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Report Highlights:

Post forecasts demand for dairy products to increase 2 percent to 3 million metric tons (MMT) in liquid milk equivalent (LME) in 2025. The Philippines imports 99 percent of its dairy requirement, as domestic production cannot meet demand. Post forecasts skim milk imports to grow 3 percent to 160,000 MT, while fluid milk imports remain flat at 118,000 MT in 2025. Cheese imports will continue to decline due to high prices and tight supply.

EXECUTIVE SUMMARY

The Philippines produces only one percent of its demand for dairy products, which leads the country to import 99 percent of its requirements. The Philippines' annual per capita consumption of 27 kilograms (kg) is below consumption in the United States (295 kg per capita) showing there remains ample opportunities for food manufacturers to offer more dairy products in the Philippines.

Fluid Milk or Ready-to-Drink Milk (RTD Milk). Post forecasts, production will rebound to 33,000 MT, boosted by an increase in the dairy herd to 34,000 animals and the active implementation of the government's dairy development projects. Despite production improvements, the Philippines supplies only 20 percent of its total annual RTD requirement, with the rest imported equating to about one glass out of five glasses of liquid milk consumed. The Philippine average milk production is 10 liters (li)/day for dairy cows, 4.5 li/day for buffalo, and 1.5 li/day for goats. Production remains low mainly due to poor feeding and management practices resulting from high production costs and inadequate infrastructure.

Demand for liquid RTD milk is forecast to grow 3 percent in 2025. Growth drivers include the expansion of the Milk Feeding Program, and consumption in coffee and milk tea due to the expanding food service sector. Demand is supported by imported ultra-heat treated (UHT) milk. Post forecasts import to remain flat at 118,000 MT in 2025 due to expected improvement in the local supply of liquid RTD Milk.

Cheese. Local production remains minimal. Post forecasts declining cheese demand due to high prices and tight supply in 2025. Cheese usage will be conservative among fast-food, pizza chains, and other restaurants, which are the drivers of demand for cheese. Post forecasts imports to remain flat in 2025 attributed to increasing prices due to tight supply.

Skim Milk Powder (SMP). Post forecasts consumption to increase to 160,000 MT LME in 2025, up by 3 percent from 2024. Inflation is declining, which will encourage consumption as prices go down. A growth of 3 percent in SMP imports is also expected as consumption continue to grow. An expected decline in import price will encourage manufacturers to produce more packaged dairy products to serve the increasing demand. The United States and New Zealand remain major suppliers of SMP in the country.

Whole Milk Powder (WMP). Post forecasts consumption to remain flat in 2025 at 13,000 MT, coming from an estimated 3 percent increase in 2024. Declining prices will encourage consumers to switch to WMP consumption. Post sees imports to remain flat in 2025 at 13,000 MT in consideration of the expected double-digit growth of 44 percent in 2024. Imports during the first semester of 2024 already grew 67 percent from the same period the previous year due to more competitive prices.

The United States and New Zealand remain the major suppliers of dairy products to the country. Dairy manufacturers maintain up to three months of raw material stocks. Placement of orders from exporting countries are done in advance in consideration of the transit time.

The Philippines produces only one percent of its demand for dairy products, which leads the country to import 99 percent of its requirements. Low per capita consumption of 27 kilograms (kg) provides ample opportunities for food manufacturers to offer more dairy products in the Philippines.

Consumption

FAS Manila forecasts consumption to reach 3 million MT in liquid milk equivalent (LME) in 2025, a growth of 2 percent from 2024, with the vast majority coming from imports. Growth is attributed to the expanding middle class and a growing population. The [Philippine population](#) is projected to be about 114 million in 2025, the 13th largest in the world, and growing 1 percent annually. The country’s gross domestic product (GDP) is expected to grow by about [6.1 percent](#) in 2025. Post sees these combined factors leading to greater dairy consumption. Rising consumption is also supported by infrastructure investments, particularly in cold chain facilities, supermarkets, and display areas.

Table 1. Dairy Supply and Demand					
(In ‘000 MT, in LME)					
	2021	2022	2023	2024*	2025*
Production	26.30	30.28	28.86	32	33
+ Imports	3,088	3,398	2,913	3,050	3,100
- Export	51	109	47	90	90
= Consumption	3,063	3,320	2,896	2,992	3,043

Note: *Post forecast

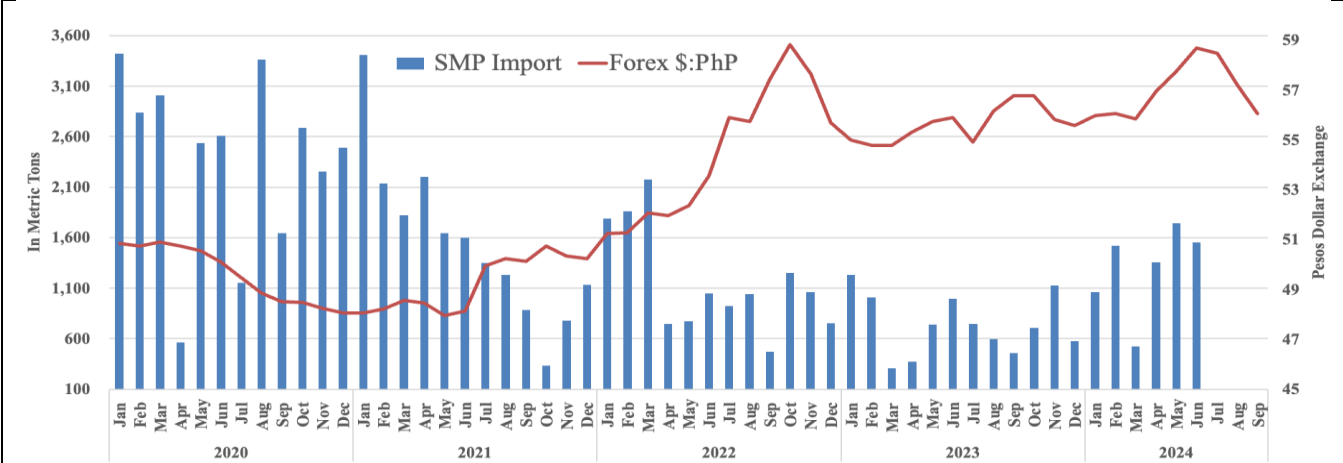
Source: National Dairy Authority (NDA)

Middle class households spend a higher percentage of their income on dairy products. According to Philippines Statistics Authority (PSA) surveys, as incomes grow among the middle class, spending can increase up to 9 times for milk and dairy products. See [Dairy and Products Annual 2022](#). Dairy demand is forecast to grow as the country reaches upper-middle income status in 2025.

Inflation slowed down in September 2024 to 1.9 percent, down from 6.1 percent in September 2023. Lower inflation supports increase consumption of food products including dairy. The national average inflation from January to September 2024 was 3.4 percent. Milk, other dairy products and eggs, however, posted higher indices at 4 percent in September 2024 from 3.2 percent in the previous month. Source: [PSA Summary of Inflation Report: September 2024](#).

The foreign exchange rate is also a consideration in dairy importation. The increase in dollar to peso exchange rate resulted in increasing consumer prices considering the country’s import dependency on dairy and products. Importation of skim milk powder (SMP), for example, is sensitive to exchange rate fluctuations and this is the major raw material used by local manufacturers.

Figure 1. Behavior of SMP Importation to Peso to Dollar Exchange Rate



Source: [Bangko Sentral ng Pilipinas](#) (Central Bank of the Philippines) and Trade Data Monitor (TDM)

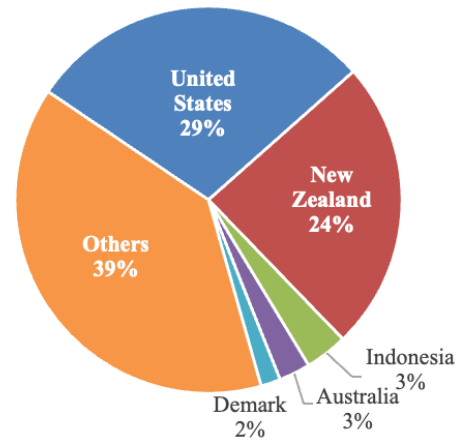
Trade

Dairy products continue to be the third largest U.S. agricultural export to the Philippines after soybean meal and wheat, on value terms. The Philippines dairy market remains competitive market, with the United States and New Zealand having the largest shares followed by Indonesia, Australia and Denmark. Additional sources were Belgium, Canada, France, Ireland, Netherlands, among others.

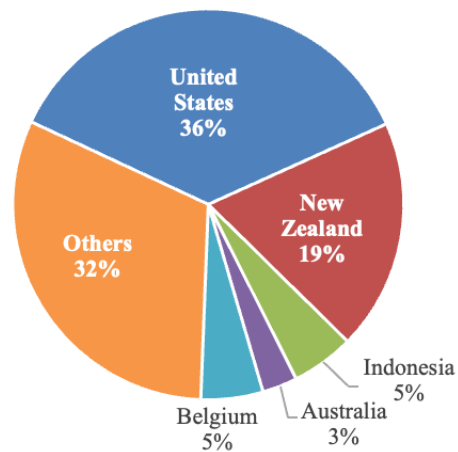
Imports. Post forecasts overall dairy imports to grow in 2025 as demand expands due to increasing consumption. According to National Dairy Authority (NDA) data, the United States remained as the top source of dairy imports in 2023. This is despite U.S exports facing a tariff disadvantage compared to New Zealand. (See Trade Policy). First semester imports in 2024 were mainly supplied by the United States and New Zealand. Overall imports increased by 13 percent during the first half of 2024 compared to first semester 2023. Whole milk powder (WMP) grew 67 percent, while SMP increased to 10 percent compared to the same period the previous year. Other growth contributors are cream (44 percent), whey powder (34 percent), and liquid RTD (26 percent). SMP, WMP, and buttermilk are used to manufacture condensed milk, evaporated milk, and other dairy products. A list of dairy importers can be found [here](#).

Figure 2. Dairy Imports By Country Source

2024 (Jan-Jun) Volume = 1.65 MMT, LME



2023 Total Volume = 2.91 MMT, LME



Source: NDA

The growth in cream imports slowed down to 44 percent in 2024 compared to an 171 percent increase in the first half of 2023. Cream is being substituted for WMP in manufacturing dairy products in 2023.

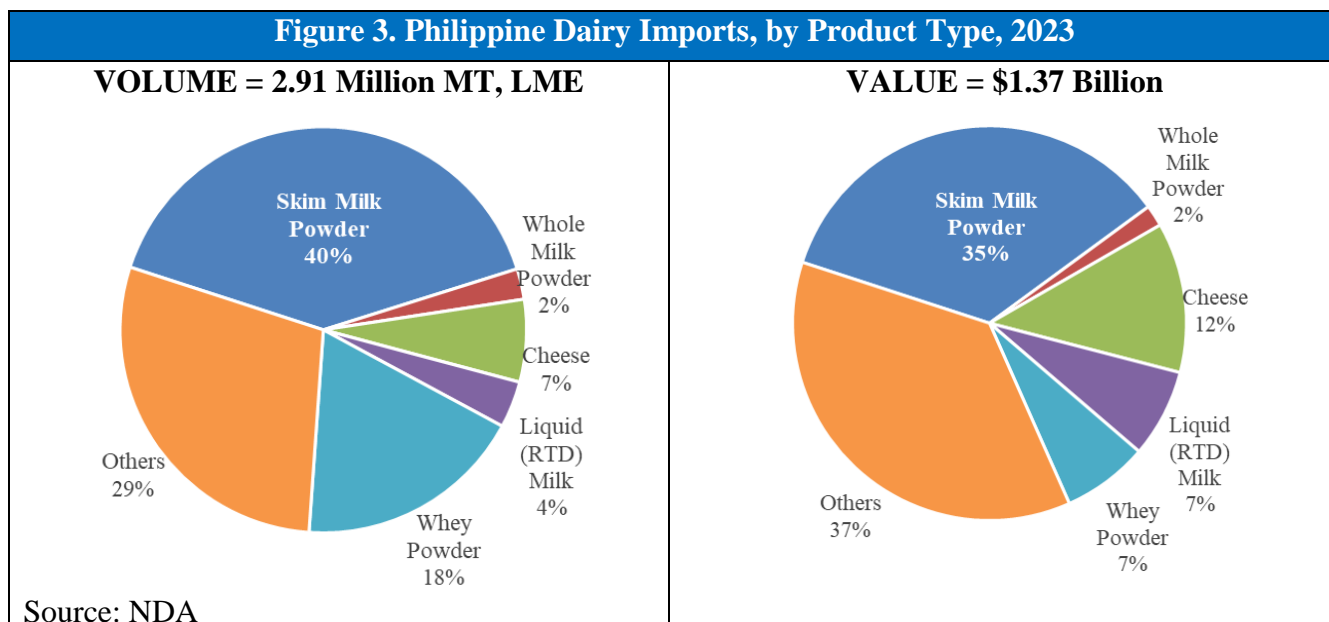


Table 2. Volume of Milk and Dairy Products Imports in '000 MT, in LME

Particular	2020	2021	2022	2023	2023*	2024*
1. Milk and Cream	100	89	112	108	1,240	1,439
• Liquid (RTD) milk	1,465	1,347	1,525	1,169	46	59
• Skim milk powder	239	149	110	71	598	658
• Whole milk powder	330	342	373	341	37	62
• Butter milk powder	456	555	655	532	192	215
• Whey powder	66	51	58	113	253	338
• Cream	3.38	2.35	2.90	1.27	50	72
• Condensed milk	0.37	0.14	0.18	0.18	0.13	2.53
• Evaporated milk	47	67	99	139	0.05	0.11
• Others	100	89	112	108	62	34
2. Butter/Butterfat	259	266	223	215	103	107
3. Cheese	137	173	184	191	102	94
4. Curd	49	45	58	32	20	13
Total Imports	3,152	3,088	3,398	2,913	1,464	1,653

Note: To calculate LME, NDA uses a conversion factor of 8.02 liters per one kilogram of whole and non-fat dry milk powder and 5.51 liters per one kilogram of cheese.

* = January to June only

Source: NDA

Exports. The Philippines exports value-added dairy products such as cream and ice cream, manufactured using local and imported ingredients. Post forecasts exports to recover in 2025 with the

expected increase in local milk production and imported dairy ingredients. Exports grew 161 percent during the first half of 2024 compared to January to June 2023.

The country exports milk and cream, butter, and cheese to Malaysia, Vietnam, and Bangladesh. Post estimates 2024 exports increasing further, as manufacturers continue to expand production and take advantage of the duty-free market access from the ASEAN free trade agreement. The country's exports, however, are still minimal. The list of Philippine exporters is available [here](#).

Table 3. Dairy Products Exports in MT, in LME						
Particular	2020	2021	2022	2023	2023*	2024*
1. Milk and Cream	30,349	40,704	97,007	36,881	17,473	52,509
• Liquid (RTD) milk	24.94	0.36	2.62	35	10.37	1.25
• Skim milk powder	117	5,190	12,817	1,519	187	12,396
• Whole milk powder	226	278	57,491	8,638	6,417	28,589
• Ice cream/mixes	19	1,055	557	959	632	572
• Ice drops/ice mix	12,924	16,660	10,078	7,609	5,272	8,075
• Whey	1,882	1,774	1,262	406	331	1,068
• Cream	2,160	1,816	2,160	1,264	2,083	-
• Condensed milk	10,128	6,882	9,591	12,208	94	-
• Evaporated milk	345	955	599	754	347	407
• Others	2,524	6,095	2,448	3,487	1,650	1,399
2. Butter/Butterfat	2,038	4,352	4,546	3,299	2,840	3,323
3. Cheese	3,422	6,369	7,155	6,359	2,542	3,782
Total Exports	35,809	51,425	108,708	46,538	22,855	59,614

Note: * = January to June only

Source NDA

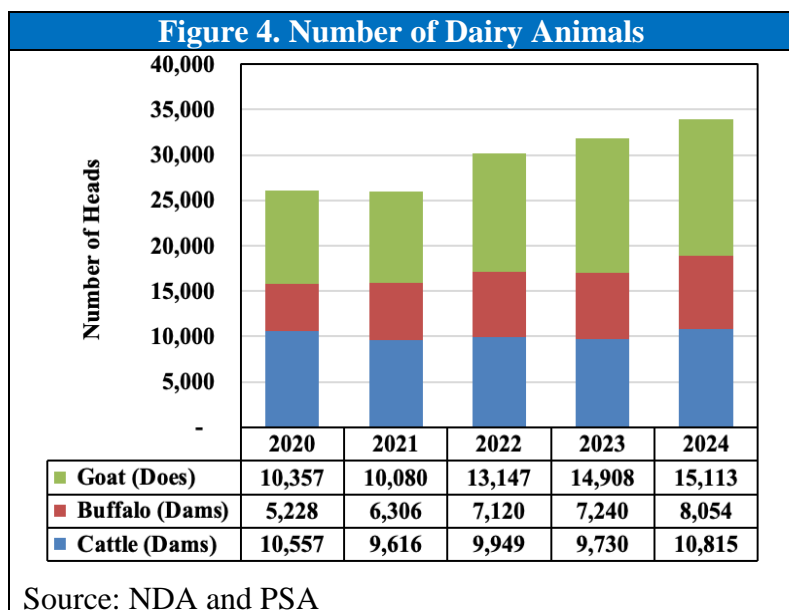
Fluid Milk or Ready-to-Drink Milk (RTD Milk)

Production. Post forecasts, production will rebound to 33,000 MT, in 2025 boosted by an increase in the dairy herd and the active implementation of the government's dairy development projects. Production will recover at the level of 32,000 MT in 2024 attributed to the increasing number of dairy animals. Post revises milk production in 2023 from USDA Official of 32,000 MT down to 29,000 MT. While water buffalo and goats' milk supply increased, production did not offset the decrease in cow's milk production due to reduction in dairy herd. Cow's milk production represents 60 percent share to total production.

Despite production improvements, the Philippines supplies only 20 percent of its total annual RTD requirement, with the rest imported equating to about one glass out of five glasses of liquid milk consumed. Production growth has been slow in previous years because of the inability to increase the dairy herd, mostly due to insufficient funding and little investment from the private sector. The top milk-producing areas are on the island of Luzon, including Laguna, Bulacan, and Batangas. Davao and Bukidnon in Mindanao are also major producers.

In 2024, the Philippine Statistics Authority (PSA) estimated the country’s beginning inventory of dairy animal at 34,000 head. The number of dairy goats is growing due to increasing imports, with the NDA focusing on providing goats for the livelihood of small farmers. The dairy cattle herd has recovered from a decline in 2023 due to refreshing of old animals and slaughter of cows for meat.

Production is dominated by small farmers, with a few medium-to-large farms operated by entrepreneurs. In the dairy cattle sector, farms are small if they have 5-10 cows; medium farms have 11-50 head; and commercial farms or large farms have over 50 head. For dairy buffalo, farms with 5-10 animals are smallholders, medium farms have more than 10 heads, and commercial farms have 25 head and above. For dairy goats, smallholders are those with 25 head and below, medium farms have 26-99 head, and commercial farms have over 100 head.



The Dairy Confederation of the Philippines (Dairycon) established in 1993, is the major organization for all dairy cooperatives, associations, and processors. It serves as an avenue for dairy farmers to discuss common interests affecting their sector. The [dairy entities](#) composed of cooperatives, dairy organizations, and private independent processors are clustered among 69 NDA-assisted dairy areas.

The Philippine average milk production is 10 liters (li)/day for

dairy cows, 4.5 li/day for buffalo, and 1.5 li/day for goats. Production remains low mainly due to poor feeding and management practices resulting from high production costs and lack of adequate infrastructure. In comparison, the average daily milk yield in the United States is around 30 li/day.

Other industry problems are low reproductive efficiency, water scarcity in some areas, and high wastage due to the milk perishability. Competitiveness and profitability constrain further growth, mainly because of the following factors:

- Private investments in dairy animals have been low due to perceived low competitiveness of local milk over the market dominance of low-cost imported powder milk. Dairy processors prefer to import low-cost powder milk instead of linking to domestic producers, who cannot supply the needed volume. There are new entrants in the industry but the impact of their investments will be felt in the coming two to three years.
- The issue of sourcing the right breed for the country’s tropical conditions is constrained by phytosanitary issues such as whether the supplying country has been certified free of foot-and-mouth disease (FMD). Available breeds are typically crossbred from Holstein with tropical

breeds such as Sahiwal, mostly from Australia and New Zealand. The cost of the animals is rising due to a weak Philippine peso and transport costs.

- Land availability is a major factor affecting ruminant animal inventory growth. The average landholding is 1.5 hectares, which is not sufficient for pasture and forage production. Feed resources are a major consideration in increasing animal holdings.

Programs to Boost Dairy Production. The government initiates dairy development through the introduction of dairy genetics for cattle, water buffalo, and goats. NDA and Philippine Carabao Center (PCC) created programs and projects to increase the population of dairy animals, boost milk production, and support the development of the country’s dairy sector. These various programs are detailed in [GAIN Dairy and Products Annual 2022](#).

Consumption. Demand for liquid RTD milk is forecast to grow in 2025. Growth drivers include the expansion of the government’s Milk Feeding Program (MFP), and strong food service growth, especially in the coffee shop sector. Take-out and delivery services will push demand growth as consumers get used to online purchases. Post revises consumption in 2024 from the USDA official estimate of 129,000 to 137,000 MT accounting for the increased in local supply and imported RTD milk.

The locally produced fresh milk classified as ready-to-drink milk (RTD) has competitive advantages against the imported RTD in the fresh milk market. The market for local RTD grows as a result of [RA 11037](#) and [RA 11148](#), requiring investment in the MFP among preschoolers and malnourished school children. The Department of Education (DepEd) prioritizes local dairy products in the school feeding program. Around 60 percent of the local fresh milk production goes to this program and the rest to local commercial sales or household consumption. The MFP is estimated to require a minimum of 72 million liters per year since 2022 and is forecast to need 79.2 million liters by 2030. See [GAIN Report on DepEd’s School Feeding Program](#).

The expansion of the MFP supports the increase in dairy consumption. On the business side, growth drivers will be the expansion of business operations, especially among restaurants. With overall

purchasing power improving, Post forecasts dairy consumption growing in 2025. Metro Manila is the primary destination for fresh or pasteurized milk. The main targets of local milk processors are the institutional buyers such as hotels, restaurants, hospitals, and specialty coffee shops, which have grown popularity. Local RTD dominates the coffee shop market because of its better foaming properties, as compared to ultra-heat treated (UHT) milk. The major suppliers of fresh milk to coffee shops are processors from southern

Figure 5. Milk Feeding Program Beneficiaries



Source: NDA

Luzon, particularly Batangas and Laguna. Other coffee shops also use imported UHT milk for easy handling and supply assurance.

Imports. Demand is mainly supplied by imported UHT milk. Post forecasts imports to remain flat at 118,000 MT in 2025 attributed to the estimated increase in the local supply of liquid RTD Milk. Post adjusted 2024 imports up to 118,000 MT from 110,000 MT. Imports from January to June 2024 have already grown 28 percent compared to the same period in 2023.

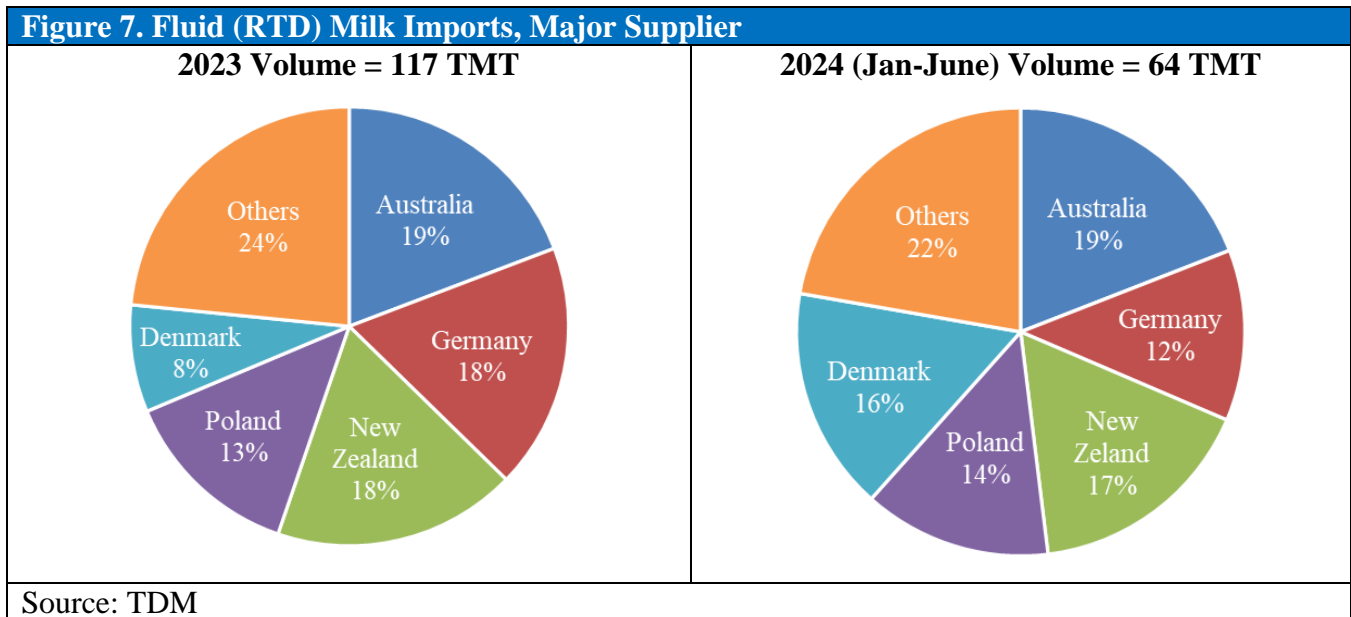
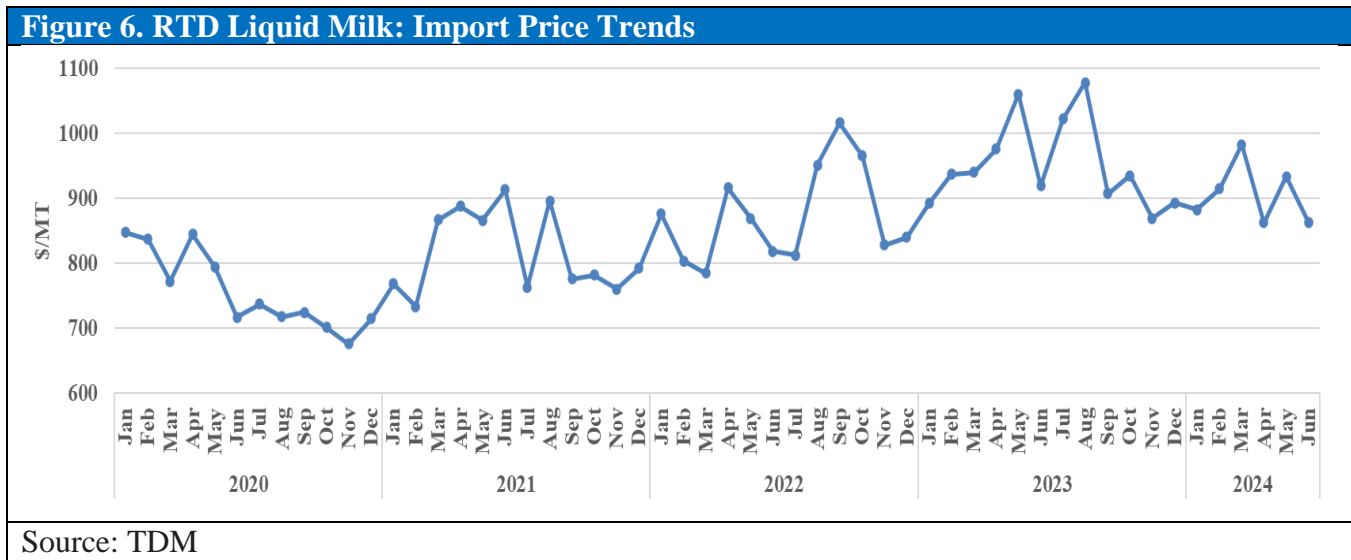


Table 4. Fluid Milk (RTD Milk) : Production, Supply and Distribution, In '000 MT						
Dairy, Milk, Fluid	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows in Milk (1000) Head	11	10	10	11		11
Cows Milk in Production (1000 MT)	17	14	17	17		17
Other Milk Production	15	15	15	15		16
Total Production	32	29	32	32		33
Other Imports	105	117	110	118		118
Total Imports	105	117	110	118		118
Total Supply	137	146	142	150		151
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Fluid Use Domestic Consumption	125	134	129	137		138
Factory Use Consumption	12	12	13	13		13
Feed Use Domestic Consumption	0	0	0	0		0
Total Domestic Consumption	137	146	142	150		151
Total Distribution	137	146	142	150		151

Cheese

Production. Local cheese production is forecast to remain minimal in 2025 as supply will continue to be supported by imported cheese products. Local cow's milk and buffalo milk are procured for processing into fresh white cheese, milk candy, and ice cream. Two companies in the Philippines buy buffalo milk direct from producers, and process and distribute buffalo milk ice cream. The government-owned Dairy Training and Research Institute (DTRI) and PCC produce white cheese and mozzarella cheese from locally produced milk. There are also growing Indian communities in the country that prefer to buy buffalo milk-derived Indian type cheeses.

Consumption. Post forecasts declining cheese demand due to high prices and tight supply in 2025. Cheese usage will be conservative among fast-food, pizza chains, and other restaurants, which are the drivers of demand for cheese. Hotels, which are an important market for cheese, will continue to moderate cheese offerings due to high prices.

Imports. Post forecasts imports to remain flat in 2025 due to high prices. The food manufacturing sector expansion will remain conservative due to high raw material prices. First semester 2024 import data showed a 10 percent decline in cheese imports, which can be an indicator of a reduction in total imports in 2024. Post estimates a 9 percent decline in imports in 2024 due to high prices. Prices increased in June and there were reports of continued increase to date.

Figure 10. Cheese Exports, Major Destinations

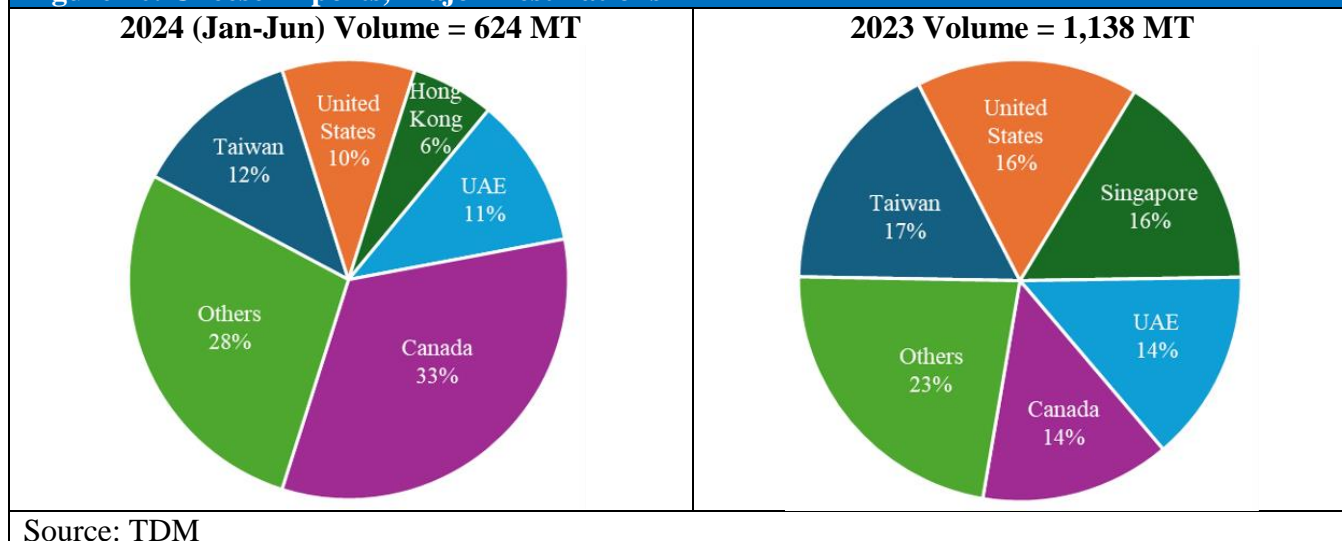


Table 5. Cheese. Production, Supply and Distribution, In '000 MT

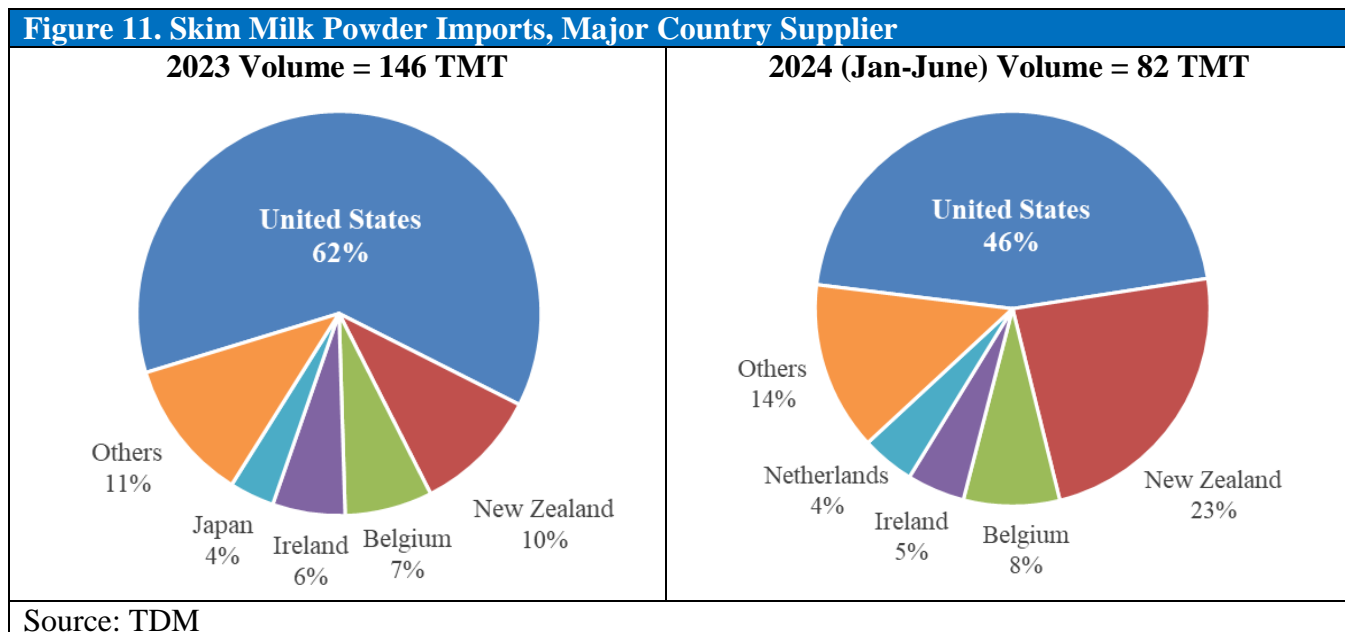
Dairy, Cheese	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Beginning Stocks	0	0	0	0		0
Production	2	2	2	2		2
Other Imports	46	46	42	42		42
Total Imports	46	46	42	42		42
Total Supply	48	48	44	44		44
Other Exports	1	1	1	0		0
Total Exports	1	1	1	0		0
Human Domestic Consumption	47	47	43	44		44
Other Use, Losses	0	0	0	0		0
Total Domestic Consumption	47	47	43	44		44
Total Use	48	48	44	44		44
Ending Stocks	0	0	0	0		0
Total Distribution	48	48	44	44		44

Skim Milk Powder (SMP)

Consumption. Post forecasts consumption to increase to 160,000 MT LME in 2025, up by 3 percent from 2024. Inflation is declining, which will encourage consumption as prices go down. SMP is used for cooking (bakery products and confectionery), cheese and yogurt. Some prefer to consume it as recombined milk or reconstituted milk adding it to water to make liquid milk, without the fat but rich in protein. SMP supply in the country is mostly imported.

Imports. Post forecasts 2025 imports to increase to 160,000 MT, a growth of 3 percent from 2024. An expected decline in import price will encourage manufacturers to produce more packaged dairy products

to serve the increasing demand. Posts revises the 2024 import estimate up to 155,000 MT from 150,000 USDA Official. Imports during the first semester of 2024 grew by 10 percent as compared to January to June 2023. The improvement in the foreign exchange rate will encourage more imports in the second half of 2024. The United States and New Zealand remain major suppliers of SMP in the country.



Exports. The country exports minimal amounts of SMP, mainly to United Arab Emirates (UAE), South Korea, and Bahrain among others.

Table 6. Skim Milk Powder: Production, Supply and Distribution, In '000 MT

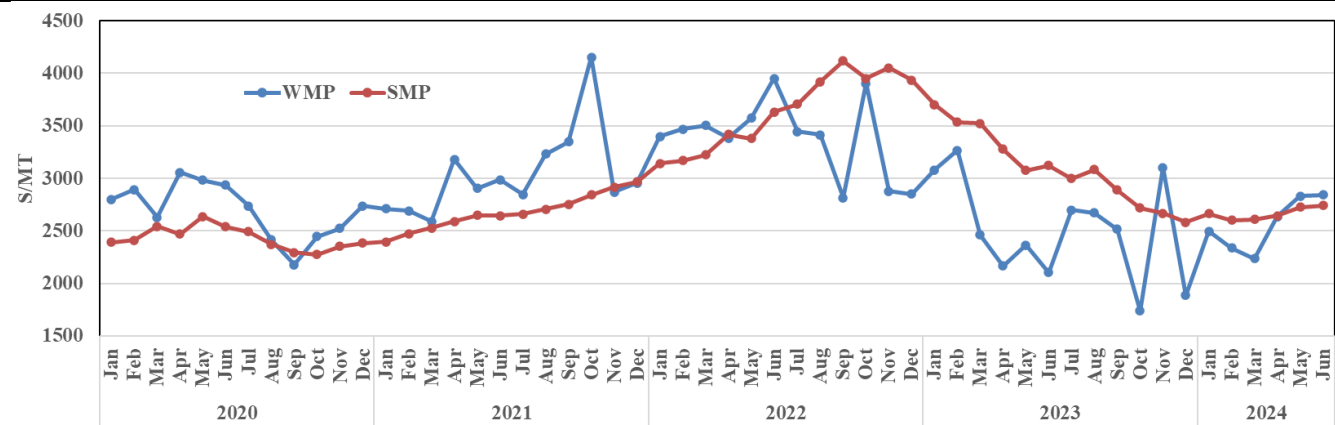
Dairy, Milk, Nonfat Dry	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Beginning Stocks	19	19	19	15		15
Production	0	0	0	0		0
Other Imports	146	146	150	155		160
Total Imports	146	146	150	155		160
Total Supply	165	165	169	170		175
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Human Domestic Consumption	146	150	150	155		160
Other Use, Losses	0	0	0	0		0
Total Domestic Consumption	146	150	150	155		160
Total Use	146	150	150	155		160
Ending Stocks	19	15	19	15		15
Total Distribution	165	165	169	170		170

Whole Milk Powder (WMP)

Consumption. Post forecasts consumption to remain flat in 2025 at 13,000 MT. Consumption will increase by 3 percent in 2024 mainly due to the reduction in prices, which encourage consumers to switch to WMP consumption. WMP dissolves easily in water and is used in hot chocolates and coffee drinks. Traditionally, WMP is not a priority among Filipino households with tight budgets, who opt for cheaper substitutes. During high prices, SMP, condensed and evaporated milk are favored over WMP, among households. Dairy manufacturers use WMP in infant formula and as a key ingredient in many dairy products to enhance flavor and texture such as soups and sauces, yogurt, baked goods, sweets and chocolates.

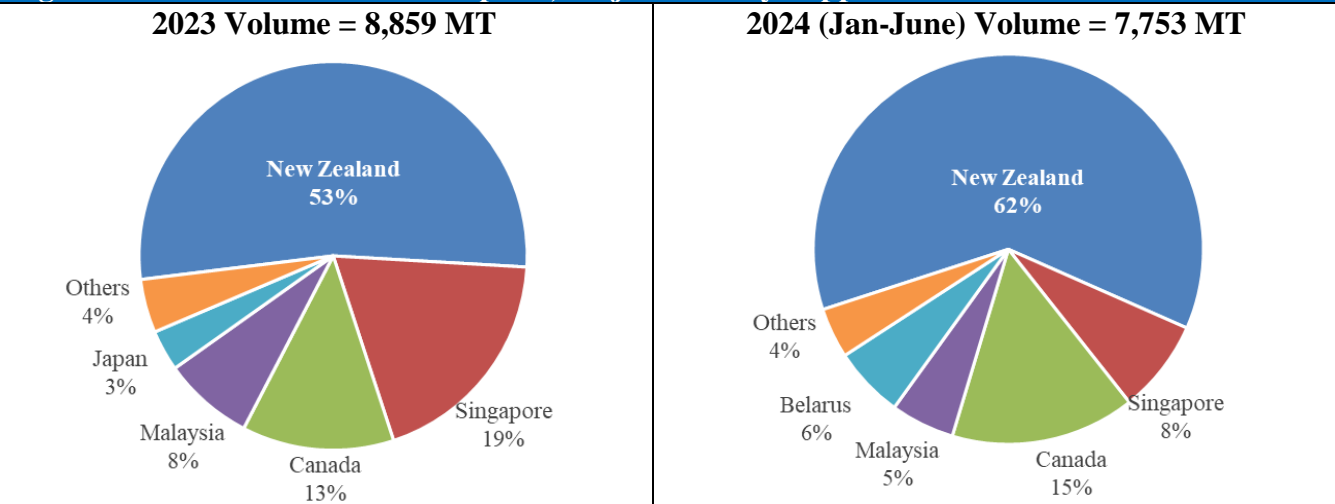
Imports. Post forecasts imports to remain flat in 2025 at 13,000 MT in consideration of the estimated double-digit growth of 44 percent in 2024. Imports during the first semester grew 67 percent from the same period the previous year due to more competitive prices.

Figure 12. Milk Powder: Comparative Import Price of WMP and SMP



Source: TDM

Figure 13. Whole Milk Powder Imports, Major Country Supplier



Source: TDM

Exports. The country exports small amounts of WMP mainly to Filipino communities abroad. In 2023, 56 percent went to Bangladesh. There are minimal exports to the United States.

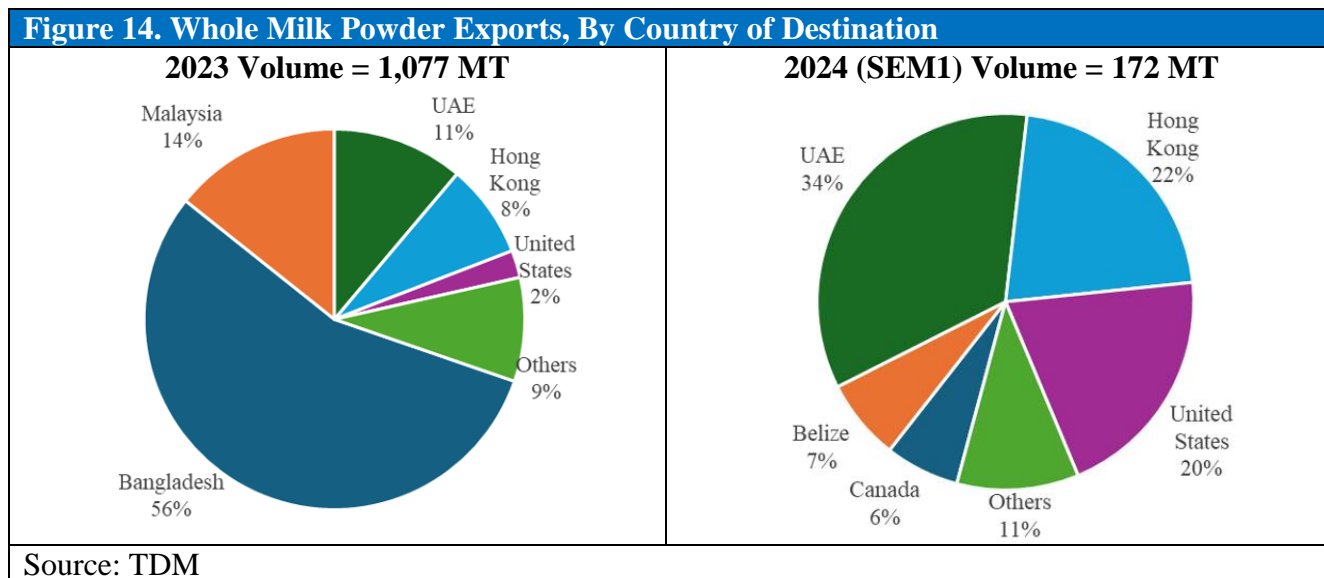


Table 7. Whole Milk Powder: Production, Supply and Distribution, In '000 MT

Dairy, Dry Whole Milk Powder	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Beginning Stocks	6	6	4	4		4
Production	0	0	0	0		0
Other Imports	9	9	10	13		13
Total Imports	9	9	10	13		13
Total Supply	15	15	14	17		17
Other Exports	1	1	0	0		0
Total Exports	1	1	0	0		0
Human Domestic Consumption	10	10	12	13		13
Other Use, Losses	0	0	0	0		0
Total Domestic Consumption	10	10	12	13		13
Total Use	11	11	12	13		13
Ending Stocks	4	4	2	4		4
Total Distribution	15	15	14	17		17

Stocks

Dairy manufacturers maintain up to three months stocks of raw materials. Placement of orders from exporting countries are done in advance in consideration of the transit time. In case of high price volatility, manufacturers tend to stock limited amount especially when they anticipate declines in the price of milk raw materials. For finished products, stocks held are considered operating stocks to meet

short-term demand. NDA, PCC, and local dairy farmers held no stocks because of the short shelf life of dairy products produced.

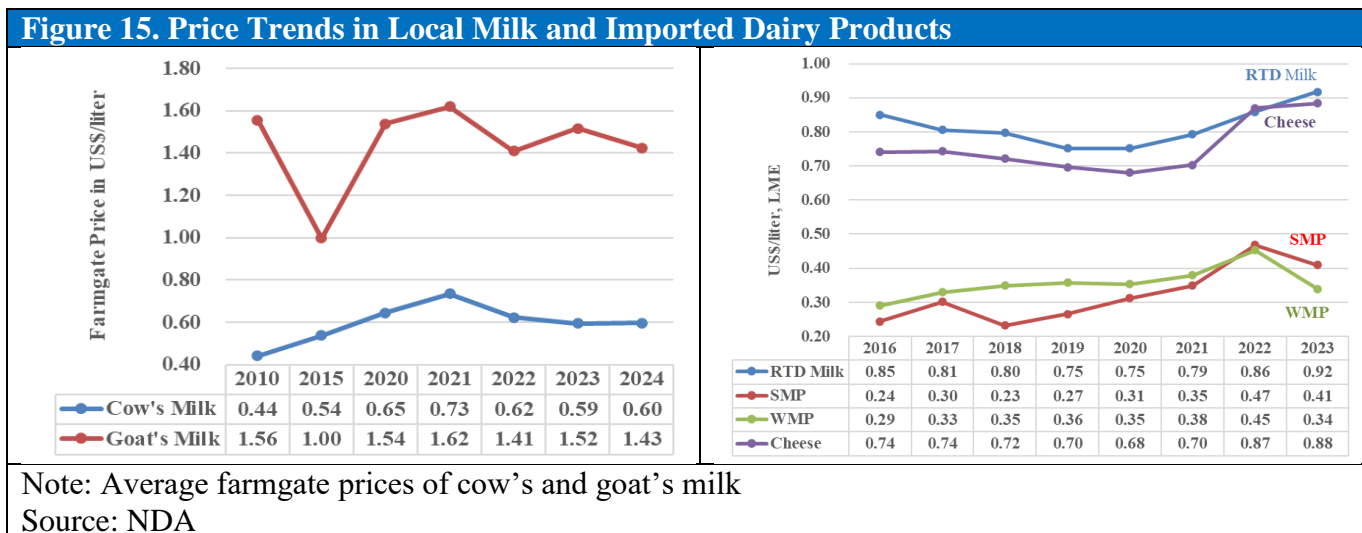
Prices

The average import cost of dairy products in the first half of 2024 was \$0.39/li in LME. High value products were curd, liquid (RTD) milk, and cheese. The NDA data showed the unit cost of cheese declined in 2024, which was an average of January to June data only. Cheese prices have been increasing since June 2024.

Table 8. Unit Cost of Milk and Dairy Products Imports (In USD/liter, in LME)					
Particular	2020	2021	2022	2023	2024*
1. Milk and Cream	0.33	0.35	0.44	0.41	0.34
• Liquid (RTD) milk	0.75	0.79	0.86	0.92	0.90
• Skim milk powder	0.31	0.35	0.47	0.41	0.35
• Whole milk powder	0.35	0.38	0.45	0.34	0.34
• Butter milk powder	0.33	0.35	0.46	0.39	0.30
• Whey powder	0.20	0.19	0.19	0.18	0.15
• Cream	0.47	0.57	0.73	0.59	0.54
• Condensed milk	0.38	0.43	0.51	0.51	0.50
• Evaporated milk	0.49	0.71	0.72	0.83	0.82
• Others	0.96	0.99	0.96	0.91	0.93
2. Butter, Butterfat	0.56	0.61	0.78	0.67	0.68
3. Cheese	0.68	0.70	0.87	0.88	0.83
4. Curd	0.81	0.88	1.02	1.05	0.92
Imports Unit Cost US\$/li (LME)	0.37	0.40	0.50	0.47	0.39

Note: *Using January to June data

Source: NDA



Note: Average farmgate prices of cow's and goat's milk

Source: NDA

POLICY

Trade Policy: [Executive Order 20](#) specifies the Most Favored Nation (MFN) tariff schedule for all products, including dairy products, and took effect on June 30, 2017. Under MFN, the Philippines assesses a three percent tariff for fresh milk imports, one percent for skimmed milk and whole milk powders, and three and seven percent for cheese and cheese products. EO 20 was overtaken by [EO 23](#) that extended a tariff rate reduction on some products including dairy.

[ASEAN-Australia-New Zealand Free Trade Agreement](#) (AANZFTA): Australia, New Zealand, and the ten ASEAN members signed this FTA in 2009. AANZFTA allowed tariff-free entry of milk and dairy products from major exporting countries such as Australia and New Zealand effective in 2019. Similar conditions are contained in the India ASEAN Free Trade Agreement (IAFTA). FTAs aim to progressively liberalize and facilitate trade in goods among the parties through elimination of tariff and non-tariff barriers.

Production Policy: Dairy development is guided by the Dairy Industry Development Act of 1979, as amended by the [National Dairy Development Act of 1995](#). DA develops the dairy industry with NDA, [Republic Act \(RA\) 7884](#) as its primary agency overseeing and aiding industry development with a focus on improving local supply of fresh milk. PCC also supports milk production per [RA 7307](#). While the DA accepts that the Philippines cannot compete in the powdered milk market, it aims to augment the supply of fresh milk to lessen dependence on imported liquid milk. Securing a sufficient budget to improve production has been a challenge in the past. With past support from multiple sources, including from the private sector, in DA and various agencies, the U.S. PL480 dairy improvement program, Coconut Levy, Land Bank, and Development Bank of the Philippines, Post forecasts growth in milk production in the coming years.

Table 9. Dairy Products Tariff Rates, 2024

Dairy Products	AIFTA	AKFTA	PH-EFTA		Other FTAs*	MFN/EO23
	India	Korea	Norway	Iceland		
Skim Milk Powder	0	1	1	0	0	1
Whole Milk Powder	0	1	1	0	0	1
Liquid Milk (RTD)	3	3	3	3	0	3
Cheese	7	3-7	7	0	0	3-7
Butter/Butterfat	7	7	7	7	0	7
Cream	0	0	0	0	0	3
Curd	0	3	0	0	0	3
Condensed Milk	0	5	5	5	0	5
Evaporated Milk	0	5	5	5	0	5
Buttermilk	0	0	0	0	0	3
Whey Powder	0	0	0	0	0	0
Whey Protein	0	0	0	0	0	3
Others	0	0	0	0	0	7

Note: *includes ASEAN, Australia, New Zealand, China, Japan, Switzerland/Liechtenstein.

Source: Philippine Tariff Commission

Attachments:

No Attachments