

September 8, 2026

MARKET NEWS

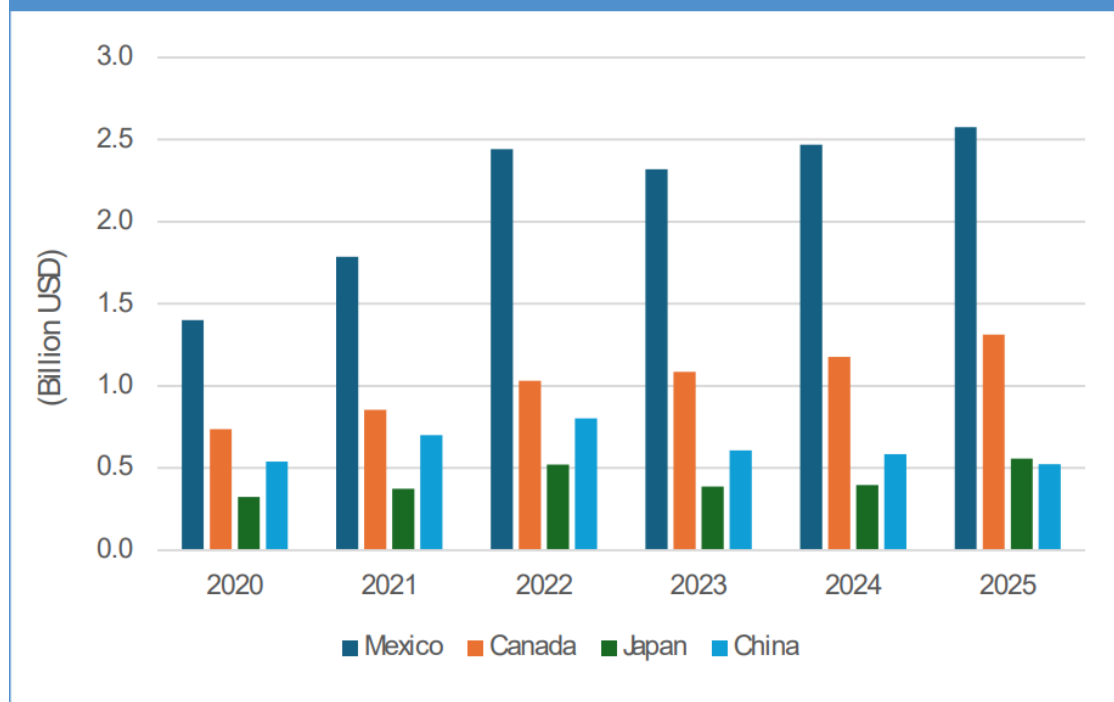
Mexico Remains Top U.S. Dairy Export Market

Daily Dairy Report | September 4, 2026

Mexico has been the largest export destination for U.S. dairy products by far, accounting for 27% and 14% of export value, respectively. U.S. dairy shipments to Mexico have surged in recent years, climbing 84% from \$1.4 billion in 2020 to \$2.575 billion in 2025. Nonfat dry milk (NDM) and cheese made up 41% and 38% of the value of U.S. dairy exports to Mexico in 2025.

On a volume basis, Mexico retained the top position as an export destination, accounting for 27% of U.S. dairy export volume in 2025. NDM and cheese represented nearly 50% and 27% of Mexico's dairy imports. The country's purchases of NDM and cheese from the U.S. represented 38% and 3% of annual U.S. production of those products in 2025.

U.S. Dairy Exports by Value



Because of its proximity, the Mexican market is often viewed as an extension of the U.S. dairy market. For some exporters in the West and Southwest, shipping to Mexico is closer than shipping to the East Coast. Mexico's dairy sector generally treats U.S. imports as part of its domestic supply chain, using NDM in rehydrated form to manufacture fluid beverages, soft dairy products and cheese.

Mexico's large and growing dairy market continues to attract interest from other exporting regions. A trade agreement is pending between Mexico and the European Union, which

would expand EU access to Mexico's dairy market. The agreement, signed May 22, 2026, is awaiting ratification by Mexico's Congress. It would reduce Mexican duties from 45% to zero on 5,000 metric tons (11 million pounds) of fresh or processed cheese and 20,000 metric tons (44 million pounds) of other cheeses. It also grants European suppliers a 55,000 metric ton duty free quota for skim milk powder, equal to roughly 13% of U.S. NDM exports to Mexico.

The United States is accustomed to unfettered access to Mexico's dairy market under free trade agreements dating back to the 1990s and, more recently, the USMCA. U.S. officials are objecting to provisions in the Mexico EU agreement that grant Europe special protections for 336 traditional product names, including Parmigiano Reggiano, Feta, Fontina and Gorgonzola. The EU argues these names should be reserved for products made in their regions of origin, while the U.S. maintains they are generic. As a result, the U.S. is pressuring Mexico to amend the agreement, while the European Commission says revisions are not possible. If the EU position prevails, U.S. exporters could be forced to label their products as "imitation" or "style."

At stake is more than the 25,000 metric tons (55 million pounds) of cheese covered by the agreement—about 12% of U.S. cheese exports to Mexico. The outcome could set a precedent in one of the world's largest cheese import markets for future trade agreements and further restrict access to other markets for specialty cheeses produced outside Europe.

CME spot dairy product prices closed the week mixed. Most notable was the large volume of product exchanging hands, 82 loads of butter, 51 loads of block Cheddar, and 29 loads of NDM.

NMPF NEWS ALERT

- Congress passed a stopgap bill last Tuesday that will fund the government through Dec. 11, avoiding another government shutdown. The House is in session again this week, and the Senate will return from August Recess on Monday.

Trade war goes into full effect

Agri-Pulse Daybreak (Starts at 01:51) – Sept. 8

The trade war between the U.S. and Canada fully kicks off today, as Canada's retaliatory tariffs on \$20 billion of U.S. goods goes into place. Canada's government imposed levies up to 50% on many goods, including agricultural products in response to \$20 billion in U.S. tariffs on Canadian goods that went into effect Aug. 22.

EPA, Corps issue supplemental WOTUS proposal

Agri-Pulse – Sept. 4

EPA and the Army Corps of Engineers are seeking additional comment on their proposed "waters of the U.S." rule by proposing new definitions for critical terminology, including what constitutes "relatively permanent" waters and a "continuous surface water connection." The agencies proposed the new WOTUS rule in November and received more than 22,000 comments.

U.S. releases billionth sterile fly in Texas to fight screwworm

WAFB9 (Abilene-Sweetwater, TX) – Sept. 7

The U.S. government has released its billionth sterile fly into Texas to fight the New World screwworm. The pest lays eggs on warm-blooded animals, leading to dangerous infections. Decades ago, the screwworm was eradicated by the creation and release of sterile flies to interrupt the pest's breeding cycle. In June, the USDA reported its first U.S. cases in years.

Bluetongue tops 900 UK premises as farmers urged to stay alert

FarmingUK – Sept. 7

Bluetongue has now been confirmed on over 900 UK premises this season, prompting fresh warnings for livestock farmers to remain vigilant while biting midge activity remains

high. Official figures for the 2026 to 2027 season show 910 affected premises, including 791 in England, 98 in Wales and 21 in Scotland. No cases have been recorded in Northern Ireland.



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