Dairy MONTHLY

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New regulations, new energy

On 26 June, the new regulations for the dairy industry were published in the *Government Gazette*. The regulations will be in effect for a period of 4,5 years, remaining in force until 31 December 2030. This follows discussions between the Milk Producers' Organisation (MPO) and the South African Milk Processors' Organisation (SAMPRO), culminating in an agreement that reaffirmed several key principles:

- Milk SA remains the recognised body responsible for administering, implementing and enforcing the regulations.
- The work undertaken by Milk SA and the Dairy Standard Agency (DSA) is essential to the success of the dairy industry and must be maintained.
- The MPO and SAMPRO reaffirmed their commitment to using Milk SA as the vehicle for advancing the interests of the dairy industry.
- The management of biosecurity risks, as well as animal health and welfare, is a core responsibility of Milk SA.
- An independent Milk SA chairperson is fundamental.
- Milk SA will evaluate projects 12 months before the regulations expire.
- Sound corporate governance through project management committees and other governance tools.

Animal health and welfare, previously managed as a sub-project within research, has been elevated to a standalone project with an expanded mandate.

The service providers of Milk SA's projects over the next 4,5 years are:

- **SAMPRO:** Consumer education; customs duties and market access; skills development in the secondary sector.
- **MPO:** Transformation; animal health and welfare; research and development; economics and markets; skills training in the primary sector.
- **DSA:** Dairy quality and safety promotion projects, and the dairy regulations and standards project.
- **South African National Committee of the International Dairy Federation (SANCIDF):** Participation in international dairy projects.

Milk SA chief executive officer Nico Fouché says he is encouraged by the renewed energy and enthusiasm with which the project management committees have commenced their work. He adds that the continued confidence shown by the MPO and SAMPRO in Milk SA, after 24 years of service to the dairy industry, is encouraging.

Exploring cooperation with the beef industry

Milk SA is exploring participation in the Beef Genomics Programme (BGP), as the Registrar for Livestock Improvement at the Department of Agriculture has a grant to that effect. According to Dr Heinz Meissner, Milk SA's R&D programme manager, the strategic objective is to support research that contributes to climate change mitigation, environmental sustainability, and improved animal health and welfare. Milk SA has decided to collaborate in the initiative, recognising that the findings and lessons learned could be adapted and applied in other livestock industries.

One example is the DESTiny model, which supports environmental sustainability and has the potential to be adapted for beef cattle production through a joint venture.

First-quarter results of SA exports/sales to BeLN countries

- On a mass basis, intra-dairy exports to Botswana, eSwatini, Lesotho and Namibia (BeLN countries) during the first quarter of 2026 were 10,02% lower than in the same period of 2025. On a mass basis, export volumes declined in five of the six tariff headings. Concentrated milk (04.02) was the only tariff heading to record growth, increasing by 25,38%.
- The average free-on-board (FOB) price for sales to the BeLN countries increased most significantly for whey, whey powder, etc. (04.04), rising by 33,34% in the first quarter of 2026. Butter, butter spreads, and butter oil also recorded a substantial increase of 30,7% in average FOB price. Average FOB prices declined in two of the six tariff headings. The largest decrease was recorded for concentrated milk, which fell by 27,4%, followed by buttermilk powder and yoghurt (04.03), which declined by 1,25%.
- All tariff headings that recorded increases in FOB prices exceeded the increase in the producer price index (PPI) for dairy products. The PPI for dairy products rose by 0,77% in the first quarter of 2026 compared with the same period in 2025.
- The total value of sales for the first quarter of 2026 decreased by 19,87%. The largest decline was recorded for whey, whey powder, etc., where sales value fell by 34,3%, in line with the 42,25% decrease in sales volume for these products.
- Butter, butter spreads, and butter oil (04.05) was the only tariff heading to record an increase in sales value compared with the same period in 2025.