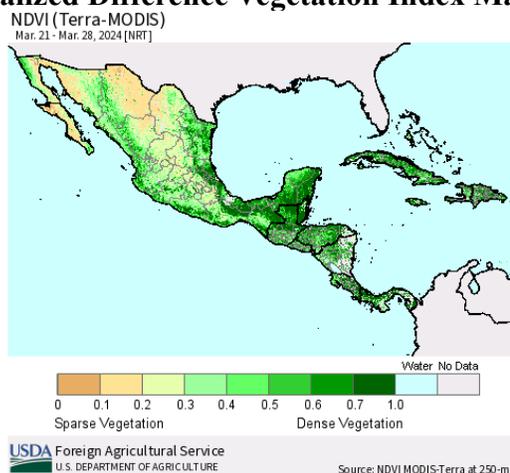
Production for 2023 is estimated at 13.3 MMT, a three percent increase compared to 2022. According to SADER, 2023 milk production reached 99 percent of the production projected at the beginning of the year.

Due to a combination of stable feed prices, strong domestic demand, and no major animal health issues affecting the overall dairy herd, 2023 was a year where producers were able to obtain bigger profits from their assets and meet production goals.

Pasture and Weather Conditions

Despite persistent dry conditions throughout Mexico, grazing conditions for dairy production remains overall stable. Industry sources also report that the amount of hay and silage produced from late rainfalls in September and October 2023, will sustain dairy production during the first half of 2024.

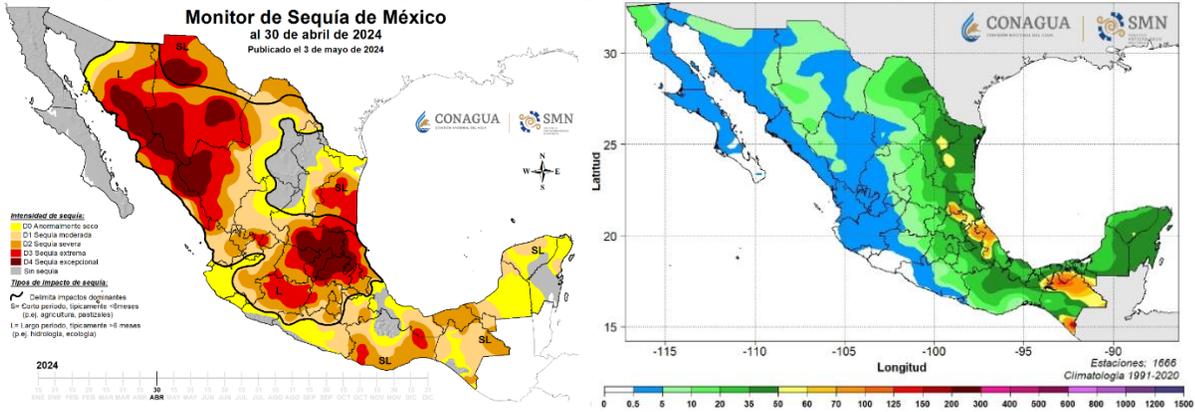
Figure 1. Normalized Difference Vegetation Index March 21-28, 2024



Despite prolonged drought conditions throughout Mexico, milk production is divided across climatic regions which reduces risks to the dairy industry. National milk production is spread as follows: northern region (32 percent), western region (29 percent), central-eastern (23 percent), tropics (11 percent), and five percent distributed among the rest of the states. Additionally, there are a wide range of dairy

production systems in Mexico— from entirely pasture based small producers to highly intensive dairy barns.

Figure 2. Mexico’s Drought and Precipitation Monitor through April 30, 2024

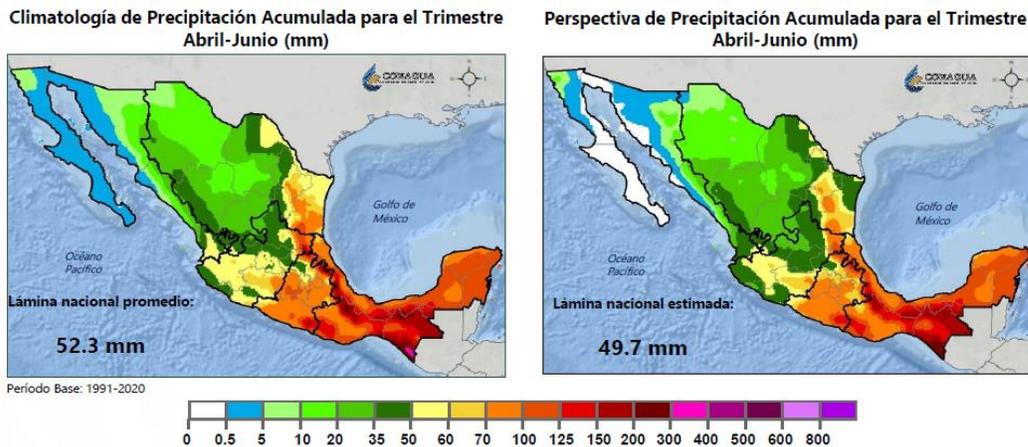


Source: National Meteorological System (SMN)

In general, dairy farmers produce nearly 65 percent of their balanced feed, hay, and silage. This creates a high dependence on wells and man-made reservoirs for water supplies.

Looking forward to the second quarter of 2024, the Service for Agricultural and Fisheries Information (SIAP) outlook for maximum temperatures nationwide are expected to be close to normal climatological conditions. However, the central region is forecasted to have higher temperatures above normal climatological temperatures. If reached, elevated temperatures could impact milk yields in Coahuila and Jalisco. If there is transition from “El Niño” to “La Niña” for the months of June to August as predicted by some analysts, possible rains could further alleviate drought pressures experienced in the first quarter of the year.

Figure 3. Precipitation Average (left) vs. Forecast (right) April to June 2024 (Millimeters)



Source: Agricultural and Fisheries Information Service (SIAP)

Mexico’s National Organization of Feed Producers and Animal Nutrition (CONAFAB) reports dairy cattle feed production in 2023 grew nearly two percent. Less elevated feed prices compared to recent

years, and sufficient availability of silage, grain, and meal by-products are expected to support milk production in 2023 and 2024.

Table 2. Dairy Cattle Feed Production Evolution

Year	MMT	Annual Variation (percentage)
2023	6.31	1.8
2022	6.20	2.0
2021	6.07	2.4
2020	5.93	2.8
2019	5.76	

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

Trade

Imports

The imports forecast for 2024 is 15,000 MT, a 12 percent decrease from 2023. Mexico’s increased production of fluid milk is expected to satisfy a bigger share of domestic demand in 2024. Additionally, increased milk powder imports will play a greater role than fluid milk imports this year due to competitive prices and lower logistics and freight costs.

The imports estimate for 2023 is 17,000 MT, a 13 percent increase from 2022. As imports became more appealing in 2023 due to a strong peso and international commodity prices decreased, fluid milk imports to Mexico increased, especially to satisfy retail demand in the northern states of Mexico.

Imports of fluid milk represent only one percent of Mexico’s dairy product imports. However, in 2023 fluid milk imports from the United States for distribution in northern Mexico became less expensive and safer to transport than bringing fluid milk from the middle states of Mexico. Thus, fluid milk imports played a greater role in Mexico’s milk supply.

In May 2024, dairy industry groups from the United States and Mexico held a forum in Chihuahua and released [a joint statement](#). The statement included an agreement to defend common food names, particularly cheese names, to allow their free use in North America. Industry also agreed to preserve, facilitate, and improve trade between the countries. United States and Mexico industry commitments to advocate on mutually beneficial dairy policies are expected to help maintain the competitiveness and trade interests of both countries.

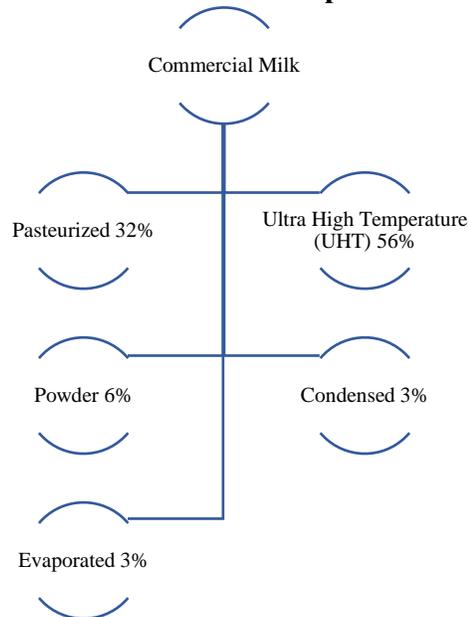
Exports

The exports forecast for 2024 is flat compared to 2023 at 10,000 MT. Exports are forecast to remain flat to meet domestic demand for fresh milk for dairy processing. Exports for 2023 are estimated at 10,000 MT, a 23 percent decrease compared to 2022. In 2023, exports are estimated lower year on year due to the exchange rate which made Mexico’s exports more expensive and therefore milk export sales shifted to domestic industrial processing.

Consumption

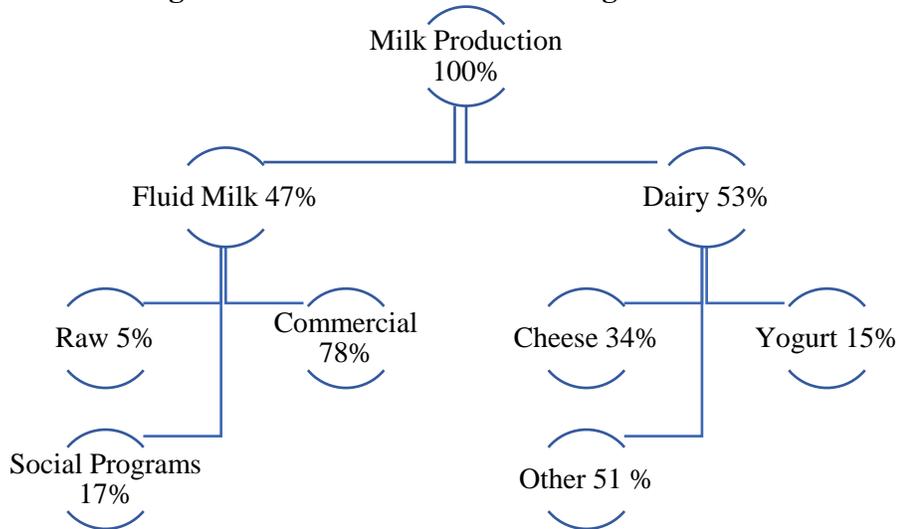
The consumption forecast for 2024 is 13.8 MMT, a growth of two percent compared to 2023. Although the pace of consumption is slower in households, rural areas tend to drive more fluid milk consumption compared to urban areas. However, industrial consumption continues to be the main driver for Mexico's milk use for processing into dairy products such as cheese and yogurt.

Figure 4. Mexico's Milk Consumption Distribution



Source: National Chamber of Milk Industrialists (CANILEC)

Figure 5. Mexico's Milk Processing Distribution



Source: National Chamber of Milk Industrialists (CANILEC)

Social Programs Increase Milk Consumption for Lower Income Families

Liconsa, the government social program for milk purchases and distribution, is forecast to reach over 6.5 million beneficiaries in 2024 compared to 6.1 million in the previous year. In addition to providing federally subsidized milk to consumers, the agency manages a social campaign to increase fluid milk and dairy product consumption in Mexico. The campaign regularly advertises information on dairy farming, nutritional health benefits, and recipes. On the other hand, the third phase of standard NOM-051 (see policy section), which comes into effect in October 2025, may require stop sign labeling on dairy products for calories, sugar, sodium, saturated fats, and trans-fats. Industry shares that when the third phase of the standard begins, dairy products may be required to hold the same stop sign labels as some soft drinks or snacks and/or contradict health messaging on dairy products shared by the government.

2024 Sample Government of Mexico Campaign Advertisements to Increase Dairy Consumption



SEGALMEX | LICONSA



SEGALMEX | LICONSA

Dairy farm pictures to increase consumer awareness on production.



AGRICULTURA | SEGALMEX | LICONSA



AGRICULTURA | SEGALMEX | LICONSA

Advertisement (left) reads due to Vitamin A and Zinc content, dairy products help main skin free of blemishes and promote a healthy appearance. The picture (right) reads whole milk has calcium, proteins, and is perfect to strengthen bones and muscles.



Government advertisements from left to right read: Did you know powdered milk is rich in proteins, essential for the growth and repair of tissues in our body? Due to nutrients such as magnesium and zinc, yogurt can help reduce anxiety and improve your mood. Cheese is a dairy product and excellent source of calcium, protein, and contributes to bone and muscle development.



Flavored milks [are advertised](#) by the government as a nutritious and delicious option to enjoy at any time of the day.

BÚLGAROS

Receta

INGREDIENTES	PROCEDIMIENTO
<ul style="list-style-type: none"> 1 litro Liconsa UHT entera, caliente pero sin hervir 250 ml de yogurt natural 1 refractario, limpio y desinfectado 1 paño para cubiertos 1 liga grande Penicilina 	<ol style="list-style-type: none"> Vacía la leche en el refractario y agrega el yogurt. Tapa con el paño y asegúrala con la liga. Envuélvelo con período co para protegerlo de la luz. Deja fermentar por 5 días en un lugar seco y oscuro para que se formen los pequeños grumos. Cuela con mucho cuidado para evitar que se rompan los grumos. <p>PARA COMERLOS</p> <ol style="list-style-type: none"> Secara los grumos y cubrellos con leche entera Liconsa UHT a temperatura ambiente. Deja reposar una noche. Cuela, sirve y consume, puedes mezclarlos con frutas una pieza de azúcar.

Logos for SEGALMEX and LICONSA are at the bottom.

Sopa de leche

INGREDIENTES

- 1 litro de leche Liconsa UHT
- 1/2 cebolla picada
- 2 dientes de ajo picados
- 1 cucharadita de sal
- 1/2 cucharadita de pimienta negra
- 1/4 taza de queso cotija rallado

INSTRUCCIONES

- En una olla a fuego medio, calienta la leche Liconsa UHT, la cebolla, el ajo, la sal y la pimienta negra.
- Cocina hasta que la cebolla esté suave, aproximadamente 5 minutos.
- Retira del fuego y agrega el queso cotija.
- Mezcla bien y sirve caliente.

Logos for AGRICULTURA, SEGALMEX, and LICONSA are at the bottom.

Recipe samples shared by the government to increase dairy consumption: kefir (left) and milk soup (right).

The consumption estimate for 2023 is 13.5 MMT, a growth of three percent compared to 2022. Industrial uses boosted consumption growth throughout the year. Household consumption was more moderate due to food inflation. For example, pasteurized milk prices at retail stores increased by nearly seven percent between January 2023 and January 2024.

A publication from the Federal Prosecutor for the Consumer (PROFECO) highlighted that from November 2018 to March 2024 some dairy products increased dramatically in price. Industry contacts attribute the increased prices to a lack of security and higher transportation and utility costs. Additionally, uncertainty from changes to public policies such as increased labeling and government blame on large companies for price increases created uncertainty for investments and hindered imports of technology and modern machinery. According to some sources, more uncertainty in the sector caused increased dairy product inflation.

Table 3. Mexico’s Inflation Evolution – Dairy Products

Product	November 2018	March 2024	Difference (percent)
Pasteurized milk (1liter)	16.13	28.16	75
Oaxaca cheese (400g)	43.00	81.99	91
Cream (450g)	24.21	35.27	46

Source: Federal Prosecutor for the Consumer (PROFECO)

According to the National Institute of Statistics and Geography, annual inflation in Mexico reached 4.63 percent in the first half of April, higher than 4.37 percent observed in the second half of March. In the first half of April the National Consumer Price Index increased 0.09 percent, after a decline of 0.03 percent in the second half of March. The general increase in prices exceeded some major Mexico bank forecasts for 2024, which ranged from 4.28 percent to 4.62 percent.

Despite food inflation, milk consumption is expected to grow through smaller volume purchases, social programs, industrial processing, and for use in the HRI sector.

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	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	455	455	465	465	474	474
Other Imports (1000 MT)	156	156	180	181	185	185
Total Imports (1000 MT)	156	156	180	181	185	185
Total Supply (1000 MT)	611	611	645	646	659	659
Other Exports (1000 MT)	14	14	12	12	15	15
Total Exports (1000 MT)	14	14	12	12	15	15
Human Dom. Consumption (1000 MT)	597	597	633	634	644	644
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	597	597	633	634	644	644
Total Use (1000 MT)	611	611	645	646	659	659
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	611	611	645	646	659	659
(1000 MT)						

Not official USDA data.

Production

The production forecast for 2024 is 474,000 MT, a two percent increase compared to 2023. The production estimate for 2023 is 465,000 MT, a two percent increase compared to 2022.

Domestic cheese production is expected to grow in 2024 and 2023 as a result of strong domestic demand and export growth. Cheese demand is driven by the HRI sector and for comfort foods, such as for pizza for delivery restaurants.

According to sources, industrial cheese production is expected to grow close to four percent in 2024. A favorable trend is also expected for some artisan cheeses. *Fresco*, *Panela*, *Crema*, and *Doble Crema* are expected to increase production by six percent in 2024 compared to 2023. *Oaxaca* and *Chihuahua* cheeses are expected marginal growth as their production is more elaborate and requires more labor and producer investment. Fresh-soft cheeses remain a favorite in Mexico’s cuisine, due to versatility and affordability.

Trade

Imports

The import forecast for 2024 is 185,000 MT, a two percent increase compared to 2023. The import estimate for 2023 is 181,000 MT, a 16 percent increase compared to 2022. According to industry, cheese imports represent nearly 30 percent of total dairy import share in volume for Mexico, second only behind milk powder. The United States continues to be the lead supplier with close to 75 percent of the market share. Imports traditionally fulfill around 25 percent of total cheese consumption.

U.S. prepacked industrial cheeses have gained a large niche in Mexico's market due to strong demand and high consumption of shredded, bulk, and sliced cheeses. These cheeses are sold at retail stores or used for processing into products such as pizzas or other comfort foods. High-end imported cheeses are generally sold in specialty stores or the gourmet sections of large supermarket chains and to a lesser extent in the HRI sector.

Exports

The export forecast for 2024 is 15,000 MT, a 25 percent increase compared to 2023. According to industry, U.S. customers are demanding more Mexican cheese. The export estimate for 2023 is 12,000 MT, a 14 percent decrease compared to 2022.

Exports decreased in 2023 due to the exchange rate which favored imports. The United States remains the main destination for Mexico's cheese exports, but markets in Central America and the Caribbean continue to grow for Mexico's industrialized cheeses.

Consumption

The consumption forecast for 2024 is 644,000 MT, a two percent increase compared to 2023. The consumption estimate for 2023 is 634,000 MT, a six percent increase compared to 2022.

Cheese consumption in Mexico rises steadily each year with a large amount of both local varieties and foreign cheeses on the market. Cheese consumption is relatively high in Mexico and driven largely by around 20 varieties such as *Panela*, *Fresco*, *Oaxaca*, *Cotija*, *Asadero*, *Chihuahua*, *Sierra*, and *Canasto*, and due to the importance of cheese in many of the most typical Mexican dishes (quesadillas, soups, tostadas, enchiladas, etc.). Most of the cheeses preferred in Mexico tend to be mild and have a smooth creamy texture for melting.

Stocks

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

Butter

Table 5. Butter - Production, Supply and Distribution

Dairy, Butter Market Year Begins	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	236	236	245	245	250	250
Other Imports (1000 MT)	9	9	20	15	20	20
Total Imports (1000 MT)	9	9	20	15	20	20
Total Supply (1000 MT)	245	245	265	260	270	270
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Domestic Consumption (1000 MT)	245	245	265	260	270	270
Total Use (1000 MT)	245	245	265	260	270	270
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	245	245	265	260	270	270

(1000 MT)

Not official USDA data.

Production

The production forecast for 2024 is 250,000 MT, a two percent increase compared to 2023. The production estimate for 2023 is 245,000 MT, a four percent increase compared to 2022. The production increases are led by the HRI sector and favorable prices for dairy ingredient imports, which incentivized domestic butter production.

Trade

Imports

The import forecast for 2024 is 20,000 MT, a 33 percent increase compared to 2023. In 2024, relatively eased overall food inflation and increased demand from the chocolate and bakery sector will boost imports. The import estimate for 2023 is 15,000 MT, a 67 percent increase compared to 2022. The 2023 import increase was driven by a strong peso and growth in the HRI and tourism sectors which increased the demand for butter.

Exports

The 2024 and 2023 exports are forecast to remain flat at zero. Butter is significantly developed into a processed product and not exported as raw butter. Mexico's butter exports are historically traded with Central America; however, increased domestic demand leaves no room for surplus to be exported.

Consumption

The consumption forecast for 2024 is 270,000 MT, a four percent increase compared to 2023. The consumption estimate for 2023 is 260,000 MT, a six percent increase compared to 2022. Increased demand from the HRI sector and household use is expected to drive up butter consumption in 2024.

While population growth is a driver for more butter consumption, new health trends in Mexico which promote animal-based product consumption, compared to vegetable oil, are expected to increase demand for butter-based products.

As with other dairy products, butter consumption faces food inflation, which forces consumers to change their buying habits, such as making smaller but more frequent purchases.

Table 6. Mexico’s Food Inflation – Dairy Products

Product	Jan 2024 vs. Jan 2023 (percent)
Pasteurized milk	+ 6.82
Milk powder	+ 6.34
Evaporated milk	+ 6.93
Cream	+ 7.00
Yogurt	+ 7.33
Butter	+ 4.87
Ice cream	+ 7.10
Cheese	+ 6.50

Source: National Institute of Statistics and Geography (INEGI)

Stocks

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

Skim Milk Powder (SMP)

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

Dairy, Milk, Nonfat Dry Market Year Begins	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	46	46	48	48	49	49
Other Imports (1000 MT)	333	333	380	338	390	390
Total Imports (1000 MT)	333	333	380	338	390	390
Total Supply (1000 MT)	379	379	428	386	439	439
Other Exports (1000 MT)	1	1	1	0	1	1
Total Exports (1000 MT)	1	1	1	0	1	1
Human Dom. Consumption (1000 MT)	378	378	427	386	438	438
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	378	378	427	386	438	438
Total Use (1000 MT)	379	379	428	386	439	439
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	379	379	428	386	439	439
(1000 MT)						

Not official USDA data.

Production

The production forecast for 2024 is 49,000 MT, a two percent increase compared to 2023. The production estimate for 2023 is 48,000 MT, a four percent increase compared to 2022.

The forecast increase in 2024 is attributed to a surplus of fluid milk production in the central states of Mexico. Delayed and slowed down payments from Liconsa to producers led to more supply of fluid milk for drying facilities. However, large private investments to increase drying facilities are disincentivized due to record high interest rates and no public investment oriented to the dairy sector. Drying facilities in Mexico continue to be scarce and often far from producers. Therefore, fluid milk continues to fulfill a market share as opposed to milk powder, despite its short shelf life.

Additionally, Mexico's government is currently reviewing their standard for milk powder in 2024 as part of a five-year National Program for Quality Infrastructure (PNIC) (see policy section) process. To reduce business uncertainty, some industry members are expected to wait for results of the standard review prior to making large investments in milk drying facilities.

Production increased in 2023 to meet demand from industrial processors and the HRI sector, driven mostly by bakeries.

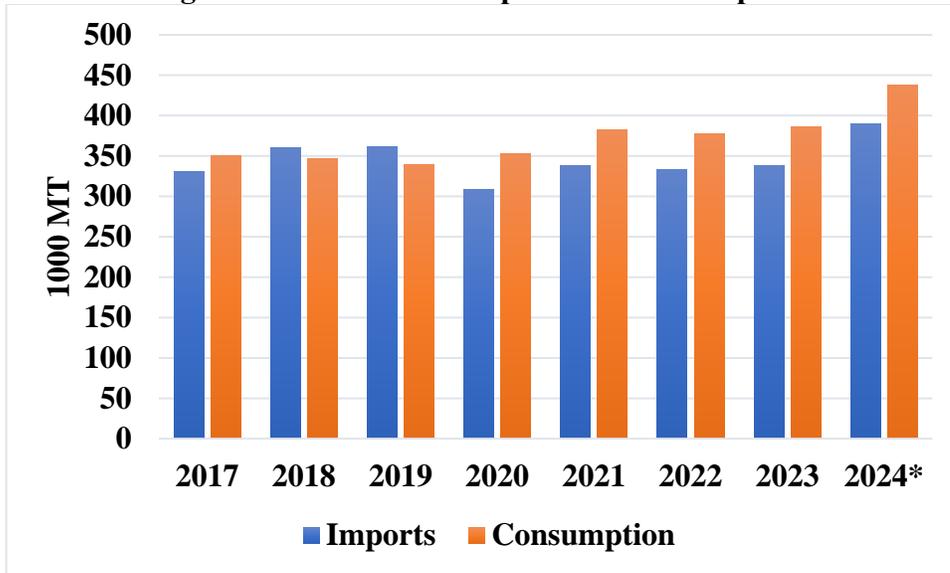
Trade

Imports

The import forecast for 2024 is 390,000 MT, a 15 percent increase compared to 2023. The import estimate for 2023 is 338,000 MT, a one percent increase compared to 2022. Increased imports are driven

by strong demand and competitive international prices. Despite an expected increase in domestic production, Mexico depends heavily on imports to satisfy demand.

Figure 6. Mexico SMP Imports vs. Consumption



Source: USDA FAS Production, Supply, and Distribution (PS&D). Note: *Forecast.

Exports

The export forecast for 2024 is 1,000 MT and the estimate for 2023 is under 1,000 MT. SMP exports are price driven and mainly to Latin American countries. Limited domestic production, strong domestic demand, and high freight costs hinder Mexico’s export market growth.

Consumption

The consumption forecast for 2024 is 438,000 MT, a 13 percent increase compared to 2023. The consumption estimate for 2023 is 386,000 MT, a two percent increase compared to 2022. Mexico continues to be the number two consumer of powdered milk in Latin America, after Brazil.

Skim milk powder has a wide range of uses in Mexico’s food manufacturing sector as an additive, an ingredient, or a fortifier. Liconsa continues to be a major consumer of SMP.

Stocks

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

Whole Milk Powder (WMP)

Table 8. Dairy, Milk, Whole Dry - Production, Supply and Distribution

Dairy, Dry Whole Milk Powder Market Year Begins	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	124	124	125	125	125	125
Other Imports (1000 MT)	4	4	3	4	4	4
Total Imports (1000 MT)	4	4	3	4	4	4
Total Supply (1000 MT)	128	128	128	129	129	129
Other Exports (1000 MT)	2	2	3	2	2	2
Total Exports (1000 MT)	2	2	3	2	2	2
Human Dom. Consumption (1000 MT)	126	126	125	127	127	127
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	126	126	125	127	127	127
Total Use (1000 MT)	128	128	128	129	129	129
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	128	128	128	129	129	129

(1000 MT)

Not official USDA data.

Production

The production forecast for 2024 is forecast flat compared to 2023 at 125,000 MT, due to a lack of new installed capacity for domestic drying. The production estimate for 2023 is 125,000 MT, a one percent increase compared to 2022. These increases are attributed to slight increased demand for domestic WMP.

WMP is used in a variety of recipes and products in Mexico to add flavor and richness to baked goods or used as a supplement for extra calories and nutrition. The versatility of WMP allows use as a fluid milk replacement in some recipes and can be reconstituted to liquid while maintaining taste.

Trade

Imports

The import forecast for 2024 is 4,000 MT, unchanged compared to 2023 and 2022. In 2023, WMP recovered to 2022 levels based on demand for dairy ingredient processing.

WMP imports have not increased significantly, due to competition from SMP imports which have increased considerably in the past five years. WMP is less preferred by processors due to shifted processing trends towards leaner products.

Exports

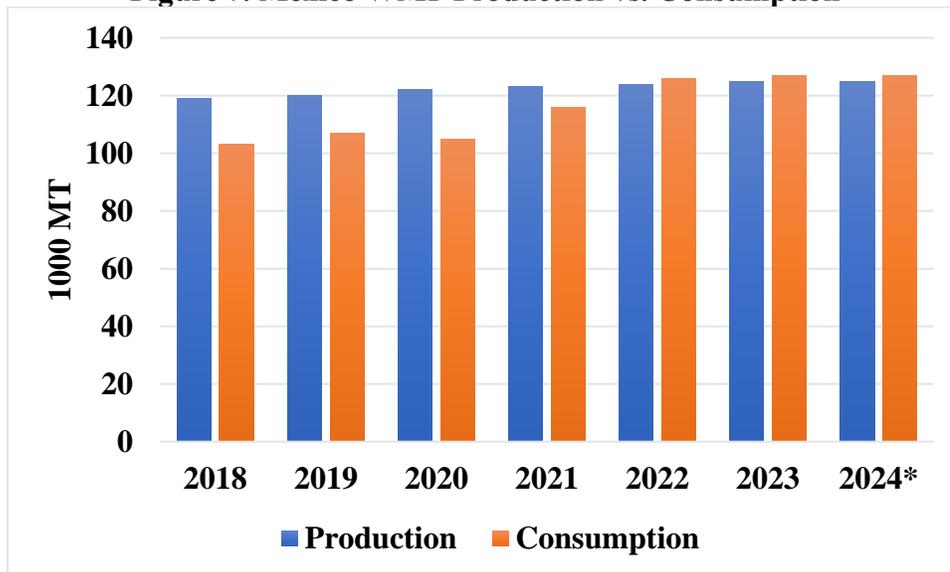
Exports for 2024 are forecast flat compared to 2023 at 2,000 MT. A lack of significant increased domestic production and steady domestic demand are expected to keep exports flat. The export estimate for 2023 is flat compared to 2022 at 2,000 MT.

Mexico's WMP exports in the past were mostly singular events or one-time business transactions with other countries in Latin America. Those opportunities did not transpire in 2023 and are not forecast for 2024. According to industry, the stronger domestic currency makes exports less appealing for their customers in Latin America.

Consumption

Consumption in 2024 is forecast at 127,000 MT, virtually unchanged from 2023. Consumption trends for lean products limit the use and consumption of WMP in Mexico. The majority of WMP consumption is from domestically produced product. For nearly 60 percent of Mexico's population, the sole driver for dairy consumption is affordability. Milk powder is a favored product by those who lack immediate access to dairy and/or adequate refrigeration methods. The main uses of WMP are for confectionaries, bakeries, infant formulas, and nutritional foods.

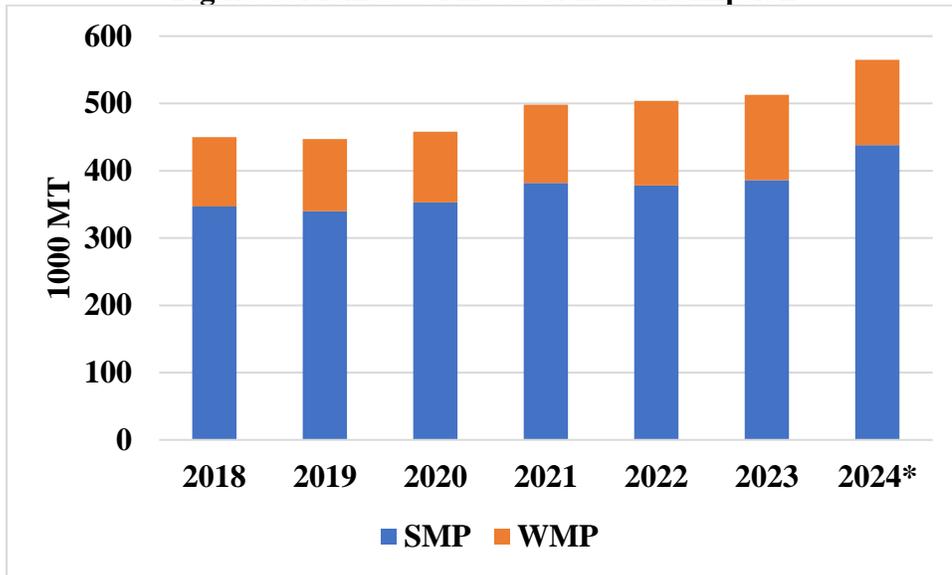
Figure 7. Mexico WMP Production vs. Consumption



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

Compared to WMP, SMP continues to dominate the market between the two milk powders.

Figure 8. Mexico WMP vs. SMP Consumption



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

Stocks

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

Additional Dairy Products

Whey

It is estimated that whey imports in 2023 reached 52,420 MT, a five percent increase compared to 2022. Whey exports are not significant in Mexico. Increased whey imports are a result of demand for processing of yogurt and some regional soft cheeses, for processing infant formulas, food for clinical and senior nutrition, and for the sports products industry. Whey in Mexico is also used in milk processing and as an ingredient in the production of powdered vegetable oil.

Acid casein, derived from whey, is mainly used in the processing of fresh cheeses. Acid casein is widely used in the production of Mexico's cheeses such as *Panela*, *Canasto*, *Doble Crema*, *Oaxaca*, *Chihuahua*, and *Mennonite*.

Trade

Imports

Table 9. Mexico Whey Imports (MT)

	2017	2018	2019	2020	2021	2022	2023
World	57,266	62,343	71,408	44,334	53,414	49,835	52,420
United States	54,883	60,400	67,775	42,007	49,490	49,835	52,374
Norway	1,162	876	1,790	1,640	2,348	0	0
Canada	56	0	0	0	381	0	0
United Kingdom	0	0	0	0	350	0	0
Germany	366	417	456	391	310	0	46
Denmark	259	213	266	90	166	0	0
Chile	50	150	169	144	150	0	0
Switzerland	111	83	153	57	113	0	0
France	60	0	680	0	100	0	0

Source: Trade Data Monitor

Exports

Table 10. Mexico Whey Exports (MT)

	2017	2018	2019	2020	2021	2022	2023
World	1,433	1,893	1,521	24	61	0	0
United States	20	7	4	3	25	0	0
El Salvador	0	0	0	0	21	0	0
Cuba	20	38	33	21	14	0	0
Guatemala	0	0	0	1	1	0	0
Philippines	989	1,720	1,419	0	0	0	0

Source: Trade Data Monitor

Ice Cream

Imports for 2023 are estimated to reach 26,030 MT, a ten percent increase compared to 2022, while exports are estimated at 3,662 MT, a 41 percent decrease from 2022. Sources share that ice cream trade is less profitable now than ten years ago, so much of the current trade is between transnational companies or one-time business opportunities.

Ice cream, frozen desserts, and lollipops are purchased regularly by seven out of ten households in Mexico, especially those with children. The average household buys three liters of ice cream per year. Mexico's per capita consumption of ice cream is 1.5 liters per year. In the spring and summer time, consumption increases by 30 percent compared to the rest of the year. Almost 40 percent of consumers tend to eat ice cream at least once a week.

Trade

Imports

Table 11. Mexico's Ice Cream Imports (MT)

	2017	2018	2019	2020	2021	2022	2023
World	20,889	24,366	26,242	24,704	24,605	23,566	26,030
United States	20,476	23,696	24,942	23,200	22,792	23,553	25,634
United Kingdom	0	0	0	46	1,116	0	0
France	293	421	679	521	426	0	396
Italy	64	148	139	194	163	13	0
Spain	35	66	64	51	85	0	0

Source: Trade Data Monitor

Exports

Table 12. Mexico's Ice Cream Exports (MT)

	2017	2018	2019	2020	2021	2022	2023
World	726	475	330	523	1,976	6,235	3,662
United States	348	174	111	177	1,279	6,235	3,662
Panama	0	0	0	0	372	0	0
Dominican Republic	201	149	163	287	239	0	0

Source: Trade Data Monitor

Infant Formulas

It is estimated that imports for 2023 reached 8,032 MT, a seven percent decrease compared to 2022. Exports for 2023 are estimated to reach almost 471,890 MT, a spike of over 400 percent compared to 2022. According to sources, the large increase is not a reflection of an actual increase in exports, but rather the Mexican National Customs Agency (ANAM) assigning more product under Harmonized System Code (HS Code) 190110 starting in 2023.

In Mexico, infant formulas are not considered dairy products but are classified as pharmaceutical supplements. Only five percent of infant formula is dairy based, specifically whey. According to industry contacts, formulas classified as baby formulas or stage one formulas are intended for babies zero to six months old. Infant formulas are classified in stages two to four and intended for babies over seven months old.

Trade

Imports

Table 13. Mexico's Infant Formula Imports (MT)

	2017	2018	2019	2020	2021	2022	2023
World	9,294	10,371	10,786	8,615	8,582	8,631	8,032
Netherlands	4,096	4,704	3,927	4,203	4,095	820	1,643
Germany	1,090	1,164	1,157	1,253	1,420	694	379
Spain	1,471	1,213	1,212	893	1,173	0	0
Ireland	782	602	809	762	709	0	0
Unidentified	0	0	0	0	0	6,823	5,949
Argentina	652	894	632	427	356	0	0
France	165	205	262	539	276	231	0
United States	502	1,106	2,451	284	271	63	62

Source: Trade Data Monitor

Table 14. Mexico's Infant Formula Exports (MT)

	2017	2018	2019	2020	2021	2022	2023
World	42,613	67,667	124,980	97,649	75,342	92,351	471,890
United States	3,893	4,755	11,346	16,551	13,113	62,860	452,402
Dominican Republic	8,633	10,013	11,391	24,166	9,526	13,682	3,933
Colombia	4,445	6,090	22,391	5,127	5,524	4,821	5,305
Unidentified	0	17	0	0	4,974	4,521	4,516
Guatemala	1,733	2,500	3,918	4,827	4,761	2,930	834
Honduras	1,931	2,623	3,978	4,967	4,381	1,107	977
Nicaragua	2,299	13,534	4,930	9,499	4,217	1,026	599
Peru	3,875	3,704	3,430	3,483	3,352	969	2,417

Source: Trade Data Monitor

Policy

GOM Dairy Regulations Review

On January 30, 2024, the National Program of Quality Infrastructure (PNIC) was published in the Official Gazette. This publication announced the Mexican standards (NOMs, by the Spanish acronym) in line for review as part of a mandatory five-year review process. In February 2024, SADER requested that dairy associations submit information regarding the impact of dairy NOMs on the domestic market and trade. NOM-222 Milk Powder and NOM-223 Cheese are undergoing systemic review. SADER and the Secretariat of Economy will determine one of three outcomes; they could determine the standards will continue as they are, cancel them, or set them up for modification. In the latter case, working groups would be established and a new draft standard opened for public comments.

2024 General Election

On June 2, 2024, Mexico will elect a new president for a six-year term, in addition to voting for a new senate, congress, and various gubernatorial, state, and municipal changes. Voters will determine a replacement for President Andrés Manuel López Obrador of the National Regeneration Movement Party. Currently, Claudia Sheinbaum (National Regeneration Movement Party), Xochitl Gálvez [Coalition of Institutional Revolutionary Party (PRI) - National Action Party (PAN) - Democratic Revolution Party (PRD)], and Jorge Alvarez Maynez (Citizens' Movement) have vowed to support agricultural growth in Mexico. Sheinbaum vows to maintain President López Obrador's social agricultural support programs for small and medium farmers, while Gálvez emphasizes medium and larger size farm support. Both candidates vow to increase security for crimes against the agricultural sector and strengthen resources for SENASICA. Dairy contacts note policy uncertainty exists during election years. The sector remains attentive to any pre- or post- election changes to agricultural policy which could impact their operations.

Anti-Inflation Decrees

Mexico published a series of inflation related decrees which temporarily allow the duty-free imports of certain food products including milk, cream, and milk powder (See [GAIN MX2024-0004](#) and [GAIN MX2023-0002](#)) from non-free trade agreement countries. The decree temporarily exempts select importers from the payment of import duties for certain goods through December 2024. The United States continues to be Mexico's primary provider of dairy products due to lower freight costs, faster delivery times compared to competitors, and reported U.S. product consistency and quality.

Mexico Front-of- Pack Labeling Second Phase Implementation

The third and final phase of the Mexico's Official Standard NOM-051, front-of-pack labeling, will go into force on October 1, 2025. Phase three will evaluate whether processed foods and non-alcoholic beverages meet the labeling criteria identified in phase two. The second phase, in place from October 1, 2023-September 30, 2025, requires the review of warning signs and precautionary legends for excess calories, sugar, sodium, saturated fats, and trans-fats. NOM-051 updated labeling guidelines could require processed foods and nonalcoholic products to include up to five black octagonal warning signs and rectangular precautionary legends, if determined to have excess nutrients. Imported products that require NOM-051 labeling and do not comply cannot legally enter commerce and would be subject to fines. Exporters should work with reliable importers to ensure new labeling requirements are correctly implemented. Additional information on NOM-051 is available in GAIN reports [MX2023-0051](#), [MX2020-0019](#), [MX2021-0012](#), and [MX2021-0032](#).

For More Information

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Report Number	Title	Dated
MX2023-0054	Dairy and Products Annual	10/24/2023
MX2023-0025	Dairy and Products Semi-annual	05/19/2023
MX2022-0056	Dairy and Products Annual	10/24/2022
MX2022-0034	Dairy and Products Semi-annual	06/17/2022
MX2022-0023	Food Processing Ingredients	03/30/2022
MX2022-0011	Mexico Publishes Final Draft of Cheese Conformity Assessment Procedure	02/01/2022
MX2022-0056	Dairy and Products Annual	11/01/2021
MX2021-0051	Mexico Publishes Draft Conformity Assessment Procedure for Cheese	09/07/2021
MX2021-0047	Mexico to Work Six Dairy Regulations and Two Still Pending at the WTO	08/23/2021

Attachments:

No Attachments