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**The case for packaged milk**

As one of the fourth largest milk producers in the world with over 33 billion liters of annual milk production despite various struggles, Pakistan’s dairy industry can quite literally become the country’s ‘cash cow’ – with a significant potential to meet increasing demand for nutritional milk, aid in tackling malnutrition, address food security, and create jobs and bolster economic growth. Statistics have shown that more than eight million Pakistani families are dependent on the dairy industry for income and socio-economic development.

In milk-loving Pakistan, more than 90 percent of the population still relies on untreated loose milk. Due to a lack of efficient cold chain supply, perishable loose milk gets contaminated along an informal dairy value chain and becomes unhealthy for safe human consumption. Infrastructure-related obstacles make it challenging to maintain the hygiene and temperature of loose milk and result in frequent wastage. However, the shelf life of processed milk can be prolonged for up to three months and yet Pakistanis are easily accessing and demanding loose milk at their doorsteps at cheaper retail prices and lesser nutritional value.

Due to limited consumer awareness and a poor perception of ‘packaged’ milk which creates consumers’ doubt on the ‘wholesomeness’ and ‘purity’ of processed milk, most Pakistanis are unwilling to consume safe and hygienic milk. Ironically, it is untreated loose milk that is jeopardizing public health safety. While packaged milk prices are on the rise, local demand is falling as consumers remain uninformed about the harmful contents of untreated milk. It is not surprising that the sales of packaged milk in Pakistan are plummeting.

To tackle this, private sector dairy companies are playing a paramount role in making investments to enhance the sector profitability and productivity in close collaboration with smallholder farmers under rural development programs. Robust pasteurizing systems are enhancing raw milk quality through compliance with international standards. The benefits have been profound but certain gaps in the policy infrastructure are prohibiting optimal production and trading of surplus milk, giving the government solid ground to step up and regulate Pakistan’s largely untreated, undocumented, and untaxed loose milk market.

Forward-thinking policymaking interventions and advocacy for legal framework are prerequisites to incentivize and attract dairy farmers towards a formal, organized, and regulated system that can create a balance which enhances milk yields, improves public health standards, and safeguards consumers from unsafe raw milk consumption.

The national and provincial governments need to build on and expand the contributions of the private sector through a scaled, phased, and long-term critical legislative intervention, so that dairy farmers can reap the benefits of accessing new and competitive packaged milk markets. Investors will bring in new businesses across the supply chain ensuring high-end milk products are available locally and as international exports, resulting in long-term economic expansion and job creation. This presents an opportunity for packaged food grade companies and government alike to play their part in enhancing the nutritional value of available milk products and ensuring consumer health and wellbeing across Pakistan.

Ultimately, more Pakistanis will be able to afford safe milk and high value dairy products as prices are lowered through establishment of direct formal linkages between farmers and dairy companies in a competitive packaged milk industry. The incidence of foodborne disease outbreak associated with consumption of unpasteurized dairy products will be lessened, protecting overall public health.

In 2018 since the Punjab’s Punjab Food Authority (PFA) introduced a Minimum Pasteurization Law set for implementation in July 2022, there has been increased pressure on other provincial governments to play a pivotal role in governing milk safety and issuing uniform food safety standards and regulation on mandatory pasteurization of milk. According to Director General PFA Rafaqat Ali Niswana, Punjab’s recent focus has been on food grade packaging to enhance traceability and documentation and improve milk quality for consumers.

The Punjab government has nearly a year left to enhance consumer awareness regarding milk pasteurization through innovative behavior change strategies and campaigns targeting households and communities. There is immense potential for the dairy sector to tap into a primarily young population that is an attractive fundamental for gaining popularity and pace in consumption of packaged milk products including varieties of cheese and flavored milk and yogurts. The PFA DG believes that it is vital to change the prevailing perception that packaged milk is not ‘khaalis’ and has added preservatives. At this critical juncture, the private sector must chip in also to cultivate new and sustained consumer demand for packaged milk as it has significantly fallen by 17 percent with the price increase following abolition of zero-rating.

Demands have been made to the Sindh government to take a cue from the Punjab Food Authority in taking necessary steps for making milk traceable through conversion to packaging. There is also mounting pressure from representative bodies to reinstate zero rating regimes to make packaged milk affordable and lowering the upward pricing trend.

Conducive legislation at the federal and provincial levels must be complemented with holistic and incentivizing interventions directed towards narrowing the pricing and quality gaps, creating investment opportunities, reducing input costs, and facilitating both farmers and consumers to accelerate their smooth transition towards a formal dairy sector. Expansion of the processed milk market will attract new foreign direct investments in infrastructure development, create new job opportunities, and upsurge tax revenues for the government.

The packaged dairy industry in Pakistan needs to be far from basic because it has definite growth potential. Amid a pressing and evolving pandemic and lockdowns, swiftness in consistently adapting to the changing environment is necessary for governments, consumers, farmers, vendors, regulatory bodies, and dairy companies for continued generation of stable economic activity along the milk value chains. Viability of packaged dairy products can be ensured in Pakistan if the government evaluates and encourages global best practices of neighboring countries such as Turkey, India, Malaysia, Sri Lanka, Bangladesh, Thailand, and Indonesia among others.

In Turkey, the recent rapid expansion of a processed milk industry has revealed a key lesson that adequate and proactive government support including subsidies, relaxed taxation regimes, and minimum pasteurization and packaging laws contribute towards growth of the milk economy. It becomes possible for farmers to reap commercial benefits and communities to access and enjoy processed milk products at slashed retail prices.

Key insights from global milk processing markets have confirmed that government intervention and the right regulatory environment is crucial to reverse incurred losses and prevent a catastrophe in Pakistan’s dairy sector. A strong stance from the government, coupled with joint industry efforts will be a welcome step in the right direction to shape the processed milk market, improve market dynamics, enable industrial growth, and ultimately bring Pakistan closer to achieving its public health goals.