

Iran's dairy exports rise, turning milk surplus into opportunity: *Union officials*



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INTERVIEW

In recent years, the exports of Iran's milk and dairy products have taken off, largely due to the continuous improvement of product quality. This improvement has not only cemented Iran's place in global markets but also attracted significant international interest in its dairy products, boosting our export share by an impressive 43 percent last year. This year, dairy product exports in the first quarter of the Persian calendar year 1404 (started March 21, 2025) saw about a 24 percent volume increase and a 32 percent rise in value compared to the same period last calendar year. A total of 171,868 tons of dairy products worth \$280.7 million were shipped out during this three-month period in 2025, while in the one-month period of May 21–June 20, 2024, 138,939 tons valued at \$213 million were exported.

Such a remarkable leap speaks volumes about the industry's capacity to produce world-class products capable of holding their own in regional and international markets.

On the flip side, the domestic market faces a serious challenge. Rising prices and diminished purchasing power have put a dent in demand for milk and dairy products, negatively impacting sales at home. This drop in local consumption is occurring even though per capita dairy intake in Iran remains far below the global average — a trend that could have worrying public health ramifications. Therefore, special attention to stabilizing the domestic market and adopting supportive policies to strike a balance between exports and domestic needs is an undeniable necessity.

Iran Daily, in the following report, conducted exclusive interviews with experts to look into the critical role of quality in boosting exports and to explore the obstacles and challenges facing the domestic market.

Billion-dollar dairy export milestone

Mir-Eslam Teymouri, chairman of the Dairy Industries Society, told Iran Daily that dairy product exports surpassed the \$1 billion mark last calendar year and, based on forecasts, will push past \$1.2 billion this year. This figure, on its own, he said, proves the "excellent quality of Iranian dairy products" on regional and global stages.

"Although our major export destinations are nearby countries, a significant volume is also shipped to various countries worldwide, many of which impose extremely strict quality and health standards. For instance, exports to Russia face stringent controls and inspections covering the entire supply chain — from raw milk production to manufacturing, storage, and transport." Teymouri identified Iraq, Pakistan, and Afghanistan as the main export markets, emphasizing that most export destinations are neighboring countries "due to difficulties in financial and banking transactions with outsiders," owing to the cruel sanctions imposed on our country. He explained, "If these sanctions were lifted and trade was facilitated, Iran's dairy export markets would diversify and opportunities for exporting higher value-added products and better financial returns would open up."

Dairy exports can boost production, employment, and currency inflow

Teymouri believes dairy exports present an excellent opportunity for expanding production, creating jobs in related industries, and generating foreign exchange revenue for the country. He stressed that a key point regarding dairy exports is managing the surplus of raw milk in the country.

"Without exports, we would have faced a raw milk surplus, which would have either forced a cut-back in raw milk production and culling of productive livestock or caused a severe drop in raw milk prices due to supply-demand imbalances, leaving farmers with substantial losses," he maintained. This would have led to the closure of livestock farms and dealt a blow to the whole industry. That is why he emphasizes that exports are a valuable opportunity for the dairy and livestock sectors and an income source for the country.

On the reasons behind the falling purchasing power for dairy products, Teymouri explained: "Inflation rising above 40 percent in recent years has increased raw milk prices, which then pushed up dairy product prices. Coupled with stagnant per capita income and shrinking buying power, this has driven down dairy consumption across society. This applies



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not only to dairy but to other household goods as well."

Single exchange rate could level playing field for exports

Some economic experts criticize how dairy producers use subsidies and government loans to boost exports. They argue that the government provides imported livestock inputs to farmers at a currency rate of 285,000 rials to help keep raw milk prices affordable, but the lack of control over dairy product pricing has discouraged consumption. On the other hand, due to low production costs fueled by subsidized milk, exporting dairy is highly profitable for companies.

Teymouri clarified, "Dairy companies do not receive direct subsidies from the government but must fall in line with the return of export revenues by various means. Clearly, a unified exchange rate would set the stage for better economic transparency in exports and eliminate any possible negative perceptions."

He added that reduced per capita dairy consumption is linked not only to lower household purchasing power but also to other factors like low dairy consumption culture, lifestyle changes, and government removal of subsidies for household dairy products, especially milk. Based on this, the Dairy Industries Society recom-

mends that to compensate for the decline in consumption, the government should subsidize a quarter of raw milk production instead of the entire output and distribute this subsidized milk via electronic vouchers and school milk programs targeting vulnerable groups and students. This would both clear the air about export practices and significantly raise community dairy consumption.

30% rise in dairy exports projected by year-end

Mohammad Farbod, spokesperson for the Iranian Dairy Industries Society, also pointed out in an exclusive interview with Iran Daily the rise in Iran's dairy exports, emphasizing: "In the first five months of this Persian calendar year, dairy exports increased by 23 percent in volume and 28 percent in value compared to the same period last year. Last year, the dairy industry exported over \$1 billion, and barring any unforeseen events, exports are expected to pick up by 25 to 30 percent compared to last year by year-end."

He added that due to their price and quality, Iranian dairy products are welcomed with open arms and currently reach about 40 countries worldwide, includ-



ing Canada and the USA.

Farbod also asserted that dairy producers receive no subsidies; Only livestock farms benefit from preferential exchange rates for imported fodder — limited to certain feed segments. According to estimates, this subsidy positively affects raw milk prices by about 47,000 rials per kilo, approximately 20 percent of raw milk's sale value. In other words, this impact translates to roughly 12 to 13 percent on the price of dairy products. Consequently, without this preferential currency allocation for fodder, dairy prices would not see a significant increase. "While the dairy industry backs exports, it would prefer these products to make their way into the domestic market," Farbod said, adding that "however, unfortunately, reduced per capita consumption has steered us away from this goal."

What matters most to the Ministry of Agriculture and the government, Farbod claimed, is absorbing the raw milk produced domestically. Meanwhile, incorporating exports requires some spending.

"Exports do not bring extraordinary profits to the industry; We are essentially exporting surplus production. The foreign currency earned returns to the government at a rate of 730,000 rials per dollar. As everyone knows, repatriating export earnings faces hurdles, and there is no need to explain further that sanctions have

thrown a wrench in this process." According to him, the current per capita dairy consumption based on milk stands at about 70 kg, while the global average is around 150 to 160 kg, and developed countries consume nearly 300 kg. "If this trend continues, we might end up turning into dairy product importers," Farbod warned.

Iranian dairy products also exported to USA

Roya Mahmoudi, a quality control expert at Solico Kalleh, an Iranian dairy company, explained the decline in domestic



dairy consumption: "Price hikes over the past one or two years have taken a toll on consumer demand, forcing companies to offload surplus production to foreign markets."

She noted that production costs have sharply gone up as well, to the extent that some producers believe that if conditions stay the same, Iran may soon trade places and become a dairy importer. The soaring costs push companies to raise product prices, often revisiting them two or three times a year, which chips away at people's purchasing power.

"Brands vary in their export strategies. In our company, export products differ from those offered domestically in packaging, taste, and appearance. For example, products destined for Iraq are tailored to local preferences and packaged differently, but the production quality remains consistent across all markets."

She believes that one reason foreign countries keep coming back for our dairy products is because production is handled entirely in-house — for instance, milk is sourced from our own dairy farms within the company group, ensuring trust in milk quality and additives, which directly affects the final product.

"When production chains are controlled by producers from start to finish, they can keep tabs on every step and effectively manage final product quality. Even dairy items that reach their shelf life and return from stores are sent to one of our subsidiaries that produces bird feed and put to good use elsewhere. They never return to the production cycle, which means our raw materials maintain high quality. Moreover, all our dairy production equipment utilizes cutting-edge technology from leading countries, and product formulas are regularly brought up to speed with the latest global standards."

Regarding export destinations, she said that currently, a large share of her company's products goes to Russia, Tajikistan, Iraq, and the UAE. Through our sales offices abroad, she added, "our products are even shipped out to the United States."



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