USDA

United States Department of Agriculture

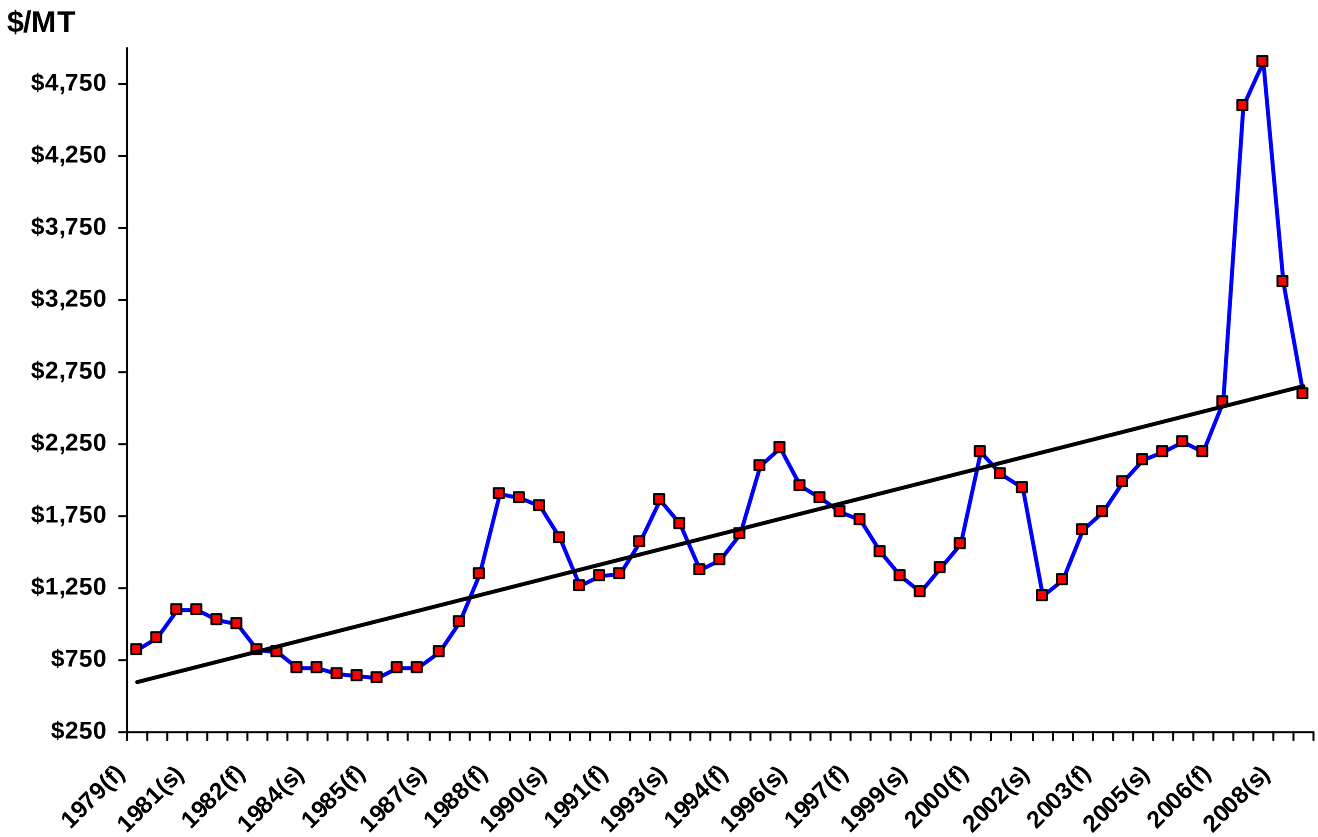
Foreign Agricultural Service

Dec 2008

Dairy: World Markets and Trade

Global dairy prices have been falling sharply in recent weeks as evidenced by the graph below tracking nonfat dry milk (NDM) prices. The unprecedented run-up in prices of dairy commodities experienced during the past two years and the ongoing financial crisis have taken a toll on import demand. In Asia, the fear of melamine contaminated dairy products has been another unwelcome factor undermining consumer confidence in dairy products. On the supply side, a rebound in New Zealand milk production and to a lesser extent Australian output is ensuring the availability of ample exportable supplies. At present, import purchasers face uncertain domestic market conditions and have cut back sharply on purchases to only meet immediate needs. Consequently, prices are likely to remain weak until there are visible signs of economic recovery.

International Prices of Nonfat Dry Milk
1979-2008 Spring and Fall Price, EU FOB



Approved by the World Agricultural Outlook Board/USDA

Dairy Production and Trade Developments

Summary

After a euphoric period of record prices and booming exports, dairy exporters now face weak and uncertain markets characterized by a dizzying drop in global dairy product prices. Nonfat dry milk which was priced at over $5,000/MT in mid-2007 can now be purchased for less than $2,000/MT – a startling decline of over 60 percent in less than a year. There are number of factors at play; world economic growth is forecast for 2009 at 1-2 percent down from the 3.8% registered during the 2005-2007 period, available exportable supplies in the EU, United States, and New Zealand have increased markedly, and import demand has faltered in the face of high retail prices and economic uncertainty. In the Asian region, the melamine issue in China, which continues to reverberate, has been a further factor undermining demand as consumers question the integrity of a broad range of products containing dairy ingredients.

The decline in dairy prices is not surprising. In late 2007, there were signs of weakness in dairy markets; however, as the severity of the drought in New Zealand became evident in late 2007, global dairy prices received a reprieve and prices strengthened into early 2008. As the 2008 season unfolded, spurred by high milk prices, it became evident that global milk output was set to rebound. In the United States, despite rising input costs, milk output is set to grow by over 2 percent. In New Zealand, milk production for the ongoing 2008/09 season is expected to jump by 8 percent while Australian milk production is likely to experience a more modest 2 percent rise. In the EU, milk production is expected to grow by 1 percent, although there are substantial supplies of butter and NDM weighing on the market.

The dairy market outlook for 2009 will largely hinge on the financial health of major economies. At present, prospects are not favorable with the United States, the EU, and Japan expected to be in a recession which will likely slow consumption rates for dairy products. In the critical Asian markets, China's GDP is expected to grow by 8 percent, while growth in other East Asian nations such as Korea and Taiwan is forecast to be below 3 percent. Emerging markets are expected to fare poorly with growth anticipated to drop from a three year average of 7.3 percent to 4.8 percent. For the U.S., this means dairy exports are anticipated to experience a drop in volume and value with U.S. dairy exports currently forecast to fall sharply from $4.0 billion in FY 2008 to $3.1 billion in FY 2009. There are, however, some positive signs. The U.S. dollar is expected to remain relatively weak providing a competitive boost to exports while oil prices – which have dropped dramatically from a high of nearly $150/barrel to around $40/barrel – are likely to have a stimulative impact on the economy.

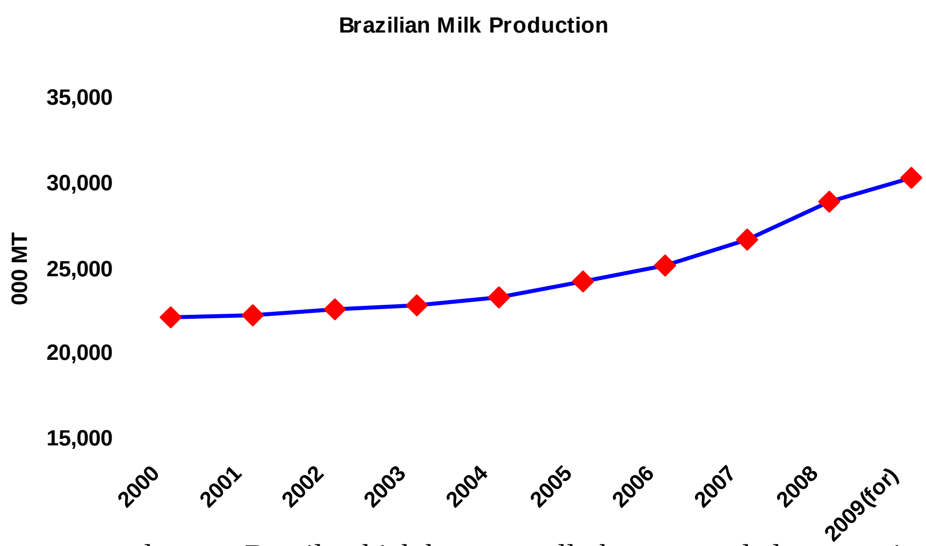
Milk Production: 2009 Forecast Summary

Summary of Major Milk Producer Forecasts for CY 2009
(1,000 Metric Tons)

	2007	2008	2009 (Dec. forecast)	Change 09-08
Argentina	9,550	10,100	10,400	3%
Australia	9,870	9,500	9,700	2%
Brazil	26,750	28,890	30,335	5%
EU-27	132,604	134,000	134,400	0%
New Zealand	15,640	15,141	16,350	8%
United States	84,188	86,026	86,817	1%

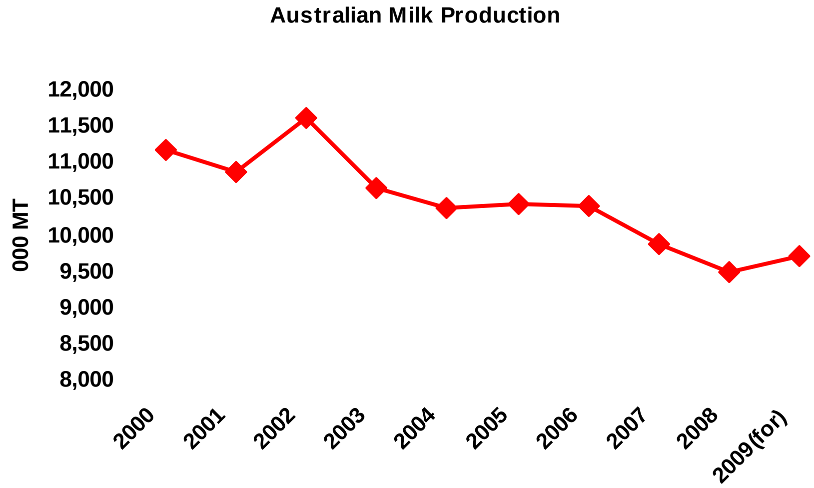
Note: Australia July-June, New Zealand June-May year

Argentina's milk production is forecast to expand by 3 percent based on lower expected feed prices in 2009 and – despite some dry conditions in early 2008 – a dairy herd that appears to be in good condition. Government policies, in an attempt to curb inflationary pressures, continue to play a prominent role in dictating dairy product prices destined for the domestic and export market. In early 2008, these Government price guidelines in effect translated to an export tax of around 27.5 percent. For 2009, most of the growth in milk output will likely boost exports of whole milk powder (WMP) which are forecast to jump by 22 percent to reach 150,000 tons.



During the past several years, Brazil, which has normally been regarded as a net importer and more recently a minor exporter, is starting to become a notable competitor particularly in whole milk powder markets. Milk production in Brazil, has been expanding at an average of over 6 percent annually over the 2006-2008 period and is set to grow by 5 percent in 2009. Exports in 2009 are also anticipated to expand due to flat domestic consumption and increased competitiveness resulting from the expected further devaluation of the Brazilian currency.

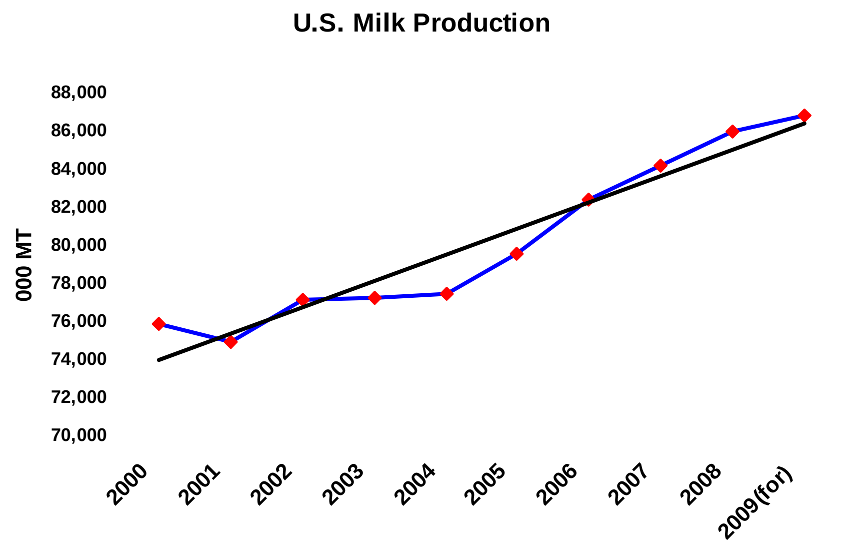
In Australia, milk production is forecast to post a modest rebound following years of declining output due to drought. Widespread rains early in the 2008/09 (July-June) season improved pasture conditions in key dairy areas; however, the availability of livestock and constraints imposed by low irrigation water levels continue to limit expansion. Consequently, for the longer term, Australian milk production is expected to increase at an incremental rate.



Due to an increase in EU-27 milk production quotas, milk output is estimated to increase by 1 percent in 2008; however, declining milk prices and lower returns from exports are forecast to result only in marginal milk production growth for 2009. The CAP Reform Health Check, which has been agreed to by the EU Agriculture ministers, essentially lays out a transition path to the complete removal of EU milk quotas by April 1, 2015. In essence, the agreement calls for a 1 percent annual increase between 2009/10 and 2013/14; however, Italy has been given an exemption to frontload its quota by 5 percent. The reforms also include adjustments to the milk fat coefficients used to measure the EU's milk production relative to milk fat content that may further increase the milk quotas for certain countries. There were no reforms affecting the intervention systems which are set to open on March 1, 2009 for the purchase of 30,000 tons of butter and 109,000 tons of skimmed milk powder (SMP) at € 2,464/ton ($3,280/ton) and € 1,747/ton ($2,325/ton), respectively. The EU, however, has decided to open the Private Storage Aid scheme, two months early in January 1, 2009 to support domestic butter prices.

Following a year of drought during which milk output fell by 3 percent, New Zealand milk production for the 2008/09 (June-May) season is set to rebound by 8 percent. Exports are also expected to recover with cheese and NDM shipments forecast to grow by 15 percent and WMP by 13 percent. Further, the high returns earned in the dairy sector and record payouts of last year NZ$7.90/kg milk solids (US $ 5.37/kg ms) have led to the addition of 330 new farms - 165,000 head – coming on line in late 2008. For 2009, Fonterra has announced a projected drop of 24 percent in the milk price payout to NZ $6.00/kg ms.

In the United States, a sharp drop in product prices – particularly for NDM - is expected to lower 2009 milk prices while feed prices, although lower, are forecast to remain relatively high resulting in a milk feed price ratio below 2. This is below the estimated 2008 level and well under the 2005-2007 average of 2.9. In principle, this signals a difficult period ahead for dairy farmers with limited prospects for expansion. Nevertheless, milk production is expected to grow by nearly 1 percent or 794,000 tons as higher milk per cow is forecast to offset lower cow numbers.

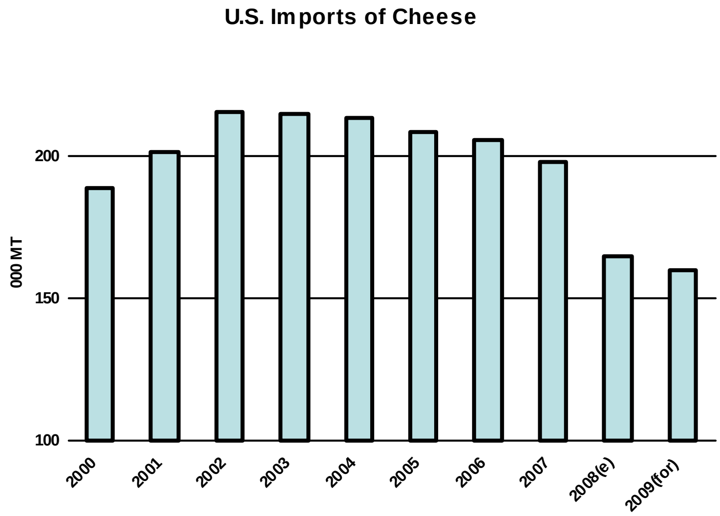


Cheese:

In Oceania, 2009 cheese production in New Zealand is forecast to jump by nearly 10 percent following a drought impacted year during which cheese output only grew by 2 percent. As a result, New Zealand cheese exports are expected to grow by nearly 15 percent. In 2008 (June-May), the leading export destinations for New Zealand cheese were Japan (22 percent), Australia (18 percent) and South Korea. Cheese exports to the United States have dropped sharply by 37 percent to reach 18,700 tons – well below the average of 39,000 tons registered during 2003-2005 (June-May) period - and continues a downward trend that began in 2006. Australian cheese production for 2009 (July-June) is expected to rebound by nearly 2 percent following a 4 percent decline in 2008. Given stagnant domestic consumption, the additional production will contribute to a forecast rise of 2 percent in cheese exports.

In the EU-27, cheese consumption is expected to grow absorbing most of the production increase anticipated for 2009. Exports and imports are not expected to change; however, lower cheese prices due to building inventories and competition from Oceania and the United States are pressuring processors and exporters to request the reintroduction of export subsidies. The EU authorities have so far declined.

U.S. cheese production for 2009 is slated to expand by two percent as an increasing volume of milk shifts from the production of butter and NDM to cheese. Cheese consumption is forecast to decline marginally in 2008 but is anticipated to grow by over 3 percent in 2009. For 2008, U.S. cheese exports are expected to hit a record 125,000 tons but are forecast to drop sharply by 19 percent in 2009 due to lower global demand. U.S. imports of cheese had been sliding since 2003, but recently the decline accelerated – in 2008 imports of cheese are expected to fall by 16 percent to 165,000 tons. This trend is forecast to continue in 2009 with imports of cheese likely to drop further by 3 percent.



Butter

Among selected countries, butter exports are expected to grow marginally in 2009 with the biggest increases forecast for the EU-27, up 35,000 tons and the sharpest decline forecast for the U.S, down 45,000 tons. New Zealand butter exports are forecast to rise by 4 percent but Australian exports are expected to only grow slightly.

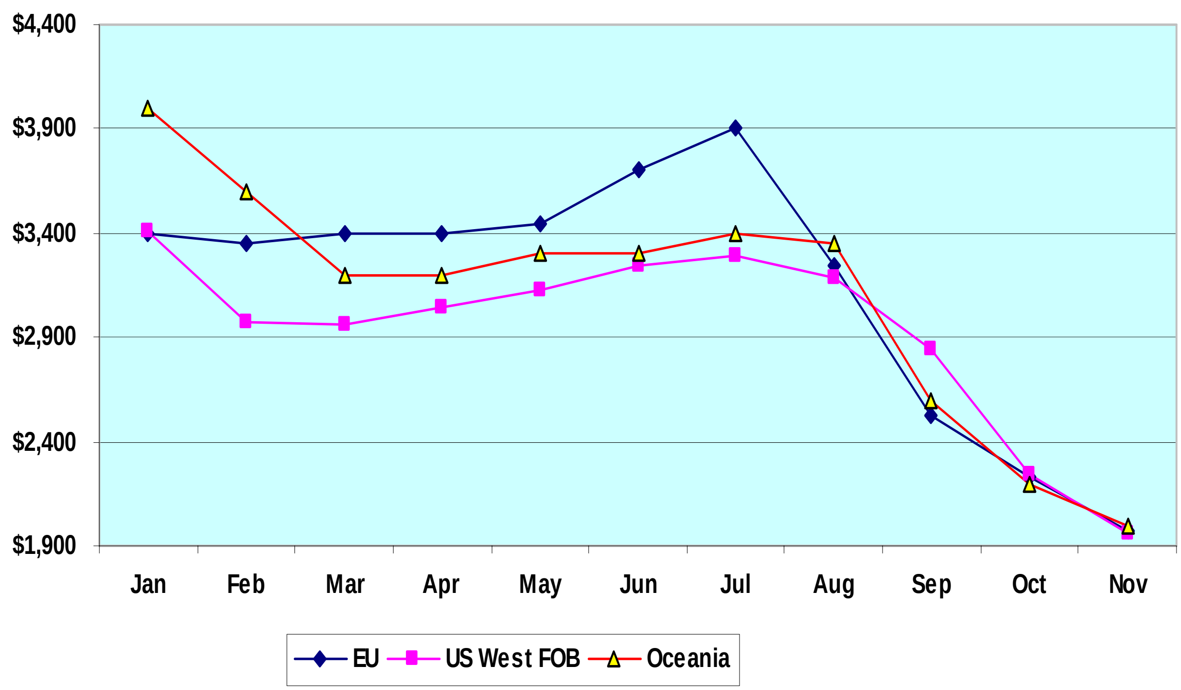
For 2008, butter production in the United States is expected to jump by 6.5 percent to 751,000 tons as strong demand from domestic and export markets drove prices up. For 2009, production is forecast to fall by 1.5 percent as sagging export demand and lower domestic prices will channel more fluid milk towards the production of cheese. Exports for 2009 are pegged at 60,000 tons – down 43 percent from 2008.

Skimmed Milk Powder

Total SMP exports among selected countries in 2009 are expected to remain steady as a decline in forecast U.S. shipments will likely be offset by increases in EU and Oceania exports. Nevertheless, the future outlook is difficult to define as markets are rocked by the rapid devaluation of a broad range of commodities and consumers react to an uncertain economic future. At present, import demand is weak as evidenced by the rapid fall in global prices which earlier in the year were in the range of $3,400/ton and are now around the $2,000/ton FOB level. Further, U.S. exports of SMP have fallen sharply and the Commodity Credit Corporation is accumulating surplus stocks currently expected to total around 43,000 tons in 2008 and nearly 70,000 tons in 2009. These purchases will effectively set a minimum global price until available exportable supplies from Oceania are exhausted.

A critical factor affecting prices in early 2009 will be the exchange rate between the U.S. dollar and the Euro. As the graph below demonstrates, SMP prices held steady and increased for most of the first half of the year due to the drought conditions that developed in New Zealand. However, starting in July, EU FOB prices plummeted as a combination of growing (EU) domestic stockpiles drove domestic prices down and the U.S. dollar started to strengthen. The U.S. dollar appreciated from around $1.57/Euro in July 2008 to $1.27/Euro in November 2008 giving EU SMP a significant competitive boost. However, the weakening of the U.S. dollar in early December has meant that EU SMP FOB prices have risen by nearly $200/ton in the space of a few weeks. If the U.S. dollar remains weak, then global prices will likely strengthen once EU intervention stores open on March 1, 2009 as the support price of € 1,746.9 currently equates to around $2,450/ton. This will effectively sideline the EU from export markets until the intervention limit of 109,000 tons is reached or the open period expires at end-August, 2009. This scenario, however, assumes that the EU does not invoke export subsidies which would effectively drive prices down. At present, neither the EU nor the United States is subsidizing dairy exports.

EU, US, and Oceania NDM FOB Price
US Dollars/MT



Summary of Major SMP Exporter Forecasts for 2009
(Million Metric Tons)

	2006	2007	2008(est.)	2009(for.)
Australia	189	175	120	123
EU-27	88	201	180	200
New Zealand	243	327	251	288
United States	287	255	400	350
TOTAL	807	958	951	961

Note: Australia July-June, New Zealand June-May year

Among other countries, exports of NDM are not expected to change significantly in 2009 with exports from India expected to remain steady while Ukrainian shipments are anticipated to decline. In 2007, India imposed a ban on exports of milk powder; however, it appears that this may have had a limited impact since Indian processors may have simply switched production from SMP to casein. From 2006 to 2007, Indian exports of casein jumped dramatically by over 100 percent to reach over 15,000 tons. The Indian dairy sector appears to be flourishing in international markets as exports of dairy products have been growing rapidly from around $50 million in 2003 to over $299 million in 2007. Further, while U.S. dairy exports to India have been blocked due to a restrictive sanitary protocol, Indian dairy exports to the U.S. have boomed. This despite having a dairy sector characterized as having low productivity, lacking an effective quality and hygiene control system and a cold chain infrastructure (GAIN Report IN8131). In 2007, the United States was the leading destination for Indian dairy exports. U.S. trade data indicates that imports of casein from India have grown rapidly from 4,700 tons in 2003 to 12,300 tons in 2007 valued at $84 million. For 2008, this import value is expected to exceed $100 million.

Global imports of NDM are forecast for 2009 to remain relatively strong with little change expected for such major markets as Algeria and Mexico which are heavily dependent on imports of NDM to ensure the operation of subsidized food nutrition programs. Indonesian purchases are forecast to grow by 8 percent on the basis on continued economic growth, stable political outlook, and growing preference by consumers for dairy products.

COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

Fluid Milk Production	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	7,905	7,806	8,041	8,212	8,270	8,250
Mexico	9,874	9,855	10,051	10,657	10,814	11,030
United States	77,534	80,254	82,462	84,188	86,026	86,817
Sub-total	**95,313**	**97,915**	**100,554**	**103,057**	**105,110**	**106,097**
South America						
Argentina	9,250	9,500	10,200	9,550	10,100	10,400
Brazil	23,317	24,250	25,230	26,750	28,890	30,335
Sub-total	**32,567**	**33,750**	**35,430**	**36,300**	**38,990**	**40,735**
European Union - 27 1/	**133,969**	**134,672**	**132,206**	**132,604**	**134,000**	**134,400**
Former Soviet Union						
Russia	32,000	32,000	31,100	32,200	32,500	32,830
Ukraine	13,787	13,423	12,890	11,997	11,070	10,350
Sub-total	**45,787**	**45,423**	**43,990**	**44,197**	**43,570**	**43,180**
South Asia						
India	37,500	37,520	41,000	42,890	44,100	45,140
Asia						
China	22,606	27,534	31,934	35,252	36,700	38,630
Japan	8,329	8,285	8,137	8,007	7,990	8,010
Sub-total	**30,935**	**35,819**	**40,071**	**43,259**	**44,690**	**46,640**
Oceania						
Australia 2/	10,377	10,429	10,395	9,870	9,500	9,675
New Zealand 3/	15,000	14,500	15,200	15,640	15,141	16,350
Sub-total	**25,377**	**24,929**	**25,595**	**25,510**	**24,641**	**26,025**
TOTAL SELECTED COUNTRIES	**401,448**	**410,028**	**418,846**	**427,817**	**435,101**	**442,217**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

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COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

Fluid Milk Consumption	**2004**	**2005**	**2006**	**2007**	**(p) 2008**	**(f) 2009**
North America						
Canada	2,835	2,831	3,058	3,086	3,145	3,135
Mexico	4,349	4,266	4,305	4,275	4,253	4,275
United States	27,288	27,416	27,851	28,011	28,140	28,250
Sub-total	**34,472**	**34,513**	**35,214**	**35,372**	**35,538**	**35,660**
South America						
Argentina	1,800	1,800	1,900	1,900	1,950	1,970
Brazil	12,743	13,400	13,755	10,170	10,674	11,230
Sub-total	**14,543**	**15,200**	**15,655**	**12,070**	**12,624**	**13,200**
European Union - 27 1/	**35,190**	**34,932**	**34,084**	**33,334**	**33,569**	**33,645**
Former Soviet Union						
Russia	12,900	12,845	12,000	12,000	12,100	12,180
Ukraine	5,112	5,441	6,086	3,641	2,779	2,109
Sub-total	**18,012**	**18,286**	**18,086**	**15,641**	**14,879**	**14,289**
South Asia						
India	35,500	36,600	39,920	42,680	43,885	45,035
Asia						
China	10,315	12,500	13,809	14,820	15,300	15,966
Japan	4,955	4,775	4,648	4,521	4,450	4,400
Sub-total	**15,270**	**17,275**	**18,457**	**19,341**	**19,750**	**20,366**
Oceania						
Australia 2/	2,020	2,145	2,127	2,162	2,205	2,220
New Zealand 3/	360	360	360	360	345	330
Sub-total	**2,380**	**2,505**	**2,487**	**2,522**	**2,550**	**2,550**
TOTAL SELECTED COUNTRIES	**155,367**	**159,311**	**163,903**	**160,960**	**162,795**	**164,745**

Source: Counselor and attache reports, official statistics, and results of office research.

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COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Head

Milk Cow Numbers	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	1,055	1,066	1,019	995	985	980
Mexico	6,800	6,850	6,875	6,885	6,887	6,890
United States	9,012	9,043	9,112	9,158	9,266	9,246
Sub-total	**16,867**	**16,959**	**17,006**	**17,038**	**17,138**	**17,116**
South America						
Argentina	2,000	2,100	2,150	2,150	2,150	2,150
Brazil	15,200	15,100	15,290	15,925	16,700	17,023
Sub-total	**17,200**	**17,200**	**17,440**	**18,075**	**18,850**	**19,173**
European Union - 27 1/	**26,018**	**25,355**	**24,944**	**24,178**	**23,951**	**23,950**
Former Soviet Union						
Russia	11,200	10,400	9,900	9,910	9,800	9,705
Ukraine	4,313	4,130	3,840	3,221	2,979	2,770
Sub-total	**15,513**	**14,530**	**13,740**	**13,131**	**12,779**	**12,475**
South Asia						
India	**37,000**	**38,000**	**38,000**	**38,000**	**38,500**	**38,500**
Asia						
China	5,466	6,800	7,900	8,755	9,200	9,660
Japan	936	910	900	871	862	865
Sub-total	**6,402**	**7,710**	**8,800**	**9,626**	**10,062**	**10,525**
Oceania						
Australia 2/	2,036	2,041	1,870	1,800	1,730	1,780
New Zealand 3/	3,920	3,970	4,100	4,163	4,200	4,365
Sub-total	**5,956**	**6,011**	**5,970**	**5,963**	**5,930**	**6,145**
TOTAL SELECTED COUNTRIES	**124,956**	**125,765**	**125,900**	**126,011**	**127,210**	**127,884**

Source: Counselor and attache reports, official statistics, and results of office research.
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(f) Forecast.
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(3) Year ending May 31 of the year shown.

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COWS MILK : SUMMARY FOR SELECTED COUNTRIES

MT/Head

Fluid Milk Production Per Cow	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	7.49	7.32	7.89	8.25	8.40	8.42
Mexico	1.45	1.44	1.46	1.55	1.57	1.60
United States	8.60	8.87	9.05	9.19	9.28	9.39
South America						
Argentina	4.63	4.52	4.74	4.44	4.70	4.84
Brazil	1.53	1.61	1.65	1.68	1.73	1.78
European Union - 27 1/	5.15	5.31	5.30	5.48	5.59	5.61
Former Soviet Union						
Russia	2.86	3.08	3.14	3.25	3.32	3.38
Ukraine	3.20	3.25	3.36	3.72	3.72	3.74
South Asia						
India	1.01	0.99	1.08	1.13	1.15	1.17
Asia						
China	4.14	4.05	4.04	4.03	3.99	4.00
Japan	8.90	9.10	9.04	9.19	9.27	9.26
Oceania						
Australia 2/	5.10	5.11	5.56	5.48	5.49	5.44
New Zealand 3/	3.83	3.65	3.71	3.76	3.61	3.75

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

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CHEESE PRODUCTION: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	345	352	291	308	306	305
Mexico	134	143	145	147	150	152
United States	4,025	4,150	4,320	4,400	4,465	4,595
Sub-total	**4,504**	**4,645**	**4,756**	**4,855**	**4,921**	**5,052**
South America						
Argentina	370	400	480	520	540	550
Brazil	470	495	528	580	630	660
Sub-total	**840**	**895**	**1,008**	**1,100**	**1,170**	**1,210**
European Union - 27	**6,481**	**6,625**	**6,801**	**6,760**	**6,840**	**6,870**
Former Soviet Union						
Russia	350	375	405	435	425	435
Ukraine	224	274	210	244	256	260
Sub-total	**574**	**649**	**615**	**679**	**681**	**695**
Asia						
Japan	35	39	40	43	55	60
Korea	24	24	28	24	26	27
Philippines	6	5	6	7	9	10
Sub-total	**65**	**68**	**74**	**74**	**90**	**97**
Oceania						
Australia 2/	389	375	362	360	344	350
New Zealand 3/	305	297	292	308	314	345
Sub-total	**694**	**672**	**654**	**668**	**658**	**695**
TOTAL SELECTED COUNTRIES	**13,158**	**13,554**	**13,908**	**14,136**	**14,360**	**14,619**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Excludes fresh cheese
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

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CHEESE CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	358	365	307	319	319	315
Mexico	214	230	229	233	238	240
United States	4,182	4,277	4,428	4,507	4,498	4,653
Sub-total	**4,754**	**4,872**	**4,964**	**5,059**	**5,055**	**5,208**
South America						
Argentina	338	350	424	473	490	500
Brazil	468	491	529	576	627	654
Sub-total	**806**	**841**	**953**	**1,049**	**1,117**	**1,154**
European Union - 27	**6,061**	**6,219**	**6,339**	**6,319**	**6,415**	**6,445**
Former Soviet Union						
Russia	528	615	625	675	683	707
Ukraine	133	164	170	194	191	201
Sub-total	**661**	**779**	**795**	**869**	**874**	**908**
Asia						
Japan	254	251	247	268	260	270
Korea	65	69	72	74	78	82
Sub-total	**319**	**320**	**319**	**342**	**338**	**352**
Oceania						
Australia 2/	230	223	225	215	215	215
New Zealand 3/	28	28	28	28	24	24
Sub-total	**258**	**251**	**253**	**243**	**239**	**239**
TOTAL SELECTED COUNTRIES	**12,859**	**13,282**	**13,623**	**13,881**	**14,038**	**14,306**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Excludes fresh cheese
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

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CHEESE IMPORTS: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	24	25	25	26	25	25
Mexico	82	89	86	89	90	90
United States	214	209	206	197	165	160
Sub-total	**320**	**323**	**317**	**312**	**280**	**275**
South America						
Argentina	0	2	2	3	3	2
Brazil	4	3	6	4	5	4
Sub-total	**4**	**5**	**8**	**7**	**8**	**6**
European Union - 27	**104**	**93**	**99**	**93**	**85**	**85**
Former Soviet Union						
Russia	190	250	230	250	270	280
Ukraine	3	6	8	12	13	11
Sub-total	**193**	**256**	**238**	**262**	**283**	**291**
Asia						
Japan	219	212	207	225	205	210
Korea	41	44	44	50	52	55
Philippines	6	5	6	7	9	10
Sub-total	**266**	**261**	**257**	**282**	**266**	**275**
Oceania						
Australia 2/	49	49	61	64	70	70
New Zealand 3/	2	2	3	3	6	6
Sub-total	**51**	**51**	**64**	**67**	**76**	**76**
TOTAL SELECTED COUNTRIES	**938**	**989**	**983**	**1,023**	**998**	**1,008**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Excludes fresh cheese
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

ISAD/OGA/FAS Dec, 2008

CHEESE EXPORTS: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	11	9	9	9	10	8
Mexico	2	2	2	3	2	2
United States	61	58	71	99	125	101
Sub-total	**74**	**69**	**82**	**111**	**137**	**111**
South America						
Argentina	31	45	58	45	36	56
Brazil	6	7	5	8	8	10
Sub-total	**37**	**52**	**63**	**53**	**44**	**66**
European Union - 27	**524**	**499**	**561**	**534**	**510**	**510**
Former Soviet Union						
Russia	10	10	10	10	10	10
Ukraine	94	116	50	62	78	70
Sub-total	**104**	**126**	**60**	**72**	**88**	**80**
Oceania						
Australia 2/	212	227	202	212	202	206
New Zealand 3/	289	265	267	309	283	325
Sub-total	**501**	**492**	**469**	**521**	**485**	**531**
TOTAL SELECTED COUNTRIES	**1,240**	**1,238**	**1,235**	**1,291**	**1,264**	**1,298**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:
- (p) Preliminary.
- (f) Forecast.
- (1) Excludes fresh cheese
- (2) Year ending June 30 of the year shown.
- (3) Year ending May 31 of the year shown.

ISAD/OGA/FAS Dec, 2008

BUTTER PRODUCTION: SUMMARY FOR SELECTED COUNTRIES 3/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	84	84	75	79	84	80
Mexico	88	93	109	126	130	132
United States	568	615	659	704	751	740
Sub-total	**740**	**792**	**843**	**909**	**965**	**952**
South America						
Brazil	**75**	**77**	**79**	**82**	**84**	**86**
European Union - 27	**2,164**	**2,155**	**2,035**	**2,053**	**2,060**	**2,075**
Former Soviet Union						
Russia	270	275	290	300	305	310
Ukraine	138	118	105	100	89	88
Sub-total	**408**	**393**	**395**	**400**	**394**	**398**
Asia						
India	2,600	2,749	3,050	3,360	3,695	4,065
Japan	80	84	80	75	73	75
Sub-total	**2,680**	**2,833**	**3,130**	**3,435**	**3,768**	**4,140**
Oceania						
Australia 1/	132	131	129	117	111	113
New Zealand 2/	418	379	390	419	391	405
Sub-total	**550**	**510**	**519**	**536**	**502**	**518**
TOTAL SELECTED COUNTRIES	**6,617**	**6,760**	**7,001**	**7,415**	**7,773**	**8,169**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.
(3) Includes butter equivalent of butteroil/anhydrous milk fat.

ISAD/OGA/FAS Dec-08

BUTTER CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES 3/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	93	86	79	78	85	82
Mexico	141	144	158	179	188	194
United States	607	615	643	660	673	688
Sub-total	**841**	**845**	**880**	**917**	**946**	**964**
South America						
Brazil	**75**	**77**	**79**	**80**	**81**	**82**
European Union - 27	**1,948**	**1,943**	**1,934**	**2,014**	**2,004**	**2,018**
Former Soviet Union						
Russia	437	385	400	420	438	440
Ukraine	103	94	92	97	82	81
Sub-total	**540**	**479**	**492**	**517**	**520**	**521**
Asia						
India	2,608	2,743	3,055	3,360	3,687	4,062
Japan	88	86	89	92	85	85
Taiwan	12	11	12	11	13	14
Sub-total	**2,708**	**2,840**	**3,156**	**3,463**	**3,785**	**4,161**
Oceania						
Australia 2/	60	65	62	55	62	68
New Zealand 3/	26	26	26	26	23	23
Sub-total	**86**	**91**	**88**	**81**	**85**	**91**
TOTAL SELECTED COUNTRIES	**6,198**	**6,275**	**6,629**	**7,072**	**7,421**	**7,837**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.
(3) Includes butter equivalent of butteroil/anhydrous milk fat.

ISAD/OGA/FAS Dec-08

BUTTER IMPORTS: SUMMARY FOR SELECTED COUNTRIES 3/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	28	24	15	13	8	10
Mexico	53	51	49	53	58	62
United States	23	16	17	18	5	5
Sub-total	**104**	**91**	**81**	**84**	**71**	**77**
South America						
Brazil	**1**	**1**	**1**	**1**	**1**	**1**
European Union - 27	**93**	**81**	**84**	**91**	**88**	**88**
Former Soviet Union						
Russia	170	110	115	130	135	135
Ukraine	0	0	0	0	0	0
Sub-total	**170**	**110**	**115**	**130**	**135**	**135**
Asia						
India	10	1	10	10	0	5
Japan	7	6	4	11	14	10
Taiwan	11	12	11	14	10	11
Sub-total	**28**	**19**	**25**	**35**	**24**	**26**
Oceania						
Australia 2/	9	10	10	13	20	16
New Zealand 3/	0	1	1	1	2	2
Sub-total	**9**	**11**	**11**	**14**	**22**	**18**
TOTAL SELECTED COUNTRIES	**405**	**313**	**317**	**355**	**341**	**345**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.

(f) Forecast.

(1) Year ending June 30 of the year shown.

(2) Year ending May 31 of the year shown.

(3) Includes butter equivalent of butteroil/anhydrous milk fat.

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BUTTER EXPORTS: SUMMARY FOR SELECTED COUNTRIES 3/

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	17	20	18	13	3	11
Mexico	0	0	0	0	0	0
United States	9	9	11	41	105	60
Sub-total	**26**	**29**	**29**	**54**	**108**	**71**
South America						
Brazil	**1**	**1**	**1**	**3**	**4**	**5**
European Union - 27	**353**	**340**	**248**	**206**	**125**	**160**
Former Soviet Union						
Russia	0	0	0	0	0	0
Ukraine	42	24	18	4	7	7
Sub-total	**42**	**24**	**18**	**4**	**7**	**7**
Asia						
India	2	7	5	10	8	8
Sub-total	**2**	**7**	**5**	**10**	**8**	**8**
Oceania						
Australia 2/	75	70	82	80	59	61
New Zealand 3/	400	316	366	439	367	382
Sub-total	**475**	**386**	**448**	**519**	**426**	**443**
TOTAL SELECTED COUNTRIES	**899**	**787**	**749**	**796**	**678**	**694**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.
(3) Includes butter equivalent of butteroil/anhydrous milk fat.

ISAD/OGA/FAS Dec-08

NONFAT DRY MILK PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	90	73	72	75	83	80
Mexico	155	155	183	202	195	195
United States 1/	641	695	656	681	840	790
Sub-total	**886**	**923**	**911**	**958**	**1,118**	**1,065**
South America						
Argentina	35	40	30	24	25	25
Brazil	110	113	117	128	133	140
Sub-total	**145**	**153**	**147**	**152**	**158**	**165**
European Union - 27	**1,074**	**1,074**	**955**	**1,005**	**1,015**	**1,050**
Former Soviet Union						
Russia	125	110	110	115	120	122
Ukraine	78	78	80	90	65	58
Sub-total	**203**	**188**	**190**	**205**	**185**	**180**
Asia						
China	68	60	55	58	60	63
India	235	256	295	320	345	370
Japan	183	187	180	173	170	175
Korea	25	24	18	22	23	22
Sub-total	**511**	**527**	**548**	**573**	**598**	**630**
Oceania						
Australia 3/	203	206	221	205	177	179
New Zealand 4/	274	225	247	304	265	290
Sub-total	**477**	**431**	**468**	**509**	**442**	**469**
TOTAL SELECTED COUNTRIES	**3,151**	**3,143**	**3,072**	**3,250**	**3,358**	**3,394**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.

(f) Forecast.

(1) Includes NDM production plus preliminary estimate of other SMP production.

(2) Based on deliveries

(3) Year ending June 30 of the year shown.

(4) Year ending May 31 of the year shown.

ISAD/OGA/FAS Dec-2008

NONFAT DRY MILK CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES
1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	54	71	75	65	50	50
Mexico	300	311	296	313	358	360
United States	624	572	405	405	398	451
Sub-total	**978**	**954**	**776**	**783**	**806**	**861**
South America						
Argentina	19	18	12	9	9	10
Brazil	112	115	122	128	138	143
Sub-total	**131**	**133**	**134**	**137**	**147**	**153**
European Union - 27	**968**	**963**	**896**	**814**	**840**	**855**
Former Soviet Union						
Russia	170	165	140	150	160	167
Ukraine	15	21	16	33	25	28
Sub-total	**185**	**186**	**156**	**183**	**185**	**195**
Asia						
China	127	115	116	94	112	127
India	230	225	245	270	307	337
Indonesia	115	121	132	145	156	167
Japan	189	197	200	204	185	190
Korea	31	30	28	25	26	26
Philippines	94	77	78	81	70	80
Taiwan	17	19	20	20	15	17
Sub-total	**803**	**784**	**819**	**839**	**871**	**944**
Oceania						
Australia 2/	20	35	38	42	45	49
New Zealand 3/	5	5	5	5	1	1
Sub-total	**25**	**40**	**43**	**47**	**46**	**50**
TOTAL SELECTED COUNTRIES	**3,090**	**3,060**	**2,824**	**2,803**	**2,895**	**3,058**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Includes NDM production plus preliminary estimate of other SMP production.
(2) Based on deliveries
(3) Year ending June 30 of the year shown.
(4) Year ending May 31 of the year shown.

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NONFAT DRY MILK IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	2	4	3	3	4	2
Mexico	141	155	113	111	163	165
United States	1	5	2	2	1	1
Sub-total	**144**	**164**	**118**	**116**	**168**	**168**
South America						
Argentina	0	0	0	0	0	0
Brazil	4	5	9	4	6	5
Sub-total	**4**	**5**	**9**	**4**	**6**	**5**
European Union - 27	**30**	**10**	**21**	**10**	**5**	**5**
Former Soviet Union						
Russia	65	70	45	50	55	60
Ukraine	0	0	0	0	0	0
Sub-total	**65**	**70**	**45**	**50**	**55**	**60**
North Africa						
Algeria	**75**	**72**	**68**	**91**	**91**	**90**
Asia						
China	61	55	62	40	54	65
India	15	0	0	0	0	0
Indonesia	125	135	140	147	159	172
Japan	37	34	32	36	35	50
Korea	4	6	7	5	4	5
Philippines	120	87	95	98	85	95
Taiwan	17	19	20	20	15	17
Sub-total	**379**	**336**	**356**	**346**	**352**	**404**
Oceania						
Australia 2/	2	4	5	4	3	3
New Zealand 3/	1	1	1	1	1	1
Sub-total	**3**	**5**	**6**	**5**	**4**	**4**
TOTAL SELECTED COUNTRIES	**625**	**590**	**555**	**531**	**590**	**646**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Includes NDM production plus preliminary estimate of other SMP production.
(2) Based on deliveries
(3) Year ending June 30 of the year shown.
(4) Year ending May 31 of the year shown.

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NONFAT DRY MILK EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
Canada	16	6	13	14	15	13
Mexico	0	0	0	0	0	0
United States 1/	231	277	287	255	400	350
Sub-total	**247**	**283**	**300**	**269**	**415**	**363**
South America						
Argentina	18	22	21	11	13	17
Brazil	2	3	4	4	1	2
Sub-total	**20**	**25**	**25**	**15**	**14**	**19**
European Union - 27	**277**	**190**	**88**	**201**	**180**	**200**
Former Soviet Union						
Russia	20	15	15	15	15	15
Ukraine	63	57	64	57	40	30
Sub-total	**83**	**72**	**79**	**72**	**55**	**45**
Asia						
China	2	0	1	4	2	1
India	10	40	50	40	38	38
Indonesia	12	10	10	5	5	5
Japan	0	0	0	0	0	0
Korea	0	0	0	0	0	0
Philippines	16	18	18	18	15	15
Sub-total	**40**	**68**	**79**	**67**	**60**	**59**
Oceania						
Australia 3/	187	141	189	175	120	123
New Zealand 4/	305	221	243	327	251	288
Sub-total	**492**	**362**	**432**	**502**	**371**	**411**
TOTAL SELECTED COUNTRIES	**1,159**	**1,000**	**1,003**	**1,126**	**1,095**	**1,097**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Includes NDM production plus preliminary estimate of other SMP production.
(2) Based on deliveries
(3) Year ending June 30 of the year shown.
(4) Year ending May 31 of the year shown.

ISAD/OGA/FAS Dec-2008

WHOLE MILK POWDER PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
United States	19	14	14	14	19	20
Sub-total	**19**	**14**	**14**	**14**	**19**	**20**
South America						
Argentina	260	255	260	186	217	225
Brazil	420	440	465	526	580	640
Chile	51	47	50	53	70	75
Sub-total	**731**	**742**	**775**	**765**	**867**	**940**
European Union - 27	**857**	**858**	**800**	**776**	**814**	**800**
Former Soviet Union						
Russia	90	85	90	95	105	110
Ukraine	28	28	26	35	40	37
Sub-total	**118**	**113**	**116**	**130**	**145**	**147**
Asia						
China	832	918	1,030	1,150	1,200	1,270
Indonesia	45	48	48	47	48	51
Taiwan	6	5	1	1	2	0
Sub-total	**883**	**971**	**1,079**	**1,198**	**1,250**	**1,321**
Oceania						
Australia 2/	187	189	152	135	125	128
New Zealand 3/	628	585	611	653	651	710
Sub-total	**815**	**774**	**763**	**788**	**776**	**838**
TOTAL SELECTED COUNTRIES	**3,423**	**3,472**	**3,547**	**3,671**	**3,871**	**4,066**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.

(f) Forecast.

(1) Based on deliveries

(2) Year ending June 30 of the year shown.

(3) Year ending May 31 of the year shown.

ISAD/OGA/FAS Dec-2008

WHOLE MILK POWDER CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
United States	19	19	15	23	18	24
Sub-total	**19**	**19**	**15**	**23**	**18**	**24**
South America						
Argentina	86	98	54	59	67	71
Brazil	440	445	479	503	525	545
Sub-total	**526**	**543**	**533**	**562**	**592**	**616**
European Union - 27	**347**	**369**	**381**	**412**	**415**	**415**
Former Soviet Union						
Russia	109	110	100	115	135	143
Ukraine	10	8	8	17	17	18
Sub-total	**119**	**118**	**108**	**132**	**152**	**161**
North Africa						
Algeria	**0**	**0**	**0**	**0**	**0**	**0**
Asia						
China	898	951	1,071	1,137	1,146	1,278
Indonesia	65	75	74	74	91	95
Philippines	17	9	10	10	14	14
Taiwan	36	31	31	31	22	25
Sub-total	**1,016**	**1,066**	**1,186**	**1,252**	**1,273**	**1,412**
Oceania						
Australia 2/	23	22	27	27	29	30
New Zealand 3/	1	1	1	1	1	1
Sub-total	**24**	**23**	**28**	**28**	**30**	**31**
TOTAL SELECTED COUNTRIES	**2,051**	**2,138**	**2,251**	**2,409**	**2,480**	**2,659**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

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WHOLE MILK POWDER IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
United States	8	13	13	19	18	14
Sub-total	**8**	**13**	**13**	**19**	**18**	**14**
South America						
Argentina	1	3	1	2	1	1
Brazil	21	25	31	19	20	15
Sub-total	**22**	**28**	**32**	**21**	**21**	**16**
European Union - 27	**4**	**3**	**3**	**2**	**1**	**1**
Former Soviet Union						
Russia	25	30	15	25	35	38
Ukraine	0	0	0	0	0	0
Sub-total	**25**	**30**	**15**	**25**	**35**	**38**
North Africa						
Algeria	**0**	**0**	**0**	**0**	**0**	**0**
Asia						
China	91	65	74	59	35	38
Indonesia	21	26	27	27	44	44
Philippines	45	35	40	42	50	52
Taiwan	30	26	30	30	20	25
Sub-total	**187**	**152**	**171**	**158**	**149**	**159**
Oceania						
Australia 2/	12	15	13	11	13	14
New Zealand 3/	2	1	1	1	1	1
Sub-total	**14**	**16**	**14**	**12**	**14**	**15**
TOTAL SELECTED COUNTRIES	**260**	**242**	**248**	**237**	**238**	**243**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

ISAD/OGA/FAS   Dec-2008

WHOLE MILK POWDER EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2004	2005	2006	2007	(p) 2008	(f) 2009
North America						
United States	8	8	12	10	19	10
Sub-total	**8**	**8**	**12**	**10**	**19**	**10**
South America						
Argentina	177	162	210	117	123	150
Brazil	16	26	17	42	75	110
Chile	8	6	7	10	14	20
Sub-total	**201**	**194**	**234**	**169**	**212**	**280**
European Union - 27	**514**	**492**	**422**	**366**	**400**	**386**
Former Soviet Union						
Russia	6	5	5	5	5	5
Ukraine	18	20	18	18	23	19
Sub-total	**24**	**25**	**23**	**23**	**28**	**24**
Asia						
China	25	32	33	72	54	30
Philippines	28	26	30	32	36	38
Sub-total	**53**	**58**	**63**	**104**	**90**	**68**
Oceania						
Australia 2/	173	161	153	130	111	113
New Zealand 3/	669	585	634	670	621	700
Sub-total	**842**	**746**	**787**	**800**	**732**	**813**
TOTAL SELECTED COUNTRIES	**1,642**	**1,523**	**1,541**	**1,472**	**1,481**	**1,581**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

ISAD/OGA/FAS Dec-2008