New Zealand Fresh Milk

1779th Commissioners' Meeting (2025)

Case: New Zealand dairy importers were complained for violating the Fair Trade Act that the retail prices of New Zealand fresh milk remained high after zero import tariffs took effect for New Zealand liquid milk

Keyword(s): Zero import tariff; liquid milk; fresh milk

Reference: Fair Trade Commission Decision of November 26, 2025 (the 1779th Commissioners' Meeting); Letter Kung Zhi Tzu No. 1141360411 dated November 28, 2025

Industry: Wholesale of Dairy Products, Eggs and Edible Oils and Fats (4545)

Relevant Law(s): Article 15 of the Fair Trade Act

Summary

1. The case was originated from emails from the public stating that the domestic milk prices were high and that, even after New Zealand milk became eligible for zero tariffs, its retail price remained higher than that of domestic milk. Subsequently, a campaign encouraging the public to send an email to the Fair Trade Commission (FTC) complaining that related businesses had jointly inflated the prices of zero-tariff New Zealand fresh milk was launched on a social media forum. The FTC therefore initiated the investigation.

2. Findings of the FTC after investigation:

(1) In 2024, Chinese Taipei produced approximately 452,000 metric tons of raw milk, most of which was processed into fresh milk, and imported approximately 39,000 metric tons of fresh milk. The domestic fresh milk market therefore totaled approximately 491,000 metric tons, with domestically produced fresh milk accounting for more than 90%. Approximately 4,000 metric tons of fresh milk were imported from New Zealand in 2024, representing less than 1% of the domestic fresh milk market. Three brand companies sold New Zealand fresh milk domestically. Depending on the retail channel and promotional period, their imported New Zealand fresh milk was priced between NT$89 and NT$129 per one-liter bottle. A warehouse club also sold New Zealand

fresh milk in packs of two 1.5-liter bottles. Each New Zealand fresh milk brand held only a small share of the fresh milk market and competed with both domestic brands and other imported brands. Therefore, they generally differentiated their products on quality by emphasizing attributes such as natural grass feeding and free-range grazing.

(2) Chinese Taipei and New Zealand signed the ANZTEC in 2013. After the Agreement entered into force, an import quota of 5,500 metric tons was established for New Zealand liquid milk, including fresh milk and long-life milk. The quota increased by 1,500 metric tons every three years and reached 10,000 metric tons for 2022 through 2024. Imports within the quota were tariff-free, while imports above the quota were subject to a specific tariff. Although tariffs were imposed on New Zealand fresh milk imported after the tariff-free quota had been exhausted, calculations showed that tariff costs represented only a small proportion of total annual import costs. In addition, the brand companies considered a range of factors when setting their prices, including cold-chain and transportation costs and brand positioning; tariffs were only one such factor. Prices differed among the New Zealand fresh milk brands and had not changed for the past two years.

(3) International raw milk prices had recently fluctuated due to weather and animal disease. From January through May 2025, New Zealand's Farmgate Milk Price rose by more than 20% compared with the same period in 2024. Thus, although all New Zealand fresh milk imports became tariff-free in 2025, it was confirmed that the overall import costs of the respective brands did in fact increase compared with the same period in 2024 after reviewing the customs import data and importers' invoices. Relevant factors included increases in New Zealand raw milk purchase prices and contract manufacturing costs, fluctuations in ocean freight rates arising from United States tariff policy, and appreciation of the New Zealand dollar against the United States dollar.

(4) Considering the structure of domestic fresh milk market and the state of competition among businesses, the market included numerous fresh milk brands and New Zealand fresh milk held an extremely small share of the domestic fresh milk market. Moreover, they also faced competition from both domestic brands and other imported brands. The investigation found no evidences of an agreement through contacts or price communications among competitors. Moreover, the New Zealand fresh milk brands had always differed in their pricing, the prices at which they sold to retailers were not the same, and their promotional methods and promotional prices were diverse. Accordingly, the investigation found no evidences of an agreement among New Zealand

fresh milk brand companies regarding their pricing practices. It was therefore difficult to conclude that they had violated the prohibition clause against concerted action under Article 15, Paragraph 1 of the Fair Trade Act.

Summarized by: Lin, Shih-Ying; Supervised by: Yeh, Su-Yen □