Government of Pakistan
Ministry of Planning, Development & Special Initiatives

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Ministry of National Food Security & Research

URAAN PAKISTAN

Food and Agriculture Organization of the United Nations

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Pakistan Dairy Association

Policy Brief

ATTRACTING INVESTMENT

TO ENHANCE PAKISTAN'S DAIRY EXPORTS

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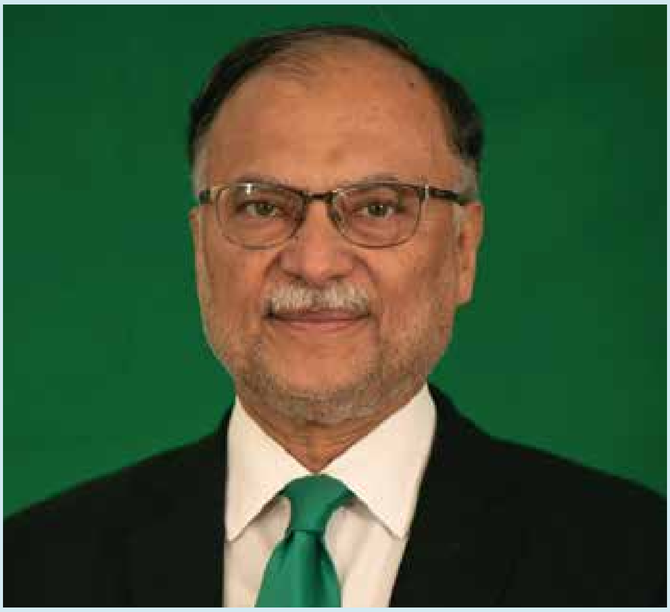
Message



Pakistan is world's 4th largest milk producer, yet the sector remains highly fragmented and subsistence in nature with low farm-level productivity and high supply chain losses. Consequently, Pakistan's dairy sector is uncompetitive in international markets valued at over US$50 billion in 2024. While it has limited contribution in dairy export, its imports have skyrocketing from 21 million USD in 2004-05 to 61 million USD in 2023-24.

Recognizing this paradox, the Uraan Pakistan (2024-29) National Economic Transformation Plan has identified the dairy sector as a pivotal driver for transforming Pakistan's agriculture-based economy into an export-oriented industry. The core vision for the dairy sector is to transform it from mere a high-volume and low-quality commodity supplier for domestic consumption into a high-value processed dairy exporter.

To realize this potential, the government has set clear, actionable targets of US$500 million annual exports of dairy exports by 2029 and US$2 billion by 2035. To turn this vision into reality, the private sector is placed on the driving seat by enabling the corporate dairy sector to organize small dairy producers groups and provide them modern technologies and training so that they in turn can supply quality dairy products for export. The initiative focuses on creating an enabling, fair, and business-friendly environment for farmers and investors, while simultaneously, strictly enforcing quality and safety standards to curb adulteration.

Furthermore, rationalization in the import duties and taxation to boost processing, promotion of mechanization and formalization of the sector are important components of the policy. The financial institutes will simplify loan acquisition for the dairy industry and small farmers. By implementing these reforms at the gross root farm-level, URAAN Pakistan aims to turn raw milk producers into entrepreneurs, leveraging technology to boost productivity and quality brands and achieve the dairy sector's export targets, while engaging the large number of small dairy producers for the improvement of their livelihood.

I extend my heartfelt congratulations to the Planning Commission team and all the stakeholders involved in consultative engagements for the preparation of this comprehensive policy paper designed to elevate the dairy sector, attract foreign and local investments, and boost its exports.

I urgently call upon all relevant authorities at both the federal and provincial levels to embrace their respective roles in connecting the corporate dairy sector, farmers, service delivery institutions and markets, and creating enabling environment to transform Pakistan's dairy sector into a globally competitive industry by attracting investment, improving efficiency, enhancing farmers' income, ensuring national food security, and boosting dairy exports.

Prof. Ahsan Iqbal
Federal Minister
Ministry of Planning, Development and Special Initiatives

Message

Pakistan's dairy sector is not merely an agricultural sub-sector, it is a cornerstone of our national strategy for economic growth and social well being, as it is a sleeping economic giant and holds an immense untapped potential for export. While we take pride in being among the top global milk producers, we must honestly confront the structural challenges that hinder the sector to perform to its potential—low productivity, high value chain losses, low value addition and processing, and soaring production costs. All these culminate into a critical challenge for our dairy sector—competitive disadvantages both at domestic and international markets.

To bridge this gap, the Planning Commission of Pakistan under the Uraan Pakistan (2024-29) National Economic Transformation Plan, convened a National Dairy Conference on February 9, 2026, uniting esteemed stakeholders from the public and private sectors across the whole value chain in the country. The objective was to design clear policies and strategies to transform Pakistan's dairy landscape from a subsistence-based sector into a high-yielding, competitive, and export-oriented industry.

Our vision is to revolutionize the sector by boosting productivity, slashing costs, and formalizing the supply chain to create a consistent, high-quality exportable surplus. We are committed to fostering an integrated value chain that directly uplifts farmer livelihoods, ensures strict food safety, restores consumer trust, and catalyze investment to enhance exports.

I extend my heartfelt congratulations to the Planning Commission team and stakeholders involved for their tireless consultative efforts and crafting this comprehensive policy road map. I urge all federal and provincial stakeholders to work in close collaboration with the private sector to effectively implement these recommendations and unlock the true value of Pakistan's dairy industry.

Mr. Awais Manzur Sumra
Secretary
Ministry of Planning, Development and Special Initiatives

Message

Livestock sector with 250 million animals contributes 15% in national GDP and 64 % of agriculture GDP. Dairy Industry worth US$30 billion economy with growth rate 3.4%, producing 72 billion litter of milk annually from 34 million cows and buffalo in milking. The sector provides livelihoods to over eleven million farm families of which around 95% are small dairy farmers having less than 10 animals producing 80% of the total milk supplies.

In Pakistan, with 165 litter of per capita annual milk consumption, 22% of the household expenditure goes to milk. A rapidly increasing population and high rates of urbanization are the driving forces behind boosting demand for fresh and processed milk and dairy products. Pakistan's dairy sector holds immense untapped potential for export-led growth, rural employment generation, food security assurance, and poverty alleviation. The sector offers a great potential for private investment and new technologies to enhance productivity and improve value chain.

This policy paper presents a strategic shift towards transforming the dairy sector into a modern, competitive dairy industry. Key to this is the implementation of market-based strategies to attract domestic and foreign investment, coupled with rigorous quality controls to eliminate adulteration and boost investor confidence. We are prioritizing reforms in taxes and import duties to incentivize mechanization and enhance cold chain capabilities.

I commend the Planning Commission for their extensive consultations to develop a comprehensive private sector-driven approach. It is now imperative for all stakeholders, both federal and provincial, to align with the private sector for the effective execution of these reforms and to realize the true export potential of Pakistan's dairy industry.

Mr. Rana Tanveer Hussain
Federal Minister
Ministry of National Food Security & Research

Message

Livestock is the backbone of Pakistan's agriculture, contributing a robust 15% to the national GDP and showing a robust growth of 3.4 % during 2020–25. It acts as a vital economic lifeline for rural residents, with over eleven million families deriving 35–40% of their income from this sector. As the country move forward in economic growth, strengthening this sector is paramount for national food security, ensuring the availability of essential animal-sourced nutrition—milk, meat, and eggs—for our growing population.

Our dairy sector specifically provides 72 billion liters of milk, 43 thousand tons of ghee and butter, and 1.35 million tons of yogurt which are crucial for nutrition, addressing stunting in children, and supporting maternal health. The Ministry is fully committed to elevating this sector through strengthening animal disease surveillance system and leveraging technology to transform raw milk producers into skilled entrepreneurs. The government is taking major initiatives to strengthen foot and mouth disease (FMD) surveillance and control through national program designed to address a critical Sanitary and Phyto-sanitary (SPS) barrier, enhance quality control, and enabling the country to enter lucrative international markets for livestock products. Similarly, provincial and regional govts of Punjab, Sindh, KP , Balochistan, AJK and GB are contributing with progressive initiatives for the dairy sector development focus on interest-free loans for feed, breed improvement and targeted asset transfers to empower small-scale farmers and boost milk production etc.

I commend the Planning Commission for their extensive consultations and the development of this comprehensive policy paper. By transforming traditional dairy farming through modernization and better market integration, we will maximize productivity, increase the dairy sector's contribution to national export targets, and ensure a prosperous, food-secure future of Pakistan.

Mr. Amir Mohyuddin
Secretary
Ministry of National Food Security & Research

CONTENTS

1. EXECUTIVE **SUMMARY**

Pakistan is recognized as the 4th world's top milk producer, with annual milk production of 72 billion liters contributing around 7% of the global production in 2024[1] . Yet, its share in global dairy exports is minimal due to systemic inefficiencies in the dairy sector, like low per-animal productivity, longer calving interval, high supply chain losses, higher cost of production to peer countries and limited value chain development and processing. As a result, the country is missing the great opportunity of harnessing fast-expanding world trade in dairy products, which has reached to 86 million tonnes (milk equivalent) valuing at around US$50 billion in 2024[2]. On the other hand, Pakistan's dairy sector has incurred a trade deficit reaching US$37 million in 2024[3].

4th
Largest Milk Producer (Global)

72
Billion Liters Annual Production

7%
Global Milk Output

Global Dairy Trade:
86 Million Tonnes (Milk Equivalent)
$50 Billion Market

Pakistan Dairy Trade Deficit:
$37 Million

The URAAN Pakistan has identified dairy as one of the most potential sub-sectors of the agriculture sector to contribute in enhancing national exports. However, so far little attention has been paid to the sector to exploit this potential. To bring to limelight the potential and suggest policy measures to improve efficiency and enhance its contribution in export, Planning Commission of Pakistan organized a national dairy conference on February 9, 2026 inviting the eminent

URAAN Pakistan Vision

Dairy : High-Potential Export Sector

Target Exports

- $500 Million by 2030
- $2 Billion by 2035

stakeholders from public and private sector. The conference was inaugurated by the Secretary and chaired by the Minister for Planning, Development, and Special Initiatives and co-chaired by the Minister for National Food Security and Research. The National Dairy Conference focused on transforming Pakistan's dairy sector into a competitive export industry, with focus on boosting productivity, reducing costs, and formalizing the supply chain to create exportable surplus. The conference underscored the potential of the dairy sector to enhance exports of its products to 500$M till 2030 and US$2B in 2035.

To achieve these targets, actionable interventions were proposed in several key areas, including :

Policy Reforms

- Deregulate milk markets (market-based pricing)
- Enforce quality & safety standards
- Rationalize taxes & import duties
- Lower duties on dairy machinery

Technology Adoption

- Genetically improved dairy animals
- Sex-sorted semen technology
- Climate-efficient feeding systems
- Disease-free livestock zones

Business & Partnerships

- Corporate + Smallholder partnerships
- Guaranteed Quality, Technology transfer & market access

Furthermore, it was suggested to introduce livestock insurance and specialized soft loans to assist dairy farmers in managing risks and funding investments for dairy businesses. Lastly, institutional backstopping to private sector to develop Pakistan's special-character branded products for export was demanded. Overall, the purpose was to propose a comprehensive strategy to attract investment that can transform the national dairy from a subsistence, low-yielding and uncompetitive to a modernized, productive, and competitive sector having integrated value chain for dairy products that can improve farmer livelihoods and generate exportable surplus.

Support Mechanisms

- Subsidized livestock transportation
- Livestock insurance
- Soft loans for farmers

[1] *Pakistan Economic Survey , 2025-26*

[2] *Dairy Market Review (Overview of global market developments in 2024), FAO, 2025.*

[3] *Data Source : Pakistan Bureau of Statistics, 2024-25*

2. STRENGTH OF THE LIVESTOCK AND DAIRY SECTOR[4]

- Livestock sector with 250 million animals contributes 15% in national GDP and 64% of agriculture GDP
- Dairy Industry worth of US$30 billion economy with the growth rate of 3.4% during 2020-25
- Producing 72 billion liter milk annually from 34 million cows and buffalo in milking
- Around 95% of dairy farmers are small having less than 10 animals producing 80% of the total milk supplies
- Providing livelihoods to over eleven million farm families
- Over the past two decades, a strong genesis of commercialization have been developed which use modern technologies and have integrated with markets, although it remained small, e.g.,

200,000	25	100	15,000	50+	140
High-Productive Animals in corporate farming	Corporate Farms (1000+ animals each)	Commercial Farms (250-1000 animals)	Peri-Urban Dairy Farms	Dairy Processing Plants	Input Suppliers (local & multinational) in the private sector[5]

However, these establishments have relatively poor links at the gross root level with small dairy farmers

- With 165 liters per capita consumption, 22% of household expenditure goes to milk[6]

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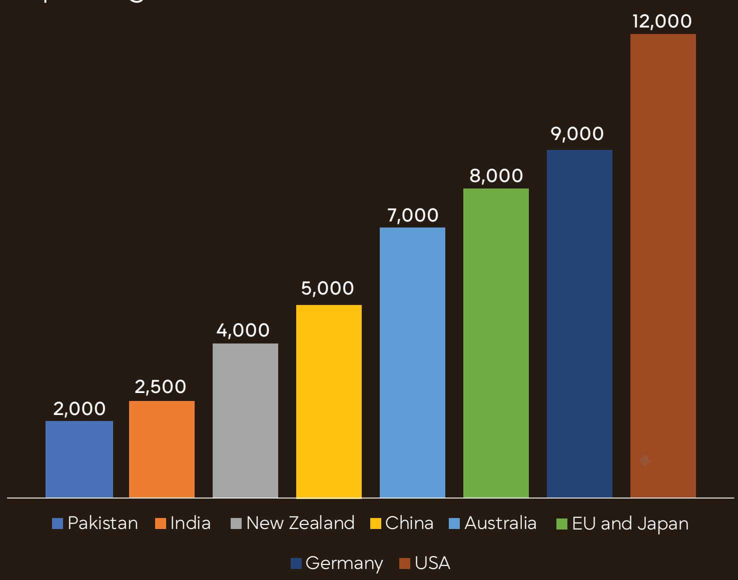
4 *Source: The 7th Integrated Agricultural Census data, 2024-25 & Economic Survey of Pakistan, 2025-26.*
5 *Source: Dairy Industry Stakeholders Consultation.*
6 *Household Integrated Economic Survey, 2024-25.*

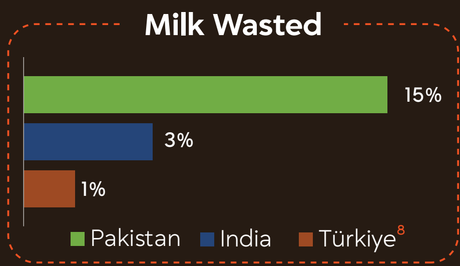
3. CHALLENGES FOR DAIRY EXPORTS

Low Productivity: Local breeds have low yields pointing to great potential in the investments on improving animal breeds[7].



Fragmented Supply Chain

- Milk mostly sold as fresh (informal system)
- Transported by traditional milkmen ("Dhojies")
- Lack of cold chain logistics
- Only 5% milk processed formally



Limited Processing: Milk processing is limited to standard yogurt and ghee only leaving large segment of international market of cheese and specialized products of milk and yogurt unexplored.

Regulatory Barriers: Localized price controls on milk at low level without specifying standards not only discourage quality and limit exportable surplus, but also reduces investor interest.

Transboundary Animal Diseases

Major threats:

- Foot & Mouth Disease
- Lumpy Skin Disease
- Lumpy Skin Disease

Impact:

- Reduced milk yield
- Limited access to export markets

Slaughtering of Productive Breeding Stock and Infant Calves

- 1.5 Million dairy animals slaughtered annually including productive female breeding stock
- 2 Million calves slaughtered at infancy annually weakening the breeding stock of livestock sector[9]

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7 *Source: J. Dairy Sci. 103:11008–11024s*

8 *Source: Pakistan Economic Survey, 2024–25; Research articles*

9 *Dairy Farmers Associations*

4. POTENTIAL EXPORT MARKETS FOR **MILK AND DAIRY PRODUCTS & ACHIEVABLE TARGETS**

Region	2023 Import Value (USD)	Key Insights
China	$12.1 billion	Declining milk import due to increased domestic production
Indonesia	$1.8 billion	Growing demand driven by middle class and youth
Malaysia	$1.5 billion	Functions as consumer as well as regional re-exporter
Saudi Arabia	$2.54 billion	Continues to rely on imports for specialized products
GCC Countries	$11.05 billion (2024)	Projected growth to $18.52 billion by 2034
CARs	$4.2 billion	Russia expanding exports to MENA and Asia

In the presence of such huge dairy and dairy product market in Pakistan'sneighborhood and big potential in the domestic dairy sector, achieving the dairy export target of US$500 million by 2029 and US$2 billion by 2035 is quite within the reach. In addition, a big potential exists in value added products, like cheese, butter, ghee, specialized milk and yogurt products.

5. EXPORT MARKET **REQUIREMENTS**

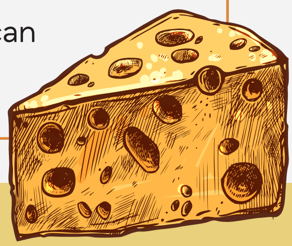
To achieve the dairy sector export target, however, Pakistan has to meet the following export market requirements:

- Safety standards
- Consistence in quality
- Smooth supply across the year by linking the supplies from different Eco-regions
- Establish transboundary animal disease (TADs) surveillance and control system accredited by World Organization for Animal Health (WOAH).

6. PAKISTAN'S SPECIALIZED DAIRY PRODUCTS AND INPUTS FOR EXPORT

Pakistan does have following specialized products, which match to international demand and can give her an easy entry in international market.

Opportunity Area	Potential Products	Target Markets
High-Fat Dairy Product	Ghee, Butter & Cheese	China, Asia and African Markets of worth US$13.12B[10]
Whey & by-products	Whey protein and functional ingredient	Fitness and nutrition markets globally worth of US$22.6B[11]
Specialty milk	Camel milk & goat milk	Unique positioning for health-conscious consumers, a niche market in GCC.
Specialized "Milk" and "yogurt" blended with special flavour	Yogurt mixed with various fruits, with or without sugar, essence, etc.	MENA and regional markets
Genetic material	Bovine sexed semen & embryos	China and regional markets
Silage, Hay	Silage and Hay from crops and by products	MENA and African markets



7. STRATEGIC RECOMMENDATIONS TO ATTRACT INVESTMENT FOR ACHIEVING EXPORT TARGETS

To attract private, foreign, and corporate investment to boost dairy sector exports, the following policy interventions are recommended by the dairy industry stakeholders:

Strategic Intervention: Improve Policy & Regulatory Framework

Key Policy Actions	Who May Lead It?
Deregulation of Milk Markets for fair, enabling and business friendly environment for dairy farmers, private investors, and consumers looking for quality products.	MNFS&R. M/o Commerce, M/o PD&SI, M/o Law and Justice, and provincial and local administrations
Enact the National Animal Health, Welfare and Veterinary Public Health Act, 2026 and enforce a harmonized regulatory framework in compliance to international standards.	MNFS&R and M/o Law and Justice.

10 *FAO STAT, 2025-26*

11 *Pakistan Agriculture and Food Export Vision, 2040, MNFSR*

Key Policy Actions	Who May Lead It?
Introduce safe milk law and enforce quality/safety standards in milk markets to curb adulteration and encourage investment.	MNFS&R, Provincial Food Authorities, and provincial and local governments
Rationalize General Sales Tax (GST) on value-added dairy products in line with the GST in the regional countries (like India, Bangladesh, Turkiye, etc.) to boost competitiveness in dairy value addition.	M/o Finance
Rationalize import duties and taxes in line with regional competing countries and give incentive on technologies used in dairy sector (e.g., machinery, genetic materials and feedstuff, i.e., soybean meal, canola meal, corn gluten, feed additives & mineral premixes, etc.) to boost mechanization, enhance productivity & reduce cost of production.	M/o Finance
Simplify loan access for small farmers by recognizing alternate forms of collateral including livestock as equity.	M/o Finance, State Bank of Pakistan
Approve and implement national livestock breeding policy.	MNFS&R and provincial LS&DD
Enforce The West Pakistan Animals Slaughter Control Act 1963 (and its subsequent provincial amendments) along with specialized Karachi Cattle Slaughter Control Act 1950 to protect the productive female dairy animals from slaughtering (cows and buffaloes) to enhance milk supply.	MNFS&R, Provincial LS&DDs and relevant Provincial and Municipal Authorities
Shift Pakistan Halal Authority (PHA) from M/o S &T to M/o Commerce.	PM Secretariat
Stop smuggling (illegal import) of milk powder in the country	Pakistan Customs (Federal Board of Revenue - FBR)

Strategic Intervention: Productivity Enhancement Through R&D

Key Policy Actions	Who May Lead It?
1. Genetic Improvement	
Develop genomic technology for the screening of breeding bulls and heifers.	National Bovine Genomic Centre, PMAS-AAUR and Consortium of Academia along with PARC
Encourage nursery and back-grounding farms for high genetic bulls and heifers in the private sector.	L&DDs of all provinces and regions to incentivize farmers to establish proven bulls and heifer nurseries and backgrounding farms.

Key Policy Actions	Who May Lead It?
Scale up sexed semen & embryo transfer labs for desired progeny and high productivity.	Private corporate sector to supply sexed semen, embryo transfer and quality semen of proven bulls to farmers.
Support programs for the affordable access of small farmers to sexed semen, embryo, and improved genomic technologies.	• L&DDs of all provinces and regions to support the livestock productivity enhancement programs by incentivizing sexed semen, embryo transfer etc. through the corporate sector linked with farmer enterprise groups. • Financial institutions to provide loans to adopt new technologies, like establishing genetic bulls and heifer nurseries, adopting sexed and high quality semen, etc.
R&D support to improve livestock breeds focused on fertility improvement, heat tolerance, disease resistance, feed efficiency and milk productivity traits.	Academia along with PARC

2. Empowerment of Dairy Farmers

Key Policy Actions	Who May Lead It?
Organize and register Farmer Entrepreneur Groups (FEGs)/ Farmers' Cooperatives (FC). Supply livestock services and new technologies through FEGs/FC, like: • Silage, hay and balanced animal feed (Total Mixed Ration) technologies. • Local and imported high-yielding and stress tolerant hybrid seed for fodder production. • Mechanically operated climate smart housing, feeding, milking and manure management. • Registered animal vaccines specific to different viruses in packages using truth-in-label. • Calf Milk Replacer (CMR) for salvation of infant calves. • Back-grounding and heifer production models. • Chilling tanks and cold chain logistics.	MNF&R, Provincial L&DD Departments, NRSP, and Corporate Processors for organizing farmers into FEGs, • Farmer Associations to organize farmers into Cooperatives, register and train the farmers • Provincial Livestock Extension Services (L &DDs) to incentivize new dairy technologies, • Academia and development partners to link with FEGs/Cooperatives and support new technologies. • Banks and financial institutes to provide group loans to farmer cooperatives & FEGs • Private sector organize special products and services in dairy clusters

Key Policy Actions

• Support cooling systems, shade structures, water recycling systems, heat-stress mitigation, summer feeding strategies.

• Support heat-tolerant dairy animals

• Encourage processors to prioritize domestic milk sourcing on quality linked pricing systems and standardize milk procurement contracts with farmers.

• Introduce tele-veterinary support services

• Develop mobile advisory platforms for farmers.

• Launch digital farmer training platforms.

• Provide dairy financial management training programs for farmers.

Who May Lead It?

Government to incentivize the adoption of these technologies and services through the corporate dairy sector having contractual arrangements with FEGs/FC to supply milk at negotiated prices with defined quality parameters.

Strategic Intervention: Improve Processing and Value Addition

Key Policy Actions	Who May Lead It?
Incentivize to establish small scale mechanized milk processing and value addition units in rural areas through FEGs / Farmer Cooperatives , especially for: ▪ Cheese processing ▪ Butter/ghee processing ▪ Whey powder making	• Provincial and federal governments • Corporate processors and exporters • Development partners. • Financial institutions. • Farmer Associations
Establish labs testing services network and provide services for Anti-Microbial Resistance toxic residues, etc.	• Public and private sector quality testing labs
Develop dairy packaging standards. Align quality standards with Codex, Asian, African and Gulf Cooperation Countries requirements.	• PSQCA, PHA and Academia

Strategic Intervention: Improve Veterinary Input Traceability and monitoring

Key Policy Actions	Who May Lead It?
Introduce veterinary input traceability and monitoring systems to control substandard/counterfeit semen, vaccines, veterinary medicines, and feeds.	MNFS&R, DRAP, PAFDA, provincial livestock departments and breeding authorities

Strategic Intervention: Upgrade Pakistan Animal Disease Surveillance & Control System

Key Policy Actions	Who May Lead It?
Implement National Program for the Digital Animal Disease Surveillance, Control, Track & Traceability System (including for TADs, Zoonotic disease, Mastitis, Tick borne diseases, etc.) and establish disease free zones in compliance with national and international standards accredited by WOAH to get access to quality exports markets.	MNFS&R, Provincial/regional L&DDs and Private sector
Integrate the Digital Animal Disease Surveillance System (DADMS) with extension veterinary services for effective and timely control.	
Develop national data for animals through ID tagging, and mandatory dairy-farm registration.	
Reform vaccine registration systems and empower livestock departments to meet Drug Regulatory Authority of Pakistan (DRAP) requirements.	DRAP,MNFS&R,L&DD Departments and private sector
Encourage local vaccine manufacturing facilities in the private sector on international standards.	

Strategic Intervention: Cold-Chain & Logistic infrastructure for exports

Key Policy Actions	Who May Lead It?
Classify licensed dairy farms and processing units under agricultural electricity tariffs.	M/o Finance, MNFS &R,
M/o Finance, MNFS &R, Incentivize (especially solarization) dairy cold-chain infrastructure including milk chillers, reefers, and value addition machinery.	Ministry of Energy, MNFS&R
Restore and modernize livestock railway corridors to facilitate economical transportation of animals and livestock inputs.	
Establish Dairy Export Processing Zones near dairy production clusters throughout the country and connect these with Gwadar and Karachi ports.	M/o Commerce, CPEC Authority, MNFS&R, & L &DDDs

Strategic Intervention: Establish Supporting Institutional Framework to Facilitate Exporters

Key Policy Actions	Who May Lead It?
Establish agribusiness units in MNFS&R and in provincial L&DD department to promote value addition and export of value added agricultural especially dairy products.	MNFS&R, and provincial L&DD departments

Key Policy Actions	Who May Lead It?
Revamp the Livestock and Dairy Development Board (LDDB) under MNFS&R and Punjab Dairy Development Board with the leading role of dairy sector associations to promote dairy exports.	
Declare dairy as a priority line in the export development fund.	MoC
Increase the share and size of group loans for dairy sector business development.	State Bank of Pakistan
Facilitate B2B linkages with importers in China, Middle East and North Africa (MENA) Central Asian Republic States (CARS), Russia, Indonesia and Malaysian markets.	TDAP, Commercial Attaches in Pakistan Embassies, Dairy Enterprise Groups & Corporate Exporters.

8. STAKEHOLDER **ROLES**

Stakeholder	Key Responsibilities
Federal Government	Policy formulation, international trade agreements, supporting institutional framework, federal funding for Transboundary Animal Diseases Control and import of technologies, rationalized duties and taxation and oversight of PHA
Provincial Governments	Social networking in organizing FEGs; Funding for various R&D programs, Establishing disease free zoning, etc.
Private Corporate Sector	Investment on large processing, provision of modern technologies to farmers, market development and branding, contract farming with FEGs, exploring external markets.
Financial Institutions	Providing loans to individual farmers and group loans to FEGs for dairy businesses covering production and market risks and animal insurance.
Farmers & Associations	Adoption of improved practices, participation in traceability systems, and quality assurance, organize themselves into groups, develop contract farming, develop link with upstream and downstream businesses.
Extension Departments and Universities including Foreign Experts	Identify potential dairy products, Provide entrepreneur training and skill development to rural communities to identify, develop and operate dairy businesses.

Research Institutions	⏩	R&D in genetics, nutrition, disease control, and product innovation. Import, adapt and develop high yielding fodder hybrids. Develop improved technologies and machines for silage production.
Development Partners (e.g., World Bank/FAO/ USDA/EU/DFID /CIDCA, etc.)	⏩	Funding for technical assistance, development methodologies, capacity building, infrastructure, etc.

9. CRITICAL RISKS & **MITIGATION**

Risk		Mitigation Strategy
Disease Outbreaks	⏩	• Strengthening disease surveillance • Establishing rapid response units • Stockpiling vaccines • Providing animal insurance
Climate Vulnerability	⏩	• Promote climate-resilient fodder varieties • Improve water management • Offer insurance products related to climatic vulnerability
Market Volatility	⏩	• Facilitate product diversification • Expand export promotion fund for dairy businesses • Encourage contractual farming arrangements with corporate sector • Arrange long-term international contracts
Lack of Funds to Establish Businesses in rural Areas	⏩	• Encourage members of FEGs to buy shares of the group dairy businesses • Initiate dairy businesses with 50:50 government: farmer contribution
Business Risk in Small-Scale Value Addition and Processing Businesses	⏩	• Provide legal framework to protect small-scale businesses in rural areas • Register small agro-business units with government • Legally float their shares in the market • Provide loan products covering market and business risks
Farmer Resistance	⏩	• Initiate awareness campaigns at scale and pilot success stories
Regulatory Delays	⏩	• Single-window approvals for startups in dairy businesses • Stakeholder consultations

10. IMMEDIATE ACTIONS (2026–2027)

To achieve the dairy sector export target, however, Pakistan has to meet the following export market requirements:

- Approve pending policies: National Breeding Policy, Animal Health Act, 2026.
- De-regulate milk markets throughout the country by removing milk from essential commodity list.
- Launch Pakistan animal identification and traceability system pilot in all provinces.
- Establish disease-free dairy zones in Punjab and Sindh.
- Simplify group loan access to FEGs by recognizing livestock (animals) of the group as equity.
- Reduce General Sales Tax (GST) on value-added dairy products from 18% to 5%.
- Abolish the import duties and cap the taxes at 5% on dairy technology being used in mechanization of the dairy operation and value addition and processing of dairy products.
- Subsidize rail transport of animals.
- Enforce The West Pakistan Animals Slaughter Control Act 1963 (and its subsequent provincial amendments) along with specialized Karachi Cattle Slaughter Control Act 1950 to protect the productive female dairy animals (cows and buffaloes) from slaughtering.
- Stop Smuggling (illegal Import) of milk powder.
- Revamp the LDDB under MNFSR and PLDDB assigning the role of dairy exports promotion with private sector leadership.

11. CONCLUSION

Pakistan's dairy sector holds immense untapped potential for export-led growth, rural employment generation, and food security. By transitioning from a high-volume, low-value model to a high-value, quality-assured export structure, Pakistan can transform its dairy sector from a rural subsistence activity into a major contributor to export led economy. A coordinated, public-private partnership approach—where all stakeholders of the dairy value chain are integrated with each other as well as with markets and backed by clear policies, targeted incentives, and robust infrastructure—can transform the dairy into a global competitive sector that can enhance farmers income, boost exports, and ensure food security.

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