GUEST COLUMNISTS *CMN Exclusive!*

Perspective: Dairy Markets

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Ongoing saga of U.S.-Canada tariffs

It's safe to say that U.S. tariff law has more sections than a professional sports stadium. Toward the end of July, the Trump administration announced new Section 301 tariffs that effectively replace the Section 122 tariffs, which had temporarily replaced the IEEPA tariffs that were struck down by the Supreme Court. In addition to the new Section 301 tariffs, the administration also put new Section 338 tariffs on a variety of goods coming from Canada.

Fun fact: the Section 338 tariffs come from the Smoot-Hawley Tariff Act of 1930 which was made famous by.... anyone?....anyone?....Ben Stein in Ferris Bueller's Day Off.

The Section 301 tariffs are probably the most straightforward and least impactful for the dairy markets. The administration is putting either flat 10% or 12.5% tariffs (depending on the country) on top of existing tariffs for 60 countries with the justification that these countries are not policing the use of forced labor well enough. There are five countries where the 10/12.5% rates aren't added on top of existing tariffs, but if the existing tariffs are below the 10/12.5% rate, then those items will be charged a total of 10% or 12.5%.

The Section 338 tariffs are likely more meaningful for dairy. The U.S. government has determined that Canada is discriminating against the imports of U.S. dairy, alcohol and vehicles with their import policies, and announced in July an additional 50% tariff on the imports of a wide variety of products from Canada, including several dairy products. The tariffs went into effect on Aug. 22. Following the initiation of these tariffs, Canada announced retaliatory tariffs that went into place on Sept. 8.

U.S. Dairy Imports (2025, MT)

		U.S. Total Imports	From Canada	Canada Share
Facing Additional 50% Tariff	WPC	25,177	19,363	76.9%
	SMP	3,186	2,156	67.7%
	MPC	46,377	1,673	3.6%
	WPI	17,414	63	0.4%
	Casein	40,260	45	0.1%
	WMP	21,898	20	0.1%
	Caseinates	21,116	0	0.0%
	Lactose	2,946	0	0.0%
No Additional Tariff	Yogurt	63,392	37,449	59.1%
	Liquid Milk	214,669	18,716	8.7%
	Cheese	194,200	8,796	4.5%
	AMF	16,199	632	3.9%
	Butter	49,533	1,330	2.7%

Source: GTT, StoneX Calculations and Estimates *Graphic provided by StoneX Group Inc.*

The U.S. imports a decent amount of whey protein concentrate (WPC), yogurt, liquid milk and cheese from Canada, but out of that list, WPC is the only one being hit with the additional

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Perspective: Dairy Innovation

Veronique Lagrange is executive director of the California Dairy Innovation Center, which brings together producers, processors and educators around a common set of innovation and productivity goals. She contributes this column exclusively for *Cheese Market News®*.

Creating a pathway to the needs of tomorrow's consumers

At the California Milk Advisory Board (CMAB) and the California Dairy Innovation Center (CDIC), with support from Dairy Management Inc. (DMI), we work closely with universities across the state on dairy innovation programs. One element of these programs is a series of challenges and competitions in which students develop new product concepts, create prototypes and pitch their ideas to panels of academic and industry experts.

DMI, other dairy centers and dairy organizations all sponsor similar programs around the country, creating valuable opportunities for students to interact with industry, develop practical skills and consider careers in dairy. These programs bring together students from a wide range of academic, cultural and personal backgrounds, and are supported by faculty, technical and regulatory experts, and industry mentors.

We are consistently impressed by what these young innovators create. Some teams take their concepts further, launching startups, developing brands or entering programs such as our Real California Milk Incubator/Excelerator to explore commercialization. But there is another aspect of these competitions that may be even more revealing for the dairy industry: Students overwhelmingly develop products for themselves and their peers. In other words, they are telling us what they would like to see in the marketplace.

That makes these competitions more than educational exercises. They provide a window into emerging consumer expectations — and, potentially, into market opportunities that the industry has not yet fully recognized.

"One of the most valuable things about working with students is that they are not trying to predict the next trend; they are creating products they and their peers would actually want to buy. That gives us an early window into the formats and experiences that could shape the next generation of dairy," says Jarett Margolis, director of business development, CMAB.

And in California, that window is particularly interesting. California is one of the most culturally and ethnically diverse markets in the United States. Nearly 40% of Californians identify as Hispanic or Latino, while the state is also home to more than 6 million residents of Asian descent. These are not niche consumer segments. They are a substantial and growing part of the mainstream California marketplace — and, increasingly, of the national marketplace.

Yet when we observe what young innovators are creating, the signals do not always align with the trends that dominate many industry conversations today.

More protein. More fiber. Cleaner labels. Less sugar. Fewer ingredients. Less processing.

All of these trends matter. But they are not necessarily the whole story.

What we see from young creators is often a desire for something else: food that is familiar but "reinvented"; products that connect with cultural identity while fitting contemporary lifestyles; and dairy products that deliver not only nutrition, but also bold flavors, unusual textures, convenience and a real sense of discovery.

Consider what happened with cottage cheese.

During the 2022-2023 academic year, a team at Fresno State led by Carmen Licon, now director of the Dairy Products Technology Center at Cal Poly, developed Cottage Core, a high-protein cottage cheese-based frozen dessert. The product earned second place in the DMI New Product Competition, and the concept was adopted by multiple processors.

The timing is remarkable. The student innovation emerged just as cottage cheese was beginning to move beyond its traditional positioning and into a new generation of applications. Soon

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NEWS / BUSINESS

Harpak-ULMA debuts new cheese platform

EAST TAUNTON, Mass. — Harpak-ULMA is introducing a vertical packaging platform from ULMA designed specifically for cheese manufacturers operating in aggressive washdown environments.

The platform features a hygienic, IP66-rated design intended to help processors clean faster, simplify sanitation and return to production sooner. The 360-degree washdown design is built for demanding sanitation environments.

The equipment is designed for packaging shredded cheese, cheese cubes, crumbles and other cheese products. Features include ergonomic changeovers and simplified machine operation to help maximize uptime, as well as lower compressed air consumption and improved energy efficiency to help reduce operating costs.

The washdown platform is designed to help cheese processors spend less time cleaning and more time producing while supporting food safety, equipment effectiveness and hygiene requirements.

More information on ULMA's washdown packaging solutions is available at www.harpak-ulma.com/washdown-capabilities/. **CMN**

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LAGRANGE

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afterward, social media creators were transforming cottage cheese into ice cream, dips, sauces and other high-protein foods, helping propel the category into one of dairy's most visible recent growth stories. Again, the "lesson" is not that students predicted the cottage cheese craze. It is that innovation signals can emerge before they become obvious in market data. So, do we need to pay closer attention to where those signals originate?

"Innovation signals are not found only in corporate innovation centers, consumer trend reports or traditional category research. They can emerge on university campuses, in culinary communities, among entrepreneurs and wherever consumers are experimenting with dairy in new ways," says Rohit Kapoor, vice president, product research, at DMI.

And one of the most compelling signals we see is the opportunity to rethink how we approach culturally rooted dairy foods. There is enormous sophistication embedded in the culinary traditions of Hispanic, Asian, Middle Eastern and other communities. These traditions offer centuries of experience with fermentation, fresh cheeses, cultured dairy, concentrated flavors, complex textures and the pairing of dairy with spices, fruits, grains and other ingredients. The opportunity is not to simply create another version of an existing "ethnic" product. It is to ask what happens when the depth of these culinary traditions meets modern dairy science, product development and consumer insight.

What could the next generation of dairy products inspired by Hispanic and Latino culinary traditions look like? What could happen when the flavors and techniques of Mexican, Central American or South American cuisines are combined with contemporary formats, convenience and nutrition? What opportunities exist in cheeses, cultured products, beverages, snacks, frozen desserts and high-protein foods? Truly, the same question can be asked of South and Southeast Asian, Middle Eastern and other rapidly growing consumer communities.

This is not about developing products for consumers from these communities without understanding them. It is about innovating with them — engaging consumers, entrepreneurs, students, chefs and communities as sources of ideas and insight. The opportunity may be considerably larger than a collection of niche products. These consumers are not isolated segments; they are increasingly shaping the mainstream food culture of the U.S. The U.S. Hispanic food segment alone is estimated at $25 billion, growing at 5%-8% yearly.

For the dairy industry, this should prompt a broader question:

Are we innovating for the consumers we have today or for the consumers who will define tomorrow's market? If the answer is the latter, processors can capture innovation where it happens. We can engage with universities and emerging entrepreneurs. And perhaps most importantly, we can and should look beyond the familiar categories, formats and consumer profiles that have historically guided dairy innovation. When promising ideas emerge, we need to think just as creatively about the technical, manufacturing and regulatory pathways that can help bring them to scale. **CMN**

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